CEMATRIX CORPORATION
Consolidated Financial Statements
(in Canadian dollars)
March 31, 2015

Management's Responsibility for Financial Reporting and Notice of No Auditor Review of the Interim Consolidated Financial Statements for the Quarter and Three Months Ended March 31, 2015

To the Shareholders:

CEMATRIX CORPORATION

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

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

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

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

May 27, 2015

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

CEMATRIX CORPORATION
Consolidated Statements of Financial Position
As at March 31, 2015 (unaudited) and December 31, 2014 (audited)
(in Canadian Dollars)

		2015		2014
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**20,684**	$	50,019
Trade and other receivables *(note 5)*		**3,717,644**		4,259,086
Inventory *(note 6)*		**435,675**		511,697
Prepaid expenses and deposits		**77,399**		89,410
Current portion of share acquisition loans *(note7)*		**21,224**		20,757
		4,272,626		4,930,969
Non Current Assets				
Share acquisition loans *(note 7)*		**67,247**		67,247
Property and equipment		**2,994,374**		3,042,871
Intangibles		**465,116**		465,116
Deferred taxes		**750,694**		753,439
		4,277,431		4,328,673
Total Assets	**$**	**8,550,057**	$	9,259,642
LIABILITIES and EQUITY				
Current Liabilities				
Bank overdraft	**$**	**17,955**	$	194,154
Bank operating loan *(note 8)*		**675,000**		1,110,000
Trade and other payables *(note 9)*		**1,787,521**		1,927,492
Current portion of long term debt *(note 10)*		**286,662**		286,662
Current portion of finance lease obligations		**56,938**		55,542
		2,824,076		3,573,850
Non Current Liabilities				
Long term debt *(note 10)*		**1,929,220**		1,929,220
Finance lease obligations		**72,183**		86,955
		2,001,403		2,016,175
Total Liabilities		**4,825,479**		5,590,025
SHAREHOLDERS' EQUITY				
Share capital *(note 11)*		**7,396,309**		7,396,309
Contributed surplus		**658,187**		600,805
Accumulated other comprehensive loss		**(9,322)**		(2,190)
Deficit		**(4,320,596)**		(4,325,307)
Total Shareholders' Equity		**3,724,578**		3,669,617
Total Liabilities and Shareholders' Equity	**$**	**8,550,057**	$	9,259,642

Subsequent events *(note 22)*

Approved on behalf of the Board

Signed "Jeffrey Kendrick" **Director**   *Signed "Steve Bjornson"* **Director**

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

CEMATRIX CORPORATION

Consolidated Statements of Income (Loss) and Comprehensive Loss

For the three months ending at March 31 (unaudited)
(in Canadian Dollars)

		2015		2014
Revenue *(note 21)*	**$**	**2,819,022**	$	260,960
Cost of sales *(note 12)*		**2,180,310**		495,888
Gross margin		**638,712**		(234,928)
Operating expenses				
General and administrative		**255,205**		266,933
Sales, marketing and engineering		**277,190**		224,377
Total operating expenses		**532,395**		491,310
Operating income (loss)		**106,317**		(726,238)
Non-cash stock based compensation *(note 16)*		**(57,382)**		(129,764)
Finance costs *(note 13)*		**(56,844)**		(39,382)
Other income *(note 14)*		**15,365**		1,017
Income (loss) before taxes		**7,456**		(894,367)
Recovery (provision) of deferred taxes		**(2,745)**		173,754
Net income (loss) attributable to the common shareholders		**4,711**		(720,613)
Other comprehensive loss				
Items that may be reclassified subsequent to profit or loss:				
Unrealized foreign exchange loss on translation of foreign subsidiary		**(7,132)**		(1,945)
Total comprehensive loss	**$**	**(2,421)**	$	(722,558)
Income (loss) per common share *(note 15)*				
Basic	**$**	**-**	$	(0.02)
Fully Diluted	**$**	**-**	$	(0.02)
Weighted average number of common shares *(note 15)*				
Basic		**34,025,994**		33,465,994
Fully Diluted		**35,375,994**		33,465,994

