CEMATRIX CORPORATION

Management's Discussion and Analysis

Quarter and Six Months Ended June 30, 2015

Date Completed: August 5, 2015

CEMATRIX CORPORATION
www.cematrix.com

Form 51-102F1 - Management's Discussion & Analysis
For the Quarter and Six Months Ended June 30, 2015

The following is the management's discussion and analysis ("MD&A") of CEMATRIX Corporation ("CEMATRIX" or the "Company") for the quarter and six months ended June 30, 2015. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the quarter and six months ended June 30, 2015 (the "Interim Consolidated Financial Statements") and the related notes thereto and the audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2014 and related notes thereto. The Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards. All dollar figures included therein and in this MD&A are in Canadian dollars.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. CEMATRIX is listed on the TSX Venture Exchange under the trading symbol "CVX".

On August 5, 2015 the Audit Committee of the Company reviewed and recommended for approval by the Board of Directors of the Company the Interim Consolidated Financial Statements and MD&A for the quarter and six months ended June 30, 2015. The Board of Directors of the Company has reviewed and approved the Interim Consolidated Financial Statements and MD&A on August 5, 2015.

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Forward Looking Statements

This MD&A contains certain statements and disclosures that may constitute forward-looking information under applicable securities law. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Company anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by such terms as “forecast”, “future, “may”, “will”, “expect”, “anticipate”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate”, “pro-forma” or other comparable terminology. Forward-looking information presented in such statements or disclosures may, amongst other things relate to: sources of revenue and income; forecasts of capital expenditures and sources of financing thereof; the Company’s business outlook; plans and objectives of management for future operations; forecast business results; and anticipated financial performance.

The Company has identified what it considers to be the material forward-looking statements and disclosure in this MD&A and has listed them in Appendix A. The material factors, material assumptions and material risks that provide the basis for those statements and disclosure have also been provided in Appendix A.

The forward-looking information in statements or disclosure in this MD&A is based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Company to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Various assumptions or factors are typically applied in drawing conclusions or making forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company including information obtained by the Company from third-party industry analysts and other third-party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the Company does not know what impact any of those differences may have, its business, results of operations, financial condition and its credit stability may be materially adversely affected.

The Company has discussed, in Section D. – Key Market Drivers and in Section E. - Key Risks and Uncertainties of its MD&A for the year ended December 31, 2014, the significant market drivers and risk factors that affect its business and could cause actual results to differ materially from the forward-looking information disclosed herein. These factors remain substantially unchanged as of the date hereof. The Company cautions the reader that these factors are not exhaustive. The risk factors that could lead to differences in business results and which could cause actual results to differ materially from the forward-looking information disclosed herein include, without limitation, legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity, timing and extent of changes in prevailing interest rates, inflation levels and general economic conditions in geographic areas where the Company operates, results of financing efforts, changes in counterparty risk and the impact of accounting standards issued by Canadian standard setters.

The Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, prospective investors should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking information contained herein.

A. Purpose of the Company's MD&A

The purpose of this MD&A is to provide a narrative explanation, through the eyes of management, to assist the reader in understanding the Company's performance for the quarter and six months ended June 30, 2015, the Company's financial condition as at June 30, 2015 and its future prospects.

B. Mid-Year Review

The Company had a solid start to 2015 in comparison with the same period in 2014. Contracted sales are at an all-time record level of $12.9 million ($11.9 million for 2015 and $1 million for 2016) as compared to only $4.5 million at the same time in 2014.

Sales for the six months ended June 30, 2015, of $4.983 million, were at a record high for the Company and were up 50% in comparison to the same period in 2014. The gross margin of $1.213 million or 24.3% is up by $754,691. Margins in the first six months of 2015 were affected by lower margin winter work and are expected to increase throughout the balance of the year as expected volumes increase to cover fixed costs.

Western Canada Oil and Gas related sales were down slightly from the same period in the previous year, however, contracted sales are up significantly, most of which will be completed in the second half of the year. Prospects for the balance of the year also look very strong as a number of projects in this sector have continued, even with the recent decline in oil prices.

Infrastructure sales for the first six months of 2015 were at a record high of $3.326 million, an increase of $1.782 million, or over 115%, from the same period of 2014. The Company is beginning to see the benefit from marketing efforts in this sector over the last few years, particularly in the Ontario market, where the Company sees substantial further growth potential. U.S. sales also increased but this is a market where the Company only pursues work on a selective basis. Western Canada infrastructure sales were down, as the Company benefited from a significant project in Western Canada in 2014, while there was no similar project in the current year.

The challenges for management over the remainder of 2015 include completing the work that is contracted and to be fully contracted for the balance of the year; to work with customers to manage project schedules for 2015 work; to ensure that there are trained operating staff to complete the 2015 projects; to commission the two new production units; and to carefully manage working capital to fund operations through this significant growth period for the Company

To assist with the management of working capital the Company, through its wholly owned subsidiary, CEMATRIX (CANADA) Inc., put in place a new working capital financing arrangement, which provides for up to $2,000,000 of working capital financing, to replace its credit facility with a Canadian chartered bank. This will improve the Company's ability to fund its operations through its forecast growth in sales, as the credit facility did not allow for this growth.

