Energy Technologies Inc.
MATRRIX
Drilling. Technology. Focused.

MATRRIX ANNOUNCES FIRST QUARTER 2016 RESULTS
DATE: May 18, 2016

CALGARY, ALBERTA – MATRRIX Energy Technologies Inc. ("MATRRIX" or the "Corporation") (TSX-V: MXX) announces financial results for the three month period ended March 31, 2016.

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

OVERALL HIGHLIGHTS

For the three months ended March 31, 2016, the Corporation experienced a significant decline in 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 be in a strong financial positon with positive working capital of $5,752 ($0.18/per share) including $5,029 ($0.16/per share) of cash and cash equivalents on hand as at March 31, 2016.

FIRST QUARTER 2016 SUMMARY (Compared with the first quarter of 2015)

- Consolidated gross margin of 48%, up 380% from 10%
- Recorded net loss of $816 down 37% from net loss of $1,302
- Adjusted EBITDA of ($59), up 91% from ($678)
- Consolidated revenue of $925, down 56% from $2,103

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, complimentary drilling technology and/or services businesses. As at the date of this MD&A, the Corporation has 25 Horizontal and Directional Drilling Systems available for field deployment in Canada.

The industry in North America now primarily uses horizontal drilling to develop conventional and unconventional oil and liquids-rich natural gas plays. With uncertainty over commodity prices and related customer capital expenditure programs, customer capital spending and overall drilling activity levels in North America have decreased drastically from the highs of 2014. The Corporation expects minimal activity for the second quarter of 2016, with potential for improvement in the second half of 2016 assuming commodity prices continue to strengthen.

Canada

The Corporation's client's exhibited cautious capital spending in Canada during the first quarter of 2016, during the annual season where Western Canadian drilling activity is typically highest. By managing operational costs, the Corporation experienced strong field margins while maintaining high levels of service quality. We expect strong field margin and service quality trends to continue.

In the second quarter of 2016, there exists an environment where overall industry activity will be at unprecedented lows. With a current total western Canadian rig count in the 30's, all drilling related service providers, including MATRRIX, will continue to be severely challenged.

Assuming commodity prices continue to strengthen, and when oil and gas clients are compelled to engage in more typical capital spending programs, we expect activity to improve, likely sometime during 2017. Regardless, we remain focused on strong client relationships, solid service quality, and costs that are aligned with industry forecasted activity levels.

We will continue to effectively manage our strong balance sheet and cash position, while always assessing opportunities to improve our competitive position in the Canadian and North American markets.

USA

In order to preserve its strong balance sheet and cash position, the Corporation will remain cautious in this market as USA rig counts continue to slide.

The Corporation continually assesses opportunities and timing to re-enter the USA market, and will be opportunistic in re-establishing a USA presence.

OTHER MARKETS

The Corporation will also evaluate, assess, and execute (if it deems appropriate) an expansion program into markets outside of North America, with a goal to improving its geographic diversity.

Opportunities will be evaluated based upon their expected financial impact and risk to the Corporation through delivery of appropriate levels of revenue, income, and returns in each geographic region.

In considering geographic expansion, the Corporation will assess the potential of partnering with established organizations that have significant, existing operations in its regions of interest.

President Richard Ryan states:
"Commodity prices continue to strengthen, which is the basis for an eventual uptick in oil and gas drilling activity. However, our expectation is that the industry in Western Canada will continue to be challenged in 2016, as many oil and gas clients focus on balance sheet repair before increasing drilling related capital expenditures.

Regardless of the environment, we continue to target Western Canadian clients with drilling budgets and a need for quality horizontal and directional drilling technology and services. With our proprietary D^{2}ROX^{TM} system as the cornerstone for all MATRRIX field operations, we continue to prove the value of scientific, fact based decision making, delivering safe, disciplined, predictable, repeatable, cost-effective horizontal and directional drilling operations to our clients.

Due to convergence of economic and weather (spring break-up) issues, the drilling market in Canada is currently activity challenged. However, our focus on service quality and the D^{2}ROX^{TM} platform, will provide opportunities to safely and effectively scale up operations once industry activity improves, without the corresponding need to add fixed costs to support a much larger operation.

Our balance sheet remains solid with strong cash and working capital balances, while our employees share a positive, committed, focused mindset."

FINANCIAL HIGHLIGHTS

(000's CAD $)	Three months ended March 31, 2016	2015	% Change
Revenue	925	2,103	(56%)
EBITDA (i)	(130)	(500)	74%
EBITDA per share			
Basic	(0.00)	(0.02)	100%
Diluted	(0.00)	(0.02)	100%
Adjusted EBITDA (ii)	(59)	(678)	91%
Adjusted EBITDA per share			
Basic	(0.00)	(0.02)	100%
Diluted	(0.00)	(0.02)	100%
Net loss	(816)	(1,302)	37%
Net loss per share			
Basic	(0.03)	(0.04)	25%
Diluted	(0.03)	(0.04)	25%
Funds flow from operations (iii)	(76)	(713)	89%
Gross Margin (iv)	442	203	118%
Capital expenditures (net of lost in hole replacements)	38	50	(24%)
Directional and horizonal systems available	25	25	-
Weighted Average common shares outstanding	32,185	32,185	-
Weighted Average diluted common shares outstanding	32,185	32,185	-

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, 2016	2015	% Change
Net loss	(816)	(1,302)	37%
Depreciation	686	802	(14%)
EBITDA	(130)	(500)	74%

(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.

	Three Months Ended March 31,		
(000's CAD $)	**2016**	**2015**	**% Change**
EBITDA	(130)	(500)	74%
Gain from equipment lost in hole	-	(142)	100%
Interest and other income	(8)	-	(100%)
Share based payments	71	78	(9%)
Foreign exchange (gain) loss	8	(114)	107%
Adjusted EBITDA	(59)	(678)	91%

(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.

	Three Months Ended March 31,		
(000's CAD $)	**2016**	**2015**	**% Change**
Operating cash flow	(9)	3,139	(100%)
Changes in non-cash working capital	(67)	(3,852)	98%
Funds flow	(76)	(713)	89%

(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.

	Three Months Ended March 31,		
(000's CAD $)	**2016**	**2015**	**% Change**
Loss from operations	(221)	(575)	62%
Depreciation	663	778	(15%)
Gross margin	442	203	118%

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; anticipated spending 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, as well as actively seek investment opportunities to acquire existing, complimentary drilling technology and/or services businesses; 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; decreasing rig counts in western Canada and its implications on drilling activity; 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 North American markets; the expectation that industry conditions will remain challenged in 2016 and the D2ROXTM 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 word-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.

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