



CEMATRIX CORPORATION
ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2020

April 14, 2021

TABLE OF CONTENTS

DEFINITIONS.....	1
INTERPRETATION	2
FORWARD LOOKING STATEMENTS	2
CORPORATE STRUCTURE	4
GENERAL DEVELOPMENT OF THE BUSINESS	5
DESCRIPTION OF BUSINESS	7
DIVIDENDS	16
CAPITAL STRUCTURE	16
MARKET FOR SECURITIES	18
DIRECTORS AND OFFICERS.....	18
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	21
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	22
AUDITOR, TRANSFER AGENT AND REGISTRAR.....	22
MATERIAL CONTRACTS	22
INTEREST OF EXPERTS	22
AUDIT COMMITTEE.....	22
ADDITIONAL INFORMATION	24
SCHEDULE "A"	

DEFINITIONS

Unless otherwise defined, capitalized terms used herein have the respective meanings set forth below.

"**ABCA**" means the Business Corporations Act, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**AIF**" means this Annual Information Form;

"**Backlog**" means the total of the projects that have been contracted plus contracts in process. Contracts in process are projects that where the contract is in process, or the project has been awarded by way of letter of intent, or verbally awarded, or other form.

"**Board**" means the board of directors of the Corporation;

"**Common Shares**" means common shares in the capital of the Corporation;

"**Corporation**" or "**CEMATRIX**" means CEMATRIX Corporation;

"**EBITDA**" means earnings before interest, taxes, depreciation, amortization;

"**Adjusted EBITDA**" means EBITDA further adjusted for non-cash items including non-cash stock-based compensation, non-cash unrealized foreign exchange gains (loss), non-cash revaluation of derivatives, non-cash revaluation of earn-out liabilities; and gains (losses) on the acquisition or dispositions of assets and business acquisition costs;

"**Equity Incentive Plan**" means the equity incentive plan of the Corporation as constituted on the date hereof;

"**Option**" means an option to acquire a Common Share granted pursuant to the Option Plan;

"**Option Plan**" means the stock option plan of the Corporation as constituted on the date hereof;

"**RSU**" means a restricted share unit granted pursuant to the Equity Incentive Plan;

"**Sales Pipeline**" means the total forecasted dollar amount of future projects which the Corporation has been contacted regarding by engineering firms, owners, or contractors for design assistance (including thermal modelling), a quote, or both. The sales pipeline does not include the dollar value of contracted sales; or the dollar value of sales, where volumes have not been determined by the designers; or the dollar value of sales that have been lost for various reasons, including that the proposed project has been cancelled, lost to an alternative product or lost to a competitor. The sales pipeline is updated when changes in the status of a project becomes known to CEMATRIX. The sales pipeline includes projects from the current and future years and grows with the continued acceptance of the product throughout the Corporation's market territory, which currently includes significant parts of Canada and the U.S.; and

"**Shareholder**" means a holder of Common Shares;

"**TSXV**" means the TSX Venture Exchange Inc.; and

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

INTERPRETATION

Words importing the singular include the plural and vice versa and words importing a gender include any genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

Unless otherwise indicated, all references to "dollars" and the symbol "\$" are to Canadian dollars.

The information in this AIF is given as of December 31, 2020, unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This AIF contains forward-looking information within the meaning of applicable securities laws. Forward-looking information and statements are based on the best estimates available to the Corporation at the time and involve known and unknown risks, uncertainties or other factors that may cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results, or developments that the Corporation anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by such terms as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma" or other comparable terminology.

Forward-looking information presented in such statements or disclosures may relate, among other things, to:

- sources of revenue and income;
- forecasts of capital expenditures and sources of financing thereof;
- the Corporation's expectations regarding its business, financial condition and results of operations;
- the Corporation's expectations surrounding the ongoing effect of the COVID-19 pandemic on the timing of contracted and verbally awarded projects;
- the release of new project opportunities into the North American market and the conversion of the Corporation's Sales Pipeline into projects;
- the Corporation's ability to quote and win contract tenders and attract customers;
- the Corporation's marketing and business plans and short-term objectives;
- the Corporation's anticipated trends and challenges in the markets in which it operates;
- the Corporation's ability to hire, train and retain the personnel it requires to undertake its business;
- the Corporation's ability to continue to develop and safeguard proprietary technologies and market share;

- future legislative and regulatory developments, domestic and foreign, in which the Corporation conducts business or may conduct business in the future;
- the Corporation's regional expansion and potential expansion by way of acquisition in North American markets;
- the Corporation's strategic relationships with third parties; and
- governance of the Corporation as a public company.

Forward-looking information is based on assumptions, including assumptions concerning availability of capital resources, business performance, market conditions, and customer demand and is subject to a number of risks, uncertainties and other factors, which may be beyond the Corporation's control, which could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Factors of uncertainty and risk that might result in such differences include risks associated with the Corporation's growth strategy; failure to complete transactions or realize anticipated benefits; dependence on key personnel; constraints on marketing strategies; lower than anticipated customer demand; fraudulent or illegal activity by the Corporation's employees, contractors or consultants; damage to the Corporation's reputation; operating risk and insurance coverage; negative operating cash flow; management of growth; credit, liquidity, and interest rate risks; future capital requirements; conflicts of interest; changes in laws, regulations and guidelines which may increase the costs of compliance; product recalls and liability; litigation, regulatory or agency proceedings, investigations and audits; inventory and wholesale pricing; commodity pricing; fluctuation in currency and prices of raw materials; source of supply; environmental and employee health and safety regulations; competition; business interruptions; changes to Backlog; protection of intellectual property; risks related to U.S. and other international activities and trade regulations and potential challenges to international operations and expansion to other jurisdictions; risks related to security clearances; systems, facilities and data failure, interruption and breach; obligations associated with being a public issuer as well risks relating to the ownership of the Corporation's shares such as potential share price volatility and no assurance of an active market for the Corporation's shares. A description of the risks affecting the Corporation's business and activities appears in greater detail under the heading "*Risk Factors*".

Although the Corporation believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on these forward-looking statements and information because the Corporation can give no assurance that they will prove to be correct. There can be no guarantee that the results or developments that the Corporation anticipates will be realized or, if substantially realized, that they will have the expected consequences or effects on the Corporation's business, financial condition or results of operation.

The forward-looking statements and information contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements and information included in this AIF are made as of the date hereof and the Corporation undertakes no obligation to publicly update such information to reflect new information, subsequent events or otherwise, except as required by applicable securities law.

