

Energy Technologies Inc.
MATRRIX
 Drilling. Technology. Focused.

MATRRIX ANNOUNCES FIRST QUARTER 2015 RESULTS AND MAILING OF AGM MATERIALS

DATE: May 22, 2015

CALGARY, ALBERTA – MATRRIX Energy Technologies Inc. (“MATRRIX” or the “Corporation”) (TSX-V: MXX) announces financial results for the three month period ended March 31, 2015.

OVERALL HIGHLIGHTS

For the three months ended March 31, 2015 the Corporation experienced a significant decline in drilling and motor rental activity in both Canada and the US. The anticipated decline in overall operational activity was due to the overall decrease in capital expenditures by the Corporation’s key customers and the industry as a whole, due to weak commodity prices.

The Corporation remains in a strong financial position with positive working capital of \$7,589 including \$5,422 of cash on hand as at March 31, 2015.

FIRST QUARTER 2015 SUMMARY (Compared with the first quarter of 2014)

- Achieved total operating days of 199, down 77% from 873
- Achieved consolidated revenue of \$2,103, down 81% from \$10,854
- Consolidated gross margin of 10%, down 68% from 30%
- Recorded net loss of \$1,302 down 220% from net income of \$1,082
- Adjusted EBITDA of (\$678), down 135% from \$1,924

FINANCIAL HIGHLIGHTS

(000’s CAD \$)	Three Months Ended		
	March 31, 2015	March 31, 2014⁽¹⁾	% Change
Revenue	2,103	10,854	(81%)
EBITDA (i)	(500)	1,731	(129%)
EBITDA per share			
Basic	(0.02)	0.05	(129%)
Diluted	(0.02)	0.05	(129%)
Adjusted EBITDA (ii)	(678)	1,924	(135%)
Adjusted EBITDA per share			
Basic	(0.02)	0.06	(135%)
Diluted	(0.02)	0.06	(135%)
Net Income (loss)	(1,302)	1,082	(220%)
Net Income (loss) per share			
Basic	(0.04)	0.04	(201%)
Diluted	(0.04)	0.04	(201%)
Funds flow (iii)	(713)	1,876	(138%)
Gross Margin (iv)	204	3,276	(94%)
Capital expenditures (net of lost in hole replacements)	50	1,035	(95%)
Directional and horizontal systems available	26	23	13%
Weighted Average common shares outstanding	32,185	32,185	-
Weighted Average diluted common shares outstanding	32,185	32,189	-

(1) – Amounts related to this period are revised amounts as discussed in the December 31, 2014 Corporation’s MD&A.

OUTLOOK

The principal business strategy of MATRRIX is to purchase and deploy drilling technology in Canada and the United States, and to actively seek investment opportunities to acquire existing drilling technology services businesses. As at the date of this MD&A, 25 Systems are available for deployment to the field in Canada and the United States.

The industry in North America now focuses on horizontal drilling to develop conventional and unconventional oil and liquids-rich natural gas plays across North America. There always exists uncertainty over commodity prices and related customer capital expenditure programs. Macroeconomic factors have significantly affected capital spending and overall drilling activity levels in North America, which is the Corporation's only operating area. The Corporation expects to continue to experience significant reductions in activity and pricing during the first half of 2015, and expects pricing and activity pressure to continue in 2015, until commodity prices improve and operators return to reasonable levels of activity.

Canada

While activity and financial results were at record levels for the Corporation in 2014, an abrupt negative change in operating days and pricing leverage occurred in Q1 2015. At this juncture, we expect activity and pricing pressure in the Canadian market to persist throughout 2015. This leads the Corporation to expect its overall Canadian results to be down materially in 2015. However, with potentially large field developments of LNG for eventual export from Canada, there is optimism for improvements in activity beyond 2015, subject to marked improvements in oil and gas commodity pricing and the approval of LNG infrastructure projects, although the timing and likelihood of those projects is uncertain. MATRRIX continues to build relationships with active current and potential customers in Canada to maximize revenue in this challenging environment. The Corporation is keenly focused on managing costs through reductions in staffing and compensation levels, managing equipment vendor relationships, and a continuous effort to improve operational efficiency.

USA

Although MATRRIX did not experience any operating activity in the US during Q1 2015, we will continue to focus on providing performance drilling operations in Texas (Permian Basin) while marketing horizontal and directional drilling services in both Texas and Oklahoma. Activity levels in both of these regions have been negatively impacted by reductions in drilling activity as a result of capital spending reductions due to low commodity prices. As such, the Corporation is carefully executing its strategy to maintain and expand its revenue base in these areas, through maximizing service quality, while maintaining reasonable field margins with an eye to strong operational efficiency and optimizing drilling operations.

The Corporation's Oklahoma operation consists of a small group of focused and qualified individuals, driving to develop a foothold in the region. We believe the current rig count in Oklahoma has close to bottomed, and with the recent recovery of commodity prices, it's our goal to use the anticipated rise in activity to capitalize on the opportunity for growth. Costs for the Oklahoma operation are minimal, and reflect a prudent use of funds with a purpose to establishing a solid, long term presence in the market.

