

Energy Technologies Inc.

MATRRIX

Drilling. Performance. Focused.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2017

Dated April 13, 2018

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DEFINITIONS

Glossary of Terms

In this Annual Information Form, the following words and phrases have the meanings set forth below, unless otherwise indicated.

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, together with all regulations promulgated thereunder, as amended from time to time.

"**Annual Information Form**" means this annual information form dated April 13, 2018.

"**Board**" means the board of directors of the Corporation as it may be comprised from time to time.

"**Corporation**" or "**MATRRIX**" means MATRRIX Energy Technologies Inc., a corporation incorporated under the ABCA, and includes all applicable subsidiaries and predecessor entities of the Corporation, as the context requires.

"**GAAP**" means Canadian generally accepted accounting principles applicable to publicly accountable enterprises.

"**IFRS**" means International Financial Reporting Standards, which are also GAAP for publicly accountable entities in Canada.

"**Option**" means an option to acquire a Share pursuant to the Stock Option Plan.

"**Shareholders**" means the holders of Shares.

"**Shares**" means the common shares in the capital of the Corporation.

"**Stock Option Plan**" means the incentive stock option plan of MATRRIX approved by the Shareholders at the Corporation's annual and special meeting held on May 31, 2017.

"**System**" means a horizontal and directional drilling system.

"**TSXV**" means the TSX Venture Exchange Inc.

"**U.S.**" means the United States of America.

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars. All financial information herein has been presented in Canadian dollars in accordance with IFRS.

Abbreviations

EM Electro Magnetic

LWD Logging While Drilling

MWD Measurement While Drilling

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form constitute forward-looking statements or forward-looking information (collectively, "**forward-looking statements**"). All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements 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 statements. While management believes that the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon.

In particular, this Annual Information Form contains forward-looking statements pertaining to, but not limited to: the effect of regulatory or legislative changes on the business, operations and financial condition of the Corporation; the demand for and future developments related to horizontal and directional drilling services and the Corporation's land based contract drilling rig services; results of operations; performance of the Corporation; ability to obtain, retain and extend credit facilities; and MATRRIX's future business plans, prospects and opportunities. Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- the performance of MATRRIX's business, including current business and economic trends;
- oil and natural gas commodity prices and production levels;
- ability of customers to access capital;
- industry risks;
- royalty rate risks;
- geopolitical risk;
- seasonality and weather conditions;
- government regulation of the oil and natural gas industry;
- government regulation of the oil and natural gas services industry;
- environmental regulation;
- competition;
- service agreements and contracts with customers;
- equipment construction risks and technology risks;
- alternatives to and changing demand for petroleum products;
- stage of development;
- reliance on key personnel;
- dependence on suppliers;
- failure to realize anticipated benefits of acquisitions and dispositions;
- additional funding requirements;
- issuance of debt;
- foreign currency exchange;
- management of growth;
- third party credit risk;
- conflicts of interest;
- volatility in price of Shares;
- risk of interruption and casualty losses;
- safety performance;
- tax matters;
- environmental liability;
- asset impairment;
- information technology security; and
- the other factors discussed under "*Risk Factors*".

The forward-looking statements contained herein are based on certain key expectations and assumptions of MATRRIX concerning, among other things, anticipated financial performance; the implementation of the Corporation's international growth strategy; 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 Systems and rigs; supply and demand for oil and natural gas services relating to the 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 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.

Management has included the above summary of assumptions and risks related to forward-looking statements provided in this Annual Information Form in order to provide readers with a more complete perspective on MATRRIX's future operations and such information may not be appropriate for other purposes. MATRRIX's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. Readers are cautioned that the foregoing factors are not exhaustive.

These forward-looking statements are made as of the date of this Annual Information Form and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

MATRRIX ENERGY TECHNOLOGIES INC.

Overview

Since inception, MATRRIX has been engaged in the provision of horizontal and directional drilling services and technology for the oil and natural gas industry focused in the Western Canadian Sedimentary Basin ("**WCSB**"). During 2017, MATRRIX operated in each of the provinces of Alberta, Saskatchewan and British Columbia.

Starting in the second quarter of 2017, to complement its existing horizontal and directional drilling operations, the Corporation developed a strategic plan for expansion into the land-based drilling contract business.

Name, Address, Incorporation and Organization

MATRRIX was incorporated pursuant to the provisions of the ABCA on January 7, 2011 under the name "1579948 Alberta Ltd." On March 11, 2011, the Corporation filed articles of amendment to change its name to "MATRRIX Energy Technologies Inc." On April 6, 2011, the Corporation filed articles of amendment to remove the private company restrictions against the transfer of its securities without the prior approval of the Board.

On June 30, 2011, MATRRIX completed the acquisition of all of the issued and outstanding common shares of Oilfield Guidance Inc. ("**OFG**") and on September 1, 2011, the Corporation filed articles of amalgamation to complete a vertical amalgamation with OFG. The amalgamated company continued under the name "MATRRIX Energy Technologies Inc."

On September 15, 2011, the Corporation completed a reverse takeover of a TSXV listed capital pool company, Elson Energy Enterprises Ltd. ("**Elson Energy**"). As part of the reverse takeover transaction,

Elson Energy amalgamated with the Corporation and the surviving entity continued under the name "MATRRIX Energy Technologies Inc." The reverse takeover of Elson Energy constituted the qualifying transaction of Elson Energy for the purposes of TSXV Policy 2.4 – *Capital Pool Companies*. Following the completion of the qualifying transaction, MATRRIX became a reporting issuer and the Shares were posted for trading on the TSXV under the stock symbol "MXX".

On November 21, 2017, MATRRIX completed the acquisition of all of the issued and outstanding shares of Stampede Drilling Ltd. ("**Stampede**") and on January 1, 2018, the Corporation filed articles of amalgamation to complete a vertical amalgamation with Stampede. The amalgamated company continued under the name "MATRRIX Energy Technologies Inc."

MATRRIX is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

The principal office of the Corporation is located at Suite 2200, Bow Valley Square IV, 250 – 6th Avenue SW, Calgary, Alberta T2P 3H7 and its registered office is located at Suite 2400, 525 – 8th Avenue SW, Calgary, Alberta T2P 1G1.

Intercorporate Relationships

MATRRIX has two wholly-owned subsidiaries: (i) MATRRIX (U.S.) Energy Technologies Inc., which is organized under the laws of the State of Delaware; and (ii) D2 Drilling Inc. ("**D2**"), which is organized under the laws of the province of Saskatchewan.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2015

In 2015, the Corporation continued to focus its operations in the WCSB. The Corporation was active in the Montney, Cardium, Dina, Glauconite, Cummings and Shaunavon areas in the WCSB during 2015.

In January 2015, the Corporation entered into a revolving operating loan facility (the "**2015 Credit Facility**") in the amount of \$5,000,000 with a financial institution. Interest on the 2015 Credit Facility was at the bank's prime rate plus 1.0% with interest payable monthly, subject to certain financial ratio covenants and limited to 75% of a defined accounts receivable balance. The 2015 Credit Facility was secured by a general security agreement providing a first security interest over all present and after acquired personal property of the Corporation and specifically registered against any applicable serial-numbered equipment.

For the year ended December 31, 2015, the Corporation experienced a significant decline in drilling and motor rental activity in both Canada and the U.S. as compared to 2014. The decline in overall operational activity was due to the overall decrease in capital expenditures by the Corporation's key customers and the oil and natural industry as a whole, as a result of weak commodity prices.

In the U.S., MATRRIX focused operations in the Permian and Oklahoma. During the third quarter of 2015, the Corporation ceased operations in the U.S. due to the lack of overall industry activity. All horizontal and directional drilling equipment was shipped back to Canada in September 2015.

2016

For the three month period ended December 31, 2016, the Corporation experienced an increase in operating activity as compared to the corresponding 2015 period. However, for the year ended December 31, 2016, consistent with conditions in the oil and natural gas industry at the time, the Corporation experienced a significant decline in horizontal and directional drilling and motor rental activity relative to the

comparative period in 2015. The decline in the Corporation's overall 2016 operational activity was due to decreased capital expenditures by the Corporation's key customers as a result of weak commodity prices.

In December 2016, management reduced the amount of the 2015 Credit Facility to \$2,000,000 from \$5,000,000.

2017

In March 2017, the Corporation announced that it intended to investigate entering into the land based contract drilling rig business to complement its business of supplying horizontal and directional drilling technologies for the oil and natural gas industry in North America.

In August 2017, the Corporation completed a private placement with an officer and certain directors of the Corporation of an aggregate of 3,673,000 Shares at a price of \$0.315 per Share for aggregate gross proceeds of approximately \$1,157,000. The gross proceeds were used for general corporate purposes.

On August 15, 2017, Elson McDougald rejoined the Board and Lyle Whitmarsh joined the Corporation as President – Rig Division. Mr. Whitmarsh's primary responsibilities involved the execution of the Corporation's strategic plan to investigate entering the land based contract drilling rig business to complement the Corporation's business of horizontal and directional drilling services, and technology to oil and natural gas customers in Canada.

In October 2017, the Corporation completed the issuance of two tranches of convertible unsecured subordinated debentures of the Corporation (the "**Debentures**") for an aggregate principal amount of \$2,612,000. The Debentures mature on October 31, 2020 (the "**Maturity Date**"), bear interest at a rate of 10% per annum paid semi-annually, in arrears on December 31 and June 30 of each year, and are convertible into Shares at a price of \$0.49 per Share based on a conversion premium of approximately 25% to the last trade on the TSXV on October 6, 2017 (being the date on which the offering of Debentures was announced), subject to adjustments in certain circumstances.

On October 27, 2017, the Corporation entered into an amended and restated commitment letter with the lender under the 2015 Credit Facility providing for a revolving operating loan facility in the initial principal amount of \$3,000,000 (the "**New Credit Facility**"). The New Credit Facility is to be used by the Corporation for working capital purposes and can be increased by an additional \$2,000,000 based on meeting of certain financial tests and at the lender's discretion. At the same time, the lender provided a \$2,500,000 non-revolving acquisition facility, which was used to complete the purchase of assets from Vortex Drilling Ltd. ("**Vortex**") and subsequently repaid following the acquisition. The New Credit Facility is secured by a general security agreement providing a first security interest over all present and after acquired personal property of the Corporation and specifically registered against any applicable serial-numbered equipment.

On October 30, 2017, the Corporation completed the purchase of assets from Vortex through Vortex's court appointed receiver, Deloitte Restructuring Inc. (the "**Receiver**"). Under the terms of an asset purchase agreement with the Receiver, MATRRIX acquired three complete telescopic double drilling rigs and related assets (from Vortex for a purchase price of \$6,100,000. On October 25, 2017, the Court of Queen's Bench of Saskatchewan granted an order approving the purchase and the transactions contemplated thereby, and vesting all of Vortex's right, title and interest in and to the assets in the name of MATRRIX.

