



CEMATRIX CORPORATION
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2021

April 13, 2021

TABLE OF CONTENTS

DEFINITIONS	3
INTERPRETATION	4
FORWARD LOOKING STATEMENTS	4
CORPORATE STRUCTURE	6
GENERAL DEVELOPMENT OF THE BUSINESS.....	7
DESCRIPTION OF BUSINESS	8
DIVIDENDS	16
CAPITAL STRUCTURE	16
MARKET FOR SECURITIES	18
DIRECTORS AND OFFICERS.....	18
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	21
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	21
AUDITOR, TRANSFER AGENT AND REGISTRAR.....	21
MATERIAL CONTRACTS	21
INTEREST OF EXPERTS	22
AUDIT COMMITTEE	22
ADDITIONAL INFORMATION.....	23
SCHEDULE "A"	

DEFINITIONS

Unless otherwise defined, capitalized terms used herein have the respective meanings set forth below.

"**ABCA**" means the Business Corporations Act, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**AIF**" means this Annual Information Form;

"**Backlog**" means the total of the projects that have been contracted plus contracts in process. Contracts in process are projects that where the contract is in process, or the project has been awarded by way of letter of intent, or verbally awarded, or other form.

"**Board**" means the board of directors of the Corporation;

"**Common Shares**" means common shares in the capital of the Corporation;

"**Corporation**" or "**CEMATRIX**" means CEMATRIX Corporation;

"**EBITDA**" means earnings before interest, taxes, depreciation, amortization;

"**Adjusted EBITDA**" means EBITDA further adjusted for non-cash items including non-cash stock-based compensation, non-cash unrealized foreign exchange gains (loss), non-cash revaluation of derivatives, non-cash revaluation of earn-out liabilities; and gains (losses) on the acquisition or dispositions of assets and business acquisition costs;

"**Omnibus Equity Incentive Plan**" means the equity incentive plan of the Corporation as constituted on the date hereof;

"**Option**" means an option to acquire a Common Share granted pursuant to the Option Plan;

"**Option Plan**" means the stock option plan of the Corporation as constituted on the date hereof;

"**RSU**" means a restricted share unit granted pursuant to the Omnibus Equity Incentive Plan;

"**Sales Pipeline**" means the total forecasted dollar amount of future projects which the Corporation has been contacted by engineering firms, owners, or contractors for design assistance (including thermal modelling), a quote, or both. The sales pipeline does not include the dollar value of contracted sales; or the dollar value of sales, where volumes have not been determined by the designers; or the dollar value of sales that have been lost for various reasons, including that the proposed project has been cancelled, lost to an alternative product or lost to a competitor. The sales pipeline is updated when changes in the status of a project becomes known to CEMATRIX. The sales pipeline includes projects from the current and future years and grows with the continued acceptance of the product throughout the Corporation's market territory, which currently includes significant parts of Canada and the U.S.; and

"**Shareholder**" means a holder of Common Shares;

"**TSXV**" means the TSX Venture Exchange Inc.; and

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

INTERPRETATION

Words importing the singular include the plural and vice versa and words importing a gender include any genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

Unless otherwise indicated, all references to "dollars" and the symbol "\$" are to Canadian dollars. The information in this AIF is given as of December 31, 2021, unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This AIF contains forward-looking information within the meaning of applicable securities laws. Forward-looking information and statements are based on the best estimates available to the Corporation at the time and involve known and unknown risks, uncertainties or other factors that may cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results, or developments that the Corporation 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 relate, among other things, to:

- sources of revenue and income;
- forecasts of capital expenditures and sources of financing thereof;
- the Corporation's expectations regarding its business, financial condition and results of operations;
- the Corporation's expectations surrounding the ongoing effect of the COVID-19 pandemic on the timing of contracted and verbally awarded projects;
- the release of new project opportunities into the North American market and the conversion of the Corporation's Sales Pipeline into projects;
- the Corporation's ability to quote and win contract tenders and attract customers;
- the Corporation's marketing and business plans and short-term objectives;
- the Corporation's anticipated trends and challenges in the markets in which it operates;
- the Corporation's ability to hire, train and retain the personnel it requires to undertake its business;
- the Corporation's ability to continue to develop and safeguard proprietary technologies and market share;
- future legislative and regulatory developments, domestic and foreign, in which the Corporation conducts business or may conduct business in the future;
- the Corporation's regional expansion and potential expansion by way of acquisition in North American markets;
- the Corporation's strategic relationships with third parties; and
- governance of the Corporation as a public company.

Forward-looking information is based on assumptions, including assumptions concerning availability of capital resources, business performance, market conditions, and customer demand and is subject to a number of risks, uncertainties and other factors, which may be beyond the Corporation's control, which could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Factors of uncertainty and risk that might result in such differences include risks associated with the Corporation's growth strategy; failure to complete transactions or realize anticipated benefits; dependence on key personnel; constraints on marketing strategies; lower than anticipated customer demand; fraudulent or illegal activity by the Corporation's employees, contractors or consultants; damage to the Corporation's reputation; operating risk and insurance coverage; negative operating cash flow; management of growth; credit, liquidity, and interest rate risks; future capital requirements; conflicts of interest; changes in laws, regulations and guidelines which may increase the costs of compliance; product recalls and liability; litigation, regulatory or agency proceedings, investigations and audits; inventory and wholesale pricing; commodity pricing; fluctuation in currency and prices of raw materials; source of supply; environmental and employee health and safety regulations; competition; business interruptions; changes to Backlog; protection of intellectual property; risks related to U.S. and other international activities and trade regulations and potential challenges to international operations and expansion to other jurisdictions; risks related to security clearances; systems, facilities and data failure, interruption and breach; obligations associated with being a public issuer as well risks relating to the ownership of the Corporation's shares such as potential share price volatility and no assurance of an active market for the Corporation's shares. A description of the risks affecting the Corporation's business and activities appears in greater detail under the heading "*Risk Factors*".

Although the Corporation believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on these forward-looking statements and information because the Corporation can give no assurance that they will prove to be correct. There can be no guarantee that the results or developments that the Corporation anticipates will be realized or, if substantially realized, that they will have the expected consequences or effects on the Corporation's business, financial condition or results of operation.

The forward-looking statements and information contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements and information included in this AIF are made as of the date hereof and the Corporation undertakes no obligation to publicly update such information to reflect new information, subsequent events or otherwise, except as required by applicable securities law.

