DATE: April 3, 2019

**MATRRIX ANNOUNCES 2018 FOURTH QUARTER AND YEAREND RESULTS**

**CALGARY, ALBERTA** – MATRRIX Energy Technologies Inc. ("MATRRIX" or the "Corporation") (TSX-V: MXX) announces today its financial and operational results for the three and twelve month periods ended December 31, 2018. The Corporation also announces it will be discontinuing directional drilling operations starting in Q2 2019 and focusing on driving growth and profitability in its drilling rig division.

The following should be read in conjunction with the Corporation's audited consolidated financial statements and the notes thereto for the three and twelve month periods ended December 31, 2018 and related management's discussion and analysis, which are available on SEDAR at www.sedar.com.

All amounts or dollar figures are denominated in thousands of Canadian dollars except for per share amounts, number of drilling rigs, directional drilling systems, and operating days, or unless otherwise noted.

Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. See "Forward-Looking Information" in this press release for additional details.

## 2018 OVERVIEW AND OUTLOOK

In Canada, the 2018 drilling activity tracked 2017 levels for much of the year. Continued volatile commodity prices for crude oil and natural gas as a result of record high oil price differentials due to ongoing pipeline constraints, continued to negatively impact the drilling industry, by decreasing producer confidence and corresponding capital budgets.

While the Corporation is cautiously optimistic for 2019, it does not anticipate a significant recovery in Canadian activity from 2018. The Corporation expects Canadian oil and gas producers will continue to be faced with the challenge of exporting their products due to a lack of pipeline infrastructure and continued customer spending constraints relative to historical levels.

### Drilling Rig Division

2018 marked the Corporation's first full calendar year of operations for its drilling rig division. The drilling rig division continued its Q4 2017 positive momentum with an annual Adjusted 2018 EBITDA of $3,060 and Q4 2018 Adjusted EBITDA of $1,423. Rig utilization continued to improve from Q2 2018, as Rig #5 and Rig #6 were moved from Saskatchewan to Alberta, upgraded and redeployed in September (Rig #6) and December (Rig #5) of 2018. The Corporation continues to maintain a strong balance sheet. At December 31, 2018, the Corporation's total debt to EBITDA, as defined in the Corporation's lending agreement, was 0.80 to 1. Management believes this provides the Corporation flexibility to execute on strategic acquisitions and opportunities that align with the Corporation's growth plan.

During 2018, the Corporation continued its growth plan with the following highlights:

On January 19, 2018, the Corporation acquired all of the issued and outstanding shares of D2 Drilling Inc., a private corporation which owned one heavy telescopic double drilling rig and additional drilling equipment in the Weyburn/Estevan area of southeast Saskatchewan. The Corporation issued 6,667 common shares of the Corporation at a deemed price of $0.45 per common share and a cash payment of $530 equal to D2's working capital at the time of closing, for total consideration of approximately $3,000.

On May 24, 2018, the Corporation completed the acquisition of substantially all of the assets of Red Dog Drilling Inc. ("Red Dog") used in connection with Red Dog's drilling rig operations consisting of two heavy telescopic double drilling rigs, one cantilever triple drilling rig and one cantilever double drilling rig. Pursuant to an asset purchase agreement dated May 10, 2018 between Red Dog and the Corporation, the Corporation acquired the Red Dog assets for a purchase price of $5,511, which was paid as follows: (i) the issuance of 1,573 common shares at a deemed price of $0.33 per common share, valued at $519; and (ii) $4,992 cash for vendor debt repayment.

On July 25, 2018, the Corporation announced it's U.S. subsidiary had entered into a management consulting contract with Randy Hawkings with the objective of Mr. Hawkings advising the Corporation regarding existing operations and growth strategies in the U.S. and internationally. Mr. Hawkings is a seasoned corporate executive with considerable experience as CEO/President. Most recently, he was consulting for Trinidad Drilling Ltd. ("Trinidad") in the USA, and prior thereto he held the position of Executive Vice President, US Operations for Trinidad. Before the acquisition of CanElson Drilling Inc. ("CanElson") by Trinidad in 2015, Mr. Hawkings was a founder, President and CEO of CanElson.

The Corporation also made significant capital investments in 2018 to upgrade and relocate two rigs from Saskatchewan to Alberta. Both Alberta rigs have been highly utilized since relocation and are expected to have similar utilization in 2019. The Corporation intends to continue its strategic plan of geographical diversification of its business and purchasing high quality assets that have the capability to service a large portion of the anticipated drilling in the WCSB while providing and economics required by our customers and the equipment and resources required by our employees to operate safely and efficiently, and at the same time providing an appropriate rate of return. Management believes the Corporation is well positioned to capture new customer demand while growing with its current customer base and continues to improve the Corporation's strong safety culture..

