Management's Discussion & Analysis

MATRRIX Energy Technologies Inc.

For the three and nine month periods ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2018

The following management's discussion and analysis ("MD&A") should be read in conjunction with the September 30, 2018 unaudited interim condensed consolidated financial statements and 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 and, operating days or unless otherwise noted.

This MD&A is dated November 13, 2018 and is in respect of the three and nine month periods ended September 30, 2018.

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.

THIRD QUARTER 2018 SUMMARY (Compared with the third quarter 2017)

- Adjusted EBITDA of $157, up 216% from an adjusted EBITDA loss of ($135);
- Revenue of $4,785, up 148% from $1,933;
- Net loss of ($905), increased 22% from a net loss of ($743);
- Gross margin of 26%, decreased 13% from 30%.

NINE MONTHS ENDED SEPTEMBER 30, 2018 SUMMARY (Compared with the nine months ended September 30, 2017)

- Adjusted EBITDA of $691, up 227% from an adjusted EBITDA loss of ($543);
- Revenue of $14,307 up 215% from $4,544;
- Net loss of ($2,125), improved 12% from a net loss of ($2,411);
- Gross margin of 28%, decreased 14% from 32%.

FINANCIAL SUMMARY

	Three Months Ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Revenue	4,785	1,933	148%	14,307	4,544	215%
Adjusted EBITDA [1]	157	(135)	216%	691	(543)	227%
Adjusted EBITDA per share						
Basic	-	-	nm	0.01	(0.02)	150%
Diluted	-	-	nm	0.01	(0.02)	150%
Net loss	(905)	(743)	(22%)	(2,125)	(2,411)	12%
Net loss per share						
Basic	(0.01)	(0.02)	50%	(0.02)	(0.07)	71%
Diluted	(0.01)	(0.02)	50%	(0.02)	(0.07)	71%
Funds flow	135	(116)	216%	339	(503)	167%
Gross Margin [1]	1,247	582	114%	3,959	1,458	172%
Capital expenditures related to acquisitions	-	-	nm	8,511	-	nm
Capital expenditures	2,364	-	nm	9,845	77	nm
Weighted Average common shares outstanding	131,577	33,862	289%	130,184	32,750	298%
Weighted Average diluted common shares outstanding	131,577	33,862	289%	130,184	32,750	298%

nm - calculation is not meaningful
[1] - please refer to "Non-GAAP measures" for further information

As at September 30,	2018	2017	Change
Current assets	6,386	5,621	14%
Total assets	43,096	13,455	220%
Total current liabilities	2,430	780	212%
Total non-current liabilities	2,395	-	nm
Shareholders' Equity	38,271	12,675	202%

NON-GAAP MEASURES

This MD&A contains references to (i) Adjusted EBITDA and (ii) 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) 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, foreign exchange, non-recurring restructuring charges, accretion of debentures and other income/expenses, and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations." 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. Investors should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's method of calculating Adjusted EBITDA may differ from that of other organizations and, accordingly, its Adjusted EBITDA may not be comparable to that of other companies.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	2018	2017	% Change	2018	2017	% Change
Net income (loss)	(905)	(743)	(22%)	(2,125)	(2,411)	12%
Depreciation	841	592	42%	2,373	1,837	29%
Interest on Convertible Debenture	65	-	nm	195	-	nm
Gain from disposition of property and equipment	-	-	nm	(313)	-	nm
Gain from equipment lost in hole	-	(12)	100%	(635)	(42)	(1,412%)
Interest and other income	(2)	(6)	67%	(29)	(19)	(53%)
Share based payments	52	71	(27%)	199	124	60%
Transaction costs	46	-	nm	539	-	nm
Foreign exchange (gain) loss	29	(37)	178%	59	(32)	284%
Accretion of debentures	31	-	nm	98	-	nm
Non recurring restructuring charges	-	-	nm	330	-	nm
Adjusted EBITDA	157	(135)	216%	691	(543)	227%

nm - not meaningful

(ii) 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.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	2018	2017	% Change	2018	2017	% Change
Income (loss) from operations	407	(6)	6,883%	1,589	(355)	548%
Depreciation	840	588	43%	2,370	1,813	31%
Gross margin	1,247	582	114%	3,959	1,458	172%
Gross margin %	26%	30%	(13%)	28%	32%	(13%)

nm - not meaningful

DESCRIPTION OF MATRRIX'S BUSINESS AND 2018 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 the first nine months of 2018, 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 contract drilling business.

