

Energy Technologies Inc.  
**MATRRIX**  
 Drilling. Technology. Focused.

## MATRRIX ANNOUNCES THIRD QUARTER 2014 FINANCIAL RESULTS

**DATE: December 1, 2014**

**CALGARY, ALBERTA – MATRRIX Energy Technologies Inc.** (“MATRRIX” or the “Corporation”) (TSX-V: MXX) announces financial results for the three and nine months ended September 30, 2014.)

### SUMMARY OF FINANCIAL AND OPERATIONAL RESULTS

(In 000's except per share amounts)	Three Months Ended September 30			Nine Months Ended September 30		
	2014	2013	% Change	2014	2013	% Change
<b>Financial</b>						
Revenue	9,438	8,077	17	25,026	17,630	42
Field gross margin <sup>(1)</sup>	2,624	1,699	54	6,704	3,995	68
Field gross margin as a % of revenue	28%	21%	33	27%	23%	13
EBITDA <sup>(1)</sup>	1,705	536	218	3,180	97	3,011
EBITDA as a % of revenue	18%	7%	157	13%	1%	1,100
Net income (loss)	1,020	(30)	3,500	1,181	(1,496)	179
Per share – basic and diluted	0.03	-	100	0.03	(0.05)	160
Cash flow from operations <sup>(1)</sup>	1,584	549	189	3,107	142	2,088
Per share – basic and diluted	0.05	0.02	150	0.09	-	100
Net working capital	8,004	8,754	(9)	8,004	8,754	(9)
Capital expenditures	2,633	752	250	4,326	2,312	87
Shares outstanding, end of period	32,185	32,185	-	32,185	32,185	-
<b>Operational</b>						
MWD capacity	23	23	-	23	23	-
Operating days						
Canada	775	573	35	1,960	1,307	50
United States	178	130	37	405	192	130
Total operating days	953	703	36	2,365	1,499	58
Drilling activity <sup>(2)</sup>						
Canada (on shore)	383	346	11	368	342	8
United states (on shore)	1,903	1,770	8	1,843	1,763	5

<sup>(1)</sup> This press release refers to certain measurements that do not have any standardized meaning within IFRS (non-GAAP) and therefore may not be comparable to similar measures provided by other companies. Management utilizes these non-GAAP measurements to evaluate MATRRIX's performance. The Management Discussion and Analysis (MD&A) for the three and nine month periods ended September 30, 2014 includes tables reconciling from GAAP measurements to non-GAAP measurements.

<sup>(2)</sup> Weekly average Baker Hughes Rotary Rig Count

### OVERALL HIGHLIGHTS

- Achieved consolidated quarterly revenue of \$9.4 million, up 17% from \$8.1 million during the third quarter of 2013
- Achieved 37% third quarter revenue growth in Canada from \$6.1 million in 2013 to \$8.4 million in 2014
- Increased quarterly field gross margin to 28%, from 21% in the third quarter of 2013
- Year-to-date net income of \$1.2 million, improved from a net loss of \$1.5 million
- Quarterly funds flow from operations up 189% from \$549,000 in 2013 to \$1.6 million in 2014
- Increased EMMWD system capacity, drilling motors and related supporting equipment by adding two new systems in the third quarter with two additional systems to be delivered in the fourth quarter of 2014
- Commenced testing of MATRRIX proprietary D<sup>2</sup>™ ROX system for rollout in 2015
- Added to the leadership team with two executive appointments

## PRESIDENT'S MESSAGE AND OUTLOOK

MATRRIX delivered strong Canadian performance for the third quarter of 2014, achieving a 37% increase in revenue compared to the third quarter of 2013. This growth is a direct result of increased operating days attributed to Canadian market share increases, and expansion of work with existing Canadian clients. To capitalize on opportunities specifically within Canada, MATRRIX added two additional EM MWD systems and associated drilling equipment in the third quarter 2014. There are currently two additional systems being manufactured, targeted for service in the fourth quarter 2014, to meet confirmed and anticipated activity demand for the Canadian winter drilling season.

