



Unaudited Condensed Consolidated
Interim Financial Statements
At June 30, 2015
(expressed in Canadian dollars)

The attached financial statements have been prepared by Management of Matamec Explorations Inc. and have not been reviewed by the auditor.

MATAMEC EXPLORATIONS INC.

Consolidated Statement Interim of Financial Position (unaudited)

(In Canadian dollars)

	Notes	June 30, 2015	December 31, 2014
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	2,389,895	98,846
Short-term deposit, rate of 1,04 %, maturing on October 2015		10,077	10,026
Sales taxes recoverable		33,737	17,471
Tax credits recoverable	7	757,719	1,266,816
Prepaid expenses		68,734	47,573
		<u>3,260,162</u>	<u>1,440,732</u>
Non-current assets			
Non-current portion of tax credits recoverable	7	39,367	20,736
Investment in shares of a private company		1	1
Available-for-sale financial assets (cost: \$45,000; in 2013 \$31,700)	8	25,000	25,000
Property and equipment	9	154,180	162,160
Exploration and evaluation assets	10	5,456,141	7,920,145
		<u>5,674,689</u>	<u>8,128,042</u>
Total assets		<u>8,934,851</u>	<u>9,568,774</u>
Liabilities			
Current liabilities			
Bank advance		-	79,066
Accounts payable and accrued liabilities		1,537,241	1,743,683
		<u>1,537,241</u>	<u>1,822,749</u>
Non-current liabilities			
Non current portion of account payable and accrued liabilities		35,000	35,000
Deferred income taxes		2,682,000	2,755,000
		<u>2,717,000</u>	<u>2,790,000</u>
Total liabilities		<u>4,254,241</u>	<u>4,612,749</u>
Equity attributable to Matamec Explorations Inc.'s shareholders			
Share capital		24,256,671	24,256,671
Contributed surplus		4,829,425	4,816,114
Accumulated other comprehensive income		(20,000)	(20,000)
Deficit		(24,385,486)	(24,096,760)
Total equity		<u>4,680,610</u>	<u>4,956,025</u>
Total liabilities and equity		<u>8,934,851</u>	<u>9,568,774</u>

Subsequent event (note 14)

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) André Gauthier, Director

(signed) Marcel Bergeron, Director

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of net Operation (unaudited)

(In Canadian dollars, excepted the share number)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	\$	\$	\$	\$
Administrative expenses				
Salaries and fringe benefits	4,540	79,833	10,135	163,380
Rent and office expenses	33,443	23,390	61,857	65,746
Consulting fees	13,555	59,083	77,499	142,293
Stock-based compensation	5,493	13,472	13,311	23,196
Trustees and registration fees	4,169	8,244	12,782	16,774
Shareholders' reports	6,160	13,713	7,982	17,670
Professional fees	57,683	196,808	160,785	320,169
Insurance, taxes and licenses	5,363	6,883	10,714	11,282
Travelling and entertainment expenses	5,310	13,963	13,713	75,489
Telecommunications	5,866	6,089	9,556	10,979
Amortization of property and equipment	3,714	4,149	7,428	8,298
Write-off of exploration and evaluation assets	-	164,780	-	164,780
Operating loss	145,296	590,407	385,762	1,020,056
Financial revenues				
Interest and others incomes	(10,790)	(1,992)	(15,159)	(2,978)
Financing fees, interest and bank charges	2,041	22,219	9,754	22,642
	(8,749)	20,227	(5,405)	19,664
Loss before income taxes	136,547	610,634	380,357	1,039,720
Income taxes	(9,251)	(20,861)	(18,631)	(6,000)
Deferred Income tax expenses	(300)	-	(73,000)	-
Net Loss	126,996	589,773	288,726	1,033,720
Net loss per share, basic and diluted	0.001	0.005	0.002	0.009
Weighted-average number of common shares outstanding basic and diluted (in thousands)	136,967	120,300	136,967	120,300

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statement of Comprehensive Income (unaudited)

(In Canadian dollars)