On October 30, 2017, the Corporation completed its acquisition of assets from Vortex Drilling Ltd. ("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 personnel and field crews.

On January 19, 2018, the Corporation acquired all of 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 Common Shares of the Corporation ("Common Shares") at a deemed price of $0.45 per Common 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 May 24, 2018, the Corporation completed the acquisition of substantially all of the assets of Red Dog Drilling Inc. ("Red Dog") used in connection with Red Dog's contract drilling rig operations (the "Purchased Assets"). Pursuant to an asset purchase agreement dated May 10, 2018 between Red Dog and the Corporation, the Corporation acquired the Purchased Assets for a purchase price of $5,511, which was paid as follows: (i) the issuance of 1,573 Common Shares at a deemed price of $0.33 per Common Share, valued at $519; and (ii) $4,992 in cash.

The Corporation now has 11 drilling rigs consisting of nine complementary heavy telescopic double drilling rigs, one cantilever triple drilling rig and one cantilever double drilling rig. The Corporation is currently only marketing its nine heavy telescopic double drilling rigs. The Corporation's head office is located in Calgary, Alberta, with operational locations in Leduc, Alberta and Estevan, Saskatchewan.

OUTLOOK

Currently, the Corporation has both of its Alberta drilling rigs (or 100%) which had been recently upgraded and mobilized from Saskatchewan and five out of seven (or 63%) of its Saskatchewan drilling rigs operating. The Corporation forecasts to have all of its Alberta and Saskatchewan drilling rigs working into the latter half of Q4 2018, continuing through Q1 2019 and into spring breakup.

Despite the steady rise in oil prices for the first nine months in 2018, a lack of consistent market access has caused differentials to widen significantly across the WCSB. Therefore, the Corporation continues to believe activity in the WCSB will remain challenged with similar activity levels in Q4 2018 and Q1 2019 as compared to Q4 2017 and Q1 2018 respectively. Currently, none of the Corporation's customers are producing Canadian heavy oil.

The Corporation has made significant capital investments over the past year with the strategy of ensuring geographical diversification of its business and is well positioned to capture new customer demand while growing with its current customer base. The Corporation will continue its strategic plan of purchasing high quality assets at prices that will provide a high rate of return for shareholders.

The Corporation will continue to seek increased market share with the horizontal and directional drilling segment.

Management believes the Corporation's strong balance sheet provides flexibility to grow organically and execute on strategic acquisition opportunities that align with its profitable growth strategy. The Corporation remains focused on reducing variable direct operating and administrative expenses without sacrificing the quality of its service offering. By providing high quality assets and crews management believes the Corporation will continue to help its customers grow and create long-term shareholder value.

CAPITAL AVAILABILITY AND CAPITAL PROGRAM

As at September 30, 2018, the Corporation had $2,873 of cash and an addition $5,000 available on its operating loan facility, which it expects to utilize to fund the remainder of its 2018 capital program and take advantage of further strategic opportunities which may arise. As of the date of this MD&A, the Corporation has committed $2,348 for rig upgrades as part of its 2018 capital program.

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 the contract drilling rig segment and the horizontal and directional drilling segment. The contract drilling rig segment operates land-based contract drilling rigs for oil and gas exploration and development companies. The horizontal and 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 September 30,			Nine Months Ended September 30,		
(000's CAD $ except per day amounts)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Contract drilling rig revenue	3,068	-	na	10,003	-	na
Horizontal and directional drilling revenue	1,717	1,933	(11%)	4,304	4,544	(5%)
Consolidated revenue	4,785	1,933	148%	14,307	4,544	215%
Direct operating expenses	3,538	1,351	162%	10,348	3,086	235%
Gross margin (1)	1,247	582	114%	3,959	1,458	172%
Gross margin %	26%	30%	(13%)	28%	32%	(13%)
Consolidated net loss	(905)	(743)	(22%)	(2,125)	(2,411)	12%
General & administrative expenses	1,218	755	61%	4,398	2,117	108%
Consolidated administrative expenses as a % of revenue	25%	39%	(36%)	31%	47%	(34%)
Adjusted EBITDA (1)	157	(135)	216%	691	(543)	227%
Adjusted EBITDA %	3%	(7%)	143%	5%	(12%)	142%
Drilling rigs operating days	182	-	na	569	-	na
Drilling rigs revenue per day	16.8	-	na	17.6	-	na
Horizontal and directional drilling operating days(2)	184	256	(28%)	512	658	(22%)
Horizontal and directional drilling revenue per day	9.3	7.3	27%	8.4	6.6	27%

na - not applicable

nm - not meaningful

(1) - please refer to "Non-GAAP measures" for further information

[2] MATRRIX calculates a stand-by day as 0.5 day of an operating day.

