CEMATRIX CORPORATION
Consolidated Financial Statements
(in Canadian dollars)
September 30, 2015

Management's Responsibility for Financial Reporting and Notice of No Auditor Review of the Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2015

To the Shareholders:

CEMATRIX CORPORATION

Management has responsibility for preparing the accompanying consolidated financial statements. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgement. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Management has developed and maintains appropriate accounting and systems of internal control designed to provide reasonable assurance that reliable and relevant financial information is produced. In addition, programs of proper business conduct and risk management have been implemented to protect the Company's assets and operations. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or misuse and financial records are properly maintained to provide reliable financial information for the preparation of the consolidated financial statements.

The Board of Directors (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out these responsibilities principally through the Audit Committee (the "Committee"), which includes two independent directors.

The Committee has the responsibility of meeting with management to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee reviews the interim consolidated financial statements and reports its findings to the Board for approval.

The Company's external auditor MNP LLP, an independent firm of Chartered Accountants, has not performed a review of these interim consolidated financial statements.

November 4, 2015

Signed "Bruce McNaught" Chief Financial Officer
Bruce McNaught, CA

CEMATRIX CORPORATION

Consolidated Statements of Financial Position

As at September 30, 2015 (unaudited) and December 31, 2014 (audited)
(in Canadian Dollars)

		2015		2014
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**745,606**	$	50,019
Term deposit		**70,000**		-
Trade and other receivables *(note 5)*		**3,586,142**		4,259,086
Inventory *(note 6)*		**451,425**		511,697
Prepaid expenses and deposits		**139,294**		89,410
Current portion of share acquisition loans *(note7)*		**22,158**		20,757
		5,014,625		4,930,969
Non Current Assets				
Share acquisition loans *(note 7)*		**67,247**		67,247
Property and equipment		**3,331,679**		3,042,871
Intangibles		**465,116**		465,116
Deferred taxes		**541,786**		753,439
		4,405,828		4,328,673
Total Assets	**$**	**9,420,453**	$	9,259,642
LIABILITIES and EQUITY				
Current Liabilities				
Bank overdraft	**$**	**-**	$	194,154
Bank operating loan *(note 8)*		**-**		1,110,000
Trade and other payables *(note 9)*		**1,699,883**		1,927,492
Factoring liability *(note 10)*		**154,000**		-
Mezzanine Loan *(note 11)*		**750,000**		-
Current portion of long term debt *(note 12)*		**286,662**		286,662
Current portion of finance lease obligations		**49,395**		55,542
		2,939,940		3,573,850
Non Current Liabilities				
Long term debt *(note 12)*		**1,879,825**		1,929,220
Finance lease obligations		**56,997**		86,955
		1,936,822		2,016,175
Total Liabilities		**4,876,762**		5,590,025
SHAREHOLDERS' EQUITY				
Share capital *(note 13)*		**7,434,530**		7,396,309
Contributed surplus		**773,578**		600,805
Accumulated other comprehensive loss		**(38,486)**		(2,190)
Deficit		**(3,625,931)**		(4,325,307)
Total Shareholders' Equity		**4,543,691**		3,669,617
Total Liabilities and Shareholders' Equity	**$**	**9,420,453**	$	9,259,642

Approved on behalf of the Board

Signed "Jeffrey Kendrick" **Director** *Signed "Steve Bjornson"* **Director**

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

CEMATRIX CORPORATION

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the three and nine months ending at September 30 (unaudited)
Canadian Dollars

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Revenue *(note 23)*	**$ 4,092,447**	$ 967,382	**$ 9,075,755**	$ 4,298,846
Cost of sales *(note 14)*	**2,370,974**	972,454	**6,141,028**	3,845,355
Gross margin	**1,721,473**	(5,072)	**2,934,727**	453,491
Operating expenses				
General and administrative	**265,728**	224,270	**770,739**	735,315
Sales, marketing and engineering	**283,746**	230,347	**838,656**	717,367
Total operating expenses	**549,474**	454,617	**1,609,395**	1,452,682
Operating income (loss)	**1,171,999**	(459,689)	**1,325,332**	(999,191)
Non-cash stock based compensation *(note 15)*	**(62,388)**	-	**(190,660)**	(129,764)
Finance costs *(note 16)*	**(147,724)**	(55,182)	**(270,176)**	(145,096)
Other income *(note 17)*	**23,378**	10,618	**44,367**	15,411
Income (loss) before income taxes	**985,265**	(504,253)	**908,863**	(1,258,640)
Provision of deferred taxes	**(232,865)**	109,296	**(211,653)**	234,899
Net Income (loss) attributable to the common shareholders	**752,400**	(394,957)	**697,210**	(1,023,741)
Unrealized foreign exchange gain (loss) on translation of foreign subsidiary	**1,913**	(11,037)	**(36,296)**	(22,143)
Total comprehensive Income (loss) for the period	**$ 754,313**	$ (405,994)	**$ 660,914**	$ (1,045,884)
Income (loss) per common share *(note 18)*				
Basic	**$ 0.02**	$ (0.01)	**$ 0.02**	$ (0.03)
Fully Diluted	**$ 0.02**	$ (0.01)	**$ 0.02**	$ (0.03)
Weighted average number of common shares *(note 18)*				
Basic	**34,175,994**	33,465,994	**34,123,247**	33,465,994
Fully Diluted	**35,625,994**	33,465,994	**35,607,534**	33,465,994