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

CEMATRIX CORPORATION

Consolidated Statements of Changes in Shareholders' Equity

For the three months ending March 31 (unaudited)
(in Canadian Dollars)

		Share Capital		Contributed Surplus	Cumulative Translation Adjustment Account		Deficit		Total Shareholders' Equity
Balance at January 1, 2015	**$**	**7,396,309**	**$**	**600,805**	**(2,190)**	**$**	**(4,325,307)**	**$**	**3,669,617**
Non-cash stock based compensation (note 16)		**-**		**57,382**	**-**		**-**		**57,382**
Net income attributable to common shareholders		**-**		**-**	**-**		**4,711**		**4,711**
Unrealized foreign exchange loss on translation of foreign subsidiary		**-**		**-**	**(7,132)**		**-**		**(7,132)**
Balance at March 31, 2015	**$**	**7,396,309**	**$**	**658,187**	**(9,322)**	**$**	**(4,320,596)**	**$**	**3,724,578**
Balance January 1, 2014	$	7,160,015	$	361,198	12,831	$	(3,800,333)	$	3,733,711
Non-cash stock based compensation (note 16)		-		129,764	-		-		129,764
Net loss attributable to common shareholders							(720,613)		(720,613)
Unrealized foreign exchange gain on translation of foreign subsidiary		-		-	(1,945)		-		(1,945)
Balance at March 31, 2014	$	7,160,015	$	490,962	10,886	$	(4,520,946)	$	3,140,917

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

CEMATRIX CORPORATION
Consolidated Statements of Cash Flows
For the three months ended March 31 (unaudited)
(in Canadian Dollars)

		2015		2014
Cash generated from (used in):				
Operating activities				
Net income (loss) attributable to common shareholders	**$**	**4,711**	$	(720,613)
Add (deduct) non-cash items				
Provision (recovery) of deferred taxes		**2,745**		(173,754)
Depreciation		**86,514**		83,511
Non-cash stock based compensation *(note 16)*		**57,382**		129,764
Accretion of non-cash fair value adjustment on share acquisition loans		**(467)**		-
Unrealized foreign exchange loss on translation of foreign subsidiary		**(7,132)**		(1,945)
		143,753		(683,037)
Net change in non-cash working capital items *(note 17)*		**489,504**		275,318
Cash generated from (used in) operations		**633,257**		(407,719)
Investing activities				
Purchase of property and equipment		**(38,017)**		(169,216)
Cash used in investing activities		**(38,017)**		(169,216)
Financing activities				
Repayments of bank operating loan		**(435,000)**		(435,000)
Proceeds from BDC Financing		**-**		106,507
Proceeds from Secured Debenture		**-**		1,000,000
Repayments of finance lease obligations		**(13,376)**		(13,536)
Cash generated from (used in) financing activities		**(448,376)**		657,971
Increase in cash		**146,864**		81,036
Cash deficiency, beginning of period		**(144,135)**		(36,092)
Cash, end of period	**$**	**2,729**	$	44,944
Cash				
Cash and cash equivalents	**$**	**20,684**	$	44,994
Bank overdraft		**(17,955)**		-
Cash, end of period	**$**	**2,729**	$	44,944
Finance costs paid during the period	**$**	**56,414**	$	39,383

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

1. Corporate information

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

Through its wholly-owned subsidiary, CEMATRIX (Canada) Inc. and its subsidiary CEMATRIX (USA) Inc., the Company is a manufacturer and supplier of cellular concrete products with applications in a variety of markets. The current market focus is in the oil and gas sector in Western Canada and infrastructure construction in Western Canada, Ontario Canada and in the United States.

The consolidated financial statements of the Company for the quarter ended March 31, 2015 were authorized for issue in accordance with a resolution of the Board of Directors on May 27, 2015.

2. Basis of preparation

Statement of compliance
These consolidated financial statements for the quarter ended March 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretation Committee ("IFRIC") in effect at the closing date of March 31, 2015.

Basis of measurement
These consolidated financial statements were prepared under the historical cost convention except for share-based payment transactions which are measured at fair value.

