

## CEMATRIX CORPORATION

### NEWS RELEASE

#### **CEMATRIX Corporation Announces Letter of Intent for Proposed Acquisition of Pacific International Grout Company and the Engagement of Joseph Gunner and Co. LLC as an Exclusive Investment Banker**

**Calgary, Alberta – January 18, 2019:** CEMATRIX Corporation (TSXV: CVX) (the “**Corporation**” or “**CEMATRIX**”) is pleased to announce that it has entered into a letter of intent with Pacific International Grout Co. (“**PIGCO**”) dated January 18, 2019 (the “**Letter of Intent**”) in respect of a proposed transaction pursuant to which all of the issued and outstanding shares of PIGCO (the “**PIGCO Shares**”) will be acquired either directly by CEMATRIX or through a subsidiary, such that PIGCO will be, directly or indirectly, a wholly owned subsidiary of CEMATRIX (the “**Acquisition**”). It is currently anticipated that the Acquisition will occur as a share sale, with the final structure of the Acquisition being subject to receipt of tax, corporate and securities law advice for both CEMATRIX and PIGCO. Upon completion of the Acquisition, PIGCO, or such other appropriate US entity the Purchaser uses to acquire the PIGCO Shares and continue the operations of PIGCO (the “**Operational Subsidiary**”), will continue to carry on the business of PIGCO.

“PIGCO is a profitable leading west provider of cellular concrete and engineered grouts in the United States and Canada, and it has completed successful projects across the United States and internationally, as well,” stated Jeff Kendrick, President and Chief Executive Officer of CEMATRIX. “PIGCO, through its founder Patrick Stephens, is recognized as an expert in difficult and problematic projects. CEMATRIX believes that the acquisition of PIGCO will confirm CEMATRIX as the foremost source of cellular concrete throughout North America. Most important to CEMATRIX as well, is that upon closing of the Acquisition, the owner of all of the PIGCO Shares, Mr. Patrick Stephens (the “**Vendor**”), will be a significant shareholder of CEMATRIX and Mr. Stephens has also agreed to provide sales, technical and operational support for PIGCO and CEMATRIX for a minimum of three and up to five years, or more, following the closing of the Acquisition.”

In addition to the increased sales, profits and cash flows that PIGCO will bring to CEMATRIX (it is estimated that PIGCO currently has over \$17 million USD in projects contracted to be completed over the next three years, mainly late 2019 and 2020), PIGCO also owns certain technologies and equipment that management believes could allow CEMATRIX to enter into markets that it currently does not pursue.

#### General Information on PIGCO

PIGCO is an S Corporation incorporated under the laws of Washington, with a head office in Bellingham, Washington. PIGCO is a contractor in the same business as CEMATRIX specializing in low density foam concrete, engineered grouts and cement-based materials, as well as offering complete installation services including technical mix design support and development for a wide variety of construction applications in the United States and Canada.

PIGCO specializes in production and placement of cellular concrete and engineered slurries for heavy construction, mining and hazardous material encapsulation including Nuclear Decommissioning. Over the years PIGCO had developed and been granted 19 U.S. and 12 International patents for method and process apparatus for the cellular concrete industry and mining. These patents have expired but the technology is still practiced by PIGCO.

PIGCO also manufactures the proprietary equipment that they use to mix and place cellular concrete and have vast experience and knowledge having completed over 1.6 million feet of pipe in tunnel and underground casings.

#### The Acquisition

Pursuant to the Letter of Intent, consideration for the PIGCO Shares shall be paid to the Vendor by CEMATRIX as follows:

- \$500,000 (USD) in common shares of CEMATRIX (the “**CEMATRIX Shares**”);
- cash in the amount of \$3,250,000 (USD), which includes a minimum of \$250,000 (USD) in deemed working capital to continue operations as supported by an appraisal of capital equipment; and

- \$3,500,000 (USD) by way of earn-out payment (the “**Earn-out**”) calculated on the operations of Operational Subsidiary for up to four years following closing of the Acquisition. The Earn-out will pay the Vendor a percentage of PIGCO’s EBITDA in excess of \$500,000 (USD) for a period of up to four years, the percentage of which will be determined and agreed to during the due diligence process.