C. Results of Operations

For the three months ending June 30, 2015 compared to the three months ending June 30, 2014

		Three Months Ended June 30				
		2015		2014		Change
Revenue	**$**	**2,164,286**	$	3,070,504	$	(906,218)
Gross margin	**$**	**574,542**	$	693,491	$	(118,949)
Operating expenses		**(527,526)**		(506,755)		(20,771)
Operating income		**47,016**		186,736		(139,720)
Non-cash stock based compensation		**(70,890)**		-		(70,890)
Finance costs		**(65,608)**		(50,532)		(15,076)
Other income		**5,624**		3,776		1,848
Income (loss) before income taxes		**(83,858)**		139,980		(223,838)
Provision of deferred taxes		**23,957**		(48,151)		72,108
Net income (loss) attributable to the common shareholder		**(59,901)**		91,829		(151,730)
Unrealized foreign exchange loss on translation of foreign subsidiary		**(31,077)**		(9,161)		(21,916)
Comprehensive income (loss) for period	**$**	**(90,978)**	$	82,668	**$**	(173,646)
Fully diluted income (loss) per common share for period	**$**	**(0.002)**	$	0.003	$	(0.005)

		Three Months Ended June 30				
		2015		2014		Change
Revenue						
Infrastructure						
Western Canada	**$**	**55,578**	$	1,378,389	$	(1,322,811)
Ontario		**956,231**		-		956,231
United States		**284,155**		-		284,155
		1,295,964		1,378,389		(82,425)
Western Canada Oil and Gas		**868,322**		1,692,115		(823,793)
	$	**2,164,286**	$	3,070,504	$	(906,218)

The revenue for the quarter ended June 30, 2015 was $2,164,286 as compared to $3,070,504 in the comparative period in 2014, a decrease of $906,218.

Infrastructure sales were down marginally. Western Canada sales were down as a result of a large project in Manitoba in 2014 with no similar project in 2015. This was partially offset by higher sales in Ontario and the U.S. The Company’s marketing effort in Ontario, combined with being on the approved product listing of the Ministry of Transportation of Ontario, is beginning to show results.

Western Canada Oil and Gas related sales were down as a result of a significant project completed in 2014 and delays in large volume work on 2015 projects until the third quarter.

The gross margin on sales for the quarter ended June 30, 2015 of $574,542 or 26.6% in the second quarter of 2015 compared to a gross margin of $693,491 or 22.6% for the same period of 2014. The gross margin percentage in 2015 reflects the lower margins achieved on infrastructure sales together with lower margin work in the oil and gas sector.

Operating expenses for the quarter ended June 30, 2015 were $527,526 as compared to $506,755 in the same quarter of 2014. The increase of $20,771 was due to the aggregate of the following:

- Salaries and benefits were up $40,100 as a result of the staff addition in late 2014;

- Product testing costs were down $20,000 due to lower customer requirements during 2015; and

- Other costs were up by $671.

Non-cash stock based compensation was up $70,890, the effect of the new options issued in late 2014 and early 2015;

Finance costs were up $15,076; this increase is primarily due to higher financing costs related to the new financing arrangement put in place with the new mezzanine loan and the receivable factoring agreement.

Other income was up $1,848; this increase is principally unrealized foreign exchange gains on the translation of U.S. dollar trade receivables at rates in affect at June 30, 2015;

The Company recorded a $23,957 recovery of deferred taxes in 2015 as compare to a $48,151 provision of deferred taxes in the same quarter in 2014.

The unrealized foreign exchange loss on the translation of the Company's U.S. subsidiary was $31,077 in 2015 as compared to an unrealized loss of $9,161 in 2014. The increase is due to the strengthening of the U.S. dollar to the Canadian dollar.

The net comprehensive loss for the quarter ended June 30, 2015 was $90,978 compared with income of $82,668 for the same period in 2014. The decrease was due to the decline in sales, and the margin thereon, combined with higher operating expenses, non-cash stock based compensation, finance costs and unrealized foreign exchange losses on translation of foreign subsidiary.

