DISTINCT INFRASTRUCTURE GROUP INC.

Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2017 and September 30, 2016

(Unaudited, expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The management of Distinct Infrastructure Group Inc. is responsible for the preparation of the accompanying condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor. These condensed consolidated interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the interim consolidated financial position, results of operations and cash flows.

"Joe Lanni"
………………………………………
Joe Lanni
Chief Executive Officer
Toronto, Ontario
November 23, 2017

"Alex Agius"
………………………………………
Alex Agius
Chief Executive Officer
Toronto, Ontario
November 23, 2017

"Manny Bettencourt"
………………………………………
Manny Bettencourt
Chief Financial Officer
Toronto, Ontario
November 23, 2017

Distinct Infrastructure Group Inc.

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	Notes	September 30, 2017 $	December 31, 2016 $ (Audited)
ASSETS			
Current assets			
Cash		4,861,057	9,448,829
Accounts receivable		27,121,509	23,684,358
Inventory		134,131	246,369
Prepaid expenses and deposits		576,036	560,430
Work in progress		33,758,190	20,864,883
Due from shareholders	**14**	81,946	149,631
Due from related party	**14**	250,000	250,000
Total current assets		**66,782,869**	**55,204,500**
Non-current Assets			
Deposit		105,000	105,000
Property and equipment	**4**	11,531,225	13,158,544
Goodwill	**5**	5,109,214	5,109,214
Due from related party	**14**	1,113,037	1,215,970
Total non-current assets		**17,858,476**	**19,588,728**
TOTAL ASSETS		**84,641,345**	**74,793,228**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Credit facilities	**6**	-	9,999,975
Accounts payable and accrued liabilities		7,714,356	6,503,980
Current portion of debentures and other debt	**7**	566,869	534,411
Income taxes payable		306,284	1,270,048
Current portion of revolving loan	**8**	4,833,000	-
Current portion of long-term debt	**9**	1,875,000	-
Current portion of finance lease obligations	**10**	2,592,556	3,106,304
Total current liabilities		**17,888,065**	**21,414,718**
Non-current liabilities			
Debentures and other debt	**7**	923,835	937,073
Revolving loan	**8**	23,000,000	-
Long-term debt	**9**	10,125,000	18,877,433
Finance lease obligations	**10**	3,050,870	4,709,149
Total non-current liabilities		**37,099,705**	**24,523,655**
TOTAL LIABILITIES		**54,987,770**	**45,938,373**
Shareholders' equity			
Share capital	**12**	21,350,696	21,104,399
Contributed surplus	**11**	343,431	286,958
Retained earnings		7,959,448	7,463,498
Total shareholders' equity		**29,653,575**	**28,854,855**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**84,641,345**	**74,793,228**

Contingent liabilities (Note 18), Subsequent events (Note 19)

"Alexander Agius"	"Joe Lanni"
Director	Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

	Notes	For the three months ended September 30, 2017 $	For the three months ended September 30, 2016 $	For the nine months ended September 30, 2017 $	For the nine months ended September 30, 2016 $
Revenue		19,510,325	16,122,306	55,802,711	42,396,036
Expenses					
Direct costs		13,217,444	10,089,440	39,750,558	28,800,330
Selling, general and administrative		3,269,299	3,048,994	9,099,752	7,973,630
Depreciation	**4**	682,099	738,681	1,997,544	2,002,945
Total expenses		17,168,842	13,877,115	50,847,854	38,776,905
Earnings from operations		2,341,483	2,245,191	4,954,857	3,619,131
Other expenses					
Finance expense		689,146	1,009,149	2,328,610	2,643,070
One-time expenses		127,175	-	2,060,484	-
		816,321	1,009,149	4,389,094	2,643,070
Income before taxes		1,525,162	1,236,042	565,763	976,061
Income taxes		-	117,196	69,813	117,196
Net and comprehensive income		**1,525,162**	**1,118,846**	**495,950**	**858,865**
Earnings per share Basic and diluted	**13**	0.04	0.04	0.01	0.03