In the United States (US), third quarter revenues declined from the second quarter 2014 and the comparative third quarter of 2013. This reduction is primarily a result of decreased activity from one customer that provided in excess of 90% of the US segment revenues. Consequentially, we expect revenues in the US segment to be significantly reduced in the fourth quarter of 2014 compared to the third quarter of 2014 and the fourth quarter of 2013.

MATRRIX has scheduled the rollout of its proprietary D<sup>2</sup>™ ROX system for January 1, 2015. D<sup>2</sup>™ ROX allows MATRRIX to collect, correlate, analyze and respond to elements of the large dataset related to MATRRIX drilling operations, offering seamless data dissemination between all stakeholders within MATRRIX regardless of their physical location. We expect D<sup>2</sup>™ ROX to have a substantial effect on the Company's ability to manage existing and future activity levels, as D<sup>2</sup>™ ROX is completely scalable. D<sup>2</sup>™ ROX is designed to deliver key performance indicators related to critical elements of MATRRIX drilling operations, delivering efficiency and drilling performance gains to MATRRIX clients and MATRRIX management.

It is not determinable at this time and to what extent the recent decline in oil prices will have on drilling activity levels thus in turn our business. For the remainder of 2014, MATRRIX is focused on opportunities for further market share growth in Canada, driving reliability and field performance of staff and equipment, and maintaining momentum for MATRRIX.

Despite the recent softening of the global benchmark oil prices, MATRRIX will continue to focus on building its revenue base and client list through solid delivery of horizontal and directional drilling equipment and services.

## RESULTS OF OPERATIONS

### Revenue

(000's CAD \$)	Three Months Ended September 30			Nine Months Ended, September 30		
	2014	2013	%Change	2014	2013	% Change
Total revenue	\$ 9,438	\$ 8,077	17	\$ 25,026	\$ 17,630	42

MATRRIX generated total revenue of \$9.4 million and \$25.0 million for the three and nine month period ended September 30, 2014, respectively. This represents growth of 17% and 42% relative to the comparable 2013 results of \$8.1 million and \$17.6 million, respectively. Overall consolidated revenue increased during the three months ended September 30, 2014 compared to the same period in 2013 primarily from an increase in Canadian segment revenues of \$2.3 million more than offsetting reductions in US segment revenues of \$0.9 million. Overall consolidated revenue increased for the nine months ended September 30, 2014 from the same period in 2013, primarily due to an increase in Canadian segment revenues of \$7.2 million and minor increases in US segment revenues of \$0.2 million. The overall increase in operating days primarily reflects the growth in the Company's customer base and increasing utilization in Canada in 2014. During the third quarter 2014 MATRRIX had 23 systems in Canada and five systems in the US available for deployment compared to 20 systems in Canada and three in the US available during the comparable periods in 2013. A more detailed discussion on segment revenues follows.

### Canadian segment revenue

(000's CAD \$ except per day amounts)	Three Months Ended September 30			Nine Months Ended September 30		
	2014	2013	%Change	2014	2013	% Change
Canada						
Revenue	\$ 8,440	\$ 6,138	37	\$ 21,386	\$ 14,213	51
Operating days <sup>(1)</sup>	775	573	35	1,960	1,307	50
Revenue per operating day	\$ 10,890	\$ 10,720	2	\$ 10,911	\$ 10,874	-

<sup>1</sup> MATRRIX calculates a stand-by or partial operating day as 0.5 day of an operating day.

MATRRIX generated \$8.4 million in revenue and \$10,890 revenue per day for the three months ended September 30, 2014 compared to \$6.1 million in revenue and \$10,720 revenue per day in the same period in 2013. This represents an overall increase in revenues of 37%, and an increase in per day revenue of 2%. The increase in revenue of 37% is a direct result of the increase in operating days from 573 operating days in the third quarter of 2013 to 775 operating days in the third quarter of 2014.