For the six months ending June 30, 2015 compared to the six months ending June 30, 2014

	Six Months Ended June 30		
	2015	2014	Change
Revenue	**$ 4,983,308**	$ 3,331,464	$ 1,651,844
Gross margin	**$ 1,213,254**	$ 458,563	$ 754,691
Operating expenses	**(1,059,921)**	(998,065)	(61,856)
Operating income (loss)	**153,333**	(539,502)	692,835
Non-cash stock based compensation	**(128,272)**	(129,764)	1,492
Finance costs	**(122,452)**	(89,914)	(32,538)
Other income	**20,989**	4,793	16,196
Loss before income taxes	**(76,402)**	(754,387)	677,985
Provision of deferred taxes	**21,212**	125,603	(104,391)
Net loss attributable to the common shareholder	**(55,190)**	(628,784)	573,594
Unrealized foreign exchange loss on translation of foreign subsidiary	**(38,209)**	(11,106)	(27,103)
Comprehensive loss for period	**$ (93,399)**	$ (639,890)	**$** 546,591
Fully diluted loss per common share for period	**$ (0.002)**	$ (0.019)	$ 0.017

	Six Months Ended June 30		
	2015	2014	Change
Revenue			
Infrastructure			
Western Canada	**$ 706,702**	$ 1,459,198	$ (752,496)
Ontario	**1,539,598**	84,737	1,454,861
United States	**1,079,430**	-	1,079,430
	3,325,730	1,543,935	1,781,795
Western Canada Oil and Gas	**1,657,578**	1,787,529	(129,951)
	$ 4,983,308	$ 3,331,464	$ 1,651,844

Total revenue for the six months ended June 30, 2015 was $4,983,308 compared to $3,331,464 for the same period in 2014, an increase of $1,651,844 or 50%.

Infrastructure sales were up by $1,781,795 or 115%. Sales in Ontario and the U.S were higher. The Company's marketing effort in Ontario, combined with being on the approved product listing of the Ministry of Transportation of Ontario, is beginning to show results. In the U.S. market the Company is selective in the projects that it pursues; two such projects were completed in 2015. In 2014 there were no such projects. The increase in infrastructure sales in Ontario and the U.S. were partially offset by lower Western Canada sales. The decrease in sales in Western Canada was the result of a large project in Manitoba in 2014, with no similar project in 2015.

Western Canada Oil and Gas sector sales were down as a result of a significant project completed in 2014 and delays in large volume work on 2015 projects until the third quarter.

The gross margin on sales was $1,213,254 or 24.3% for the six months ending June 30, 2015 compared to $458,563 or 13.8% in the same period of 2014. The increase in the gross margin dollars of $754,691 was primarily due the revenue increase and improved gross margin percentage. The improved gross margin was due to higher utilization of fixed labour during the first six months of 2015 combined with greater volume coverage of fixed costs

Operating expenses for the six months ended June 30, 2015 increased by $61,856 as compared to the same period in 2014 due to the aggregate of the following:

- Salaries and benefits were up $67,800 due to the addition of new staff in late 2014;
- Commissions for sales staff were up $12,600 due to the increase in sales;
- Receivable insurance on United States ("U.S.) dollar trade receivables was $7,900 in 2015; there was no similar amount in 2014;
- Bad debt expense was down $28,208; in 2014 a disputed account concerning volumes related to a specific project was settled; there was no bad debt expense in 2015;
- Third party testing costs were down $16,500 due to a decline in requirements for new testing by the Company's customer base; and
- Other costs were up by $18,264.

Non-cash stock based compensation was down $1,492;

Finance costs were up $32,538; this increase is primarily due to higher financing costs related to the new financing arrangement put in place with the new mezzanine loan and the receivable factoring agreement and the fact that the 2014 debenture was not put in place until part way through February 2014.

Other income was up $16,196; this increase is principally foreign exchange gains on the translation of a higher level of U.S. dollar trade receivables in 2015 at rates in affect at June 30, 2015;

The Company recorded a $21,212 recovery of deferred taxes in 2015 as compare to a $125,603 recovery of deferred taxes in the same period in 2014.

The unrealized foreign exchange loss on the translation of the Company's U.S. subsidiary was $38,209 in 2015 as compared to an unrealized loss of $11,106 in 2014. The increase is due to the strengthening of the U.S. dollar to the Canadian dollar.

The net comprehensive loss for the six months ended June 30, 2015 was $93,399 compared with a loss of $639,890 for the same period in 2014. The improvement was due to the increase in sales, and the margin thereon, as offset by higher operating expenses, finance costs and unrealized foreign exchange losses on translation of foreign subsidiary.

D. Selected Quarterly Financial Information

Due to the seasonal nature of the Company's business, which typically follows the construction season in Canada, a significant portion of the Company's sales occur between the latter part of the second quarter and the first half of the fourth quarter, on an annual basis. In the first quarter of 2015 the Company benefitted from winter infrastructure projects carried over from 2014 and the start of a major project in the oil and gas sector in Western Canada. For the year 2014 a number of projects were delayed until the fourth quarter. The Company continues pursuing other markets where seasonality is less of an issue. This seasonality is reflected in the quarterly results summarized below:

			Income (Loss)	
Quarters Ended	**Revenues**	**Comprehensive Income (Loss)**	**Per Share Basic**	**Per Share Diluted**
	$	$	$	$
2015 Year				
March 31	**2,819,022**	**(2,421)**	**-**	**-**
June 30	**2,164,286**	**(90,978)**	**(0.002)**	**(0.002)**
Total for period	**4,983,308**	**(90,399)**	**(0.002)**	**(0.002)**
2014 Year				
March 31	260,960	(722,558)	(0.022)	(0.022)
June 30	3,070,504	82,668	0.003	0.003
September 30	967,382	(405,994)	(0.012)	(0.012)
December 31	4,413,347	460,075	0.013	0.012
Total for year	8,712,193	(585,809)	(0.017)	(0.017)

Note 1: Quarterly income (loss) per share is calculated on a standalone quarterly basis and accordingly the sum of the quarterly amounts may not equal the total for the year

E. Consolidated Statement of Financial Position

	June 30 2015	December 31 2014	Change
Total current assets	**$ 4,159,028**	$ 4,930,969	$ (771,941)
Total non current assets	**4,368,599**	4,328,673	39,926
Total Assets	**$ 8,527,627**	$ 9,259,642	$ (732,015)
Current liabilities	**$ 2,714,605**	$ 3,573,850	$ (859,245)
Non current liabilities	**2,086,032**	2,016,175	69,857
Total liabilities	**$ 4,800,637**	$ 5,590,025	$ (789,388)
Shareholders' equity	**$ 3,726,990**	$ 3,669,617	$ 57,373

Total current assets decreased by $771,941. This decrease was largely due to the timing of sales and is summarized in aggregate below:

- Cash in the bank was up $253,269 (See the discussion in Section F - Consolidated Statement of Cash Flows);

- Term Deposit was up $70,000 representing a security deposit in regard to the Company's credit cards; interest on the deposit is nominal;

- Trade and other receivables were down by $1,194,544 as a result of the lower sales in the second quarter of 2015 in comparison to the fourth quarter of 2014 combined with timing differences in the collection of trade receivables;

- Inventory was up $50,587 due to purchases in the second quarter as offset by the normal usage in the production process which increased substantially due to strong first quarter 2015 sales;

- Prepaids and deposits were up $47,813; mainly due to timing differences on certain items in 2015 as compared with 2014; and.

- Current portion of share acquisition loans was up $934 due to the accretion of the non-cash adjustment valuation adjustment made at December 31, 2014 which is now being accreted.

Total non current assets increased by $39,926. This increase is primarily due to equipment additions as partially offset by depreciation on plant and equipment and is summarized in aggregate below:

- Property and equipment was up $18,714 – cash additions to plant and equipment were $180,672, primarily related to the construction of new production equipment and $4,942 in new finance leased equipment; this was partially offset by depreciation of $166,900; and

- Intangibles remained at the same amount: no amortization is recorded on the remaining trademarks and technology as the Company views these as having an indefinite life.

- The deferred tax asset increased by $21,212 as a result of recording a recovery of deferred tax on the losses in the period.

Total current liabilities decreased by $859,245. This decrease was primarily due to the application of collections of trade receivables, the issue of a mezzanine loan and funds received from the factoring of trade receivables to pay down the bank loan and trade payables in the second quarter of 2015. The change is summarized in aggregate below:

- Bank overdraft was down $194,154 (see discussion below for bank operating loan);

- Bank operating loan was down $1,110,000 as the Company put in place a new financing agreement to pay off the Company's credit line with a Canadian chartered bank;

- Trade and other payables were down $687,228 principally due to the reduced business activity in the second quarter of 2015 as compared to the last quarter of 2014;

- Factoring liability was up $380,307; this represents the cash received on the sale of trade receivables under the receivable purchase agreement put in place in 2015;

- Mezzanine loan was up $750,000; this was part of the new working capital financing put place in 2015 to repay the Company's credit line with a Canadian chartered bank;

- Current portion of long term debt remained the same as at December 31, 2014 as the repayments for the BDC Financing run from July to December; and

- Current portion of finance lease obligations was up $1,830 due to scheduled repayment of $27,191 as offset by the reclassification from the long term portion of $29,021.

Total non current liabilities increased by $69,857. This increase is due to an additional draw on the BDC Financing to fund the construction of new production equipment as partially offset by the reclassification of finance lease obligations to the current portion as described below:

- Long term debt increased by $92,936 due to an additional draw on the BDC Financing to fund the construction of new production equipment; repayments for the BDC Financing run from July to December; and

- Finance lease obligations were down $24,079 due to the addition of new equipment leases of $4,942 net of reclassification of $29,021 to current portion (see comment above).

Shareholders' Equity increased by $57,373. This increase was due to the following:

- Share capital increased by $38,221 consisting of proceeds on the issue of shares of $22,500 on the exercise of share options combined with a reclassification of non-cash stock based compensation of $15,721, related to the options exercised, that had previously been recorded in Contributed surplus;

- Contributed surplus increased by $110,385 due the non-cash stock based compensation of $128,272 as partially offset by reclassification of $15,721 to share capital and $2,166 to deficit, in regard to non-cash stock based compensation previously recorded in contributed surplus, for options exercised and options that expired or were forfeited without being exercised;

- Accumulated other comprehensive loss increased by $38,209 due to the unrealized foreign exchange loss on translation of the Company's U.S. subsidiary in 2015; and

- Deficit increased by $53,024 due to the loss to common shareholders in the period of $55,190 as partially offset by the reclassification of $2,166 from contributed surplus (see above under contributed surplus).