On October 31, 2017, the Corporation announced that it intended to complete a brokered private placement of Shares on a best efforts basis at a price of \$0.31 per Share for gross proceeds of approximately \$7 million (the "**Private Placement**"). The proceeds of the Private Placement were to be used for the repayment of debt, capital expansion and working capital. On November 13, 2017, the Corporation announced an increase in the Private Placement to gross proceeds of approximately \$20 million due to strong demand from existing and new shareholders. The Private Placement closed on November 21, 2017, with approximately 64,520,000 Shares being issued at a price of \$0.31 per Share for aggregate gross proceeds of \$20,100,100. In connection with the Private Placement, MATRRIX paid the agent a cash

commission of \$964,454 and issued 3,111,143 options ("**Agent's Options**") in consideration of the services performed by the agent under the Private Placement. Each Agent's Option entitles the agent to purchase one Share at a price of \$0.31 per Share until November 21, 2018. The net proceeds from the Private Placement were used for capital expansion, repayment of debt and working capital.

On November 21, 2017, the Corporation completed the acquisition of Stampede pursuant to an offer (the "**Offer**") to purchase all of the outstanding Class A common shares ("**Class A Shares**") of Stampede and Class B common shares ("**Class B Shares**") of Stampede dated October 31, 2017. At the expiry of the Offer, MATRRIX took up and paid for the 14,600,000 Class A Shares and 3,000,000 Class B Shares that were tendered pursuant to the Offer, being 97.33% of the Class A Shares and 100% of the Class B Shares. The remaining 400,000 Class A Shares were acquired by MATRRIX pursuant to the compulsory acquisition provisions of *The Business Corporations Act* (Saskatchewan). An aggregate of 22,580,640 Shares were issued to former shareholders of Stampede under the offer to purchase on the basis of 1.25448 Shares for each Class A Share and 1.25448 Shares for each Class B Share. Total consideration for Stampede was \$9,258,062, which comprised of 22,580,640 Shares at a price of \$0.41 per Share, being the price of the Shares on the TSXV on the closing date of the acquisition. Pursuant to the acquisition, MATRRIX acquired 3 fully crewed, modern, heavy telescopic double rigs. Founded in 2011, Stampede was a privately owned and operated Saskatchewan drilling rig contractor based in Estevan, Saskatchewan. The management team and field staff are local residents of the Weyburn/Estevan area and, combined, have over 60 years of drilling experience in the southeast Saskatchewan oil and natural gas services industry.

Recent Developments

Subsequent to the year ended 2017, on January 19, 2018, the Corporation acquired all the issued and outstanding shares of D2, 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 6,666,660 Shares at a deemed price of \$0.45 per Share and \$530,000 in cash equal to D2's working capital at the time of closing, for total consideration for the shares of D2 of approximately \$3 million. Additionally, under the terms of an asset purchase agreement with Derek Simpson, the former President of D2, the Corporation acquired additional drilling rig components for aggregate consideration of \$130,000.

On January 23, 2018, Richard T. Ryan ceased to be the President and Chief Executive Officer and Lyle Whitmarsh was appointed President and Chief Executive Officer and a director of MATRRIX. On March 8, 2018, Richard T. Ryan ceased to be a director of the Corporation.

GENERAL DESCRIPTION OF THE BUSINESS

Overview

MATRRIX is a public company engaged in the provision of horizontal and directional drilling technologies and land based contract drilling rig business for the oil and natural gas industry in North America.

The Corporation commenced horizontal and directional drilling operations in Canada during the third quarter of 2011, its U.S. performance drilling operations in the fourth quarter of 2011, and its complementary U.S. horizontal and directional drilling business in the second quarter of 2013. To date, the Corporation has deployed its Systems in the Montney, Glauconite, Cardium, Bakken, Doig, Charlie Lake, Shaunavon, Viking, Nisku, Mannville, Dina, Clearwater, Shundra, Bellow, Livinstone, Ellerslie and Notikewin formations of the WCSB and in the Permian West Texas and in Oklahoma, U.S. It has also deployed its performance motors in the Permian area of West Texas. During the third quarter of 2015, the Corporation ceased operations in the U.S. The Corporation's current principal markets for all of its services are the provinces of Saskatchewan, Alberta and British Columbia.

The Corporation expanded into the land based contract drilling rig business in 2017 through the asset purchase of 3 telescopic double drilling rigs and the acquisition of Stampede, a private drilling company with 3 telescopic double drilling rigs operating in southeast Saskatchewan.

The Corporation has two business segments: (i) the land based contract drilling rig segment; and (ii) the horizontal and directional drilling segment.

The land based contract drilling rig segment operates drilling rigs out of Estevan, Saskatchewan. Current operations for the land based contract drilling rig segment has been focused in the southeast Saskatchewan area.

The horizontal and directional drilling segment is engaged in providing services and supply of oil and natural gas down hole drilling technologies. The horizontal and directional drilling segment operations is located in Leduc, Alberta. Current operations for the horizontal and directional drill segment are focused on the WCSB.

As at December 31, 2017, MATRRIX had a total of 16 Systems currently available for deployment and 7 modern telescopic double drilling rigs, all manufactured since 2011, for deployment.

For the year ended December 31, 2017, the horizontal and directional drilling segment had total revenue of \$8,074,328 up 246%, from \$2,334,339 for the corresponding 2016 period. Total horizontal and directional drilling revenue made up 85% of the Corporation's consolidated revenue for the year ended December 31, 2017.

The land based contract drilling rig segment operations commenced November 21, 2017. Total revenue for the contract drilling rig segment was \$1,453,307 for the year ended December 31, 2017, which comprised 15% of the Corporation's consolidated revenue for the year. Had the acquisition occurred on January 1, 2017, the Corporation estimates that revenue for the year ended December 31, 2017 would have been approximately \$10,779,334, or 57% of the Corporation's consolidated revenue for the year ended December 31, 2017.

Activity in the WCSB is showing signs of recovery, with oil prices reaching into the US\$60 per barrel of oil range in the fourth quarter of 2017. However, the Corporation anticipates 2018 to mirror 2017 for overall rig activity in Canada with slow growth later in the year. The current trend of increased well productivity being drilled in less days has resulted in a decrease in demand for drilling rigs as compared to 2014 in Canada.

Services

Horizontal and Directional Drilling

Management of MATRRIX believes that new drilling techniques and growth in unconventional wells has increased the need for horizontal and directional drilling services, and increased the need for technology surrounding the provision of drilling technology to oil and natural gas producers.

Directional drilling is utilized where surface location may not allow a vertical well to be drilled or geological exposure may be optimized drilling through it directionally.

Horizontal drilling, which is a type of directional drilling, is used to maximize productivity of a reservoir to a greater extent than could be realized with vertical wells. Horizontal wells drill along, rather than through, the reservoir, which exposes the well bore to a greater area of the oil and natural gas formation. It can also be used to increase productivity of a tighter or less permeable reservoir that might flow at a lower rate if drilled vertically, such as shale gas bearing formations.

Horizontal and directional drilling requires specialized tools to measure, direct and alter the orientation of the drill bit. A steerable downhole drilling motor (also known as a mud motor) and the MWD System are used to alter the path of the wellbore from its natural state. The MWD System provides vital information to field staff regarding inclination, direction and toolface orientation, which information is then used to "steer" the wellbore during the drilling process. Reservoir information can be communicated with LWD Systems through the use of natural gamma ray, radiation and/or resistivity sensors. Operators communicate this

information to customer's staff on drilling locations to guide the drill bit toward the target by reorienting the steerable drilling assembly as required. Logging data allows the customer's geologist on location to adjust the wellbore to optimize its position relative to the quality of the pay zone.

Horizontal and directional drilling delivers a significant advantage over conventional drilling in environments of low permeability, or in situations where producers want to accelerate production from a reservoir. A recent trend involves redeveloping mature basins and targeting zones both of which were not previously viable until the introduction of new horizontal multi-stage fracturing technology. Re-entry drilling is an economical method of increasing the recovery from an existing well, as the costs to drill to the point where the direction deviates is avoided, and operators can utilize existing surface facilities.

Downhole Drilling

Motors

Downhole drilling motors are powered hydraulically by the passing of drilling fluid through the center of the motor. This enables rotation of the bit with little or no rotation of the drill string, creating improved efficiency in the drilling process. Motors that have a predetermined offset in their housing are used to produce a controlled angle in a wellbore by orienting their offset in a particular direction, using information transmitted by a MWD System. In addition, drilling motors can be utilized in vertical drilling applications to increase rates of penetration, lowering the overall cost of the wellbore and reducing wear on drilling tubulars.

MWD Equipment

MATRRIX deploys two types of MWD Systems that use a wireless means to transmit data from the bottom of the wellbore to surface.

The MWD mud pulse System uses mud pulse telemetry, which in turn utilizes a downhole choke that creates fluctuations in the overall pressure of the fluid pumped down the drill string. Those pulses are then decoded at surface with specialized computers and software. The MWD mud pulse System uses technology to encode information regarding directional and/or horizontal drilling parameters into the column of drilling fluid inside the drill string. As an added benefit, critical geological parameters (with the addition of an LWD module) are transmitted to surface, enabling MATRRIX customers to evaluate and adjust wellbore parameters on the fly.

The EM MWD System utilizes EM wave propagation which provides real time data and the ability to transmit during pipe connections where the pumps on the rig are not running. With no moving parts, the EM MWD System wave propagation is reliable and cost effective, but does not replace mud pulse telemetry in all cases due to depth and geological limitations. The technique is generally very dependable in shallow wells, however some rock formations are impervious to the electromagnetic signal which creates a disadvantage with respect to mud pulse telemetry. The EM MWD System uses low frequency radio waves to transmit critical horizontal and directional drilling parameters to the surface. Using increased data speeds, the EM MWD System is suitable for drilling environments where rates of penetration are high, or where oil and natural gas customers require greater resolution of data within a given time frame. Certain geological information can also be transmitted, using the optional EM LWD System module that can be added to the EM MWD System.

Well Planning

Well planning involves the opportunity to have the Corporation's practical and engineering resources come to bear on the challenge of creating the optimal directional or horizontal wellbore. It is more than just designing a blueprint of the wellbore intersecting the target. It is also about creating a well plan that seizes

the opportunity to decrease drilling risk, ultimately increasing wellbore production, and increasing customers' return on investment.