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

CEMATRIX CORPORATION

Consolidated Statements of Changes in Shareholders' Equity

For the three and nine months ending September 30 (unaudited)
Canadian Dollars

		Share Capital		Contributed Surplus		Cumulative Translation Adjustment Account		Deficit		Total Shareholders' Equity
Balance at January 1, 2015	**$**	**7,396,309**	**$**	**600,805**	**$**	**(2,190)**	**$**	**(4,325,307)**	**$**	**3,669,617**
Non-cash stock based compensation *(note 15)*		**-**		**57,382**		**-**		**-**		**57,382**
Net income attributable to common shareholders		**-**		**-**		**-**		**4,711**		**4,711**
Unrealized foreign exchange loss on translation of foreign subsidiary		**-**		**-**		**(7,132)**		**-**		**(7,132)**
Balance at March 31, 2015		**7,396,309**		**658,187**		**(9,322)**		**(4,320,596)**		**3,724,578**
Issue of shares *(note 13)*		**22,500**		**-**		**-**		**-**		**22,500**
Reclassification of contributed surplus to share capital *(note 15)*		**15,721**		**(15,721)**		**-**		**-**		**-**
Non-cash stock based compensation *(note 15)*		**-**		**70,890**		**-**		**-**		**70,890**
Reclassification of contributed surplus to deficit *(note 15)*				**(2,166)**				**2,166**		**-**
Net loss attributable to common shareholders		**-**		**-**		**-**		**(59,901)**		**(59,901)**
Unrealized foreign exchange loss on translation of foreign subsidiary		**-**		**-**		**(31,077)**		**-**		**(31,077)**
Balance at June 30, 2015	**$**	**7,434,530**	**$**	**711,190**		**(40,399)**	**$**	**(4,378,331)**	**$**	**3,726,990**
Non-cash stock based compensation *(note 15)*		-		**62,388**		-		-		62,388
Net income attributable to common shareholders		**-**		**-**		**-**		**752,400**		**752,400**
Unrealized foreign exchange gain on translation of foreign subsidiary		**-**		**-**		**1,913**		**-**		**1,913**
Balance September 30, 2015	**$**	**7,434,530**	**$**	**773,578**	**$**	**(38,486)**	**$**	**(3,625,931)**	**$**	**4,543,691**
Balance at January 1, 2014	$	7,160,015	$	361,198	$	12,831	$	(3,800,333)	$	3,733,711
Non-cash stock based compensation *(note 15)*		-		129,764		-		-		129,764
Net loss attributable to common shareholders		-		-		-		(720,613)		(720,613)
Unrealized foreign exchange loss on translation of foreign subsidiary		-		-		(1,945)		-		(1,945)
Balance at March 31, 2014		7,160,015		490,962		10,886		(4,520,946)		3,140,917
Net income attributable to common shareholders		-		-		-		91,829		91,829
Unrealized foreign exchange loss on translation of foreign subsidiary		-		-		(9,161)		-		(9,161)
Balance at June 30, 2014		7,160,015		490,962		1,725		(4,429,117)		3,223,585
Net loss attributable to common shareholders		-		-		-		(394,957)		(394,957)
Unrealized foreign exchange loss on translation of foreign subsidiary		-		-		(11,037)		-		(11,037)
Balance September 30, 2014	$	7,160,015	$	490,962	$	(9,312)	$	(4,824,074)	$	2,811,591

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

CEMATRIX CORPORATION
Consolidated Statements of Cash Flows
For the three and nine months ending September 30 (unaudited)
Canadian Dollars