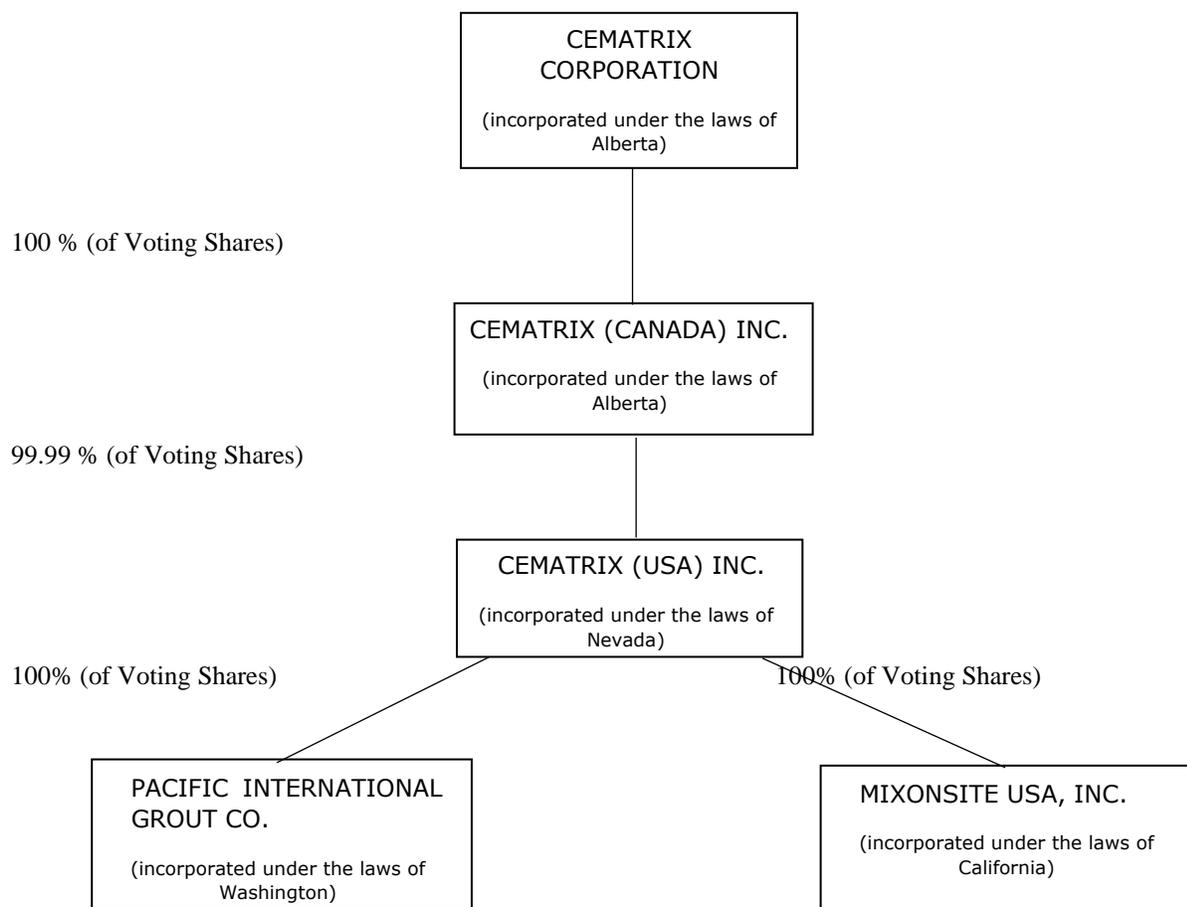
CORPORATE STRUCTURE

Name, address and Incorporation

CEMATRIX Corporation was incorporated March 22, 2005 pursuant to the ABCA as Moonshoot Capital Corp. The articles of the Corporation were amended May 31, 2006 to change the name of the Corporation to CEMATRIX Corporation. The common shares of CEMATRIX (“**Common Shares**”) are publicly traded on the TSXV under the symbol "CVX.V". The Common Shares are also traded on the over-the-counter market (“**OTC**”) in the United States under the symbol "CTXXF". The Corporation’s head office is located at 9727 - 40 Street SE, Calgary, Alberta, Canada.

Intercorporate Relationships

Through its material operating subsidiaries CEMATRIX (Canada) Inc. (“**CEMATRIX Canada**”), CEMATRIX (USA) Inc. (“**CEMATRIX USA**”), MixOnsite (“**MOS**”), and Pacific International Grout Co. (“**PIGCO**”), the Corporation is an on-site manufacturer and supplier of cellular concrete products with applications in numerous infrastructure construction-based markets throughout North America. The following is a summary of the current corporate structure:



GENERAL DEVELOPMENT OF THE BUSINESS

Business Overview

CEMATRIX was originally incorporated to develop cellular concrete for use in Canada as a lightweight insulating material for building and infrastructure applications. The initial focus was on oil and gas infrastructure applications, but after the collapse of the financial markets in the fall of 2008, which was followed by the collapse of oil and gas prices in 2014 and 2015, the CEMATRIX business evolved to focus on the development of infrastructure markets across Canada and, to a lesser extent, the United States.

Development of these infrastructure markets involved years of educating the engineering and construction industry and the applicable government ministries relating to infrastructure and transportation about the benefits of cellular concrete for various construction applications. The process required various provincial and state approvals, which have taken years and are ongoing in some provinces, and product validation (placing the product in the ground for up to five years to prove its benefits). As the Canadian infrastructure market developed, CEMATRIX had the unique opportunity to acquire two of the four leading suppliers of cellular concrete in the United States, where the market is estimated to be approximately ten years ahead of the Canadian market.

Today, CEMATRIX, through its operating subsidiaries, is focused on the sale and onsite production of cellular concrete for various applications, primarily in the geotechnical field, in multiple construction markets throughout North America.

CEMATRIX Canada, with its head office in Calgary and regional operations in Toronto, Winnipeg, Calgary, and Vancouver, focuses on the Canadian low density (lighter than water) cellular concrete markets. MOS is headquartered in Chicago, Illinois and is focused on the low density cellular concrete markets throughout the United States, particularly in the Midwest, Northeast and Central regions. PIGCO is headquartered in Bellingham, Washington, and is focused on the high density (heavier than water) cellular concrete markets throughout the United States and Canada and has also completed a number of international projects. PIGCO's equipment is specifically designed for the heavy density tunnel grouting market but can also be used for large geotechnical infrastructure applications.

Three Year History

2019

On January 1, 2019 CEMATRIX signed a letter of intent to acquire PIGCO and closed the acquisition on October 1, 2019 (the "PIGCO Acquisition"), after securing a USD \$2.8 million loan from the BDC. The acquisition price was USD \$3.875 million before an earnout, comprised of USD \$2.8 million in cash, a USD \$0.575 million vendor takeback loan to be repaid over one year, and USD \$0.5 million in Common Shares, being an issuance of 3,305,250 Common Shares. The Corporation also agreed to pay the former owner of PIGCO a four-year earnout as part of his compensation package, which required payment of 65% of the annual EBITDA of PIGCO in excess of USD \$0.5 million.

On July 4, 2019, the Corporation announced a \$2.3 million private placement to support the PIGCO Acquisition. The private placement was for 11.5 million units at \$0.20 per unit, each unit consisting of one Common Share and one Common Share purchase warrant with a two-year expiry, each warrant entitling the holder to purchase one Common Share at \$0.30. The private placement was fully subscribed and closed on September 5, 2020, bringing in aggregate proceeds of \$2.3 million.

On November 19, 2019, the Corporation announced \$6.1 million in new contracts, bringing the 2019 Backlog to \$45.9 million, of which \$21.0 million were scheduled for 2020.

2020

On February 20, 2020, the Corporation announced that it had signed a letter of intent for a USD \$12.3 million (\$15.7 million) project to backfill fifteen overpasses along a new freeway corridor in the Southeast United States. The project was originally scheduled to begin in 2021 and projected to continue into 2022. The project was delayed and is now expected to start in 2022. At the time, this was the largest project ever awarded to the CEMATRIX Group.