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

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of CEMATRIX (USA) Inc. is US dollars.

3. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Judgements, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

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

The key sources of these uncertainties that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2014. There has been no changes since that date.

4. Significant accounting policies

The key sources of these uncertainties that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2014.

The significant accounting policies of the Company are outlined in Note 4 of the audited consolidated financial statements for the year ended December 31, 2014. There have been no changes since that date.

Future accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after April 1, 2015 or later periods. The standards impacted that are applicable to the Company are as follows:

IFRS 9 Financial instruments – in July 2014, the ISAB issued IFRS 9 to replace IFRS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 includes a logical model for classification and measurement, a single forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for years beginning on or after January 1, 2018

IFRS 15 Revenue from contracts with customers – in May 2014, the IASB issued IFRS 15, a new standard which provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for years beginning on or after January 1, 2017.

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

5. Trade and other receivables

Trade and other receivables consist of the following components as at March 31, 2015 and December 31, 2014:

		2015		2014
Trade receivables	**$**	**3,136,919**	$	3,890,081
Holdbacks		**456,008**		324,236
Other receivables		**124,717**		44,769
	$	**3,717,644**	$	4,259,086

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

The aging of the trade receivables as at March 31, 2015 and December 31, 2014 is on the next page.

5. Trade and other receivables *(continued)*

		2015		2014
1-30 days	**$**	**1,220,248**	$	1,886,293
30-60 days		**1,415,907**		849,496
61-90 days		**61,433**		769,457
Greater than 90 days		**439,331**		384,835
	$	**3,136,919**	$	3,890,081

In determining the recoverable amount of a trade, holdbacks and other receivables, the Company performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparties. Included in general and administrative expenses is $nil of bad debt expense (2014 - $28,208 in regard to a settlement with a customer).

6. Inventory

Inventory consists of the following components as at March 31, 2015 and December 31, 2014:

		2015		2014
Raw materials (principally foaming agent)	**$**	**432,535**	$	506,723
Spare parts and marketing material		**3,140**		4,974
	$	**435,675**	$	511,697

Inventory expensed as part of cost of sales was $74,189 and $6,727, respectively, for the three months ended March 31, 2015 and 2014. There were no inventory write-downs in either 2015 or 2014.

7. Share acquisition loans

Share acquisition loans consist of the following components as at March 31, 2015 and December 31, 2014:

		2015		2014
Share acquisition loans	**$**	**88,004**	$	113,125
Less non-cash fair market value adjustment				(25,121)
Plus accretion of non-cash fair market value adjustment		**467**		-
		88,471		88,004
Less current portion		**(21,224)**		(20,757)
	$	**67,247**	$	67,247

Share acquisition loans of $113,125 were issued to management in previous years to purchase shares of the Company. In October 2014, the terms of the share acquisition loans were changed to introduce equal annual repayment terms beginning 2015 such that the loans will be fully repaid by December 31, 2019. Prior to this change the share acquisition loans were included as a reduction in share capital. The loans bear no interest unless the

7. Share acquisition loans *(continued)*

loans are not repaid in accordance with the repayment terms, then the interest is payable annually on the amount then outstanding at Bank of Canada prime rate, then in effect, plus two percent and at the option of the Company the loans become immediately due and payable. For accounting purposes, because the loans bear no interest, the loans were fair valued at December 31, 2014 using the effective interest rate method. An effective interest rate used was 9%. This fair value adjustment is being accreted to income over the life of the loans.

8. Bank operating loan

The bank operating loan as at March 31, 2015 and December 31, 2014 is outlined below:

		2015		2014
Bank operating loan	**$**	**675,000**	$	1,110,000

The Company has a revolving demand credit facility ("Credit Facility") with a Canadian chartered bank which, when utilized by the Company, provides loans to finance working capital for periods of time. Under the Credit Facility, the bank will advance up to $1,000,000 on trade receivables less than ninety days outstanding at the end of each month, (75% from companies resident in Canada and 90% from qualifying companies resident in the United States) and 50% of inventories (up to a maximum $250,000). In November 2014, the seasonal increase in the Credit Facility of $500,000, which normally runs from April to October each year, was extended until January 31, 2015. Based on these restrictions, the actual Credit Facility availability at March 31, 2015 was $1,000,000 (December 31, 2014 - $1,500,000) of which $675,000 had been drawn down at March 31, 2015 ($1,110,000 at December 31, 2014).