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Cash generated from (used in):				
Operating activities				
Net income (loss) attributable to common shareholders	**$ 752,400**	$ (394,957)	**$ 697,210**	$ (1,023,741)
Add (deduct) non-cash items				
Provision of deferred taxes	**232,865**	(109,296)	**211,653**	(234,899)
Depreciation	**86,102**	84,072	**253,002**	253,008
Non-cash stock based compensation *(note 15)*	**62,388**	-	**190,660**	129,764
Non-cash fair value adjustment on share acquisition loans *(note 7)*	**(467)**	-	**(1,401)**	-
Unrealized foreign exchange loss on translation of foreign subsidiary	**1,913**	(11,037)	**(36,296)**	(22,143)
	1,135,201	(431,218)	**1,314,828**	(898,011)
Net change in non-cash working capital items *(note 19)*	**46,807**	788,389	**455,723**	(15,820)
Cash generated from (used in) operations	**1,182,008**	357,171	**1,770,551**	(913,831)
Investing activities				
Purchase of property and equipment	**(356,196)**	(250,131)	**(536,868)**	(824,736)
Purchase of term deposit	**-**	-	**(70,000)**	-
Cash generated from (used in) investing activities	**(356,196)**	(250,131)	**(606,868)**	(824,736)
Financing activities				
Proceeds from (repayments of) bank operating loan	**-**	(90,000)	**(1,110,000)**	420,000
Proceeds from BDC Financing	**-**	194,305	**93,936**	542,121
Repayments of BDC Financing	**(143,331)**	(143,331)	**(143,331)**	(143,331)
Proceeds from factoring	**727,289**	-	**1,107,596**	-
Repayments on factoring	**(953,596)**		**(953,596)**	
Proceeds from Mezzanine Loan *(note 11)*	**-**	-	**750,000**	-
Proceeds from Secured Debenture	**-**	-	**-**	1,000,000
Issue of common shares	**-**	-	**22,500**	-
Repayment of finance lease obligations	**(13,856)**	(14,021)	**(41,047)**	(41,216)
Cash generated from (used in) financing activities	**(383,494)**	(53,047)	**(273,942)**	1,777,574
Increase (decrease) in cash	**442,318**	53,993	**889,741**	39,007
Cash, beginning of period	**303,288**	(51,078)	**(144,135)**	(36,092)
Cash, end of period	**$ 745,606**	$ 2,915	**$ 745,606**	$ 2,915
Cash				
Cash	**$ 745,606**	$ 25,191	**$ 745,606**	$ 25,191
Bank overdraft	**-**	(22,276)	**-**	(22,276)
Cash, end of period	**$ 745,606**	$ 2,915	**$ 745,606**	$ 2,915
Finance costs paid during the period	**$ 153,104**	$ 55,887	**$ 272,481**	$ 142,915

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

1. Corporate information

CEMATRIX CORPORATION ("CEMATRIX" or the "Company") is a limited company incorporated in the province of Alberta, Canada whose common shares are publicly traded on the TSX venture exchange under the symbol "cvx.v". It is domiciled in Canada with its registered office at 5440 - 53rd Street S.E., Calgary, Alberta, Canada.

Through its wholly-owned subsidiary, CEMATRIX (CANADA) INC. and its subsidiary CEMATRIX (USA) INC. the Company is a manufacturer and supplier of cellular concrete products with applications in a variety of markets. The current market focus is in the oil and gas sector in Western Canada and infrastructure construction in Western Canada, Ontario Canada and in the United States.

The consolidated financial statements of the Company for the three and nine months ended September 30, 2015 were authorized for issue in accordance with a resolution of the Board of Directors dated November 4, 2015.

2. Basis of preparation

Statement of compliance
These consolidated financial statements for the three and nine months ended September 30, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in effect at the closing date of September 30, 2015.

Basis of measurement
These consolidated financial statements are stated in Canadian dollars and were prepared under the historical cost convention except for share-based payment transactions which are measured at fair value.

Use of estimates and judgments
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of CEMATRIX (USA) Inc. is US dollars.

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Judgements, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of judgements, estimates and assumptions that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2014. There have been no changes since that date.

(in Canadian dollars)

4. Significant accounting policies

The significant accounting policies of the Company are outlined in note 4 of the audited consolidated financial statements for the year ended December 31, 2014. There have been no changes since that date.

Future accounting pronouncements
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after October 1, 2015 or later periods. The standards impacted that are applicable to the Company are as follows:

IFRS 9 Financial instruments – in July 2014, the ISAB issued IFRS 9 to replace IFRS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes a logical model for classification and measurement, a single forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for years beginning on or after January 1, 2018

IFRS 15 Revenue from contracts with customers – in May 2014, the IASB issued IFRS 15, a new standard which provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for years beginning on or after January 1, 2017.

The Company has not determined the impact on its consolidated financial statements from the adoption of these future accounting pronouncements.

5. Trade and other receivables

Trade and other receivables consist of the following components as at September 30, 2015 and December 31, 2014:

		2015		2014
Trade receivables	**$**	**2,951,134**	$	3,890,081
Holdbacks		**557,850**		324,236
Other receivables		**77,158**		44,769
	$	**3,586,142**	$	4,259,086

Trade receivables and holdbacks are unsecured and non-interest bearing and are generally on 30 day terms subject to standard ten percent construction holdbacks on most of its sales over $100,000. Holdbacks are generally collectible forty-five days after completion of the work performed by the Company, however, holdbacks can be outstanding much longer, if the holdback release is tied to the completion of the entire project by the general contractor. The Company is normally a subcontractor to the general contractor and only completes a portion of the total work to be completed by the general contractor and accordingly certain holdbacks can be outstanding for up to a year or more.

In May 2015, CEMATRIX (CANADA) INC., entered into a receivable purchase agreement with Tallinn Capital Partners Corp ("Tallinn Capital"), as part of a working capital financing agreement (see note 10 and 11). As at September 30, 2015 trade receivables include $194,500 related to factored accounts.

(in Canadian dollars)

5. **Trade and other receivables** *(continued)*

The aging of the trade receivables as at September 30, 2015 and December 31, 2014 is detailed below.

		2015		2014
1-30 days	**$**	**1,825,717**	$	1,886,293
30-60 days		**301,152**		849,496
61-90 days		**197,837**		769,457
Greater than 90 days		**626,428**		384,835
	$	**2,951,134**	$	3,890,081

In determining the recoverable amount of a trade, holdbacks and other receivables, the Company performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparties. Included in general and administrative expenses is $nil of bad debt expense (2014 - $28,208 in regard to a settlement with a customer).