		Three months ended	Three months ended	Six months ended	Six months ended
	Notes	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
		\$	\$	\$	\$
Net loss for the year		126,996	589,773	288,726	1,033,720
Available for sale financial assets:					
Gain on change in fair value of available for sale financial assets	8	20,000	(19,000)	-	13,000
Total comprehensive loss for the year attributable to shareholders		146,996	608,773	288,726	1,020,720

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of Changes in Equity (unaudited)

(In Canadian dollars, excepted the share number)

	Number of common shares outstanding	Share capital (note 11)	Contributed surplus (note 12)	Accumulated other comprehensive income	Deficit	Total of equity attributable to Matamec shareholders
	#	\$	\$	\$	\$	\$
Balance - January 1, 2015	136,966,852	24,256,671	4,816,114	(20,000)	(24,096,760)	4,956,025
Net loss for the period	-	-	-	-	(288,726)	(288,726)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	(288,726)	(288,726)
Share-based compensation	-	-	13,311	-	-	13,311
Balance - June 31, 2015	136,966,852	24,256,671	4,829,425	(20,000)	(24,385,486)	4,680,610
Balance - January 1, 2014	120,300,186	23,256,671	4,795,828	(8,700)	(12,506,793)	15,537,006
Restatement	-	-	-	-	(6,113,704)	(6,113,704)
Balance - January 1, 2014 restated	120,300,186	23,256,671	4,795,828	(8,700)	(18,620,497)	9,423,302
Net loss for the year	-	-	-	-	(1,033,720)	(1,033,720)
Other comprehensive income	-	-	-	13,000	-	13,000
Comprehensive income for the year	-	-	-	13,000	(1,033,720)	(1,020,720)
Share-based compensation	-	-	23,196	-	-	23,196
	-	-	23,196	-	-	23,196
Balance - June 31, 2014	120,300,186	23,256,671	4,819,024	4,300	(19,654,217)	8,425,778

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of Cash Flows (unaudited)

(In Canadian dollars)

	Note	June 31,2015	June 31,2014 (restated)
		\$	\$
Operating activities			
Net loss		(288,726)	(1,033,720)
Adjustment for :			
Stock-based compensation		13,311	23,196
Amortization of property and equipment		7,428	8,298
Write-off of exploration and evaluation assets		-	164,780
Deferred income tax expense		(91,631)	(6,000)
		(359,618)	(843,446)
Change in non-cash working capital items	13	(359,893)	99,984
Cash flows used in operating activities		(719,511)	(743,462)
Investing activities			
Short-term deposit acquisition		(10,077)	(10,005)
Short-term deposit disposal		10,026	100,259
Government assistance received		554,383	-
Exploration and evaluation assets		(543,772)	(191,026)
Gain on disposal of exploration and evaluation assets		3,000,000	-
Cash flows used in investing activities		3,010,560	(100,772)
Increase (decrease) in cash and cash equivalent		2,291,049	(844,234)
Cash and cash equivalents – beginning of period		98,846	783,400
Cash and cash equivalents – end of period		2,389,895	(60,834)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the six months period ended on June 30, 2015 and 2014

(In Canadian dollars)

1. Incorporation, nature of operations and going concern

The Company, incorporated under Part 1A of the Québec Companies Act, is a mining exploration business. The Company's head office is located at 1010 Sherbrooke Street West, suite 700, Montreal (Quebec) Canada, H3A 2R7. Shares of the Company are traded on TSX Venture Exchange under the symbol MAT and OTC QX stock exchange under the symbol IMREF. Matamec Explorations Inc. is the ultimate parent company of the group. It has not yet determined whether the mining properties contain economically recoverable ore reserves. The recoverability of the amounts shown for mining properties depends upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to continue exploration work and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

The Company has not yet determined whether the mining properties and the deferred exploration and evaluation ("E&E") expenditures have economically recoverable ore reserves. Recovery of amounts indicated under mining properties, the deferred exploration and evaluation expenditures and the property and equipment are subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to complete exploration, evaluation, development, construction and profitable future production on its assets or the proceeds from the sale of such assets

These consolidated financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. In making its assessment, management is aware of material uncertainties related to events and conditions that lend a significant doubt on the Corporation's ability to continue as a going concern and, accordingly, of the appropriateness of the use of accounting principles applicable to a going concern, as described in the following paragraph. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

For the period of six months ended on June 30, 2015 the Company recorded a net loss of \$ 288,726 (\$1,033,720 in 2014). In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs and pay general and administration costs. As at June 30, 2015, the Company had a working capital of \$ 1,722,921. Management estimates that these funds will not be sufficient to meet the Company's obligations and budgeted expenditures through June 30, 2016. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. amounts reflected in these unaudited condensed interim financial statements.