#### Appointment of Joseph Gunnar & Co.

The Corporation is pleased to announce that effective January 1, 2019, it has entered into an exclusive agreement with a Wall Street investment banking and securities boutique, Joseph Gunnar & Co. LLC. This investment bank will be providing CEMATRIX with financial advisory services, in particular relating to evaluating financing options and targeting further U.S. based acquisitions including the PIGCO acquisition.

Additionally, Joseph Gunnar & Co. LLC will also focus on assisting CEMATRIX in creating and executing new strategies for maximizing shareholder value, through its full scope of investment banking services. The Corporation does not have a defined timeline for any specific financing and cannot provide any assurance whether or when a financing will be announced or consummated.

"We see a great deal of growth opportunity focusing on the lucrative and growing U.S. infrastructure market and are pleased to have engaged Joseph Gunnar & Co. LLC as the Corporation's exclusive investment bank," stated Jeff Kendrick, CEO of CEMATRIX. "Joseph Gunnar has a long history of assisting public companies raise additional growth capital. It is of the utmost importance that we have a strong balance sheet and a financing, if consummated will allow CEMATRIX to significantly accelerate its growth plans."

#### Proposed Financing

The Letter of Intent contains a condition that CEMATRIX obtain sufficient financing to complete the Acquisition and maintain sufficient working capital after closing of the Acquisition in its sole discretion. Such financing is anticipated to come from a combination of debt and equity, which will be finalized during the acquisition process and guided by Joseph Gunnar & Co.

#### Additional Information

The Acquisition will be carried out by parties dealing at arm’s length to one another and therefore will not be considered to be a “Non-Arm’s Length Transaction”, as such term is defined under the policies of the Exchange, however, the Acquisition will constitute a “Fundamental Acquisition” under the policies of the Exchange. No finder’s fees are payable by CEMATRIX as a part of the Acquisition.

The Letter of Intent is expected to be superseded by a definitive agreement (the “**Definitive Agreement**”) to be signed between the parties (which agreement shall include representations, warranties, conditions and covenants typical for a transaction of this nature). The Acquisition is subject to the receipt of all necessary regulatory, corporate and third party approvals, including the approval of the Exchange, and the satisfaction of customary closing conditions: including the approval of the Definitive Agreement and the Acquisition by the board directors of CEMATRIX; completion of due diligence investigations to the satisfaction of CEMATRIX; the arranging of appropriate financing by CEMATRIX for the Acquisition; PIGCO retaining a minimum deemed working capital at closing, to be agreed to during or after the due diligence process; compliance with all applicable regulatory requirements and conditions in connection with the Acquisition; the absence of any material adverse condition with respect to the financial and operational condition or the assets of PIGCO; and the delivery of customary closing documentation.

CEMATRIX is an Alberta corporation with its head offices in Calgary, Alberta. The Corporation, through its wholly owned Canadian and US subsidiaries, is a rapidly growing company that manufactures and supplies technologically advanced cellular concrete products developed from proprietary formulations. This unique cement-based material with superior thermal protection, delivers a cost-effective, innovative solution to a broad range of problems facing the infrastructure, industrial (including oil and gas) and commercial markets. The Corporation is a reporting issuer in the provinces of British Columbia and Alberta.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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*This news release contains forward-looking information within the meaning of applicable securities laws relating to the proposal to complete the Acquisition and associated transactions, including statements regarding the terms and conditions of the Acquisition. The information about PIGCO contained in the press release has not been independently verified by the Corporation. Although the Corporation believes in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Corporation can give no assurance that they will prove to be correct. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risks that the parties will not proceed with the Acquisition and associated transactions will differ from those that currently are contemplated, and that the Acquisition and associated transactions will not be successfully completed for any reason (including the failure to obtain the required approvals or clearances from regulatory authorities). The terms and conditions of the Acquisition may change based on the Corporation's due diligence and the receipt of tax, corporate and securities law advice for both CEMATRIX and PIGCO. The statements in this press release are made as of the date of this release. The Corporation undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of the Corporation, PIGCO, their securities, or their respective financial or operating results (as applicable).*