THIRD QUARTER 2018 SUMMARY (Compared with the third quarter 2017)

- Revenue of $4,785 up 148% from $1,933
- Adjusted EBITDA of $157, up 216% from ($135)

NINE MONTHS ENDED SEPTEMBER 30, 2018 SUMMARY (Compared with the nine months ended September 30, 2017)

- Revenue of $14,307, up 215% from $4,544
- Adjusted EBITDA of $691, up 227% from ($543)

Consolidated revenue for the three and nine month periods ended September 30, 2018 was $4,785 and $14,307, respectively, as compared to $1,933 and $4,544 for the corresponding 2017 periods. The increase in revenue was primarily related to the new contract drilling rig segment offset by decreases in operating activity in the Corporation's horizontal and directional drilling segment.

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 September 30, 2018, gross margin was 26%, which was comprised of 22% related to the horizontal and directional drilling segment and 28% related to the contract drilling rig segment. As compared to 30% for the corresponding 2017 period which was related solely to horizontal and directional drilling. This decrease was due to increased repairs and maintenance and field labour costs related to the horizontal and directional drilling segment and a cost reclass from general and administrative into cost of sales related to the contract drilling rig segment.

For the nine months ended September 30, 2018, gross margin was 28%, which was comprised of 18% related to the horizontal and directional drilling segment and 32% related to the contract drilling rig segment. As compared to 30% for the corresponding 2017 period which was related solely to horizontal and directional drilling. This decrease was due to increased repairs and maintenance and field labour costs related to the horizontal and directional drilling segment, gross margin for the contract drilling rig segment was in line with expectations.

Starting in Q3 2018, certain expenses related to salaries, legal, IT, rent, and various other have been reallocated based on forecasted revenue between the horizontal and directional drilling and contract drilling rig segments.

Adjusted EBITDA for the three and nine month periods ended September 30, 2018 was $157 and $691, respectively, as compared to ($135) and ($543) for the corresponding 2017 periods. The increase in Adjusted EBITDA was primarily related to the profitability of the new contract drilling rig segment. For the three and nine month periods ended September 30, 2018, the contract drilling rig segment contributed $150 and $1,637 for the respective periods.

Horizontal and Directional Drilling

	Three Months Ended September 30,			Nine Months Ended September 30,		
(000's CAD $ except per day amounts)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Horizontal and directional drilling revenue	1,717	1,933	(11%)	4,304	4,544	(5%)
Direct operating expenses	1,340	1,351	(1%)	3,538	3,086	15%
Gross margin [1]	377	582	(35%)	766	1,458	(47%)
Gross margin %	22%	30%	(27%)	18%	32%	(44%)
Horizontal and directional drilling net loss	(282)	(743)	62%	(1,616)	(2,411)	33%
General & administrative expenses	417	755	(45%)	2,265	2,117	7%
Total G&A as a % of revenue	24%	39%	(38%)	53%	47%	13%
Adjusted EBITDA [1]	7	(135)	105%	(946)	(543)	(74%)
Adjusted EBITDA %	-	(7%)	nm	(22%)	(12%)	(83%)
Horizontal and directional drilling operating days[2]	184	256	(28%)	512	658	(22%)
Horizontal and directional drilling revenue per day	9.3	7.3	27%	8.4	6.6	27%

nm - not meaningful

[1] - please refer to "Non-GAAP measures" for further information

[2] MATRRIX calculates a stand-by day as 0.5 day of an operating day.

THIRD QUARTER 2018 SUMMARY (Compared with the third quarter 2017)

- Revenue of $1,717 down (11%) from $1,933
- Adjusted EBITDA of $7, up 105% from ($135)
- Operating days of 184, down (28%) from 256 days
- Directional revenue per day of $9.3, up 27% from $7.3

NINE MONTHS ENDED SEPTEMBER 30, 2018 SUMMARY (Compared with the nine months ended September 30, 2017)

- Revenue of $4,304, down (5%) from $4,544
- Adjusted EBITDA loss of ($946), down (74%) from ($543)
- Operating days of 512, down (22%) from 658 days
- Directional revenue per day of $8.4, up 24% from $6.6

Revenue for the three and nine month periods ended September 30, 2018 was $1,717 and $4,304, respectively, as compared to $1,933 and $4,544 for the corresponding 2017 periods. The decrease in revenue was primarily related to the decrease in operating activity from the Corporation's current customer base. Operating days for the three and nine month periods ended September 30, 2018 were 184 and 512 days, respectively, as compared to 256 and 658, respectively, for the corresponding 2017 periods. The decrease in operating activity was partially offset by an increase in revenue per day.