The Company has an arrangement through Economic Development Canada to insure trade receivables for sales to qualified companies resident in the United States. The Company has completed a direct to pay of any insurance proceeds to the Company's bank. As a result of this arrangement the Company's bank has agreed to advance up to 90% of trade receivables from qualified companies resident in the United States on the Credit Facility. The qualified trade receivables, under this arrangement, were $723,346 at March 31, 2015 ($44,084 at December 31, 2014).

Interest on the Credit Facility is at Canadian chartered bank prime of 2.85% plus 2.25% (2014 – Canadian chartered bank prime of 3% plus 2.25%). The security provided includes a General Security Agreement over all of the assets of the Company. Under the Credit Facility, the Company is required to maintain a debt to tangible net worth ratio of less than 1.75:1. The Company is in compliance with the terms of its covenant.

9. Trade and other payables

Trade and other payables consist of the following components as at March 31, 2015 and December 31, 2014:

		2015		2014
Trade payables	**$**	**1,598,772**	$	1,688,864
Accrued interest		**6,929**		7,083
Other accruals		**101,925**		109,522
Payroll remittance and goods & services tax		**79,895**		122,023
	$	**1,787,521**	$	1,927,492

10. Long term debt

Long term debt consists of the following components as at March 31, 2015 and December 31, 2014:

	Maturity	Interest rate		2015		2014
BDC Financing						
Loan 1	December 1, 2016	Floating	$	**171,600**	$	171,600
Loan 3	October 1, 2020	Floating		**1,044,282**		1,044,282
				1,215,882		1,215,882
Secured Debenture	February 11,2017	Fixed		**1,000,000**		1,000,000
				2,215,882		2,215,882
Less current portion				**(286,662)**		(286,662)
			$	**1,929,220**	$	1,929,220

BDC Financing:

In May 2012, the Company`s wholly owned subsidiary, CEMATRIX (Canada) Inc., entered into an agreement with the Business Development Bank of Canada (“BDC”) which provided working capital and capital expenditure financing (“BDC Financing”).

Loan 1 - This loan of $430,000 was fully drawn down in 2012. The proceeds were used in 2012 to repay certain loans and to support working capital. The interest rate on the loan is variable and based on the BDC floating base rate, currently set at 4.85% plus 1.71%. The loan is repayable over four years, commencing on July 1, 2012, with payments of principal of $14,300 required from July to December of each year. Interest is payable monthly.

Loan 3 - In May 2013, the Company’s wholly owned subsidiary, CEMATRIX (Canada) Inc., entered into an agreement with the BDC for a new loan of $1,406,000 (“BDC Capital Financing”). The loan, of which $93,936 is undrawn, has been used to support equipment additions and has been drawn down as these expenditures are incurred. The interest rate is based on the BDC floating base rate, currently at 4.85%, plus 1.75%. The loan is repayable over seven years, commencing with payments of principal on November 1, 2013 of $33,443 and on December 31, 2013 of $33,477 and payments of principal of $33,477 required from July to December of each year thereafter. Interest is payable monthly.

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

The BDC Financing is secured with a General Security Agreement providing a first security interest in the Company’s current owned equipment and new equipment acquired pursuant to the capital loan and a security interest in all present and after acquired personal property of the Company subject only to lender charges on receivables and inventory in support of the Company’s line of credit and future charges on specific equipment to a creditor for financing the purchase or lease thereof.

