CEMATRIX CORPORATION

Management's Discussion and Analysis

Three Months and Nine Months Ended September 30, 2015

Date Completed: November 4, 2015

CEMATRIX CORPORATION
www.cematrix.com

Form 51-102F1 - Management's Discussion & Analysis
For the Three Months and Nine Months Ended September 30, 2015

The following is the management's discussion and analysis ("MD&A") of CEMATRIX Corporation ("CEMATRIX" or the "Company") for the three months and nine months ended September 30, 2015. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three months and nine months ended September 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 November 4, 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 three months and nine months ended September 30, 2015. The Board of Directors of the Company has reviewed and approved the Interim Consolidated Financial Statements and MD&A on November 4, 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 three months and nine months ended September 30, 2015, the Company's financial condition as at September 30, 2015 and its future prospects.

B. Third Quarter Highlights

Contracted sales for work in 2015 are at an all-time yearly record level of $15.0 million and a further $1.2 million is contracted for 2016. Year to date sales and before tax income to the end of September 2015 of $9.076 million and $908,863, respectively, were at a record high for the Company.

Sales for the three months ended September 30, 2015, of $4.092 million, were up significantly compared to the same period in 2014. Most of this increase (90.4%) came from a large project in the Alberta oil and gas sector which will continue into 2016. Infrastructure sales also increased. The gross margin on sales was $1.721 million or 42.1%. The higher sales, improved gross margin and tight control of expenses resulted in reported income, before income tax provision, of $985,265 for the quarter.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") in the three months ended September 30, 2015 increased to $1.219 million from a negative number of $364,999 in the same period of 2014.

The challenges for management through the remainder of 2015 include ensuring the completion of the work that is contracted; working with customers to manage project schedules for 2015; ensuring that there are trained operating staff and equipment to complete the 2015 projects; and to carefully manage working capital to fund operations through this significant growth period for the Company. The new dry mix unit, which went into service in October, will help to ease the equipment requirements.

C. Results of Operations

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

	Three Months Ended September 30					
		2015		2014		Change
Revenue	**$**	**4,092,447**	$	967,382	$	3,125,065
Gross margin	**$**	**1,721,473**	$	(5,072)	$	1,726,545
Operating expenses		**(549,474)**		(454,617)		(94,857)
Operating income (loss)		**1,171,999**		(459,689)		1,631,688
Non-cash stock based compensation		**(62,388)**		-		(62,388)
Finance costs		**(147,724)**		(55,182)		(92,542)
Other income		**23,378**		10,618		12,760
Income (loss) before income taxes		**985,265**		(504,253)		1,489,518
Provision of deferred taxes		**(232,865)**		109,296		(342,161)
Net income (loss) attributable to the common shareholder		**752,400**		(394,957)		1,147,357
Unrealized foreign exchange gain (loss) on translation of foreign subsidiary		**1,913**		(11,037)		12,950
Comprehensive income (loss) for period	**$**	**754,313**	$	(405,994)	**$**	1,160,307
Fully diluted income (loss) per common share for period	**$**	**0.021**	$	(0.012)	$	0.033

	Three Months Ended September 30		
	2015	2014	Change
Revenue			
Infrastructure			
Western Canada	**$ 641,147**	$ 358,027	$ 283,120
Ontario	**146,055**	597,140	(451,085)
United States	**313,493**	-	313,493
	1,100,695	955,167	145,528
Western Canada Oil and Gas	**2,991,752**	12,215	2,979,537
	$ 4,092,447	$ 967,382	$ 3,125,065

The 323.0% increase in revenue is principally related to one large oil and gas project that commenced in January 2015, however, there was also a 15.2% increase in infrastructure sales as well. This oil and gas project was the Company's largest contract to date and is currently scheduled to continue through the fourth quarter and into the spring of 2016. There are other oil and gas and infrastructure projects which are scheduled to continue through the fourth quarter as well.

The gross margin on sales for the three months ended September 30, 2015 of $1,721,473 or 42.1% compared to a negative margin of $5,072 for the same period of 2014. The gross margin percentage in 2015 reflects the higher margins achieved on oil and gas sales as well as the full absorption of fixed production costs due to the significant increase in sales.

