

MATRRIX ANNOUNCES THIRD QUARTER 2016 RESULTS

DATE: November 16, 2016

CALGARY, ALBERTA – MATRRIX Energy Technologies Inc. (“MATRRIX” or the “Corporation”) (TSX-V: MXX) announces financial results for the three and nine month periods ended September 30, 2016.

(Expressed in Thousands of Canadian Dollars except for per share amounts and operational days)

OVERALL HIGHLIGHTS

For the three and nine months ended September 30, 2016, the Corporation experienced a significant decline in horizontal drilling and motor rental activity in both Canada and the US relative to the comparative period in 2015. The anticipated decline in the Corporation’s overall operational activity was due to the overall decrease in capital expenditures by the Corporation’s key customers as a result of weak commodity prices.

The Corporation continues to be in a strong financial position with positive working capital of \$4,604 (\$0.14/per share) including \$4,158 (\$0.13/per share) of cash and cash equivalents on hand as at September 30, 2016.

THIRD QUARTER 2016 SUMMARY (Compared with the Third quarter of 2015)

- revenue of \$268, down 75% from \$1,090
- net loss of (\$1,193), reduced 76% from (\$4,952)
- adjusted EBITDA of (\$516), down 33% from (\$389)
- gross margin of \$31, down 91% from \$338

NINE MONTHS ENDED 2016 SUMMARY (Compared with nine months ended in 2015)

- revenue of \$1,199, down 67% from \$3,584
- net loss of (\$3,383), reduced 58% from (\$8,149)
- adjusted EBITDA of (\$1,241), up 41% from (\$2,088)
- gross margin of \$351 up 24% from \$283

OUTLOOK

The principal business strategy of MATRRIX is to provide high performance horizontal and directional drilling services in Canada, and eventually the United States. The Corporation continues to seek investment opportunities to acquire existing, complimentary drilling services businesses. The Corporation currently has 25 Horizontal and Directional Drilling Systems available for field deployment in Canada.

The industry in North America primarily uses large scale horizontal drilling to develop conventional and unconventional oil and liquids-rich natural gas plays. With oil and gas commodity price fluctuations over the last two years, and the corresponding industry reset, North American customer capital expenditures and overall drilling activity have been in flux. However, current commodity prices have strengthened from lows seen in early 2016, and industry drilling activity has responded in a positive manner.

The Corporation is experiencing increased interest from Clients due to sales efforts and a firming of overall client capital programs. The Corporation has a positive outlook for 2017 oil and natural gas prices and industry spending, and is well positioned to leverage improved cost structures and efficiencies from proprietary products such as D²ROX™ as industry and company activity levels increase.

Canada

In western Canada, drilling activity during the third quarter of 2016 continued to be compromised, as weather and lack of capital spending negatively affected industry drilling days. During periods of low activity, Management looks to refine systems, processes and costs, while being responsible and focused with spending and cash balances.

There is renewed optimism regarding activity levels for the winter drilling season of 2016 / 2017 in Canada. Assuming commodity prices and market access improves, Management expects activity improvements through 2017. The Corporation remains focused on strong client relationships, solid service quality, and costs aligned with expected activity levels.

The Corporation has prudently managed its balance sheet and cash position, and continues to assess opportunities to better its competitive position in Canadian and North American markets.

USA

In order to preserve its balance sheet and cash position, the Corporation will remain opportunistic and disciplined while assessing any and all opportunities to re-enter this market.

President Richard Ryan states:

“Our view is one of cautious optimism for commodity prices and industry activity in North America coming into 2017. While 2016 will conclude as one of the worst years on record for the North American drilling industry, downturns are a catalyst for change and an opportunity to find and trap efficiency gains and cost improvements for both service companies and producers alike. We continue to have constructive dialogue with clients regarding our ability to assist in managing overall wellbore construction costs in a rising commodity price and activity environment, while preserving quality. Our proprietary D²ROX™ software is the foundation of that opportunity. Given our strong balance sheet and cash position, we’ve continued to invest and refine D²ROX™ through the downturn.

We’re pleased to have renegotiated our head office lease in downtown Calgary, with rates substantially less than in our first 6 years of operation. The operational base for MATRRIX Canadian horizontal and directional drilling is now consolidated to one Leduc location, delivering cost and efficiency improvements for MATRRIX staff, clients, and vendors. From this new base of operations, MATRRIX employees, contractors, and vendors are focused on delivering high performance horizontal and directional drilling equipment and services into a firming activity environment.

We have no debt, strong working capital and cash balances, and an unwavering commitment to deliver high performance, well life cycle relevant, horizontal and directional drilling solutions to the North American industry and our customers.”

FINANCIAL HIGHLIGHTS

(000's CAD \$)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Revenue	268	1,090	(75%)	1,199	3,584	(67%)
EBITDA (i)	(539)	(4,130)	87%	(1,373)	(5,751)	76%
EBITDA per share						
Basic	(0.02)	(0.13)	85%	(0.04)	(0.18)	78%
Diluted	(0.02)	(0.13)	85%	(0.04)	(0.18)	78%
Adjusted EBITDA (ii)	(516)	(389)	(33%)	(1,241)	(2,088)	41%
Adjusted EBITDA per share						
Basic	(0.02)	(0.01)	(100%)	(0.04)	(0.06)	33%
Diluted	(0.02)	(0.01)	(100%)	(0.04)	(0.06)	33%
Net loss	(1,192)	(4,952)	76%	(3,383)	(8,149)	58%
Net loss per share						
Basic	(0.04)	(0.15)	73%	(0.11)	(0.25)	56%
Diluted	(0.04)	(0.15)	73%	(0.11)	(0.25)	56%
Funds flow from operations (iii)	(503)	(298)	(69%)	(1,214)	(2,073)	41%
Gross Margin (iv)	31	338	(91%)	351	283	24%
Capital expenditures (net of lost in hole replacements) ⁽³⁾	-	40	(100%)	34	241	(86%)
Directional and horizontal systems available	25	25	-	25	25	-
Weighted Average common shares outstanding	32,185	32,185	-	32,185	32,185	-
Weighted Average diluted common shares outstanding	32,185	32,185	-	32,185	32,185	-