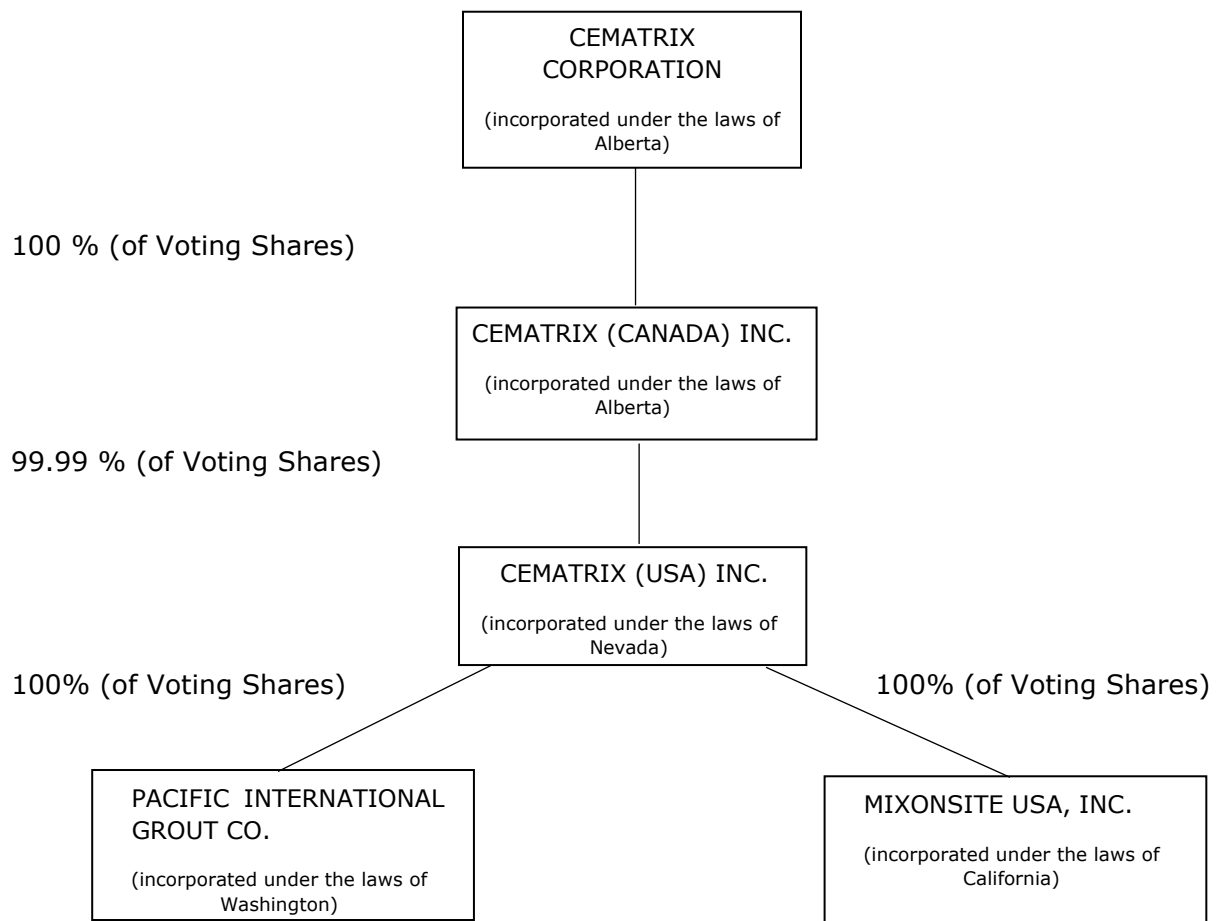
CORPORATE STRUCTURE

Name address and Incorporation

CEMATRIX Corporation was incorporated March 22, 2005 pursuant to the ABCA as Moonshoot Capital Corp. The articles of the Corporation were amended May 31, 2006 to change the name of the Corporation to CEMATRIX Corporation. The common shares of CEMATRIX ("**Common Shares**") are publicly traded on the TSXV under the symbol "CVX.V". The Common Shares are also traded on the over-the-counter market ("**OTC**") in the United States under the symbol "CTXXF". The Corporation's head office is located at 9727 - 40 Street SE, Calgary, Alberta, Canada.

Intercompany Relationships

Through its material operating subsidiaries CEMATRIX (Canada) Inc. ("**CEMATRIX Canada**"), CEMATRIX (USA) Inc. ("**CEMATRIX USA**"), MixOnsite ("**MOS**"), and Pacific International Grout Co. ("**PIGCO**"), the Corporation is an on-site manufacturer and supplier of cellular concrete products with applications in numerous infrastructure construction-based markets throughout North America. The following is a summary of the current corporate structure:



GENERAL DEVELOPMENT OF THE BUSINESS

Business Overview

CEMATRIX was originally incorporated to develop cellular concrete for use in Canada as a lightweight insulating material for building and infrastructure applications. The initial focus was on oil and gas infrastructure applications, but after the collapse of the financial markets in the fall of 2008, which was followed by the collapse of oil and gas prices in 2014 and 2015, the CEMATRIX business evolved to focus on the development of infrastructure markets across Canada and, to a lesser extent, the United States.

Development of these infrastructure markets involved years of educating the engineering and construction industry and the applicable government ministries relating to infrastructure and transportation about the benefits of cellular concrete for various construction applications. The process required various provincial and state approvals, which have taken years and are ongoing in some provinces, and product validation (placing the product in the ground for up to five years to prove its benefits). As the Canadian infrastructure market developed, CEMATRIX had the unique opportunity to acquire two of the four leading suppliers of cellular concrete in the United States, where the market is estimated to be approximately ten years ahead of the Canadian market.

Today, CEMATRIX, through its operating subsidiaries, is focused on the sale and onsite production of cellular concrete for various applications, primarily in the geotechnical field, in multiple construction markets throughout North America.

CEMATRIX Canada, with its head office in Calgary and regional operations in Toronto, Winnipeg and Calgary, focuses on the Canadian low density (lighter than water) cellular concrete markets. MOS is headquartered in Chicago, Illinois and is focused on the low density cellular concrete markets throughout the United States, particularly in the North Central, Northeast and Central regions. PIGCO is headquartered in Bellingham, Washington, and is focused on the high density (heavier than water) cellular concrete markets throughout the United States and Canada and has also completed a number of international projects. PIGCO's equipment is specifically designed for the heavy density tunnel grouting market but can also be used for large geotechnical infrastructure applications.

Three Year History

2018

On February 26, 2018 the Corporation signed a letter of intent to acquire MOS (the "**MOS Acquisition**") and closed the acquisition on May 31, 2018 after securing a USD \$1.8 million loan from the Business Development Bank of Canada (the "**BDC**"). The acquisition price was USD \$5.0 million before an earnout comprised of USD \$2.0 million in cash, USD \$0.5 million in Common Shares, which amounted to 3,343,421 shares and a USD \$2.5 million three-year 8% convertible debenture, convertible into 13,373,584 Common Shares on or before May 31, 2021. The number of Common Shares to be received on conversion was fixed as of the date of the MOS Acquisition. The three-year earnout required payment to the former owners of MOS of a percentage of the annual EBITDA of MOS in excess of USD \$0.5 million. In the first year following the MOS Acquisition, the earnout percentage was 70%. During the second and third years, the earnout percentage dropped to 65%.

On May 12, 2018, the Corporation announced a \$2.0 million private placement to support the MOS Acquisition. This private placement was for a maximum of 10 million units, at \$0.20 per Unit with each unit consisting of one Common Share and one-half Common Share purchase warrant with a two-year expiry. Each full warrant entitled the holder to purchase one Common Share for \$0.35. The private placement closed on September 5, 2020 with 8.25 million units being sold, bringing in gross proceeds of \$1.65 million.

2019

On January 1, 2019 CEMATRIX signed a letter of intent to acquire PIGCO and closed the acquisition on October 1, 2019 (the "**PIGCO Acquisition**"), after securing a USD \$2.8 million loan from the BDC. The acquisition price was USD \$3.875 million before an earnout, comprised of USD \$2.8 million in cash, a USD \$0.575 million vendor takeback loan to be repaid over one year, and USD \$0.5 million in Common Shares, being an issuance of 3,305,250 Common Shares. The Corporation also agreed to pay the former owner of PIGCO a four-year earnout as part of his compensation package, which required payment of 65% of the annual EBITDA of PIGCO in excess of USD \$0.5 million.