The Corporation now has 11 drilling rigs consisting of nine complementary heavy telescopic double drilling rigs, one cantilever triple drilling rig and one cantilever double drilling rig. The Corporation currently only markets its nine heavy telescopic double drilling rigs.

**Directional Drilling Division**

Early in 2018, with the appointment of Mr. Lyle Whitmarsh as President and Chief Executive Officer, management began a thorough analysis of the directional drilling division in an effort to improve its performance and profitability. As a result, the Corporation resized the directional drilling division in January 2018 by reducing its headcount and related expenses to align with forecasted activity in Western Canada for its directional drilling services. With further reduced capital budgets within its directional drilling customer base in 2018, the directional drilling division recorded an annual Adjusted EBITDA loss of $1,284 and a Q4 2018 Adjusted EBITDA loss of $337. The directional drilling division also recorded an impairment write-down of $1,955 in Q4 2018 (2017: $3,833).

Due to continued directional drilling losses since Q1 2015, and management's thorough review of the directional drilling division including the consideration of potential implications of all available options, management and the Board of Directors determined that both significant capital investment, which could not be projected to meet the Corporation's investment criteria, and major macroeconomic changes, which the Corporation cannot project happening in the near future in Western Canada, would be required in order to see a path to profitability for the division. Therefore, the Board of Directors has approved discontinuing directional drilling operations starting in Q2 2019. In connection with the cessation of the directional drilling division, the Corporation announces the departure of Mr. Charlie Lloyd, Vice President, Sales. The Board of Directors thanks Mr. Lloyd for his valuable contribution to the Corporation and wishes him well in his future endeavors. In addition, Mr. Rob Van Bostelen, Vice President, Operations, has resigned from his position as an officer of the Corporation but is continuing as an employee assisting the Corporation in closing the directional division.

"This was a very difficult decision, but it is the right decision for Matrrix. With the full support of the Corporation's Board of Directors, we have determined that it is in the best interest of the Corporation to discontinue the directional drilling division and focus on driving growth and profitability in our drilling rig division. We would like to thank all the staff for their dedication and hard work," said Lyle Whitmarsh, Matrrix President and Chief Executive Officer.

## FINANCIAL HIGHLIGHTS

***FOURTH QUARTER 2018 SUMMARY (Compared with the fourth quarter 2017)***

- Revenue of $6,566, up 32% from $4,984;
- Adjusted EBITDA of $1,085, up 206% from $354;
- Impairment write-down related to Directional Drilling assets of $1,955, down 49% from $3,833;
- Net loss of ($1,999), down 55% from a net loss of ($4,464);
- Gross margin of $2,471, up 81% from 1,364.

***TWELVE MONTHS ENDED DECEMBER 31, 2018 SUMMARY (Compared with the twelve months ended December 31, 2017)***

- Revenue of $20,873, up 119% from $9,528;
- Adjusted EBITDA of $1,776, up 1,040% from an Adjusted EBITDA loss of ($189);
- Impairment write-down related to Directional Drilling assets of $1,955, down 49% from $3,833;
- Net loss of ($1,999), down 55% from a net loss of ($4,464);
- Gross margin of $6,430, up 128% from $2,822.

| | Three Months Ended December 31, | | | Years Ended December 31, | | | |
|---|---|---|---|---|---|---|---|
| **(000's CAD $)** | **2018** | **2017** | **% Change** | **2018** | **2017** | **% Change** | **2016** |
| Revenue | 6,566 | 4,984 | 32% | 20,873 | 9,528 | 119% | 2,334 |
| Net loss | (1,999) | (4,464) | (55%) | (4,124) | (6,875) | (40%) | (4,423) |
| Net loss per share | | | | | | | |
| Basic | (0.02) | (0.06) | 67% | (0.03) | (0.16) | 81% | (0.14) |
| Diluted | (0.02) | (0.06) | 67% | (0.03) | (0.16) | 81% | (0.14) |
| Adjusted EBITDA [1] | 1,085 | 354 | 206% | 1,776 | (189) | (1,040%) | (1,618) |
| Adjusted EBITDA per share | | | | | | | |
| Basic | 0.01 | - | nm | 0.01 | - | nm | (0.05) |
| Diluted | 0.01 | - | nm | 0.01 | - | nm | (0.05) |
| Income (loss) from operations | 1,376 | 564 | 144% | 2,965 | 209 | 1,319% | (1,976) |
| Gross Margin [1] | 2,471 | 1,364 | 81% | 6,430 | 2,822 | 128% | 603 |
| Capital expenditures related to acquisitions | - | 10,372 | (100%) | 8,807 | 10,372 | (15%) | - |
| Capital expenditures | 6,754 | 7,246 | (7%) | 16,599 | 7,323 | 127% | 144 |
| Weighted average common shares outstanding | 131,600 | 73,847 | 78% | 130,541 | 43,099 | 203% | 32,185 |
| Weighted average diluted common shares outstanding | 131,600 | 73,847 | 78% | 130,541 | 43,099 | 203% | 32,185 |