6. Inventory

Inventory consists of the following components as at September 30, 2015 and December 31, 2014:

		2015		2014
Raw materials (principally foaming agent)	**$**	**448,881**	$	506,723
Spare parts and marketing material		**2,544**		4,974
	$	**451,425**	$	511,697

Inventory expensed as part of cost of sales was $127,834 and $263,299, respectively, for the three and nine months ending September 30, 2015 ($32,507 and $147,489, respectively for the same periods in 2014). There were no inventory write-downs in either 2015 or 2014.

7. Share acquisition loans

Share acquisition loans consist of the following components as at September 30, 2015 and December 31, 2014:

		2015		2014
Share acquisition loans	**$**	**88,004**	$	113,125
Less non-cash fair market value adjustment		**-**		(25,121)
Plus accretion of non-cash fair market value adjustment		**1,401**		-
		89,405		88,004
Less current portion		**(22,158)**		(20,757)
	$	**67,247**	$	67,247

(in Canadian dollars)

7. Share acquisition loans *(continued)*

In 2001 and 2002, share acquisition loans totalling $113,125 were issued to management to purchase shares of the Company. In October 2014, the terms of the share acquisition loans were changed to introduce equal annual repayment terms beginning 2015 such that the loans will be fully repaid by December 31, 2019. Prior to this change the share acquisition loans were included as a reduction in share capital. The loans bear no interest unless the loans are not repaid in accordance with the repayment terms, then the interest is payable annually on the amount then outstanding at Bank of Canada prime rate, then in effect, plus two percent and at the option of the Company the loans become immediately due and payable. For accounting purposes, because the loans bear no interest, the loans were fair valued at December 31, 2014 using the effective interest rate method. An effective interest rate used was 9%. This fair value adjustment is being accreted to income over the life of the loans.

8. Bank operating loan

The bank operating loan as at September 30, 2015 and December 31, 2014 is outlined below:

		2015		2014
Bank operating loan	**$**	**-**	$	1,110,000

On May 25, 2015, CEMATRIX (CANADA) INC., pursuant to a new working capital financing agreement with Tallinn Capital (see note 10), used a portion of the proceeds to repay a credit facility with a Canadian chartered bank ("Credit Facility") and the Credit Facility was closed.

Prior to this CEMATRIX (CANADA) INC. had a revolving demand Credit Facility which, when utilized, provided loans to finance working capital for periods of time. Under the Credit Facility, the bank would advance up to $1,000,000 on trade receivables less than ninety days outstanding at the end of each month, (75% from companies resident in Canada and 90% from qualifying companies resident in the United States) and 50% of inventories (up to a maximum $250,000). In November 2014, the seasonal increase in the Credit Facility of $500,000, which normally runs from April to October each year, was extended until January 31, 2015. Based on these restrictions, the actual Credit Facility availability at December 31, 2014 was $1,500,000, of which $1,110,000 had been drawn down as at that date.

9. Trade and other payables

Trade and other payables consist of the following components as at September 30, 2015 and December 31, 2014:

		2015		2014
Trade payables	**$**	**1,406,522**	$	1,688,864
Accrued interest		**6,180**		7,083
Other accruals		**170,192**		109,522
Payroll remittance and goods & services tax		**116,989**		122,023
	$	**1,699,883**	$	1,927,492

(in Canadian dollars)

10. Factoring Liability

The factoring liability as at September 30, 2015 and December 31, 2014 is outlined below:

		2015		2014
Factoring liability	**$**	**154,000**	$	-

In May 2015, CEMATRIX (CANADA) INC., entered into a receivable purchase agreement with Tallinn Capital Partners Corp ("Tallinn Capital"), as part of a working capital financing agreement (see note 11), which is available for the purchase by Tallinn Capital of up to $1,250,000 of specific trade receivable invoices. For qualifying sales invoices ("Factored Receivables"), which are purchased under the receivable purchase agreement, CEMATRIX (CANADA) INC. receives 80% of the value of the specific sales invoice at the time of purchase and 20% when the sales invoice is collected by Tallinn Capital. A discount rate of 2% (reduced from 2.25% in September 2015) is charged for the first 30 days that the sales invoice is outstanding, with a further daily discount rate of 0.067% (reduced from 0.075% in September 2015) until the sales invoice is collected. Tallinn Capital may, at its sole discretion, require that CEMATRIX (CANADA) INC. repurchase any Factored Receivables that are not collected within 90 days of the sales invoice date at a price equal to the outstanding amount thereof. CEMATRIX (CANADA) Inc. retains the responsibility for collection and any foreign exchange fluctuation of the Factored Receivables.

For accounting purposes, the Factored Receivable continues to be recorded in trade receivables and the financing fees in finance costs.

11. Mezzanine Loan

On May 22, 2015, CEMATRIX (CANADA) INC., entered into a new financing agreement with Tallinn Capital Mezzanine Limited Partnership through its general partner Tallinn Capital for up to $2,000,000 of working capital financing to replace its Credit Facility.

