

CEMATRIX CORPORATION
Consolidated Financial Statements
(in Canadian dollars)
September 30, 2017

**Management's Responsibility for Financial Reporting and Notice of No Auditor
Review of the Interim Consolidated Financial Statements for the Three and Nine Months Ended
September 30, 2017**

To the Shareholders:

CEMATRIX CORPORATION

Management has responsibility for preparing the accompanying consolidated financial statements. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgement. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Management has developed and maintains appropriate accounting and systems of internal control designed to provide reasonable assurance that reliable and relevant financial information is produced. In addition, programs of proper business conduct and risk management have been implemented to protect the Company's assets and operations. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or misuse and financial records are properly maintained to provide reliable financial information for the preparation of the consolidated financial statements.

The Board of Directors (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out these responsibilities principally through the Audit Committee (the "Committee"), which includes two independent directors.

The Committee has the responsibility of meeting with management to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee reviews the interim consolidated financial statements and reports its findings to the Board for approval.

The Company's external auditor MNP LLP, an independent firm of Chartered Accountants, has not performed a review of these interim consolidated financial statements.

November 15, 2017

Signed "Bruce McNaught" Chief Financial Officer
Bruce McNaught, CA

CEMATRIX CORPORATION
Consolidated Statements of Financial Position
As at September 30, 2017 (unaudited) and December 31, 2016 (audited)
(in Canadian Dollars)

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 42,741	\$ 84,334
Term deposit	80,000	80,000
Trade and other receivables (note 5)	2,267,210	2,091,778
Inventory (note 6)	442,412	453,437
Prepaid expenses and deposits	167,229	138,909
Current portion of share acquisition loans (note 7)	21,339	17,469
	3,020,931	2,865,927
Non Current Assets		
Share acquisition loans (note 7)	39,801	39,801
Property and equipment	3,263,111	3,400,305
Intangibles (note 8)	619,156	537,012
Deferred taxes	864,990	732,787
	4,787,058	4,709,905
Total Assets	\$ 7,807,989	\$ 7,575,832
LIABILITIES and EQUITY		
Current Liabilities		
Bank overdraft	\$ 100,141	\$ 33,201
Trade and other payables (note 10)	972,572	484,977
Current portion of long term debt (note 11)	307,182	284,462
Current portion of finance lease obligations (note 12)	64,145	77,060
	1,444,040	879,700
Non Current Liabilities		
Long term debt (note 11)	2,059,636	1,952,032
Finance lease obligations (note 12)	156,963	171,875
	2,216,599	2,123,907
Total Liabilities	3,660,639	3,003,607
SHAREHOLDERS' EQUITY		
Share capital (note 13)	7,495,530	7,495,530
Contributed surplus	897,619	909,890
Accumulated other comprehensive loss	(44,412)	(41,605)
Deficit	(4,201,387)	(3,791,590)
Total Shareholders' Equity	4,147,350	4,572,225
Total Liabilities and Shareholders' Equity	\$ 7,807,989	\$ 7,575,832

Approved on behalf of the Board

Signed "Jeffrey Kendrick" Director

Signed "Steve Bjornson" Director

The accompanying notes are an integral part of these consolidated financial statements.

CEMATRIX CORPORATION

Consolidated Statements of Loss and Comprehensive Loss

*For the three and nine months ending September 30 (unaudited)
Canadian Dollars*

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Revenue (note 23)	\$ 2,429,421	\$ 2,505,273	\$ 7,165,122	\$ 8,431,034
Cost of sales (note 14)	1,936,122	2,356,311	5,989,969	7,059,249
Gross margin	493,299	148,962	1,175,153	1,371,785
Operating expenses				
General and administrative	294,161	264,924	807,913	878,714
Sales, marketing and engineering	290,398	302,270	808,796	893,529
Total operating expenses	584,559	567,194	1,616,709	1,772,243
Operating loss	(91,260)	(418,232)	(441,556)	(400,458)
Non-cash stock based compensation (note 15)	(8,822)	(46,269)	12,271	(109,589)
Finance costs (note 16)	(51,336)	(39,611)	(155,763)	(158,900)
Other income (note 17)	24,232	12,406	43,048	51,483
Loss before income taxes	(127,186)	(491,706)	(542,000)	(617,464)
Recovery of deferred taxes	19,446	102,586	132,203	87,586
Net loss attributable to the common shareholders	(107,740)	(389,120)	(409,797)	(529,878)
Unrealized foreign exchange gain (loss) on translation of foreign subsidiary	2,430	(3,461)	(2,807)	(33,309)
Total comprehensive loss for the period	\$ (105,310)	\$ (392,581)	\$ (412,604)	\$ (563,187)
Loss per common share (note 18)				
Basic	\$ (0.003)	\$ (0.011)	\$ (0.012)	\$ (0.015)
Fully Diluted	\$ (0.003)	\$ (0.011)	\$ (0.012)	\$ (0.015)
Weighted average number of common shares (note 18)				
Basic	34,475,994	34,475,994	34,475,994	34,365,554
Fully Diluted	34,475,994	34,475,994	34,475,994	34,365,554

The accompanying notes are an integral part of these consolidated financial statements.