nm - calculation is not meaningful

[1] - please refer to "Non-GAAP measures" for further information

| As at December 31, | **2018** | **2017** | **% Change** | **2016** |
|---|---|---|---|---|
| Current assets | 5,636 | 21,334 | (74%) | 6,317 |
| Total assets | 46,435 | 42,431 | 9% | 18,461 |
| Total current liabilities | 7,692 | 3,511 | 119% | 469 |
| Total non-current liabilities | 2,422 | 2,297 | 5% | - |
| Shareholders' Equity | 36,321 | 36,623 | (1%) | 17,992 |

## 2018 RESULTS OF OPERATIONS

### Consolidated Operations

| (000's CAD $ except per day amounts) | Years Ended December 31, 2018 | 2017 | % Change |
|---|---|---|---|
| Drilling rig revenue | 16,028 | 1,453 | 1,003% |
| Directional drilling revenue | 4,845 | 8,075 | (40%) |
| Consolidated revenue | 20,873 | 9,528 | 119% |
| Direct operating expenses | 14,443 | 6,706 | 115% |
| Gross margin (1) | 6,430 | 2,822 | 128% |
| Gross margin % | 31% | 30% | 3% |
| Consolidated net loss | (4,124) | (6,875) | (40%) |
| General & administrative expenses | 6,860 | 7,092 | (3%) |
| G&A expenses as a % of revenue | 33% | 74% | (55%) |
| Adjusted EBITDA (1) | 1,776 | (189) | (1,040%) |
| Adjusted EBITDA % | 9% | (2%) | 550% |
| Drilling rigs operating days | 859 | 80 | 974% |
| Drilling rigs revenue per day | 18.7 | 18.2 | 3% |
| Directional drilling operating days(2) | 572 | 946 | (40%) |
| Directional drilling revenue per day | 8.4 | 8.3 | 1% |

(1) - please refer to "Non-GAAP measures" for further information

[2] MATRRIX calculates a stand-by day as 0.5 day of an operating day.

- In 2018, revenue was $20,873, an increase of $11,345 (119%) compared to $9,528 in 2017, as a result of the first full calendar year of revenue associated with the new drilling rig division, as well as increases in revenue per day in both divisions, partially offset by decreases in operating activity in the Corporation's directional drilling division.
- In 2018, gross margin was $6,430, an increase of $3,608 (128%) compared to $2,822 in 2017. As a percentage of revenue, gross margin was 31% in 2018 an increase of 3% from a gross margin of 30% in 2017. The increase in gross margin was a direct result of the profitability of the drilling rig division.
- General and administrative ("G&A") expenses in 2018 were $6,860 a decrease of $232 (3%) compared to G&A expenses of $7,092 in 2017. G&A expenses for the year ended December 31, 2018 includes an impairment expense of $1,955 compared to $3,833 for the corresponding 2017 period related to the directional drilling division. Overall, consolidated G&A expenses increased in 2018 due to the first full calendar year of operations for the drilling rig division related to an increase in overall employee headcount and corresponding expenses.
- Adjusted EBITDA in 2018 was $1,776, an increase of $1,965 (1,040%) compared to Adjusted EBITDA of ($189) in 2017. The increase in Adjusted EBITDA was related to the profitability of the new drilling rig division.