10. Long term debt *(continued)*

Secured Debenture:

In February 2014 the Company issued a secured debenture for $1,000,000 ("Secured Debenture"). The Secured Debenture bears interest of 9%, payable monthly, and is repayable in full in 3 years. The Company can prepay the full amount of the Secured Debenture. Any prepayment in the first year includes an additional interest payment equal to 9% of the principal amount prepaid less any interest paid to the date of prepayment; any prepayment made in the second year will include an additional interest payment equal to 18% of the prepayment amount less 1.5% of the interest paid to the date of the prepayment; any prepayment after the second year is without any additional interest payment. Management assessed whether this prepayment option was an embedded derivative that should be accounted for separately from the host contract. Management determined that the economic characteristics and risks of the prepayment feature were closely related to those of the host debt contract and, therefore, no embedded derivative was identified.

The Secured Debenture is secured by the Company's currently owned equipment and new equipment acquired, subject to the priority of the BDC Financing. The Secured Debenture is further secured by all present and after acquired personal property of the Company subject only to lender charges on receivables and inventory in support of the Company's line of credit and any charges on specific equipment for financing the purchase or lease thereof.

11. Share capital

(a) Authorized

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

(b) Issued

The following table summarizes the changes in the issued common shares of the Company for the three months ended March, 31, 2015 and the year ended December 31, 2014:

	2015		2014	
	Number Of Shares	**$ Amount**	Number Of Shares	$ Amount
Common shares, beginning of period	34,025,994	$7,396,309	33,465,994	$7,160,015
Common shares issued *(i)*	-	-	560,000	84,000
Reclassification of contributed surplus *(i)*	-	-	-	39,169
Reclassification of share acquisition loans *(note 7)*	-	-	-	113,125
Common shares, end of period	**34,025,994**	**$7,396,309**	**34,025,994**	**$7,396,309**

(i) Common shares issued

In 2015, no common shares were issued by the Company. During the year ended December 31, 2014, 560,000 common shares were issued on the exercise of employee stock options, proceeds of $84,000 were received by the Company and the related non-cash stock based compensation previously charged to contributed surplus was reclassified to share capital.

12. Cost of sales

Cost of sales consists of the following components for the three months ended March 31, 2015 and 2014:

		2015		2014
Manufacture of cellular concrete				
Materials	**$**	**1,458,365**	$	116,055
Direct labour		**324,129**		146,704
Variable expenses		**253,424**		86,287
Fixed overhead		**61,609**		67,307
Depreciation		**82,783**		79,535
	$	**2,180,310**	$	495,888

13. Finance costs

The finance costs incurred for the three months ended March 31, 2015 and 2014 are as follows:

		2015		2014
Interest				
BDC Financing	**$**	**20,257**	$	16,913
Secured Debenture		**22,500**		11,938
Finance lease obligations		**2,952**		4,153
Bank operating loan		**8,633**		4,649
Other		**2,969**		1,729
		57,311		39,382
Accretion of non-cash fair value adjustment on share acquisition loans *(note 7)*		**(467)**		-
	$	**56,844**		39,382

14. Other income

Other income for the three months ended March 31, 2015 and 2014 consists primarily of unrealized foreign exchange gains.

15. Income (loss) per common share

The number of common shares included in the computation of basic and diluted income (loss) per common share for the three months ended March 31, 2015 and 2014 is as follows:

	2015	2014
Weighted average common shares outstanding - basic	**34,025,994**	33,465,994
Effect of stock options	**1,350,000**	-
Weighted average common shares outstanding - diluted	**35,375,994**	33,465,994

The stock options for the three months ended March 31, 2014 had no dilutive effect, as the Company incurred a loss in this period.

16. Non-cash stock based compensation

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

At March 31, 2015, the Company had 3,190,000 shares reserved for the issuance of stock options (December 31, 2014 – 3,090,000).

Options issued to employees and directors generally vest as to one third immediately on grant and one third on each of next two anniversary dates. The options issued to The Howard Group, the Company's investor relation firm, vested as to one quarter every three months from the date of grant on April 1, 2013.