For the three and nine month periods ended September 30, 2018 revenue per day was $9.3 and $8.4, as compared to $7.3 and $6.6, respectively, for the corresponding 2017 periods. The increase in revenue per day was primarily due to more work being performed that required on site supervision as compared to the corresponding 2017 periods.

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.

Gross margins for the three and nine month periods ended September 30, 2018 were 22% and 18%, respectively, as compared to 30% and 32% for the corresponding 2017 periods. The primary reason for the decrease was related to increased repair and maintenance costs from rental of third party Measurement-While-Drilling ("MWD") equipment, increased deferred repairs and maintenance on MWD and motor equipment from 2017 and increased day rates related to field personnel. This was partially offset by an increase in revenue per day.

During 2018, the Corporation continued to focus its sales and operations efforts in the WCSB with respect to the horizontal and directional drilling segment. Through September 30, 2018, the Corporation provided directional drilling services in the; Charlie Lake, Cummings, Dina, East Duvernay, Belly River, Banff Porosity, Cardium, Lower Halbrite and Viking formations.

Contract Drilling Rig Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
(000's CAD $ except per day amounts)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Contract drilling rig revenue	3,068	-	na	10,003	-	na
Direct operating expenses	2,199	-	na	6,810	-	na
Gross margin [1]	869	-	na	3,192	-	na
Gross margin %	28%	-	na	32%	-	na
Contract drilling rig net income (loss)	(623)	-	na	(509)	-	na
General & administrative expenses	801	-	na	2,133	-	na
Total G&A as a % of revenue	26%	-	na	21%	-	na
Adjusted EBITDA [1]	150	-	na	1,637	-	na
Adjusted EBITDA %	5%	-	na	16%	-	na
Contract drilling rig operating days	182	-	na	569	-	na
Contract drilling rig revenue per day	16.8	-	na	17.6	-	na

na - not applicable
[1] - please refer to "Non-GAAP measures" for further information

THIRD QUARTER 2018 SUMMARY

- Revenue of $3,068
- Adjusted EBITDA of $150
- Operating days of 182
- Drilling rig revenue per day of $16.8

NINE MONTHS ENDED SEPTEMBER 30, 2018 SUMMARY

- Revenue of $10,003
- Adjusted EBITDA of $1,637
- Operating days of 569
- Drilling rig revenue per day of $17.6

The 28% gross margin for the three months ended September 30, 2018 was below the 32% gross margin for the nine months ended September 30, 2018 due to a cost reclass of insurance expenses directly related to the individual rigs from general and administrative into cost of sales during the quarter.

The contract drilling rig segment started 2018 with six heavy telescopic rigs operating in southeast Saskatchewan. On January 19, 2018, the contract drilling rig segment added an additional heavy telescopic double drilling rig and additional drilling equipment with the acquisition of D2.

On May 24, 2018, the Corporation completed its acquisition of the Purchased Assets from Red Dog consisting of two heavy telescopic double drilling rigs complementary to the Corporation's existing drilling rig fleet, one cantilever triple drilling rig and one cantilever double drilling rig. Of the four rigs purchased from Red Dog, only the two heavy telescopic doubles have been activated for operations.

During the third quarter of 2018, the Corporation mobilized two of its heavy telescopic double drilling rigs which were being upgraded for the Alberta market, operating out of Nisku, Alberta. One of the upgraded rigs was deployed in Q3 2018 and the other will be deployed in Q4 2018.

As of the date of this MD&A, the contract drilling rig segment has a total of 9 operational drilling rigs.

The contract drilling rig utilization for the three and nine month periods ended September 30, 2018 was 22% and 27%, respectively, as compared to the CAODC industry average utilization rates of 30% and 29%, respectively, for the same 2018 periods. Lower utilization rates was related to the Corporations customers having to delay their Southeast Saskatchewan drilling programs due to the extreme wet conditions experienced in July and August 2018.

