CEMATRIX CORPORATION
Management's Discussion and Analysis
Quarter Ended March 31, 2014

Date Completed: May 8, 2014

CEMATRIX CORPORATION
www.cematrix.com

Form 51-102F1 - Management's Discussion & Analysis
For the Quarter Ended March 31, 2014

The following is the management's discussion and analysis ("MD&A") of CEMATRIX Corporation ("CEMATRIX" or the "Company") for the quarter ended March 31, 2014. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the quarter ended March 31, 2014 (the "Interim Consolidated Financial Statements") and the related notes thereto and the audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2013 and related notes thereto. The Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards. All dollar figures included therein and in this MD&A are in Canadian dollars.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. CEMATRIX is listed on the TSX Venture Exchange under the trading symbol "CVX".

On May 8, 2014 the Audit Committee of the Company reviewed and recommended for approval by the Board of Directors of the Company the Interim Consolidated Financial Statements and MD&A for the quarter ended March 31, 2014. The Board of Directors of the Company has reviewed and approved the Interim Consolidated Financial Statements and MD&A on May 8, 2014.

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Forward Looking Statements

This MD&A contains certain statements and disclosures that may constitute forward-looking information under applicable securities law. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Company anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by such terms as "forecast", "future, "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma" or other comparable terminology. Forward-looking information presented in such statements or disclosures may, amongst other things relate to: sources of revenue and income; forecasts of capital expenditures and sources of financing thereof; the Company's business outlook; plans and objectives of management for future operations; forecast business results; and anticipated financial performance.

The Company has identified what it considers to be the material forward-looking statements and disclosure in this MD&A and has listed them in Appendix A. The material factors, material assumptions and material risks that provide the basis for those statements and disclosure have also been provided in Appendix A.

The forward-looking information in statements or disclosure in this MD&A is based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Company to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Various assumptions or factors are typically applied in drawing conclusions or making forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company including information obtained by the Company from third-party industry analysts and other third-party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the Company does not know what impact any of those differences may have, its business, results of operations, financial condition and its credit stability may be materially adversely affected.

The Company has discussed, in Section D. – Key Market Drivers and in Section E. - Key Risks and Uncertainties of its MD&A for the year ended December 31, 2013, the significant market drivers and risk factors that affect its business and could cause actual results to differ materially from the forward-looking information disclosed herein. These factors remain substantially unchanged as of the date hereof. The Company cautions the reader that these factors are not exhaustive. The risk factors that could lead to differences in business results and which could cause actual results to differ materially from the forward-looking information disclosed herein include, without limitation, legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity, timing and extent of changes in prevailing interest rates, inflation levels and general economic conditions in geographic areas where the Company operates, results of financing efforts, changes in counterparty risk and the impact of accounting standards issued by Canadian standard setters.

The Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, prospective investors should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking information contained herein.

A. Purpose of the Company's MD&A

The purpose of this MD&A is to provide a narrative explanation, through the eyes of management, to assist the reader in understanding the Company's performance for the quarter ended March 31, 2014, the Company's financial condition as at March 31, 2014 and its future prospects.

B. First Quarter Highlights

- The Company recorded first quarter sales of $260,960 compared with $1,997,842 for the same period last year. The Company's revenue is seasonal in nature and generally follows the construction period in Canada from May through to October. As a result, the sales in the first quarter of the year are normally much lower than at any other time of the year. Sales in the first quarter of 2013 were abnormally high as the Company benefitted from winter infrastructure projects in Windsor, Ontario. There was no similar project in 2014.

- The lower sales, combined with a non-cash charge for share-based payment expense of $126,000 related to options issued in March 2014 to replace options that had expired in 2013, contributed to the loss before income taxes of $894,367 compared to a loss of $8,574 in the same period in 2013.

- The Company added $1.2 million of sales orders, bringing this year's total contracted work to date to $3.2 million, most of which is scheduled for the first six months of the year.

- In February 2014 the Company`s wholly owned subsidiary, CEMATRIX (Canada) Inc. issued a $1,000,000 secured debenture ("Secured Debenture") to provide funds for capital spending and working capital.