CEMATRIX CORPORATION
Consolidated Statements of Changes in Shareholders' Equity
For the three and nine months ending September 30 (unaudited)
Canadian Dollars

	Share Capital	Contributed Surplus	Accumulated other Comprehensive income (loss)	Deficit	Total Shareholders' Equity
Balance at January 1, 2017	\$ 7,495,530	\$ 909,890	(41,605)	\$ (3,791,590)	\$ 4,572,225
Non-cash stock based compensation (note 15)	-	28,409	-	-	28,409
Net loss attributable to common shareholders	-	-	-	(52,395)	(52,395)
Unrealized foreign exchange gain on translation of foreign subsidiary	-	-	536	-	536
Balance at March 31, 2017	7,495,530	\$ 938,299	(41,069)	(3,843,985)	4,548,775
Non-cash stock based compensation (note 15)	-	(49,502)	-	-	(49,502)
Net loss attributable to common shareholders	-	-	-	(249,662)	(249,662)
Unrealized foreign exchange loss on translation of foreign subsidiary	-	-	(5,773)	-	(5,773)
Balance at June 30, 2017	7,495,530	\$ 888,797	(46,842)	(4,093,647)	4,243,838
Non-cash stock based compensation (note 15)	-	8,822	-	-	8,822
Net loss attributable to common shareholders	-	-	-	(107,740)	(107,740)
Unrealized foreign exchange gain on translation of foreign subsidiary	-	-	2,430	-	2,430
Balance at September 30, 2017	\$ 7,495,530	\$ 897,619	(44,412)	\$ (4,201,387)	\$ 4,147,350
Balance at January 1, 2016	\$ 7,434,530	\$ 799,430	\$ (25,462)	\$ (2,725,937)	\$ 5,482,561
Issue of shares (note 14)	45,000	-	-	-	45,000
Reclassification of contributed surplus to share capital (note 16)	16,000	(16,000)	-	-	-
Non-cash stock based compensation (note 15)	-	24,079	-	-	24,079
Reclassification of contributed surplus to deficit (note 16)	-	(15,796)	-	15,796	-
Net loss attributable to common shareholders	-	-	-	(2,949)	(2,949)
Unrealized foreign exchange loss on translation of foreign subsidiary	-	-	(19,538)	-	(19,538)
Balance at March 31, 2016	7,495,530	791,713	(45,000)	(2,713,090)	5,529,153
Non-cash stock based compensation (note 15)	-	39,241	-	-	39,241
Net loss attributable to common shareholders	-	-	-	(137,809)	(137,809)
Unrealized foreign exchange loss on translation of foreign subsidiary	-	-	(10,310)	-	(10,310)
Balance at June 30, 2016	\$ 7,495,530	\$ 830,954	(55,310)	\$ (2,850,899)	\$ 5,420,275
Non-cash stock based compensation (note 15)	-	46,269	-	-	46,269
Net loss attributable to common shareholders	-	-	-	(389,120)	(389,120)
Unrealized foreign exchange loss on translation of foreign subsidiary	-	-	(3,461)	-	(3,461)
Balance September 30, 2016	\$ 7,495,530	\$ 877,223	\$ (58,771)	\$ (3,240,019)	\$ 5,073,963

The accompanying notes are an integral part of these consolidated financial statements.

CEMATRIX CORPORATION
Consolidated Statements of Cash Flows
For the three and nine months ending September 30 (unaudited)
Canadian Dollars

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Cash generated from (used in):				
Operating activities				
Net loss attributable to common shareholders	\$ (107,740)	\$ (389,120)	\$ (409,797)	\$ (529,878)
Add (deduct) non-cash items				
Provision of deferred taxes	(19,446)	(102,586)	(132,203)	(87,586)
Depreciation	105,309	122,100	351,830	359,537
Non-cash stock based compensation (note 15)	8,822	46,269	(12,271)	109,589
Gain on sale of equipment (note 17)	-	-	(2,300)	(21,093)
Non-cash fair value adjustment on share acquisition loans (note 7)	(1,290)	(3,162)	(3,870)	(9,486)
Net change in non-cash working capital items (note 19)	(14,345)	(326,499)	(208,611)	(178,917)
Cash generated from operations	12,212	155,580	86,257	539,988
Investing activities				
Purchase of property and equipment	(4,371)	(176,707)	(199,271)	(318,416)
Purchase of term deposit	-	-	-	(10,000)
Purchase of intangibles	(14,215)	(15,415)	(119,430)	(15,415)
Proceeds on sales of equipment	-	-	2,300	21,351
Cash used in investing activities	(18,586)	(192,122)	(316,401)	(322,480)
Financing activities				
Proceeds from bank operating loan	-	460,064	-	460,064
Proceeds from BDC financing	-	-	280,555	-
Repayments on BDC financing	(150,231)	(143,331)	(150,231)	(143,331)
Proceeds from government grants on intangibles	2,856	-	37,286	-
Repayment on factoring	-	-	-	(703,462)
Repayment of Mezzanine Loan	-	-	-	(750,000)
Issue of common shares (note 13)	-	-	-	45,000
Repayment of finance lease obligations	(14,525)	(15,175)	(43,192)	(51,578)
Cash generated from (used in) financing activities	(161,900)	301,558	124,418	(1,143,307)
Foreign exchange effect on cash	2,430	(3,461)	(2,807)	(33,309)
Increase (decrease) in cash	(165,844)	261,555	(108,533)	(959,108)
Cash, beginning of period	108,444	230,122	51,133	1,450,785
Cash, end of period	\$ (57,400)	\$ 491,677	\$ (57,400)	\$ 491,677
Cash, end of period				
Cash and cash equivalents	42,741	491,677	42,741	491,677
Bank overdraft	(100,141)	-	(100,141)	-
	(57,400)	491,677	(57,400)	491,677
Supplemental information				
Finance costs paid during the period	\$ 53,747	\$ 44,279	\$ 156,559	\$ 169,335

The accompanying notes are an integral part of these consolidated financial statements.