On July 4, 2019, the Corporation announced a \$2.3 million private placement to support the PIGCO Acquisition. The private placement was for 11.5 million units at \$0.20 per unit, each unit consisting of one Common Share and one Common Share purchase warrant with a two-year expiry, each warrant entitling the holder to purchase one Common Share at \$0.30. The private placement was fully subscribed and closed on September 5, 2020, bringing in aggregate proceeds of \$2.3 million.

On November 19, 2019, the Corporation announced \$6.1 million in new contracts, bringing the 2019 Backlog to \$45.9 million, of which \$21.0 million were scheduled for 2020.

2020

On February 20, 2020, the Corporation announced that it had signed a letter of intent for a USD \$12.3 million (\$15.7 million) project to backfill fifteen overpasses along a new freeway corridor in the Northeast United States. The project is scheduled to begin in 2021 and projected to continue into 2022. At the time, this was the largest project ever awarded to the CEMATRIX Group.

On April 22, 2020, the Corporation announced the closing of an oversubscribed \$5.5 million debenture offering that was co-led by Gravitas and Clarus. The private placement was for 5,500 unsecured convertible debentures of the Corporation (the "Convertible Debentures") at a price of \$1,000 per Convertible Debenture for aggregate gross proceeds of \$5,500,000. Each Convertible Debenture has a three-year term, will pay 8.0% cash interest, matures on the date that is 3 years from the date of issuance and may be converted at the election of the holder thereof, at any time prior to the maturity date, subject to earlier conversion by the Corporation, into 2,500 units (the "Convertible Debenture Units") at \$0.40 per Convertible Debenture Unit. Each Convertible Debenture Unit is comprised of one Common Share and one-half Common Share purchase warrant with a three-year expiry. Each full warrant entitles the holder to purchase one Common Share for \$0.45.

On December 22, 2020, the Corporation announced that it had signed a letter of intent for a project valued at USD \$23.5 million (\$30.1 million) for grouting of a tunnel to be constructed

under a major U.S. city. CEMATRIX's involvement in the project is scheduled to begin in 2024. This is currently the largest contract ever awarded to the CEMATRIX Group.

DESCRIPTION OF BUSINESS

Through its operating subsidiaries, the Corporation uses specially developed equipment and proprietary or exclusive use foaming agents to produce and pour cellular concrete for various applications in the infrastructure, industrial and commercial construction markets.

Cellular concrete is a cement slurry-based product that is combined with air to create a lightweight, foamed concrete-like material with thermal insulating properties and moderate structural strength. It is generally lighter than water and is used as a replacement for rigid and other types of insulation and as a lightweight fill or a void fill, with uses including tunnel grouting.

The Corporation's current market focus is the construction markets for infrastructure in Western Canada, Ontario, Quebec, and the United States.

The infrastructure market sector primarily relates to work on public construction projects funded by provincial, state and federal governments. Examples of this type of work include the insulation of road bases; permafrost protection under buildings, utilities, roads and runways; the insulation of shallow utility installations; industrial and commercial floor bases; the replacement of weak and/or unstable soils and soils subject to seismic conditions; mechanical stabilized earth ("MSE") panels and retaining wall backfill; grouting; and tunnel backfill. Work in this sector generally requires prior approval of the Corporation's various products and applications by local regulatory bodies.

The Corporation's revenues are realized as the Corporation processes and places the cellular concrete on site, calculated based on the number of cubic metres processed and placed.

The Corporation's sales generally consist of "one-off" transactions, with little carryover in sales from year to year with a single customer, except when the Corporation has repeat business related to a specific application or location, or a project sufficiently large in scope to continue from one period into the next. The goal is to expand these repeatable and predictable sources of revenue.

The Corporation generally undertakes work as a sub-contractor to various engineering and construction firms that have been awarded the prime contract from the owner of a particular project.

The Corporation has two distinct types of production equipment: dry mix and wet mix.

Dry mix production equipment is fully automated and the cement slurry mixing process is done directly from cement and other dry powders. This equipment permits the production of high hourly volumes. The dry mix system enables the Corporation to improve end product quality, while reducing unit cost by up to 20% compared to the wet mix process. However, the dry mix process is typically not suitable for small- to medium-sized projects because of the higher costs associated with mobilization and greater onsite space requirements.

Wet mix production equipment is partially automated, and the pre-designed cement slurry used is delivered by a ready mix provider. This equipment has lower hourly production capacity and is suitable for small volume projects or projects where there is no space for the larger dry mix units.

The Corporation's fleet of production equipment currently consists of ten dry mix units that produce up to 230 cubic metres of cellular concrete per hour, and eight wet mix units capable of producing 50 to 100 cubic metres per hour of cellular concrete. The fleet is mobile and can be moved to any project in North America.

The value proposition CEMATRIX offers to customers is:

"CEMATRIX cellular concrete saves significant time and money for its customers and provides a better overall long-term construction solution."

The Corporation's value proposition is supported by: acquired and internally developed technologies that enable the production of high volumes of consistent, low density insulating cellular concrete; the North American exclusive rights to a protein based foaming agent and an acquired synthetic foaming agent formula; proprietary material mix design expertise; additive technologies developed by PIGCO; technical support for thermal and structural design to assist engineering firms in the design of applications for cellular concrete; and internally designed and constructed specialty equipment for the production of cellular concrete, which includes the specialized tunnel grouting equipment developed by PIGCO. These technologies are not patented because most relate to formulas, which can be copied. The Corporation protects these technologies through trade secrets and the separation of knowledge between departments and staff.

Over the years the Corporation has invested in additional staff and equipment to prepare for what management believes will be a significant increase in annual sales, as the Corporation's product reaches the 'tipping point' for a number of applications. Tipping point refers to the point in time where customers decide that they will use the Corporation's product, as opposed to alternative products, for certain applications (i.e. all overpass/bridge abutment work, or all MSE panel backfill or all the insulation of oil sand modules, etc.). The tipping point for oil and gas applications was around the financial crisis of 2008 and declining oil prices in 2014 and 2015 but ended as a result of those events. Revenue from oil and gas applications has not rebounded as related construction in that sector has been negligible. The Corporation is now working towards the tipping point for various infrastructure applications. The cost of this investment, in terms of additional staff and equipment, has negatively affected the financial results over the past few years. However, it has helped position the Corporation to achieve sales growth and to leverage economies of scale achieved with the MOS and PIGCO Acquisitions in the U.S.

Growth Strategy

The Corporation's growth strategy includes the following elements:

1. Due to the early market stage of most of the applications available for cellular concrete, particularly in Canada, CEMATRIX and its operating subsidiaries will focus on organic growth through continued education of engineers, construction companies, and government-run transportation departments on the significant benefits of cellular concrete versus legacy products the Corporation's products will replace. As part of educating these markets, the Corporation plans to develop and emphasize the emissions savings made possible by cellular concrete relative to legacy products;

2. Regional expansion, particularly in the U.S. This is supported by the fact that the U.S. sales pipeline is over two times that of Canada, and U.S. sales currently account for over 85% of total consolidated sales;
3. Identification and pursuit of strategic acquisition opportunities that can potentially add value for Shareholders;
4. Development of new strategic alliances and strengthening existing relationships, such as the current strategic alliance with key cement suppliers; and
5. Evaluation of international and franchise opportunities.