### United States segment revenue

(000's CAD \$ except per day amounts)	Three Months Ended September 30			Nine Months Ended September 30		
	2014	2013	%Change	2014	2013	% Change
United States						
Performance drilling	\$ 111	\$ 433	(74)	\$ 1,077	\$ 1,253	(14)
Directional drilling	887	1,506	(41)	2,563	2,164	18
Total revenue	\$ 998	\$ 1,939	(48)	\$ 3,640	\$ 3,417	7
Operating days	178	130	37	405	192	111
MWD revenue per day	\$ 4,983	\$ 11,585	(56)	\$ 6,328	\$ 11,271	(44)

During the three months ended September 30, 2014, US performance drilling revenue was \$111,000, down 74% from \$428,000 in the comparable period in 2013. This reduction is due to significant decrease in performance drilling work from one customer that accounted for 97% of the revenues earned from the US segment in the three and nine month periods ending September 30, 2013. No significant replacement of that work has occurred in 2014.

Directional revenue of \$887,000 and directional revenue per day of \$4,983 decreased 48% and 56% for the three months ended September 30, 2014 compared to \$1,934,000 and \$11,585 per day for the same period in 2013. This change is due to a change from providing higher revenue generating full service horizontal and directional services in 2013 to lower revenue generating unmanned performance drilling and vertical well monitoring services in 2014. For the nine months ended September 30, 2014 revenue increased 18% compared to the same period in 2013 as a result of increases in vertical well monitoring drilling in the Permian basin in Texas beginning in December 2013. On a per day basis directional revenue for the nine month period ending September 30, 2014 decreased 44% from \$11,271 per day to \$6,328 per day due to providing manned services in 2013 versus unmanned services in 2014. The Company's current directional revenue is comprised of providing pulse MWD vertical wellbore monitoring and performance drilling services in the Permian basin of Texas.

### Direct Operating Expenses

	Three Months Ended September 30			Nine Months Ended September 30		
	2014	2013	% Change	2014	2013	% Change
Direct operating expenses	6,814	6,378	7	18,322	13,635	34
Depreciation	692	557	24	1,956	1,574	24
Total	7,506	6,935	8	20,278	15,209	33
Field margin <sup>(1)</sup>	28%	21%	33	27%	23%	17

<sup>(1)</sup> Non-GAAP measure

Direct operating expenses are comprised of personnel, equipment operating and repair costs, shop expenses and direct general and administrative expenses in support of field operations.

During the third quarter 2014 direct operating expenses increased \$0.4 million or 7% compared to the third quarter of 2013. This overall increase is comprised of an increase in the Canadian operations of \$1.4 million, offset by a reduction in the US direct operating expenses of \$1 million. For the nine months ended September 30, 2014, direct operating costs increased \$4.7 million or 34% compared to the same period in 2013. This overall increase is comprised of an increase in the Canadian segment of \$4.9 million, offset by a reduction in the US segment of \$0.2 million.

### Canadian Segment

In Canada direct operating expenses increased \$1.4 million and \$4.9 million during the three and nine months ended September 30, 2014 compared to the same periods in 2013. These changes represent increases of 30% and 45%, respectively and are a direct result of corresponding increases in revenues of 37% and 51% during the same comparative periods. Repair costs as a percentage of revenue decreased from 26% in the third quarter of 2013 to 22% during the third quarter of 2014. Repair costs as a percentage of revenue decreased from 27% during the nine months ended September 30, 2013 to 21% during the nine months ended September 30, 2013. In both cases improvements in equipment reliability since the beginning of the second quarter of 2014 has resulted in lower operating costs.