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

	Notes	September 30, 2017 $	September 30, 2016 $
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING ACTIVITIES			
Net income		495,950	858,865
Items not affecting cash			
Accretion	**7**	28,426	239,144
Loss on extinguishment of long-term debt	**9**	1,122,567	-
Share based compensation	**11**	56,473	224,766
Shares issued for services	**12**	125,000	-
Depreciation	**4**	1,997,544	2,002,945
Gain on disposal	**4**	(260,089)	-
		3,565,871	3,325,720
Changes in non-cash working capital items			
Accounts receivable		(3,437,151)	(3,319,169)
Inventory		112,238	(1,626)
Prepaid expenses and deposits		(15,606)	174,475
Work in progress		(12,893,307)	(10,920,770)
Accounts payable and accrued liabilities		1,210,376	1,265,998
Income taxes paid		(963,764)	(490,638)
Cash flows used in operating activities		(12,421,343)	(9,966,010)
INVESTING ACTIVITIES			
Purchase of property and equipment	**4**	(779,266)	(1,100,978)
Cash paid for business acquisitions, net of cash acquired	**3**	-	(1,920,124)
Proceeds from disposition of property and equipment	**4**	669,130	-
Cash flows used in investing activities		(110,136)	(3,021,102)
FINANCING ACTIVITIES			
Repayment from shareholder		67,685	48,000
Repayment of long-term debt	**9**	(20,000,000)	(337,181)
Proceeds from long-term debt	**9**	12,000,000	-
Proceeds from revolving loan	**8**	27,833,000	8,213,042
Repayment of credit facilities	**6**	(9,999,975)	-
Repayment of debentures and other debt		(9,206)	(34,755)
Repayment from related parties		102,933	237,137
Payment of finance lease obligations		(2,172,027)	(2,486,414)
Issuance of shares, net of shares issuance costs	**11**	121,297	250,000
Cash flows provided by financing activities		7,943,707	5,889,829
NET CASH OUTFLOW		(4,587,772)	(7,097,283)
CASH, BEGINNING OF PERIOD		9,448,829	8,534,669
CASH, END OF PERIOD		4,861,057	1,437,386

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

	Issued share capital				
	No. of shares [1]	**Amount**	**Contributed surplus**	**Retained earnings**	**Total equity**
Balance, December 31, 2015	**26,326,789**	**9,819,050**	**43,489**	**6,652,909**	**16,515,448**
Conversion of broker warrants	250,000	250,000	-	-	250,000
Issuance of shares for finance fee	200,000	250,000	-	-	250,000
Issuance of options	-	-	84,700	-	84,700
Share-based compensation	-	-	154,525	-	154,525
Net and comprehensive income	-	-	-	858,865	858,865
Balance, September 30, 2016	**26,776,789**	**10,319,050**	**282,714**	**7,511,774**	**18,113,538**
Balance, December 31, 2016	**35,295,305**	**21,104,399**	**286,958**	**7,463,498**	**28,854,855**
Conversion of broker warrants to common shares (Note 11(a))	121,297	121,297	-	-	121,297
Issuance of options	-	-	52,046	-	52,046
Share-based compensation	-	-	4,427	-	4,427
Shares issued for services (Note 12)	90,000	125,000	-	-	125,000
Net and comprehensive income	-	-	-	495,950	495,950
Balance, September 30, 2017	**35,506,602**	**21,350,696**	**343,431**	**7,959,448**	**29,653,575**

[1] On September 2, 2016 the Company consolidated its common shares on a 10 for 1 basis. All references to Share numbers reflect the consolidation.