Operating expenses for the three months ended September 30, 2015 were $549,474 as compared to $454,617 in the same period 2014; an increase of 20.9% which was significantly less than the increase in sales from the same period of 2014. The increase of $94,857 was due to the aggregate of the following:

- Salaries and benefits were up $31,100 as a result of the staff addition in late 2014;

- Commissions for sales staff were up $22,000 due to the increase in sales;

- Insurance costs were up $11,700 due to higher premiums on renewal because of increased sales levels combined with a requirement for project specific insurance coverage on a U.S. project

- The costs to put the receivable factoring agreement in place was $40,300 in 2015 and is being amortized over the full year 2015; the expense was $15,200 in the three months ended September 30, 2015; and

- Other costs were up by $14,857.

Non-cash stock based compensation was up $62,388, the effect of the new options issued in late 2014 and early 2015;

Finance costs were up $92,542; this increase is primarily due to higher financing costs related to the new financing arrangement put in place in 2015 with the new mezzanine loan and the receivable factoring agreement; both of which were put in place in order to fund the increased working capital requirements resulting from the expected increase in sales.

Other income was up $12,760; this increase is principally realized foreign exchange gains on U.S. dollar trade receivables, which were at a higher level in 2015, combined with the stronger U.S. dollar.

The Company recorded a $232,865 provision of deferred taxes in 2015 as compare to a $109,296 recovery of deferred taxes in the same quarter in 2014. The change is the direct result of profitability in 2015 as compared to a loss in 2014.

The unrealized foreign exchange gain on the translation of the Company's U.S. subsidiary was $1,913 in 2015 as compared to an unrealized loss of $11,037 in 2014. The change is due to the strengthening of the U.S. dollar to the Canadian dollar.

The net comprehensive income for the three months ended September 30, 2015 was $754,313 compared with a loss of $405,994 for the same period in 2014. The improvement was primarily due to the significant increase in sales, and the margin thereon.

For the nine months ending September 30, 2015 compared to the nine months ending September 30, 2014

	Nine Months Ended September 30		
	2015	2014	Change
Revenue	**$ 9,075,755**	$ 4,298,846	$ 4,776,909
Gross margin	**$ 2,934,727**	$ 453,491	$ 2,481,236
Operating expenses	**(1,609,395)**	(1,452,682)	(156,713)
Operating income (loss)	**1,325,332**	(999,191)	2,324,523
Non-cash stock based compensation	**(190,660)**	(129,764)	(60,896)
Finance costs	**(270,176)**	(145,096)	(125,080)
Other income	**44,367**	15,411	28,956
Income (loss) before income taxes	**908,863**	(1,258,640)	2,167,503
Provision of deferred taxes	**(211,653)**	234,899	(446,552)
Net income (loss) attributable to the common shareholder	**697,210**	(1,023,741)	1,720,951
Unrealized foreign exchange loss on translation of foreign subsidiary	**(36,296)**	(22,143)	(14,153)
Comprehensive income (loss) for period	**$ 660,914**	$ (1,045,884)	**$** 1,706,798
Fully diluted income (loss) per common share for period	**$ 0.020**	$ (0.031)	$ 0.051

	Nine Months Ended September 30		
	2015	2014	Change
Revenue			
Infrastructure			
Western Canada	**$ 1,347,849**	$ 1,817,225	$ (469,376)
Ontario	**1,685,653**	681,877	1,003,776
United States	**1,392,923**	-	1,392,923
	4,426,425	2,499,102	1,927,323
Western Canada Oil and Gas	**4,649,330**	1,799,744	2,849,586
	$ 9,075,755	$ 4,298,846	$ 4,776,909

This 111.1% increase in revenue for the nine months ended September 30, 2015 is due to growth in both of the Company's significant market areas. Infrastructure sales increased by 77.1%, while sales in oil and gas sector increased by 158.3%. The increase in infrastructure sales is directly related to the continued growth in acceptance of the Company's products for various applications. The increase in the oil and gas sector is directly related to the specifications of the Company's products into major projects in the sector that the Company has been working on with the design engineers for years. One such project is the Company's largest contract to date of $6.8 million, which was executed in 2014. This work commenced in January 2015 and is scheduled to continue into the spring of 2016. As of September 30, 2015 the revenues from this project were $4,056,448 or 44.7% of the total sales for the first nine months of 2015. Other large oil and gas projects are scheduled for the fourth quarter of 2015 as well.