See the Consolidated Statements of Changes in Shareholders' Equity included in the Interim Consolidated Financial Statements at June 30, 2015.

F. Consolidated Statement of Cash Flows

For the three months ending June 30, 2015 compared to the three months ending June 30, 2014

The cash position of the Company at June 30, 2015 was $303,288 (consisting of cash in the bank of $303,288) compared to a negative cash position of $51,078 (consisting of cash in the bank of $38,443 net of bank overdraft of $89,521) at June 30, 2014.

The change in the cash position in the quarters ending June 30, 2015 and 2014 was an increase of $300,559 in 2015 as compared to a decrease of $96,022 in the same period of 2014. This change is outlined in the table on the next page:

		Three Months Ended June 30				
		2015		2014		Change
Cash generated from (used in) operating activities	**$**	**(44,714)**	$	(863,283)	$	818,569
Cash generated from (used in) investing activities		**(212,655)**		(405,389)		192,734
Cash generated from (used in) financing activities		**557,928**		1,172,650		(614,722)
Increase (decrease) in cash		**300,559**		(96,022)		396,581
Cash, at beginning of period		**2,729**		44,944		(42,215)
Cash, at end of period	**$**	**303,288**	$	(51,078)	$	354,366
Cash Position						
Cash in the bank	**$**	**303,288**	$	38,443	$	264,845
Bank overdraft		**-**		(89,521)		89,521
	$	**303,228**	$	(51,078)	$	354,366

- Cash used in operating activities was $44,714 in the second quarter of 2015 as compared to cash used of $863,283 in the same period in 2015, a change of $818,569.

  - The positive cash flow, before non-cash working capital adjustments, was lower by $180,370 compared with the same period of 2014. This decrease was due to the reduced net income attributable to the common shareholder of $151,730 compared to 2014 and an increase of $28,640 in the negative adjustment for non-cash items in the reported earnings in 2015 compared to the same period in 2014.

  - The cash flow was also affected by a lower negative adjustment for the net change in non-cash working capital items of $998,939 as compared to 2014. This is primarily due to the decrease in sales in 2015 compared to the same period in 2014 and the timing of the collection of the related trade receivables.

- Cash used in investing activities was $212,655 in the second quarter of 2015 compared with $405,389 used in 2014, a reduction of $192.734.

  - Plant and equipment additions were $142,655 in 2015 as compared to $405,389 in 2014, both of the new production units are nearing completion of commissioning; and

  - A term deposit was established in 2015 for $70,000 as security for the Company’s credit cards.

- Cash generated from financing activities was $557,928 in the second quarter of 2015 compared to cash generated of $1,172,650 in the same period in 2014.

  - In 2015 the Company issued a Mezzanine loan for $750,000, a portion of which was used to repay the Company’s bank operating loan by $675,000; signed a receivable factoring agreement of which $380,307 has been realized to date; made a drawdown $93,936 of the BDC Capital Financing to fund capital spending; issued $22,500 of common shares on the exercise of options and made repayments of $13,815 on finance lease obligations.

  - In 2014 the Company increased its bank operating loan by $945,000; made a drawdown $241,309 of the BDC Capital Financing to fund capital spending; and made repayments of $13,659 on finance lease obligations.

For the six months ending June 30, 2015 compared to the six months ending June 30, 2014

The cash position of the Company at June 30, 2015 was $303,288 (consisting of cash in the bank of $303,288) compared to a negative cash position of $51,078 (consisting of cash in the bank of $38,443 net of bank overdraft of $89,521) at June 30, 2014.

The change in the cash position in the six months ending June 30, 2015 and 2014 was an increase of $477,423 in 2015 as compared to a decrease of $14,986 in the same period of 2014. This change is outlined in the below table:

		Six Months Ended June 30				
		2015		2014		Change
Cash generated from (used in) operating activities	**$**	**588,543**	$	(1,271,002)	$	1,859,545
Cash generated from (used in) investing activities		**(250,672)**		(574,605)		323,933
Cash generated from (used in) financing activities		**109,552**		1,830,621		(1,721,069)
Increase (decrease) in cash		**447,423**		(14,986)		462,409
Cash, at beginning of period		**(144,135)**		(36,092)		(108,043)
Cash, at end of period	**$**	**303,288**	$	(51,078)	$	354,366
Cash Position						
Cash in the bank	**$**	**303,288**	$	38,443	$	264,845
Bank overdraft		**-**		(89,521)		89,521
	$	**303,288**	$	(51,078)	$	354,366

- Cash generated from operating activities was $588,543 in the first six months of 2015 as compared to the use of $1,271,002 in the same period in 2014, a change of $1,859,545.