## Directional Drilling Operations

| (000's CAD $ except per day amounts) | Years Ended December 31, 2018 | 2017 | % Change |
|---|---|---|---|
| Directional drilling revenue | 4,845 | 8,075 | (40%) |
| Direct operating expenses | 4,062 | 5,735 | (29%) |
| Gross margin [1] | 783 | 2,340 | (67%) |
| Gross margin % | 16% | 29% | (45%) |
| Directional drilling net loss | (4,036) | (6,503) | (38%) |
| G&A expenses | 4,197 | 6,879 | (39%) |
| G&A expenses as a % of revenue | 87% | 85% | 2% |
| Adjusted EBITDA [1] | (1,283) | (458) | 180% |
| Adjusted EBITDA % | (26%) | (6%) | (333%) |
| Directional drilling operating days[2] | 572 | 946 | (40%) |
| Directional drilling revenue per day | 8.4 | 8.3 | 1% |

nm - not meaningful

[1] - please refer to "Non-GAAP measures" for further information

[2] MATRRIX calculates a stand-by day as 0.5 day of an operating day.

- In 2018, revenue for the directional drilling division was $4,845, a decrease of $3,230 (40%) compared to revenue of $8,075 in 2017. As revenue per day remained relatively flat in 2018 compared to the corresponding 2017 period, the overall decrease in revenue was primarily related to the decrease in operating activity from the Corporation's customer base.
- Direct operating expenses are primarily comprised of personnel, equipment operating and repair costs, shop expenses and direct G&A expenses in support of field operations. Direct operating expenses were $4,062 in 2018, a decrease of $1,673 (29%) compared to $5,735 in 2017, this decrease is directly related to the decrease in operating days in 2018 compared to 2017. On a per operating day basis, direct operating expenses increased $1.0 (16%) per day from $6.1 in 2017 to $7.1 in 2018. Gross margins as a percentage of revenue for 2018 were 16% in the division, down 45% from gross margins of 29% in 2017. The primary reason for the decrease in profitability was related to increased repair and maintenance costs from rental of third-party Measurement-While-Drilling ("MWD") equipment, increased deferred repairs and maintenance on MWD and motor equipment and increased day rates related to field personnel.
- G&A expenses were $4,197, a decrease of $2,682 (39%) compared to 2017. Directional drilling G&A expenses for the three months ended December 31, 2018 includes an asset impairment expense of $1,955 compared to $3,833 for the corresponding 2017 period. Overall there was a decrease in directional drilling G&A expenses for Q4 2018 compared to Q4 2017 related to a reduction in headcount in the division and the reallocation of corporate expenses of salaries, legal, IT, and rent between the directional drilling and drilling rig divisions. The decrease was partially offset by non-recurring restructuring expenses of $330 in the year.
- The overall effect of the decrease in revenues and the increase in direct operating expenses per day partially offset by the decrease in G&A expenses resulted in Adjusted EBITDA loss for the division of ($1,283) in 2018, a decrease of $825 (180%) from Adjusted EBITDA loss of ($458) in 2017.

## Drilling Rig Operations

| (000's CAD $ except per day amounts) | Years Ended December 31, 2018 | 2017 | % Change |
|---|---|---|---|
| Drilling rig revenue | 16,028 | 1,453 | 1,003% |
| Direct operating expenses | 10,381 | 971 | 969% |
| Gross margin (1) | 5,647 | 482 | 1,072% |
| Gross margin % | 35% | 33% | 6% |
| Drilling rig net loss | (88) | (372) | (76%) |
| G&A expenses | 2,663 | 213 | 1,150% |
| G&A expenses as a % of revenue | 17% | 15% | 13% |
| Adjusted EBITDA (1) | 3,059 | 269 | 1,037% |
| Adjusted EBITDA % | 19% | 19% | 0% |
| Drilling rig operating days | 859 | 80 | 974% |
| Drilling rig revenue per day | 18.7 | 18.2 | 3% |