Industry Trends

Management believes that there is a continuing trend in the construction industry toward the use of cellular concrete to replace legacy products for various construction applications. CEMATRIX Canada has been the only major cellular concrete company developing the Canadian market and did not start this development until the early 2000s. The U.S. geotechnical market is generally thought to have commenced in the mid-1980s with the completion of a significant project in California.

This trend is confirmed by the national specification that has developed in the U.S., as well as the increased number of cellular concrete projects being tendered in the U.S. on a daily basis and is highlighted by the number and size of projects tendered on an annual basis in the U.S. market. In 2020, the Corporation was awarded two of the largest cellular concrete projects ever tendered in the U.S. One project was for USD \$12.3 million (\$15.7 million) and the second was for USD \$23.5 million USD (\$29.9 million).

Intangible Properties

The Corporation has a number of trade secrets related to material mix designs, foaming agents, additives, processing equipment and applications engineering, none of which have been patented but are critical to the operation of the business.

Competitive Conditions

CEMATRIX and its operating subsidiaries face two types of competition: the legacy products that CEMATRIX's cellular concrete will replace, and cellular concrete from other suppliers.

Competitive legacy products include weak, unstable, frost and seismic prone soils, expanded poly styrene ("**EPS**") blocks (large blocks of rigid insulation), rigid insulation, sheets of industrial insulation, concrete and steel pile construction, other lightweight aggregates and traditional grouts. It is important to note that CEMATRIX's cellular concrete does not normally replace regular concrete, because the structural properties of cellular concrete differ from those of traditional concrete. Overall, cellular concrete has significant advantages over legacy products. These advantages include its self-levelling characteristics, greater strength and durability, and the fact that it is comparatively environmentally friendly to some of the alternatives and significantly quicker to place. Typically, the all-in-installed costs for cellular concrete are lower than the legacy alternatives.

In Canada, there are presently very few cellular concrete suppliers and none capable of producing high volumes of quality cellular concrete on a consistent, cost-effective basis. A high-volume producer is understood as one that can produce a minimum of 100 cubic yards

per hour, or 1,000 cubic yards per day. This criterion was established in the U.S. markets by engineers and specifiers. In the U.S., there are hundreds of small volume producers focused on the lightweight floor and roofing deck markets. These are markets the Corporation does not pursue. There are two larger cellular concrete competitors and at least two smaller suppliers in the U.S., that the Corporation is aware of, capable of producing cellular concrete at high volumes. Both of the larger competitors are headquartered in California.

Only one of these larger competitors operates outside the Southwestern U.S. and competes against CEMATRIX across the country. Both larger competitors compete against CEMATRIX in the Southwestern U.S.

New Products

In 2015/2016, CEMATRIX Canada developed, constructed and introduced a cellular concrete processor capable of producing higher quality cellular concrete of greater strength than its competition. Additionally, it was developed to eliminate expensive and lower quality 'ready mix' slurry, which is the main input in the Corporation's wet mix production units. Since the introduction of this advanced cellular concrete processor, the Corporation has worked to perfect its design and capabilities. The Corporation intends to introduce this new equipment across North America over the next five years. The production cost of one of these units is approximately \$1.5 million.

Notably, the Corporation's current equipment produces high quality product and its seasonally adjusted production capacity is greater than 2.5 million cubic yards, which could produce \$175 million in annual sales without additional equipment.

Components

Approximately 60-65% of the Corporation's cellular concrete costs are for cement or ready-mix slurry, which is only purchased as it is being used for production and not inventoried, except to the extent that a silo is filled the day prior to it being used in the production of cellular concrete. There is a risk of cement shortages, which has happened in the past, but the risk is diminished by strategic alliances the Corporation has formed with cement suppliers such as Lafarge Holcim.

The other key component in the Corporation's cellular concrete production is foaming agent. CEMATRIX has its own foaming agent formula and relies on three other suppliers of foaming agent to reduce the risk of a cut-off or supply shortage. Most of the Corporation's foaming agents have been approved in jurisdictions where it is required by applicable department of transportation authorities or are in the process of being approved.

Seasonal Cycles

Generally, the season for CEMATRIX's cellular concrete follows the construction market in North America. That season in Canada and the northern U.S. is much shorter than in the southern U.S. Certain applications, like tunnel grouting which is done underground, are not affected by seasonal limitations. In addition, like regular concrete, cellular concrete can be placed in the offseason provided there is proper hoarding and heating to enable the cellular concrete to adequately cure.

Employees

As of December 31, 2020, CEMATRIX and its operating subsidiaries had 53 full-time employees, 26 of whom were located in Canada. The number of employees generally increases during the construction season.

Facilities

On September 1, 2016 the Corporation, through its subsidiary MOS, signed a five-year lease ending August 31, 2023 with no renewal options for approximately 50% of a 5,650 square foot facility including warehouse space plus 66,373 square feet of fenced yard.

On October 1, 2019 the Corporation, through its subsidiary PIGCO, signed a five-year lease ending September 30, 2024 with a five-year renewal option for 15,000 square feet including warehouse space, plus a fenced yard.

On January 1, 2020 the Corporation, through its subsidiary CEMATRIX Canada, signed a five-year lease ending December 31, 2025 with two five-year renewal options for 11,480 square feet, including warehouse space plus a fenced yard. CEMATRIX Canada has also entered into a lease for small warehouse facilities to support operations in Winnipeg, Manitoba; and Toronto, Ontario. CEMATRIX USA has entered into a lease for a warehouse facility in Watseka, Illinois.

RISK FACTORS

Potential Volatility of Share Price

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including, but not limited to, the following: (i) actual or anticipated fluctuations in the Corporation's quarterly results of operations; (ii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Corporation; (iii) recommendations by securities research analysts; (iv) issuances or anticipated issuances of additional securities by the Corporation; (v) departure of executive officers and other key personnel of the Corporation; (vi) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; and (vii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

Financial markets have historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these and other related factors may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the trading price of the Common Shares may be materially adversely affected.

No Assurance of Active Market for Shares

The Common Shares have been listed on the TSXV since April 24, 2006. There can be no assurance that an active and liquid market for the Common Shares will be maintained. If an active public market is not maintained, the holders of the Common Shares may have difficulty selling such shares.

Global Financial Conditions

Global financial conditions have always been subject to volatility. This volatility may impact the ability of the Corporation to obtain equity or debt financing in the future and if obtained, on terms favourable to the Corporation. Increased levels of volatility and market turmoil can adversely impact the Corporation's operations and the value and price of the Common Shares could be adversely affected.

Future Sales of Corporation Shares by Existing Shareholders

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. Although the Common Shares held by certain of the Corporation's Shareholders are subject to lock-up agreements imposed by the agents in connection with the brokered financings, the agents may waive the provisions of these agreements and allow these Shareholders to sell their Common Shares at any time. There are no pre-established conditions for the grant of such a waiver by the agents, and any decision by them to waive those conditions may depend on a number of factors, including market conditions, the performance of the Common Shares in the market and the Corporation's financial condition at that time. If restrictions in such lock-up agreements are waived, additional Common Shares will be available for sale in the public market, subject to applicable securities laws and stock exchange requirements, which could reduce the market price for Common Shares.