Management periodically seeks additional form of financing through the issuance of new equity instruments and the exercise of stock options to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding being available, the Company may be unable to continue its operations, and amounts realized for its assets may be less than amounts recorded in these consolidated financial statements.

Although management has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and may not be in compliance with regulatory requirements.

The Company's financial year ends on December 31, 2015. These consolidated financial statements were approved for issue by the Board of Directors on August 27, 2015.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with the IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements.

The company has consistently applied the accounting policies throughout all periods presented in these consolidated financial statements.

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the six months period ended on June 30, 2015 and 2014

(In Canadian dollars)

3. Restated financial statements

The comparative figures of the financials statements for the period ended June 30, 2014 have been restated to correct the accounting treatment of the taking of participation of Toyotsu Rare Earth Canada Inc. (« TRECan ») in the Kipawa property.

The initial accounting treatment of the transaction which resulted in a gain on disposal of exploration and evaluation assets in the consolidated statements of operations was reversed. In accordance with the most commonly used practices in the industry, the transaction is presented as a farm-out contract using the method proposed by the mining industry task Force on IFRS without regards to the legal form of the transaction.

According to this method :

- The Company uses the book value of it's participation before the conclusion of the farmout agreement as the book value of the remaining participation
- The Company deducts the cash consideration received, if any, of the book value of the book value of the remaining participation, any surplus being recorded as profit in net results.
- The Company does not record the prospection expenses engaged made with the funds supplied by TREcan for the feasibility study.
- The impact on the financial statement is as follows :

	Balance as previously stated	Restatement increase (decrease)	Restated balance
Cash Flows for the period ended on June 30, 2014			
<i>Operating Activities</i>			
Net loss	(589,773) \$	-	(589,773) \$
Change in non-cash working capital items	95,043 \$	4,941	99,984 \$
<i>Total Operating activities</i>			
Increase (decrease) in cash and cash equivalents	(849,175) \$	4,941	(844,234) \$
<i>Cash and cash equivalents - beginning of period</i>	788,341 \$	(4,941)	783,400 \$
<i>Cash and cash equivalents - end of period</i>	(60,834) \$	-	(60,834) \$

4. Significant accounting policies

The significant accounting policies used in the preparation of the Company's consolidated financial statements are described below.

a) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to their fair value (available-for-sale financial assets). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flows information.

b) Basis of consolidation

Subsidiary

The consolidated financial statements include the accounts of Matamec Explorations Inc., and its wholly owned subsidiary Mabec Uranium Inc. The subsidiary is inactive. The reporting date of the annual information of the subsidiary is December 31.

The subsidiary is an entity controlled by the Company since it has the power to govern the subsidiary's financial and operating policies. The existence and effect of potentials rights to vote that can actually be exercised or converted are taken into account to evaluate if the Company controls another entity. The subsidiary accounts are consolidated from the date the Company gets control and cease to be consolidated from the date the Company ceases to have that control. The subsidiary accounting policies are in compliance with the Company's policies.

Jointly controlled asset

In 2013, the Company and Toyota Rare Earth Canada Inc. ("TRECan") control jointly an exploration and evaluation asset, pursuant to a 51/49 joint venture agreement , 51% being the interest of the Company. Information on this asset is presented in Notes 10 (Property Kipawa). Jointly controlled assets involve joint control, and often joint ownership, by the group and venturers of assets contributed or acquired for the purpose of the joint venture, without creating a corporation, partnership or other entity. When the Group's activities are conducted through jointly controlled assets, the Group recognizes its share of jointly controlled assets, any liabilities that it has incurred, and its share of any liabilities incurred jointly with the other venturers in relation to the joint venture, and any expenses that it has incurred in respect of its interest in the joint venture. The agreement between TREcan and the Company, in accordance with the practices most commonly used in the industry, has been accounted for as a farm-out agreement without consideration for the legal form of the agreement. A farm-out arrangement typically involves an entity (i.e., the farmor) agreeing to provide a working interest in a mining property (i.e., the farmee), provided that the farmee makes a cash payment to the farmor and/or incurs certain expenditures on the property to earn that interest.