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)

1. Corporate information

CEMATRIX CORPORATION (“CEMATRIX” or the “Company”) is a limited company incorporated in the province of Alberta, Canada whose common shares are publicly traded on the TSX venture exchange under the symbol “cvx.v”. It is domiciled in Canada with its registered office at 5440 - 53rd Street S.E., Calgary, Alberta, Canada.

Through its wholly-owned subsidiary, CEMATRIX (Canada) Inc. and its subsidiary CEMATRIX (USA) Inc., the Company is a manufacturer and supplier of cellular concrete products with applications in a variety of markets. The current market focus is in the construction market for infrastructure across Canada, and on a selective basis in the United States of America (“U.S.”), and oil and gas construction projects in Western Canada.

The consolidated financial statements of the Company for the three and nine months ended September 30, 2017 were authorized for issue in accordance with a resolution of the Board of Directors dated November 15, 2017.

2. Basis of preparation

Statement of compliance

These consolidated financial statements for the three and nine months ended September 30, 2017 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Reporting Interpretation Committee (“IFRIC”) in effect at the closing date of September 30, 2017.

Basis of measurement

These consolidated financial statements are stated in Canadian dollars and were prepared under the historical cost convention except for share-based payment transactions which are measured at fair value.

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency. The functional currency of CEMATRIX (USA) Inc. is US dollars (“USD”).

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Judgements, estimates and assumptions 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.

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)

3. Significant accounting judgements, estimates and assumptions (continued)

The key sources of these uncertainties 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, 2016. There has been no changes since that date.

4. Significant accounting policies

The significant accounting policies of the Company are outlined in Note 4 of the audited consolidated financial statements for the year ended December 31, 2016. There have been no changes since that date.

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, 2017 or later periods. The standards impacted that are applicable to the Company are as follows:

IFRS 9 Financial Instruments – On July 24, 2014, the IASB issued the final version of IFRS 9, “Financial Instruments” (“IFRS 9”) to replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The approach is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements; however, where the fair value option is applied to financial liabilities, the change in fair value resulting from an entity’s own credit risk is recorded in OCI rather than net earnings, unless this creates an accounting mismatch. In addition, a new expected credit loss model for calculating impairment on financial assets replaces the incurred loss impairment model used in IAS39. The new model will result in more timely recognition of expected credit losses. IFRS 9 also includes a simplified hedge accounting model, aligning hedge accounting more closely with risk management. IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted if IFRS 9 is adopted in its entirety at the beginning of a fiscal period.

IFRS 15 Revenue from Contracts With Customers – On May 28, 2014, the IASB issued IFRS 15, “Revenue From Contracts With Customers” (“IFRS 15”) replacing International Accounting Standard 11, “Construction Contracts” (“IAS 11”), IAS 18, “Revenue” (“IAS 18”), and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. IFRS 15 is effective for years beginning on or after January 1, 2018.

The Company has determined that the impact on its consolidated financial statements from the adoption of these future accounting pronouncements will not be material.

IFRS 16 Leases – In January 2016, the IASB issued IFRS 16, “Leases” (“IFRS 16”) replacing International Accounting Standard 17, “Leases” (“IAS 17”). IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (“lessee”) and the supplier (“lessor”). The standard provides revised guidance on identifying a lease and separating lease and non-lease components of a contract. It introduces a single accounting model for all leases and requires a lessee to recognize right-of-use assets and lease liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value, and depreciation of lease assets separately from interest on lease liabilities in the income statement. Lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for years beginning on or after January 1, 2019.

CEMATRIX CORPORATION
Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)

4. Significant accounting policies

The Company has not determined the impact on its consolidated financial statements from the adoption of this future accounting pronouncement.

5. Trade and other receivables

Trade and other receivables consist of the following components as at September 30, 2017 and December 31, 2016:

	2017	2016
Trade receivables	\$ 1,783,538	\$ 1,934,967
Holdbacks	438,881	91,611
Other receivables	44,791	65,200
	\$ 2,267,210	\$ 2,091,778

Trade receivables and holdbacks are unsecured and non-interest bearing and are generally on 30 day terms subject to standard ten percent construction holdbacks on most of its sales over \$100,000. Holdbacks are generally collectible forty-five days after completion of the work performed by the Company, however, holdbacks can be outstanding much longer, if the holdback release is tied to the completion of the entire project by the general contractor. The Company is normally a subcontractor to the general contractor and only completes a portion of the total work to be completed by the general contractor and accordingly certain holdbacks can be outstanding for up to a year or more.

The aging of the trade receivables as at September 30, 2017 and December 31, 2016 is detailed below.

	2017	2016
1-30 days	\$ 875,257	\$ 931,720
30-60 days	639,328	337,535
61-90 days	9,411	463,320
Greater than 90 days	259,542	202,392
	\$ 1,783,538	\$ 1,934,967

In determining the recoverable amount of a trade receivables, holdbacks and other receivables, the Company performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparties. Based on account balances greater than 90 days, the Company believes that no impairment allowance is necessary in respect of trade receivables.

CEMATRIX CORPORATION
Notes to the Consolidated Financial Statements

*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)*

6. Inventory

Inventory consists of the following components as at September 30, 2017 and December 31, 2016:

	2017	2016
Raw materials (principally foaming agent)	\$ 439,619	\$ 450,686
Spare parts and marketing material	2,793	2,751
	\$ 442,412	\$ 453,437

Inventory expensed as part of cost of sales was \$66,415 and \$213,144, respectively, for the three and nine months ending September 30, 2017 (\$88,564 and \$396,686, respectively for the same periods in 2016). There were no inventory write-downs in either 2017 or 2016.