C. Results of Operations for Quarter Ending March 31, 2014

	Three Months Ended March 31		
	2014	2013	Change
Revenue	**$ 260,960**	$ 1,997,842	$ (1,736,882)
Gross margin	**$ (234,928)**	$ 441,536	$ (676,464)
Operating expenses *	**(621,074)**	(425,333)	(195,741)
Operating income (loss)	**(856,002)**	16,203	(872,205)
Finance and other expenses	**(38,365)**	(24,777)	(13,588)
Loss before income taxes	**(894,367)**	(8,574)	(885,793)
Provision of deferred taxes	**173,754**	(177)	173,931
Net loss attributable to the common shareholders	**(720,613)**	(8,751)	(711,862)
Unrealized foreign exchange gain on translation of foreign subsidiary	**(1,945)**	3,496	(5,441)
Total comprehensive loss for period	**$ (722,558)**	$ (5,255)	$ (717,303)
Loss per common share	**$ (0.02)**	$ -	$ (0.02)

***Includes $129,764 ($2,442 in 2013) non-cash charge for share-based payment expense**

		Three Months Ended March 31		
		2014	2013	Change
Revenue				
Infrastructure				
Western Canada	$	**80,809**	$ 242,345	$ (161,536)
Ontario		**84,737**	1,130,972	(1,046,235)
United States		**-**	-	-
		165,546	1,373,317	(1,207,771)
Western Canada Oil and Gas		**95,414**	624,525	(529,111)
	$	**260,960**	$ 1,997,842	$ (1,736,882)

The revenue for the quarter ended March 31, 2014 was $260,960 as compared to $1,997,842 in the comparative period in 2013, a decrease of $1,736,882. The Company's revenue is seasonal in nature and generally follows the construction period in Canada from May through to October. As a result the sales in the first quarter of the year are normally much lower than at any other time of the year. Sales in the first quarter of 2013 sales were abnormally high as the Company benefitted from a winter infrastructure project in Windsor Ontario and winter projects in the oil and gas market in Western Canada. There were no similar projects in 2014. Of note, sales in the first quarter of 2012 were $336,991.

The decline in sales resulted in a negative gross margin on sales of $234,928 in the first quarter of 2014 as compared to a gross margin of $441,536 or 22% for the same period of 2013.

Operating expenses for the quarter ended March 31, 2014 were $621,074 as compared to $425,333 in the same quarter of 2013. The increase of $195,741was due to the aggregate of the following:

- Non-cash share-based payment expense was up $127,322; primarily the effect of the vesting of the stock options issued in March of 2014 to replace options that had expired in 2013;

- Bad debt expense was up $28,208; the result of settling a disputed account that had previously been provided for at December 31, 2013;

- Salaries and benefits were up $41,600; the result of salary increases in April 2013 combined with the hiring of an Eastern Canada sales/business development representative in September 2013;

- Commission expense decreased by $12,400 due to the reduced sales in 2014 as compared to the comparative period in 2013; and

- Other costs were up by $11,011.

Finance costs and other expenses for the quarter ending March 31, 2014 were $38,365 as compared to $24,777 in the same quarter of 2013. This $13,588 increase is due to the aggregate of the following:

- Other expenses, which consist of foreign exchange gains or losses, were down by $1,321; and

- Finance costs were up by $14,909; the increase is principally due the higher level of the BDC Capital Financing loan, as an additional draw was made in the quarter to fund capital spending, and the higher interest rate on the Secured Debenture issued in February 2014 as compared to that incurred on the Company`s line of credit.

The Company recorded a $173,754 recovery of deferred taxes in the first quarter of 2014 as compare to a $177 provision of deferred taxes in the same quarter in 2013.

The unrealized foreign exchange loss on the translation of the Company's United States ("U.S") subsidiary was $1,945 in 2014 as compared to an unrealized gain of $3,496 in 2013.

The net comprehensive loss for the quarter ended March 31, 2014 was $722,558 compared with a loss of $5,255 for the same period in 2013. The increase in the loss was due to the significant decline in sales as compared to 2013 combined with higher non-cash share-based payment expense and other operating costs and higher finance costs as discussed above.

