MATRRIX Energy Technologies Inc.

Management's Discussion & Analysis

For the Three Month Period and the Year Ended December 31, 2017

(Expressed in Canadian Dollars)

MATRRIX ENERGY TECHNOLOGIES INC.
(also referred to as "MATRRIX" or the "Corporation")

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2017

The following discussion and analysis should be read in conjunction with the December 31, 2017 audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and the most recently filed annual information form ("AIF"). Additional information regarding MATRRIX, including the AIF, is available on SEDAR at www.sedar.com.

All amounts or dollar figures are denominated in thousands of Canadian dollars except for per share amounts, number of drilling rigs, directional drilling systems, operating days or unless otherwise noted.

This management's discussion and analysis ("MD&A") is dated April 4, 2018 and is in respect of the three month period and year ended December 31, 2017.

Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. See "Forward-Looking Information" in this MD&A for additional details.

FINANCIAL SUMMARY

	Three Months Ended December 31,			For the year ended December 31,			
(000's CAD $)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**	**2015**
Revenue	4,984	1,135	339%	9,528	2,334	308%	4,381
EBITDA [i]	(3,610)	(400)	(803%)	(4,184)	(1,771)	(136%)	(6,430)
EBITDA per share							
Basic	(0.05)	(0.01)	(400%)	(0.10)	(0.06)	(67%)	(0.20)
Diluted	(0.05)	(0.01)	(400%)	(0.10)	(0.06)	(67%)	(0.20)
Adjusted EBITDA [ii]	355	(379)	193%	(189)	(1,618)	88%	(2,588)
Adjusted EBITDA per share							
Basic	-	(0.01)	nm	-	(0.05)	nm	(0.08)
Diluted	-	(0.01)	nm	-	(0.05)	nm	(0.08)
Net loss	(4,464)	(1,042)	(329%)	(6,875)	(4,423)	(55%)	(9,492)
Net loss per share							
Basic	(0.06)	(0.03)	(100%)	(0.16)	(0.14)	(14%)	(0.29)
Diluted	(0.06)	(0.03)	(100%)	(0.16)	(0.14)	(14%)	(0.29)
Funds flow from operations [iii]	382	(503)	176%	(125)	(1,574)	92%	(2,444)
Gross Margin [iv]	1,363	252	(441%)	2,822	603	(368%)	556
Capital expenditures	7,181	110	nm	7,257	144	nm	251
Weighted Average common shares outstanding	73,847	32,185	129%	43,099	32,185	34%	32,185
Weighted Average diluted common shares outstanding	73,847	32,185	129%	43,099	32,185	34%	32,185

nm - calculation is not meaningful

As at December 31,	**2017**	**2016**	**% Change**	**2015**
Current assets	21,428	5,028	326%	6,317
Total assets	42,525	14,661	190%	18,461
Total current liabilities	3,511	892	294%	469
Total non-current liabilities	2,297	-	nm	-
Shareholders' Equity	36,717	13,769	167%	17,992

(1) The overall decrease in activity for 2016 compared to 2015 was due to continued low oil and gas prices resulting in a decrease in overall drilling activity in Western Canada.

FOURTH QUARTER 2017 SUMMARY (Compared with year prior)

- Revenue of $4,984, up 339% from $1,135
- Gross margin of 27%, up from 22%
- Net loss of $4,483,increased 339% from a net loss of $1,042
- Impairment expense of $3,833, up 100% from $nil
- Adjusted EBITDA of $355, up 193% from an Adjusted EBITDA loss of $379

YEAR ENDED 2017 SUMMARY (Compared with year prior)

- Revenue of $9,528, up 308% from $2,334
- Gross margin of 30%, up from 26%
- Net loss of $6,875, increased 55% from a net loss of $4,423
- Impairment expense of $3,833, up 100% from $nil
- Adjusted EBITDA loss of $189, improved 88% from an Adjusted EBITDA loss of $1,618

DESCRIPTION OF MATRRIX'S BUSINESS AND 2017 OVERVIEW

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

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

On August 15, 2017, the Corporation announced that Lyle Whitmarsh joined the Corporation as President – Rig Division. Mr. Whitmarsh's primary responsibilities involved the execution of the Corporation's strategic plan to enter the land-based contract drilling business. Concurrent with this announcement, the Corporation announced the return of Elson McDougald to its board of directors.

On August 23, 2017, the Corporation closed a private placement of 3,673 common shares at a price of $0.315 per Common Share to certain officers and directors of the Corporation for aggregate gross proceeds of $1,157.

On October 27, 2017, the Corporation closed a private placement of 10% convertible unsecured subordinated Debentures of the Corporation for a total principal amount of $2,612 (the "Debenture Offering"). Insiders of the Corporation participated in the Debenture Offering and purchased Debentures having an aggregate Principal Amount of $950, or approximately 36.4% of the Debenture Offering.

On October 27, 2017, as part of the acquisition of assets from Vortex Drilling Ltd. ("Vortex"), the Corporation entered into an amended and restated commitment letter with Alberta Treasury Branches providing for a revolving operating loan facility in the initial principal amount of $3,000 and a non-revolving acquisition loan facility in the amount of $2,500. The operating facility is to be used by the Corporation for working capital purposes and can be increased by an additional $2,000 based on meeting of certain financial tests and at the lender's discretion.