(1) - please refer to "Non-GAAP measures" for further information

- Operations for the Corporation's drilling rig division commenced on November 21, 2017, therefore the 2017 figures include the results for the period from November 22, 2017 through December 31, 2017.
- The drilling rig division started 2018 with six heavy telescopic rigs operating in southeast Saskatchewan. On January 19, 2018, the drilling rig division added an additional heavy telescopic double drilling rig with the acquisition of D2. On May 24, 2018, the division added an additional four rigs (two heavy telescopic double drilling rigs, one cantilever triple drilling rig and one cantilever double drilling rig) through the business combination with Red Dog. Of the four rigs purchased from Red Dog, only the two heavy telescopic doubles have been activated for operations.
- In 2018, revenue in the drilling rig division was $16,028, an increase of $14,575 (1,003%) compared to revenue of $1,453 in 2017. The increase was a result of the first full year of operations, an increase in active rigs from six at the end of 2017 to nine active rigs at the end of 2018, and an increase in revenue per day of 3% from $18.2 in 2017 to $18.7 in 2018. The increase in revenue per day was related to the higher day rates in Alberta than in Saskatchewan as the Corporation relocated two rigs from Saskatchewan to Alberta during the second half of 2018.
- Operating days in the drilling rig division of 859 days in 2018 were up 973% from 80 operating days in 2017, a result of the first full calendar year of operations for the drilling rig division and the addition of three active rigs during 2018. The drilling rig utilization for 2018 was 29% which was on par with the CAODC industry average utilization rate of 29%.
- Direct operating expenses are primarily comprised of personnel, equipment operating and repair costs, and shop expenses. Direct operating expenses in 2018 were $10,381, up $9,410 (969%) from $971 in 2017, as a result of the increased operating activity from the first full year of operations. For the year ended December 31, 2018, gross margins as a percentage of revenue were 35% in the division, up 6% from gross margins of 33% in 2017. The increase is primarily as a result of the 3% increase in revenue per operating day while keeping costs per day in line with 2017.
- In 2018, Adjusted EBITDA in the drilling rig division was $3,059, a $2,790 (1,037%) increase from $269 in 2017, as result of the aforementioned first full year of operations and increase in active rig count over the year.

| | Years Ended December 31, 2018 | 2017 | % Change |
|---|---|---|---|
| Drilling rigs (activated rigs) | | | |
| Opening balance | 6 | - | na |
| Acquired | 3 | 6 | (50%) |
| Ending balance | 9 | 6 | 50% |
| | | | |
| Operating days (spud to rig release) | 859 | 80 | 974% |
| Utilization | 29% | 25% | 14% |

na - not applicable

**Impairment of Property and Equipment**

| (000's CAD $) | Years Ended December 31, 2018 | 2017 | % Change |
|---|---|---|---|
| Impairment of assets | 1,955 | 3,833 | (49%) |

The Corporation reviews the carrying value of its assets at each reporting period for indicators of impairment. The Corporation currently has two CGUs, the service of directional drilling that includes interchangeable performance motor drilling assets, and drilling rigs.

For the year ended December 31, 2018, the Corporation completed its assessment and the recoverable value of the property and equipment of both of the Corporation's CGUs. The Corporation identified that the directional drilling CGU carrying amount exceeded the fair value amount using the market approach. As a result, an impairment of $1,852 was recorded as a reduction in directional drilling property and equipment for the year ended December 31, 2018 (2017 - $3,630).

**Other Items**

| (000's CAD $) | Years Ended December 31, 2018 | 2017 | % Change |
|---|---|---|---|
| Gain from disposition of property and equipment | 301 | 140 | 115% |
| Gain from equipment lost in hole | 635 | 310 | 105% |
| Interest and other income | 45 | 21 | 114% |
| Interest on operating loan | (19) | - | nm |
| Interest on convertible debenture | (261) | (53) | 392% |
| Accretion on debentures | (125) | - | nm |
| Foreign exchange gain (loss) | (88) | 44 | (300%) |
| Non-recurring restructuring charges | (330) | - | nm |
| Transaction costs | (683) | (454) | 50% |
| Other items | (525) | 8 | (6,663%) |

nm - not meaningful

For the year ended December 31, 2018, the Corporation recorded a gain of $301 related to the sale of certain directional drilling and drilling rig equipment compared to $140 in 2017. In addition, for the year ended December 31, 2018, the Corporation recorded a gain of $635 related to equipment lost downhole compared to $310 in 2017. The timing of lost-in-hole recoveries is not within the control of the Corporation and therefore can fluctuate significantly from period to period. Interest and other income primarily related to interest earned from term deposits and sales of scrap materials.

The Corporation also incurred non-recurring restructuring charges related to a severance payment and associated legal expenses of $330 during the year (2017 - $nil).

Non-capitalizable transaction costs related to acquisitions of $683 were incurred in 2018, an increase of $229 (50%) from $454 in 2017. Transaction costs represent non-capitalizable amounts directly related to drilling rig acquisitions which consist of due diligence and external legal fees.