D. Selected Quarterly Financial Information

Due to the seasonal nature of the Company's business, which historically follows the construction season in Canada, a significant portion of the Company's sales occur between the latter part of the second quarter and the first half of the fourth quarter, on an annual basis. The Company is pursuing other markets where seasonality is less of an issue. This seasonality is reflected in the quarterly results summarized in the table below:

Quarters Ended	Revenues	Comprehensive Income (Loss)	Income (Loss) Per Share Basic	Income (Loss) Per Share Diluted
	$	$	$	$
2014 Year				
March 31	**260,960**	**(722,558)**	**(0.022)**	**(0.022)**
2013 Year				
March 31	1,997,842	(5,255)	-	-
June 30	2,790,218	101,110	0.003	0.003
September 30	1,847,970	(56,214)	(0.002)	(0.002)
December 31	1,436,118	(248,232)	(0.008)	(0.008)
Total for year	8,072,148	(208,591)	(0.007)	(0.007)
2012 Year				
March 31	336,991	(727,739)	(0.022)	(0.022)
June 30	2,901,844	335,444	0.010	0.010
September 30	2,367,047	222,127	0.007	0.007
December 31	2,943,268	1,027,456	0.030	0.030
Total for year	8,549,150	857,288	0.025	0.025

E. Consolidated Statement of Financial Position

	March 31 2014	December 31 2013	**Change**
Total current assets	**$ 1,736,804**	$ 2,156,801	$ (419,997)
Total non current assets	**3,948,145**	3,688,686	259,459
Total Assets	**$ 5,684,949**	$ 5,845,487	$ (160,538)
Current liabilities	**$ 634,664**	$ 1,295,542	$ (660,878)
Non current liabilities	**1,909,368**	816,234	1,093,134
Total liabilities	**$ 2,544,032**	$ 2,111,776	$ 432,256
Shareholders' equity	**$ 3,140,917**	$ 3,733,711	$ (592,794)

Total current assets were $1,736,804 at March 31, 2014 compared to $2,156,801 at December 31, 2013. This decrease of $419,997 was due to the aggregate effect of the following:

- Cash in the bank was up 27,927 (See the discussion in Section F - Consolidated Statement of Cash Flows);

- Trade and other receivables were down by $477,531 primarily as a result of the lower sales in the first quarter of 2014 in comparison to the fourth quarter of 2013 combined with timing differences in the collection of trade receivables;

- Inventory was up $1,855 due to the normal usage in the production process as offset by purchases in the quarter; and

- Prepaids and deposits were up $27,752 due primarily to the recording, as a prepaid expense, the costs incurred on a project that did not start until after March 31, 2014.

Total non current assets were $3,948,145 at March 31, 2014 compared to $3,688,686 at December 31, 2013. This increase of $259,459 was due to the aggregate of the following:

- Property and equipment was up $85,705 - additions to property and equipment were $169,216 related to the construction of new production capacity as offset by depreciation and amortization expense for the quarter of $83,511; and

- Intangibles remained at the same amount: no amortization is recorded on the remaining trademarks and technology as the Company views these as having an indefinite life.

- The deferred tax asset increased by $173,754 as a result of recording a recovery of deferred tax in the quarter.

Total current liabilities were $634,664 at March 31, 2014 compared to $1,295,542 at December 31, 2013. This decrease of $660,878 was due to the aggregate of the following:

- Bank overdraft, which represents checks written at the reporting date in excess of the bank balance, was down $53,109 due to the reduced level of activity in the first quarter of 2014 as compared to the last quarter of 2013;

- Bank operating loan was down $435,000 as the Company applied cash collected from trade receivables and proceeds from the Secured Debenture to pay down the bank operating loan;

- Trade and other payables were down $172,606 principally due to the reduced business activity in the first quarter of 2014 as compared to the last quarter of 2013;

- Current portion of long term debt remained the same as at December 31, 2013 as the repayments for the BDC Financing run from July to December; and

- Current portion of finance lease obligations was down $163 due to scheduled repayment of $13,536 as offset by the reclassification from the long term portion of $13,373.

Total non current liabilities were $1,909,368 at March 31, 2014 compared to $816,234 at December 31, 2013. This increase of $1,093,134 was due to the aggregate of the following:

- Long term debt was up $1,106,507 due to additional draws on the BDC Capital Financing loan of $106,507 in the quarter to fund capital spending and the issue of the Secured Debenture of $1,000,000 to fund capital spending and working capital; and

- Finance lease obligations were down $13,373 compared to the level as at December 31, 2013 due to reclassification to current portion in the quarter (see comment above).

Shareholders' Equity was $3,140,917 at March 31, 2014 compared to $3,733,711 at December 31, 2013. This decline of $592,794 was due to the following:

- No new share capital was issued in 2014;

- Contributed surplus increase of $129,764 was due the share-based payment charge;

- The cumulative translation adjustment account decreased by $1,945 due to the unrealized foreign exchange loss on translation of the Company's US subsidiary in the first quarter of 2014; and

- The deficit increased by the loss to common shareholders in the period of $720,613.