On October 30, 2017, the Corporation completed its acquisition of assets from Vortex through Vortex's court appointed receiver, Deloitte Restructuring Inc. Under the terms of an asset purchase agreement with the receiver, the Corporation purchased three complete heavy telescopic drilling rigs and related assets from Vortex for a purchase price of $6,100.

On November 21, 2017, the Corporation acquired all of the issued and outstanding shares of Stampede Drilling Ltd. ("Stampede") for total consideration of $9,258. As part of the acquisition, the Corporation acquired three heavy telescopic double drilling rigs in the Weyburn/Estevan area of southeast Saskatchewan. The Corporation also retained all key management personal and field crews.

Concurrent with the Stampede acquisition, the Corporation closed a private placement resulting in the issuance of 64,520 common shares at a price of $0.31 per share, for gross proceeds of $20,001. Certain executives and board members of the Corporation participated in the private placement and purchased an aggregate of 2,393 of the Corporation's shares or approximately 3.71% of the private placement.

Subsequent to the year ended 2017, on January 19, 2018, the Corporation acquired all the issued and outstanding shares of D2 Drilling Inc. ("D2"), a private corporation which owned one heavy telescopic double drilling rig and additional drilling equipment in the Weyburn/Estevan area of southeast Saskatchewan. The Corporation issued 6,667 of the Corporation's common shares at a deemed price of $0.45 per share and a cash payment of $530 equal to D2's working capital at the time of closing for total consideration of approximately $3,000.

On January 23, 2017, Rick Ryan ceased employment with the Corporation. Lyle Whitmarsh assumed the role of President & Chief Executive Officer of the Corporation and become a member of the board of directors.

Currently, the Corporation operates its seven heavy telescopic drilling rigs in southeast Saskatchewan under the existing Stampede Drilling banner, leveraging from the excellent reputation of management and field crews associated with Stampede in the region.

OUTLOOK

The WCSB is showing signs of recovery, with oil prices reaching into the $60bbl USD range in Q4 2017. However, the Corporation anticipates 2018 to mirror 2017 for overall rig activity in Canada with slow growth later in the year. The current trend of increased well productivity being drilled in less days, has allowed for a decrease in demand for drilling rigs as compared to 2014 in Canada.

The decrease in demand for overall drilling activity in the WCSB has put stress on competitor's balance sheets. With the Corporation's strong cash position, we will continue to look for investments that will provide a high rate of return for our Shareholder's.

In Q4 2017, the Corporation continued down the path of its previously announced intention to enter into the contract drilling rig business earlier in the year. DuringQ4 2017, the corporation acquired six heavy tele-doubles, three of which were acquired through receivership related to Vortex Drilling and three related to the acquisition of Stampede Drilling. In Q1 2018, the Corporation added another heavy double from the acquisition of D2 Drilling. The contract drilling rig segment is being operated under the Stampede banner. The Corporation was pleased with the strong utilization of the contract drilling rig segment which currently focuses on the southeast Saskatchewan market.

The Corporation continues to seek market share with the directional drilling segment. The directional drilling segment experienced its most active quarter operationally since Q4 2014. The Corporation continues to build momentum with its current customer base with its proprietary software platform called D2 ROXTM (pronounced DEE-ROCKS), which allows the Corporation and its oil and gas clients to drive safe, predictable, repeatable, cost effective drilling operations at the rig site, for the Corporation's existing horizontal and directional drilling operation and its emerging drilling rig business.

NON-GAAP MEASURES

This MD&A contains references to (i) EBITDA; (ii) Adjusted EBITDA; (iii) funds flow; and (iv) gross margin. These financial measures are not measures that have any standardized meaning prescribed by IFRS and are therefore referred to as non-GAAP measures. The non-GAAP measures used by the Corporation may not be comparable to similar measures used by other companies.

(i) EBITDA is not a measure recognized under IFRS and does not have a standardized meanings prescribed by IFRS. EBITDA is defined as "income (loss) before interest expense, income taxes, depreciation and amortization." Management believes that EBITDA provides useful information to investors as it provides an indication of results generated from the Corporation's operating activities prior to financing, taxation and non-recurring/non-cash impairment charges occurring outside the normal course of business.

	Three Months Ended December 31,			For the year ended December 31,		
(000's CAD $)	2017	2016	% Change	2017	2016	% Change
Net loss	(4,464)	(1,042)	(329%)	(6,875)	(4,423)	(55%)
Depreciation	801	642	25%	2,638	2,652	(1%)
Interest on Convertible Debenture	53	-	nm	53	-	nm
EBITDA	(3,610)	(400)	(803%)	(4,184)	(1,771)	(136%)

(ii) Adjusted EBITDA is defined as "income (loss) before interest income, interest expense, taxes, business acquisition transaction costs, depreciation and amortization, shared based compensation expense, gains on disposal of property and equipment, impairment expenses, interest and other income, and foreign exchange." Management believes that in addition to net and total comprehensive income (loss), Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed, how assets are depreciated, amortized and impaired, the impact of foreign exchange, or how the results are affected by the accounting standards associated with the Corporation's stock based compensation plan.