### US Segment

In the US direct operating expenses decreased \$1 million and \$0.2 million for the three and nine months ended September 30, 2014 compared to the same periods in 2013, representing a decrease of 62% and 12% respectively. The 62% decrease in operating expenses during the third quarter of 2014 is a result of a 48% reduction of revenues, reductions in personnel and rental costs compared to the prior year. Personnel costs as a percentage of revenue decreased from 29% in the third quarter of 2013 to 18% during the third quarter of 2014. This change is due to a change from providing higher cost full service horizontal and directional services in 2013 to lower cost unmanned performance

drilling and vertical well monitoring services in 2014. Rental costs as a percentage of revenues decreased from 27% in the third quarter of 2013 to 12% during the third quarter of 2014 as a result of the reduction in activity.

During the nine months ended September 30, 2014, direct operating costs decreased 12% from the same period in 2013 in spite of a 7% increase in total revenues during the same period. The overall decrease in operating costs is primarily a result of decreases in personnel, rental and general and administrative costs exceeding increases in repair costs and revenues. Personnel costs as a percentage of revenue decreased from 27% for the nine months ended September 30, 2013 to 18% during the nine months ended September 30, 2014. This reduction is a result of providing higher cost full service horizontal and directional services in 2013 to lower cost unmanned performance drilling and vertical well monitoring services in 2014. Rental costs as a percentage of revenue decreased from 38% for the nine months ended September 30, 2013 to 25% during the nine months ended September 30, 2014. The decrease in rental costs is primarily a result of using owned motors in the 2014 period versus rental motors in the 2013 period. General and administrative costs as a percentage of revenues decreased from 10% for the nine months ended September 30, 2013 to 4% during the nine months ended September 30, 2014. The decrease is a result of significant reduction in operating general and administrative costs associated with terminating directional and horizontal operations in various parts of the United States and focusing on the Permian basin operations.

### **Operating Segments**

Management evaluates the Company's performance on a geographically segmented basis. The composition of the geographic segments and segment information reported in the consolidated financial statements is consistent with the internal management reporting provided to key management.

The Company has identified two reportable geographical segments being Canada and the US. For both segments the Company is engaged in providing the services and supply of oil and gas down hole drilling technologies and efficiency to customers. The details related to each operating segment's results have been discussed throughout the MD&A.

#### **Canada**

	<b>Three Months Ended September 30</b>			<b>Nine Months Ended September 30</b>		
	<b>2014</b>	<b>2013</b>	<b>% Change</b>	<b>2014</b>	<b>2013</b>	<b>% Change</b>
Revenue	8,440	6,143	37	21,386	14,213	50
Gross profit	1,691	977	73	3,930	2,240	75
Net Income (loss)	975	117	733	824	(299)	375
Assets	26,819	24,051	12	26,819	24,051	12
Property and equipment, net	14,616	13,148	11	14,616	13,148	11
Capital expenditures (net of lost in hole replacements)	2,279	578	294	2,991	2,063	45

#### **United States**

	<b>Three Months Ended September 30</b>			<b>Nine Months Ended September 30</b>		
	<b>2014</b>	<b>2013</b>	<b>% Change</b>	<b>2014</b>	<b>2013</b>	<b>% Change</b>
Revenue	998	1,934	(48)	3,640	3,417	7
Gross profit	241	165	(46)	818	181	352
Net Income (loss)	45	(146)	118	357	(1,197)	130
Assets	5,199	5,252	1	5,199	5,252	1
Property and equipment, net	3,630	2,920	24	3,630	2,920	24
Capital expenditures (net of lost in hole replacements)	328	175	87	1,056	249	324

#### **Cash flows**

	<b>Three Months Ended September 30</b>			<b>Nine Months Ended September 30</b>		
	<b>2014</b>	<b>2013</b>	<b>% Change</b>	<b>2014</b>	<b>2013</b>	<b>% Change</b>
Cash flow from operations	1,584	549	189	3,107	142	2,089

MATRIX generated \$1,584,000 of cash flow from operations for the three months ended September 30, 2014 compared \$549,000 during the three month period ended September 30, 2013 representing an increase in cash flow from operations of \$1,035,000 or 188%. This increase is largely based on increases in field gross margin of \$925,000 during the period and are a result of higher operating days. Cash flow from operations increased \$2,965,000 for the nine months ended September 30, 2014 compared to the same period in 2013. This increase is predominantly due to the increase in field margin of \$2.5 million for the period which was the result of significantly higher operating days previously discussed.