Direct operating expenses are primarily comprised of personnel, equipment operating and repair costs and shop expenses.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	**2017**	**% Change**	**2018**	**2017**	**% Change**
Drilling rigs						
Opening balance	9	-	na	6	-	na
Acquired	-	-	na	3	-	na
Ending balance	9	-	na	9	-	na
Operating days (spud to rig release)	182	-	na	569	-	na
Utilization	22%	-	na	27%	-	na

na - not applicable

Consolidated Analysis

General and Administrative Expenses

	Three months ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Administrative expenses	482	331	46%	1,457	910	60%
Salaries and benefits	608	386	58%	1,811	1,091	66%
Share based payments	52	71	(27%)	199	124	60%
Transaction costs	46	-	nm	539	-	nm
Non recurring restructuring charges	-	-	nm	330	-	nm
Depreciation	1	4	(75%)	3	24	(88%)
Foreign exchange loss	29	(37)	178%	59	(32)	284%
Total G&A	1,218	755	61%	4,398	2,117	108%
Total G&A as a % of revenue	25%	39%	(36%)	31%	47%	(34%)

nm - not meaningful

Total general and administrative expenses ("G&A") for the three and nine month periods ended September 30, 2018, was $1,218 and $4,398, respectively, as compared to $755 and $2,117, respectively, in the corresponding 2017 periods. The primary reason for the increase in G&A was due to the Corporation's expansion into the contract drilling rig business that included additional administrative, salaries, share based and legal expenses. During the three and nine month periods ended September 30, 2018, the Corporation incurred non-capitalizable transaction costs related to the acquisitions of D2 and the Purchased Assets from Red Dog of $46 and $539, respectively. Transaction costs represent non-capitalizable amounts directly related to drilling rig acquisitions which consist of due diligence and external legal fees. The Corporation also incurred non-recurring restructuring charges related to severance payment and associated legal expenses of $330 during Q1, 2018.

Depreciation Expense (Non-Administrative Assets)

The depreciation expense for the three and nine month periods ended September 30, 2018 was $840 and $2,370, respectively, up from $588 and $1,813, respectively, in the comparable 2017 periods. The primary reason for the increase was related to the larger depreciable asset base due to the acquisition of the drilling rigs, partially offset by a decrease in directional drilling depreciation as a result of the impairment taken in Q4, 2017.

	Three months ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Depreciation expense	840	588	43%	2,370	1,813	31%

Share Based Payments

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 payments expense for the three and nine month periods ended September 30, 2018 was $52 and $199, respectively, compared to $71 and $124, respectively, in the 2017 corresponding periods. The decrease in stock option expense for the three months ended September 30, 2018 as compared to the corresponding 2017 period was due to expiries and forfeitures of higher-priced options during the period. The increase in stock option expense for the nine months ended September 30, 2018 relates to the increase in total outstanding options osyf 5,979 as of September 30, 2018 as compared to 3,051 outstanding options for the corresponding 2017 period.

	Three months ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Share based payments	52	71	(27%)	199	124	60%

At the date of this MD&A, 5,980 stock options and 131,592 Common Shares were outstanding.

Other Items

For the nine month period ended September 30, 2018, the Corporation recorded a gain of $635 related to equipment lost downhole as compared to $42 for the corresponding 2017 period. The timing of lost-in-hole recoveries is not within the control of the Corporation and therefore can fluctuate significantly from quarter-to-quarter. In addition, for the nine month period ended September 30, 2018, the Corporation recorded a gain of $313 related to the sale of certain directional drilling and contract drilling rig equipment as compared to $nil for the corresponding 2017 period. Interest and other income primarily relates to interest earned from term deposits.

	Three months ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Accretion on debentures	(31)	-	nm	(98)	-	nm
Gain on disposition of property and equipment	-	-	nm	313	-	nm
Gain on equipment lost in hole	-	12	(100%)	635	42	1,412%
Interest on convertible debenture	(65)	-	nm	(195)	-	nm
Interest and other income	2	6	(67%)	29	19	53%
Other items	(94)	18	(622%)	684	61	1,021%

nm - not meaningful

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows from Operating Activities and Working Capital

Cash flows from operating activities for the three and nine month periods ended September 30, 2018 was ($282) and $1,678, respectively, up 49% and 214%, respectively, as compared to the 2017 corresponding periods. The increase in cash flows from operating activities is primarily related to the increase in activity related to the contract drilling rig segment.

Working capital at September 30, 2018 was $4,611, down from $17,917 at December 31, 2017, primarily due to expenditures on acquisitions and rig upgrades.