The gross margin on sales was $2,934,727 or 32.3% for the nine months ending September 30, 2015 compared to $453,491 or 10.5% in the same period of 2014. The increase in the gross margin dollars of $2,481,236 was primarily due the revenue increase and an improved gross margin percentage. The improved gross margin percentage principally reflects higher margins achieved on oil and gas sales as well as the full absorption of fixed production costs due to the significant increase in sales. The gross margin percentage on infrastructure sales improved as well as reduced introductory margins were in place on a large infrastructure project in Ontario which commenced in 2013 and was completed in the mid-2015.

Operating expenses for the nine months ended September 30, 2015 were $1,609,395 as compared to $1,452,682 in the same period in 2014; an increase of 10.8% which was significantly less than the increase in sales from the same period in 2014. The increase of $156,713 was due to the aggregate of the following:

- Salaries and benefits were up $95,200 due to the addition of new staff in late 2014;
- Commissions for sales staff were up $34,000 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;
- Insurance costs were up $18,000 due to higher premiums on renewal because of increased sales combined with a requirement for project specific insurance coverage on a U.S. project;
- The costs to put the receivable factoring agreement in place in 2015 was $40,300 and this cost is being amortized over the full 2015 year; $24,000 was expensed in the nine months ended September 30, 2015;
- 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 $20,600 due to a decline in requirements for new testing by the Company’s customer base; and
- Other costs were up by $26,421.

Non-cash stock based compensation was up $60,896, the effect of the new options issued in late 2014 and early 2015;

Finance costs were up $125,080; this increase is primarily due to higher financing costs related to the new financing arrangement put in place in 2015 with the new mezzanine loan and the receivable factoring agreement; both of which were put in place in order to fund the increased working capital requirements resulting from the expected increase in sales.

Other income was up $28,956; this increase is principally realized foreign exchange gains on U.S. dollar trade receivables, which were at a higher level in 2015, combined with the stronger U.S, dollar.

The Company recorded a $211,653 provision of deferred taxes in 2015 as compare to a $234,899 recovery of deferred taxes in the same quarter in 2014. The change is the direct result of profitability in 2015 as compared to a loss in 2014.

The unrealized foreign exchange loss on the translation of the Company’s U.S. subsidiary was $36,296 in 2015 as compared to an unrealized loss of $22,143 in 2014. The change is due to the strengthening of the U.S. dollar to the Canadian dollar.

The net comprehensive income for the nine months ended September 30, 2015 was $660,914 compared with a loss of $1,045,884 for the same period in 2014. The improvement was primarily due to the significant increase in sales, and the margin thereon.

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 on the next page:

Quarters Ended	Revenues	Comprehensive Income (Loss)	Income (Loss) Per Share Basic	Income (Loss) Per Share Diluted
	$	$	$	$
2015 Year				
March 31	**2,819,022**	**(2,421)**	**-**	**-**
June 30	**2,164,286**	**(90,978)**	**(0.002)**	**(0.002)**
September 30	**4,092,447**	**754,313**	**0.022**	**0.021**
Total for period	**9,075,755**	**660,914**	**0.020**	**0.020**
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

		September 30 2015		December 31 2014		Change
Total current assets	**$**	**5,014,625**	$	4,930,969	$	83,656
Total non current assets		**4,405,828**		4,328,673		77,155
Total Assets	**$**	**9,420,453**	$	9,259,642	$	160,811
Current liabilities	**$**	**2,939,940**	$	3,573,850	$	(633,910)
Non current liabilities		**1,936,822**		2,016,175		(79,353)
Total Liabilities	**$**	**4,876,762**	$	5,590,025	$	(713,263)
Shareholders' Equity	**$**	**4,543,691**	$	3,669,617	$	874,074

Total current assets increased by $83,656. This increase was largely due to the improved cash position which is the result of stronger sales and collection of related trade receivables and is summarized in aggregate below:

- Cash in the bank was up $695,587 (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 $672,944 as a result of the lower sales in the third quarter of 2015 in comparison to the fourth quarter of 2014 combined with timing differences in the collection of trade receivables;

- Inventory was down $60,272 due to the normal usage in the production process, which increased substantially due to significant sales in first nine months of 2015, as partially offset by inventory purchases; The Company's plan is to maintain its foaming agent inventory at between one and one and a half times the expected sales volume for the year. The current level is within that range.

- Prepaids and deposits were up $49,884; mainly due to timing differences on certain items in 2015 as compared with 2014 and prepaid costs for projects that will not commence until the fourth quarter of 2015; and.