Until September 18, 2014, termination date of the agreement with TRECan, the Company used the book value of its stake before the conclusion of the agreement with TRECan as book value of the retained interest. The Company has not recorded exploration expenditures for the asset pledged to the funds provided by TRECan for the feasibility study.

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the six months period ended on June 30, 2015 and 2014

(In Canadian dollars)

4. Significant accounting policies (cont'd)

In 2015, the Company and Ressources Québec Inc. (RQ) control jointly an exploration and evaluation asset, pursuant to a 72/28 joint venture agreement, 72 % being the interest of the Company. Information on this asset is presented in Notes 10 (Property Kipawa). Jointly controlled assets involve joint control, and often joint ownership, by the group and venturers of assets contributed or acquired for the purpose of the joint venture, without creating a corporation, partnership or other entity. When the Group's activities are conducted through jointly controlled assets, the Group recognizes its share of jointly controlled assets, any liabilities that it has incurred, and its share of any liabilities incurred jointly with the other venturers in relation to the joint venture, and any expenses that it has incurred in respect of its interest in the joint venture. The agreement between RQ and the Company, in accordance with the practices most commonly used in the industry, has been accounted for as a farm-out agreement without consideration for the legal form of the agreement. A farm-out arrangement typically involves an entity (i.e., the farmor) agreeing to provide a working interest in a mining property (i.e., the farmee), provided that the farmee makes a cash payment to the farmor and/or incurs certain expenditures on the property to earn that interest. As of June 30th, 2015, there is an amount of cash of \$2,358,953 and an amount of \$797,083 of tax credits recoverable that are restricted to this asset exploitation. (see note 6 and 7)

Transactions eliminated on consolidation

Intercompany balances and transactions, including unrealized gains and losses arising from intercompany transactions, are eliminated in the preparation of the consolidated financial statements.

c) *Functional and presentation currency*

Items included in the Matamec's consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

d) *Financial instruments*

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

5. Judgments, estimates and assumption

Many of the amounts included in the financial statements require Management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on Management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Areas of significant judgments and estimates affecting the amounts recognized in the consolidated statements include:

1) Exploration and evaluation assets

Probability of cost recovery at initial recognition

According to the significant accounting policies of the Company, once the legal rights of exploration and evaluation assets are obtained, the costs associated with the acquisition of mineral rights, expenditures on exploration and evaluation of mineral properties and that tax credits and credits on duties associated with such costs are charged to cost of exploration and evaluation assets if Management considers probable that the costs will be recovered through future development or sale of the property. Assessing the probability of recover capitalized costs related to exploration and evaluation assets requires the exercise of judgment in determining if the future economic benefits are probable, which may be based on assumptions and estimates made by management regarding future events. Assumptions and estimates may change if new information proves to be available.

If informations become available that give rise to uncertainty of the recovery of capitalized costs, the amounts capitalized will be written down to their recoverable amounts in the period when these informations become available (see the paragraph concerning critical accounting estimates, judgments and assumptions for impairment of property and equipment, impairment of non-financial assets).

2) Impairment of non-financial assets

The Company's evaluation of the recoverable amount with respect to the non-financial assets is based on numerous assumptions and may differ significantly from actual values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The Company's fair value estimates are based on numerous assumptions. The recoverable amount estimates may differ from actual values and these differences may be significant and could have a material impact on the Company's financial position and result of operations. Assets are reviewed for an indication of impairment at each consolidated statement of financial position date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, expiration of the right to operate in the specific area during the period or in the near future and it is not expected to be renewed; significant expenditures for exploration and subsequent evaluation in a specific area is neither budgeted nor planned; exploration and evaluation of mineral resources commercially viable, the Company decided to discontinue such activities in the specific area; or, sufficient data exist to indicate that, although it is likely that a development in the specific area will continue, the carrying amount of the assets may not be recovered in full following the successful development or sale, strong downward trends in the industry or the economy in general, a significant drop in the price of mineral resources.