The agreement with Tallinn Capital consists of a mezzanine loan of $750,000 (the "Mezzanine Loan") and a receivable purchasing agreement for the sale of up to $1,250,000 of trade receivables (collectively, the "Tallinn Financing").

The proceeds from the Mezzanine Loan were used to repay the Credit Facility and to provide working capital financing.

The Mezzanine Loan, bears interest at 16.5%, payable monthly in arrears, and matures on March 31, 2016. This loan is secured by $1,000,000 in current quality receivables (accounts that have been outstanding for less than 90 days) of the Corporation. The Company has the option to make prepayments at any time after October 31, 2015 and prior to maturity in multiples of $250,000. As part of this financing the Corporation must maintain a working capital ratio at a minimum of 1.2 and a minimum working capital level of $1,000,000. As at September 30, 2015, the Company was in compliance with each of these covenants.

The Receivable Purchase Agreement, which is available on the purchase of specific trade receivable invoices, is for up to $1,250,000 and will be used for working capital financing (see note 5).

The Tallinn Financing is secured by corporate guarantees by the Company and CEMATRIX (USA) INC. and general security agreements providing a floating first charge over all present and after acquired personal property of the Company, CEMATRIX (CANADA) INC. and CEMTRIX (USA) INC.

(in Canadian dollars)

12. Long term debt

Long term debt consists of the following components as at September 30, 2015 and December 31, 2014:

	Maturity	Interest rate		2015		2014
BDC Financing						
Loan 1	December 1, 2016	Floating	$	**128,700**	$	171,600
Loan 3	October 1, 2020	Floating		**1,037,787**		1,044,282
				1,166,487		1,215,882
Secured Debenture	February 11,2017	Fixed		**1,000,000**		1,000,000
				2,166,487		2,215,882
Less current portion				**(286,662)**		(286,662)
			$	**1,879,825**	$	1,929,220

BDC Financing:

In May 2012, the Company`s wholly owned subsidiary, CEMATRIX (CANADA) INC., entered into an agreement with the Business Development Bank of Canada (“BDC”) which provided working capital and capital expenditure financing (“BDC Financing”).

Loan 1 - This loan of $430,000 was fully drawn down in 2012. The proceeds were used in 2012 to repay certain loans and to support working capital. The interest rate on the loan is variable and based on the BDC floating base rate, currently set at 4.85% plus 1.71%. The loan is repayable over four years, commencing on July 1, 2012, with payments of principal of $14,300 required from July to December of each year. Interest is payable monthly.

Loan 3 - In May 2013, the Company’s wholly owned subsidiary, CEMATRIX (CANADA) Inc., entered into an agreement with the BDC for a new loan of $1,406,000 (“BDC Capital Financing”). The loan, which is fully drawn down, has been used to support equipment additions and has been drawn down as these expenditures are incurred. The interest rate is based on the BDC floating base rate, currently at 4.85%, plus 1.75%. The loan is repayable over seven years, commencing with payments of principal on November 1, 2013 of $33,443 and on December 31, 2013 of $33,477 and payments of principal of $33,477 required from July to December of each year thereafter. Interest is payable monthly.

The BDC Financing loans may be prepaid, on each anniversary date, up to 15% of the then outstanding principal amount but if not used the prepayment privilege for that anniversary date ceases. In addition to the annual privilege the Company may prepay all or part of the principal outstanding plus any interest owing up to the time of prepayment plus an indemnity equal to three months interest on the prepaid principal at the floating rate then applicable if the loan is at floating rates, or if the loan is at a fixed rate, the sum of three months interest on the prepaid principal at the fixed interest rate then applicable and an interest differential relative to current fixed rate loans of the BDC.

The BDC Financing is secured with a General Security Agreement providing a first security interest in the Company’s current owned equipment and new equipment acquired pursuant to the capital loan and a security interest in all present and after acquired personal property of the Company subject only to lender charges on receivables and inventory in support of the Company’s line of credit and future charges on specific equipment to a creditor for financing the purchase or lease thereof.

(in Canadian dollars)

12. Long term debt *(continued)*

Secured Debenture:

In February 2014 the CEMATRIX (CANADA) INC. issued a secured debenture for $1,000,000 ("Secured Debenture"). The Secured Debenture bears interest of 9%, payable monthly, and is repayable in full in 3 years. The Company can prepay the full amount of the Secured Debenture. Any prepayment in the first year includes an additional interest payment equal to 9% of the principal amount prepaid less any interest paid to the date of prepayment; any prepayment made in the second year will include an additional interest payment equal to 18% of the prepayment amount less 1.5% of the interest paid to the date of the prepayment; any prepayment after the second year is without any additional interest payment. Management assessed whether this prepayment option was an embedded derivative that should be accounted for separately from the host contract. Management determined that the economic characteristics and risks of the prepayment feature were closely related to those of the host debt contract and, therefore, no embedded derivative was identified.

The Secured Debenture is secured by the Company's currently owned equipment and new equipment acquired, subject to the priority of the BDC Financing. The Secured Debenture is further secured by all present and after acquired personal property of the Company subject only to lender charges on receivables and inventory in support of the Tallinn Financing and any charges on specific equipment for financing the purchase or lease thereof.