## ADDITIONAL INFORMATION

MATRRIX's complete results for the three and nine months ended September 30, 2014, including unaudited condensed interim consolidated financial statements and its management's discussion and analysis are available on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's web site at [www.matrix.com](http://www.matrix.com)

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of the terms "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "could", "should", "can", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. MATRRIX's actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking information and statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information and statements will transpire or occur, or if any of them do so, what benefits MATRRIX will derive therefrom. These statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements. MATRRIX believes the expectations reflected in such forward-looking information and statements are reasonable, but no assurance can be given that these expectations will prove to be correct. These forward-looking information and statements speak only as of the date of this MD&A.

In particular, forward-looking information and statements contained in this MD&A include, without limitation:

- MATRRIX's ability to fund liquidity requirements through the issuance of equity or debt;
- MATRRIX's expectation that the capital expenditure will increase its current fleet of EM MWD systems from six to eight and that such systems will be available for deployment for the remainder of 2014;
- the \$2.1 million capital expenditure commitment will result in the addition of two more EM MWD systems and motors and the expectation that such systems and motors will be available for use in the fourth quarter of 2014 and the first quarter of 2015;
- industry conditions, including the effect of seasonality on the operations of MATRRIX both in Canada and the United States;
- uncertainty over commodity prices, particularly the impact of the recent decline in oil prices on the Company's operations;
- the Company's ability to successfully collect the balance of its accounts receivables;
- MATRRIX's determination of minimal exposure to interest rate risk;
- the Company's anticipated rate of fluctuation of the value of the US dollar relative to the Canadian dollar and its effect on the Company's future financial results; and
- the statements under the heading "Critical accounting estimates and judgments".

The above forward-looking information and statements are stated under the headings: "Liquidity and Capital Resources", "Capital Expenditures", "Factors that have caused variation over the quarters", "Credit Risk", "Interest Rate Risk" and "Foreign Currency Risk". Furthermore, all information contained under the heading "Outlook" in this MD&A contains forward-looking information and statements.

In addition to other material factors, expectations and assumptions which may be identified in this MD&A and other continuous disclosure documents of MATRRIX referenced herein, certain assumptions have been made in respect of such forward-looking information and statements, namely that: the Company will continue to conduct its operations in a manner consistent with past operations; the expectation that the jurisdictions in which MATRRIX operates will have a strong drilling services sector supported by strong oil prices; the general stability of the economic and political environment in which the Company operates; exchange and interest rates; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities of the Company; the availability and cost of labour and services and the adequacy of cash flow; debt and ability to obtain financing on acceptable terms to fund the Company's planned expenditures, which are subject to change based on commodity prices; market conditions and future oil and natural gas prices; and potential timing delays. Although management considers these material factors, expectations and assumptions to be reasonable based on information currently available to it, no assurance can be given that they will prove to be correct, as certain of these material factors, expectations and assumptions are beyond the Company's control. Further, there are risk factors and uncertainties that could cause the Company's actual results, performance or achievements to differ materially from the forward-looking information and statements, including the risks set out under "Risks and Uncertainties" in this MD&A.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect MATRRIX's operations and financial results are included in other publicly filed documents that may be accessed through the SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking information and statements contained in this MD&A are expressly qualified by this cautionary statement. **MATRRIX does not undertake any obligation to publicly update**

**or revise any forward-looking information and statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.**

For further information, please contact:

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

Jason James  
Vice President Finance and Chief Financial Officer  
MATRRIX Energy Technologies Inc.  
Tel: (403) 984-5075

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.