1. Nature of operations

Distinct Infrastructure Group Inc. ("DIG", the "Company" and/or the "Group") is a Canadian publicly traded design, engineering, construction, services and maintenance company. It predominantly services the utilities and telecommunications sector in southern Ontario, but has commenced services to other utilities in Ontario and Alberta. The Company was incorporated under the laws of the province of Ontario on April 25, 2007, and its name was subsequently changed by way of Articles of Amendment from Distinct Technical Services Inc. to DistinctTech Inc. In conjunction with the closing of a reverse take-over transaction (the "Transaction"), the Company changed its name to Distinct Infrastructure Group Inc. The Company's shares are traded on the Toronto Venture Exchange (the "Exchange") under the symbol DUG.

The Company operates in one reportable segment: utilities construction. Products and services in the utilities segment include: technical services and maintenance, directional drilling, underground and aerial civil construction and hydro-excavation. Services have been chosen in order to provide safe, responsive and turnkey solutions to our utility customers. The Company's utilities services across Canada share similar customer profiles, use interchangeable equipment fleets, use similar construction methods, share the same level of health and safety requirements and have similar long term economics.

The head office, principal address and registered records office of the Company is located at 77 Belfield Road, Toronto, Ontario, M9W 1G6.

2. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements have been prepared following the same accounting principles and application methods as those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2016. Because the disclosures provided in these condensed consolidated interim financial statements do not conform in all respects with International Financial Reporting Standards ("IFRS") for annual financial statements, these condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2016.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 23, 2017.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of Distinct Infrastructure Group Inc. and the following wholly owned subsidiaries as at September 30, 2017.

			Equity interest	
Name of subsidiary	**Principal activity**	**Place of Business and operation**	**September 30, 2017**	**December 31, 2016**
DistinctTech Inc.	Utilities construction	Toronto, ON	100%	100%
iVac Services West Inc.	Hydrovac services	Edmonton, AB	100%	100%
Distinct Infrastructure Group West Inc.	Utilities construction	Edmonton, AB	100%	100%
iVac Services Inc.	Hydrovac services	Toronto, ON	100%	100%
QE2 Holding Corp.	Inactive	Edmonton, AB	100%	100%
Distinct Environmental Solutions Inc.	Inactive	Toronto, ON	100%	100%

On January 2, 2017, iVac Services West Inc. was created as result of the amalgamation between iVac Services Inc. (Alberta) (Formerly Candesto Enterprises Ltd.) and Mega Diesel Excavating Ltd. As well, Distinct Infrastructure Group West Inc. was created as a result of the amalgamation between Pillar Contracting Ltd. and Distinct Infrastructure Group (Alberta) Inc. (Formerly DistinctTech Inc. (Alberta)).

2. Basis of preparation *(continued from previous page)*

Basis of preparation

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars which is the Company's functional currency and have been prepared on a going concern basis under the historical cost convention, except for the initial recognition of assets and liabilities acquired in a business combination and for certain financial instruments that have been measured at fair value.

3. Business combinations

(i) Acquisition of Mega Diesel Excavating Ltd.

On March 10, 2016, the Company acquired all of the issued and outstanding shares of Mega Diesel Excavating Ltd. ("Mega") from two arm's length parties for an aggregate purchase price of $2,637,766 of which $2,121,840 was paid on closing and the balance of $501,467 was payable on July 10, 2017. The Company also acquired cash of $201,716 and issued 35,000 options as part of the transaction.

The total purchase price has been allocated as follows:

Fair value of net assets acquired:	**$**
Net working capital	687,279
Property and equipment	2,753,095
Obligation under finance lease	(1,808,955)
Long term debt	(24,168)
Total net assets acquired	**1,607,251**
Consideration given:	
Cash	2,121,840
Promissory note	501,467
Options	14,459
Total consideration:	**2,637,766**
Goodwill	**1,030,515**

The Company acquired Mega Diesel Excavation Ltd. in order to access its customer list and existing specific relationships in the refinery and pipeline space as well as to provide additional capacity in Western Canada.