13. Share capital

(a) Authorized

Unlimited number of no par value voting common shares
Preferred shares – to be issued in series as authorized by the Board of Directors

(b) Issued

The following table summarizes the changes in the issued common shares of the Company for the nine months ended September 30, 2015 and the year ended December 31, 2014:

	2015		2014	
	Number Of Shares	**$ Amount**	Number Of Shares	$ Amount
Common shares, beginning of period	34,025,994	$7,396,309	33,465,994	$7,160,015
Common shares issued *(i)*	150,000	22,500	560,000	84,000
Reclassification of contributed surplus *(i)*	-	15,721	-	39,169
Reclassification of share acquisition loans *(note 7)*	-	-	-	113,125
Common shares, end of period	**34,175,994**	**$7,434,530**	**34,025,994**	**$7,396,309**

(i) Common shares issued

In 2015, 150,000 common shares were issued by the Company on the exercise of employee stock options, proceeds of $22,500 were received by the Company and the related non-cash stock based compensation previously charged to contributed surplus was reclassified to share capital. During the year ended December 31, 2014, 560,000 common shares were issued on the exercise of employee stock options, proceeds of $84,000 were received by the Company and the related non-cash stock based compensation previously charged to contributed surplus was reclassified to share capital.

(in Canadian dollars)

14. Cost of sales

Cost of sales consists of the following components for the three and nine months ending September 30, 2015 and 2014:

	Three months ended September 30, **2015**	2014	*Nine months ended September 30,* **2015**	2014
Materials	**$ 1,511,462**	$ 468,367	**$ 3,893,622**	$ **2,271,976**
Direct labour	**404,310**	252,521	**1,047,479**	**686,455**
Variable expenses	**305,790**	115,381	**769,063**	**463,174**
Fixed overhead	**67,592**	55,548	**190,540**	**182,546**
Depreciation	**81,820**	80,637	**240,324**	**241,204**
	$ 2,370,974	$ 972,454	**$ 6,141,028**	$ **3,845,355**

15. Non-cash stock based compensation

The Company has an option plan for the issue of up to 10% of the issued and outstanding common shares of the Company. All options that are outstanding will expire upon maturity, or earlier, if the optionee ceases to be a director, officer, employee or consultant or there is a merger, amalgamation or change in control of the Company. The purpose of the option plan is to reward and retain directors, management and consultants important to the continued operation and growth of the Company.

At September 30, 2015, the Company had 3,175,000 shares reserved for the issuance of stock options (December 31, 2014 – 3,090,000).

Options issued to employees and directors generally vest as to one third immediately on grant and one third on each of next two anniversary dates. The options issued to The Howard Group, the Company's investor relation firm, vested as to one quarter every three months from the date of grant on April 1, 2013.

The following table summarizes the changes in options for the nine months ended September 30, 2015 and the year ended December 31, 2014:

	2015		2014	
	Number of Options	**Weighted average price**	Number of Options	Weighted average price
Outstanding, beginning of period	**3,090,000**	**$0.20**	1,665,000	$0.15
Granted	**250,000**	**$0.19**	2,640,000	$0.21
Exercised	**(150,000)**	**$0.15**	(560,000)	$0.15
Expired	**(5,000)**	**$0.24**	(655,000)	$0.15
Forfeited	**(10,000)**	**$0.24**	-	-
Outstanding, end of period	**3,175,000**	**$0.20**	3,090,000	$0.20
Exercisable, end of period	**1,825,000**	**$0.18**	1,930,000	$0.18

During the nine months ended September 30, 2015, 100,000 options were issued to a new employee with an exercise price of $0.20, for a five year term and vesting as to one third on each of the first three anniversaries of the option grant date; and 150,000 options were issued to a director with an exercise price of $0.19, for a five year term and vesting as to one third immediately and one third on each of the next two anniversaries of the option grant date.

(in Canadian dollars)

15. Non-cash stock based compensation *(continued)*

During the year ended December 31, 2014, 900,000 options were issued to certain directors and an officer with an exercise price of $0.145, immediate vesting and for a five year term and 1,740,000 options were issued to employees with an exercise price of $0.24, vesting over two years, with one third immediately and one third on the next two anniversary dates, and for a five year term.

There are 1,350,000 options that have not vested as at September 30, 2015 (December 31, 2014 – 1,160,000 options).

The following table summarizes the options to acquire common shares outstanding as at September 30, 2015

Grant Date	Number Options	Exercise Price $	Weighted average remaining life (years)	Expiry Date
April 1, 2013	300,000	0.150	0.50	April 1, 2016
March 26, 2014	900,000	0.145	3.49	March 26, 2019
October 22, 2014	1,725,000	0.240	4.06	October 22, 2019
March 5, 2015	100,000	0.200	4.43	March 5, 2020
April 15, 2015	150,000	0.190	4.54	April 15, 2020
	3,175,000			

Non-cash stock based compensation for the three months and nine months ended September 30, 2015 was $62,388 and $190,660, respectively (2014 - $nil and $129,764, respectively) were recognized in the consolidated statement of income (loss) and comprehensive income (loss) with an offsetting amount charged to contributed surplus. Non-cash stock based compensation has no current period impact on the Company's cash position.