The following table summarizes the changes in options for the three months ended March 31, 2015 and the year ended December 31, 2014:

	2015		2014	
	Number of Options	**Weighted average price**	Number of Options	Weighted average price
Outstanding, beginning of period	**3,090,000**	**$0.20**	1,665,000	$0.15
Granted	**100,000**	**$0.20**	2,640,000	$0.21
Exercised	**-**	**-**	(560,000)	$0.15
Expired	**-**	**-**	(655,000)	$0.15
Outstanding, end of period	**3,190,000**	**$0.20**	3,090,000	$0.20
Exercisable, end of period	**1,930,000**	**$0.18**	1,930,000	$0.18

During the three months ended March 31, 2015, 100,000 options were issued to employees with an exercise price of $0.20, for a five year term and vesting as to one third on each of the first three anniversaries of the option grant date.

During the year ended December 31, 2014, 900,000 options were issued to certain directors and an officer with an exercise price of $0.145, immediate vesting and for a five year term and 1,740,000 options were issued to employees with an exercise price of $0.24, vesting over two years, with one third immediately and one third on the next two anniversary dates, and for a five year term.

There are 1,260,000 options that have not vested as at March 31, 2015 (December 31, 2014 – 1,160,000 options).

16. Non-cash stock based compensation *(continued)*

The following table summarizes the options to acquire common shares outstanding as at March 31, 2015

Grant Date	Number Options	Exercise Price $	Weighted average remaining life (years)	Expiry Date
March 16, 2010	150,000	0.150	-	March 16, 2015*
April 1, 2013	300,000	0.150	1.01	April 1, 2016
March 26, 2014	900,000	0.145	3.00	March 26, 2019
October 22, 2014	1,740,000	0.240	4.56	October 22, 2019
March 5, 2015	100,000	0.200	4.93	March 5, 2020
	3,190,000			

- 150,000 options could not be exercised as a result of a black out period pursuant to Company policy.

Non-cash stock based compensation for the three months ended March 31, 2015 and 2014 of $57,382 and $129,764, respectively, were recognized in the consolidated statement of income (loss) and comprehensive loss with an offsetting amount charged to contributed surplus. Non-cash stock based compensation has no current period impact on the Company's cash position.

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

	2015	2014
Estimated per share fair value per option	$0.18	$0.14
Risk-free interest rate	0.92%	1.51%
Expected life	5 years	5 years
Expected volatility in stock price	165%	151%
Expected annual dividend yield	nil	nil
Estimated forfeiture rate	nil	nil

The options issued to The Howard Group in 2013 pursuant to their investor relations agreement have been valued at the fair value of the services provided.

17. Change in non-cash working capital

The changes in non-cash working capital items - asset (increase) decrease and liability increase (decrease) - are outlined below for the three months ended March 31, 2015 and 2014.

	2015	2014
Trade and other receivables	**$ 541,442**	$ 477,531
Inventory	**76,022**	(1,855)
Prepaid expenses and deposits	**12,011**	(27,752)
Trade and other payables	**(139,971)**	(172,155)
	$ 489,504	$ 275,318

18. Related party transactions

During the three months ended March 31, 2015, the Company incurred legal fees from a firm which employs one of the directors of the Company in the amount of $nil ($3,903 for the same period in 2014) of which $nil is in trade and other payables as at March 31, 2015 (December 31, 2014 - $2,805).

There were no other significant related party transactions.

19. Financial instruments and risk management

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

Fair values

The fair values of cash and cash equivalents, trade and other receivables, bank overdraft, bank operating loan, and trade and other payables approximate their carrying values due to the relatively short periods to maturity of these instruments. The fair value of the BDC Financing loans approximate its carrying value as the debt rate floats with prime. The fair value of the share acquisition loans has been determined using the effective interest rate method. The fair value of the secured debenture approximates its carrying value as the interest rate is a market rate for similar instruments.

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

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

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

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

The Company's cash and cash equivalent is measured based on level 1. There were no transfers between level 1, 2 and 3 inputs during the year. Trade and other receivables and share acquisition loans are measured based on Level 3 inputs.

Risk management

The Company's activities are exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall Company governance.