4. Property and equipment

	Office and computer equipment	Machinery, vehicles and equipment	Construction equipment under finance lease	Total
Cost				
Balance December 31, 2016	1,055,105	3,122,441	15,775,744	19,953,290
Additions	99,484	231,770	448,012	779,266
Disposals	-	(68,251)	(433,643)	(501,894)
Balance September 30, 2017	1,154,589	3,285,960	15,790,113	20,230,662
Accumulated depreciation				
Balance December 31, 2016	360,066	864,645	5,570,035	6,794,746
Depreciation for the period	120,931	323,304	1,553,309	1,997,544
Disposals	-	-	(92,853)	(92,853)
Balance September 30, 2017	480,997	1,187,949	7,030,491	8,699,437
Net book value				
December 31, 2016	**695,039**	**2,257,796**	**10,205,709**	**13,158,544**
September 30, 2017	**673,592**	**2,098,011**	**8,759,622**	**11,531,225**

During the nine months ended September 30, 2017, the Company disposed of equipment with a net book value of $409,041 for proceeds of $669,130 for a gain on disposal of $260,089.

5. Goodwill

	September 30, 2017	December 31, 2016
Balance, beginning of the period	$ 5,109,214	$ 4,078,699
Acquisition (note 3 (i))	-	1,030,515
Balance, end of period	$ 5,109,214	$ 5,109,214

6. Credit facilities

On May 26, 2017, the Company refinanced and retired its existing $10,000,000 credit facility ("Line of Credit") with a Senior Secured Revolving Facility (the "Revolving Loan") from its existing lender, the Royal Bank of Canada ("RBC") for up to a maximum of $23,000,000 (Note 8). As at September 30, 2017, the balance of the Line of Credit was $nil (December 31, 2016 – $9,999,975).

7. Debentures and other debt

Debentures

	$
Balance as at December 31, 2016	**895,409**
Accretion	28,426
Balance as at September 30, 2017	**923,835**

The Company assumed unsecured convertible debentures (the "Debentures") with a principal balance of $979,000 as part of the Transaction. Semi-annual interest payments on June 30 and December 31 are calculated at 8% per annum.

7. Debentures and other debt *(continued from previous page)*

The Debentures mature on October 20, 2018. Debenture holders may exercise the right to convert at an exercise price of $2.50 per common share. The debentures are subject to forced conversion, at the option of the Company, if the common shares trade at or above $3.00 per share for a period of 20 non-consecutive trading days.

Other debt

As part of the Transaction, the Company assumed various loans with two Canadian financial institutions bearing fixed interest at rates ranging from 0% to 5.99% per annum, monthly payments ranging from $483 to $1,086, including interest and maturity dates ranging from November 2016 to February 2019. The principal balance outstanding at September 30, 2017 is $66,402 (December 31, 2016 - $75,608), of which $66,402 (December 31, 2016 - $33,944) is due within the next year.

As part of the Mega acquisition (Note 3 (i)), the Company provided a note of $501,467, bearing interest at 3% compounded monthly, unsecured and payable upon maturity, which was due on July 10, 2017. The Company is currently disputing this amount, and is seeking damages as part of its dispute.

8. Revolving loan

	$
Balance as at December 31, 2016	**nil**
Issuance of Revolving Loan	27,833,000
Balance as at September 30, 2017	**27,833,000**

On May 26, 2017, the Company closed a debt facility with RBC representing a total lending amount of up to $35,000,000 consisting of a $23,000,000 Revolving Loan and a $12,000,000 Senior Secured Term Loan Facility (the "Term Loan") (Note 9). On August 11, 2017, RBC agreed to a temporary increase in the Revolving Loan borrowing limit by $6,000,000, from $23,000,000 to $29,000,000. This amount was repayable on October, 31, 2017 and was subsequently extended through to November 30, 2017. As at September 30, 2017 $4,833,000 is outstanding on the current portion of the Revolving Loan, which is due November 30, 2017. The amendment to the Revolving Loan is subject to the company maintaining a sufficient borrowing base in order to access the funds. As at September 30, 2017, the total amount drawn on the Revolving Loan was $27,833,000 (December 31, 2016 - $nil).