## FOURTH QUARTER RESULTS OF OPERATIONS

### Consolidated Operations

| | Three Months Ended December 31, | | |
|---|---|---|---|
| **(000's CAD $ except per day amounts)** | **2018** | **2017** | **% Change** |
| Drilling rig revenue | 6,025 | 1,453 | 315% |
| Directional drilling revenue | 541 | 3,531 | (85%) |
| Consolidated revenue | 6,566 | 4,984 | 32% |
| Direct operating expenses | 4,095 | 3,620 | 13% |
| Gross margin (1) | 2,471 | 1,364 | 81% |
| Gross margin % | 38% | 27% | 41% |
| Consolidated net loss | (1,999) | (4,464) | (55%) |
| G&A expenses | 3,390 | 4,943 | (31%) |
| G&A expenses as a % of revenue | 52% | 99% | (47%) |
| Adjusted EBITDA (1) | 1,085 | 354 | 206% |
| Adjusted EBITDA % | 17% | 7% | 143% |
| Drilling rigs operating days | 292 | 80 | 265% |
| Drilling rigs revenue per day | 20.6 | 18.2 | 14% |
| Directional drilling operating days(2) | 62 | 391 | (84%) |
| Directional drilling revenue per day | 8.7 | 8.9 | (2%) |

(1) - please refer to "Non-GAAP measures" for further information

[2] MATRRIX calculates a stand-by day as 0.5 day of an operating day.

- For the three months ended December 31, 2018, the Corporation recorded revenue of $6,566, an increase of $1,582 (32%) compared to $4,984 recorded in the three months ended December 31, 2017, as a result of the full three months of revenue associated with the new drilling rig division and an increase in revenue per day in the drilling rig division, offset by an 85% decrease in revenue related to the directional drilling division.
- For the three months ended December 31, 2018, gross margin was $2,471, an increase of $1,107 (81%) compared to $1,364 for the three months ended December 31, 2017. Gross margin as a percentage of revenue was 38% in the fourth quarter of 2018 an increase of 41% from a gross margin of 27% in the fourth quarter of 2017. The increase in gross margin as a percentage of revenue is directly attributable to the positive results in the drilling rig division partially offset by lower margins in the directional drilling division.
- G&A expenses for the three months ended December 31, 2018 were $3,390, a decrease of $1,553 (31%) compared to $4,943 for the corresponding 2017 period. G&A expenses for Q4 2018 includes an impairment expense of $1,955 compared to $3,833 for the corresponding 2017 period related to the directional drilling division. Overall, consolidated G&A expenses increased in Q4 2018 due to the first full calendar year of operations for the drilling rig division related to an increase in overall employee headcount and corresponding expenses.
- Adjusted EBITDA for the three months ended December 31, 2018, was $1,085, an increase of $731 (206%) compared to Adjusted EBITDA of $354 for the three months ended December 31, 2017. The increase in Adjusted EBITDA was primarily related to the profitability of the new drilling rig division.

## Directional Drilling Operations

| (000's CAD $ except per day amounts) | Three Months Ended December 31, 2018 | 2017 | % Change |
|---|---|---|---|
| Directional drilling revenue | 541 | 3,531 | (85%) |
| Direct operating expenses | 524 | 2,649 | (80%) |
| Gross margin (1) | 17 | 882 | (98%) |
| Gross margin % | 3% | 25% | (88%) |
| Directional drilling net loss | (2,518) | (4,092) | (38%) |
| G&A expenses | 2,321 | 4,730 | (51%) |
| G&A expenses as a % of revenue | 429% | 134% | 220% |
| Adjusted EBITDA (1) | (337) | 85 | (496%) |
| Adjusted EBITDA % | (62%) | 2% | (3,200%) |
| Directional drilling operating days(2) | 62 | 391 | (84%) |
| Directional drilling revenue per day | 8.7 | 8.9 | (2%) |

(1) - please refer to "Non-GAAP measures" for further information

[2] MATRRIX calculates a stand-by day as 0.5 day of an operating day.

- For the three months ended December 31, 2018, revenue for the directional drilling division was $541, a decrease of $2,990 (85%) compared to revenue of $3,531 for the same period in 2017. The decrease in revenue was primarily related to the decrease in operating activity from the Corporation's customer base.
- Direct operating expenses are primarily comprised of personnel, equipment operating and repair costs, shop expenses and direct G&A expenses in support of field operations. Direct operating expenses for the three months ended December 31, 2018 were $524, a decrease of $2,125 (80%) compared to $2,649 for the three months ended December 31, 2017. Gross margin as a percentage of revenue for the three months ended December 31, 2018, was 3% in the division, down 88% from a gross margin of 25% in the fourth quarter of 2017. The primary reason for the decrease was related to increased repair and maintenance costs from rental of third-party Measurement-While-Drilling ("MWD") equipment, increased deferred repairs and maintenance on MWD and motor equipment and increased day rates related to field personnel.
- G&A expenses were $2,321, a decrease of $2,409 (51%) compared to 2017. Directional drilling G&A expenses for the three months ended December 31, 2018 includes an impairment expense of $1,955 compared to $3,833 for the corresponding 2017 period. Overall there was a decrease in G&A expenses for the three months ended December 31, 2018 compared to the 2017 corresponding period primarily related to a reduction in headcount in the division and the reallocation of corporate expenses of salaries, legal, IT, and rent between the directional drilling and` drilling rig divisions.
- The overall effect of the decrease in revenues and the increase in direct operating expenses per day partially offset by the decrease in G&A expenses resulted in Adjusted EBITDA loss for the division of ($337) in the fourth quarter of 2018, a decrease of $422 (496%) from Adjusted EBITDA of $85 in the comparable 2017 period.