Land Based Contract Drilling Rig Services

The Corporation currently provides land based contract drilling rig services in southeast Saskatchewan. The market demand for contract drilling services is subject to the capital expenditure budgets of exploration and production companies. Such capital expenditures are influenced by the ability of exploration and production companies to fund their capital expenditures with cash flow and their access to debt or equity financing for such expenditures. Market fluctuations in the WCSB, commodity prices, the supply of and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulations (including regulations relating to prices, taxes, foreign exchange, royalties, land tenure, allowable production, the import and export of oil and natural gas, and environmental protection) are also important factors in determining the number of oil and natural gas wells drilled by exploration and production companies and, consequently, the demand for MATRRIX's contract drilling services.

Land based contract drilling rig services are performed using drilling rigs and auxiliary equipment pursuant to contracts with exploration and production companies. Such capital expenditures are influenced by the ability of exploration and production companies to find prospects and finance their development. Customers provide instructions to MATRRIX regarding drilling locations and the desired depth of the oil or natural gas well to be drilled. If the well is productive and can be economically produced, the drilling rig will set the production casing or liner to complete the well. The drilling rig may also complete the well or install a wellhead for completion at a later date by a well servicing rig.

Drilling contracts are awarded through competitive bidding, on a negotiated basis and based upon reputation and equipment. In periods of low activity, more contracts are offered on a competitive bid basis, while during periods of high activity, contracts are often awarded on a negotiated basis. Terms and rates will vary depending on competitive conditions, equipment and services to be supplied, the geographical area, the geological formation to be drilled, the onsite drilling conditions and the anticipated duration of the work. The drilling rig contractor provides the drilling rig and crew and is typically responsible for the payment of rig operating and maintenance expenses. Surface lease construction, negotiating access with land owners, rig mobilization expenses as well as third party rentals are generally arranged and paid for by the exploration and production companies. Contract drilling services in Canada are performed primarily pursuant to industry standard drilling contracts endorsed by both the Canadian Association of Oilwell Drilling Contractors and Canadian Association of Petroleum Producers in Canada. The contract can be for a specific well or number of wells or for a specific time period. Generally, contracts are carried out on a daywork basis. Pursuant to daywork contracts, the customer pays a fixed charge per day for the number of days needed to drill a well. Daywork contracts also provide for an hourly rate, day rate, or a lump sum amount, for mobilization of the rig to the well location and for rig-up and rig-down. Daywork contracts typically provide that the drilling company bears very limited downhole risks including time delays for various reasons, a well control situation or a stuck or broken drill string. Although the Corporation's drilling contracts typically contain provisions to minimize the likelihood of cancellations, weakened demand for drilling services, especially when commodity prices collapse or performance issues exist, can result in customers renegotiating or terminating contracts.

Competitive Conditions

The oil and natural gas services business is highly competitive and the utilization and pricing of MATRRIX's services is sensitive to the level of demand for its services. The competitive marketplace for horizontal and directional drilling in both Canada and the U.S. ranges from very large multinational companies to a number of smaller regionalized players. On an international scale, competitors include Baker Hughes Incorporated, Schlumberger Limited, Halliburton Company, Precision Drilling Corporation and Weatherford International Ltd. Smaller domestic competitors in Canada and the U.S. include PHX Energy Services Corp., Enseco Energy Services Corp., Cathedral Energy Services Ltd. and a number of smaller regionalized directional or horizontal drilling companies. Many of the larger competitors carry out extensive research and development

and manufacture their own drilling equipment and components. The land based contract drilling rig business in southeast Saskatchewan is very competitive with a number of large companies and smaller regionalized players with operations in the area.

The oil and natural gas services business is highly competitive and in order to be successful, the Corporation must provide services that meet the specific needs of its customers at competitive prices. Reduced levels of activity in the oil and natural gas industry lower demand for oil and natural gas services, intensify competitive pressures and reduce revenues and margins. The principal competitive factors in the markets in which the Corporation operates are: (i) service quality and availability; (ii) reliability and performance of equipment used to perform its services; (iii) technical knowledge and experience; (iv) a reputation for safety performance; and (v) price. The Corporation competes with several smaller and larger regional competitors. Competitors offer similar services in all geographic regions in which the Corporation operates.

See "*Risk Factors – Competition*".

Sources, Pricing and Availability of Materials, Parts and Products

MATRRIX's ability to compete and expand operations depends on having access, at a reasonable cost, to equipment and components utilized in the manufacture of its drilling rigs and systems. From time to time, MATRRIX makes purchases of certain equipment and components from various suppliers inside and outside the oil and natural gas services industry. MATRRIX has no assurance that sources for equipment and components will remain available and any lack of access to such equipment and components could impair MATRRIX's ability to construct its Systems and drilling rigs and to expand its services. The Corporation sources materials and components based on industry standard terms and pricing. If MATRRIX's suppliers are unable to provide the necessary materials and components, or otherwise fail to deliver products of the quality or in the quantities required, resulting delays in the construction of new Systems and/or drilling rigs could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

See "*Risk Factors – Equipment Construction Risks*" and "*Risk Factors – Dependence on Suppliers*".

Cycles

Reduced levels of activity in the oil and natural gas industry can intensify competition and result in lower revenue to the Corporation in both the horizontal and directional drilling segment and the land based contract drilling rig segment. Variations in the exploration and development budgets of oil and natural gas companies which are directly affected by fluctuations in energy prices, the cyclical nature and competitiveness of the oil and natural gas industry and governmental regulation in all geographic regions in which the Corporation operates, will have an effect on the Corporation's ability to generate revenue and earnings.

Additionally, the level of activity within the oil and natural gas industry in Canada is influenced by seasonal weather patterns. This cyclical nature is also affected by geography within Canada. As a rule of thumb, activity further north in Canada is generally more affected by seasonal weather patterns. However, the annual drilling cycle affects all of Canada and can generally be viewed in four components:

- Spring Break-up – occurs between mid-March and mid-May. The northern drilling locations thaw and southern lands become impractical for travel due to wet road and surface conditions. Drilling and other oilfield activity is generally low with companies planning for the summer drilling season.
- Summer and Fall Drilling Season – occurs between mid-May and mid-October, generally focused on areas that are accessible in the summer (i.e. not situated in areas covered with muskeg); summer drilling activity is generally not as strong as the winter drilling season.

- Switch Over to Winter Drilling Season – occurs between mid-October and mid-November and is characterized by lighter drilling activity when many companies are moving off summer drilling locations and preparing winter drilling leases for delivery of equipment.
- Winter Drilling Season – occurs between mid-November through mid-March and is the period when the majority of rig activity takes place and oil and natural gas companies take advantage of the frozen landscape to access northern drilling locations.

The volatility in the weather and temperature can therefore create widely fluctuating activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the goods and services of the Corporation.

See "*Risk Factors – Seasonality/Weather*".

Environmental Protection

The Corporation operates under the jurisdiction of a number of regulatory bodies and agencies in each of the jurisdictions in which it operates that set forth numerous prohibitions and requirements with respect to planning and approval processes related to land use, sustainable resource management, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife and the environment and the health and safety of workers. Applicable legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain oil and natural gas industry operations. The legislation addresses various permits, drilling, well completion, installation of surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas.

MATRRIX is committed to managing and operating in a safe, efficient, environmentally responsible manner in association with its industry partners and is committed to continually improving its environmental, health, safety and social performance. To fulfill this commitment, the Corporation's operating practices and procedures are consistent with the requirements established for the oil and natural gas industry. MATRRIX supports and endorses the Environmental Operating Procedures developed by the Canadian Association of Petroleum Producers. Key environmental considerations include air quality and climate change, water conservation, spill management, waste management plans, lease and right-of-way management, natural and historic resource protection, and liability management (including site assessment, remediation and reclamation). These practices and procedures apply to the Corporation's employees and MATRRIX monitors all activities and makes reasonable efforts to ensure that companies which provide services to MATRRIX operate in a manner consistent with this environmental policy.

The Corporation believes that it meets all existing environmental standards and regulations and includes sufficient amounts in its capital expenditure budget to continue to meet current environmental protection requirements. Therefore, it is not anticipated that its competitive position within the industry will be adversely affected by changes in applicable legislation. However, no assurance can be given that the application of environmental laws to the business and operations of MATRRIX will not result in a curtailment of its operations or incur a material increase in its costs of operations or other activities or otherwise adversely affect MATRRIX's financial condition, results of operations or prospects. MATRRIX has internal procedures designed to ensure that due diligence reviews to assess environmental liabilities and regulatory compliance are completed prior to proceeding with new acquisitions and developments.

The Corporation maintains an insurance program consistent with industry practice and also has operational and emergency response procedures and occupational health, safety and environmental programs in place to reduce potential loss exposure.

Employees

As at December 31, 2017, MATRRIX had 17 full-time employees at its head office and 105 field employees. In addition, MATRRIX utilized 41 field consultants in 2017.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Corporation or any of its subsidiaries or related entities, or any voluntary bankruptcy, receivership or similar proceeding by the Corporation or any of its subsidiaries since the inception of the Corporation or during or proposed for the current financial year.

Health, Safety, Environmental and Social Policies

MATRRIX's management, employees and all contractors are responsible and accountable for the overall health, safety and environmental program of the Corporation. MATRRIX operates in compliance with all applicable regulations and ensures that all staff and contractors employ sound practices to protect the environment and to ensure employee and public health and safety.

MATRRIX maintains a safe and environmentally responsible work place and provides training, equipment and procedures to all individuals in adhering to its policies. It also solicits and takes into consideration input from neighbors, communities and other stakeholders in regard to protecting people and the environment.

With the addition of the new contract drilling business segment in the fourth quarter of 2017, subsequent to the year ended December 31, 2017, the Corporation split out the Audit, Environmental, Health and Safety Committee into two separate Board committees: (i) the Audit Committee; and (ii) the Environmental, Health and Safety Committee. The Environmental, Health and Safety Committee monitors, and continuously updates, the policies and procedures implemented by management relating to environmental, health and safety matters for adherence by all directors, officers, employees and consultants of the Corporation. The Board receives a report from management at each quarterly Board meeting outlining any environmental or safety incidents that occurred or areas of concern that have arisen since the last quarterly Board meeting. More significant incidents, if any, are discussed in greater detail and management and the Board consider whether any changes should be implemented as a result of the incident.

At the field level, MATRRIX has a corporate environment management system which is continuously updated and meets the regulatory guidelines. Procedures are put in place to ensure that the utmost care is taken in the day-to-day management of MATRRIX's equipment with an emphasis on incident prevention. In addition, MATRRIX requires each of its field workers to have completed industry standard courses.

The Corporation also has an emergency response plan which is prepared in accordance with applicable regulations. The emergency response plan is designed to provide the policies, practices and procedures to be implemented in the event of an emergency situation that arises at or as a result of MATRRIX's operations, including but not limited to: a serious injury or fatality, fire or explosion, uncontrolled or hazardous product release and oil or hazardous chemical spill. The purpose of the emergency response plan is to protect the health, safety and welfare of the public and workers and minimize the potential adverse environmental effects. Management of the Corporation intends to test the emergency response plan in 2018 to ensure its effectiveness and procedures are revised to ensure the Corporation is adhering to the highest industry standards.