  - The cash flow, before non cash working capital adjustments, improved by $646,420 compared with the same period of 2014. This was due to the significant reduction in the loss attributable to commons shareholders of $573,594 together with an increase of $72,826 in the positive adjustment for non-cash operating items as compared to the same period in 2014.

  - This cash flow was improved further as a result of a positive adjustment for the net change in non-cash working capital items of $408,916 as compared to a negative adjustment of $804,209 in 2014, a positive change of $1,213,125. This is primarily due to the timing of sales and the timing of the collection of the related trade receivables.

- Cash used in investing activities was $250,672 in the first six months of 2015 compared with $574,605 used in 2014, a reduction of $323,933.

  - Plant and equipment additions were $180,672 in 2015 as compared to $574,605 in 2014, both of the new production units are nearing completion of commissioning; and

  - A term deposit was established in 2015 for $70,000 as security for the Company's credit cards.

- Cash generated from financing activities was $109,552 in the first six months of 2015 compared to the generation of $1,830,621 in the same period in 2014.

  - In 2015 the Company issued a Mezzanine loan for $750,000, with a portion of these proceeds, together with cash generated from operations the Company's repaid its bank operating loan by $1,110,000; signed a receivable purchase agreement of which $380,307 has been realized to date in 2015; made a drawdown $93,936 of the BDC Capital Financing to fund capital spending; issued $22,500 of common shares on the exercise of options and made repayments of $27,191 on finance lease obligations.

- In 2014 the Company increased its bank operating loan by $510,000 to finance higher working capital; made a drawdown $347,816 of the BDC Capital Financing to fund capital spending; issued the Secured Debenture for $1,000,000 to provide funds for capital spending and to support working capital; and made repayments of $27,195 on finance lease obligations.

G. Liquidity, Capital Resources and Commitments

Liquidity

The Company's liquidity, including obtaining cash resources to finance capital spending to increase its production capacity, is dependent on generating sales, profits, cash flow from operations, maintaining a facility to finance working capital and accessing capital debt facilities through loans or lease financing.

At June 30, 2015, the Company had a current asset/current liability position of $1,444,423.

The Company reported income of $51,870, before the non-cash deferred tax provision and non-cash stock based compensation, and cash from operations of $179,627, before the non-cash working capital adjustment.

In order to improve liquidity, the Company, through its wholly owned subsidiary, CEMATRIX (CANADA) Inc., put in place a new working capital financing agreement. On May 22, 2015, CEMATRIX (CANADA) Inc. entered into an agreement with Tallinn Capital Mezzanine Limited Partnership through its general partner Tallinn Capital Partners Corp. ("Tallinn Capital") for up to $2,000,000 of working capital financing to replace its credit facility with a Canadian chartered bank.

The agreement with Tallinn Capital consisted of a mezzanine loan of $750,000 (the "Mezzanine Loan") and a receivable purchasing agreement for the sale of up to $1,250,000 of trade receivables (the "Receivable Purchase Agreement") (collectively the "Tallinn Financing").

The Mezzanine Loan, bears interest at 16.5%, payable monthly in arrears, and matures on March 31, 2016. This loan is secured by $1,000,000 in current quality receivables of the Corporation. The Company has the option to make prepayments at any time after October 31, 2015 and prior to maturity in multiples of $250,000. Trade receivables of $1,000,000, excluding those trade receivables sold under the Receivable Purchase Agreement, must be maintained to support this loan.

The Receivable Purchase Agreement, which is available on the purchase of specific trade receivable invoices, is for up to $1,250,000 and will be used for working capital financing. For qualifying sales invoices, which are purchased under the Receivable Purchase Agreement, CEMATRIX (CANADA) Inc. will pay a discount rate of 2.25% for the first 30 days that the sales invoice is outstanding, with a further daily discount rate of 0.075% until the sales invoice is collected.

The Tallinn Financing is secured by corporate guarantees by the Company and CEMATRIX (USA) Inc. and general security agreements providing a floating first charge over all present and after acquired personal property of the Company, CEMATRIX (CANADA) Inc. and CEMTRIX (USA) Inc.

Management expects that the replacement of the Company's credit facility with the new working capital financing agreement will improve the Company's ability to fund its operations through its forecast growth in sales, as the credit facility did not allow for this growth. Even so, management will work to put in place a credit facility, of an appropriate level, with a senior lender by the end of 2015. The ability to put in place the credit facility will be dependent on the Company showing profitable results for 2015.

As of this date the Company has signed contracts on hand for $11.9 million in sales scheduled for 2015 and $1.0 million for sales scheduled for 2016.

The realization of the net working capital as at June 30, 2015, the availability of the new working capital financing agreement and the successful completion of sales contracts that are in place provide the necessary liquidity to carry the Company's operations through 2015. Ongoing liquidity is dependent on the Company achieving additional sales and profitable results.