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the six months period ended on June 30, 2015 and 2014

(In Canadian dollars)

5. Judgments, estimates and assumption (cont'd)

3) Valuation of share-based payments

The Company records all share-based payments using the fair value method. The Company uses the Black-Scholes options pricing model to determine the fair value of stock options and warrants. The main factor affecting the estimates of the fair value of stock options and warrants is the stock price expected volatility used. The Company currently estimates the expected volatility of its common shares based on its historical volatility for a period of one year before the options and warrants issuance.

4) The estimated useful lives and residual values of property and equipment and the measurement of depreciation expense

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use.

5) Going concern

The Company's ability to achieve its strategy by financing its future needs in working capital requires exercising judgments. More information regarding going concern is presented in Note 1.

6) Uncertain tax positions

The refundable tax credits relating to resources and mining duties credits for losses ("tax credits") for the current period and prior periods are measured at the amount the company expects to recover the tax administrations the closing date. However, there are uncertainties on the interpretation of tax rules, as well as in regard to the amount and timing of the recovery of these tax credits. To determine if its expenses are eligible, the company must demonstrate significant judgment and interpretation, making the recovery of uncertain tax credits. Accordingly, there may be a significant difference between the amount recognized in securities of tax credits receivable and the actual amount of tax credits received as a result of the examination by the tax authorities, questions whose interpretation was uncertain. Should such a difference, an adjustment should be made for tax credits receivable and provisions should potentially be accounted for tax credits previously received by the Company. It may take considerable time before the tax administration report its decisions on issues related to tax credits. Thus, the tax credits payback period can be long. The tax credits that the Company expects to recover within more than one year are classified as non-current assets. The amounts recognized in the financial statements are prepared based on the best estimates of the Company and according to his best judgment, as noted above. However, given the uncertainty inherent in obtaining the approval of the tax administrations, the amount of tax credits that will actually be recovered or the amount to be repaid and the timing of such recovery or disbursed could differ significantly from the accounting estimates, which would affect the financial condition and the Company's cash flows.

7) Mining duties

The accounting treatment of mining duties depends on the Management's intention to achieve production phase or to sell the property to another mining company when the technical feasibility and economical viability of properties are proven. This evaluation is made by property. The Company has determined that it intends to achieve production phase in a near future for Kipawa property only.

6. Cash and cash equivalents

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
	\$	\$
Cash	30,942	98,846
Cash restricted to the joint venture with Ressources Quebec Inc. (note 4 b)	2,358,953	-
	<u>2,389,895</u>	<u>98,846</u>

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the six months period ended on June 30, 2015 and 2014

(In Canadian dollars)

7. Tax credits recoverable

	2015	2014
	\$	\$
Quebec refundable credit on mining duties at rate of 16 %		
Property Kipawa		
2012	271,271	590,987
2013	384,929	384,929
2014	20,297	20,297
2015	18,631	-
	<u>695,128</u>	<u>996,213</u>
Other properties		
2012	-	55,985
2013	13,895	13,895
2014	439	439
	<u>14,334</u>	<u>70,319</u>
Refundable credit for resources related to exploration at rates of 35 % , 38,75 % and 28 % since June 4, 2014		
Property Kipawa		
2013	-	80,565
2014	39,384	39,384
2015	45,285	-
	<u>84,669</u>	<u>119,949</u>
Other properties		
2013	-	98,116
2014	2,955	2,955
	<u>2,955</u>	<u>101,071</u>
Total	<u>797,086</u>	<u>1,287,552</u>
Less: Non-current portion of tax credits recoverable	<u>(39,367)</u>	<u>(20,736)</u>
Current portion of tax credits recoverable	<u>757,719</u>	<u>1,266,816</u>

As at June 30, 2015, all tax credits receivable are reserved for the joint venture with Ressources Québec Inc., as described in note 4 b).