MATRRIX has a strong balance sheet, and strives to maintain operational excellence for existing customers, while actively pursuing new sales opportunities within the context of the highly competitive environment in which the Corporation operates.

President Richard Ryan stated:

“First quarter 2015 results are reflective of a severe downturn in drilling activity for the industry, catalyzed by the drop in commodity prices that occurred in the last half of 2014. Unfortunately for MATRRIX, our high concentration of revenue from a small list of clients led to a disproportionate decrease in activity for us, as these clients either consolidated their activity with fewer service providers, or reduced their drilling activity to minimum levels, in some cases to zero. Our response to control costs was swift, but it can never completely match the change in revenue base as we always strive to ensure strong client service. In Q1 2015, we reduced headcount by over 40%, implemented reductions in wages for both field and support staff, and acted on opportunities to reduce costs. Our focus for 2015 is to continue to execute at a high level, regardless of activity, using unique systems and processes developed within MATRRIX since our inception in mid-2011. We intend to preserve our clean balance sheet and position the organization for the anticipated upturn in the industry, while recognizing the timing of that upturn is uncertain.”

The Corporation's financial statements and management's discussion and analysis for the three months ended March 31, 2015 will be available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This MD&A 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 meanings prescribed by IFRS. EBITDA is defined as “income (loss) before interest expense, income taxes, depreciation and amortization.

(000's CAD \$)	Three Months Ended		
	March 31, 2015	March 31, 2014	% Change
Net income (loss)	(1,302)	1,082	(220%)
Depreciation	802	649	24%
EBITDA	(500)	1,731	(129%)

(ii) Adjusted EBITDA is defined as “income (loss) before interest income, interest expense, taxes, business acquisition transaction costs, reverse takeover adjustments, depreciation and amortization, shared based compensation expense, gains on disposal of property and equipment 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 the results are taxed in various jurisdictions, 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		
	March 31, 2015	March 31, 2014	% Change
EBITDA	(500)	1,731	(129%)
(Gain)/loss from disposition of property and equipment	-	146	(100%)
Gain from equipment lost in hole	(142)	(41)	(250%)
Interest and other income	-	(3)	(100%)
Share based payments	78	91	(15%)
Foreign exchange loss (gain)	(114)	-	-
Adjusted EBITDA	(678)	1,924	(135%)

(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		
	March 31, 2015	March 31, 2014	% Change
Operating cash flow	3,139	(230)	1,466%
Changes in non-cash working capital	(3,852)	2,106	(283%)
Funds flow	(713)	1,876	(138%)

(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.

(000's CAD \$)	Three Months Ended		
	March 31, 2015	March 31, 2014	% Change
Gross profit	(575)	2,657	(122%)
Depreciation	778	619	26%
Gross margin	204	3,276	(94%)
	10%	30%	(68%)

MAILING OF AGM MATERIALS

The Corporation would also like to announce that it has mailed its management information circular and proxy materials in respect of its annual general meeting (“AGM”) to be held on Tuesday, June 16, 2015. The Corporation would like to thank Messrs. Seaman and Jespersen who will be retiring at the conclusion of their terms as directors of the Corporation. Mr. Ryan stated: " We thank Don and Kent for their hard work and dedication as directors of MATRRIX since its founding". At the AGM it is expected that Mr. Thane Russell will be nominated for election as a director of the Corporation. Mr. Russell is currently the Vice President, Business Development and Technology of Absolute Completion Technologies. Copies of the meeting materials will be filed on SEDAR.

FORWARD-LOOKING INFORMATION

This press release contains certain statements or disclosures relating to MATRRIX that are based on the expectations of MATRRIX as well as assumptions made by and information currently available to MATRRIX which may constitute forward-looking information under applicable securities laws. In particular, this press release contains forward-looking information related to: the Corporation's ability to continue to build and maintain customer relationships and increase its customer base with operators active in areas with oil and/or liquids rich opportunities and strong capital expenditure programs; expectation of significant reductions in activity and pricing to continue for 2015, and for the foreseeable future; customers are extremely cautious about capital spending in 2015, and industry activity levels in Western Canada are currently expected to decline by 50% and that, coupled with competitive and pricing pressure, leads the Corporation to expect its overall Canadian results will be down materially in 2015; the advancement of potentially large field developments of LNG for eventual export from Canada provide optimism for improvements in activity beyond 2015, subject to marked improvements in oil and gas commodity pricing and the approval of LNG infrastructure projects, the timing and likelihood of those projects uncertain; the Corporation managing costs through reductions in staffing and compensation levels, managing equipment vendor relationships, and its continuous effort to improve operational efficiency; in the US the Corporation is carefully executing its strategy to maintain and expand its revenue base, though maximizing service quality, while maintaining reasonable field margins with an eye to strong operational efficiency and optimizing drilling operations; the Corporation's strategy to focus its US directional and horizontal operations in the Permian along with its existing performance motor drilling operations to increase operational efficiencies; the Corporation's ability to maintain a strong balance sheet and operational excellence; the Corporation's expectation that 2015 will be a challenging year for the industry and MATRRIX; the Corporation's expectation relating to significant reductions in customer activity and capital spending in both Canada and the USA. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking information contained in this press release is made as of the date hereof and MATRRIX undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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