(000's CAD $)	Three Months Ended December 31, 2017	2016	% Change	For the year ended December 31, 2017	2016	% Change
EBITDA	(3,610)	(400)	(803%)	(4,184)	(1,771)	(136%)
Loss (gain) from disposition of property and equipment	(140)	1	nm	(140)	1	nm
Gain from equipment lost in hole	(268)	-	nm	(310)	-	nm
Interest and other income	(2)	(17)	(88%)	(21)	(54)	(61%)
Share based payments	99	37	168%	223	198	13%
Transaction costs	454	-	nm	454	-	nm
Foreign exchange (gain) loss	(11)	-	nm	(44)	8	nm
Impairment of assets	3,833	-	nm	3,833	-	nm
Adjusted EBITDA	355	(379)	193%	(189)	(1,618)	88%

nm - not meaningful

(iii) Funds flow from operations is defined as "cash provided by operating activities before the change in non-cash working capital". Funds flow from operations is a measure that provides shareholders and potential investors additional information regarding the Corporation's liquidity and its ability to generate funds to finance its operations. Management utilizes this measure to assess the Corporation's ability to finance operating activities and capital expenditures.

(000's CAD $)	Three Months Ended December 31, 2017	2016	% Change	For the year ended December 31, 2017	2016	% Change
Operating cash flow	133	(443)	130%	(1,337)	(1,313)	(2%)
Changes in non-cash working capital	249	82	718%	1,213	(261)	564%
Funds flow	382	(361)	176%	(125)	(1,574)	92%

(iv) Gross margin is defined as "gross profit from services revenue before stock based compensation and depreciation". Gross margin is a measure that provides shareholders and potential investors additional information regarding the Corporation's cash generating and operating performance. Management utilizes this measure to assess the Corporation's operating performance.

(000's CAD $)	Three Months Ended December 31, 2017	2016	% Change	For the year ended December 31, 2017	2016	% Change
Gain (Loss) from operations	563	(373)	251%	209	(1,976)	111%
Depreciation	800	625	28%	2,613	2,579	1%
Gross margin	1,363	252	441%	2,822	603	368%
Gross margin %	27%	22%	23%	30%	26%	12%

CAPITAL AVAILABILITY AND CAPITAL PROGRAM

As at December 31, 2017, the Corporation had $15,135 of cash to fund its capital programs and take advantage of further strategic opportunities. As of the date of this MD&A, the Corporation has committed $412 for recertifications and various repairs and maintenance for its fleet of rigs and $179 for equipment upgrades related to the directional drilling segment.

Operating Segments

Management evaluates the Corporation's performance on a divisional segmented basis. The composition of the divisional segments and segment information reported in the consolidated financial statements is consistent with the internal management reporting provided to key management. The Corporation has identified two reportable divisional segments being contract drilling rigs and directional drilling. The contract drilling rig segment operates land based contract drilling rigs in Canada for oil and natural gas exploration and development companies. The directional drilling segment is engaged in providing the services and supply of oil and gas down hole drilling technologies and efficiency to customers. The details related to each operating segment's results are discussed throughout this MD&A.

Consolidated Operations

	Three Months Ended December 31,			For the year ended December 31,		
(000's CAD $ except per day amounts)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Drilling rig revenue	1,453	-	nm	1,453	-	nm
Directional drilling revenue	3,476	1,088	220%	7,834	2,231	251%
Directional drilling motor rental revenue	54	47	14%	240	103	132%
Consolidated revenue	4,983	1,135	339%	9,527	2,334	308%
Direct operating expenses	3,621	883	310%	6,706	1,731	287%
Gross margin	1,362	252	441%	2,821	604	367%
Gross margin %	27%	22%	23%	30%	26%	15%
Administrative expenses	1,553	686	126%	3,669	2,502	47%
Consolidated administrative expenses as a % of revenue	31%	60%	(48%)	39%	107%	(64%)
Adjusted EBITDA	353	(381)	(193%)	(189)	(1,620)	(88%)
Adjusted EBITDA %	7%	(34%)	306%	(2%)	(69%)	(97%)
Drilling rigs operating days	80	-	nm	80	-	nm
Drilling rigs revenue per day	18.2	-	nm	18.2	-	nm
Directional drilling operating days	391	127	208%	946	263	260%
Directional drilling revenue per day	8.9	8.6	4%	8.3	8.5	(3%)

nm - not meaningful

	Three Months Ended December 31,			For the year ended December 31,		
(000's CAD $ except per day amounts)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Drilling rigs						
Opening balance	-	-	-	-	-	-
Acquired	6	-	nm	6	-	nm
Ending balance	6	-	nm	6	-	nm
Operating days (spud to rig release)	80	-	nm	80	-	nm
Utilization[(1)]	40%	-	nm	40%	-	nm

nm - not meaningful

[(1)] Utilization was calculated using actual operating days divided by total available operating days. Total available operating days was calculated using 117 operating days related to the three Stampede rigs acquired on November 22, 2017 through to December 31, 2017, as the Stampede acquisition date was November 22, 2017. 84 available operating days were allocated to the Vortex rigs based on CAODC registration dates for each rig through to December 31, 2017.

Directional Drilling Operations

(000's CAD $ except per day amounts)	Three Months Ended December 31, 2017	2016	% Change	For the year ended December 31, 2017	2016	% Change
Motor rental revenue	54	47	14%	240	103	132%
Directional drilling revenue	3,476	1,088	220%	7,834	2,231	251%
Total revenue	3,530	1,135	211%	8,074	2,334	246%
Direct operating expenses	2,649	883	200%	5,735	1,731	231%
Gross margin	881	252	250%	2,339	603	288%
Gross margin %	25%	22%	12%	29%	26%	12%
Administrative expenses	885	686	29%	3,003	2,502	20%
Total G&A as a % of revenue	25%	60%	(58%)	37%	107%	(65%)
Adjusted EBITDA	84	(381)	(122%)	(458)	(1,620)	(72%)
Adjusted EBITDA %	2%	(34%)	(107%)	(6%)	(69%)	(92%)
Directional drilling operating days	391	127	208%	946	263	260%
Directional drilling revenue per day	8.9	8.6	4%	8.3	8.5	(3%)

nm - not meaningful

For the three month period and year ended December 31, 2017, the Corporation experienced an increase in horizontal and directional drilling and third party equipment rental activity in Canada relative to the comparative 2016 periods. The Corporation's overall increase in operational activity was due to the addition of new customers and the increase in overall activity in the WCSB as compared to the comparative 2016 periods.