Dilution of Shareholders of the Corporation

The Corporation is authorized to issue an unlimited number of Common Shares for the consideration and on those terms and conditions as shall be established by the board of directors of the Corporation without Shareholder approval, subject to applicable securities laws and stock exchange requirements. The Corporation's Shareholders have no pre-emptive rights in connection with such further issuances. The Corporation has outstanding options, warrants and other securities convertible into Common Shares which, if exercised or converted would result in dilution. See heading "*Issued Securities*" for further details.

Publication of Inaccurate or Unfavourable Research and Reports

The trading market for Common Shares relies in part on the research and reports that securities analysts and other third parties choose to publish about the Corporation. The Corporation does not control these analysts or other third parties. The price of Common Shares could decline if one or more securities analysts downgrade the Common Shares or if one or more securities analysts or other third parties publish inaccurate or unfavorable research about the Corporation or cease publishing reports about the Corporation. If one or more analysts cease coverage of the Corporation or fail to regularly publish reports on the

Corporation, the Corporation could lose visibility in the financial markets, which in turn could cause the Common Share price or trading volume to decline.

Effects of COVID-19 on the Corporation

The world, markets and business, including the sales and operations of the Corporation have been significantly affected by the COVID-19 pandemic. Although the Corporation's business is considered essential, which has enabled construction projects on which the Corporation has contracted to continue, the contracted projects have been subject to significant and sometimes ongoing delays as it takes the Corporation's customers, mainly general contractors, longer to complete stages of a project that must be completed before the Corporation can manufacture and place its product on site.

In 2020, the Corporation experienced delays lasting weeks and in some cases months, which has significantly affected the Corporation's projected sales for 2020 and potentially 2021. Although administration of a COVID-19 vaccine began in North America before the year ended December 31, 2020, widespread vaccination may not occur until the third quarter of 2021.

Liquidity, Cash Flow and Debt Covenants

As at December 31, 2020 the Corporation was not in compliance with one of its debt covenants under its operating line held by the Canadian Western Bank (the "CWB") and its loans with the BDC. Both lenders provided waivers until the year ended December 31, 2021, but the Corporation is still offside these covenants as of that date because of delays in contracted sales caused by COVID-19. The Corporation has never missed a payment to either financial institution and has raised additional gross proceeds \$5.7 million in cash through the issuance of convertible debentures in April 2020. Both financial institutions have provided waivers for the year ended December 31, 2020. Both lenders still reserve their remedy rights under the agreements and if either lender were to call its loan, there is no guarantee that the Corporation would be able to obtain suitable replacement financing in a timely manner.

Earnout

Due to the Corporation's default of BDC covenant as of December 31, 2020, the BDC had imposed a postponement on payment of the MOS earnout for the year ended December 31, 2020. Subsequent to the end of the year (in March 2021), the Company amended the loan agreements with the BDC to remove the postponement on the payment of the MOS earnout amount outstanding and then proceed to pay out the outstanding amounts.

Convertible Debentures

On May 31, 2021, the USD \$2.5 million convertible debentures mature. On that date, debenture holders who are the former owners of MOS will have the option of converting the debentures into a set number of shares or have them repaid, unless new terms are negotiated. Prior to the unexpected passing of one of the former owners, both owners expressed their intention to convert the full amount of the debentures. The Corporation is in discussions with the surviving debenture holder and the estate of the other, and currently anticipates the full amount of the debenture to be converted. However, if the holders demand repayment, the Corporation may not be able to repay the full debenture, may not be able to raise or borrow sufficient funds, or may not be able to negotiate reasonable repayment terms in the foreseeable future.

Bonding Capacity

Many of the Corporation's projects are state, provincial, municipal or federal projects, which require bonds, particularly those projects greater than \$0.5 million. Furthermore, the trend has been that the number and size of projects tendered in the market and bid on by the Corporation are becoming larger, some in excess of \$15 to \$30 million. The Corporation currently has a USD \$10 million bonding facility through MOS, but no Canadian bonding facility. Sometimes bonds can be replaced by other means, such as a letter of credit supported by cash, but inability of the Corporation to obtain bonding in Canada and/or on larger projects in the U.S. may slow the growth of future sales.

Project Scheduling

The Corporation has no control over the timing of contracted projects. Delays in contracted work can occur at any time, although it has not been an issue to date. Furthermore, project delays can result in scheduling issues that increase costs to the Corporation. The risk associated with scheduling changes will be an ongoing issue for the Corporation.

Product Acceptance

The Corporation's mission statement is to gain broad market acceptance of its product for various applications throughout North America, with its focus on Canadian infrastructure and now U.S. infrastructure applications through recently acquired U.S. subsidiaries MOS and PIGCO. Successful implementation of this vision depends on the Corporation's product becoming more widely accepted by project design engineers and specifiers. These individuals oversee the engineering and design of infrastructure projects, including the materials used in various projects, and make the determination of whether cellular concrete can be considered for a particular application.

Sole Source Provider

When engineering firms or companies are considering specifying cellular concrete for a specific project, particularly in projects related to oilsands and refinery construction, an issue that can arise is that the Corporation is the sole provider of cellular concrete in Alberta and many other regions of Canada. The concern is that if the Corporation is unavailable to complete a project, there may be no one else that can complete the work as specified. In many cases, this would require the project to be re-engineered because cellular concrete is not a one for one replacement to its alternatives. This is not an issue for infrastructure applications because there are other product solutions that may be specified as an alternative to the Corporation's product.

In some instances, project owners will not allow the use of a sole provider and others continue to be hesitant to do so, because re-engineering costs could be prohibitive. This practice will continue to slow the development of the Corporation's product penetration in Western Canada and has affected the development of other markets in Canada. If engineering firms and companies do not accept the Corporation being a sole source supplier this could affect the ability of the Corporation to grow its sales.

The risks associated with being a sole source provider are not in issue in the U.S., because there are many alternative providers.

Undercapitalization

The Corporation has been undercapitalized since its inception and this situation has hindered the Corporation's ability to expand its sales force in Canada and grow the business. Without an injection of additional capital or the growth of cash flow from sales and profits throughout Cematrix and its operating subsidiaries, the ability to implement the Corporation's growth strategy will be hindered.

Possible Failure to Realize Anticipated Benefits of Recently Completed Acquisitions

The Corporation has recently completed several acquisitions intended to achieve a variety of benefits. Achieving the benefits of these acquisitions depends in part on consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, and on CEMATRIX's ability to realize the anticipated growth and development opportunities from the assets underlying the acquired entities. Integrating the underlying assets will require considerable effort, time and resources from management, which may divert management's focus from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect CEMATRIX's ability to achieve the anticipated benefits of its recently completed and proposed acquisitions.

Increasing Cement Commodity Prices

In previous years the Corporation has experienced significant increases in the cost of its key raw materials, mainly cement. Cement combined with other lower cost fillers make up 65% of the cost of CEMATRIX products. To date, the Corporation has been able to pass a significant portion of these price increases on to its customers. There is no certainty that this practice can be sustained, in which case the Corporation's gross sales margins would be reduced.

Competition

Although the Corporation is the only supplier of cellular concrete in Canada of its size, there are several smaller suppliers in Ontario and British Columbia. There are many more suppliers in the U.S. and other countries where the cellular concrete market is more developed. Accordingly, the possibility of future competition in Canada and continued competition in the U.S. and elsewhere continues to be a risk. Competition could result in lost sales or reduced market share.