On April 22, 2020, the Corporation announced the closing of an oversubscribed \$5.5 million debenture offering that was co-led by Gravitas and Clarus. The private placement was for 5,500 unsecured convertible debentures of the Corporation (the "Convertible Debentures") at a price of \$1,000 per Convertible Debenture for aggregate gross proceeds of \$5,500,000. Each Convertible Debenture has a three-year term, will pay 8.0% cash interest, matures on the date that is 3 years from the date of issuance and may be converted at the election of the holder thereof, at any time prior to the maturity date, subject to earlier conversion by the Corporation, into 2,500 units (the "Convertible Debenture Units") at \$0.40 per Convertible Debenture Unit. Each Convertible Debenture Unit is comprised of one Common Share and one-half Common Share purchase warrant with a three-year expiry. Each full warrant entitles the holder to purchase one Common Share for \$0.45.

On December 22, 2020, the Corporation announced that it had signed a letter of intent for a project valued at USD \$23.5 million (\$30.1 million) for grouting of a tunnel to be constructed under a major U.S. city. CEMATRIX's involvement in the project is scheduled to begin in 2024. This is currently the largest contract ever awarded to the CEMATRIX Group.

2021

On March 18, 2021, the Company completed a public offering using a short form prospectus in the amount of \$23 million in gross proceeds. The planned use of funds is to further support the strategic plan to grow the Company organically via regional expansion in the US and to grow the company through accretive acquisition opportunities.

During the year, the Company made a number of changes to the Board of Directors. On April 27, 2021, the Company added Ms. Anna Cuglietta to the Board of Directors. On October 1, 2021, the Company announced the retirement of Mr. Dan Koyich from the Board of Directors and the addition of Mr. John Kim to the Board of Directors. The addition of Ms. Cuglietta and Mr. Kim add more diversity to the Board and bring new expertise to the Board that will be essential as we continue to execute on our strategic plan.

On August 2, 2021, the Company renewed its Joint Marketing and Cement Supply Agreements with Lafarge Canada ("the Lafarge Agreements"). The renewal of the Lafarge Agreements is important in the development of the Company as the partnership with Lafarge helps to ensure security of supply for cement and assists in the market validation of the Company's products.

DESCRIPTION OF BUSINESS

Through its operating subsidiaries, the Corporation uses specially developed equipment and proprietary or exclusive use foaming agents to produce and pour cellular concrete for various applications in the infrastructure, industrial and commercial construction markets.

Cellular concrete is a cement slurry-based product that is combined with air to create a lightweight, foamed concrete-like material with thermal insulating properties and moderate structural strength. It is generally lighter than water and is used as a replacement for rigid and other types of insulation and as a lightweight fill or a void fill, with uses including tunnel grouting.

The Corporation's current market focus is the construction markets for infrastructure across Canada and the United States. The infrastructure market sector primarily relates to work on public construction projects funded by provincial,

state and federal governments. Examples of this type of work include the insulation of road bases; permafrost protection under buildings, utilities, roads and runways; the insulation of shallow utility installations; industrial and commercial floor bases; the replacement of weak and/or unstable soils and soils subject to seismic conditions; mechanical stabilized earth ("MSE") panels and retaining wall backfill; grouting; and tunnel backfill. Work in this sector generally requires prior approval of the Corporation's various products and applications by local regulatory bodies.

The Corporation's revenues are realized as the Corporation processes and places the cellular concrete on site, calculated based on the number of cubic metres processed and placed.

The Corporation's sales generally consist of "one-off" transactions, with little carryover in sales from year to year with a single customer, except when the Corporation has repeat business related to a specific application or location, or a project sufficiently large in scope to continue from one period into the next. The goal is to expand these repeatable and predictable sources of revenue.

The Corporation generally undertakes work as a sub-contractor to various engineering and construction firms that have been awarded the prime contract from the owner of a particular project.

The Corporation has two distinct types of production equipment: dry mix and wet mix. Dry mix production equipment is fully automated and the cement slurry mixing process is done directly from cement and other dry powders. This equipment permits the production of high hourly volumes. The dry mix system enables the Corporation to improve end product quality, while reducing unit cost by up to 20% compared to the wet mix process. However, the dry mix process is typically not suitable for small- to medium-sized projects because of the higher costs associated with mobilization and greater onsite space requirements.

Wet mix production equipment is partially automated, and the pre-designed cement slurry used is delivered by a ready mix provider. This equipment has lower hourly production capacity and is suitable for small volume projects or projects where there is no space for the larger dry mix units.

The Corporation's fleet of production equipment currently consists of ten dry mix units that produce up to 230 cubic metres of cellular concrete per hour, and eight wet mix units capable of producing 50 to 100 cubic metres per hour of cellular concrete. The fleet is mobile and can be moved to any project in North America.

The value proposition CEMATRIX offers to customers is:

"CEMATRIX cellular concrete saves significant time and money for its customers and provides a better overall long-term construction solution."

The Corporation's value proposition is supported by: acquired and internally developed technologies that enable the production of high volumes of consistent, low density insulating cellular concrete; the North American exclusive rights to a protein based foaming agent and an acquired synthetic foaming agent formula; proprietary material mix design expertise; additive technologies developed by PIGCO; technical support for thermal and structural design to assist engineering firms in the design of applications for cellular concrete; and internally designed and constructed specialty equipment for the production of cellular concrete, which includes the specialized tunnel grouting equipment developed by PIGCO. The Corporation protects these technologies through trade secrets and the separation of knowledge between departments and staff.

Over the years the Corporation has invested in additional staff and equipment to prepare for what management believes will be a significant increase in annual sales, as the Corporation's product reaches the 'tipping point' for a number of applications. Tipping point refers to the point in time where customers decide that they will use the Corporation's product, as opposed to alternative products, for certain applications (i.e. all overpass/bridge abutment work, or all MSE panel backfill or all the insulation of oil sand modules, etc.). Revenue from oil and gas applications has not rebounded as related construction in that sector has been lower than in the past. The Corporation is now working towards the tipping point for various infrastructure applications. The cost of this investment, in terms of additional staff and equipment, has impacted the financial results over the past few years. However, this investment is expected

to help position the Corporation to achieve sales growth and to leverage economies of scale achieved with the MOS and PIGCO Acquisitions in the U.S.

Growth Strategy

The Corporation's growth strategy is based on our strategic plan and includes the following elements:

1. **Organic Growth:** Due to the early market stage of most of the applications available for cellular concrete, particularly in Canada, CEMATRIX and its operating subsidiaries will focus on organic growth through continued education of engineers, construction companies, and government-run transportation departments on the significant benefits of cellular concrete versus legacy products the Corporation's products will replace.;
2. **Regional expansion:** The Company is focused on the U.S. market as it is significantly larger than the Canadian market and the market acceptance of our product is more advanced;
3. **Acquisitions:** Identification and pursuit of strategic acquisition opportunities that are accretive and have strategic value. Potential acquisitions targets include other cellular concrete companies, foam companies, other light weight fill companies, or other building materials technology companies.
4. **Strategic Alliances:** Development of new strategic alliances and strengthening existing relationships, such as the current strategic alliance with Lafarge; and

Industry Trends

Management believes there is a continuing trend in the construction industry toward the use of cellular concrete to replace legacy products for various construction applications. CEMATRIX Canada has been the only major cellular concrete company developing the Canadian market and did not start this development until the early 2000s. The U.S. geotechnical market is generally thought to have commenced in the mid-1980s with the completion of a significant project in California.