FOURTH QUARTER 2017 SUMMARY (Compared with year prior)

- Revenue of $3,530, up 211% from $1,135
- Operating days of 391, up 208% from 127 days
- Directional revenue per day of $8.9, up 4% from $8.6

For the three month period ended December 31, 2017, the average active drilling rig count was up 13% compared to the corresponding 2016 period in the WCSB (Source: Peters & Co. Limited).

YEAR ENDED 2017 SUMMARY (Compared with year prior)

- Revenue of $8,074, up 246% from $2,334
- Operating days of 946, up 260% from 263 days
- Directional revenue per day of $8.3, down 3% from $8.5

For the year ended December 31, 2017, the average active drilling rig count for the WCSB was up 24% as compared to the corresponding 2016 period (Source: Peters & Co.).

During 2017, the Corporation focused its sales and operations efforts in the WCSB. The Corporation was active in the Montney, Cummins, Dina, Charlie Lake, Clearwater, Shunda, Bellow, Notikewin, Livingstone, Ellerslie and Mannville areas during 2017.

Direct operating expenses are primarily comprised of personnel, equipment operating and repair costs, shop expenses and direct general and administrative expenses in support of field operations.

For the three months ended December 31, 2017, the Corporation achieved a gross margin of 25%, up from 22% for the corresponding 2016 period. The primary reason for the gross margin increase was due to an increased spend of deferred repairs and maintenance in Q4 2016 in preparation for Q1 2017 projected work.

For the year ended December 31, 2017, gross margin was 29%, up from 26% for the corresponding 2016 period. The primary reason for the gross margin increase is due to the decrease of fixed salaries on a cost per day basis as compared to the corresponding 2016 period, as management was able to keep operational headcount flat from 2016 into 2017.

Contract Drilling Rig Operations

(000's CAD $ except per day amounts)	Three Months Ended December 31, 2017	2016	% Change	For the year ended December 31, 2017	2016	% Change
Drilling rig segment						
Drilling rig revenue	1,453	-	nm	1,453	-	nm
Direct operating expenses	971	-	nm	971	-	nm
Gross margin	482	-	nm	482	-	nm
Gross margin %	33%	-	nm	33%	-	nm
Administrative expenses	667	-	nm	667	-	nm
Total G&A as a % of revenue	46%	-	nm	46%	-	nm
Adjusted EBITDA	269	-	nm	269	-	nm
Adjusted EBITDA %	19%	-	nm	19%	-	nm
Drilling rigs operating days	80	-	nm	80	-	nm
Drilling rigs revenue per day	18.2	-	nm	18.2	-	nm

nm - not meaningful

Operations for the Corporation's drilling rig segment commenced on November 21, 2017 therefore the three month period and year end December 31, 2017 are the same results. For the period from November 22, 2017 through December 31, 2017 the contract drilling rig segment had the following highlights:

- Revenue - $1,453
- Operational days - 80
- Revenue per day - $18.2
- Gross margin – 33%

Consolidated Analysis

Expenses

Total G&A for the three month and the year ended periods ended December 31, 2017, was $1,553 and $3,669, respectively, as compared to $686 and $2,502 in the corresponding 2016 periods. The primary reasons for the increase were related to expenses for the Corporation's expansion into contract drilling rigs which included salaries, stock options and legal expenses. For the directional drilling segment there was also an increase in non-operational employee headcount, increased marketing efforts and increased spend related to D^{2}ROX^{TM}.

(000's CAD $)	Three months ended December 31, 2017	2016	% Change	Year ended December 31, 2017	2016	% Change
Administrative expenses	450	275	64%	1,360	963	41%
Salaries and benefits	560	357	57%	1,651	1,260	31%
Share based payments	99	37	168%	223	198	13%
Transaction costs	454	-	nm	454	-	nm
Depreciation	1	16	nm	25	73	(66%)
Foreign exchange (gain) or loss	(11)	-	nm	(44)	8	(669%)
Total G&A	1,553	686	126%	3,669	2,502	47%
Total G&A as a % of revenue	31%	60%	(48%)	39%	107%	(64%)

nm - not meaningful

Depreciation (Non-Administrative Assets)

The depreciation expense for the three month period ended December 31, 2017 was $800, up 28% from $625 in the comparable 2016 period. The primary reason for the increase was related to $290 in depreciation from the drilling rigs acquired in Q4 2017. The increase in drilling rig depreciation was partially offset by a decrease in directional drilling related depreciation related to equipment being sold or lost in hole, as well as a decrease in depreciation related to specific assets reaching the end of their useful life during 2017.

Depreciation expense for the year ended December 31, 2017 was $2,613, up 1% from $2,579 in the comparable 2016 period. The increase of $290 in depreciation expense related to the drilling rig depreciation was offset by a decrease in

directional drilling related to equipment being sold or lost in in hole, as well as a decrease in depreciation related to specific assets reaching the end of their useful life during 2017.