RISK FACTORS

The following is a summary only of certain risk factors relating to the business of the Corporation and its subsidiaries and the ownership of Shares. Shareholders, prospective investors and readers should carefully consider all such risk factors contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list, and should not be taken as a

complete summary or description of all the risks associated with the Corporation's business and the oilfield services business generally.

Demand for Services

There are many risks inherent in the oil and natural gas services industry, which even a combination of experience, knowledge and careful evaluation may be difficult to overcome. The demand, price and terms of horizontal and directional drilling services and land based contract drilling rigs are dependent on the level of activity in the industry. Industry conditions are influenced by numerous factors over which MATRRIX has no control, including the level of oil and natural gas prices, expectations about oil and natural gas prices, the cost of exploring for, producing and delivering oil and natural gas, the expected rates of declining current production, the discovery rates of new oil and natural gas reserves, available pipeline and other oil and natural gas transportation capacity, weather conditions, political regulatory and economic conditions, and the ability of oil and natural gas companies to obtain equity or debt financing.

Oil and natural gas exploration and production activity levels are subject to fluctuation and may be impacted by fluctuations in commodity prices, which can be volatile. No assurance can be given that expected trends in oil and natural gas exploration and production activities will continue or that demand for oil and natural gas services will reflect the level of activity in the industry. Any prolonged substantial reduction in oil and natural gas prices is expected to affect oil and natural gas exploration and production activities and therefore affect customer demand for horizontal and directional drilling services. A material decline in oil or gas prices or industry activity could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

Capital Overbuild in the Industry

As a result of the long life nature of drilling equipment and the lag between when the decision to build equipment is made and when equipment is placed into service, the amount of equipment in the industry does not always correlate to the level of demand for the equipment. Periods of high demand often spur increased capital expenditures and those capital expenditures may result in equipment supply exceeding actual demand. The potential of a capital overbuild in the industry could cause MATRRIX's competitors to lower their rates and could lead to a decrease in rates in the oil and natural gas services industry generally, which could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

Volatility and Weakness in the Oil and Natural Gas Industry

MATRRIX is subject to broader geopolitical risk that affects pricing, supply and demand in the oil and natural gas industry. The inability of MATRRIX to deal with a sustained low commodity price environment resulting from geopolitical events beyond the Corporation's control could have a material adverse impact on its business, operations, and prospects.

Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by the Organization of the Petroleum Exporting Countries, slowing growth in emerging economies, market volatility and disruptions in Asia, sovereign debt levels and political upheavals in various countries, have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the inability to get the necessary approvals to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in Western Canada has led to additional downward price pressure on oil and natural gas produced in Western Canada and uncertainty and reduced confidence in the oil and natural gas industry in Western Canada. Lower commodity prices have restricted, and are anticipated to continue to restrict, oil and natural gas producers' cash flows resulting in reduced capital expenditure budgets. Such events directly affect the

demand for drilling services which has, and are anticipated to continue to have, a material adverse effect upon the Corporation's business, financial condition, results of operations and cash flows. If these conditions persist, the Corporation's cash flow may not be sufficient to continue to fund its operations and to satisfy its obligations when due and the Corporation's ability to discharge its obligations will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing or level of pricing from asset sales will be available on terms that are satisfactory to the Corporation or at all.

The Corporation is subject to various laws and regulations that govern the operation and taxation of the Corporation's business. The Corporation's operations may be adversely affected by political, economic or social instability or events. These events may include, but are not limited to, onerous fiscal policy, renegotiation or nullification of agreements and treaties, imposition of onerous regulation, changes in laws governing existing operations, financial constraints, including unreasonable taxation and corrupt behavior of public officials, joint venture partners or third-party representatives that could result in lost business opportunities for the Corporation. This could materially adversely affect the Corporation's business, financial condition, results of operations and cash flows.

Seasonality/Weather

The activities in the oil and natural gas services industry are subject to a degree of seasonality. Operating activities within the Canadian oil and natural gas services industry are generally lower in April and May during spring break up, which leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, and results in severe restrictions in the level of oil and natural gas services. Wet weather and the spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments may enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. The duration of this period will have a direct impact on the level of the Corporation's activities. Certain oil and natural gas producing areas are located in areas that are inaccessible other than during winter months, because the ground surrounding the drillings sites in these areas consists of swampy terrain. Additionally, if an unseasonably warm winter prevents sufficient freezing, MATRRIX may not be able to access well sites and its operating results and financial condition may therefore be adversely affected. The demand for oil and natural gas services may also be affected by the severity of the Canadian winters. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in the weather and temperature can therefore create unpredictability in activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the goods and services of the Corporation.

Government Regulation of Oil and Natural Gas Industry

The oil and natural gas industry is subject to extensive laws and regulations imposed by various levels of government where MATRRIX operates. Compliance with, breaches of, or changes to such laws and regulations could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows. It is not expected that any of these laws or regulations will affect the operations of MATRRIX in a manner materially different than they would affect other oil and natural gas services companies of similar size.

Further, the operations of MATRRIX and its customers are subject to a variety of federal, state, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. MATRRIX believes that it is currently in compliance with such laws and regulations. MATRRIX currently invests financial and managerial resources to ensure such compliance and will continue to do so in the future. However, such laws or regulations are subject to change and accordingly, MATRRIX cannot accurately predict the cost or impact of any change to such laws and regulations on MATRRIX's business, financial condition, results of operations and cash flows.

Material changes to the regulation and taxation of the oil and natural gas industry may reasonably be expected to have an impact on the oil and natural gas services industry. The provincial governments of Alberta, British Columbia, Manitoba and Saskatchewan collect royalties on the production from Crown lands, which affect the Corporation's customers. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. An increase in royalties or other regulatory burdens would reasonably be expected to result in a material decrease in industry drilling and production activity in the applicable jurisdiction, which in turn would lead to corresponding declines in the demand for the goods and services provided by the Corporation in such jurisdiction. Conversely, reductions in royalties and other government regulations may reasonably be expected to have a positive impact on the Corporation's business.

Any initiatives by the governments in the regions in which the Corporation operates to set legally binding targets to reduce emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases" ("**GHGs**") could have direct or indirect compliance costs. Such initiatives and costs may adversely affect the oil and natural gas business, which in turn may directly or indirectly adversely affect the oil and natural gas services industry in which the Corporation participates. The impact of such effects and/or costs is not yet certain.

In 2016, Alberta enacted the *Climate Leadership Act* and associated regulations to meet its mandate to address climate change. As a result, effective January 1, 2017, a carbon levy is applied to all fuels that emit GHGs when combusted. On January 1, 2018, the carbon levy was further increased. The levy applies to certain of the fuels the Corporation utilizes in its operations and will result in increased operating costs. The timing and impact of this regulatory change on the Corporation's customers varies.

Environmental Regulation and Liability

The oil and natural gas industry is currently subject to federal, provincial and state environmental laws and regulations. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain oil and natural gas industry operations. In addition, certain legislation requires that well and facility sites are abandoned and reclaimed. Compliance with such legislation can require significant expenditures and a breach of such legislation may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of fines and penalties. These environmental compliance obligations are primarily the responsibility of the oil and natural gas companies which contract with MATRRIX; however, where applicable directly to MATRRIX, MATRRIX is committed to meeting its responsibilities in all material respects to protect the environment wherever it operates.

In addition, the trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, particularly the generation of carbon emissions; the building and maintenance of pipelines; hydraulic fracturing and water use. These restrictions and limitations may continue to increase in the future which may increase operating costs for both MATRRIX and its customers, may restrict the Corporation's activities and may result in a decreased demand for the Corporation's services.

The Corporation is subject to the operating risks inherent in the industry, including environmental damage. The Corporation has established programs to address compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that the Corporation's procedures will prevent environmental damage occurring from spills of materials handled by the Corporation or that such damage has not already occurred. On occasion, substantial fines or liabilities to third parties may be incurred. The Corporation may have the benefit of insurance maintained by it or the exploration and production company operating the well; however, the Corporation may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons, which may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Competition

Competition could adversely affect MATRRIX's performance. The oil and natural gas services industry is characterized by intense competition and MATRRIX competes directly with other companies that have greater resources and access to capital. Oversupply of horizontal and directional drilling equipment and drilling rigs can cause greater price competition. Competitors compete primarily on a regional basis, and the intensity of competition may vary significantly from region to region at any particular time. If the demand for services is better in a region where MATRRIX operates, its competitors may respond by moving in suitable equipment from other regions, by reactivating previously inactive equipment or purchasing new equipment. An influx of equipment into a market area from any source could intensify competition and make any improvement in demand for equipment short-lived.

The Corporation's ability to generate revenue and earnings depends primarily upon its ability to win bids in competitive bidding processes and to perform awarded projects within estimated times and costs. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Corporation or that new competitors will not enter the various markets in which the Corporation is active. Reduced levels of activity in the oil and natural gas industry can intensify competition and result in lower revenue to the Corporation. Variations in the exploration and development budgets of exploration and production companies which are directly affected by fluctuations in energy prices, the cyclical nature and competitiveness of the oil and natural gas industry and governmental regulation may have a material adverse effect upon the Corporation's business, financial condition, results of operations and cash flows.

Service Agreements and Contracts

The business operations of MATRRIX will depend, to a certain extent, on industry standard agreements and closed bid processes with its customer base, some of which are cancellable at any time by MATRRIX or its customers upon certain conditions being met. The key factors which will determine whether a customer continues to use MATRRIX are: (i) service quality and availability; (ii) reliability and performance of personnel and equipment used to perform its services; (iii) technical knowledge and experience; (iv) reputation for safety; and (v) competitive pricing. There can be no assurance that MATRRIX's relationship with its customers will continue, and a significant reduction or total loss of the business from a customer, if not offset by sales to new or existing customers, could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows. At times, a number of MATRRIX's drilling rigs may be under long-term take-or-pay contracts which provide a base level of future revenue over the term of the contract. MATRRIX is subject to the risk that customers may not honour these types of agreements or any other agreements with, or commitments to, MATRRIX. In addition, MATRRIX is subject to counter-party credit risk which increases materially in a low commodity price environment. Breaches of agreements or commitments by MATRRIX's customers, or failure or inability to pay by MATRRIX's customers, could materially reduce the Corporation's revenue and profitability and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Reliance on Major Customers

MATRRIX's success depends on the ability of MATRRIX's customers to select and acquire suitable producing properties or undeveloped exploration prospects. The marketability of any oil and natural gas assets acquired or discovered by MATRRIX's customers is affected by numerous factors beyond the control of such customers. These factors include market fluctuations, the price of crude oil and natural gas, the supply and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment, oil and natural gas environment activism and government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production, the import and export of oil and natural gas, and environmental protection. All of these factors which could affect the Corporation's

customers therefore could also negatively affect MATRRIX's business, financial condition, results of operations and cash flows.