Dependence on Key Personnel

The success of the Corporation has been largely reliant on the skills and expertise of its key personnel to manage the overall business and achieve positive returns. This includes key personnel from both U.S. acquisitions. The continued success of the Corporation will depend on the Corporation's ability to hire and retain these key individuals, attract other key personnel, and ensure the knowledge they bring is disseminated among the rest of the Corporation's employee base. Costs associated with retaining key personnel could adversely affect the Corporation's business operations and financial results.

Product Warranties

The Corporation has not experienced warranty claims during its existence due to the nature of its product and does not incur any expense related to possible warranty claims. Although the Corporation's products are used in very low risk applications, such as replacement of dirt or rigid insulations, there is potential for future warranty claims to be made.

Economic Conditions

Economic downturn at the local, regional or national level could negatively affect the Corporation's business. During an economic downturn, activity in the infrastructure construction sector may decrease, thereby decreasing demand for the Corporation's products.

DIVIDENDS

No dividends have been declared by the Corporation, and the Corporation does not anticipate declaring any dividends in the next several years.

CAPITAL STRUCTURE**General Description of Capital Structure*****Common Shares***

The Corporation is authorized to issue an unlimited number of Common Shares. The holders of Common Shares are entitled to receive notice of and one vote per share at all meetings of shareholders of the Corporation. The holders of Common Shares are entitled to dividends in such amounts as the board of directors of the Corporation may from time to time declare and, in the event of liquidation, dissolution or winding-up of the Corporation, are entitled to share pro rata in the assets of the Corporation.

Preferred Shares

The Corporation is also authorized to issue an unlimited number of Preferred Shares, issuable in series. The Preferred Shares rank in priority to the Common Shares as to the payment of dividends and as to the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation. There are no Preferred Shares issued and outstanding.

Issued Securities

As at December 31, 2020 and April 14, 2021, the following is a description of the equity securities and convertible securities of the Corporation issued and outstanding.

SECURITIES			
Descriptions of Securities	Authorized	Outstanding as at December 31, 2020	Outstanding as at April 14, 2021
Voting or equity securities issued and outstanding	Unlimited Common Shares	66,776,750 Common Shares	113,037,832 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Stock options to acquire up to 10% of outstanding Common Shares	Stock options to acquire 4,845,000 Common Shares at an exercise prices at between \$0.19 - \$0.59	Stock options to acquire 4,163,334 Common Shares at an exercise prices at between \$0.19 - \$0.59
Securities convertible or exercisable into voting or equity securities – share purchase warrants	As approved by the board	Share purchase warrants to acquire 11,545,321 Common Shares at an exercise prices at between \$0.30 - \$0.45	Share purchase warrants to acquire 25,587,806 Common Shares at an exercise prices at between \$0.30 - \$0.81
Securities convertible or exercisable into voting or equity securities – unit purchase warrants	As approved by the board	Unit purchase warrants to acquire 991,250 units at a price of \$0.40. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share at \$0.45	Unit purchase warrants to acquire 3,739,068 Units to acquire 954,800 units at a prices between \$0.40 and \$0.65. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share.
Convertible debentures convertible into voting or equity securities	As approved by the board	\$2,500,000 USD convertible debenture convertible into 13,373,684 Common Shares	\$2,500,000 USD convertible debenture convertible into 13,373,684 Common Shares
Convertible debentures convertible into voting or equity securities - units	As approved by the board	\$4,875,000 convertible debenture convertible into 12,187,500 units. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share at \$0.45	\$3,729,000 convertible debenture convertible into 9,322,500 units. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share at \$0.45

MARKET FOR SECURITIES

Trading Price and Volume

CEMATRIX Common Shares are publicly traded on the TSXV under the symbol "CVX.V". The Common Shares are also traded on the OTC in the United States under the symbol "CTXXF". The following table sets out the price range (month high and low prices) of the Common Shares and consolidated volumes traded on the TSXV for the financial year ended December 31, 2020.

Trading Price and Volume (for the year ended December 31, 2020)			
Period	High(\$)	Low(\$)	Volume
January	0.39	0.31	1,788,200
February	0.59	0.30	6,492,800
March	0.43	0.27	2,701,200
April	0.51	0.31	4,015,000
May	0.51	0.41	3,807,700
June	0.66	0.49	6,575,100
July	0.60	0.49	3,744,600
August	0.52	0.42	3,187,500
September	0.55	0.40	4,402,600
October	0.46	0.39	2,135,500
November	0.44	0.38	1,966,500
December	0.84	0.43	8,423,600

Prior Sales

The following table summarizes the securities of the Corporation not listed on a marketplace for the financial year ended December 31, 2020.

Securities Not Listed in the Public Market (Options, Warrants and RSUs)			
Description of Security	Date Issued	Number of Securities Issued	Exercise Price Per Security (\$)
Broker Warrants (1)	April 22, 2020	1,100,000	0.40
Options	November 4, 2020	100,000	0.40
Options	December 29, 2020	450,000	0.59

- (1) The Broker Warrants issued on April 22, 2020 were part of the transaction costs associated with the \$5,720,000 Convertible Debenture financing that the Corporation Completed on April 22, 2020. The Broker Warrants are exercisable into a unit consisting of one common share and one half warrant. A full warrant is exercisable at \$0.45 into one common share of the Corporation.
- (2) The Corporation also issued \$5,720,000 in Convertible Debentures. The Convertible Debenture can be converted into a unit at \$0.40 per unit. Each unit consists of one common share and one half warrant. A full warrant is exercisable at \$0.45 into one

common share of the Corporation.

DIRECTORS AND OFFICERS

Directors of the Corporation

DIRECTORS OF THE CORPORATION			
Name and Municipality of Residence	Principal Occupation for Past Five Years	Office Held and Date Appointed	Voting Shares Beneficially Owned or over which Control or Direction is Exercised ⁽¹⁾
Jeffrey Kendrick ⁽²⁾⁽³⁾ Calgary, Alberta	President and Chief Executive Officer of the Corporation since June 19, 2008 and Chief Financial Officer of the Corporation from June 1, 2007 to December 1, 2008; President and Chief Executive Officer of the Corporation from March 2005 to June 2007.	President, Chief Executive Officer and Director (June 18, 2008)	2,583,749 (3.9%)
Robert L. Benson ⁽³⁾⁽⁴⁾ Victoria, British Columbia	Retired in 2007; from 2005 to 2007 served as Vice President and Chief Operating Officer of Kemex Limited, an engineering company focused on design engineering of process facilities in the oil and gas industry.	Director (July 28, 2008)	85,000 (0.1%)
Steve Bjornson ⁽²⁾ Calgary, Alberta	Independent businessman; from June 29, 2010 to January 8, 2020 served as Chief Financial Officer of Valeura Energy Inc., a Calgary-based company engaged in the exploration, development and production of petroleum and natural gas domestically and internationally.	Director (July 28, 2008)	25,000 (<0.1%)
Patrick N. Breen, Q.C. ⁽³⁾ Calgary, Alberta	Lawyer with Miller Thompson LLP since March 2019. Lawyer with McLeod Law LLP from May 1996 to March 2019.	Director (July 28, 2008)	150,000 (0.2%)
Dan Koyich ⁽⁴⁾ Sylvan Lake, Alberta	Retired; former President of JeanDan Management Ltd., a company that provides consulting and investor relations services.	Director (July 28, 2008)	118,000 (0.2%)
Minaz Lalani ^{(2) (4)} Calgary, Alberta	Executive Chairman of Besurance Corporation, which is involved with the design and implementation of risk sharing solutions, since July 2013. Also Managing Principal at Lalani Consulting Group, an actuarial and risk consulting firm since February 2010.	Director (March 16, 2010)	657,571 (1.0%)

Notes:

- (1) The information as to shares beneficially owned, directly or indirectly, or over which control or discretion is exercised, is based on information furnished to the Corporation by the respective directors as at the date hereof and calculated using 66,776,750 total Common Shares issued and outstanding.
- (2) Member of the Audit Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Member of the Compensation Committee.