- Current portion of share acquisition loans was up $1,401 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 $77,155. 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 $288,808 - cash additions to plant and equipment were $536,868, primarily related to the construction of new production equipment, which will be used to increase productive capacity and geographical allocation, and $4,942 in new finance leased equipment; the Company has been constructing two new production units, one of which was put into service in October 2015; this was partially offset by depreciation of $253,002;

- 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; and

- The deferred tax asset decreased by $211,653 as a result of recording a provision of deferred tax on the income in the period.

Total current liabilities decreased by $633,910. 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. 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. The Company's bank was unable to provide the operating loan level required to achieve the sales level expected for the year. As a result the Company entered into a $2,000,000 working capital financing arrangement (see Section G – Liquidity);

- Trade and other payables were down $227,609 principally due to the reduced business activity in the third quarter of 2015 as compared to the last quarter of 2014;

- Factoring liability was $154,000; this represents the cash received on the sale of trade receivables under the receivable purchase agreement put in place in 2015 that have not yet been collected from the customer;

- 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 down $6,147 due to scheduled repayments of $41,047 as offset by the reclassification from the long term portion of 34,900.

Total non current liabilities decreased by $79,353. This decrease is due to scheduled repayments and an additional drawdown 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 decreased by $49,395 due to scheduled repayments of $143,331 and an additional drawdown of $93,936 on the BDC Capital Financing to fund the construction of new production equipment; repayments for the BDC Financing run from July to December; the BDC Capital loan is now fully drawn down; and

- Finance lease obligations were down $29,958 due to the addition of new equipment leases of $4,942 net of reclassification of $34,900 to current portion (see comment above).

Shareholders' Equity increased by $874,074. 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 $172,773 due the non-cash stock based compensation of $190,660 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 $36,296 due to the unrealized foreign exchange loss on translation of the Company's U.S. subsidiary in 2015; and

- Deficit increased by $699,376 due to the income to common shareholders in the period of $697,210 and 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 September 30, 2015.

F. Consolidated Statement of Cash Flows

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

The cash position of the Company at September 30, 2015 was $745,606 (consisting of cash in the bank of $745,606) compared to a cash position of $2,925 (consisting of cash in the bank of $25,191 net of bank overdraft of $22,276) at September 30, 2014.

The change in the cash position in the three months ending September 30, 2015 and 2014 was an increase of $442,318 in 2015 as compared to an increase of $53,993 in the same period of 2014. This change is outlined in the table on the next page:

	Three Months Ended September 30		
	2015	2014	Change
Cash generated from (used in) operating activities	**$ 1,182,008**	$ 357,171	$ 824,837
Cash generated from (used in) investing activities	**(356,196)**	(250,131)	(106,065)
Cash generated from (used in) financing activities	**(383,494)**	(53,047)	(330,447)
Increase (decrease) in cash	**442,318**	53,993	388,325
Cash, at beginning of period	**303,288**	(51,078)	354,366
Cash, at end of period	**$ 745,606**	$ 2,915	$ 742,691
Cash Position			
Cash in the bank	**$ 745,606**	$ 25,191	$ 720,415
Bank overdraft	**-**	(22,276)	22,276
	$ 745,606	$ 2,915	$ 742,691

- Cash generated from operating activities was $1,182,008 in the three months ended September 30, 2015, as compared to cash generated of $357,171 in the same period in 2015, a change of $824,837.

  - The positive cash flow, before non-cash working capital adjustments, was higher by $1,566,419 compared with the same period of 2014. This increase was due to the increase in income before deferred taxes of $1,489,518 compared to 2014 and an increase of $76,901 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 positive adjustment for the net change in non-cash working capital items of $741,582 as compared to 2014. This is primarily due to the increase 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 $356,196 for the three months ended September 30, 2015 compared with $250,131 used in 2014, an increase of $106,065.

  - Plant and equipment additions were $356,196 in 2015 as compared to $250,131 in 2014 and

- Cash used in financing activities was $383,494 in the three months ended September 30, 2015 compared to cash used of $53,047 in the same period in 2014.

  - In 2015 the Company made scheduled repayments of $143,331 and $13,856, respectively on the BDC Financing on finance lease obligations, and the factored receivable liability was reduced by $226,307 on the collection of factored trade receivables; and

  - In 2014 the Company reduced its bank operating loan by $90,000; made a drawdown $194,305 of the BDC Capital Financing to fund capital spending; and made scheduled repayments of $143,331 and $14,021, respectively, on the BDC Financing and on finance lease obligations.