19. Financial instruments and risk management *(continued)*

(a) Interest Rate Risk

The Company has a Credit Facility with a Canadian chartered bank which, when utilized by the Company, provides loans that are subject to floating market rates. The Company had a balance outstanding for this Credit Facility at March 31, 2015 of $675,000. Future cash flow requirements could require the Company to utilize its Credit Facility to finance working capital for periods of time and during these time periods it would be exposed to interest rate risk. In addition, the BDC Financing Loans, which had a balance of $1,215,882 outstanding at March 31, 2015, are subject to floating market rates. Based on the floating rate debt outstanding as at March 31, 2015, a 1% increase/decrease in interest rates would result in a decrease/increase in net loss attributable to common shareholders of approximately $14,000.

(b) Credit Risk

Financial instruments that subject the Company to credit risk consist primarily of cash, trade receivables and the share acquisition loans. The Company manages credit risk using credit approval and monitoring practices. At March 31, 2015, 7 customers accounted for approximately 92% of trade receivables (at December 31, 2014, 7 customers accounted for approximately 90% of trade receivables). (See Note 5 for details of credit policy and aging of outstanding trade receivables at March 31, 2015 and December 31, 2014). At March 31, 2015, the Company had $20,684 of cash and cash equivalents and $88,471 of fair valued share acquisition loans that are outstanding with two officers, and a former officer, of the Company.

(c) Liquidity Risk

Liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit lines. Due to the nature of the business, the Company aims to maintain flexibility in funding by keeping committed credit lines available and limiting the investment of available cash to short term risk free interest bearing deposits. The Company has a Credit Facility with a Canadian chartered bank which, when utilized by the Company, provides loans to finance working capital for periods of time. Under the Credit Facility, the bank will advance up to $1,000,000 on trade receivables less than ninety days outstanding at the end of each month and 50% of inventories (up to a maximum $250,000). In November 2014 the seasonal increase in the Credit Facility of $500,000, which normally runs from April to October each year, was extended until January 31, 2015. Based on these restrictions the actual Credit Facility availability at March 31, 2015 was $1,000,000 (December 31, 2014 - $1,500,000) of which $675,000 had been drawn down at March 31, 2015 ($1,110,000 at December 31, 2014).

The table on the next page summarizes the maturity profile of the Company’s financial liabilities at March 31, 2015 and December 31, 2014 based on contractual undiscounted payments.

19. Financial instruments and risk management *(continued)*

	Less than 1 year	1 to 2 years	2 to 5 years	Total
As at March 31, 2015				
Bank overdraft	$ **17,955**	$ **-**	$ **-**	$ **17,955**
Bank operating loan	**675,000**	**-**	**-**	**675,000**
Trade and other payables	**1,787,521**	**-**	**-**	**1,787,521**
Long-term debt	**286,662**	**286,662**	**1,642,558**	**2,215,882**
Finance lease obligations	**56,938**	**29,822**	**42,361**	**129,121**
	$ **2,824,076**	$ **316,484**	$ **1,684,919**	$ **4,825,479**
As at December 31, 2014				
Bank overdraft	$ 194,154	$ -	$ -	$ 194,154
Bank operating loan	1,110,000	-	-	1,110,000
Trade and other payables	1,927,492	-	-	1,927,492
Long-term debt	286,662	286,662	1,642,558	2,215,882
Finance lease obligations	55,542	39,394	47,561	142,497
	$ 3,573,850	$ 326,056	$ 1,690,119	$ 5,590,025

(d) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure relates to trade receivables, and the collection thereof, denominated in $US dollars ("USD") and the operations of its US subsidiary which are predominantly in USD. The Company does not hedge these items as the timing of related transactions is not certain.

As at March 31, 2015 and December 31, 2014 the following balances are denominated in USD:

		2015	2014
Cash and cash equivalents	**$**	**15,573**	**37,247**
Trade and other receivables	**$**	**624,454**	**138,024**
Inventory	**$**	**1,906**	**1,906**
Prepaid expenses and deposits	**$**	**13,342**	**14,601**
Trade and other payables	**$**	**305,944**	**56,269**

The Company's primary foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on USD balances as at March 31, 2015 a 5% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in total comprehensive loss of approximately $12,500.