7. Share acquisition loans

Share acquisition loans consist of the following components as at September 30, 2017 and December 31, 2016:

	2017	2016
Share acquisition loans, beginning of period	\$ 67,875	\$ 90,500
Repayments	-	(22,625)
Share acquisition loans, end of period	67,875	67,875
Non-cash fair value adjustment, beginning of period	(10,605)	(23,253)
Accretion of non-cash fair value adjustment	3,870	12,648
Non-cash fair value adjustment, end of period	(6,735)	(10,605)
	61,140	57,270
Less current portion	(21,339)	(17,469)
	\$ 39,801	\$ 39,801

In 2001 and 2002, share acquisition loans totalling \$113,125 were issued to management to purchase shares of the Company. In October 2014, the terms of the share acquisition loans were changed to introduce equal annual repayment terms beginning 2015 such that the loans will be fully repaid by December 31, 2019. Prior to this change the share acquisition loans were included as a reduction in share capital. The loans bear no interest unless the loans are not repaid in accordance with the repayment terms, then the interest is payable annually on the amount then outstanding at Bank of Canada prime rate, then in effect, plus two percent and at the option of the Company the loans become immediately due and payable. For accounting purposes, because the loans bear no interest, the loans were fair valued at December 31, 2014 using the effective interest rate method. An effective interest rate used was 9%. This fair value adjustment is being accreted to income over the life of the loans.

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)*

8. Intangibles

Intangibles consist of the following components as at September 30, 2017 and December 31, 2016:

	2017	2016
Foaming agent technology	\$ 315,000	\$ 315,000
Process licenses	141,110	141,110
Trademarks	9,006	9,006
Product testing costs	154,040	71,896
	\$ 619,156	\$ 537,012

The intangible assets with indefinite lives includes foaming agent technology, process licenses and trademarks. The foaming agent technology relates to the cost of obtaining a foaming agent formula which is used by the Company to produce one of the unique foaming agents which it uses in the production of cellular concrete. This foaming agent formula, which enables the production of cellular concrete which has certain unique properties, cannot be easily duplicated. The process licenses relates to the cost of obtaining a mechanical process patent which the Company believes will enhance the production of its cellular concrete. To date the Company has not had the necessary funds to develop this process. The process is protected by the patent which is registered in the U.S. The trademarks relate to cost of initially registering certain trademarks in both Canada and the U.S. These trademarks are renewed as required for a nominal cost. As a result of an assessment of these facts Management believes that these items have an indefinite life.

Product testing costs relate to third party testing and verification of certain qualities of the Company's products. This information is particularly important for the further development of the infrastructure market. The product testing costs are not completed and therefore are not available for use. At the end of each testing program, the specific product testing costs related to the particular program will be amortized over a future years based on their estimated useful life. For the three and nine months ended September 30, 2017, the Company spent \$14,215 and \$119,430, respectively, on product testing costs (including labour costs of \$4,216 and \$24,089, respectively, which were capitalized) and received government grants of \$2,856 and \$37,286, respectively (year ended December 31, 2016 spent \$71,896 on product testing costs, including capitalized labour costs of \$23,000, and received government grants of \$nil, respectively).

9. Demand operating loan

In April 2016, CEMATRIX's wholly owned subsidiary, CEMATRIX (Canada) Inc. entered into a financing arrangement with the Canadian Western Bank (the "Bank") which provides a \$2,000,000 demand operating loan. The demand operating loan (the "Loan") bears interest at an amount equal to the greater of 4.70% or 2% above the Bank's prime lending rate, as may occur from time to time, and is secured by a general security agreement providing a first secured interest in the receivables and inventory of CEMATRIX (Canada) Inc. The Loan is further guaranteed by the Company with the Company granting a general security agreement providing a first secured interest in all present and after acquired property of the Company.

Under the demand operating loan, the Bank will advance up to \$2,000,000 based on 75% of trade receivables less than ninety days outstanding at the end of each month and 50% of inventories (up to a maximum \$250,000). Based on these restrictions the actual operating loan availability at September 30, 2017 was \$1,211,000, of which \$nil was drawn.

The Loan is used to finance day-to-day operations of CEMATRIX (Canada) Inc.

The demand operating loan contains covenants in regard to consolidated debt to tangible net worth ratio, consolidated current ratio and consolidated amount of tangible net worth (all calculated monthly), and consolidated

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Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)

9. Demand operating loan (continued)

cash flow coverage ratio (calculated annually). At September 30, 2017, the Company is in compliance with all of these covenants.

The Loan was \$nil as at September 30, 2017 (\$nil as at December 31, 2016).

10. Trade and other payables

Trade and other payables consist of the following components as at September 30, 2017 and December 31, 2016:

		2017		2016
Trade payables	\$	713,637	\$	263,201
Accrued interest		3,660		4,024
Other accruals		176,806		152,369
Payroll remittance and goods & services tax		78,469		65,383
	\$	972,572	\$	484,977

11. Long term debt

Long term debt consists of the following components as at September 30, 2017 and December 31, 2016:

	Maturity	Interest rate		2017	2016
BDC Financing					
Loan 2	October 1, 2020	Floating	\$	636,063	\$ 736,494
Loan 3	December 1, 2022	Floating		458,040	500,000
Loan 4	September 1, 2024	Floating		180,555	-
Loan 5	September 1, 2021	Floating		92,160	-
				1,366,818	1,236,494
Secured Debenture	February 11, 2019	Fixed		1,000,000	1,000,000
				2,366,818	2,236,494
Less current portion				(307,182)	(284,462)
			\$	2,059,636	\$ 1,952,032

Business Development Bank of Canada ("BDC") Financing:

Loan 2 – This loan of \$1,406,000 was fully drawn down in 2015. The proceeds from the loan were used to support equipment additions and was drawn down as these expenditures were incurred. The interest, which is payable monthly, is at a variable rate of 1.75% above the BDC floating base rate, currently set at 5.30%. The loan is repayable over seven years. Payments of principal of \$33,477 are required monthly from July to December of each of the years to October 2020.