For the nine months ending September 30, 2015 compared to the nine months ending September 30, 2014

The cash position of the Company at September 30, 2015 was $745,606 (consisting of cash in the bank of $745,606) compared to a cash position of $2,925 (consisting of cash in the bank of $25,191 net of bank overdraft of $22,276) at September 30, 2014.

The change in the cash position in the nine months ending September 30, 2015 and 2014 was an increase of $889,741 in 2015 as compared to an increase of $39,007 in the same period of 2014. This change is outlined in the table below:

	Nine Months Ended September 30		
	2015	2014	Change
Cash generated from (used in) operating activities	**$ 1,770,551**	$ (913,831)	$ 2,684,382
Cash generated from (used in) investing activities	**(606,868)**	(824,736)	217,868
Cash generated from (used in) financing activities	**(273,942)**	1,777,574	(2,051,516)
Increase (decrease) in cash	**889,741**	39,007	850,734
Cash, at beginning of period	**(144,135)**	(36,092)	(108,043)
Cash, at end of period	**$ 745,606**	$ 2,915	$ 742,691
Cash Position			
Cash in the bank	**$ 745,606**	$ 25,191	$ 720,415
Bank overdraft	**-**	(22,276)	22,276
	$ 745,606	$ 2,915	$ 742,691

- Cash generated from operating activities was $1,770,551 for the nine months ending September 30, 2015, as compared to the use of $913,831 in the same period in 2014, a change of $2,684,382.

  - The cash flow, before non cash working capital adjustments, improved by $2,212,839 compared with the same period of 2014. This was due to the significant increase in income before deferred taxes of $2,167,503 together with an increase of $45,336 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 $455,723 as compared to a negative adjustment of $15,820 in 2014, a positive change of $471,543. 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 $606,868 for the nine months ending September 30, 2015, as compared with $824,736 used in 2014, a reduction of $217,868.

  - Plant and equipment additions were $536,868 in 2015 as compared to $824,736 in 2014; the new dry mix unit has completed commissioning and went into service in October and the new wet mix unit is almost completed but the staff workload due to increased sales will delay commissioning until later in 2015; and

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

- Cash used in financing activities was $273,942 for the nine months ended September 30, 2015, as compared to the generation of $1,777,574 in the same period in 2014.

  - In 2015 the Company issued a Mezzanine loan for $750,000, and with a portion of these proceeds, together with cash generated from operations the Company’s repaid its bank operating loan by $1,110,000; funded $1,107,596 through trade receivable financing ; made a drawdown $93,936 on the BDC Capital Financing to fund capital spending; issued $22,500 of common shares on the exercise of options; collected $953,596 of the outstanding trade receivables factored and made scheduled repayments of $143,331 and $41,047, respectively on the BDC Financing and on finance lease obligations.

  - In 2014 the Company increased its bank operating loan by $420,000 to finance higher working capital; made a drawdown $541,121 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 scheduled repayments of $143,331 and $41,216, respectively on the BDC Financing and 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 September 30, 2015, the Company had a current asset/current liability position of $2,074,685 up from $1,357,119 at December 31, 2014.

For the nine months ended September 30, 2015, the Company reported income of $1,099,523, before the non-cash deferred tax provision and non-cash stock based compensation, and cash from operations of $1,314,828, before the non-cash working capital adjustment.

In order to improve liquidity and replace the existing bank operating loan, which was not sufficient to meet the Company’s forecasted operating and working capital requirements, 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 is being 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% (reduced from 2.25% in September 2015) for the first 30 days that the sales invoice is outstanding, with a further daily discount rate of 0.065% (reduced from 0.075% in September) 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 $15.0 million in sales scheduled for 2015 and $1.2 million for sales scheduled for 2016.

The realization of the net working capital as at September 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 a continuing level of 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 the remainder of 2015. The new dry mix unit went into service in October 2015 and the new wet mix unit will go into service later in 2015 once staff can be freed up to complete the commissioning of this unit. The Company, with the completion of this new equipment, will have available seasonally adjusted production capacity that will enable the Company to produce over six times the current annual sales volume. However, the Company may need to add additional equipment to replace existing equipment or to build additional production units for geographical allocation.

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 or that the Company can generate sufficient operating cash flows to fund future equipment additions.

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 $6,816,569 at September 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 September 30, 2015.