See the Consolidated Statements of Shareholders' Equity included in the Interim Consolidated Financial Statements at March 31, 2014.

F. Consolidated Statement of Cash Flows

The cash position of the Company at March 31, 2014 was a positive $44,944 (consisting of cash in the bank of $44,944 net of bank overdraft of $nil) compared to a negative cash position of $36,092 (consisting of cash and cash equivalent of $17,017 and a net of bank overdraft of $53,109) at December 31, 2013.

The change in the cash position from the December 31, 2013 and 2012 to the quarters ending March 31, 2014 and 2013 was an increase of $81,036 in 2014 as compared to an increase of $88,769 in the same period of 2013. This change is outlined in the table below:

	Three Months Ended March 31		
	2014	2013	Change
Cash generated from (used in) operating activities			
Before non-cash working capital adjustment	$ **(683,037)**	$ 73,623	$ (756,660)
Net change in non-cash working capital items	**275,318**	269,578	5,740
	(407,719)	343,201	(750,920)
Cash generated from (used in) investing activities	**(169,216)**	(116,225)	(52,991)
Cash generated from (used in) financing activities	**657,971**	(138,207)	796,178
Increase in cash	**81,036**	88,769	(7,733)
Cash, at beginning of period	**(36,092)**	(272,141)	236,049
Cash, at end of period	$ **44,944**	$ (183,372)	$ 228,316
Cash			
Cash and cash equivalents	$ **44,944**	$ 15,731	$ 29,213
Bank overdraft	**-**	(199,103)	199,103
	$ **44,944**	$ (183,372)	$ 228,316

- Cash used in operating activities was $407,719 in the first quarter of 2014 as compared to $343,201 generated in the same period in 2013, a change of $750,920.

  - The cash flow, before non cash working capital adjustments, declined by $756,660 compared with the same period of 2013. This decrease was primarily due to the decline in sales which increased the reported net comprehensive loss by $717,303 compared to 2013; and

  - This decrease in cash flow was partially offset by a higher adjustment for the net change in non-cash working capital items of $5,740 as compared to 2013. This is primarily due to the level of trade receivables coming into the respective periods and the timing of their collection.

- Cash used in investing activities was $169,216 in 2014 and $116,225 in 2013 for additions to property and equipment as the Company continues to increase its fleet of production equipment.

- Cash generated from financing activities was $657,971 in the first quarter of 2014 compared to a use of cash $138,207 in the same period in 2013.

  - In 2014 the Company drew down an additional $106,507 of the BDC Capital Financing loan to fund capital spending and issued a Secured Debenture of $1,000,000 to fund capital spending and working capital; the Company also paid down $435,000 of the bank operating loan using proceeds from receivable collection and the Secured Debenture and made $13,536 in scheduled repayments on finance lease obligations.

  - In 2013 the Company paid down $120,000 of the bank operating loan and made $18,207 in scheduled repayments on finance lease obligations.

G. Liquidity, Capital Resources and Commitments

Liquidity

The Company's liquidity, including obtaining cash resources to finance capital spending to increase its production capacity, is dependent on generating sales, profits, cash flow from operations, maintaining its operating borrowing capacity and accessing capital debt facilities through loans or lease financing.

At March 31, 2014, the Company had a current asset/current liability position of $1,102,140 which is up $240,881 from $861,259 at December 31, 2013. A description of the reason for the changes by individual component is included in Section E. Consolidated Statements of Financial Position.

The Company reported a net loss attributable to the common shareholders of $894,367, before the non-cash deferred tax provision and negative cash from operations, before the non-cash working capital adjustment, of $683,037.

The Company has a demand operating facility under its Credit Facility with a Canadian chartered bank of $1,000,000, of which $nil was drawn as at March 31, 2014. The revolving Credit Facility provides for a seasonal increase to $1,500,000 for the calendar period April 1 to October 31, at which point it reverts back to $1,000,000.

Under the Credit Facility, the bank will advance the following:

- On trade receivables less than ninety days outstanding at the end of each month, net of any priority claims - up to a maximum of 75% of trade receivables from companies resident in Canada and 90% of trade receivables from qualified companies resident in the U.S.; and

- 50% of qualified inventories up to a maximum of $250,000.