Officers of the Corporation

OFFICERS OF THE CORPORATION		
Name and Province or State and Country of Residence	Principal Occupation	Voting Shares Beneficially Owned or over which Control or Direction is Exercised ⁽¹⁾
Jeffrey Kendrick Calgary, Alberta Canada	President and Chief Executive Officer of the Corporation since June 19, 2008 and Chief Financial Officer of the Corporation from June 1, 2007 to December 1, 2008; President and Chief Executive Officer of the Corporation from March 2005 to June 2007.	2,558,749 (3.9%)
Randy Boomhour Calgary, Alberta Canada	Mr. Boomhour is currently the Chief Financial Officer of the Corporation since December 10, 2020. Mr. Boomhour was the Chief Financial Officer at Tartan Industrial Corporation from 2015 to November 2018. Tartan was acquired by Stuart Olson, and Mr. Boomhour served as Vice President Finance at Stuart Olson Inc. from November 2018 to December 2020.	150,000 (0.2%)
Steve Bent Calgary, Alberta Canada	Mr. Bent is currently the Vice President and General Manager of CEMATRIX Canada. He has been with CEMATRIX since July 2000, when he was hired as the Vice President of Sales and Marketing	750,105 (1.1%)
Jordan Weiner Chicago, Illinois, United States	Mr. Weiner is the President of MOS. Mr Weiner founded MOS with his father. Mr. Weiner has been running MOS for over five years. As part of the purchase of MOS by Cematrix, Mr. Weiner agreed to a three-year contract to manage MOS from the acquisition date to the end of the earnout period being May 31, 2021.	1,003,026 (1.5%)
Pat Stephens Bellingham, Washington United States	Mr. Stephens is the founder and former owner of PIGCO. Mr. Stephens has agreed to remain on as the President of PIGCO for the four-year earnout period after acquisition. Mr. Stephen has been the cellular concrete business and the President of PIGCO since its incorporation on December 30, 1970.	3,305,250 (4.9%)

Notes:

- (1) The information as to shares beneficially owned, directly or indirectly, or over which control or discretion is exercised, is based on information furnished to the Corporation by the respective directors as at the date hereof and calculated using 66,776,750 total Common Shares issued and outstanding.

Corporate Cease Trade Orders or Bankruptcies

None of those persons who are directors of the Corporation are, or have within the past ten years been a director, trustee, chief executive officer or chief financial officer of any entity including the Corporation that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the entity access to any exemption under securities legislation for a period of more than 30 consecutive days, or after such persons ceased to be a director, trustee, chief executive officer or chief financial officer of the

entity, was the subject of a cease trade or similar order or an order that denied the entity access to any exemption under securities legislation for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity.

In addition, and except as disclosed below, none of those persons who are directors of the Corporation are, or have been within the past ten years, a director, trustee or executive officer of any entity including the Corporation, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or trustee appointed to hold its assets.

Mr. Koyich served as a director of Adanac Molybdenum Corporation ("Adanac Molybdenum") from January 2004 to January 2006, and from July 2008 to February 28, 2011. Adanac Molybdenum obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") pursuant to an initial order granted on December 19, 2008 by the Supreme Court of British Columbia. Adanac Molybdenum sought CCAA protection when it realized its cash reserves were insufficient to meet its current obligations. On February 28, 2011, Adanac Molybdenum announced the successful implementation of its plan of compromise and arrangement and emerged from creditor protection under the CCAA.

Penalties or Sanctions

None of those persons who are directors of the Corporation (or any personal holding companies) have been subject to any penalty or sanction imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement with a securities regulatory authority or been subject to any other penalty or sanction imposed by a court or regulatory body likely be considered material to a reasonable Shareholder in determining whether to vote for a director.

Personal Bankruptcies

No director of the Corporation, or a personal holding company of any such person has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver or trustee appointed to hold the assets of such person.

Conflicts of Interest

To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest between the Corporation and a current director or officer of the Corporation as at the date hereof. Certain directors also serve as directors or officers of other companies, and it is therefore possible that a conflict may arise in the future between their duties to the Corporation and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As at the date of this form, the Corporation is not involved in any material legal proceeding or regulatory action.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation or any of their associates or affiliates has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction material to the Corporation since the commencement of the last financial year.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Corporation is MNP LLP in Toronto, Ontario.

The transfer agent and registrar for the Common Shares is TSX Trust Corporation at its principal office in Calgary, Alberta.

MATERIAL CONTRACTS

The following are the material contracts of the Corporation, other than contracts entered into in the ordinary course of business, if such material contract is still in effect:

- (a) an agency agreement dated April 22, 2020, between Gravitas Securities Inc., Clarus Securities Inc., Beacon Securities Limited and the Corporation in respect of the brokered private placement of \$1000 convertible debentures, each debenture convertible into 2,500 units consisting of a Common Share and a Common Share purchase warrant (the "**Convertible Debentures**");
- (b) a convertible debenture indenture dated April 22, 2020, between the Company and Computershare Trust Company of Canada, as indenture trustee, in respect of the brokered private placement of Convertible Debentures; and
- (c) a warrant indenture dated April 22, 2020, between the Company and Computershare Trust Company of Canada, as warrant agent, in respect of the brokered private placement of Convertible Debentures.

Copies of these material contracts are available on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

MNP LLP is the Corporation's independent auditor. MNP LLP has advised it is independent from the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

AUDIT COMMITTEE

The general function of the audit committee of the corporation (the "**Audit Committee**") is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation's auditors.

The following are the current members of the Audit Committee:

Name	Independent/ Not Independent⁽¹⁾	Financially Literate/Not Financially Literate⁽¹⁾	Relevant Education and Experience
Steve Bjornson (Chair)	Independent	Financially Literate	Mr. Bjornson is a chartered professional accountant and chartered accountant.
Jeffrey Kendrick	Not Independent	Financially Literate	Mr. Kendrick is a chartered professional accountant and chartered accountant.
Minaz Lalani	Independent	Financially Literate	Mr. Lalani is an actuary and he has the educational background and consulting experience to understand financial statements

Note:

(1) As defined by National Instrument 52-110 – Audit Committees (“NI 52-110”)

The Audit Committee’s charter (“**Charter**”) sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. A copy of the full text of the Charter is attached hereto as Schedule “A” to this AIF.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation’s most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, all as more particularly described in the Charter under the heading “*External Auditors*”.