Debt Category	2015/16	2016/17	2017/18	2018/19	2019/20
	$	$	$	$	$
Factoring Liability	154,000	-	-	-	-
Mezzanine Loan (2)	750,000	-	-	-	-
Finance lease obligations (1)	55,624	36,115	18,167	5,614	1,350
BDC Financing (2)	286,662	243,762	200,862	200,862	200,862
Secured Debenture (2)	-	1,000,000	-	-	-
Operating leases	299,168	277,168	277,168	277,168	69,292

(1) Includes principal and interest
(2) Principal only

H. Off Balance Sheet Arrangements

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

I. Transactions with Related Parties

During the three and nine months ending September 30, 2015, the Company incurred legal fees from a firm which employs one of the directors of the Company in the amount of $5,247 and $15,501, respectively ($2,247 and $7,593, respectively for the same periods in 2014) of which $1,678 was in trade and other payables as at September 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 October 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 $1,166,487 outstanding at September 30, 2015, is subject to floating rates. Based on the floating rate debt outstanding at September 30, 2015 a 1% increase/decrease in interest rates would result in a decrease/increase in the comprehensive income (loss) of approximately $8,700.

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 September 30, 2015, 10 customers accounted for approximately 93% 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 September 30, 2015 and December 31, 2014).

Included in revenue are sales to one customer of $2,826,407 and $4,056,448, respectively for the three and nine months ended September 30, 2015. There have been no collection issues on these sales.

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 September 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 September 30, 2015				
Trade and other payables	**$ 1,699,883**	**$ -**	**$ -**	**$ 1,699,883**
Factored liability	**154,000**	**-**	**-**	**154,000**
Mezzanine loan	**750,000**	**-**	**-**	**750,000**
Long-term debt	**286,662**	**243,762**	**1,636,063**	**2,166,487**
Finance lease obligations	**49,395**	**33,282**	**23,714**	**106,391**
	$ 2,939,940	**$ 277,044**	**$ 1,659,777**	**$ 4,876,761**

	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 September 30, 2015 and December 31, 2014 the following balances were denominated in USD:

	2015	2014
Cash and cash equivalents (bank overdraft)	**$ 29,172**	$ 37,247
Trade and other receivables	**$ 253,186**	$ 138,024
Inventory	**$ 1,906**	$ 1,906
Prepaid expenses and deposits	**$ 22,266**	$ 14,601
Trade and other payables	**$ 58,731**	$ 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 September 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 $16,500.

M. Disclosure of Outstanding Share Data

As at September 30, 2015 and November 4, 2015, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	Authorized	Outstanding as at September 30, 2015	Outstanding as at November 4, 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 nine months ended September 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 the balance of 2015 remains extremely positive as the fourth quarter is expected to be the Company’s best quarter of the year providing the balance of the $15 million in contracted sales are completed profitably, as expected. As of the date of this report the Company has already placed significantly more volume in 2015 than was completed for the entire year in 2014 so the Company is well on its way to a successful fourth quarter and year. Based on achieving the $15 million in contracted sales for 2015 the Company is expected to generate between $2 million and $2.5 million in EBITDA and to generate sufficient cash flow to enable the Company to secure a reasonable bank operating line with a senior lender, thus reducing finance costs for the future.

The outlook for 2016 and beyond looks very positive as well as the acceptance of the Company’s products for various applications in both the infrastructure and oil and gas markets continues to grow. Continued low oil and gas prices will lower the outlook for growth in sales in the oil and gas market, however, any reduction in this market is expected to be more than offset by growth in sales in infrastructure markets. Management is also confident that it has put in place the production capacity to allow for significant growth. The Company, with the completion of the new wet mix unit later this year, will have available seasonally adjusted volume capacity of over six times the current annual sales volume. Even so, the Company may need to add additional equipment to replace existing equipment or to build new production units for geographical allocation.

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Form 51-102F1 - Management's Discussion & Analysis
For the Three Months and Nine Months Ending September 30, 2015

Appendix A – Forward Looking Statements

The forward-looking statements in the MD&A for the three months and nine months ending September 30, 2015 are outlined below:

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

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The foregoing statements contain forward-looking statements which are based on sales and earnings forecasts prepared for 2015 and sales forecasts for 2016; sales forecasts include work which is under contract for 2015 and 2016, as well as probability adjusted forecasts for projects on which the Company has placed or will place bids in 2015 and 2016, 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 and 2016 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.