The Revolving loan has a three year term and the Company can borrow or repay funds on the Revolving Loan prior to maturity at its discretion and is not subject to repayment fees. The Revolving Loan is secured by a first ranking general security agreement on all assets. Interest rates and financial covenants in connection with the Revolving Loan are consistent with those described for the Term Loan (Note 9). The Revolving Loan is subject to a standby fee of 15% of the applicable Bankers' Acceptance margin.

The Company also has a corporate expense credit card up to a maximum of $275,000 (December 31, 2016 - $275,000).

9. Long-term debt

	$
Balance as at December 31, 2016	**18,877,433**
Loss on extinguishment of long-term debt	1,122,567
Repayment of long-term Debt	(20,000,000)
Issuance of Term Loan	12,000,000
Balance as at September 30, 2017	**12,000,000**

In November 2015, the Company entered into a credit agreement with Crown Capital Fund IV, LP ("Crown") for a $20,000,000 term loan ("Debt"). The loan carried an interest rate of 10% per annum and matured on November 25, 2020.

9. Long-term debt *(continued from previous page)*

On May 26, 2017 the company exercised its option to prepay the $20,000,000 Debt and incurred certain fees and non-cash expenses associated with the settlement transaction, including a $600,000 early repayment fee to Crown. The repayment of the Crown Debt was funded using a portion of the RBC financing.

On May 26, 2017 the Company entered into a five year $12,000,000 Term Loan with RBC. The Term Loan is amortizing on a straight-line basis over eight years with quarterly principal repayments of $375,000 and a $4,875,000 bullet payment at loan maturity. As at September 30, 2017, $1,875,000 is payable in the next year (December 31, 2017 - $nil).

The Term Loan is repayable in part or in whole prior to maturity at the discretion of the Company and is not subject to repayment fees. The Term Loan is secured by a first ranking general security agreement on all assets of the Company.

The Term Loan and Revolving Loan bear interest at a floating rate benchmarked to Canadian Dollar Bankers' Acceptances plus an applicable margin of 1.85% - 2.85%. The applicable margin is tied to the Company's total leverage ratio. The Company is currently at the high end of this margin range.

Financial covenants in connection with the RBC Revolving Loan and Term Loan include:

i. Net funded debt to earnings before interest, tax, depreciation and amortization ("EBITDA") required to be less than 4.25:1 for the period up to September 30, 2017, stepping down to 3.50:1 as at December 31, 2017, and then 3.00:1 from December 31, 2018 onward.

ii. Debt service coverage required to be greater than 1.10:1 for the period up to September 30, 2017, stepping up to 1.25:1 as at December 31, 2017 onward.

10. Finance lease obligations

The following is a schedule of the future minimum lease payments of the finance leases expiring at various dates, ranging from October 1, 2017 to September 30, 2021, together with the balance of the obligation:

Estimated lease payments are as follows:

	September 30, 2017	**December 31, 2016**
2017	$ 868,426	$ 3,506,079
2018	2,763,517	2,782,338
2019	2,314,695	2,283,813
2020	238,379	193,260
Subsequent years	23,219	-
	6,208,236	8,765,490
Less amount representing interest	564,810	950,037
Present value of minimum lease payments	5,643,426	7,815,453
Less current portion	2,592,556	3,106,304
	$ 3,050,870	$ 4,709,149

Interest charges to the accounts of the Company on the above during the nine months ending September 30, 2017 amounts to $379,076 (September 30, 2016 – $397,581).

The finance leases have interest rates that range from 0-7% with an average interest rate of 4% (December 31, 2016 – 4%). Interest and principal payments made on finance leases for the nine months ended September 30, 2017 was $2,172,027 (September 30, 2016 - $2,486,414).

11. Share-based compensation and common share purchase warrants

(a) Share options

The Company has adopted a stock option plan in accordance with the policies of the Exchange for the benefit of its directors, officers, employees and other key personnel. A maximum of 10% of the issued and outstanding common shares of the Company are reserved for issuance pursuant to the stock option plan. The stock option plan provides that the terms of the options and the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by the Exchange.