20. Capital management

Management defines capital as the Company's total shareholders' equity, its long term debt and finance lease obligations. The Board of Directors does not establish a quantitative return on capital for management, but rather promotes year over year sustainable profitable growth. The Company's current objective when managing capital is to increase the Company's capital through growth in earnings and to re-invest the earnings generated to facilitate the continued growth in the Company, in order to provide an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets.

20. Capital management *(continued)*

Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the three months ended March 31, 2015. The Company is subject to externally imposed capital requirements on its bank operating loan. As at March 31, 2015, the Company is in compliance with its debt covenants (see Note 10).

The total capitalization as at March 31, 2015 and December 31, 2014 are outlined below:

Total capitalization

		2015		2014
Long term debt (*Note 10*)	**$**	**2,215,822**	$	**2,215,822**
Finance lease obligations		**129,121**		**142,497**
Total debt		**2,344,943**		**2,358,319**
Shareholders' equity		**3,724,578**		**3,669,617**
	$	**6,069,521**	$	**6,027,936**

21. Geographical segmented information

The Company's primary business is the supply and placement of cellular concrete. It currently markets its services in Canada and the U.S. The tables below, present the sales to external customers for the three months ended March 31 2015 and 2014 and the total non-current assets attributable to the Company's geographical segments as at March 31, 2015 and December 31, 2014:

		2015		2014
Sales to external customers				
Canada	**$**	**2,023,747**	$	**260,960**
U.S.		**795,275**		**-**
	$	**2,819,022**	$	**260,960**

		2015		2014
Total non-current assets				
Canada	**$**	**4,268,697**	$	**4,319,311**
U.S.		**8,734**		**9,362**
	$	**4,277,431**	$	**4,328,673**

22. Subsequent events

(a) On April 7, 2015 a director of the Company exercised 150,000 options with an exercise price of $0.15 resulting in the issue of 150,000 common share of the Company for proceeds of $22,500.

(b) On April 15, 2015 150,000 stock options were granted to a director with an exercise price of $0.19. These stock options were for a five year term and vest as to one third immediately and one third on each of the next two anniversary dates of the stock option grant date.

(c) On May 22, 2015, a wholly owned subsidiary of the Company, CEMATRIX (Canada) Inc., entered into a new financing agreement with Tallinn Capital Mezzanine Limited Partnership through its general partner Tallinn Capital Partners Corp. ("Tallinn Capital") for up to $2,000,000 of working capital financing to replace its Credit Facility with a Canadian chartered bank.

The agreement with Tallinn Capital consists of a mezzanine loan of $750,000 (the "Mezzanine Loan") and a receivable purchasing agreement for the sale of up to $1,250,000 of trade receivables (the "Receivable Purchase Agreement") (collectively the "Tallinn Financing").

The proceeds from the Mezzanine Loan were used to repay the Company's Credit Facility with a Canadian chartered bank and to provide working capital financing.

The Mezzanine Loan, bears interest at 16.5%, payable monthly in arrears, and matures on March 31, 2016. This loan is secured by $1,000,000 in current quality receivables of the Corporation. The Company has the option to make prepayments at any time after October 31, 2015 and prior to maturity in multiples of $250,000. Trade receivables of $1,000,000, excluding those trade receivables sold under the Receivable Purchase Agreement, must be maintained to support this loan.

The Receivable Purchase Agreement, which is available on the purchase of specific trade receivable invoices, is for up to $1,250,000 and will be used for working capital financing. For qualifying sales invoices, which are purchased under the Receivable Purchase Agreement, CEMATRIX (Canada) Inc. will pay a discount rate of 2.25% for the first 30 days that the sales invoice is outstanding, with a further daily discount rate of 0.075% until the sales invoice is collected.

The Tallinn Financing is secured by corporate guarantees by the Company and CEMATRIX (USA) Inc. and general security agreements providing a floating first charge over all present and after acquired personal property of the Company, CEMATRIX (Canada) Inc. and CEMTRIX (USA) Inc.