The loss of a significant customer, or any significant decrease in services provided to a customer, prices paid or any other changes to the terms of services with customers, if not offset by sales to new or existing customers, could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

Equipment Construction Risks

MATRRIX currently manufactures and constructs Systems for its own use related to the horizontal and directional drilling segment depending on forecasted activity. MATRRIX also upgrades rigs related to its land based contract drilling rig segment. For both segments, MATRRIX estimates the cost of the construction and the timeline for completing the construction. Actual costs of construction may, however, vary significantly from those estimated as a result of numerous factors, including, without limitation: changes in input costs; variations in labor rates; and, to the extent that component parts must be sourced from other countries, fluctuations in exchange rates. In addition, several factors could cause delays in construction, including, and without limitation, shortages in skilled labor and delays or shortages in the supply of component parts. Construction delays may lead to postponements of the anticipated date for deployment of the newly constructed equipment into operation and any such postponement could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

Credit Risk

Credit risk in MATRRIX's business arises primarily from credit exposure to customers in the form of outstanding accounts. The maximum exposure to credit risk is equal to the carrying amount of the financial assets. The Corporation generally grants unsecured credit to its customers; however, the Corporation applies evaluation procedures to new customers and analyzes and reviews the financial health of its current customers on an ongoing basis. The allowance for doubtful accounts and past due receivables are reviewed by management on a regular basis. Accounts receivable are considered for impairment on a case by case basis when they are past due or when objective evidence is received that a customer may default. The Corporation takes into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Corporation accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual amount receivable. When a receivable balance is considered uncollectible it is written off against the allowance for doubtful accounts. Subsequent recovery of amounts previously written off are included in net earnings. Based on the nature of its operations, the Corporation will always have a concentration of credit risk as nearly all of the Corporation's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. In certain circumstances the Corporation has the ability to lien wells within 90 days of completion of work to help minimize the risk for uncollected amounts.

In the event such customers fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. While the Corporation has a credit management program to assist in managing the risk in collecting its receivables as outlined above, collection of such receivables may be impacted by unfavourable industry conditions including fluctuations in the level of commodity prices. To the extent that any of the Corporation's customers go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such customers. Any of these factors could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Equipment and Technology Risks

Complex drilling and completions programs for the exploration, development and production of conventional and unconventional oil and natural gas reserves in North America demand high performance

equipment. The abilities of oil and natural gas service providers to meet these demands will depend on continuous improvement of existing rig technology such as drive systems, control systems, automation, mud systems and top drives to improve drilling efficiency. MATRRIX's ability to deliver equipment and services that are more efficient than its competitors is critical to continued success. There is no assurance that competitors will not achieve technological improvements that are more advantageous, timely or cost effective than improvements developed by MATRRIX.

The ability of MATRRIX to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment and there can be no assurance that MATRRIX will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. Other companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If the Corporation does implement such technologies, there is no assurance that the Corporation will do so successfully. In such case, the Corporation's business, financial condition, results of operations and cash flows could be materially adversely affected. If the Corporation is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition, results of operations and cash flows could also be adversely affected in a material way.

Certain of the Corporation's equipment may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be preferable for environmental or other reasons. The Corporation will need to keep current with the changing market for oil and natural gas services and technological and regulatory changes. If the Corporation fails to do so, this could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

MATRRIX currently owns its own horizontal and directional drilling equipment and land based contract drilling rigs and makes additional purchases of certain drilling equipment from time to time from various suppliers in the oil and natural gas services industry. There can be no assurance that these sources for equipment will be maintained. If such equipment is not made available and is not available from any other source, the Corporation's ability to compete may be impaired.

MATRRIX has not sought or obtained patent or other similar protection in respect of any equipment or technology it has developed independently. In the future, MATRRIX may seek patents or other similar protections in respect of particular equipment and technology; however, MATRRIX may not be successful in such efforts. Competitors may also develop similar equipment and technology to that of MATRRIX, thereby adversely affecting MATRRIX's competitive advantage in one or more of its businesses. Additionally, there can be no assurance that certain equipment or technology developed by MATRRIX may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on the business, financial condition, results of operations and cash flows of MATRRIX.

In the future MATRRIX may seek patents or other similar protections in respect of particular tools, equipment and technology; however, MATRRIX may not be successful in such efforts. Competitors may also develop similar tools, equipment and technology to those of MATRRIX thereby adversely affecting MATRRIX's competitive advantage in one or both of its businesses. Additionally, there can be no assurance that certain tools, equipment or technology which may be developed by MATRRIX, may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. MATRRIX cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

Stage of Development for the Land Based Contract Drilling Rig Segment

An investment in MATRRIX is subject to certain risks related to the nature of MATRRIX's business and its newly acquired land based contract drilling rig business segment. There are numerous factors which may affect the success of MATRRIX's business which are beyond MATRRIX's control including local, national and international economic and political conditions described in this Annual Information Form. MATRRIX's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome. MATRRIX has a limited history of land based contract drilling rig operations and there can be no assurance that MATRRIX's business will be successful or profitable.

Reliance on Key Personnel

The success of the Corporation is dependent upon its key personnel. The Corporation may, at times, not be able to find enough skilled labour to meet its needs, which could limit its growth. The Corporation may also have difficulty finding enough skilled and unskilled labourers in the future if demand for its services increases. Shortages of qualified personnel have occurred in the past during periods of high demand and there is no guarantee that such shortages will not occur in the future. In addition, periods of increased demand have typically led to wage rate increases which may or may not be reflected by service rate increases, while in periods of decreased demand wages may or may not be reduced to offset a potential reduction in operational day rates.

The Corporation's ability to provide reliable services is dependent upon the availability of well-trained, experienced crews to operate its field equipment. The Corporation must also balance the requirement to maintain a skilled workforce with the need to establish cost structures that fluctuate with activity levels. Within the Corporation, the most experienced employees are retained during periods of low utilization by having them fill lower level positions on field crews. It is not uncommon for the Corporation's business to experience manpower shortages in peak operating periods.

The loss of the services of such key personnel may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. The ability of the Corporation to expand its services is dependent upon its ability to attract additional qualified employees. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. The unexpected loss of the Corporation's key personnel, or the inability to retain or recruit skilled personnel could have a material adverse affect on the Corporation's business, financial condition, results of operations and cash flows.

Dependence on Suppliers

Failure of suppliers to deliver equipment in a timely and efficient manner could be detrimental to the Corporation's ability to keep customers and to grow. In addition, certain equipment is manufactured specifically for the Corporation and the Corporation is dependent upon the continued availability of the manufacturer and the maintenance of the quality of manufacturing. No assurances can be given that the Corporation will be successful in maintaining its required supply of equipment and if such equipment is not available. If any of the Corporation's suppliers are unable to provide the necessary equipment or parts or otherwise fail to deliver products that meet the Corporation's quality standards or the quantities required, any resulting delays in the provision of services, or in the time required to source and enter agreements

with new suppliers, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation makes acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions, including the acquisitions of the Vortex assets, Stampede and D2, depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of an acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services.

MATRRIX expects to continue to selectively seek strategic acquisitions. MATRRIX's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to it may be limited by the number of attractive acquisition targets, internal demands on MATRRIX's resources and, to the extent necessary, MATRRIX's ability to obtain financing on satisfactory terms, if at all. Acquisitions may expose MATRRIX to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems; managing newly acquired operations and improving their operating efficiencies; difficulties in maintaining uniform standards, controls, procedures and policies through all of MATRRIX's operations; entry into markets in which MATRRIX has little or no direct experience; difficulties in retaining key employees of the acquired operations; and disruptions to MATRRIX's ongoing business. In addition, future acquisitions could result in the incurrence of additional debt, costs and contingent liabilities. MATRRIX may also incur costs for and divert management attention to potential acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize. MATRRIX's failure to effectively address any of these issues could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

While MATRRIX's acquisition process typically includes due diligence on the business or assets to be acquired and the acquisition agreements typically include detailed representations and warranties respecting the business or assets being acquired, there can be no assurance that MATRRIX will not become subject to certain undisclosed liabilities in proceeding with such transactions. In addition, any representations and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, the financial resources of the indemnitor or warrantor or for other reasons. MATRRIX has completed a number of acquisitions and there may exist liabilities that MATRRIX's due diligence failed or was unable to discover prior to the consummation of these acquisitions. To the extent that prior owners of businesses failed to comply with, or otherwise violated, applicable laws, MATRRIX, as a successor-owner, may be financially responsible for these violations. The discovery of any material liabilities could have a material adverse effect on MATRRIX's business, financial condition, results of operations and cash flows.

The Corporation may make dispositions of businesses and assets in the ordinary course of business. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market, certain non-core assets of the Corporation, if disposed of, could result in the Corporation receiving less than their carrying amount.

Substantial Capital Requirements and Additional Funding Requirements

MATRRIX's cash flow from its operations may not be sufficient to fund its ongoing activities at all times. As the Corporation's revenues and cash flow may decline because of decreased activity levels, it has and may be required to further reduce its planned capital expenditures. In addition, uncertain levels of near term

industry activity coupled with the uncertain global economy exposes the Corporation to additional capital risk. From time to time, MATRRIX may require additional financing in order to carry out its operations. Failure to obtain such financing on a timely basis could cause MATRRIX to reduce or terminate its operations. If MATRRIX's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on terms acceptable to MATRRIX. The Corporation's inability to raise financing to support ongoing operations or to Corporation capital expenditures or acquisitions could limit the Corporation's growth and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Where additional financing is raised by the issuance of Shares or securities convertible into Shares, control of the Corporation may change and Shareholders may suffer dilution to their investment.

Issuance of Debt

From time to time, MATRRIX may enter into transactions to acquire assets or the shares of other entities. Those transactions may be financed partially or wholly with debt, which may increase MATRRIX's debt levels above its industry peers. Depending on future plans, MATRRIX may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither MATRRIX's articles nor its bylaws limit the amount of indebtedness that MATRRIX may incur. The level of MATRRIX's future indebtedness from time to time could impair MATRRIX's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Variations in Foreign Exchange Rates and Interest Rates

World oil and natural gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate which will fluctuate over time. Any material increases in the value of the Canadian dollar negatively impact the revenues of exploration and production companies, and consequently, the revenues of oil and natural gas services companies such as the Corporation. Any material increases in the value of the Canadian dollar can have a potential negative impact and may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Additionally, MATRRIX purchases equipment from outside of Canada and therefore decreases in the value of the Canadian dollar can have potential negative impacts on the Corporation's purchasing power for its equipment. An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount available to fund its capital expenditure program.