	Three months ended December 31,			Year ended December 31,		
(000's CAD $)	2017	2016	% Change	2017	2016	% Change
Depreciation	800	625	28%	2,613	2,579	1%

Share Based Payments

	Three months ended December 31,			Year ended December 31,		
(000's CAD $)	2017	2016	% Change	2017	2016	% Change
Share based payments	99	37	167%	223	198	13%

The share based payments expense for the periods relate to the expense of previously issued stock options to directors, officers, employees and consultants of the Corporation.

Share based payment expense for the three month period and year ended December 31, 2017 were $99 and $223, respectively, up 78% and 13% from $37 and $198 in the comparable 2016 periods. The increase in stock option expense relates to the issue of 510 stock options granted in Q4 2017 and 1,546 stock options in total for 2017.

As part of compensation to the Corporation's agent with regards to the $20,001 private placement of common shares that closed on November 21, 2017, the Corporation issued 3,111 agent options. The corresponding share based expense of $821 was classified as a transaction cost and was recorded as a reduction in share capital. Agent options may be exercised for one common share at a price of $0.31 per share until November 21, 2018.

As at December 31, 2017, total outstanding stock options were 6,599 (2016 - 2,950). At the date of this MD&A 6,809 stock options and 123,078 common shares were outstanding.

Interest and Other Items

For the three month period ended December 31, 2017, the Corporation sold off under-utilized assets related to directional drilling for a gain of $140. For the three month period and year ended December 31, 2017, the Corporation recorded gains $268 and $310, respectively, related to equipment lost downhole as compared to $nil for each of the corresponding 2016 periods. The timing of lost-in-hole recoveries is not within the control of the Corporation and therefore can fluctuate significantly from quarter-to-quarter. The interest and other income primarily relates to interest earned from term deposits.

	Three months ended December 31,			Year ended December 31,		
(000's CAD $)	2017	2016	% Change	2017	2016	% Change
Gain (Loss) on disposition of property and equipment	140	1	nm	140	1	nm
Gain on equipment lost in hole	268	-	nm	310	-	nm
Interest on convertible debenture	(53)	-	nm	(53)	-	nm
Interest and other income	2	17	88%	21	54	(61%)
Other items	357	17	nm	418	54	674%

nm - not meaningful

Impairment of Property and Equipment

	Three months ended December 31,			Year ended December 31,		
(000's CAD $)	2017	2016	% Change	2017	2016	% Change
Impairment of assets	3,833	-	nm	3,833	-	nm

nm - not meaningful

The Corporation reviews the carrying value of its assets at each reporting period for indicators of impairment. During the year ended December 31, 2017, the Corporation determined that continued low utilization rates and the corresponding negative cashflows related to its directional drilling assets was an indicator of impairment. As a result of this review, management has determined that the Corporation currently has 16 directional systems available for use. The Corporation currently has two cash generating units ("CGU's") which are: (1) the service of horizontal and directional drilling and (2) contract drilling rigs.

For the year ended December 31, 2017, the Corporation completed its assessment and the recoverable value of the property and equipment of both of the Corporation's CGU's. The Corporation identified specific assets related to the horizontal and directional drilling CGU that had carrying amounts that exceeded the recoverable amounts. As a result, an impairment of $3,630 was recorded as a reduction in directional drilling property and equipment as well as a $202 reduction in inventory related to the corresponding directional drilling equipment identified for the impairment for the year ended December 31, 2017 (2016 - $nil).

The recoverable amount was based on a value in use calculation by estimating the future cash flows that would be generated from the continuing operations and utilizing the following key assumptions:

- At December 31, 2017, a pre-tax discount rate of approximately 17% (2016 -17 %) which considered the industry average cost of capital, past experience, asset specific risk and anticipated debt to equity levels.
- Five year forecasted cash flows, taking into consideration industry conditions, actual 2018 operating results and past experience. Cash flow projections for 2018 to 2022 have assumed a gradual recovery in activity levels for oil field related services in the WCSB.
- A terminal value was used assuming no annual growth rate for cash flows through the remainder of the segment's life.
- 10% decrease in the forecasted cash flows would decrease the recoverable amount of the property and equipment by $842 which would cause an impairment as at December 31, 2017.
- 1.0% increase change in the pre-tax discount rate would decrease the recoverable amount of the property and equipment by $220.

Income Tax Expense

The Corporation is subject to income tax in Canada and the United States. For the year ended December 31, 2017 and corresponding 2016 period, the Corporation did not record any income tax.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows Relating to Operating Activities and Working Capital

Operating cash flow for the three month period and year ended December 31, 2017, was ($1,045) and ($2,513) respectively, down 136% and 91%, from ($443) and ($1,313), respectively, in the 2016 corresponding period. The decrease in operating cash flow is primarily related to the decrease in non-cash working capital. The primary reason for the decrease is related to an increased accounts receivable balance as of December 31, 2017 due to increased operating activity in Q4 2017 as compared to the corresponding 2016 period.