This trend is confirmed by the national specification that has developed in the U.S., as well as the increased number of cellular concrete projects being tendered in the U.S. on a daily basis and is highlighted by the number and size of projects tendered on an annual basis in the U.S. market. In 2020, the Corporation was awarded two of the largest cellular concrete projects ever tendered in the U.S. One project was for USD \$12.3 million (\$15.7 million) and the second was for USD \$23.5 million USD (\$29.9 million).

Intangible Properties

The Corporation has a number of trade secrets related to material mix designs, foaming agents, additives, processing equipment and applications engineering, none of which have been patented but are critical to the operation of the business.

Competitive Conditions

CEMATRIX and its operating subsidiaries face two types of competition: the legacy products that CEMATRIX's cellular concrete will replace, and cellular concrete from other suppliers.

Competitive legacy products include weak, unstable, frost and seismic prone soils, expanded polystyrene ("EPS") blocks (large blocks of rigid insulation), rigid insulation, sheets of industrial insulation, concrete and steel pile construction, other lightweight aggregates and traditional grouts. It is important to note that CEMATRIX's cellular concrete does not normally replace regular concrete, because the structural properties of cellular concrete differ from those of traditional concrete. Overall, cellular concrete has significant advantages over legacy products. These advantages include its self-levelling characteristics, greater strength and durability, and the fact that it is comparatively

environmentally friendly to some of the alternatives and significantly quicker to place. Typically, the all-in-installed costs for cellular concrete are lower than the legacy alternatives.

In Canada, there are presently very few cellular concrete suppliers and none capable of producing high volumes of quality cellular concrete on a consistent, cost-effective basis. A high-volume producer is understood as one that can produce a minimum of 100 cubic yards per hour, or 1,000 cubic yards per day. This criterion was established in the U.S. markets by engineers and specifiers. In the U.S., there are hundreds of small volume producers focused on the lightweight floor and roofing deck markets. These are markets the Corporation does not pursue. There are several larger cellular concrete competitors suppliers in the U.S., that the Corporation is aware of, capable of producing cellular concrete at high volumes.

New Equipment

In 2015/2016, CEMATRIX Canada developed, constructed and introduced a cellular concrete processor capable of producing higher quality cellular concrete of greater strength than its competition. Additionally, it was developed to eliminate expensive and lower quality 'ready mix' slurry, which is the main input in the Corporation's wet mix production units. Since the introduction of this advanced cellular concrete processor, the Corporation has worked to perfect its design and capabilities. The Corporation intends to introduce this new equipment across North America over the next five years. The production cost of one of these units is approximately \$1.5 million.

The Corporation's current equipment produces a high quality product and its seasonally adjusted production capacity is greater than 2.5 million cubic yards at 100% utilization, which could produce a theoretical \$175 million in annual sales without additional equipment.

Components

Approximately 60-65% of the Corporation's cellular concrete costs are for cement or ready-mix slurry, which is only purchased as it is being used for production and not inventoried, except to the extent that a silo is filled the day prior to it being used in the production of cellular concrete. There is a risk of cement shortages, which has happened in the past, but the risk is diminished by strategic alliances the Corporation has formed with cement suppliers such as Lafarge Holcim.

The other key component in the Corporation's cellular concrete production is foaming agent. CEMATRIX has its own foaming agent formula and relies on three other suppliers of foaming agent to reduce the risk of a cut-off or supply shortage. Most of the Corporation's foaming agents have been approved in jurisdictions where it is required by applicable department of transportation authorities or are in the process of being approved.

Seasonal Cycles

Generally, the season for CEMATRIX's cellular concrete follows the construction market in North America. That season in Canada and the northern U.S. is much shorter than in the southern U.S. Certain applications, like tunnel grouting which is done underground, are not affected by seasonal limitations. In addition, like regular concrete, cellular concrete can be placed in the offseason provided there is proper hoarding and heating to enable the cellular concrete to adequately cure.

Employees

As of December 31, 2021, CEMATRIX and its operating subsidiaries had 53 full-time employees, 28 of whom were located in Canada. The number of employees generally increases during the construction season.

Facilities

In 2016 the Corporation, through its subsidiary MOS, signed a five-year lease ending August 31, 2023 in the Greater Chicago area, with no renewal options for approximately 50% of a 5,650 square foot facility including warehouse space plus 66,373 square feet of fenced yard.

In 2019 the Corporation, through its subsidiary PIGCO, signed a five-year lease ending September 30, 2024 in Bellingham, WA with a five-year renewal option for 15,000 square feet including warehouse space, plus a fenced yard.

In 2020 the Corporation, through its subsidiary CEMATRIX Canada, signed a five-year lease ending December 31, 2025 in Calgary, with two five-year renewal options for 11,480 square feet, including warehouse space plus a fenced yard.

In 2021, the Corporation, through its subsidiary CEMATRIX Canada, signed a two-year lease ending August 31, 2023 in the Greater Vancouver area for 2,144 square feet of office and warehouse space.

CEMATRIX Canada has also entered into a lease for small warehouse facilities to support operations in Winnipeg, Manitoba and Toronto, Ontario. MOS has entered into a lease for a warehouse facility in Watseka, Illinois.

RISK FACTORS

Supply Chain Challenges

CEMATRIX has historically been insulated from supply chain disruptions however recently CEMATRIX has recently experienced more challenges in its supply chain. The primary driver has been driven by COVID and related jurisdictions health mandates and their impacts on the supply chain. These supply chain challenges have been exacerbated in some jurisdictions by extreme weather, labour disputes, and in the case of global commodities geopolitical crisis. To date the impacts of these supply chain challenges has been primarily increasing prices which as a result is increasing our cost of sales. In some cases, these increases can be passed along to customers and in other cases of firm commitments it results in reduced margins. Security of cement supply is our number one priority with respect to our supply chain.

Staffing Requirements

CEMATRIX will always have issues finding experienced individuals to hire for various positions because of the unique nature of its business, but this has become less of an issue with the acquisitions of PIGCO and MOS, and in fact it enables the CEMATRIX group of companies to allocate underutilized operating and technical staff resources between its operating subsidiaries, subject to the limitation created by cross border issues. The Company is seeing significant wage inflation for roles that are cross industry functions such as accounting and sales.

Inflation

Inflation is now a concern due to the impacts of the many government programs and the associated spending to fund them which has created large government deficits in almost every jurisdiction. At the national level, this has resulted in increases to the money supply as well to fund some of these programs. The net result has been significant inflationary pressures on all parts of our business and in particular on wages. The Company is managing this risk by passing along, to the extent possible, the increased costs to our customers.

Project Scheduling

The Company has no control over the timing of contracted projects. Delays are common in the construction industry, particularly in the initial start dates. Delays in contracted work can occur at any time. Furthermore, delays in projects can also result in scheduling issues that could prove costly to the Company or result in the Company missing financial projections. The risks associated with scheduling changes will be an ongoing issue for the Company.