## Drilling Rig Operations

| (000's CAD $ except per day amounts) | Three Months Ended December 31, 2018 | 2017 | % Change |
|---|---|---|---|
| Drilling rig revenue | 6,025 | 1,453 | 315% |
| Direct operating expenses | 3,571 | 971 | 268% |
| Gross margin (1) | 2,454 | 482 | 409% |
| Gross margin % | 41% | 33% | 24% |
| Drilling rig net income (loss) | 519 | (372) | (240%) |
| G&A expenses | 1,069 | 213 | 402% |
| G&A expenses as a % of revenue | 18% | 15% | 20% |
| Adjusted EBITDA (1) | 1,422 | 269 | 429% |
| Adjusted EBITDA % | 24% | 19% | 26% |
| Drilling rig operating days | 292 | 80 | 265% |
| Drilling rig revenue per day | 20.6 | 18.2 | 13% |

(1) - please refer to "Non-GAAP measures" for further information

- Operations for the Corporation's drilling rig division commenced on November 21, 2017, therefore the figures for the period ended December 31, 2017 include the results for the period from November 22, 2017 through December 31, 2017.
- For the three months ended December 31, 2018, revenue in the drilling rig division was $6,025, an increase of $4,572 (315%) compared to revenue of $1,453 for the three months ended December 31, 2017. The increase was a result of the first full quarter of operations for the drilling division, an increase in active rigs from six at the end of 2017 to nine active rigs at the end of 2018, and an increase in revenue per day of 13% from $18.2 in the fourth quarter of 2017 to $20.6 in the comparable 2018 period. The increase in revenue per day was related to the higher day rates in Alberta than in Saskatchewan as the Corporation relocated two rigs from Saskatchewan to Alberta during the second half of 2018.
- Operating days in the drilling rig division of 292 days in the fourth quarter of 2018 was a 265% increase over 80 operating days in the fourth quarter of 2017, a result of the full quarter's operations and the increase in rig count. The drilling rig utilization for the quarter ended December 31, 2018 was 35%, above the CAODC industry average utilization rate of 28%.
- Direct operating expenses are primarily comprised of personnel, equipment operating and repair costs, and shop expenses. Direct operating expenses for the three months ended December 31, 2018 were $3,571, up $2,600 (268%) from $971 for the three months ended December 31, 2017, also a result of the first full quarter of operations and the increase in active rig count over the year. For the fourth quarter ended December 31, 2018, gross margin as a percentage of revenue was 41% in the division, up 24% from a gross margin of 33% in the fourth quarter of 2017. The increase in gross margin as a percentage of revenue is primarily as a result of decreased maintenance costs per day compared to the fourth quarter of 2017 when additional expenditures were made to put the rigs to use as well as fixed operating costs being allocated over more operating days and an increase in revenue per day.
- G&A expenses for the three months ended December 31, 2018 were $1,069, up $856 (402%) from $213 for the three months ended December 31, 2017, a result of the first full quarter of operations as well as the reallocation of corporate expenses related to salaries, legal, IT, and rent between the directional drilling and drilling rig divisions.
- For the three months ended December 31, 2018, Adjusted EBITDA in the drilling rig division was $1,422, a $1,153 (429%) increase from $269 in the fourth quarter of 2017, as result of the first full quarter of operations, an increase in active rig count over the prior year and higher gross margin.