	Three months ended December 31,			Year ended December 31,		
(000's CAD $)	2017	2016	% Change	2017	2016	% Change
Funds flow [3]	382	(361)	206%	(125)	(1,574)	92%
Changes in non-cash working capital balances	(249)	82	(918%)	(1,213)	(261)	364%
Operating cash flow	133	(443)	130%	(1,337)	(1,313)	(2%)

[3] Non-GAAP measure

Cash Flows Relating to Investing Activities

For the three months and year ended December 31, 2017, the Corporation invested $7,181 and $7,257 in equipment, respectively, as compared to $110 and $144 from the 2016 comparable periods. The primary reason for the increase was related to the purchase of the three heavy tele-double drilling rigs in October 2017 out of receivership from Vortex for a total purchase price of $6,466. The Corporation also purchased other rig related equipment during Q4 2017 for upgrades and replacement for the rigs purchased out of receivership from Vortex.

For the three month period ended December 31, 2017, the Corporation sold off under-utilized assets related to directional drilling for proceeds of $421 as compared to $nil in the 2016 corresponding period.

As part of the November 21, 2017 acquisition of Stampede, the Corporation received $2,599 in cash as part of Stampede's working capital.

Transaction costs represent uncapitalizable amounts directly related to the Stampede acquisition which consist of due diligence and external legal fees.
For the three month period and year ended December 31, 2017, the Corporation recorded proceeds of $305 and $386,

respectively, related to equipment lost downhole as compared to $nil for the corresponding 2016 periods.

(000's CAD $)	Three months ended December 31, 2017	2016	% Change	Year ended December 31, 2017	2016	% Change
Purchase of property and equipment	(7,181)	(110)	nm	(7,257)	(144)	nm
Proceeds from the disposition of property and equipment	421	4	nm	421	4	nm
Cash received from Acquisition of Stampede	2,599	-	nm	2,599	-	nm
Transaction costs	(455)	-	nm	(454)	-	nm
Proceeds from equipment lost in hole	305	-	nm	386	-	nm
Investing cash flow	(4,311)	(106)	nm	(4,305)	(140)	nm

nm - not meaningful

Cash Flows Relating to Financing Activities

On November 21, 2017, the Corporation closed a private placement resulting in the issuance of 64,520 common shares at a price of $0.31 per share, for gross proceeds of $20,001. This private placement had corresponding transaction costs of $1,118.

On October 27, 2017, the Corporation closed the Debenture Offering for gross proceeds of $2,612 . The net proceeds after the amortization of the corresponding transaction costs were $2,559.

On October 27, 2017, as part of the acquisition of assets from Vortex, the Corporation entered into an amended and restated commitment letter with Alberta Treasury Branches providing for a revolving operating loan facility in the initial principal amount of $3,000 and a non-revolving acquisition loan facility in the amount of $2,500. The operating facility is to be used by the Corporation for working capital purposes and can be increased by an additional $2,000 based on meeting of certain financial tests and at the lender's discretion.

As part of the requirements related to the acquisition of Stampede on November 21, 2017, the Corporation paid off the entire outstanding bank debt of $5,418.

(000's CAD $)	Three months ended December 31, 2017	2016	% Change	Year ended December 31, 2017	2016	% Change
Proceeds from issuance of common shares	20,001	-	nm	21,158	-	nm
Share issue costs	(1,118)	-	nm	(1,118)	-	nm
Proceeds from convertible debentures (net)	2,559	-	nm	2,559	-	nm
Interest on Debenture	(53)	-	nm	(53)	-	nm
Proceeds from short-term debt	2,500	-	nm	2,500	-	nm
Repayment of short-term debt	(2,500)	-	nm	(2,500)	-	nm
Repayment of Stampede debt	(5,418)			(5,418)		
Stock options exercised	-	-	nm	30	-	nm
Financing cash flow	15,971	-	nm	17,158	-	nm

nm - not meaningful

Commitments

The following table reflects the Corporation's commitments as of December 31, 2017:

(000's CAD $)	2018	2019	2020	2021	2022
Operating Leases	225	202	138	198	99
Trade and other payables	3,511	-	-	-	-
Total	3,736	202	138	198	99

The Corporation has committed $412 for recertifications and repairs and maintenance for its fleet of rigs and $179 for directional drilling upgrades.

The Corporation entered into a new lease related to its headquarters located in downtown Calgary. The lease has a term of 2.8 years, starting March 1, 2018.

Summary of Quarterly Results

(000's CAD $)	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Revenue	4,984	1,933	1,061	1,549	1,135	268	7	925
Gross Profit (Loss from operations)	1,363	582	273	(20)	(373)	(604)	(777)	(221)
EBITDA	(3,610)	(151)	(365)	(59)	(400)	(539)	(702)	(130)
Income (loss)	(4,464)	(743)	(976)	(693)	(1,042)	(1,192)	(1,373)	(816)
Income (loss) per share	(0.06)	(0.02)	(0.03)	(0.02)	(0.03)	(0.04)	(0.04)	(0.03)
Income (loss) per share - diluted	(0.06)	(0.02)	(0.03)	(0.02)	(0.03)	(0.04)	(0.04)	(0.03)
Working Capital	4,841	4,841	3,756	4,143	4,136	4,604	5,102	5,752
Total assets	13,455	13,455	13,034	13,790	14,661	15,160	16,143	17,536

An assessment or comparison of the Corporation's quarterly results, at any given time, requires consideration of crude oil and natural gas commodity prices and the seasonal nature of the oil and gas industry in North America. Commodity prices ultimately drive the level of exploration and development activities carried out by the Corporation's customers and associated demand for the oilfield services provided by MATRRIX. Results are impacted by the gain or loss of key customers. As there are no formal contracts in place, gains or losses of key customers can fluctuate on a quarterly basis. From a seasonality perspective, MATRRIX currently operates all of its directional and horizontal systems in western Canada; therefore, operations are impacted by weather and seasonal factors. The winter season, which incorporates the first quarter, is generally a higher activity period as oil and gas companies take advantage of frozen ground conditions to move heavy equipment and operate in regions which might otherwise be inaccessible due to ground conditions during warmer periods. The second quarter normally encompasses a slow period in Canada referred to as spring break-up. During this period, melting conditions result in temporary municipal road bans that effectively prohibit the movement of drilling rigs and other heavy equipment. The third and fourth quarters in western Canada are usually representative of average activity levels. See "Risks and Uncertainties in this MD&A.