The following tables provide a summary of the Company's stock option plan as at September 30, 2017:

	Number of share options	Weighted average exercise price $
Balance, December 31, 2016	**1,135,000**	**1.77**
Options expired	(110,000)	1.50
Balance, September 30, 2017	**1,025,000**	**1.80**

(b) Common share purchase warrants

(i) On February 9, 2017, 115,297 broker warrants were exercised at a price of $1.00 for total proceeds to the Company of $115,297. Each warrant consists of one common share and one-half common share purchase warrant. Each whole common share purchase warrant has an exercise price of $2.00 per share and expires within 36 months of issuance.

(ii) On May 5, 2017, 6,000 broker warrants were exercised at a price of $1.00 for total proceeds to the Company of $6,000. Each warrant consists of one common share and one-half common share purchase warrant. Each whole common share purchase warrant has an exercise price of $2.00 per share and expires within 36 months of issuance.

The following tables provide a summary of the Company's common share purchase warrants outstanding as at September 30, 2017:

	Number of warrants	Weighted average exercise price $
Balance December 31, 2016	**3,382,707**	**1.94**
Exercised broker warrants	(121,297)	1.00
Warrants issued on broker warrant exercise	60,648	2.00
Balance, September 30, 2017	**3,322,058**	**1.97**

12. Share capital

The authorized share capital of the Company consists of an unlimited number of voting common shares and an unlimited number of preferred shares, issuable in series.

On September 11, 2017, the Company issued 90,000 common shares as compensation for certain services rendered to the Company in the amount of $125,000. The shares were issued at a deemed price of $1.38 per share.

13. Basic and diluted earnings per share

Details of the calculation of earnings per share are set out below:

	For the three months ended		For the nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Net and comprehensive income	1,525,162	1,118,846	495,950	858,865
Average number of common shares outstanding	35,435,189	26,711,571	35,403,225	26,455,986
Effect of dilutive securities: (1)				
Options and warrants	21,771	206,025	28,209	206,025
Weighted average number of diluted common shares outstanding	35,456,960	26,917,596	35,431,434	26,662,011
Basic earnings per share	0.04	0.04	0.01	0.03
Diluted earnings per share (1)	0.04	0.04	0.01	0.03

(1) When the impact of dilutive securities increases the earnings per share or decreases the loss per share, they are excluded for purposes of the calculation of diluted earnings per share.

14. Related party transactions

Due from related party

ABL Professional Management Services Inc. ("ABL") provides engineering services to the Company. Transactions between the parties are incurred in the normal course of business. During the nine months ended September 30, 2017, the Company has recorded net transactions of $102,933 (September 30, 2016 - $260,764). As at September 30, 2017, $1,363,037 (December 31, 2016 - $1,465,970) remains receivable and is due on demand. The shareholders of ABL have provided personal guarantees up to $2,000,000 and ABL will repay amounts outstanding on or before August 23, 2018.

Due from shareholders

Receivables outstanding from two majority shareholders and co-chief executive officers of the Company amounts to $81,946 (December 31, 2016 – $149,631). The outstanding amounts will be repaid over the next twelve months, is personally guaranteed by the shareholders and bears interest at the Bank of Canada's prime rate plus 1% per annum.

Compensation of key management personnel

Key management consists of the Co-Chief Executive Officers, Chief Financial Officer, Vice President of Finance, Vice President of Operations, Vice President of Corporate Development and Vice President of Corporate and Legal Affairs.

The Company pays its Co-Chief Executive Officers by way of a management services agreement(s) with companies controlled by these individuals. Payments totalling $533,286 was paid for the nine months ending September 30, 2017 (September 30, 2016 – $561,538). The Company pays its other key management personnel by way of management services agreement(s) with companies controlled by these individuals. Payments totalling $838,567 was paid for the nine months ending September 30, 2017 (September 30, 2016 - $733,346).