At the date of grant, the per share fair value of the options granted and other assumptions, using the Black-Scholes option pricing model are as follows:

	2015	2014
Estimated per share fair value per option	$0.18	$0.14
Risk-free interest rate	0.77% - 0.92%	1.51%
Expected life	5 years	5 years
Expected volatility in stock price	165% - 172%	151%
Expected annual dividend yield	nil	nil
Estimated forfeiture rate	nil	nil

The options issued to The Howard Group in 2013 pursuant to their investor relations agreement have been valued at the fair value of the services provided.

In the nine months ended September 30, 2015, the Company reclassified $15,721 from contributed surplus to share capital related to non-cash stock based compensation for option grants that were exercised. In addition, the Company reclassified $2,166 from contributed surplus to deficit related to non-cash stock based compensation for option grants that had expired or were forfeited without being exercised. There were no similar amounts in the same period of 2014.

(in Canadian dollars)

16. Finance costs

The finance costs incurred for the three and nine months ending September 30, 2015 and 2014 are as follows:

	Three months ended September 30,		*Nine months ended September 30,*	
	2015	2014	**2015**	2014
Interest				
BDC Financing	**$ 19,818**	$ 22,853	**$ 61,915**	$ 61,414
Secured Debenture	**22,500**	22,500	**67,500**	56,938
Mezzanine Loan	**31,192**	-	**43,397**	-
Factoring discount	**71,718**	-	**73,451**	-
Finance lease obligations	**2,790**	3,669	**8,359**	11,852
Bank operating loan	**-**	5,913	**12,753**	11,931
Other	**173**	247	**4,202**	2,961
	148,191	55,182	**271,577**	145,096
Accretion of non-cash adjustment on share acquisition loans (*note 7*)	**(467)**	-	**(1,401)**	-
	$ 147,724	$ 55,182	**$ 270,176**	$ 145,096

17. Other income

Other income for the three and nine months ending September 30, 2015 and 2014 consist of the following:

	Three months ended September 30,		*Nine months ended September 30,*	
	2015	2014	**2015**	2014
Foreign exchange gains	**$ 23,378**	$ 10,618	**$ 44,367**	$ 15,411

18. Income (loss) per common share

The number of common shares included in the computation of basic and diluted income (loss) per common share for the three and nine months ending September 30, 2015 and 2014 is as follows:

	Three months ended September 30,		*Six months ended June 30,*	
	2015	2014	**2015**	2014
Weighted average shares outstanding - basic	**34,175,994**	33,465,994	**34,123,247**	33,465,994
Effect of stock options	**1,450,000**	-	**1,484,287**	-
Diluted shares for calculation of income (loss) per common share	**35,625,994**	33,465,994	**35,607,534**	33,465,994

The stock options for the three and nine months ended September 30, 2014 had no dilutive effect as the Company experienced losses during these periods.

(in Canadian dollars)

19. Change in non-cash working capital

The changes in non-cash working capital items - asset (increase) decrease and liability increase (decrease) - are outlined below for the three and nine months ending September 30, 2015 and 2014.

	Three months ended September 30,		***Nine months ended September 30,***	
	2015	2014	**2015**	2014
Trade and other receivables	**$ (521,600)**	$ 1,630,809	**$ 672,944**	$ (128,641)
Inventory	**110,859**	15,644	**60,272**	(55,741)
Prepaid expenses and deposits	**(2,071)**	(31,014)	**(49,884)**	(31,084)
Trade and other payables	**459,619**	(827,050)	**(227,609)**	199,646
	$ 46,807	$ 788,389	**$ 455,723**	$ (15,820)

20. Related party transactions

During the three and nine months ending September 30, 2015, the Company incurred legal fees from a firm which employs one of the directors of the Company in the amount of $5,247 and $15,501, respectively, ($2,247 and $7,593, respectively for the same periods in 2014) of which $1,678 is in trade and other payables as at September 30, 2015 (December 31, 2014 - $2,805).

There were no other significant related party transactions

21. Financial instruments and risk management

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company financial instruments that are carried in the consolidated financial statements and how the fair value of financial instruments are measured.

Fair values

The fair values of cash and cash equivalents, trade and other receivables, bank overdraft, bank operating loan, and trade and other payables approximate their carrying values due to the relatively short periods to maturity of these instruments. The fair value of the BDC Financing loans approximate its carrying value as the debt rate floats with prime. The fair value of the share acquisition loans has been determined using the effective interest rate method. The fair value of the secured debenture approximates its carrying value as the interest rate is a market rate for similar instruments.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

21. Financial instruments and risk management *(continued)*

Level 3 – Valuations in this level are those with inputs for the assets or liabilities that are not based on observable market date.

The Company's cash and cash equivalent is measured based on level 1. There were no transfers between level 1, 2 and 3 inputs during the year. Trade and other receivables and share acquisition loans are measured based on Level 3 inputs.

Risk management

The Company's activities are exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall Company governance.