	Three months ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	2018	2017	% Change	2018	2017	% Change
Funds flow	135	(116)	216%	339	(503)	167%
Changes in non-cash w orking capital balances	(417)	(441)	5%	1,339	(964)	239%
Cash flow s from operating activities	(282)	(557)	49%	1,678	(1,467)	214%

nm - not meaningful

Cash Flows from Investing Activities

For the three and nine month periods ended September 30, 2018, the Corporation purchased $2,364 and $14,703, respectively, in property and equipment as compared to $nil and $77 for the corresponding 2017 periods. For the three month period ended September 30, 2018 the Corporation incurred capital expenditures related to rig upgrades. Further expenditures during the nine month period ended September 30, 2018 were related to the acquisition of the Purchased Assets from D2 and Red Dog, drilling rig recertifications, and directional drilling equipment replacements. During the nine months ended September 30, 2018, the Corporation received $562 related to proceeds from the disposition of property and equipment as compared to $nil in the prior year. In addition, during the three and nine month periods ended September 30, 2018 the Corporation incurred transaction costs of $46 and $539, respectively, related to the acquisitions of drilling rig equipment. During the three and nine months ended September 30, 2018, the Corporation received $nil and $756, respectively, related to proceeds from equipment lost in hole as compared to $26 and $81, respectively, for the 2017 corresponding periods.

Transaction costs represent non-capitalizable amounts directly related to drilling rig acquisitions which consist of due diligence and external legal fees.

	Three months ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	2018	2017	% Change	2018	2017	% Change
Purchase of property and equipment	(2,364)	-	nm	(14,703)	(77)	nm
Proceeds from the disposition of property and equipment	-	-	nm	562	-	nm
Cash from D2 acquisition (net)	-	-	nm	(523)	-	nm
Transaction costs	(46)	-	nm	(539)	-	nm
Proceeds from equipment lost in hole	-	26	nm	756	81	nm
Cash flow s from Investing activities	(2,410)	26	nm	(14,447)	4	nm

nm - not meaningful

Cash Flows from Financing Activities

On October 27, 2017, the Corporation closed a private placement of 10% convertible unsecured subordinated debentures of the Corporation (the "Debentures") for gross proceeds of $2,612. The net proceeds after the amortization of the private placement costs were $2,559. For the three and nine month periods ended September 30, 2018, the Corporation incurred interest expense related to the debentures of $65 and $195, respectively, as compared to $nil for the 2017 corresponding periods.

	Three months ended September 30,			Nine Months Ended September 30,		
(000's CAD $)	2018	2017	% Change	2018	2017	% Change
Proceeds from issuance of common shares	-	1,157	nm	-	1,157	nm
Interest on Debentures	(65)	-	nm	(195)	-	nm
Proceeds from short-tem debt	655	-	nm	655	-	nm
Stock options exercised	13	-	nm	46	30	53%
Cash flow s from financing activities	603	1,157	(48%)	506	1,187	(57%)

nm - not meaningful

Commitments

The following table reflects the Corporation's commitments as of September 30, 2018:

(000's CAD $)	2018	2019	2020	2021	2022
Operating Leases	98	369	291	198	99
Trade and other payables	1,775	-	-	-	-
Total	1,873	369	291	198	99

As of the date of this MD&A, the Corporation committed $2,348 related to rig upgrades.

Summary of Quarterly Results

	2018			2017				2016
(000's CAD $)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	4,785	2,047	7,475	4,984	1,933	1,061	1,549	1,135
Gross Margin [1]	1,247	464	2,288	1,363	582	273	(20)	(373)
Adjusted EBITDA [1]	157	(619)	1,152	355	(135)	(353)	(55)	(379)
Net Income (loss)	(905)	(1,421)	200	(4,464)	(743)	(976)	(693)	(1,042)
Net Income (loss) per share	(0.01)	(0.01)	0.00	(0.06)	(0.02)	(0.03)	(0.02)	(0.03)
Net Income (loss) per share - diluted	(0.01)	(0.01)	0.00	(0.06)	(0.02)	(0.03)	(0.02)	(0.03)
Working Capital	4,611	6,291	18,751	17,917	4,841	3,756	4,143	4,136
Total assets	43,096	43,411	45,130	42,525	13,455	13,034	13,790	14,661

[1] - please refer to "Non-GAAP measures" for further information

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. Additions 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 and drilling rigs 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. Starting in Q4 2017, with the purchase of Stampede, the Corporation entered into the contract drilling rig market in southeast Saskatchewan.

FINANCIAL INSTRUMENTS

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

Credit risk

The adoption of IFRS 9 Financial Instruments requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Corporation's assessment, an increase in the allowance for doubtful accounts was recorded, using the lifetime expected credit loss model. The expected credit loss rates are based on actual credit loss experience since inception for each operating segment. The adjustment to allowance for doubtful accounts on initial application of IFRS 9 is $94.