External Auditor Service Fees

The aggregate fees billed by the Corporation’s external auditors in each of the last three fiscal years for audit fees are approximately as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees ⁽¹⁾
2020	\$221,000	\$4,000	\$110,000	\$41,000
2019	\$200,000	\$32,500	\$68,800	\$4,000
2018	\$120,000	\$140,500	\$13,500	\$11,400

Note:

- (1) This amount in 2020 relates to fees for assistance with the acquisition of Pacific International Grout and for due diligence efforts on the 2020 convertible debenture financing.

ADDITIONAL INFORMATION

Additional information in relation to CEMATRIX may be found on SEDAR at www.sedar.com.

Additional information including directors' and officers' remuneration, principal holders of securities and securities authorized for issuance under equity compensation plans is contained in CEMATRIX's management information circular dated November 4, 2020 filed on SEDAR at www.sedar.com on November 18, 2020.

Additional financial information is provided in CEMATRIX's most recent interim financial statements, audited annual financial statements and accompanying management discussion and analysis filed on SEDAR at www.sedar.com.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER CEMATRIX CORPORATION

Purpose

1. The purpose of the Audit Committee is to:
 - (a) review and recommend to the Board for acceptance, prior to their public release, all material financial information required to be gathered and disclosed by the Corporation;
 - (b) oversee management designed and implemented accounting systems and internal controls; and
 - (c) recommend, engage, supervise, arrange for the compensation and ensure the independence of the external auditor to the Corporation.

Composition

2. The Audit Committee will be comprised of at least three members of the Board each of at least one of whom shall be independent as those terms are defined in National Instrument 52-110 – Audit Committees.
3. All members of the Committee shall be financially literate as those terms are defined in National Instrument 52- 110 - *Audit Committees* and possess:
 - (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
 - (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
 - (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
 - (d) an understanding of internal controls and procedures for financial reporting.

Meetings

4. The Audit Committee is required to meet in person, or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Audit Committee.
5. The Chair of the Audit Committee appointed by the Board will, in consultation with the members, determine the schedule, time and place of meetings, and in consultation with management and the external auditor, establish the agenda for meetings.

6. A quorum for a meeting of the Audit Committee shall be a majority of members present in person or by telephone conference call.
7. Notice of the time and place of every meeting shall be given in writing, by email or facsimile to each member of the Audit Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.

Responsibilities

8. The Audit Committee is responsible to:
 - (a) independently or together with the Board, investigate fraud, illegal acts and conflicts of interest and respond to existing and potential conflicts;
 - (b) discuss issues of its choosing with the external auditor, management and corporate counsel;
 - (c) establish procedures for the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
 - (d) establish procedures for the receipt and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters and the retention (for at least 7 years) of copies of concerns and evidence of investigations; and
 - (e) make inquiries of the external auditor and legal counsel to the Corporation regarding potential claims, assessments, contingent liabilities, and legal and regulatory matters that may have a material impact on the financial statements of the Corporation.

External Auditors

9. To preserve the independence of the external auditor responsible for preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, the Audit Committee is responsible to:
 - (a) recommend to the Board the external auditor to be nominated;
 - (b) recommend to the Board the external auditor's compensation;
 - (c) evaluate the external auditor's qualifications, performance and independence including by annually reviewing:
 - (i) a report of the auditor describing its internal quality-control procedures;
 - (ii) material issues raised by its most recent internal quality-control review; and
 - (iii) the results of any inquiry or investigation by government or

professional authorities of the auditor within the last five years;

- (d) review the experience and qualifications of the senior members of the external auditors, ensure that the lead audit partner is replaced periodically in accordance with applicable law, and that the audit firm continues to be independent;
 - (e) review and pre-approve any engagements for non-audit services to be provided by the external auditor and its affiliates in light of the estimated fees and impact on the external auditor's independence;
 - (f) review with management and with the external auditor:
 - (i) any proposed changes in major accounting policies;
 - (ii) the presentation and impact of significant risks and uncertainties; and
 - (iii) key estimates and judgments of management that may be material to financial reporting; and
 - (g) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation in compliance with the requirements set out in section 2.4 of Multilateral Instrument 52-110.
10. The Audit Committee is required to:
- (a) maintain direct communications with the internal and external auditors;
 - (b) discuss and review specific issues with the external auditor;
 - (c) oversee the work of the external auditor;
 - (d) resolve any disagreements between management and the external auditor;
 - (e) meet with the external auditor at least annually in the absence of management;
 - (f) ensure that the external auditor is answerable to the Audit Committee, as representatives of the shareholders, rather than to the executive officers and management;
 - (g) pre-approve all audit services;
 - (h) meet with the external auditor prior to the audit to review the scope and general extent of the external auditor's annual audit including planning and staffing the audit and the factors considered in determining the audit scope, including risk factors;
 - (i) upon completion of the annual audit and prior to public disclosure, review the following with the CEO, CFO and executive officers:

- (i) annual financial statements, footnotes and management discussion and analysis of financial condition and results of operations;
- (ii) significant accounting judgements and reporting principles, practices and procedures applied in preparing the financial statements, including newly adopted accounting policies and the reasons for their adoption;
- (iii) results of the combined audit of the financial statements and internal controls over financial reporting;
- (iv) significant changes to the audit plan, if any, and any disputes or difficulties with management encountered during the audit, including any disagreements which, if not resolved, would have caused the external auditor to issue a non-standard report on the Corporation's financial statements; and
- (v) co-operation received by the external auditor during its audit including access to all requested records, data and information.

Accounting Systems, Internal Controls and Procedures

11. The Audit Committee will:

- (a) be satisfied and obtain reasonable assurances from management and the external auditors that:
 - (i) accounting systems are reliable;
 - (ii) prescribed internal controls are effective; and
 - (iii) adequate procedures are in place for the review of the disclosure of financial information extracted or derived from the Corporation's financial statements;
- (b) periodically assess the adequacy of accounting systems, internal controls and procedures for the review of disclosure of financial information;
- (c) direct the external auditor's examinations to particular issues;
- (d) review control weaknesses identified by the external auditor and management's response; and
- (e) review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.

Reporting

12. The Audit Committee is responsible, following each meeting, to report to the Board regarding its activities, findings, recommendations, any issues that arise with respect to the quality or integrity of the Corporation's financial statements, compliance with applicable law, the performance and independence of the external auditor and the effectiveness of the internal audit function.

13. The Audit Committee is responsible for reviewing and recommending their approval to the Board, prior to their distribution, of all:
 - (a) interim and annual financial statements and notes thereto;
 - (b) managements' discussion and analysis of financial condition and results of operations;
 - (c) relevant sections of the annual report, annual information form and management information circular containing financial information;
 - (d) forecasted financial information and forward looking statements;
 - (e) press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and
 - (f) disclosure of the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates.
14. The Audit Committee will annually, prior to public disclosure of its annual financial statements, ensure that the external auditor has current participant status with, and is in compliance with any restriction or sanction imposed by the Canadian Public Accountability Board.
15. The Audit Committee will prepare any reports required to be prepared by the Committee under applicable law including quarterly reports regarding ongoing investigations made pursuant to the Corporation's Whistleblower Policy.

Governance

16. The Audit Committee is responsible to annually review and in its discretion make recommendations to the Board regarding changes to its Mandate and the position description of its Chair.

Materials

17. The Audit Committee has access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

Advisors

18. The Audit Committee has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Audit Committee in the discharge of its duties.

Adopted and approved by the Board: April 24, 2006