(3) Non-GAAP measure

NON-GAAP MEASURES

This Press Release contains references to (i) EBITDA; (ii) Adjusted EBITDA; (iii) Funds Flow; and (iv) Gross Margin. These financial measures are not measures that have any standardized meaning prescribed by IFRS and are therefore referred to as non-GAAP measures. The non-GAAP measures used by the Corporation may not be comparable to similar measures used by other companies.

(i) EBITDA is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. EBITDA is defined as "income (loss) before interest expense, income taxes, depreciation and amortization.

(000's CAD \$)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Net loss	(1,192)	(4,952)	76%	(3,383)	(8,149)	58%
Depreciation	653	822	(21%)	2,010	2,398	(16%)
EBITDA	(539)	(4,130)	87%	(1,373)	(5,751)	76%

(ii) Adjusted EBITDA is defined as "income (loss) before interest income, interest expense, taxes, business acquisition transaction costs, depreciation and amortization, shared based compensation

expense, gains on disposal of property and equipment, impairment expenses, interest and other income, and foreign exchange.” Management believes that in addition to net and total comprehensive income (loss), Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation’s principal business activities prior to consideration of how these activities are financed, how assets are depreciated, amortized and impaired: the impact of foreign exchange, or how the results are affected by the accounting standards associated with the Corporation’s stock based compensation plan.

(000’s CAD \$)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
EBITDA	(539)	(4,130)	87%	(1,373)	(5,751)	76%
Gain from equipment lost in hole	-	-	-	-	(142)	100%
Interest and other income	(18)	(15)	(20%)	(37)	(17)	(118%)
Share based payments	40	78	(49%)	161	212	(24%)
Foreign exchange (gain) loss	1	(1)	200%	8	(69)	112%
Impairment of assets	-	3,679	(100%)	-	3,679	(100%)
Adjusted EBITDA	(516)	(389)	(33%)	(1,241)	(2,088)	41%

(iii) Funds flow from operations is defined as “cash provided by operating activities before the change in non-cash working capital”. Funds flow from operations is a measure that provides shareholders and potential investors additional information regarding the Corporation’s liquidity and its ability to generate funds to finance its operations. Management utilizes this measure to assess the Corporation’s ability to finance operating activities and capital expenditures.

(000’s CAD \$)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Operating cash flow	(656)	(668)	2%	(870)	2,976	(129%)
Changes in non-cash working capital	153	370	(59%)	(344)	(5,049)	93%
Funds flow	(503)	(298)	(69%)	(1,214)	(2,073)	41%

(iv) Gross margin is defined as “gross profit from services revenue before stock based compensation and depreciation”. Gross margin is a measure that provides shareholders and potential investors additional information regarding the Corporation’s cash generating and operating performance. Management utilizes this measure to assess the Corporation’s operating performance.

FORWARD-LOOKING INFORMATION

Certain statements contained in this press release constitute forward-looking information. This information relates to future events or the Corporation’s future performance. All information other than statements of historical fact is forward-looking information. The use of any of the words “anticipate”, “plan”, “contemplate”, “continue”, “estimate”, “expect”, “intend”, “propose”, “might”, “may”, “will”, “could”, “believe”, “predict” and “forecast” are intended to identify forward-looking information.

In particular, this press release contains forward-looking information pertaining to the following: the decline in drilling and motor rental activity in Canada and the US; an expected decrease in operations due to significantly decreased drilling activity and a decrease in capital expenditures by the Corporation’s key customers due to weak commodity prices and a reduced outlook for oilfield services activity and pricing; the financial position of the Corporation; investment opportunities;

anticipated capital expenditure and drilling activity levels in 2016 and 2017; the principal business strategy of the Corporation to deploy drilling technology in Canada and the United States, the use of horizontal drilling to develop conventional and unconventional oil and liquids-rich natural gas plays; the effects of cautious capital spending in Canada; client interest in the Corporation's services; ; the implications of capital spending of oil and gas producers as it relates to commodity price recovery; the Corporation's continual assessment of re-entering the U.S. market; the implications of potential geographic expansion by the Corporation outside Canada and the United States markets; anticipated benefits from reduced head office lease commitments; the expectation that industry conditions are firming up and the D²ROX™ system and opportunities it will provide the Corporation to scale up operations once activity improves.

With respect to forward-looking information contained in this press release, assumptions have been made regarding, among other things: future growth in world-wide demand for crude oil and petroleum products; the Corporation's ability to obtain qualified personnel and equipment in a timely and in a cost efficient manner; operating costs; future capital expenditures to be made by the Corporation; the Corporation's future debt levels; and the impact of increasing competition on the Corporation.

This forward-looking information involves material assumptions and known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking information including, but not limited to, the risks and uncertainties described in the Corporation's AIF for the year ended December 31, 2015. No assurances can be given that any of the events anticipated by the forward-looking information will prove to be correct and such forward-looking information included in this press release should not be unduly relied upon. The forward-looking information contained herein is provided as at the date hereof and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information, please contact:

Richard Ryan
President & Chief Executive Officer
MATRRIX Energy Technologies Inc.
Tel: (403) 984-5062