Energy Technologies Inc.
MATRRIX
Drilling. Technology. Focused.

MATRRIX ANNOUNCES SECOND QUARTER 2016 RESULTS
DATE: August 3, 2016

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

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

OVERALL HIGHLIGHTS

For the three and six months ended June 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 be in a strong financial positon with positive working capital of $5,102 ($0.16/per share) including $4,810 ($0.15/per share) of cash and cash equivalents on hand as at June 30, 2016.

SECOND QUARTER 2016 SUMMARY (Compared with the second quarter of 2015)

- consolidated revenue of $7, down 98% from $391
- net loss of ($1,373), down 28% from ($1,895)
- adjusted EBITDA of ($662), up 35% from ($1,023)
- consolidated gross margin of ($121), up 53% from ($259)

SIX MONTHS ENDED 2016 SUMMARY (Compared with six months ended in 2015)

- consolidated revenue of $932, down 63% from $2,494
- net loss of ($2,190), down 31% from ($3,197)
- adjusted EBITDA of ($723), up 57% from ($1,701)
- consolidated gross margin of $321 up 673% from ($56)

OUTLOOK

The principal business strategy of MATRRIX is to provide drilling technology services in Canada and the United States, while actively seeking investment opportunities to acquire additional 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 primarily uses large scale 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 decreased substantially from highs set in 2014. Given the unprecedented extent of reductions in drilling activity during the second quarter of 2016, the Corporation experienced minimal activity. However, the Corporation is seeing increased results from sales efforts and a firming of overall industry activity forecasts, due partly from a more positive outlook in oil and natural gas prices, and improved cost structures and efficiencies being experienced by customers.

Canada

In western Canada, drilling activity during the second quarter of 2016 was at lows not seen in 30 years, and was the weakest quarter on record for drilling activity in the Western Canadian Sedimentary Basin (WCSB) (Source: Peters & Co.). During cyclical activity lows, Management continues to refine systems, processes and costs in all aspects of the business, while being responsible with spending and cash balances.

Focused sales efforts continue, with a renewed cautious optimism around activity levels in the second half of 2016. Assuming commodity prices and market access improves for WCSB based clients, Management expects continued activity improvements into 2017.

We remain focused on strong client relationships, solid service quality, and costs that are aligned with industry forecasted activity levels.

We continue to effectively manage our strong balance sheet and cash position, while 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 opportunistic and disciplined while assessing any and all opportunities in this market.

President Richard Ryan states:

"After unprecedented low industry activity levels experienced in the second quarter of 2016, we're pleased to see renewed interest in drilling programs and client capital spending for the second half of 2016. Assuming the outlook for commodity prices hold and/or improve from current levels, we may see further industry activity improvement in 2017, with an eventual strengthening of pricing and utilization levels for MATRRIX.

Since introduction in mid-2015, MATRRIX has proven the value of its proprietary D^{2}ROX^{TM} system as the cornerstone for all MATRRIX field operations, with clients recognizing the value of scientific, fact based decision making for their directional drilling operations. Industry adoption of new technology is often more successful in an activity challenged environment, where catalyst for change is high. We look forward to leveraging the scalability of D^{2}ROX^{TM} as activity levels improve, delivering safe, disciplined, predictable, repeatable results to clients, while creating distance from MATRRIX competitors.

With no debt, and strong cash and working capital balances, our balance sheet remains solid. Our employees are positive, committed, and focused. They look forward to the challenge of managing higher levels of activity, and the opportunities that an industry upturn will bring."

FINANCIAL HIGHLIGHTS

(000's CAD $)	Three Months Ended June 30, 2016	2015	% Change	Six Months Ended June 30, 2016	2015	% Change
Revenue	7	391	(98%)	932	2,494	(63%)
EBITDA (i)	(702)	(1,121)	37%	(833)	(1,621)	49%
EBITDA per share						
Basic	(0.02)	(0.03)	33%	(0.03)	(0.05)	40%
Diluted	(0.02)	(0.03)	33%	(0.03)	(0.05)	40%
Adjusted EBITDA (ii)	(662)	(1,023)	35%	(723)	(1,701)	57%
Adjusted EBITDA per share						
Basic	(0.02)	(0.03)	33%	(0.02)	(0.05)	60%
Diluted	(0.02)	(0.03)	33%	(0.02)	(0.05)	60%
Net loss	(1,373)	(1,895)	28%	(2,190)	(3,197)	31%
Net loss per share						
Basic	(0.04)	(0.06)	33%	(0.07)	(0.10)	30%
Diluted	(0.04)	(0.06)	33%	(0.07)	(0.10)	30%
Funds flow from operations (iii)	(676)	(1,066)	37%	(736)	(1,746)	58%
Gross Margin (iv)	(121)	(259)	53%	321	(56)	673%
Capital expenditures (net of lost in hole replacements)[3]	-	150	(100%)	34	200	(83%)
Directional and horizonal 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 meanings prescribed by IFRS. EBITDA is defined as "income (loss) before interest expense, income taxes, depreciation and amortization.

(000's CAD $)	Three Months Ended June 30, 2016	2015	% Change	Six Months Ended June 30, 2016	2015	% Change
Net loss	(1,373)	(1,895)	28%	(2,190)	(3,197)	31%
Depreciation	671	774	(13%)	1,357	1,576	(14%)
EBITDA	(702)	(1,121)	37%	(833)	(1,621)	49%

(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 June 30,			Six Months Ended June 30,		
(000's CAD $)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
EBITDA	(702)	(1,121)	37%	(833)	(1,621)	49%
Gain from equipment lost in hole	-	-	-	-	(142)	100%
Interest and other income	(10)	(3)	(233%)	(18)	(3)	(500%)
Share based payments	50	55	(9%)	121	133	(9%)
Foreign exchange (gain) loss	-	46	(100%)	7	(68)	(110%)
Adjusted EBITDA	(662)	(1,023)	35%	(723)	(1,701)	57%

(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 June 30,			Six Months Ended June 30,		
(000's CAD $)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Operating cash flow	(245)	705	135%	(240)	3,643	(107%)
Changes in non-cash working capital	(431)	(1,771)	76%	(496)	(5,389)	91%
Funds flow	(676)	(1,066)	37%	(736)	(1,746)	58%

(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 June 30,			Six Months Ended June 30,		
(000's CAD $)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Loss from operations	(777)	(1,012)	23%	(998)	(1,587)	37%
Depreciation	656	753	(13%)	1,319	1,531	(14%)
Gross margin	(121)	(259)	53%	321	(56)	673%

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 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, 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 D^{2}ROX™ 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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