Management of Growth

MATRRIX may be subject to growth-related risks including capacity constraints and pressure on its internal systems, controls and personnel. The ability of MATRRIX to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of MATRRIX to deal with this growth could have a material adverse impact on its business, financial condition, results of operations and cash flows.

Conflicts of Interest

The directors and officers of MATRRIX may also be directors or officers of other companies involved in the oil and natural gas industry and situations may arise where they are in a conflict of interest with MATRRIX. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the ABCA, which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with MATRRIX to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. Conflicts, if any, will be subject to the procedures and remedies of the ABCA. See "*Directors and Officers – Conflicts of Interest*".

Unpredictability and Volatility of Share Price

The trading price of securities of oil and natural gas services issuers is subject to substantial volatility. This volatility is often based on factors both related and unrelated to the financial performance or prospects of the issuers involved. A publicly traded corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Shares will trade cannot be predicted. The market price of the Shares could be subject to significant fluctuations in response to variations in quarterly operating results and other factors, including local and global economic conditions, governmental/regulatory actions or inactions, speculation made by media or the investment community, industry conditions, commodity prices, foreign exchange rates and political or other events unrelated to MATRRIX's operating performance. Investors should not place undue reliance on historical share price as an indicator of future share price and should seek advice from a financial expert prior to investing.

In addition, the securities markets have experienced significant market wide and sectoral price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating performance of particular issuers. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices or current perceptions of the oilfield services industry or oil and natural gas market. Such fluctuations could have a material adverse effect on the market price of the Shares.

Risks of Interruption and Casualty Losses

MATRRIX's operations are, or will be, subject to many hazards inherent in the oil and natural gas services industry, including unusual or unexpected geological formations, pressures, blowouts, cratering, explosions, fires, loss of well control, damaged or lost drilling, well servicing and oilfield rental equipment, and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage, pollution, damage to the property of others and damage to producing or potentially productive oil and natural gas formations through which MATRRIX's drilling equipment operates. Generally, land based drilling contracts provide a clear division of the responsibilities between an oil and natural gas services company and its customer and MATRRIX seeks to obtain indemnification from its customers by contract for certain of these risks. MATRRIX also seeks protection through insurance. However, MATRRIX cannot guarantee that such insurance or indemnity provisions will adequately protect it against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a customer or insurer to meet its indemnification or insurance obligations, could result in substantial losses to the Corporation. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate or the Corporation may elect not to insure because of high premium costs or other reasons. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic. Although MATRRIX maintains liability insurance in an amount which it considers adequate, there can be no assurance that insurance will continue to be available to MATRRIX on commercially reasonable terms, that the possible types of liabilities that may be incurred by MATRRIX will be covered by its insurance, or that the dollar amount of such liabilities will not exceed MATRRIX's policy limits, in which event MATRRIX could incur significant costs that could have a material adverse effect upon its business, financial condition, results of operations and cash flows.

Safety Performance

The safety performance of the Corporation is an important part of the Corporation's business and its customer's businesses. MATRRIX develops, implements and monitors strategies to ensure all of the Corporation's operations are meeting regulatory and internal safety policies and procedures. The Corporation's safety performance is continuously monitored at all levels of the Corporation, including at the Board level. A decline in the Corporation's safety performance could negatively impact the Corporation's ability to perform work for certain customers or potential customers, and therefore could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Tax Matters

The taxation of corporations is complex. In the ordinary course of business, MATRRIX may be subject to ongoing audits by tax authorities. While MATRRIX believes that its tax filing positions are appropriate and supportable, it is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. In addition, the previous tax filing positions of businesses acquired by MATRRIX may be reviewed and challenged by tax authorities. If such challenge were to succeed, it could have a material adverse effect on MATRRIX's tax position. Further, the interpretation of and changes in tax laws, whether by legislative or judicial action or decision, and the administrative policies and assessing practices of taxation authorities, could have a material adverse effect on MATRRIX's tax position. As a consequence, MATRRIX is unable to predict with certainty the effect of the foregoing on MATRRIX's taxes payable, effective tax rate and earnings. MATRRIX regularly reviews the adequacy of its tax provisions and believes that it has adequately provided for those matters. Should the ultimate outcomes materially differ from these provisions, MATRRIX's taxes payable, effective tax rate and earnings may be affected positively or negatively in the period in which the matters are resolved. MATRRIX intends to mitigate this risk through ensuring that tax filing positions are carefully scrutinized by management and external consultants, as appropriate. There can be no assurance that income tax laws or the interpretation thereof in any of the jurisdictions in which MATRRIX operates will not be changed or interpreted or administered in a manner which adversely affects MATRRIX and its shareholders. In addition, there is no assurance that the Canada Revenue Agency will agree with the manner in which MATRRIX calculates income or taxable income for tax purposes or that any of the other tax agencies will not change their administrative practices to the detriment of MATRRIX, Shareholders or both.

Asset Impairment

The Corporation is required to periodically review asset balances including goodwill and capital assets for impairment when certain factors indicate the need for analysis. In the case of goodwill, if any exists on the balance sheet, an impairment test must be completed at least annually. These calculations are based on management's estimates and assumptions at the time the analysis is made. Several factors are included in this analysis and may include changes in share price, cash flow and earnings estimates, changes in market conditions, and general local and global economic conditions. Any resulting future impairment write down to goodwill or capital assets could result in a non-cash charge against net earnings, and could be material in nature.

Information Technology Security

The risk of cyber-attacks targeting the industry is increasing. MATRRIX relies on various information systems to manage its business. The Corporation has employed security measures and procedures to mitigate the risk of cyber-attacks, and has taken precautions to protect critical infrastructure from failure. Despite reasonable efforts, our business is still exposed to cyber-attacks with increasing sophistication and frequency. Critical systems are built with redundancies in mind, but catastrophic failures can still occur through natural or malicious causes. In the event of a security or infrastructure failure our business could be adversely affected in ways such as, but not limited to, outages, data corruption or loss, unauthorized disclosure, reputational harm, delays, lost profits, damage to assets, and inability to fulfill critical business functions. We have not experienced any material impact from cyber-attacks or infrastructure failures to date, however, there is no guaranteed protection from these threats.

Forward-Looking Statements May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual

results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumption and uncertainties are found under the heading "*Special Note Regarding Forward-Looking Statements*" in this Annual Information Form.

Availability of Current Credit Facilities

The amounts available under the New Credit Facility are subject to periodic review by the Corporation's lenders, with the next scheduled review to occur in October 2018. There is no assurance that the amounts available to the Corporation under the New Credit Facility may not be reduced and, if the amounts available are reduced to below the amounts outstanding thereunder at the time, the excess amounts will be required to be repaid. In such event, the Corporation will have to repay such amounts from other sources, including cash flow, equity issuances or other financing alternatives, which may or may not be available or, if available, may not be available on favourable terms. The Corporation's ability to access the New Credit Facility is also directly dependent, among other factors, on satisfaction of certain financial ratios and other restrictive covenants. A breach of these covenants, which may be affected by events beyond the Corporation's control, could constitute an event of default which, if not cured or waived, could result in the amounts outstanding under the New Credit Facility to become due and payable immediately. There is no certainty that the Corporation would be in a position to make such repayment. Even if the Corporation is able to obtain new financing in order to make any required repayment under the New Credit Facility, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under the New Credit Facility, the lenders could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Cash Flow Risk

With expansion into the land based contract drilling rig business and the resulting expected deployment of the current cash position, the Corporation will require sufficient cash flow in the future in order to service and repay any current and future indebtedness incurred, including the Debentures. The Corporation's ability to generate sufficient cash flow to meet these obligations is to a certain extent, subject to global economic, financial, competitive and other factors that may be beyond its control. If the Corporation is unable to attain future borrowings or generate cash flow from operations in an amount sufficient to service and repay its indebtedness, the Corporation will need to refinance or be in default under the agreements governing its indebtedness and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets. Such refinancing or alternative measures may not be available on favorable terms or at all. In particular, due to the ongoing conditions in the oil and natural gas and oil and natural gas services industries and/or global economic volatility, the Corporation may from time to time have restricted access to capital and increased borrowing costs. The current conditions in the oil and natural gas and oil and natural gas services industries have negatively impacted the ability of such companies to access additional financing. The inability to service, repay and/or refinance its indebtedness could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Political Uncertainty

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that impact the oil and natural gas industry, including the balance between economic development and environmental policy. Recently, the change of government in British Columbia and announcements and actions by the new government have resulted in increased uncertainty that the Trans-Mountain Pipeline project and other infrastructure projects will be completed on the timing currently contemplated or at all. Any actions taken by federal, provincial or municipal governments in Canada may have a further negative impact on the ability to alleviate some of the constraints on the export of crude oil, natural gas and NGLs outside of Canada and the oil and natural gas industry in Canada overall, which in turn has a negative impact on the oil and natural gas services industry.

Further, in the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. During the 2016 presidential campaign, a number of election promises were made and the new American administration has begun taking steps to implement certain of these promises. The administration has announced withdrawal of the United States from the Trans-Pacific Partnership and Congress has passed sweeping tax reform, which, among other things, significantly reduces U.S. corporate tax rates. This may affect competitiveness of other jurisdictions, including Canada. The North American Free Trade Agreement is currently under renegotiation and the result is uncertain at this time. The administration is also proceeding with various measures to implement a tax on the importation of goods into the United States, reduction of regulation in the United States, and the introduction of laws to reduce immigration and restrict access into the United States for citizens of certain countries. These actions may impact Canada and in particular the oil and natural gas industry. It is unclear exactly what other actions the administration in the United States will implement, and if implemented, how these actions may impact Canada and in particular the oil and natural gas industry. Any actions taken by the United States administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian oil and natural gas companies, which would in turn impact the Corporation.

In addition to the political disruption in the United States, the citizens of the United Kingdom voted to withdraw from the European Union and the government of the United Kingdom has begun taking steps to implement such withdrawal. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could have an adverse effect on oil and natural gas producers' ability to market products internationally, increase costs for goods and services required for the Corporation's operations, reduce access to skilled labour and negatively impact the Corporation's business, financial condition, results of operations and cash flows.

Climate Change

The Corporation's and/or its customers' operations and activities emit GHGs and require the Corporation to comply with GHG emissions legislation at the provincial or federal level or that may be enacted in other states or areas in which the Corporation carries on operations. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the United Nations Framework Convention on Climate Change (the "UNFCCC") and a signatory to the Paris Agreement, which was ratified in Canada on October 3, 2016, the Government of Canada pledged to cut its GHG emissions by 30% from 2005 levels by 2030. One of the pertinent policies announced to date by the Government of Canada to reduce GHG emission is the planned implementation of a nation-wide price on carbon emissions. Provincially, the Government of Alberta has already implemented a carbon levy on almost all sources of GHG emissions, now at a rate of \$30 per tonne. The direct or indirect costs of these regulations may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Given the evolving nature of the debate related to climate change and the control of GHGs and resulting requirements, it is not possible to predict the impact on the Corporation and its business, financial condition, results of operations and cash flows.