Loan 3 – In June 2016, the Company's wholly owned subsidiary, CEMATRIX (Canada) Inc., entered into an agreement with the BDC for a working capital loan of \$500,000. The loan was drawn down in December 2016. The

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Notes to the Consolidated Financial Statements

For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)

11. Long term debt (continued)

interest, which is payable monthly, is at a variable rate of 3.86% above the BDC floating base rate, currently set at 5.30%. The loan is repayable over six years, with seasonal payments of principal required from July to December of each year starting in July 2017. Payments of principal of \$14,200 are required in July 2017 and \$13,880 from August to December 2017 and each year thereafter \$13,880 monthly from July to December.

Loan 4 - In October 2016, the Company's wholly owned subsidiary, CEMATRIX (Canada) Inc., entered into an agreement with the BDC for an equipment loan of \$500,000. This loan can be drawn down anytime over the 24 months from the date of the loan. As of September 30, 2017, \$180,555 has been drawn down. The interest, which is payable monthly, is at a variable rate of 1.85% above the BDC floating base rate, currently set at 5.30%. At the Company's option the interest rate can be fixed once the loan is fully drawn. Interest, on any loan amounts drawn, is payable monthly. The loan is repayable over six years, with seasonal payments of principal required. Payments of principal of \$14,200 are required in October 2018 and \$13,880 from November to December 2018, of \$13,880 monthly from July to December for each of the years 2019 to 2023 and \$13,880 monthly from July to September 2024.

Loan 5 – In March 2017, the Company's wholly owned subsidiary, CEMATRIX (Canada) Inc., entered into an agreement with the BDC for a loan of \$100,000 to fund the first year costs related to a program offered by the BDC that will assist the Company in establishing its growth strategy. The loan was fully drawn down in March 2017. The interest, which is payable monthly, is at a variable rate of 1.00% above the BDC floating base rate, currently set at 5.30%. The loan is repayable over four years, with seasonal payments of principal required. Payments of principal of \$4,000 are required in August 2017 and \$3,840 from September to December 2017, of \$3,840 monthly from July to December for each of the years 2018 to 2020 and \$3,840 monthly from July to September 2021.

Loan 2 may be prepaid, on each anniversary date, up to 15% of the then outstanding principal amount but if not used the prepayment privilege for that anniversary date ceases. In addition to the annual privilege the Company may prepay all or part of the principal outstanding plus any interest owing up to the time of prepayment plus an indemnity equal to three months interest on the prepaid principal at the floating rate then applicable if the loan is at floating rates, or if the loan is at a fixed rate, the sum of three months interest on the prepaid principal at the fixed interest rate then applicable and an interest differential relative to current fixed rate loans of the BDC.

Loan 3 may be prepaid at any time without indemnity. For Loan 3, the BDC will, within 24 months of the loan, and provided there are no adverse material changes, re-advance, one time only, any repaid portion of the loan in an amount not less than \$10,000 under the same terms and conditions, other than a revised amortization period and maturity date, if applicable.

Loan 4 may be prepaid at any time without indemnity. If the loan is at floating rates any prepayment must include any interest owing up to the time of the prepayment. If the loan is at a fixed rate any prepayment must include any interest owing up to the time of the prepayment and an interest differential charge.

Loan 5 may be prepaid, once in any twelve month period, up to 15% of the then outstanding principal amount but the prepayment privilege is not cumulative. In addition to the annual privilege the Company may prepay all or part of the principal outstanding plus any interest owing up to the time of prepayment plus an indemnity equal to three months interest on the prepaid principal at the floating rate then applicable if the loan is at floating rates, or if the loan is at a fixed rate, the sum of three months interest on the prepaid principal at the fixed interest rate then applicable and an interest differential relative to current fixed rate loans of the BDC.

Management determined that the economic characteristics and risks of the prepayment features are closely related to those of the host debt contract and, therefore, no embedded derivative was identified for any of the loans.

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Notes to the Consolidated Financial Statements

*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)*

11. Long term debt (continued)

The BDC loans are secured with a general security agreement providing a first security interest in the Company's current owned equipment and new equipment acquired pursuant to the BDC Capital Financing and a security interest in all present and after acquired personal property of the Company subject only to lender charges on receivables and inventory in support of the Company's demand operating loan and future charges on specific equipment to a creditor for financing the purchase or lease thereof.

There are no financial covenants with the BDC loans.

Secured Debenture:

In February 2014 the Company issued a secured debenture for \$1,000,000 ("Secured Debenture"). The Secured Debenture bears interest of 9%, payable monthly, and was initially repayable in full in February 2017 but this was extended by one year to February 2018 in April 2016 and further to February 2019 in February 2017. The Company can prepay the full amount of the Secured Debenture. Any prepayment in the first year would have included an additional interest payment equal to 9% of the principal amount prepaid less any interest paid to the date of prepayment; any prepayment made in the second year would have included an additional interest payment equal to 18% of the prepayment amount less 1.5% of the interest paid to the date of the prepayment; any prepayment after the second year is without any additional interest payment. Management assessed whether this prepayment option was an embedded derivative that should be accounted for separately from the host contract. Management determined that the economic characteristics and risks of the prepayment feature were closely related to those of the host debt contract and, therefore, no embedded derivative was identified. The Secured Debenture is secured by the Company's currently owned equipment and new equipment acquired, subject to the priority of the BDC Financing. The Secured Debenture is further secured by all present and after acquired personal property of the Company subject only to lender charges on receivables and inventory in support of the Companies line of credit and any charges on specific equipment financed or leased.