8. Available-for-sale financial assets

On August 19, 2013, the Company has signed an agreement with Canada Strategic Metals. This Company can acquire a 50% undivided interest in Sakami property by issuing 2 million common shares and will spend \$2,250,000 in deferred exploration, left on 3 years. At the date of the agreement 500,000 shares were issued for a consideration of \$22,500.

At the first anniversary of the date of the agreement 500,000 shares were issued for a consideration of \$45,000. On June 30th, 2015, the shares were trading at \$0.05. Consequently, the company recorded an unrealized loss of \$20,000, the fair value of the investment.

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the six months period ended on June 30, 2015 and 2014

(In Canadian dollars)

9. Property and equipment

	Buildings and land	Computer equipment	Office furniture	Exploration amenities and facilities	Total
Net book value	\$	\$	\$	\$	\$
Balance as at January 1, 2015	128,493	59,313	49,842	70,775	308,423
Additions	-	-	-	-	-
Balance as at June 30, 2015	128,493	59,313	49,842	70,775	308,423
Accumulated depreciation					
Balance as at January 1, 2015	14,224	42,398	28,354	61,287	146,263
Depreciation	2,232	2,190	2,142	1,416	7,980
Balance as at June 30, 2015	16,456	44,588	30,496	62,703	154,243
Net book value at June 30, 2015	112,037	14,725	19,346	8,072	154,180
Net book value					
Balance as at January 1, 2014	128,493	59,313	49,842	70,775	308,423
Additions	-	-	-	-	-
Balance as at June 30, 2014	128,493	59,313	49,842	70,775	308,423
Accumulated depreciation					
Balance as at January 1, 2014	9,568	36,386	22,990	57,219	126,163
Depreciation	2,328	3,006	2,682	2,034	10,050
Balance as at March 31, 2014	11,896	39,392	25,672	59,253	136,213
Net book value at June 30, 2014	116,597	19,921	24,170	11,522	172,210

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the six months period ended on June 30, 2015 and 2014

(In Canadian dollars)

10. Deferred exploration

Mining properties

		December 31, 2014	Additions	Disposal	Write off	June 30, 2015
	Interest	\$	\$	\$	\$	\$
Sakami	100%	45,110	-	-	-	45,110
Zeus	100%	-	14,061	-	-	14,061
Kipawa Rare Earths JV	72%	701,808	-	(495,130)	-	206,678
Valmont	100%	-	6,986	-	-	6,986
Vulcain	100%	-	1,086	-	-	1,086
Matheson Pelangio	100%	27,141	-	-	-	27,141
Matheson	50%	1,581,455	-	-	-	1,581,455
		2,355,514	22,133	(495,130)	-	1,882,517

Deferred exploration and evaluation expenditures

	December 31, 2014	Additions	Disposal	Tax credits	Write off	June 30, 2015
	\$	\$	\$	\$	\$	\$
Sakami	2,213,091	-	-	-	-	2,213,091
Zeus	-	1,878	-	-	-	1,878
Kipawa Rare Earths JV	2,086,321	463,834	(2,504,870)	(45,285)	-	-
Valmont	-	53,707	-	-	-	53,707
Vulcain	-	6,741	-	-	-	6,741
Matheson Pelangio	304,971	-	-	-	-	304,971
Matheson JV	960,248	32,988	-	-	-	993,236
	5,564,631	559,148	(2,504,870)	(45,285)	-	3,573,624
Total	7,920,145	581,281	(3,000,000)	(45,285)	-	5,456,141

Mining properties

		December 31, 2013	Additions	Disposal	Write off	June 30, 2014
	Interest	\$	\$	\$	\$	\$
Sakami	100%	112,610	-	-	-	112,610
Zeus	100%	54,234	-	-	(24,640)	29,594
Kipawa Rare Earths JV	51%	421,667	-	-	-	421,667
Tansim	100%	44,368	-	-	-	44,368
Valmont	100%	112,318	-	-	-	112,318
Vulcain	100%	175,687	-	-	(15,440)	160,247
Matheson Pelangio	100%	27,141	-	-	-	27,141
Matheson JV	50%	1,581,454	-	-	-	1,581,454
		2,529,479	-	-	(40,080)	2,489,399