Changing Investor Sentiment

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, concerns of the impact of oil and natural gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during transportation and concerns of indigenous rights, have affected certain investors' sentiments towards investing in the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they no longer are willing to fund or invest in oil and natural gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more

robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees of the Corporation. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the oil and natural gas industry, including potentially the oil and natural gas services sector. Any reduction in the investor base interested or willing to invest in the oil and natural gas industry and more specifically, the Corporation, may result in limiting the Corporation's access to capital, increasing the cost of capital and decreasing the price and liquidity of the Shares.

Litigation

In the normal course of the Corporation's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, relating to personal injuries, property damage and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation, and as a result, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Intellectual Property Litigation

Due to the rapid development of oil and natural gas and drilling technology, in the normal course of the Corporation's operations, the Corporation may become involved in, named as a party to, or be the subject of, various legal proceedings in which it is alleged that the Corporation has infringed the intellectual property rights of others or commenced lawsuits against others who the Corporation believes are infringing upon its intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (i) pay substantial damages; cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (ii) expend significant resources to develop or acquire non-infringing intellectual property; (iii) discontinue processes incorporating infringing technology; or (iv) obtain licenses to the infringing intellectual property. However, the Corporation may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or license could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Breach of Confidentiality

In the normal course of the Corporation's business, the Corporation may discuss potential business relationships, transactions with third parties, financing solutions or other activities and at which time the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. The Corporation takes commercially reasonable measures to ensure confidentiality agreements are signed by third parties prior to the disclosure of any confidential information or to otherwise ensure the confidentiality of such information is maintained; however a breach or failure of these measures could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Foreign Operations

The Corporation ceased its business operations in the U.S. in the third quarter of 2015; however, the Corporation's growth plans may contemplate establishing operations again in the U.S. and in additional foreign countries, including countries where the political and economic systems may be less stable than those in North America. Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, inflation, repatriation of earnings, social unrest or civil war, acts of terrorism, extortion or armed conflict and uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, they could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Dividends

The Corporation has not paid any dividends on its outstanding Shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Corporation, the need for funds to finance ongoing operations and other considerations, as the Board considers relevant.

DESCRIPTION OF CAPITAL STRUCTURE

MATRRIX is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As at the date of this Annual Information Form, there were 129,744,940 Shares and no preferred shares issued and outstanding. Additionally, the Corporation has \$2,612,000 aggregate principal amount of Debentures outstanding as at the date of this Annual Information Form. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of the Corporation.

Shares

The holders of Shares are entitled to receive notice of, to attend and vote at any meetings of the Shareholders, to receive dividends if, as and when declared by the Board and, upon liquidation, dissolution or winding-up of the Corporation, to receive the remaining property of the Corporation after the claims of creditors and holders of preferred shares outstanding at the time have been satisfied.

Preferred Shares

Preferred shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the Board determines prior to the issue thereof. Preferred shares rank prior to the Shares with respect to the payment of dividends and distribution in the event of liquidation, dissolution or winding-up of the Corporation.

Debentures

In October 2017, the Corporation issued \$2,612,000 aggregate principal amount of Debentures (the "**Principal Amount**") at a price of \$1,000 per Debenture. The Debentures are governed by stand-alone certificates issued to each holder of Debentures. The Debentures bear interest at a rate of 10% per annum, paid semi-annually in arrears on December 31 and June 30 of each year and are convertible into Shares at a price of \$0.49 per Share, subject to adjustment in certain circumstances. The Principal Amount is convertible at the option of the holder at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the Maturity Date; (ii) if called for redemption, on the business day immediately preceding the date fixed for redemption; or (iii) if called for repurchase pursuant to a transaction resulting in any person or persons acquiring voting control or direction over at least 50% of the aggregate voting rights attached to the common shares then outstanding, on the business day immediately preceding the payment date. The Debentures may not be redeemed by the Corporation prior to October 31, 2018. On and after October 31, 2018 and prior to October 31, 2019, the Debentures may be redeemed by the

Corporation, in whole or in part from time to time, on not more than 60 days and not less than 40 days prior notice at a redemption price equal to their Principal Amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the weighted average trading price of the Shares on the TSXV, for the 30 consecutive trading days ending five trading days prior to the date on which notice of redemption is provided is at least 125% of the conversion price. On and after October 31, 2019 and prior to the Maturity Date, the Debentures may be redeemed by the Corporation, from time to time, on not more than 60 days and not less than 40 days prior notice of redemption at a redemption price equal to the Principal Amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

DIVIDENDS

The Board has not declared or paid any dividends or distributions on the Shares to date. The payment of dividends or distributions in the future is at the discretion of the Board and will be dependent on the Corporation's earnings, financial condition and such other factors as the Board considers appropriate.

MARKET FOR SECURITIES

Trading Price and Volume

The Shares are listed and posted for trading on the TSXV under the symbol "MXX". The following table sets forth the high and low sales prices (which are not necessarily the closing prices) and the trading volumes for the Shares on the TSXV as reported by the TSXV for the periods indicated since the beginning of the year ended December 31, 2017:

2017	High (\$)	Low (\$)	Close (\$)	Volume
January	0.24	0.15	0.24	55,621
February	0.25	0.21	0.22	270,815
March	0.245	0.215	0.215	19,516
April	0.43	0.235	0.24	41,713
May	0.40	0.24	0.305	202,474
June	0.35	0.27	0.27	234,593
July	0.30	0.275	0.285	98,734
August	0.47	0.285	0.40	277,491
September	0.45	0.355	0.36	121,500
October	0.55	0.39	0.40	686,541
November	0.55	0.39	0.50	1,908,928
December	0.495	0.41	0.41	316,247
2018				
January	0.50	0.375	0.44	1,384,278
February	0.45	0.36	0.41	431,599
March	0.43	0.35	0.35	963,064
April (1 – 12)	0.37	0.28	0.285	476,510

Prior Sales

The following table sets forth, for each class of securities of the Corporation that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class were issued during the most recently completed financial year and the number of securities of the class issued at that price and the date on which the securities were issued.

Date of Issue/Grant	Number and Designation of Securities	Issue/Exercise Price (\$)
March 29, 2017	60,000 Options	0.22
June 28, 2017	525,860 Options	0.27
August 18, 2017	450,000 Options	0.315
October 18, 2017	\$2,305,000 aggregate principal amount of Debentures ⁽¹⁾	1,000
October 27, 2017	\$307,000 aggregate principal amount of Debentures ⁽¹⁾	1,000
November 1, 2017	150,000 Options	0.40
November 21, 2017	360,000 Options	0.41
November 21, 2017	3,111,143 Agent's Options ⁽²⁾	0.31

Notes:

- (1) See the description of the Corporation's private placement of Debentures under "*General Development of the Business – Three Year History – 2017*" and "*Description of Capital Structure – Debentures*" for additional details.
- (2) See the description of the Corporation's private placement which closed November 13, 2017 under "*General Development of the Business – Three Year History – 2017*" for additional details.

DIRECTORS AND OFFICERS

Directors and Officers

The following table sets forth: (i) the name, province and country of residence and present position(s) with MATRRIX of each director and officer of the Corporation; (ii) the principal occupation, business or employment of each director and officer of the Corporation during the five preceding years; and (iii) the period during which each director of the Corporation has served as a director. Directors are elected at each annual meeting of Shareholders for a one year term. The directors and officers of the Corporation, as a group, beneficially own, or control or direct (directly or indirectly), an aggregate of 8,220,691 Shares as at the date of this Annual Information Form.

Name, Residence and Position with MATRRIX	Principal Occupation During the Five Preceding Years	Director Since
Thane Russell ⁽¹⁾⁽²⁾ Chairman <i>Alberta, Canada</i>	President of Absolute Energy Limited, a private engineering, design and manufacturing company, since April 2017; prior thereto, Vice President, Business Development and Technology of Absolute Completion Technologies Ltd. since 2002	June 16, 2015

Name, Residence and Position with MATRRIX	Principal Occupation During the Five Preceding Years	Director Since
Elson J. McDougald ⁽³⁾ Director <i>Alberta, Canada</i>	Independent businessman since August 2015; prior thereto, Executive Chairman of CanElsion Drilling Inc. from December 2010 to August 2015	August 15, 2017 ⁽⁴⁾
Rodger G. Hawkins ⁽¹⁾⁽³⁾ Director <i>Alberta, Canada</i>	Independent business advisor since January 2007	September 15, 2011
Terrance J. Owen ⁽²⁾ Director <i>Alberta, Canada</i>	Chairman, President and Chief Executive Officer of Hammerstone Corporation, a private aggregate material supply company which is part of the Brookfield Asset Management group of companies, since February 2009	September 15, 2011
Matthew Andrade ⁽¹⁾⁽²⁾ Director <i>Alberta, Canada</i>	Director, Investments for Werklund Capital Corporation, a private single family office, since November 2013; prior thereto, Chief Investment Officer of Canadian Family Futures Inc. from September 2012 to November 2013	December 19, 2014
Lyle Whitmarsh ⁽³⁾ President and Chief Executive Officer <i>Alberta, Canada</i>	President and Chief Executive Officer of MATRRIX since January 23, 2018; prior thereto, President of the Rig Division of MATRRIX from August 15, 2017 to January 23, 2018; prior thereto, President of Savanna Energy Services Corp. from June 2017 until August 2017; prior thereto, Chief Executive Officer of Trinidad Drilling Ltd. from 2008 until March 2017	N/A
Jeff Schab Chief Financial Officer and Corporate Secretary <i>Alberta, Canada</i>	Chief Financial Officer and Corporate Secretary of MATRRIX since March 22, 2017; prior thereto, Interim Chief Financial Officer of MATRRIX from February 2015 to March 22, 2017; prior thereto, Manager, Financial Reporting and Tax with MATRRIX from October 2013 to February 2015	N/A
Rob C. Van Bostelen Vice President, Operations <i>Alberta, Canada</i>	Vice President, Operations of MATRRIX since May 2011	N/A
Charles Lloyd Vice President, Sales <i>Alberta, Canada</i>	Vice President, Sales of MATRRIX since 2011	N/A

Notes:

- (1) Member of the Audit Committee. Rodger Hawkins is the Chair of the Audit Committee.
- (2) Member of the Governance and Compensation Committee. Matthew Andrade is the Chair of the Governance and Compensation Committee.
- (3) Member of the Environmental, Health and Safety Committee. Elson J. McDougald is the Chair of the Environmental, Health and Safety Committee.