The terms of the Secured Debenture restrict the amount of the demand operating loan to an amount equal to \$1,000,000, with an increase to \$1,500,000 on a short term basis during the Company's busy season, plus 60% of the Company's aggregate after tax earnings from the date the Secured Debenture was issued, without prior consent from the lender.

12. Finance lease obligations

Finance leases, which relate to the purchase of equipment, bear fixed interest at 8.9% to 16.1% and are repayable in blended monthly payments from October 2017 to May 2022. The leases are secured by the leased assets which have a carrying value of \$244,969 at September 30, 2017 (December 31, 2016 - \$263,128). The annual future commitments under the leases are as follows:

2017/18	\$	77,108
2018/19		114,260
2019/20		43,248
2020/21		6,957
2021/22		3,378
		244,951
Less imputed interest		(23,843)
		221,108
Current portion		(64,145)
	\$	156,963

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For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)

12. Finance lease obligations (continued)

Finance lease obligations of \$15,365 were made during the three and nine months ended September 30, 2017 (\$50,206 and \$130,274, respectively, during the three and nine months ended September 30, 2016).

13. Share capital

(a) Authorized

Unlimited number of no par value voting common shares
 Preferred shares – to be issued in series as authorized by the Board of Directors

(b) Issued

The following table summarizes the changes in the issued common shares of the Company for the nine months ended September 30, 2017 and the year ended December 31, 2016:

	2017		2016	
	Number Of Shares	\$ Amount	Number Of Shares	\$ Amount
Common shares, beginning of year	34,475,994	\$7,495,530	34,175,994	\$7,434,530
Common shares issued	-	-	300,000	45,000
Reclassification of contributed surplus	-	-	-	16,000
Common shares, end of year	34,475,994	\$7,495,530	34,475,994	\$7,495,530

During the year ended December 31, 2016, 300,000 common shares were issued on the exercise of stock options by The Howard Group, the Company's investor relations firm, proceeds of \$45,000 were received by the Company and the related non-cash stock based compensation previously charged to contributed surplus was reclassified to share capital.

14. Cost of sales

Cost of sales consists of the following components for the three and nine months ending September 30, 2017 and 2016:

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2017	2016	2017	2016
Materials	\$ 1,152,926	\$ 1,490,311	\$ 3,539,590	\$ 4,388,201
Direct labour	411,261	403,087	1,163,357	1,234,405
Variable expenses	178,604	247,072	647,361	830,436
Fixed overhead	95,525	100,010	309,455	265,001
Depreciation	97,806	115,831	330,206	341,206
	\$ 1,936,122	\$ 2,356,311	\$ 5,989,969	\$ 7,059,249

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)*

15. Non-cash stock based compensation

The Company has an option plan for the issue of up to 10% of the issued and outstanding common shares of the Company. All options that are outstanding will expire upon maturity, or earlier, if the optionee ceases to be a director, officer, employee or consultant or there is a merger, amalgamation or change in control of the Company. The purpose of the option plan is to reward and retain directors, management and consultants important to the continued operation and growth of the Company.

At September 30, 2017, the Company had 3,275,000 shares reserved for the issuance of stock options (December 31, 2016 – 3,425,000).

Options issued to employees and directors generally vest as to one third immediately on grant and one third on each of next two anniversary dates. Options issued to new employees generally do not vest for a year after issue. The options issued to The Howard Group, the Company's investor relation firm, vest in relationship to the term of their investor relation agreement.

The table below summarizes the changes in options for the nine months ended September 30, 2017 and the year ended December 31, 2016:

	2017		2016	
	Number of Options	Weighted average price	Number of Options	Weighted average price
Outstanding, beginning of year	3,425,000	\$0.25	3,141,667	\$0.20
Granted	100,000	0.18	650,000	\$0.42
Exercised	-	-	(300,000)	\$0.15
Expired	-	-	(66,667)	\$0.24
Forfeited	(250,000)	\$0.43	-	-
Outstanding, end of period	3,275,000	\$0.23	3,425,000	\$0.25
Exercisable, end of period	3,000,000	\$0.22	2,658,333	\$0.21

During the nine months ended September 30, 2017, 100,000 options were issued to an employee and 250,000 options were forfeited when an employee left the Company before any of the options were vested.

During the year ended June 30, 2016, 300,000 options were issued to The Howard Group, the Company's investor relations firm, with an exercise price of \$0.40, for a three year term and vesting as to 50 percent, twelve months after the option grant date, 25 percent, eighteen months after the option grant date and 25 percent, twenty four months after the option grant date. In addition, 350,000 options were issued to three employees with an exercise price of \$0.43. The options vest as to one third on each of the three subsequent anniversary dates of the option issue date and are exercisable four years from the option issue date. In March 2016, The Howard Group exercised 300,000 of previously held options.

There are 275,000 options that have not vested as at September 30, 2017 (December 31, 2016 – 766,667 options).