(a) Interest Rate Risk
The BDC Financing loans, which had a balance of $1,166,487 outstanding at September 30, 2015, are subject to floating market rates. Based on the floating rate debt outstanding as at September 30, 2015, a 1% increase/decrease in interest rates would result in a decrease/increase in net loss attributable to common shareholders of approximately $8,700.

(b) Credit Risk
Financial instruments that subject the Company to credit risk consist primarily of cash, trade receivables and the share acquisition loans. The Company manages credit risk using credit approval and monitoring practices. At September 30, 2015, 10 customers accounted for approximately 93% of trade receivables (at December 31, 2014, 7 customers accounted for approximately 90% of trade receivables). (See Note 5 for details of credit policy and aging of outstanding trade receivables at September 30, 2015 and December 31, 2014). At September 30, 2015, the Company had $745,606 of cash and cash equivalents, $70,000 in term deposits and $89,405 of fair valued share acquisition loans that are outstanding with two officers, and a former officer, of the Company.

(c) Liquidity Risk
Liquidity risk management involves maintaining sufficient cash and cash equivalents. The receivable purchase agreement with Tallinn Capital provides additional flexibility as it allows the Company to accelerate collection trade receivables and thus improve working capital management.

The table on the next page summarizes the maturity profile of the Company's financial liabilities at September 30, 2015 and December 31, 2014 based on contractual undiscounted payments.

21. Financial instruments and risk management *(continued)*

	Less than 1 year	1 to 2 years	2 to 5 years	Total
As at September 30, 2015				
Trade and other payables	**$ 1,699,883**	**$ -**	**$ -**	**$ 1,699,883**
Factored liability	**154,000**	**-**	**-**	**154,000**
Mezzanine Loan	**750,000**	**-**	**-**	**750,000**
Long-term debt	**286,662**	**243,762**	**1,636,063**	**2,166,487**
Finance lease obligations	**49,395**	**33,282**	**23,714**	**106,391**
	$ 2,939,940	**$ 277,044**	**$ 1,659,777**	**$ 4,876,761**
As at December 31, 2014				
Bank overdraft	$ 194,154	$ -	$ -	$ 194,154
Bank operating loan	1,110,000	-	-	1,110,000
Trade and other payables	1,927,492	-	-	1,927,492
Long-term debt	286,662	286,662	1,642,558	2,215,882
Finance lease obligations	55,542	39,394	47,561	142,497
	$ 3,573,850	$ 326,056	$ 1,690,119	$ 5,590,025

(d) Foreign Exchange Risk

Foreign exchange 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's exposure relates to trade receivables, and the collection thereof, denominated in $US dollars ("USD") and the operations of its US subsidiary which are predominantly in USD. The Company does not hedge these items as the timing of related transactions is not certain.

As at September 30, 2015 and December 31, 2014 the following balances are denominated in USD:

		2015	2014
Cash and cash equivalents (bank overdraft)	**$**	**29,172**	37,247
Trade and other receivables	**$**	**253,186**	138,024
Inventory	**$**	**1,906**	1,906
Prepaid expenses and deposits	**$**	**22,266**	14,601
Trade and other payables	**$**	**58,731**	56,269

The Company's primary foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on USD balances as at September 30, 2015 a 5% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in total comprehensive loss of approximately $16,500.

(in Canadian dollars)

22. Capital management

Management defines capital as the Company's total shareholders' equity, its long term debt and finance lease obligations. The Board of Directors does not establish a quantitative return on capital for management, but rather promotes year over year sustainable profitable growth. The Company's current objective when managing capital is to increase the Company's capital through growth in earnings and to re-invest the earnings generated to facilitate the continued growth in the Company, in order to provide an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets.

Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the nine months ended September 30, 2015. The Company is subject to externally imposed capital requirements on the Tallinn Financing and as of September 30, 2015, is in compliance with these debt covenants (see Note 11).

Total capitalization

	2015	2014
Long term debt (*Note 12*)	**$ 2,166,487**	$ 2,215,882
Finance lease obligations	**106,391**	142,497
Total debt	**2,272,878**	2,358,379
Shareholders' equity	**4,543,691**	3,669,617
	$ 6,816,569	$ 6,027,996

23. Geographical segmented information

The Company's primary business is the supply and placement of cellular concrete. It currently markets its services in Canada and the United States. The following tables present the sales to external customers for the three and nine months ending September 30, 2015 and 2014 and the total non-current assets attributable to the Company's geographical segments as at September 30, 2015 and December 31, 2014:

	2015	2014	**2015**	2014
Sales to external customers*				
Canada	**$ 3,778,954**	$ 967,382	**$ 7,682,832**	$ 4,298,846
United States	**313,493**	-	**1,392,923**	-
	$ 4,092,447	$ 967,382	**$ 9,075,755**	$ 4,298,846

	2015	2014
Total non-current assets		
Canada	**$ 4,398,592**	$ 4,319,311
United States	**7,236**	9,362
	$ 4,405,828	$ 4,328,673

* Includes sales to one customer of $2,826,407 and $4,056,448, respectively for the three and nine month ended September 30, 2015