Based on these restrictions and the loan guarantee discussed above the operating line availability at March 31, 2014 was $318,000, of which $nil was drawn.

The undrawn portion of the May 2012 BDC Financings related to capital expenditures was $529,550 at March 31, 2014.

The Company has signed contracts on hand for $3.2 million in sales scheduled for 2014.

The realization of the net working capital as at March 31, 2014, the availability of its operating line of credit, the availability of the BDC Financing and the sales contracts that are in place provide the necessary liquidity to carry the Company's operations through the first part of 2014. Ongoing liquidity through the balance of 2014 is dependent on the Company achieving additional sales.

Capital resources

Capital additions to build new productive capacity in the current year will come from the funds available under the BDC Financing, discussed above, and cash generated from operations.

Building additional productive capacity in future years is dependent on the Company generating the required funds from operations or new debt or equity financing. There is no certainty that additional debt or equity financing will be available to the Company.

The Company defines its capital as the long term debt, the finance lease obligations and shareholders' equity. The current objective of the Company is to manage its 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. The consolidated capital of the Company, as outlined in Note 20 - Capital management to the Interim Consolidated Financial Statements, was $5,391,071 at March 31, 2014 as compared to $4,890,894 at December 31, 2013. The increase of $500,177 was principally the result of additions to long term debt of $1,106,507 as partially offset by the repayments of $13,536 of finance lease obligations and the decrease in shareholders' equity of $592,794 (see Section E. Consolidated Statements of Financial Position for details).

Commitments

The following is a summary of the Company's lease and debt obligations and commitments for the next five years from March 31, 2014.

Debt Category	2014/15	2015/16	2016/17	2017/18	2018/19
	$	$	$	$	$
Finance lease obligations (1)	68,031	65,303	33,384	37,132	7,219
BDC Financing (2) (3)	286,662	286,662	286,662	206,944	-
Secured Debenture (2)	-	-	1,000,000	-	-
Operating leases	260,355	277,168	277,168	277,168	277,168

(1) Includes principal and interest
(2) Principal only
(3) Based on BDC Financing drawn down as of March 31, 2014
(4) The lease on the Company's Calgary office and shop has been extended to December 31, 2019.

H. Off Balance Sheet Arrangements

There were no off balance sheet arrangements at March 31, 2014 or December 31, 2013.

I. Transactions with Related Parties

During the quarter ending March 31, 2014, the Company incurred legal fees from a firm which employs one of the directors of the Company in the amount of $3,903 ($2,003 for the three months ending March 31, 2013).

There were no other significant related party transactions.

J. Critical Accounting Judgements, Estimates and Assumptions

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

The key sources of estimation uncertainty 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, 2013. There have been no changes since that date.

K. Changes in Accounting Policies including Initial Adoption

The significant accounting policies of the Company are outlined in note 4 of the audited consolidated financial statements for the year ended December 31, 2013. There have been no changes.

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, 2014 or later periods. The standards impacted that are applicable to the Company are as follows:

IFRS 2 Share-based payments - the amendments to IFRS 2, issued in December 2013 clarify the definition of “vesting conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 8 Operating segments - the amendments to IFRS 8, issued in December 2013, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IFRS 9 Financial instruments - IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity’s “own credit risk” is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the “own credit requirement” in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

The Company does not expect any material impact on its consolidated financial statements from the adoption of these future accounting pronouncements.

L. Financial Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. For information on financial instruments refer to Note 4 (M) – Significant Accounting Policies – Non-derivative financial instruments in the audited consolidated financial statements at December 31, 2013 and Note 20 – Financial Instruments and risk management to the Interim Consolidated Financial Statements.

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.

Interest Rate Risk

The Company has a loan 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 loan facility at March 31, 2014 of $nil. Future cash flow requirements could require the Company to utilize its line of credit 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, which had a balance of $1,066,930 outstanding at March 31, 2014, is subject to floating rates. Based on the floating rate debt outstanding at March 31, 2014 a 1% increase/decrease in interest rates would result in a decrease/increase in the comprehensive income (loss) of approximately $8,000.

Credit Risk

Financial instruments that subject the Company to credit risk consist primarily of trade receivables. The Company manages credit risk using credit approval and monitoring practices. At March 31, 2014, 7 customers accounted for approximately 97% of trade receivables (at December 31, 2013, 7 customers accounted for approximately 92% of trade receivables). (See Note 5 for details of credit policy and aging of outstanding trade receivables at March 31, 2014 and December 31, 2013).