CEMATRIX CORPORATION
Notes to the Consolidated Financial Statements

*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016(audited)
(in Canadian dollars)*

15. Non-cash stock based compensation (continued)

The following table summarizes the options to acquire common shares outstanding as at September 30, 2017:

Grant Date	Number Options	Exercise Price \$	Weighted average remaining life (years)	Expiry Date
March 26, 2014	900,000	0.145	1.48	March 26, 2019
October 22, 2014	1,625,000	0.240	2.06	October 22, 2019
March 5, 2015	100,000	0.200	2.43	March 5, 2020
April 15, 2015	150,000	0.190	2.54	April 15, 2020
March 18, 2016	300,000	0.400	1.46	March 18, 2019
May 4, 2016	100,000	0.430	2.59	May 4, 2020
August 2, 2017	100,000	0.180	3.84	August 2, 2021
3,275,000				

In May 2017, 250,000 employee share options were forfeited by an employee who left the Company. None of the options had vested at the time the employee left the Company and as a result the non-cash stock base compensation previously recorded in the amount of \$58,245 was reversed to income.

Non-cash stock based compensation expense for the three months ended September 30, 2017 was \$8,822 and income of \$12,271 for the nine months ended September 30, 2017 (non-cash stock based compensation expense for the three and nine months ended September 30, 2016 was \$46,269 and \$109,589, respectively) were recognized in the consolidated statement of loss and comprehensive loss with an offsetting amount charged to contributed surplus. Non-cash stock based compensation income or expenses has no current period impact on the Company's cash position.

At the date of grant, the per share fair value of the options granted and other assumptions, using the Black-Scholes option pricing model are as follows:

	2017	2016*
Estimated per share fair value per option	\$0.14	\$0.42
Risk-free interest rate	1.44%	0.67%
Expected life	4 years	4 years
Expected volatility in stock price	113%	130%
Expected annual dividend yield	nil	nil
Estimated forfeiture rate	nil	nil

*The options issued to The Howard Group in 2016 pursuant their investor relations agreement have been valued at the fair value of the services provided.

For the nine months ended September 30, 2016 the Company reclassified \$15,796 from contributed surplus to deficit related to non-cash stock based compensation for option grants that had expired or were forfeited without being exercised. In addition, for the nine months ended September 30, 2016 the Company reclassified \$16,000 from contributed surplus to share capital related to non-cash stock based compensation for option grants that were exercised in the nine months ended September 30, 2016.

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016(audited)
(in Canadian dollars)*

16. Finance costs

The finance costs incurred for the three and nine months ending September 30, 2017 and 2016 are as follows:

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2017	2016	2017	2016
Interest				
BDC Financing	\$ 26,793	\$ 15,041	\$ 76,368	\$ 47,841
Secured Debenture	22,500	22,500	67,500	67,500
Mezzanine Loan	-	-	-	33,811
Factoring discount	-	-	-	4,013
Finance lease obligations	3,497	4,062	11,714	11,366
Bank operating loan	-	1,044	1,982	1,496
Other	(164)	126	2,069	2,359
	52,626	42,773	159,633	168,386
Accretion of non-cash adjustment on share acquisition loans (<i>note 7</i>)	(1,290)	(3,162)	(3,870)	(9,486)
	\$ 51,336	\$ 39,611	\$ 155,763	\$ 158,900

17. Other income

Other income for the three and nine months ending September 30, 2017 and 2016 consist of the following:

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2017	2016	2017	2016
Foreign exchange gains	\$ 532	\$ 12,406	\$ 1,248	\$ 30,390
Gain on sale of equipment	-	-	2,300	21,093
Equipment rental*	23,700	-	39,500	-
	\$ 24,232	\$ 12,406	43,048	51,483

* Pursuant to an equipment lease agreement, entered into in 2017, with Lafarge Canada Inc. ("Lafarge"), the Company receives rental payments for equipment utilized under the regional market development program with Lafarge. The Company retains all risks of ownership of the related equipment, including being responsible for operation and maintenance. For accounting purposes the equipment lease agreement is treated as an operating lease. The net book value of the related equipment is \$622,735 as of September 30, 2017.

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*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016(audited)
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18. Loss per common share

The number of common shares included in the computation of basic and diluted loss per common share for the three and nine months ending September 30, 2017 and 2016 is as follows:

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2017	2016	2017	2016
Weighted average shares outstanding - basic	34,475,994	34,475,994	34,475,994	34,365,554
Effect of stock options	-	-	-	-
	34,475,994	34,475,994	34,475,994	34,365,554

The stock options for the three and nine months ended September 30, 2017 and September 30, 2016 have no dilutive effect as the Company experienced a loss during these periods.

19. Change in non-cash working capital

The changes in non-cash working capital items - asset (increase) decrease and liability increase (decrease) - are outlined below for the three and nine months ending September 30, 2017 and 2016.

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	2017	2016	2017	2016
Trade and other receivables	\$ 257,686	\$ 502,252	\$ (175,432)	\$ 1,310,197
Inventory	66,428	92,353	11,025	153,169
Prepaid expenses and deposits	(7,018)	(47,995)	(28,320)	(58,265)
Trade and other payables	(290,539)	(64,531)	487,595	(686,196)
	\$ 26,557	\$ 482,079	\$ 294,868	\$ 718,905

20. Related party transactions

During the three and nine months ending September 30, 2017, the Company incurred legal fees from a firm which employs one of the directors of the Company in the amount of \$nil and \$17,864, respectively, (\$27,447 and \$42,282, respectively for the same periods in 2016) of which \$nil is in trade payables as at September 30, 2017 (December 31, 2016 - \$nil). There were no other significant related party transactions.