FINANCIAL INSTRUMENTS

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below.

Credit risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Corporation is normally exposed to credit risk through its accounts receivable balances. The Corporation manages credit risk by assessing the credit worthiness of its customers before providing services and on an ongoing basis as well as monitoring the amount and age of balances outstanding. The Corporation views credit risks on its accounts receivable as normal for the industry.

The Corporation did not have any accounts receivable at December 31, 2017 that were believed uncollectible. Substantially all of the Corporation's cash and cash equivalents are held by high credit quality financial institutions. The Corporation did not incur any bad debt expense in 2017 (2016 - $194).

During the year ended December 31, 2017, MATRRIX had two customers that comprised of 12% and 18% of total revenue, compared with three customers that comprised 59%, 21% and 11% of total revenue in 2016. For the accounts receivable balances outstanding at December 31, 2017, MATTRIX had two customers that comprised of 14% and 9% of the total balance as compared to two customers that comprised 49% and 36% of the total balance in 2016.

The Corporation's trade and other receivables aging is as follows:

	December 31, 2017	December 31, 2016
Within 30 days	3,104	615
31 to 60 days	1,631	226
61 to 90 days	1,017	67
Over 90 days	-	5
Allowance for doubtful accounts	-	-
Accounts receivable	5,752	913

As at the date of this MD&A, MATRRIX had collected 80% of the December 31, 2017 outstanding balance.

Liquidity risk

The Corporation's objective in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash to settle current liabilities and meet its anticipated 2017 working capital requirements. As at December 31, 2017, the Corporation had a current assets balance of $21,401 to settle current liabilities of $3,493.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest Rate Risk

The Corporation has no debt and has invested its excess cash in short-term deposits with a fixed rate of interest at its banking institution and therefore is exposed to interest rate risk; however, this is not considered to be significant due to the short time to maturity.

b) Foreign Currency Risk

The Corporation is exposed to foreign currency fluctuations on its financial instruments in relation to its U.S. dollar denominated cash, accounts receivable and accounts payable. The Corporation monitors its foreign currency exposure and attempts to minimize the effect of fluctuations in the U.S. dollar by maintaining appropriate levels of cash and accounts receivable to offset corresponding U.S. dollar denominated accounts payable.

c) Fair Value

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments depending on the observable nature of inputs employed in the measurement:

Level 1: fair value measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is considered to be a market where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. Level 2 valuations are based on inputs including quoted forward prices, time value, volatility factors and broker quotes that can be observed or corroborated in the market for the entire duration of the derivative instrument.

Level 3: fair value measurements are based on unobservable information or where the observable data does not support a significant portion of the instrument's fair value.

The carrying amount of cash and cash equivalents, trade and other receivables and accounts payable and accrued liabilities approximates their fair value due to their short term nature. At December 31, 2017, the Corporation valued its cash and cash equivalents using Level 1 inputs. The Corporation does not have any Level 2 instruments. The fair value of the convertible debentures liability was recorded based on an estimated fair value interest rate and is considered a level 3 fair value instrument.

As the Debentures have not traded, the fair value of the Debentures is $2,612 as at December 31, 2017, based on the purchase price of $1 per Debenture.

RECENT PRONOUNCEMENTS AND APPLICATION OF NEW AND REVISED IFRS

Certain new or amended standards or interpretations have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are not required to be adopted in the current period. The Corporation has not early adopted these standards or interpretations. The standards which the Corporation anticipates may have a material effect on the consolidated financial statements or note disclosures are described below.

New and revised IFRS that has been issued but is not yet effective:

IFRS 9, "Financial Instruments" replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 amends its classification and measurement of financial assets and introduces a new expected loss impairment model and new general hedge accounting requirements. This standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation intends to adopt IFRS 9 for the annual period beginning on January 1, 2018. The Corporation is currently reviewing IFRS 9 to determine the impact that the adoption of the standard will have on its consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers", is required to be applied for years beginning on or after January 1, 2018 and supersedes existing standards and interpretations including IAS 18 and IAS 11 Construction Contracts. The standard is required to be adopted either retrospectively or using a modified transition method, with early adoption permitted. The Corporation is currently reviewing IFRS 15 to determine the impact that the adoption of the standard will have on its consolidated financial statements.

IFRS 16, "Leases" replaces the previous guidance on leases and sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract. The new standard is effective for annual periods beginning on or after January 1, 2019, and which supersedes IAS 17, Leases; earlier application is allowed, but not before the application of IFRS 15, Revenue from Contracts with Customers. This new pronouncement introduces a single lessee accounting model by eliminating a lessee's classification of leases as either operating leases or finance leases. The Corporation is currently reviewing it lease agreements to determine the impact that the adoption of the standard will have on its consolidated financial statements.