The loss allowance provision for trade accounts receivable as at September 30, 2018 reconciles to the opening loss allowance provision as follows:

	2018
At January 1, 2018 – calculated under IAS 39	94
Increase in loan loss allowance per IFRS 9	18
As at September 30, 2018	112

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.

Substantially all of the Corporation's cash and cash equivalents are held by high credit quality financial institutions.

During the nine months ended September 30, 2018, MATRRIX had three customers that comprised of 34%, 17% and 12% of total revenue, compared to four customers that comprised 21%, 12%, 11% and 10% of total revenue for the comparative period in 2017. For the accounts receivable balances outstanding at September 30, 2018, MATTRIX had three customers that comprised of 29%, 15% and 12% of the total balance as compared to four customers that comprised 24%, 23%, 16% and 12% of the total balance for the comparative period in 2017.

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

	September 30, 2018	December 31, 2017
Within 30 days	1,736	3,104
31 to 60 days	875	1,631
61 to 90 days	220	1,017
Over 90 days	417	-
Allowance for doubtful accounts	(112)	-
Accounts receivable	3,136	5,752

As at the date of this MD&A, MATRRIX had collected 77% of the September 30, 2018 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 2018 working capital requirements. As at September 30, 2018, the Corporation had current assets balance of $5,730 to settle current liabilities of $1,775.

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 is exposed to interest rate fluctuations on its operating loan facility which bears interest at floating market rates. For the nine-month period ended September 30, 2018, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net loss would not have been materially different. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the Corporation's exposure to interest rate fluctuations. The Corporation has invested its excess cash in short-term deposits with a fixed rate of interest at its banking institution and therefore is exposed to further 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 September 30, 2018, 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 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 September 30, 2018, based on the purchase price of $1 per Debenture.

RECENT PRONOUNCEMENTS AND APPLICATION OF NEW AND REVISED IFRS

Recent pronouncements and application of new and revised International Financial Reporting Standards

Except as noted below, the September 30, 2018 unaudited condensed consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements.

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.

Changes in accounting policies:

1) IFRS 9

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 has adopted IFRS 9 for the annual period beginning on January 1, 2018. The adjustment to opening deficit as of January 1, 2018 due to the cumulative impact of adopting IFRS 9 was $94. The impact to net earnings for the nine months ended September 30, 2018 was $18.

Financial Instruments

The new guidance under IFRS 9 Financial Instruments does not affect the Corporation's classification, measurement and recognition of financial assets and financial liabilities. The Corporation does not have any hedging arrangements. The new impairment model under IFRS 9 requires the recognition of impairment provisions based on expected and incurred credit losses rather than only incurred credit losses. The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument.

Classification

From January 1, 2018, the Corporation classifies its financial assets in the following two measurement categories: (1) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and (2) those to be measured at amortized cost. The classification depends on the Corporation's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. The Corporation reclassifies financial assets when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Corporation measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequent measurement of financial assets depends on the Corporation's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Corporation classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.
- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains and losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as separate line item in profit or loss.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or less. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net within other gains or losses in the period in which it arises.

2) IFRS 15

IFRS 15, "Revenue from Contracts with Customers", is required to be applied for period 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. As of January 1, 2018, the Corporation has adopted the modified retrospective approach.

The Corporation recognizes revenue when a performance obligation is satisfied by transferring promised goods or services to a customer and the amount recorded is measured at the fair value of the consideration received. The Corporation's standard drilling rig contract includes performance obligations to provide drilling services and rig equipment, which are satisfied over time. Once determined, the transaction price will be allocated to each performance obligation based on stand-alone selling prices. The Corporation recognizes revenue daily, based on agreed upon rates in each contract and on the daily activity of the rig. As such, there will be no unfulfilled performance obligations.

The Corporation's contracts contain both a lease and a service element. IFRS 15 requires revenue from both the service and lease elements related to customer contracts to be presented separately.

The Corporation's revenue streams under IFRS 15 are comprised of the following:

	Three months ended, September 30,		Nine months ended, September 30,	
	2018	2017	2018	2017
Horizontal and directional drilling revenue	1,717	1,933	4,304	4,544
Contract drilling rig services	1,630	-	5,371	-
Contract drilling rig lease revenue	1,438	-	4,632	-
Total revenue	4,785	1,933	14,307	4,544

There is no impact on the adoption of the standard on the Corporation's unaudited interim condensed consolidated financial statements.