Increasing Cement Commodity Prices

In previous years the Company has experienced significant increases in the cost of its key raw materials, cement and fly ash. To date, the Company has been able to pass a significant portion of these price increases on to its customers. There is no certainty that this practice will continue, in which case this would reduce the Company's gross margin on sales. The Company is currently working towards reducing risk by developing equipment that will eliminate the need to rely on higher priced Ready-Mix products for its raw material supply for its projects.

Access to Capital

CEMATRIX is currently very well-funded with a strong balance sheet and large cash position. The Company is actively searching for opportunities to invest this cash in accretive acquisitions that fit our strategy and in new equipment / regional expansion. In addition, the Company recently completed a new \$5 million credit facility with the CIBC to provide further financial flexibility. Beginning in the last half of 2021 (and continuing) the overall capital markets for micro-cap companies (like CEMATRIX) has retreated and as a result Management's assessment is that it would be significantly more difficult to raise capital in 2022. As a such, there is no guarantee that the Company will continue to have access to additional capital or be able to raise capital in the capital markets which may impair the ability of the Company to grow.

Potential Volatility of Share Price

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including, but not limited to, the following: (i) actual or anticipated fluctuations in the Corporation's quarterly results of operations; (ii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Corporation; (iii) recommendations by securities research analysts; (iv) issuances or anticipated issuances of additional securities by the Corporation; (v) departure of executive officers and other key personnel of the Corporation; (vi) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; and (vii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

Financial markets have historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these and other related factors may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the trading price of the Common Shares may be materially adversely affected.

No Assurance of Active Market for Shares

The Common Shares have been listed on the TSXV since April 24, 2006. There can be no assurance that an active and liquid market for the Common Shares will be maintained. If an active public market is not maintained, the holders of the Common Shares may have difficulty selling such shares.

Global Financial Conditions

Global financial conditions have always been subject to volatility. This volatility may impact the ability of the Corporation to obtain equity or debt financing in the future and if obtained, on terms favourable to the Corporation. Increased levels of volatility and market turmoil can adversely impact the Corporation's operations and the value and price of the Common Shares could be adversely affected.

Future Sales of Shares by Existing Shareholders

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. Although the Common Shares held by certain of the Corporation's Shareholders are subject to lock-up agreements imposed by the agents in connection with the brokered financings, the agents may waive the provisions of these agreements and allow these Shareholders to sell their Common Shares at any time. There are no pre-established conditions for the grant of such a waiver by the agents, and any decision by them to waive those conditions may depend on a number of factors, including market conditions, the performance of the Common Shares in the market and the Corporation's financial condition at that time. If restrictions in such lock-up agreements are waived, additional Common Shares will be available for sale in the public market, subject to applicable securities laws and stock exchange requirements, which could reduce the market price for Common Shares.

Dilution of Shareholders of the Corporation

The Corporation is authorized to issue an unlimited number of Common Shares for the consideration and on those terms and conditions as shall be established by the board of directors of the Corporation without Shareholder approval, subject to applicable securities laws and stock exchange requirements. The Corporation's Shareholders have no preemptive rights in connection with such further issuances. The Corporation has outstanding options, warrants and other securities convertible into Common Shares which, if exercised or converted would result in dilution. See heading "Issued Securities" for further details.

Publication of Inaccurate or Unfavourable Research and Reports

The trading market for Common Shares relies in part on the research and reports that securities analysts and other third parties choose to publish about the Corporation. The Corporation does not control these analysts or other third parties. The price of Common Shares could decline if one or more securities analysts downgrade the Common Shares or if one or more securities analysts or other third parties publish inaccurate or unfavorable research about the Corporation or cease publishing reports about the Corporation. If one or more analysts cease coverage of the Corporation or fail to regularly publish reports on the Corporation, the Corporation could lose visibility in the financial markets, which in turn could cause the Common Share price or trading volume to decline.

Effects of COVID-19 on the Corporation

The world, markets and business, including the sales and operations of the Corporation have been significantly affected by the COVID-19 pandemic. Although the Corporation's business is considered essential, which has enabled construction projects on which the Corporation has contracted to continue, the contracted projects have been subject to significant and sometimes ongoing delays as it takes the Corporation's customers, mainly general contractors, longer to complete stages of a project that must be completed before the Corporation can manufacture and place its product on site.

In 2020 and 2021, the Corporation experienced delays lasting weeks and in some cases months, which has significantly affected the Corporation's projected sales for 2021 and potentially 2022. Although most jurisdictions have moved back to a zero or limited health restrictions in Q1 2022, governments and health authority have demonstrated the ability to change very quickly.

Liquidity, Cash Flow and Debt Covenants

As at December 31, 2021 the Corporation was not in compliance with one of its debt covenants under its operating line held by the Canadian Western Bank (the "CWB") and its loans with the BDC. Subsequent to year end, the Corporation cancelled its credit facility with the CWB and entered into a new credit facility with the CIBC. The BDC provided a covenant waiver until the year ended December 31, 2022. The Corporation has never missed a payment to a financial institution and has significant cash resources in place to repay the loans if necessary.

Earnout

An earnout calculation associated with the PIGCO transaction remains in place until the end of September 2023. The Corporation currently has sufficient cash resources in place to pay any future earnout amounts that may become due, although this could change if and when the payment of a future earnout is due.

Convertible Debentures

The Corporation issued \$5.7 million in convertible debentures in April 2020. As of December, 31, 2021 there were \$3.6 million in convertible debentures still outstanding. These convertible debentures mature in April 2023. To the extent these debentures are not converted prior to their maturity date, the Corporation must ensure that it has adequate liquidity and borrowing resources to be able to repay the debentures upon maturity. The Corporation currently has sufficient cash resources in place to repay the convertible debentures on their maturity date.

Bonding Capacity

Many of the Corporation's projects are state, provincial, municipal or federal projects, which require bonds, particularly those projects greater than \$0.5 million. Furthermore, the trend has been that the number and size of projects tendered in the market and bid on by the Corporation are becoming larger, some in excess of \$15 to \$30 million. The Corporation currently has a USD \$10 million bonding facility through MOS, but no Canadian bonding facility. Sometimes bonds can be replaced by other means, such as a letter of credit supported by cash, but inability of the Corporation to obtain bonding in Canada and/or on larger projects in the U.S. may slow the growth of future sales.

Product Acceptance

The Corporation's mission statement is to gain broad market acceptance of its product for various applications throughout North America, with its focus on Canadian infrastructure and now U.S. infrastructure applications through recently acquired U.S. subsidiaries MOS and PIGCO. Successful implementation of this vision depends on the Corporation's product becoming more widely accepted by project design engineers and specifiers. These individuals oversee the engineering and design of infrastructure projects, including the materials used in various projects, and make the determination of whether cellular concrete can be considered for a particular application.

Anticipated Benefits of Future Acquisitions

The Corporation has raised funds to execute its strategic plans which includes acquiring other companies. These acquisitions are intended to be accretive and achieve a variety of benefits. Achieving the benefits of these acquisitions depends in part on consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, and on CEMATRIX's ability to realize the anticipated growth and development opportunities from the assets underlying the acquired entities. Integrating the underlying assets will require considerable effort, time and resources from management, which may divert management's focus from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect CEMATRIX's ability to achieve the anticipated benefits of its recently completed and proposed acquisitions.