Capital resources

Capital additions to build new productive capacity in the current year has come from the funds available under the BDC Financing, discussed above, and cash generated from operations. There are no significant capital expenditures planned for 2015 other than the completion of two production units currently nearing completion of commissioning. The Company, with the completion of the new equipment, has production capacity that will allow the Company to triple its annual sales volume.

Building additional productive capacity in future years is dependent on the Company generating the required funds from operations or new debt or equity financing. There is no certainty that additional debt or equity financing will be available to the Company.

The Company defines its capital as the long term debt, the finance lease obligations and shareholders' equity. The current objective of the Company is to manage its capital through growth in earnings and to re-invest the earnings generated to facilitate the continued growth in the Company, in order to provide an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets. The consolidated capital of the Company, as outlined in Note 22 - Capital management to the Interim Consolidated Financial Statements, was $6,157,056 at June 30, 2015 as compared to $6,027,996 at December 31, 2014 (see Section E. Consolidated Statements of Financial Position for details).

Commitments

The following is a summary of the Company's lease and debt obligations and commitments for the next five years from June 30, 2015.

Debt Category	2015/16	2016/17	2017/18	2018/19	2019/20
	$	$	$	$	$
Factoring Liability	380,307	-	-	-	-
Mezzanine Loan (2)	750,000	-	-	-	-
Finance lease obligations (1)	62,190	25,200	32,006	7,058	1,671
BDC Financing (2)	286,662	286,662	200,862	200,862	200,862
Secured Debenture (2)	-	1,000,000	-	-	-
Operating leases (3)	277,168	277,168	277,168	277,168	138,584

(1) Includes principal and interest
(2) Principal only
(3) The Company's lease on its head office and shop facilities in Calgary expires December 31, 2019. Currently there are sub-lease arrangements in place in relation to this lease that provide rent of $16,400 for the period July 1, 2015 to August 31, 2015.

H. Off Balance Sheet Arrangements

There were no off balance sheet arrangements at June 30, 2015 or December 31, 2014.

I. Transactions with Related Parties

During the three and six months ending June 30, 2015, the Company incurred legal fees from a firm which employs one of the directors of the Company in the amount of $10,254 and 10,254, respectively ($1,443 and $5,346, respectively for the same periods in 2014) of which $7,473 was in trade and other payables as at June 30, 2015 (December 31, 2014 - $2,805).

There were no other significant related party transactions.

J. Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2014. There have been no changes since that date.

K. Changes in Accounting Policies including Initial Adoption

The significant accounting policies of the Company are outlined in note 4 of the audited consolidated financial statements for the year ended December 31, 2014. There have been no changes.

Future accounting pronouncements
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after July 1, 2015 or later periods. The standards impacted that are applicable to the Company are as follows:

IFRS 9 Financial instruments – in July 2014, the ISAB issued IFRS 9 to replace IFRS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes a logical model for classification and measurement, a single forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for years beginning on or after January 1, 2018

IFRS 15 Revenue from contracts with customers – in May 2014, the IASB issued IFRS 15, a new standard which provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for years beginning on or after January 1, 2017.

The Company has not determined the impact on its consolidated financial statements from the adoption of these future accounting pronouncements

L. Financial Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. For information on financial instruments refer to Note 4 (M) – Significant Accounting Policies – Non-derivative financial instruments in the audited consolidated financial statements at December 31, 2014 and Note 21 – Financial Instruments and risk management to the Interim Consolidated Financial Statements.

Risk management

The Company's activities are exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall Company governance.

Interest Rate Risk

The BDC Financing, which had a balance of $1,309,818 outstanding at June 30, 2015, is subject to floating rates. Based on the floating rate debt outstanding at June 30, 2015 a 1% increase/decrease in interest rates would result in a decrease/increase in the comprehensive income (loss) of approximately $9,800.

Credit Risk
Financial instruments that subject the Company to credit risk consist primarily of trade receivables. The Company manages credit risk using credit approval and monitoring practices. At June 30, 2015, 8 customers accounted for approximately 92% of trade receivables (at December 31, 2014, 7 customers accounted for approximately 90% of trade receivables). (See Note 5 to the Interim Consolidated Financial Statements for details of credit policy and aging of outstanding trade receivables at June 30, 2015 and December 31, 2014).

Liquidity Risk
Liquidity risk management involves maintaining sufficient cash and cash equivalents. The receivable purchase agreement with Tallinn capital provides additional flexibility as it allows the Company to accelerate collection of trade receivables and thus improve working capital management.

The table below summarizes the maturity profile of the Corporation's financial liabilities at June 30, 2015 and December 31, 2014 based on contractual undiscounted payments.

