

CEMATRIX CORPORATION
NEWS RELEASE

CEMATRIX Corporation Announces Closing of Letter of Credit with Business Development Bank of Canada and Closing of Acquisition of Pacific International Grout Co.

Calgary, Alberta – October 1, 2019: CEMATRIX Corporation (TSXV: CVX) (the “**Corporation**” or “**CEMATRIX**”) is pleased to announce that it has closed the letter of offer, originally offered to CEMATRIX on August 30, 2019, as amended on September 6, 2019 with the Business Development Bank of Canada (the “**BDC**”) for a total of \$2,800,000 (USD) (the “**Financing**”). The proceeds from the Financing have been used to complete the acquisition of all of the issued and outstanding shares of Pacific International Grout Co. (“**PIGCO**”) which was initially announced on January 21, 2019 and updated on March 11, 2019, June 26, 2019, August 14, 2019 and September 9, 2019 (the “**Acquisition**”). Accordingly, the Acquisition is now completed, subject to receiving final approval from the TSX Venture Exchange.

“After months of working closely the PIGCO team to complete this acquisition, CEMATRIX has reached another inflection point”, stated CEMATRIX CEO Jeff Kendrick. “The direct benefits and future opportunities created by adding PIGCO to the CEMATRIX Group of Companies (the “**Group**”), cannot be overstated. PIGCO, one of the leading suppliers of heavy cellular concrete tunnel grout in North America, gives CEMATRIX and its previously acquired US subsidiary access to new technology and access to a part of the cellular concrete market that it couldn’t previously service. The acquisition also increases the seasonally adjusted capacity of the equipment of the Group to more than six times the 2019 forecasted sales of CEMATRIX and helps reduce the seasonality of our growing infrastructure business. Our revenue picture will continue to grow significantly as we begin to realize on the projects that PIGCO has in its sales pipeline”.

Upon closing, PIGCO has approximately \$35.1 million (CDN) in contracted and verbally awarded sales based on yesterday’s closing exchange rate. Approximately \$7.6 million (USD) of this amount is contracted, with several contracts in process. \$32 million (USD) of this amount relates to the 2020 and 2021 fiscal years. This increases the Group’s contracted and verbally awarded sales at closing to approximately \$67.9 million (CDN) of which approximately \$30.8 million (CDN) are contracted and approximately \$40.4 million (CDN) are scheduled to be completed in 2020/21.

The share purchase agreement (the “**Purchase Agreement**”) was entered into among the Corporation’s US subsidiary, Cematrix (USA) Inc., and Pat Stephens (the “**Vendor**”), the sole shareholder of the outstanding shares of PIGCO (the “**PIGCO Shares**”), on September 9, 2019, with an effective date of August 31, 2019. Pursuant to the Purchase Agreement, the purchase price for all outstanding PIGCO Shares was paid to the Vendor as follows:

- cash in the amount of \$2.8 million (USD) (the “**Cash Purchase Price**”);
- Vendor Financing in the amount of \$0.575 million (USD), to be repaid over six months commencing January 1, 2020; and
- 3,305,250 common shares of CEMATRIX (the “**CEMATRIX Shares**”) issued at a deemed price of \$0.20 per CEMATRIX Share for a deemed value of \$0.5 million (USD).

The consideration paid for the PIGCO Shares was approximately \$3.875 million (USD) as well as payment of the Earn-out and payment of the Vendor Loan.

The earn-out payment (“**Earn-out**”) will be calculated on the operations of PIGCO for four years following the effective date of the Acquisition, ending August 31, 2023 and will pay the Vendor 65% of the EBITDA above \$0.5 million (USD) in each 12 month period.

The Vendor loan totaling \$0.43 million (USD) shall be paid back to the Vendor following Closing, interest-free, in twelve equal monthly payments (the “**Vendor Loan**”). The Vendor Loan represents a shareholder loan advanced by the Vendor to PIGCO in the last 7 months to ensure that the equipment would be in a state that would put CEMATRIX in a better position to execute on the backing of sales contracts.

In addition to the consideration payable pursuant to the Definitive Agreement, the Vendor has agreed to be appointed as the President of PIGCO for a period of four years from the Closing Date. The Vendor shall receive 200,000 stock options (“**Options**”) for his role as President of PIGCO. The Options will vest as to one-third at 12 months, one-third and 24 months and one third at 36 months from the date of grant and have a three-year term to expiry.

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

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

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Forward-looking information: This news release contains certain information that is forward looking and is subject to important risks and uncertainties (such statements are usually accompanied by words such as “anticipate”, “expect”, “would” or other similar words). Forward looking statements in this document are intended to provide CEMATRIX security holders and potential investors with information regarding CEMATRIX and its subsidiaries’ future financial and operations plans and outlook. All forward looking statements reflect CEMATRIX’s beliefs and assumptions based on information available at the time the statements were made. Readers are cautioned not to place undue reliance on this forward looking information. CEMATRIX undertakes no obligation to update or revise forward looking information except as required by law. For additional information on the assumptions made and the risks and uncertainties which may cause actual results to differ from the anticipated results, refer the CEMATRIX’s Management Discussion and Analysis dated August 7, 2019 under CEMATRIX’s profile on SEDAR at www.sedar.com and other reports filed by CEMATRIX with Canadian securities regulators.