Competition

Although the Corporation is the only supplier of cellular concrete in Canada of its size, there are several smaller suppliers in Ontario and British Columbia. There are many more suppliers in the U.S. and other countries where the cellular concrete market is more developed. Accordingly, the possibility of future competition in Canada and continued competition in the U.S. and elsewhere continues to be a risk. Competition could result in lost sales or reduced market share.

Dependence on Key Personnel

The success of the Corporation has been largely reliant on the skills and expertise of its key personnel to manage the overall business and achieve positive returns. This includes key personnel from both U.S. acquisitions. The continued success of the Corporation will depend on the Corporation's ability to hire and retain these key individuals, attract other key personnel, and ensure the knowledge they bring is disseminated among the rest of the Corporation's employee base. Costs associated with retaining key personnel could adversely affect the Corporation's business operations and financial results.

Product Warranties

The Corporation has not experienced warranty claims during its existence due to the nature of its product and does not incur any expense related to possible warranty claims. Although the Corporation's products are used in very low risk applications, such as replacement of dirt or rigid insulations, there is potential for future warranty claims to be made.

Economic Conditions

Economic downturn at the local, regional or national level could negatively affect the Corporation's business. During an economic downturn, activity in the infrastructure construction sector may decrease, thereby decreasing demand for the Corporation's products.

DIVIDENDS

No dividends have been declared by the Corporation, and the Corporation does not anticipate declaring any dividends in the next several years.

CAPITAL STRUCTURE

General Description of Capital Structure

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares. The holders of Common Shares are entitled to receive notice of and one vote per share at all meetings of shareholders of the Corporation. The holders of Common Shares are entitled to dividends in such amounts as the board of directors of the Corporation may from time to time declare and, in the event of liquidation, dissolution or winding-up of the Corporation, are entitled to share pro rata in the assets of the Corporation.

Preferred Shares

The Corporation is also authorized to issue an unlimited number of Preferred Shares, issuable in series. The Preferred Shares rank in priority to the Common Shares as to the payment of dividends and as to the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation. There are no Preferred Shares issued and outstanding.

Issued Securities

As at December 31, 2021 and April 13, 2022, the following is a description of the equity securities and convertible securities of the Corporation issued and outstanding.

SECURITIES			
Descriptions of Securities	Authorized	Outstanding as at December 31, 2021	Outstanding as at April 13, 2022
Voting or equity securities issued and outstanding	Unlimited Common Shares	133,939,938 Common Shares	133,939,938 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Incentive equity plans (stock options and RSU's) to acquire up to 10% of outstanding Common Shares	Stock options to acquire 4,075,000 Common Shares at an exercise prices at between \$0.20 - \$0.59	Stock options to acquire 4,075,000 Common Shares at an exercise prices at between \$0.20 - \$0.59
Securities convertible or exercisable into voting or equity securities – Restricted Stock Units ("RSU's")	Incentive equity plans (stock options and RSU's) to acquire up to 10% of outstanding Common Shares	Restricted Stock Units to acquire 184,212 Common Shares	Restricted Stock Units to acquire 184,212 Common Shares
Securities convertible or exercisable into voting or equity securities – share purchase warrants	As approved by the board	Share purchase warrants to acquire 20,067,717 Common Shares at an exercise prices at between \$0.45 - \$0.81	Share purchase warrants to acquire 20,067,717 Common Shares at an exercise prices at between \$0.45 - \$0.81
Securities convertible or exercisable into voting or equity securities – unit purchase warrants	As approved by the board	Unit purchase warrants to acquire 3,739,068 Units to acquire 954,800 units at a prices between \$0.40 and \$0.65. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share.	Unit purchase warrants to acquire 3,739,068 Units to acquire 954,800 units at a prices between \$0.40 and \$0.65. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share.
Convertible debentures convertible into voting or equity securities - units	As approved by the board	\$3,589,000 convertible debenture convertible into 8,972,500 units. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share at \$0.45	\$3,589,000 convertible debenture convertible into 8,972,500 units. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share at \$0.45

MARKET FOR SECURITIES

Trading Price and Volume

CEMATRIX Common Shares are publicly traded on the TSXV under the symbol "CVX.V". The Common Shares are also traded on the OTC in the United States under the symbol "CTXXF". The following table sets out the price range (month high and low prices) of the Common Shares and consolidated volumes traded on the TSXV for the financial year ended December 31, 2021.

Trading Price and Volume (for the year ended December 31, 2021)			
Period	High(\$)	Low(\$)	Volume
January	0.860	0.600	9,953,798
February	0.790	0.660	6,448,061
March	0.840	0.540	28,609,633
April	0.670	0.490	8,995,072
May	0.590	0.490	3,804,814
June	0.560	0.495	5,916,321
July	0.510	0.390	3,916,018
August	0.465	0.340	5,212,288
September	0.490	0.375	4,528,846
October	0.420	0.375	2,105,545
November	0.430	0.330	4,244,954
December	0.360	0.300	4,222,204

Prior Sales

The following table summarizes the securities of the Corporation not listed on a marketplace for the financial year ended December 31, 2021.

Securities Not Listed in the Public Market (Options, Warrants and RSUs)				
Description of Security	Date Issued	Number of Securities Issued	Exercise Price Per Security (\$)	Note
Broker Warrants	March 18, 2021	2,830,768	0.65	(1)
Regular Warrants	March 18, 2021	18,399,992	0.81	(1)
Restricted Stock Units	April 14, 2021	210,528	--	(2)
Stock Options	Various	2,795,000	0.38 to 0.57	(3)

- (1) On March 18, 2021 the Corporation completed a public offering via a Short Form Prospectus for gross proceeds of \$23,000,000. On the same day and as part of the financing, the Corporation issued 18,399,992 warrants with an exercise price of \$0.81 and an expiry date of March 18, 2023. In addition, on the same day and as part of the financing the Corporation issued Broker Warrants which were part of the transaction costs associated with the financing. The Broker Warrants are exercisable into a unit consisting of one common share and one half warrant. A full warrant is exercisable at \$0.81 into one common share of the Corporation.
- (2) The Corporation granted 210,528 Restricted Stock Units ("RSU's") as part of its Equity Incentive Compensation plan. The RSU's are convertible into common shares on a 1:1 basis at no cost.
- (3) The Corporation granted 2,795,000 Stock Options as part of its Equity Incentive Compensation plan. The Stock

Options are exercisable into Common Shares at exercise prices ranging from \$0.38 to \$0.57.