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Total**
As at June 30, 2015				
Trade and other payables	**$ 1,240,264**	**$ -**	**$ -**	**$ 1,240,264**
Factored liability	**380,307**	**-**	**-**	**380,307**
Mezzanine loan	**750,000**	**-**	**-**	**750,0001**
Long-term debt	**286,662**	**286,662**	**1,736,494**	**2,309,818**
Finance lease obligations	**57,372**	**22,386**	**40,490**	**120,248**
	$ 2,714,605	**$ 309,048**	**$ 1,776,984**	**$ 4,800,637**

	Less than 1 year	1 to 2 years	2 to 5 years	Total
As at December 31, 2014				
Bank overdraft	$ 194,154	$ -	$ -	$ 194,154
Bank operating loan	1,110,000	-	-	1,110,000
Trade and other payables	1,927,492	-	-	1,927,492
Long-term debt	286,662	286,662	1,642,558	2,215,882
Finance lease obligations	55,542	39,394	47,561	142,497
	$ 3,573,850	$ 326,056	$ 1,690,119	$ 5,590,025

Foreign Exchange Risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure relates to trade receivables, and the collection thereof, denominated in USD and the operations of its U.S. subsidiary which are predominantly in USD. The Company does not hedge these items as the timing of related transactions is not certain.

As at June 30, 2015 and December 31, 2014 the following balances were denominated in USD:

	2015	2014
Cash and cash equivalents (bank overdraft)	**$ (58,392)**	$ 37,247
Trade and other receivables	**$ 311,816**	$ 138,024
Inventory	**$ 1,906**	$ 1,906
Prepaid expenses and deposits	**$ 29,191**	$ 14,601
Trade and other payables	**$ 17,501**	$ 56,269

The Company's primary foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on the USD balances outstanding at June 30, 2015, a 5% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in total annual comprehensive income (loss) of approximately $12,000.

M. Disclosure of Outstanding Share Data

As at June 30, 2015 and August 5, 2015, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	Authorized	**Outstanding as at June 30, 2015**	**Outstanding as at August 5, 2015**
Voting or equity securities issued and outstanding	Unlimited Common Shares	34,175,994 Common Shares	34,175,994 Common Shares
Securities convertible or exercisable into voting or equity securities - stock options	Stock options to acquire up to 10% of outstanding Common Shares	Stock options to acquire 3,175,000 Common Shares at an exercise price at between $0.145-$0.24	Stock options to acquire 3,175,000 Common Shares at an exercise price at between $0.145-$0.24

In the six months ended June 30, 2015 the Company granted 100,000 options to a new employee with an exercise price of $0.20 and 150,000 options to a director with an exercise price of $0.19. 15,000 options expired or were forfeited without being exercised and 150,000 common shares were issued at $0.15 on the exercise of options by a director.

N. Outlook

The outlook for 2015 remains positive – contracted sales now stand at $11.9 million for 2015 work, working capital financing is in place to provide the necessary funding to finance sales growth; and two new production units will be commissioned during the next couple of months, which will increase the annual production capacity by up to 60%.

Form 51-102F1 - Management's Discussion & Analysis
For the Quarter and Six Months Ending June 30, 2015

Appendix A – Forward Looking Statements

The forward-looking statements in the MD&A for the quarter and six months ending June 30, 2015 are outlined below:

Page 4 – Mid-Year Review

Margins in the first six months of 2015 were affected by lower margin winter work and are expected to increase throughout the balance of the year as expected volumes increase to cover fixed costs.

Prospects for the balance of the year also look very strong as a number of projects in this sector have continued, even with the recent decline in oil prices.

The Company is beginning to see the benefit from marketing efforts in this sector over the last few years, particularly in the Ontario market, where the Company sees substantial further growth potential.

Page 13 – Liquidity, Capital Resources and Commitments - Liquidity

Management expects that the replacement of the Company's credit facility with the new working capital financing agreement will improve the Company's ability to fund its operations through its forecast growth in sales, as the credit facility did not allow for this growth.

Page 17 – Outlook

The outlook for 2015 remains positive – contracted sales now stand at $11.9 million for 2015 work, working capital financing is in place to provide the necessary funding to finance sales growth; and two new production units will be commissioned during the next couple of months, which will increase the annual production capacity by up to 60%.

The foregoing statements contain forward-looking statements which are based on sales and earnings forecasts prepared for 2015; sales forecasts include work which is under contract for 2015, as well as probability adjusted forecasts for projects on which the Company has placed or will place bids in 2015, where the probabilities applied to the sales forecast are based on management's assessment of the particular project based on historical experience and the stage the project is in the sales cycle; earnings forecasts for 2015 are based on the above sales forecast and the forecast of the Company's cost structure; There are a number of risks that could affect those assumptions which include: contracted work is delayed; the failure of 2015 sales to materialize, because of project delays or cancelations or because CEMATRIX's cellular concrete is not specified into projects; management's assumptions in applying probabilities to the various projects in the sales forecast are incorrect; and the Company's cost structure is significantly different than forecast.