15. Other commitments

The Company leases its premises, vehicles and other related equipment under operating lease(s) that expire on various dates. The Company's total commitments of these leases, inclusive of occupancy cost, are as follows:

Year	Amount
2017	1,602,183
2018	6,079,348
2019	5,096,637
2020	3,387,027
2021	1,824,201
2022	1,301,256
Thereafter	2,961,239
Total	22,251,891

16. Capital management

The Company's primary objectives when managing capital are to (a) safeguard the Company's ability to develop and market services, and (b) provide a sound capital structure for raising capital at a reasonable cost for the funding of ongoing development of its services and new growth initiatives. The Board of Directors does not establish quantitative capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company includes equity, comprised of issued share capital and retained earnings, in the definition of capital. The Company is dependent on cash flow from services and external financing to fund its continued growth. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There has been no change to the Company's capital management in 2017 or 2016.

The Company's capital structure is as follows:

	September 30, 2017	December 31, 2016
Current assets	$ 66,782,869	$ 55,204,500
Non-current assets	17,858,476	19,588,728
Current liabilities	(17,888,065)	(21,414,718)
Non-current liabilities	(37,099,705)	(24,523,655)
Shareholders' equity	$ 29,653,575	$ 28,854,855

17. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of revolving loan, long-term debt and debentures approximates its carrying value as the interest rate attached to those instrument approximates a market rate of interest and interest rates have not changed materially during the period. The fair value of other debt approximates its carrying value due to the low principal balance and rates approximating market rates of interest for similar instruments.

17. Financial instruments *(continued from previous page)*

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

- Interest rate risk
  The Company is exposed to interest rate risk due to the variable rate interest on its revolving loan and long-term debt. Changes in the lending rates may cause fluctuations in cash flows and interest expense. A 1% change in interest rates would impact earnings for the nine month period ended September 30, 2017 by approximately $169,000 (September 30, 2016 – approximately $75,000).

- Currency risk
  Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions to sell good to customers for which the related revenues, expense, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As at September 30, 2017 and December 31, 2016 the following balances are the Canadian equivalent of items denominated in US currency:

	September 30, 2017	December 31, 2016
Accounts receivable	$ 63,965	$ 313,067
Accounts payable	(565,220)	(420,397)
	$ (501,255)	$ (107,330)

- Other price risk
  Price risk is the risk that the commodity prices that the Company charges are significantly influenced by its competitors and the commodity prices that the Company must charge to meet its competitors may not be sufficient to meet its expenses. The Company reduces its exposure to price risk by ensuring that it obtains information regarding the commodity prices that are set by the competitors in the region to ensure that its prices are appropriate. In addition, management closely monitors expenses and matches capital outlays to its revenue stream. In the opinion of management the price risk exposure to the Company is low and is not material.

(c) Credit risk

Credit risk is the risk of financial loss if a client fails to meet its contractual obligations, and arises primarily from the Company's accounts receivable and work in progress. The carrying amount of accounts receivables and work in progress totaling $60,879,699 (December 31, 2016 – $44,549,241) represents the maximum credit exposure. A significant portion of the trade accounts receivable are from the tele-communications industry and as such, the Company is exposed to all the risks associated with that industry. However, the majority of these receivables are from well-established, Canadian companies, whose creditworthiness is of the highest level, thereby reducing the risk of material payment default.

The Company has an established credit policy under which each new client is analyzed individually for creditworthiness. The review includes external ratings where available, credit reference checks and, in some cases, bank references. Creditworthiness of existing clients is monitored on an ongoing basis, along with monitoring the amount and age of balances outstanding.

(d) Concentration risk

The Company does have concentration risk. Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable and work in progress balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At September 30, 2017, amounts owed from two customers comprised approximately 93% (December 31, 2016 – two customers 83%) of the total outstanding accounts receivable and work in progress. One particular customer's account represents 79% (December 31, 2016 - 61%) of the total outstanding receivables and work in progress at September 30, 2017.