DIRECTORS AND OFFICERS

Directors of the Corporation

DIRECTORS OF THE CORPORATION				
Name and Municipality of Residence	Principal Occupation for Past Five Years	Office Held and Date Appointed	Board Committees	Voting Shares ⁽¹⁾
Robert L. Benson Victoria, British Columbia	Retired. Former Operational Executive. Vice President & COO for Kemex Limited from 2005 to 2007.	Director (July 28, 2008)	Governance & Compensation Committees	85,000 (0.1%)
Steve Bjornson Calgary, Alberta	Independent businessman and Financial Executive. CFO of Valeura Energy Inc. from 2010 to 2020.	Director (July 28, 2008)	Chair of Audit Committee	25,000 (<0.1%)
Patrick N. Breen, Q.C. Calgary, Alberta	Corporate lawyer with Miller Thompson LLP since 2019 and with McLeod Law LLP from 1996 to 2019.	Director (July 28, 2008)	Chair of Governance Committee	150,000 (0.2%)
Anna Marie Cuglietta Edmonton, Alberta	Human Resources Executive with experience working for two of the top ten construction companies in Canada. VP Human Resources for Bird Construction / Stuart Olson from 2017 to 2021.	Director (April 27, 2021)	Chair of Compensation Committee	0 (0.0%)
Jeffrey Kendrick Calgary, Alberta	President and Chief Executive Officer of the Corporation since June 19, 2008	President, CEO and Director (June 18, 2008)	--	3,080,749 (2.3%)
John Kim Toronto, Ontario	Mr. Kim is an independent business consultant and investor. He is currently a board member for several private and public companies including EMERGE Commerce (TSXV) and WELL Health (TSX). Previously, Mr. Kim was a Portfolio Manager at Aventine Management Group from 2018 to 2019.	Director (October 1, 2021)	Audit Committee	150,000 (0.1%)
Minaz Lalani Calgary, Alberta	Executive Chairman of Besurance Corporation, which is involved with the design and implementation of risk sharing solutions, since July 2013. Also Managing Principal at Lalani Consulting Group, an actuarial and risk consulting firm since February 2010.	Director (March 16, 2010)	Audit and Compensation Committees	657,571 (1.0%)

Notes:

- (1) The information as to shares beneficially owned, directly or indirectly, or over which control or discretion is exercised, is based on information furnished to the Corporation by the respective directors as at the date hereof and calculated using 66,776,750 total Common Shares issued and outstanding.

Officers of the Corporation

OFFICERS OF THE CORPORATION		
Name and Province or State and Country of Residence	Principal Occupation	Voting Shares ⁽¹⁾
Jeffrey Kendrick Calgary, Alberta Canada	Mr. Kendrick is the President and Chief Executive Officer of the Corporation since June 19, 2008. Prior to he was the Chief Financial Officer of the Corporation from June 1, 2007 to December 1, 2008; President and Chief Executive Officer of the Corporation from March 2005 to June 2007.	3,080,749 (2.3%)
Randy Boomhour Calgary, Alberta Canada	Mr. Boomhour is the Chief Financial Officer of the Corporation since December 10, 2020. Mr. Boomhour was the Chief Financial Officer at Tartan Industrial Corporation from 2015 to 2018. Tartan was acquired by Stuart Olson, and Mr. Boomhour served as Vice President Finance at Stuart Olson Inc. from 2018 to 2020.	450,000 (0.3%)
Steve Bent Calgary, Alberta Canada	Mr. Bent is the Vice President and General Manager of CEMATRIX Canada. He has been with CEMATRIX since 2000, when he was hired as the Vice President of Sales and Marketing	260,000 (0.2%)
Jordan Wolfe (2) Chicago, Illinois, United States	Mr. Wolfe is the President of MOS. Mr. Wolfe founded MOS with his father Mr. Edward Weiner. Mr. Wolfe has been running MOS for over five years.	12,571,263 (9.4%)
Pat Stephens Bellingham, Washington United States	Mr. Stephens is the founder and former owner of PIGCO. Mr. Stephens has agreed to remain on as the President of PIGCO for the four-year earnout period after acquisition. Mr. Stephen has been the cellular concrete business and the President of PIGCO since its incorporation on December 30, 1970.	1,305,250 (1.0%)

Notes:

- (1) The information as to shares beneficially owned, directly or indirectly, or over which control or discretion is exercised, is based on information furnished to the Corporation by the respective directors as at the date hereof and calculated using 133,939,938 total Common Shares issued and outstanding as of December 31, 2021.
- (2) Mr. Jordan Wolfe was previously known as Mr. Jordan Weiner. Mr. Wolfe legally changed his name in 2022 for personal reasons.

Corporate Cease Trade Orders or Bankruptcies

None of those persons who are directors of the Corporation are, or have within the past ten years been a director, trustee, chief executive officer or chief financial officer of any entity including the Corporation that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the entity access to any exemption under securities legislation for a period of more than 30 consecutive days, or after such persons ceased to be a director, trustee, chief executive officer or chief financial officer of the entity, was the subject of a cease trade or similar order or an order that denied the entity access to any exemption under securities legislation for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity.

In addition, and except as disclosed below, none of those persons who are directors of the Corporation are, or have been within the past ten years, a director, trustee or executive officer of any entity including the Corporation, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or trustee appointed to hold its assets.

Penalties or Sanctions

None of those persons who are directors of the Corporation (or any personal holding companies) have been subject to any penalty or sanction imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement with a securities regulatory authority or been subject to any other penalty or sanction imposed by a court or regulatory body likely be considered material to a reasonable Shareholder in determining whether to vote for a director.

Personal Bankruptcies

No director of the Corporation, or a personal holding company of any such person has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver or trustee appointed to hold the assets of such person.

Conflicts of Interest

To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest between the Corporation and a current director or officer of the Corporation as at the date hereof. Certain directors also serve as directors or officers of other companies, and it is therefore possible that a conflict may arise in the future between their duties to the Corporation and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As at the date of this form, the Corporation is not involved in any material legal proceeding or regulatory action.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation or any of their associates or affiliates has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction material to the Corporation since the commencement of the last financial year.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Corporation is MNP LLP in Toronto, Ontario.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal office in Calgary, Alberta.

MATERIAL CONTRACTS

The following are the material contracts of the Corporation executed in the year, other than contracts entered into in the ordinary course of business, if such material contract is still in effect:

- (a) an agency agreement dated March 15, 2021 and an amendment dated March 18, 2021, between Gravitas Securities Inc., Clarus Securities Inc., and the Corporation in respect of the brokered short form prospectus public offering;
- (b) a warrant indenture dated March 18, 2021, between the Company and Computershare Trust Company of Canada, as warrant agent, in respect of the brokered short form prospectus public offering.

Copies of these material contracts are available on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

MNP LLP is the Corporation's independent auditor. MNP LLP has advised it is independent from the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

AUDIT COMMITTEE

The general function of the audit committee of the corporation (the "**Audit Committee**") is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation's auditors.

The following are the current members of the Audit Committee:

Name	Independent/ Not Independent ⁽¹⁾	Financially Literate/Not Financially Literate ⁽¹⁾	Relevant Education and Experience
Steve Bjornson (Chair)	Independent	Financially Literate	Mr. Bjornson is a chartered professional accountant and chartered accountant.
Minaz Lalani	Independent	Financially Literate	Mr. Lalani is an actuary and he has the educational background and consulting experience to understand financial statements
John Kim	Independent	Financially Literate	Mr. Kim is a Chartered Financial Analyst (CFA) and he has the educational background and financial experience to understand financial statements

Note:

- (1) As defined by National Instrument 52-110 – Audit Committees ("NI 52-110")

The Audit Committee's charter ("**Charter**") sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. A copy of the full text of the Charter is attached hereto as Schedule "A" to this AIF.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, all as more particularly described in the Charter under the heading "*External Auditors*".

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the last three fiscal years for audit fees are approximately as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees ⁽¹⁾
2021	\$198,000	\$0	\$56,000	\$53,000
2020	\$221,000	\$4,000	\$110,000	\$41,000
2019	\$200,000	\$32,500	\$68,800	\$4,000

Note:

- (1) This amount in 2021 relates to fees associated with the Short Form Prospectus financing. This amount in 2020 relates to fees associated with the 2020 convertible debenture financing.