## NON-GAAP MEASURES

This MD&A contains references to (i) Adjusted EBITDA and (ii) 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) Adjusted EBITDA is defined as "income (loss) before interest income, interest expense, taxes, business acquisition transaction costs, depreciation and amortization, share-based compensation expense, gains on disposal of property and equipment, impairment expenses, interest and other income, foreign exchange, non-recurring restructuring charges, accretion of debentures and other income/expenses, and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations." 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. Investors should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's method of calculating Adjusted EBITDA may differ from that of other organizations and, accordingly, it's Adjusted EBITDA may not be comparable to that of other companies.

| | Three Months Ended December 31, | | | Years Ended December 31, | | |
|---|---|---|---|---|---|---|
| **(000's CAD $)** | 2018 | 2017 | % Change | 2018 | 2017 | % Change |
| Net loss | (1,999) | (4,464) | (55%) | (4,124) | (6,875) | (40%) |
| Depreciation | 1,097 | 801 | 37% | 3,470 | 2,638 | 32% |
| Interest on operating loan | 19 | - | nm | 19 | - | nm |
| Interest on Convertible Debenture | 66 | 53 | 25% | 261 | 53 | 392% |
| (Gain)/loss from disposition of property and equipment | 12 | (140) | (109%) | (301) | (140) | 115% |
| Gain from equipment lost in hole | - | (268) | (100%) | (635) | (310) | 105% |
| Interest and other income | (16) | (2) | 700% | (45) | (21) | 114% |
| Share-based payments | 47 | 99 | (53%) | 246 | 223 | 10% |
| Transaction costs | 144 | 454 | (68%) | 683 | 454 | 50% |
| Foreign exchange (gain) loss | 29 | (12) | (342%) | 88 | (44) | (300%) |
| Accretion of debentures | 27 | - | nm | 125 | - | nm |
| Impairment of assets | 1,955 | 3,833 | (49%) | 1,955 | 3,833 | (49%) |
| Non recurring restructuring charges | - | - | nm | 330 | - | nm |
| Deferred tax recovery | (296) | - | nm | (296) | - | nm |
| Adjusted EBITDA | 1,085 | 354 | 206% | 1,776 | (189) | (1,040%) |

nm - not meaningful

(ii) 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 December 31, | | | Years Ended December 31, | | |
|---|---|---|---|---|---|---|
| **(000’s CAD $)** | 2018 | 2017 | % Change | 2018 | 2017 | % Change |
| Income (loss) from operations | 1,376 | 564 | 144% | 2,965 | 209 | 1,319% |
| Depreciation | 1,095 | 800 | 37% | 3,465 | 2,613 | 33% |
| Gross margin | 2,471 | 1,364 | 81% | 6,430 | 2,822 | 128% |
| Gross margin % | 38% | 27% | 41% | 31% | 30% | 3% |

## FORWARD-LOOKING INFORMATION

Certain statements contained in this press release constitute forward-looking statements or forward-looking information (collectively, "forward-looking information"). Forward-looking 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.

This press release contains forward-looking information pertaining to, among other things: the expectation that the Corporation's drilling rig utilization in 2019 will be similar to 2018 ; the Corporation’s expectation that industry activity will remain challenged ; the Corporation's strategic plan, including with respect to asset purchases and geographic diversification; the expectation that the Corporation’s strategic plans of acquiring assets at prices that are expected to provide a high rate of return for shareholders; the Corporation's expectation regarding its positioning to capture new customer demand while maintaining its current customer base and the expectation of driving growth and building momentum with the drilling rig division

This forward-looking information involves material assumptions and known and unknown risks and uncertainties and other factors, certain of which are beyond the Corporation’s control, that may cause actual results or events to differ materially from those anticipated in such forward-looking information. This press release, the Corporation's management's discussion and analysis for the three and twelve month periods ended December 31, 2018, the Corporation's annual information form for the year ended December 31, 2018 and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describe the risks, the material assumptions and other factors that could influence actual results, which include, among other things, anticipated financial performance; the implementation of the Corporation's growth strategy; the ability to execute the Corporation’s 2018 capital program; business prospects; conditions in general economic and financial markets; industry conditions; current commodity prices and royalty regimes; regulatory developments; the impact of increasing competition; future exchange rates; the availability and cost of labour and services; the sufficiency of budgeted capital expenditures in carrying out planned activities; timing and amount of capital expenditures; the ability of the Corporation to renew existing contracts and enter into new contracts; utilization and pricing of the Corporation's rigs,; supply and demand for oil and natural gas services relating to drilling and ancillary services; effects of regulation by governmental agencies; tax laws; future operating costs; and the ability to obtain financing on acceptable terms, which are subject to change based on, amongst other factors, commodity prices, market conditions and potential timing delays. Although management of the Corporation considers these assumptions to be reasonable based on information currently available to it, such assumptions may prove to be incorrect. Actual results, performance or achievements could differ material from those expressed in, or implied by, forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom.

Statements, including forward-looking information, are made as of the date of this press release and the Corporation does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.

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.

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