RISKS AND UNCERTAINTIES

The Corporation's operations are subject to certain factors that are beyond its control. A significant portion of the Corporation's operating costs are variable in nature, and as a result, the impact of a significant decline in demand for the Corporation's services on its financial results is lessened. Readers should carefully consider all such risk factors contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list, and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oilfield services business generally. Detailed disclosure of such risk factors are included in the Corporation's most recently filed AIF. Management has identified herein certain key risks and uncertainties associated with the Corporation's business that could impact financial results. They include, but are not limited to:

Demand for Services

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

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

Volatility and Weakness in the Oil and Natural Gas Industry

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

Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by the Organization of the Petroleum Exporting Countries, slowing growth in emerging economies, market volatility and disruptions in Asia, sovereign debt levels and political upheavals in various countries, have caused significant weakness and volatility

in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the inability to get the necessary approvals to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and gas industry in Western Canada has led to additional downward price pressure on oil and gas produced in Western Canada and uncertainty and reduced confidence in the oil and gas industry in Western Canada. Lower commodity prices have restricted, and are anticipated to continue to restrict, oil and natural gas producers' cash flows resulting in reduced capital expenditure budgets. Such events directly affect the demand for drilling services which has, and are anticipated to continue to have, a material adverse effect upon the Corporation's business, financial condition, results of operations and cash flows. If these conditions persist, the Corporation's cash flow may not be sufficient to continue to fund its operations and to satisfy its obligations when due and the Corporation's ability to discharge its obligations will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory to the Corporation or at all.
The Corporation is subject to various laws and regulations that govern the operation and taxation of the Corporation's business. The Corporation's operations may be adversely affected by political, economic or social instability or events. These events may include, but are not limited to, onerous fiscal policy, renegotiation or nullification of agreements and treaties, imposition of onerous regulation, changes in laws governing existing operations, financial constraints, including unreasonable taxation and corrupt behavior of public officials, joint venture partners or third-party representatives that could result in lost business opportunities for the Corporation. This could materially adversely affect the Corporation's business, financial condition, results of operations and cash flows.

Substantial Capital Requirements and Additional Funding Requirements

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

Issuance of Debt

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

Variations in Foreign Exchange Rates and Interest Rates

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

Tax Matters

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

Asset Impairment

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

Unpredictability and Volatility of Share Price

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

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

Equipment and Technology Risks

Complex drilling and completions programs for the exploration, development and production of conventional and unconventional oil and natural gas reserves in North America demand high performance equipment. The abilities of oil and natural gas service providers to meet these demands will depend on continuous improvement of existing rig technology such as drive systems, control systems, automation, mud systems and top drives to improve drilling efficiency. MATRRIX's ability to deliver equipment and services that are more efficient than its competitors is critical to continued success. There is no assurance that competitors will not achieve technological improvements that are more advantageous, timely or cost effective than improvements developed by MATRRIX.

The ability of MATRRIX to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment and there can be no assurance that MATRRIX will be successful in its efforts in this

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

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

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

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

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

Stage of Development for the Land Based Contract Drilling Rig Segment

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

In addition, the Corporation is subject to the various additional risk factors described in the Corporation's most recently filed annual information form, a copy of which can be found under the Corporation's profile at www.sedar.com.

FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements or forward-looking information (collectively, "forward-looking information"). This information relates to future events or the Corporation’s future performance. All information other than statements of historical fact is forward-looking information. The use of any of the words “anticipate”, “plan”, “contemplate”, “continue”, “estimate”, “expect”, “intend”, “propose”, “might”, “may”, “will”, “could”, “believe”, “predict”, and “forecast” are intended to identify forward-looking information.

This MD&A contains forward-looking information pertaining to, among other things, the following: the expectation that 2018 will be a recovery year for the industry; commodity prices; industry activity for overall rig activity in 2018; management of liquidity risk; capital spending; lower capital expenditures of the industry; the expectations regarding seeking additional

market share with the directional drilling segment; competition; the momentum created by its proprietary software platform; foreign exchange rates; future cash flow; operational efficiency; the Corporation's ability to continue to build relationships with current and potential customers; and managing costs through reductions in staffing and compensation levels.

This forward-looking information involves material assumptions and known and unknown risks and uncertainties and other factors, certain of which are beyond the Corporation's control, that may cause actual results or events to differ materially from those anticipated in such forward-looking information. This MD&A, the Corporation's annual information form and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describe the risks, the material assumptions and other factors that could influence actual results, which include, among other things, anticipated financial performance; the implementation of the Corporation's growth strategy; business prospects; conditions in general economic and financial markets; the ability to get additional market share with the directional drilling segment; industry conditions; current commodity prices and royalty regimes; regulatory developments; the impact of increasing competition; future exchange rates; the availability and cost of labour and services; the sufficiency of budgeted capital expenditures in carrying out planned activities; timing and amount of capital expenditures; the ability of the Corporation to renew existing contracts and enter into new contracts; utilization and pricing of the Corporation's systems and rigs; supply and demand for oil and natural gas services relating to the drilling and ancillary services; effects of regulation by governmental agencies; tax laws; future operating costs; and the ability to obtain financing on acceptable terms, which are subject to change based on commodity prices, market conditions and potential timing delays. Although management of the Corporation considers these assumptions to be reasonable based on information currently available to it, such assumptions may prove to be incorrect. Actual results, performance or achievements could differ material from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom.

Statements, including forward-looking information, are made as of the date of this MD&A and the Corporation does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.