ADDITIONAL INFORMATION

Additional information in relation to CEMATRIX may be found on SEDAR at www.sedar.com.

Additional information including directors' and officers' remuneration, principal holders of securities and securities authorized for issuance under equity compensation plans is contained in CEMATRIX's management information circular dated October 26, 2021 and filed the same day on SEDAR at www.sedar.com.

Additional financial information is provided in CEMATRIX's most recent interim financial statements, audited annual financial statements and accompanying management discussion and analysis filed on SEDAR at www.sedar.com.

SCHEDULE "A"**AUDIT COMMITTEE CHARTER
CEMATRIX CORPORATION**Purpose

1. The purpose of the Audit Committee is to:
 - (a) review and recommend to the Board for acceptance, prior to their public release, all material financial information required to be gathered and disclosed by the Corporation;
 - (b) oversee management designed and implemented accounting systems and internal controls; and
 - (c) recommend, engage, supervise, arrange for the compensation and ensure the independence of the external auditor to the Corporation.

Composition

2. The Audit Committee will be comprised of at least three members of the Board each of at least one of whom shall be independent as those terms are defined in National Instrument 52-110 – Audit Committees.
3. All members of the Committee shall be financially literate as those terms are defined in National Instrument 52- 110 - *Audit Committees* and possess:
 - (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
 - (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
 - (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and
 - (d) an understanding of internal controls and procedures for financial reporting.

Meetings

4. The Audit Committee is required to meet in person, or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Audit Committee.
5. The Chair of the Audit Committee appointed by the Board will, in consultation with the members, determine the schedule, time and place of meetings, and in consultation with management and the external auditor, establish the agenda for meetings.
6. A quorum for a meeting of the Audit Committee shall be a majority of members present in person or by telephone conference call.
7. Notice of the time and place of every meeting shall be given in writing, by email or facsimile to each member of the Audit Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.

Responsibilities

8. The Audit Committee is responsible to:
- (a) independently or together with the Board, investigate fraud, illegal acts and conflicts of interest and respond to existing and potential conflicts;
 - (b) discuss issues of its choosing with the external auditor, management and corporate counsel;
 - (c) establish procedures for the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
 - (d) establish procedures for the receipt and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters and the retention (for at least 7 years) of copies of concerns and evidence of investigations; and
 - (e) make inquiries of the external auditor and legal counsel to the Corporation regarding potential claims, assessments, contingent liabilities, and legal and regulatory matters that may have a material impact on the financial statements of the Corporation.

External Auditors

9. To preserve the independence of the external auditor responsible for preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, the Audit Committee is responsible to:
- (a) recommend to the Board the external auditor to be nominated;
 - (b) recommend to the Board the external auditor's compensation;
 - (c) evaluate the external auditor's qualifications, performance and independence including by annually reviewing:
 - (i) a report of the auditor describing its internal quality-control procedures;
 - (ii) material issues raised by its most recent internal quality-control review; and
 - (iii) the results of any inquiry or investigation by government or professional authorities of the auditor within the last five years;
 - (d) review the experience and qualifications of the senior members of the external auditors, ensure that the lead audit partner is replaced periodically in accordance with applicable law, and that the audit firm continues to be independent;
 - (e) review and pre-approve any engagements for non-audit services to be provided by the external auditor and its affiliates in light of the estimated fees and impact on the external auditor's independence;
 - (f) review with management and with the external auditor:
 - (i) any proposed changes in major accounting policies;
 - (ii) the presentation and impact of significant risks and uncertainties; and

- (iii) key estimates and judgments of management that may be material to financial reporting;
and
 - (g) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation in compliance with the requirements set out in section 2.4 of Multilateral Instrument 52-110.
10. The Audit Committee is required to:
- (a) maintain direct communications with the internal and external auditors;
 - (b) discuss and review specific issues with the external auditor;
 - (c) oversee the work of the external auditor;
 - (d) resolve any disagreements between management and the external auditor;
 - (e) meet with the external auditor at least annually in the absence of management;
 - (f) ensure that the external auditor is answerable to the Audit Committee, as representatives of the shareholders, rather than to the executive officers and management;
 - (g) pre-approve all audit services;
 - (h) meet with the external auditor prior to the audit to review the scope and general extent of the external auditor's annual audit including planning and staffing the audit and the factors considered in determining the audit scope, including risk factors;
 - (i) upon completion of the annual audit and prior to public disclosure, review the following with the CEO, CFO and executive officers:
 - (i) annual financial statements, footnotes and management discussion and analysis of financial condition and results of operations;
 - (ii) significant accounting judgements and reporting principles, practices and procedures applied in preparing the financial statements, including newly adopted accounting policies and the reasons for their adoption;
 - (iii) results of the combined audit of the financial statements and internal controls over financial reporting;
 - (iv) significant changes to the audit plan, if any, and any disputes or difficulties with management encountered during the audit, including any disagreements which, if not resolved, would have caused the external auditor to issue a non-standard report on the Corporation's financial statements; and
 - (v) co-operation received by the external auditor during its audit including access to all requested records, data and information.

Accounting Systems, Internal Controls and Procedures

11. The Audit Committee will:
- (a) be satisfied and obtain reasonable assurances from management and the external auditors that:

- (i) accounting systems are reliable;
 - (ii) prescribed internal controls are effective; and
 - (iii) adequate procedures are in place for the review of the disclosure of financial information extracted or derived from the Corporation's financial statements;
- (b) periodically assess the adequacy of accounting systems, internal controls and procedures for the review of disclosure of financial information;
 - (c) direct the external auditor's examinations to particular issues;
 - (d) review control weaknesses identified by the external auditor and management's response; and
 - (e) review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.

Reporting

- 12. The Audit Committee is responsible, following each meeting, to report to the Board regarding its activities, findings, recommendations, any issues that arise with respect to the quality or integrity of the Corporation's financial statements, compliance with applicable law, the performance and independence of the external auditor and the effectiveness of the internal audit function.
- 13. The Audit Committee is responsible for reviewing and recommending their approval to the Board, prior to their distribution, of all:
 - (a) interim and annual financial statements and notes thereto;
 - (b) managements' discussion and analysis of financial condition and results of operations;
 - (c) relevant sections of the annual report, annual information form and management information circular containing financial information;
 - (d) forecasted financial information and forward looking statements;
 - (e) press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and
 - (f) disclosure of the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates.
- 14. The Audit Committee will annually, prior to public disclosure of its annual financial statements, ensure that the external auditor has current participant status with, and is in compliance with any restriction or sanction imposed by the Canadian Public Accountability Board.
- 15. The Audit Committee will prepare any reports required to be prepared by the Committee under applicable law including quarterly reports regarding ongoing investigations made pursuant to the Corporation's Whistleblower Policy.

Governance

- 16. The Audit Committee is responsible to annually review and in its discretion make recommendations to the Board regarding changes to its Mandate and the position description of its Chair.

Materials

17. The Audit Committee has access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

Advisors

18. The Audit Committee has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Audit Committee in the discharge of its duties.

Adopted and approved by the Board: April 24, 2006