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. At March 31, 2014, the Company had access to $1,000,000 in bank operating line financing subject to advance restrictions on the level of receivables and inventories (note 9 to the Consolidated Financial Statements). Based on these restrictions the actual operating line availability at March 31, 2014 was $318,000 (December 31, 2013 - $971,000). The undrawn operating line was $318,000 (December 31, 2013 - $536,000) and the undrawn BDC financing was $529,550 at March 31, 2014 (December 31, 2013 - $636,057).

The table below summarizes the maturity profile of the Corporation’s financial liabilities at March 31, 2014 and December 31, 2013 based on contractual undiscounted payments.

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Total**
As at March 31, 2014				
Bank overdraft	**$ -**	**$ -**	**$ -**	**$ -**
Bank operating loan	**-**	**-**	**-**	**-**
Trade and other payables	**293,878**	**-**	**-**	**293,878**
Long-term debt	**286,662**	**286,662**	**1,493,606**	**2,066,930**
Finance lease obligations	**54,124**	**56,938**	**72,162**	**183,224**
	$ 634,664	**$ 343,600**	**$ 1,565,768**	**$ 2,544,032**

	Less than 1 year	1 to 2 years	2 to 5 years	Total
As at December 31, 2013				
Bank overdraft	$ 53,109	$ -	$ -	$ 53,109
Bank operating loan	435,000	-	-	435,000
Trade and other payables	466,484	-	-	466,484
Long-term debt	286,662	286,662	387,099	960,423
Finance lease obligations	54,287	55,542	86,931	196,760
	$ 1,295,542	$ 342,204	$ 474,030	$ 2,111,776

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

As at March 31, 2014 and December 31, 2013 the following balances were denominated in USD:

	2014	2013
Cash and cash equivalents	**$ 21,240**	$ 15,704
Trade and other receivables	**$ 17,666**	$ 17,666
Inventory	**$ 1,906**	$ 1,906
Prepaid expenses and deposits	**$ 13,055**	$ 12,063
Trade and other payables	**$ 9,996**	$ 26,362

The Company's primary foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on the USD balances outstanding at March 31, 2014, a 5% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in total annual comprehensive income (loss) of approximately $2,400.

N. Disclosure of Outstanding Share Data

As at March 31, 2014 and May 8, 2014, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	Authorized	**Outstanding as at March 31, 2014**	**Outstanding as at May 8, 2014**
Voting or equity securities issued and outstanding	Unlimited Common Shares	33,465,994 Common Shares	33,465,994 Common Shares
Securities convertible or exercisable into voting or equity securities - stock options	Stock options to acquire up to 10% of outstanding Common Shares	Stock options to acquire 2,565,000 Common Shares at exercise prices of $0.145 and $0.15	Stock options to acquire 2,565,000 Common Shares at exercise prices of $0.145 and $0.15

In the three months ended March 31, 2014 the Company issued 900,000 options to directors and employees.

O. Outlook
The outlook for 2014 remains positive. Management is forecasting continued growth in Canadian infrastructure sales, growth in U.S. infrastructure sales and a return of more significant sales in the oil and gas sector. The Company continues with its plans to complete the construction of three new production units, and the opening of a regional operation site in Ontario.

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Appendix A – Forward Looking Statements

The forward-looking statements in the MD&A for the quarter ending March 31, 2014 are outlined below:

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The outlook for 2014 remains positive. Management is forecasting continued growth in Canadian infrastructure sales, growth in U.S. infrastructure sales and a return of more significant sales in the oil and gas sector.

The foregoing statements contain forward-looking statements which are based on sales and earnings forecasts prepared for 2014; sales forecasts include work which is under contract for 2014, as well as probability adjusted forecasts for projects on which the Company has placed or will place bids in 2014, where the probabilities applied to the sales forecast are based on management's assessment of the particular project based on historical experience and the stage the project is in the sales cycle; earnings forecasts for 2014 are based on the above sales forecast and the forecast of the Company's cost structure; There are a number of risks that could affect those assumptions which include: contracted work is delayed; the failure of 2014 sales to materialize, because of project delays or cancelations or because CEMATRIX's cellular concrete is not specified into projects; management's assumptions in applying probabilities to the various projects in the sales forecast are incorrect; and the Company's cost structure is significantly different than forecast.