17. Financial instruments *(continued from previous page)*

The Company reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances.

During the nine months ended September 30, 2017, 84% of revenues were generated from two customers (September 30, 2017 - two customers 69%), each with greater than 10% of total revenues. During the nine months ended September 30, 2017 customers 1 and 2 represented 74% and 10% respectively. During the nine months ended September 30, 2016, customers 1 and 2 represented 60% and 9% respectively.

(e) Liquidity risk

The Company does have a liquidity risk with accounts payable and accrued liabilities, debentures and other debt, revolving loan, long-term debt and finance lease obligations. Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate revolving loan to repay trade creditors and repays long-term debt interest and principal as they become due. Undiscounted cash outflow of financial liabilities based on maturity date are as follows:

September 30, 2017	**1 year**	**2 to 5 years**	**>5 years**	**Total**
Credit facility	-	-	-	-
Accounts payable and accrued liabilities	7,714,356	-	-	7,714,356
Debentures and other debt	566,869	979,000	-	1,545,869
Revolving loan	4,833,000	23,000,000	-	27,833,000
Long-term debt	1,875,000	10,125,000	-	12,000,000
Finance lease obligations	2,592,556	3,050,870	-	5,643,426
	17,581,781	37,154,870	-	54,736,651

December 31, 2016	**1 year**	**2 to 5 years**	**>5 years**	**Total**
Credit facility	9,999,975	-	-	9,999,975
Accounts payable and accrued liabilities	6,503,980	-	-	6,503,980
Debentures and other debt	534,411	979,000	-	1,513,411
Revolving loan	-	-	-	-
Long-term debt	-	20,000,000	-	20,000,000
Finance lease obligations	3,106,304	4,709,149	-	7,815,453
	20,144,670	25,688,149	-	45,832,819

18. Contingent liabilities

There is one legal proceeding against the Company for wrongful dismissal. For this claim, the plaintiff is seeking payment from the Company for damages of approximately $418,000. The legal claim is ongoing and management believes that there is a low likelihood that there will be an economic outflow as a result of the claim. There were no accruals made for this amount in the financial statements.

19. Subsequent events

1. On November 21, 2017, the Company :

    a. Acquired all of the issued and outstanding securities (the "Acquisition") of Crown Utilities Ltd. ("Crown") from two arm's length parties for an aggregate purchase price of $17,000,000 ("Purchase Price"). The Purchase Price was paid on closing and was satisfied through the payment of $13,000,000 in cash and the issuance of an aggregate of 2,962,963 common shares ("Consideration Shares") in the capital of the Company at a deemed value of $1.35 per Consideration Share. The Acquisition is subject to customary

19. Subsequent events *(continued from previous page)*

post-closing working capital adjustments and Crown was acquired on a debt-free basis. The Company also paid a finder's fee in the aggregate amount of $135,000 to an arm's length third party. Crown specializes in the installation of utility services in Winnipeg and across Manitoba, and provides situational and complete turn-key services for commercial, industrial, and residential projects. Crown is a provincial leader in the installation of shallow utilities: directional drilling, hydrovac excavation, ploughing, transmission lines/regulator stations, engineering and design/build.

b. Closed a brokered private placement offering of 7,614,000 common shares (the "Private Placement") at a price of $1.35 per share for gross proceeds to the company of $10,278,900. A portion of the net proceeds from the Private Placement was used to finance the cash component of the Crown Purchase Price, with the balance being used for general corporate and working capital purposes. The Company paid a finder's fee of $411,000 in cash in connection with the Private Placement.

c. Amended its existing RBC debt agreement to expand the senior secured facility. The amended RBC facility is in the form of a $30,000,000 Revolving Loan and a $20,000,000 Term Loan, for an aggregate amount of $50,000,000. Commercial terms and covenants on the RBC debt are not materially different than the Company's existing agreement with RBC. A portion of the increased RBC facility was used to finance the cash component of the Crown Purchase Price, with the balance being used for general corporate and working capital purposes.