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

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 has elected to adopt IFRS 16 using the modified retrospective approach by recognizing the cumulative effect of initially applying the new standard on January 1, 2019 using the simplified right-of-use asset measurement method, along with the application of various practical expedients. The Corporation has reviewed its lease agreements and is currently evaluating the impact of the adoption of IFRS 16 on its consolidated financial statements.

RISKS AND UNCERTAINTIES

A discussion of the Corporation's business and operational risks is set out in the Corporation's most recent AIF under the heading 'Risk Factors' a copy of which can be found under the Corporation's profile at www.sedar.com. Additionally, see 'Financial Instruments' and 'Forward-Looking Information' in this MD&A for additional information regarding the risks to which MATRRIX and its business and operations are subject. If any of such risks or uncertainties actually occur, the Corporation's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking information discussed in this MD&A.

LOANS & BORROWINGS

On October 27, 2017, the Corporation entered into an amended and restated commitment letter with its lender increasing its revolving operating loan facility by $3,000 to $5,000 and added short term non-revolving acquisition loan facility in the amount of $2,500. The operating facility bears interest at the bank's prime rate plus 1.0% with interest payable monthly, subject to certain financial ratio covenants and limited to 75% of a defined accounts receivable balance. The credit facility is secured by a general security agreement providing a first security interest over all present and after acquired personal property and specifically registered against any applicable serial-numbered equipment.

In Q4 2017, the Corporation paid off the entire $2,500 short term non-revolving acquisition loan facility. As of September 30, 2018, the Corporation had drawn $655 on the operating loan facility (December 2017 - $nil).

At September 30, 2018, the following financial covenants were in place:

1. **Debt Service Coverage:** for the fiscal quarter ended December 31, 2018 and annually thereafter, the Corporation shall not permit the Debt Service Coverage to be less than 1.25;1; and

2. **Current Ratio:** for the fiscal quarter ended March 31, 2018 and to be tested quarterly thereafter, the Corporation shall not permit the Current Ratio to be less than 1.25:1.

Debt Service Coverage - for any period, the ratio of (i) EBITDA (net income (excluding extraordinary items) from continuing operations plus, to the extent deducted in determining net income, interest expense and income taxes expensed during the period, depreciation, depletion and amortization deducted for the period, and stock based compensation expensed during the period.), to (ii) interest expense (the cost of advances of credit during that period, including interest charges, the interest component of capital leases, capitalized interest, fees payable on bankers' acceptances and guaranteed notes, and fees payable in respect of letters of credit and letters of guarantee) and scheduled principal payments in respect of funded debt.

Current Ratio - at any time, the ratio of (i) current assets (current assets of the Corporation as determined in accordance with GAAP on a consolidated basis) to (ii) current liabilities (current liabilities of the Corporation as determined in accordance with GAAP on a consolidated basis excluding (i) the current portion of funded debt, (ii) any drawn balance under the operating loan facility and (iii) the debentures, but including any drawn balance under the short term non-revolving acquisition loan facility).

The Current Ratio as at September 30, 2018 was 3.23:1. Had the Debt Service Coverage covenant been in place, the Corporation would have been in compliance with both covenants at September 30, 2018.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements or forward-looking information (collectively, "forward-looking information"). Forward-looking 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 Corporation's 2018 capital program, including the amount committed for rig upgrades; the deployment of one of the Corporation's upgraded rigs in Q4 2018; the expectation that all of the Corporation's drilling rigs in Alberta and Saskatchewan will be working into the latter half of Q4 2018, through Q1 2019 and into spring breakup; that industry activity will remain challenged with similar activity levels in Q4 2018 and Q1 2019 as compared to Q4 2017 and Q1 2018, respectively; the Corporation's strategic plan, including with respect to asset purchases; the expectation that the Corporation's strategic plans of acquiring assets may provide a high rate of return for shareholders; the Corporation's expectation to increase market share of the horizontal and directional drilling rig segment; and the Corporation's focus on reducing variable direct operating and administrative expenses and creating shareholder value.

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 AIF 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; the ability to execute the Corporation's 2018 capital program; business prospects; conditions in general economic and financial markets; the ability to get additional market share with the horizontal and 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, including the ability of the Corporation to have all of its Alberta and Saskatchewan drilling rigs working by the latter half of Q4 2018 through to spring breakup in 2019; supply and demand for oil and natural gas services relating to 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, amongst other factors, 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, 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.