(4) Elson J. McDougald was previously a director of the Corporation from September 2011 to March 27, 2017.

Thane Russell, Chairman

Mr. Russell has 33 years of engineering experience in the petroleum industry, primarily in production operations, drilling and completions, and well optimization. Mr. Russell has a particular interest in the innovation and commercialization of completion tools. Mr. Russell was one of the founders of Stellarton Energy Limited, which was sold to Tom Brown Resources Ltd. of Denver in 2000 with its wholly-owned subsidiary, Secure Oil Tools, being sold to Schlumberger Limited in 1999. In 2000, Mr. Russell founded Absolute Energy Limited, a private engineering, design and manufacturing company, and is currently the President. Prior to April 2017, Mr. Russell was also Chairman and Vice President of Absolute Completion Technologies Ltd., a private engineering, design and manufacturing company, which was founded in 2002 and sold to Schlumberger Limited in 2017. Mr. Russell also has field experience with a number of companies including Texaco, Inc., Imperial Oil Limited and Canadian Hunter Exploration Ltd. Mr. Russell received a Bachelor of Engineering degree from the Thayer School of Engineering at Dartmouth College and has his designation as a Professional Engineer.

Lyle Whitmarsh, President, Chief Executive Officer and a Director

Mr. Whitmarsh has 33 years of energy industry experience. Mr. Whitmarsh previously held the position of President with Trinidad Drilling Ltd. from 2002 to 2008, and Chief Executive Officer and a member of the board of directors of Trinidad Drilling Ltd. until March 2017. Mr. Whitmarsh has many years of practical hands-on experience, starting as a rig floor hand in the early 1980s and evolving through various operational positions, advancing into supervisory roles, manufacturing, well servicing and later into prominent senior management positions. Mr. Whitmarsh played a vital role in a wide scope of endeavors including drilling depth ranges to 30,000 feet globally, including 3,000 foot wells in Southern Alberta. He has been responsible for the overall operation of 150 rigs. Recently, Mr. Whitmarsh served as an intermediary board member of Savanna Energy Services Corp. following its acquisition by Total Energy Services Inc. and acted as President of Savanna Energy Services Corp. until July 2017. Mr. Whitmarsh has served in various capacities with the Canadian Association of Oilwell Drilling Contractors (CAODC) from 2005 to 2017 in Calgary, Alberta.

Rodger G. Hawkins, Director

Mr. Hawkins is currently an independent business advisor currently serving on the board of Strategic Oil & Gas Ltd. (a company listed on the TSXV). Prior to his retirement in early 2007, he was a partner of the Calgary office of BDO Canada LLP. Mr. Hawkins served on the board of CanElson until it was acquired on August 10, 2015. Mr. Hawkins received his CPA, CA designation in 1974.

Elson J. McDougald, Director

Mr. McDougald brings over 50 years of experience in the oil and natural gas services business in his role as a director of MATRIX. He is currently an independent businessman and was the Executive Chairman of CanElson Drilling Inc. ("**CanElson**"), a company formerly listed on the Toronto Stock Exchange ("**TSX**"), until it was acquired on August 10, 2015 by Trinidad Drilling Ltd., a TSX listed company, after which he served as a director until he resigned on March 1, 2016. Mr. McDougald was Chief Executive Officer of CanElson from December 2008 to December 2010 and Chairman of Savanna Energy Services Corp., a TSX listed company, from August 2006 to May 2008. He was the founding Chairman, President and Chief Executive Officer of Western Lakota Energy Services Inc. (a company formerly listed on the TSX) from 2001 to 2006 and the founding Chairman and Chief Executive Officer of Tetonka Drilling Inc. (a company formerly listed on the TSX) from 1997 to 2000. Prior thereto, he was founder, Chairman, President and Chief Executive Officer of Laredo Drilling Ltd. and is a past director or Chairman of Phoenix Technology Income Fund (now PHX Energy Services Corp., a company listed on the TSX), the Alberta Treasury Branch, Alberta Petroleum Equipment Company Ltd., Lakeside Farm Industries Ltd. and Vencap Equities Alberta.

Terrance J. Owen, Director

Mr. Owen has been the Chairman, President and Chief Executive Officer of Hammerstone Corporation, a private aggregate material supply company which is part of the Brookfield Asset Management group of companies, since February 2009. From June 1994 to January 2008, Mr. Owen held various executive positions with the Trimac group of companies, including serving as President and Chief Executive Officer of Trimac Transportation Services L.P. from February 2005 to January 2008. Mr. Owen was a partner with the law firm Macleod Dixon LLP (now Norton Rose Fulbright Canada LLP) practicing in the corporate/securities law area from July 1985 to May 1994. Past public company directorships of Mr. Owen include Trimac Transportation Services L.P., Boom Capital Corporation, Ranchero Resources Ltd. and Intermap Technologies Corporation. Mr. Owen also acted as counsel to Macleod Dixon LLP and was a member of the Strategic Advisory Committee of that firm prior to its merger with Norton Rose in 2011.

Matthew Andrade, CFA, Director

Mr. Andrade has been the Director, Investments at Werklund Capital Corporation, a private single family office based in Calgary, since November 2013. From September 2012 to November 2013, he was the Chief Investment Officer at Canadian Family Futures Inc., a Calgary-based multi-family office. Previously Mr. Andrade was Director, Investment Analysis at Kinnear Financial Ltd., a single family office based in Calgary, from June 2010 to September 2012. Prior to June 2010, Mr. Andrade was Vice President, Mergers & Acquisitions at Ernst & Young Orenda Corporate Finance. Mr. Andrade received his Chartered Financial Analyst designation in 2004. He is the past President of the CFA Society Calgary and the past Chair of the CFA Institute Disciplinary Review Committee.

Jeff Schab, CPA, CA, Chief Financial Officer and Corporate Secretary

Mr. Schab, a member of the Chartered Professional Accountants of Alberta, has seven years accounting and finance experience with private and publicly listed companies. His career began at a major international accounting firm as a team member in the assurance group before continuing into the oil and natural gas services industry with MATRRIX. He has been part of the MATRRIX team since 2013 and was appointed Interim Chief Financial Officer in February 2015. On March 22, 2017, Mr. Schab was appointed Chief Financial Officer and Corporate Secretary.

Rob C. Van Bostelen, Vice President, Operations

Mr. Van Bostelen's oil and gas experience spans over 30 years throughout Canada and the U.S. He has been the Vice President, Operations of MATRRIX since May 2011. Prior to joining MATRRIX, he spent three years as a Drilling Superintendent with Talisman Energy Inc., supervising shale gas drilling projects in Canada and the U.S. Prior thereto, he was employed by Ryan Energy Technologies Inc. ("**Ryan**") (a company formerly listed on the TSX) for twelve years, most recently as Operations Manager, Canada. Mr. Van Bostelen began his directional drilling career as a directional driller for Ryan, in the field, after starting his oil and natural gas career as a driller for Akita Drilling Ltd.

Charlie Lloyd, Vice President, Sales

Mr. Lloyd's oil and natural gas experience spans over 20 years throughout Canada and the U.S. with 21 years specifically in the directional drilling sector. Prior to participating with the start-up of MATRRIX, Mr. Lloyd held positions of increasing responsibility with Weatherford International plc both in operations and technical sales capacities. Prior thereto Mr. Lloyd started his oil and gas career working on drilling rigs for Precision Drilling Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no director or officer of MATRRIX, or a shareholder holding a sufficient number of securities of MATRRIX to affect materially the control of MATRRIX is, as at the date hereof,

or has been within the 10 years before the date hereof, a director, or executive officer of any company that: (i) while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) while such person was acting in that capacity or within a year of such person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Elson J. McDougald was a director of CCR Technologies Ltd. ("**CCR**") (a company formerly listed on the TSX) from May 1995 until March 1, 2011. On December 1, 2010, CCR filed a proposal with the Court of Queen's Bench of Alberta pursuant to the provisions of the *Bankruptcy and Insolvency Act* to restructure and reorganize the financial affairs of CCR, to compromise the claims of the unsecured creditors, restructure the shares of CCR and to allow it to conduct a restructuring and "rightsizing" of its operations on a going concern basis. The proposal was approved by the unsecured creditors on December 22, 2010 and by the Court of Queen's Bench of Alberta on January 13, 2011. The Alberta Securities Commission issued a variation order dated February 14, 2011 to partially revoke its cease trade order to permit the implementation of the proposal, which was subsequently implemented.

No director or officer of MATRRIX, or a shareholder holding a sufficient number of securities of MATRRIX to affect materially the control of MATRRIX (or any personal holding company of such person), has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No director or officer of MATRRIX, or a shareholder holding sufficient securities of MATRRIX to affect materially the control of MATRRIX, or a personal holding company of any such persons, has, within the 10 years preceding the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

Circumstances may arise where the members of the Board are directors or officers of corporations which are in competition with the interests of MATRRIX. In particular, certain of the directors and officers of MATRRIX are involved in managerial or director positions with other oil and natural gas services companies whose operations may, from time to time, be in direct competition with those of MATRRIX or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of MATRRIX. No assurances can be given that opportunities identified by such Board members will be provided to MATRRIX. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided in the ABCA. As at the date hereof, MATRRIX is not aware of any existing material conflicts of interest between MATRRIX and any director or officer of MATRRIX.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

MATRRIX is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of any legal proceeding, during the financial year ended December 31, 2017, nor is management aware of any such contemplated legal proceedings, which involve a claim for damages, exclusive of interest and costs, that may exceed ten percent of the current assets of the Corporation.

During the year ended December 31, 2017, there were no: (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as previously disclosed herein, to the knowledge of management, no director, officer or Shareholder who directly or indirectly beneficially owns, or exercises control or direction over, more than 10% of the outstanding Shares, nor any affiliate or associate of such a person, has or has had any material interest in any transaction or any proposed transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect MATRRIX.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada, located at Suite 600, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8 is the registrar and transfer agent for the Shares.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, MATRRIX has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year that are still in effect, other than the New Credit Facility (see "*General Development of the Business – Three Year History – 2017*"), which is available on SEDAR.

INTERESTS OF EXPERTS

The auditors of the Corporation, PricewaterhouseCoopers LLP, are independent with respect to the Corporation, in accordance with the Rules of Professional Conduct of the applicable Chartered Accountants, Chartered Professional Accountants provincial regulator of Alberta.

ADDITIONAL INFORMATION

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans will be contained in the management information circular of the Corporation prepared in connection with the annual and special meeting of shareholders to be held on May 30, 2018. Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2017.

Copies of this Annual Information Form, any interim financial statements of the Corporation subsequent to the annual financial statements, the Corporation's management information circular and other additional information relating to the Corporation are available on SEDAR at www.sedar.com.