21. Financial instruments and risk management

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company financial instruments that are carried in the consolidated financial statements and how the fair value of financial instruments are measured.

Fair values

The fair values of cash and cash equivalents, term deposits, trade and other receivables, bank overdraft, bank operating loan, trade and other payables, factored liability and mezzanine loan approximate their carrying values due to the relatively short periods to maturity of these instruments. The fair value of the BDC Financing loans approximate its carrying value as the debt rate floats with prime. The fair value of the share acquisition loans has

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

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21. Financial instruments and risk management (continued)

been determined using the effective interest rate method. The fair value of the secured debenture approximates its carrying value as the interest rate is a market rate for similar instruments.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the assets or liabilities that are not based on observable market data.

The Company's cash and cash equivalent and term deposit are measured based on level 1. There were no transfers between level 1, 2 and 3 inputs during the year.

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.

(a) Interest Rate Risk

The BDC loans, which had a balance of \$1,366,818 outstanding at September 30, 2017, and the demand operating loan, which had a balance of \$nil outstanding at September 30, 2017, are subject to floating market rates. Based on this floating rate debt outstanding as at September 30, 2017, a 1% increase/decrease in interest rates would result in a decrease/increase in net loss attributable to common shareholders of approximately \$10,000.

(b) Credit Risk

Financial instruments that subject the Company to credit risk consist primarily of cash, trade receivables and the share acquisition loans. The Company manages credit risk using credit approval and monitoring practices. At September 30, 2017, 8 customers accounted for approximately 91% of trade receivables (at December 31, 2016, 9 customers accounted for approximately 90% of trade receivables). (See Note 5 for details of credit policy and aging of outstanding trade receivables at September 30, 2017 and December 31, 2016). At September 30, 2017, the Company had \$42,741 of cash and cash equivalents, an \$80,000 term deposit and \$61,140 of fair valued share acquisition loans that are outstanding with two officers, and a former officer, of the Company.

(c) Liquidity Risk

Liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of working capital financing.

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)*

21. Financial instruments and risk management (continued)

The table below summarizes the maturity profile of the Company's financial liabilities at September 30, 2017 and December 31, 2016 based on contractual undiscounted payments.

	Less than 1 year	1 to 2 years	2 to 6 years	Total
As at September 30, 2017				
Bank overdraft	\$ 100,141	\$ -	\$ -	\$ 100,141
Trade and other payables	972,572	-	-	972,572
Long-term debt	307,182	1,390,781	668,855	2,366,818
Finance lease obligations	64,145	108,798	48,165	221,108
	\$ 1,444,040	\$ 1,499,579	\$ 717,020	\$ 3,660,639
As at December 31, 2016				
Bank overdraft	\$ 33,201	\$ -	\$ -	\$ 33,201
Trade and other payables	484,977	-	-	484,977
Long-term debt	284,462	1,284,142	667,890	2,236,494
Finance lease obligations	77,060	47,243	124,632	248,935
	\$ 879,700	\$ 1,331,385	\$ 792,522	\$ 3,003,607

(d) 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, 2017 and December 31, 2016, the following balances are denominated in USD:

	2017	2016
Cash and cash equivalents	\$ 24,065	60,666
Trade and other receivables	\$ 32,934	39,672
Prepaid expenses and deposits	\$ 11,308	9,837
Trade and other payables	\$ 20,851	14,317

The Company's primary foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on USD balances as at September 30, 2017 a 5% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in total comprehensive loss of approximately \$2,900.

22. Capital management

Management defines capital as the Company's total shareholders' equity, its long term debt and finance lease obligations. The Board of Directors does not establish a quantitative return on capital for management, but rather promotes year over year sustainable profitable growth. The Company's current objective when managing capital is to increase the Company's 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.

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Notes to the Consolidated Financial Statements

*For the three and nine months ended September 30, 2017 and 2016 (unaudited) and the year ended December 31, 2016 (audited)
(in Canadian dollars)*

22. Capital management *(continued)*

Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the nine months ended September 30, 2017. The Company is subject to externally imposed capital requirements on its factoring and financing arrangements with Tallinn Capital. As at September 30, 2017 the Company is in compliance with its debt covenants (see Note 9).

The total capitalization as at September 30, 2017 and December 31, 2016 is outlined below:

		2017		2016
Long term debt <i>(Note 11)</i>	\$	2,366,818	\$	2,236,494
Finance lease obligations <i>(Note 12)</i>		221,108		248,935
<hr/>				
Total debt		2,587,926		2,485,429
Shareholders' equity		4,147,350		4,572,225
<hr/>				
	\$	6,735,276	\$	7,057,654

23. Geographical segmented information

The Company's primary business is the supply and placement of cellular concrete. It currently markets its services in Canada and the U.S. The tables below, present the sales to external customers for the three and nine months ended September 30, 2017 and 2016 and the total non-current assets attributable to the Company's geographical segments as at September 30, 2017 and December 31, 2016:

		2017*		2016		2017*		2016
Sales to external customers								
Canada	\$	2,429,421	\$	2,505,273	\$	7,165,122	\$	8,431,034
United States		-		-		-		-
<hr/>								
	\$	2,429,421	\$	2,505,273	\$	7,165,122	\$	8,431,034

		2017		2016
Total non-current assets				
Canada	\$	4,767,165	\$	4,706,989
United States		19,893		2,916
<hr/>				
	\$	4,787,058	\$	4,709,905

* Includes sales to two customer of \$1,512,411 in the three months ending September 30, 2017 and sales to four customers of \$4,778,973 for the nine months ended September 30, 2017.