Deferred exploration and evaluation expenditures

	December 31, 2013	Additions	Disposal	Tax credits	Write off	June 30, 2014
	\$	\$	\$	\$	\$	\$
Sakami	2,206,869	8,797	-	(54)	-	2,215,612
Zeus	1,701,925	10,613	-	(35,879)	-	1,676,659
Kipawa Rare Earths JV	429,083	589,561	-	(135,896)	-	882,748
Tansim	227,317	-	-	(464)	-	226,853
Valmont	351,691	-	-	(4,971)	-	346,720
Vulcain	1,512,030	-	-	-	(124,701)	1,387,329
Matheson Pelangio	304,971	-	-	-	-	304,971
Matheson JV	872,247	24,772	-	-	-	897,019
	7,606,133	633,743	-	(177,264)	(124,701)	7,937,911
Total	10,135,612	633,743	-	(177,264)	(164,781)	10,427,310

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the six months period ended on June 30, 2015 and 2014

(In Canadian dollars)

11. Financial instruments and risk management

Interest rate risk

Part of cash and cash equivalents and short-term deposit bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company has a cash balance and the Company's current policy is to invest excess cash in term deposits of interest-bearing accounts of Canada's major chartered bank. As of June 30, 2015 the Company had \$10,077 (\$10,026 as at December 31, 2014) invested in term deposits bearing interest at 1.04% (1.04% as at December 31, 2014). Sensitivity to a plus or minus 1% change in the rates would not significantly affect the reported net loss and reported shareholders' equity.

Fair value

Fair value of financial instruments is presented as follow:

	June 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial assets				
Loans and receivables				
Cash and cash equivalent	2,389,895	2,389,895	98,846	98,846
Short-term deposit	10,077	10,077	10,026	10,026
Total	2,399,972	2,399,972	108,872	108,872
Available-for-sale				
Investment in share of a private company	1	1	1	1
Investment in shares of a listed company	25,000	25,000	25,000	25,000
	25,001	25,001	25,001	25,001
Financial liabilities, at amortized cost				
Bank advance	-	-	79,066	79,066
Trade payable and accrued liabilities	1,572,241	1,572,241	1,166,098	1,166,098
	1,572,241	1,572,241	1,245,164	1,245,164

MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements
For the six months period ended on June 30, 2015 and 2014
(In Canadian dollars)

11. Financial instruments and risk management (cont'd)

* The fair value of the investment in a private company cannot be determined since it does not trade on an active market.

The estimative fair value is established at the date of the consolidated statement of financial position using the relevant information available on the market and other information on financial instruments.

Above Company's financial instruments, classified as loans and receivables, have a fair value which approximates their carrying value due to their short-term maturity. The fair value of the investment in listed shares is based on market prices.

Fair value hierarchy

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level two includes inputs that are observable other than quoted prices included in level one;
- Level three includes inputs that are not based on observable market data.

Input level used by the Company to assess fair value is level one.

12. Commitments and contingencies

On May 1st, 2013, the Company agreed to pay to its President, André Gauthier, a compensation sum corresponding of two months salaries plus two months salaries per year of services in case of separation and subject to additional conditions. As of June 30, 2015 the obligation represent an amount of \$364,000.

13. Supplemental Cash flow information

	<u>2015</u>	<u>2014</u>
	\$	\$
Changes in non-cash working capital items		
Decrease sales taxes recoverable	(16,266)	105,620
Decrease (increase) of other receivables	-	(412)
Decrease (increase) of prepaid expenses	(21,161)	5,460
Decrease (increase) of tax credits recoverable	(45,285)	(551,841)
Increase (decrease) of accounts payable and accrued liabilities	(277,181)	541,157
	<u>(359,893)</u>	<u>99,984</u>

14. Subsequent event

As of July 30 2015, Toyotu Rare Earth Canada Inc. has assigned its interest in the Agreement to Toyota Tshsho Corporation which will assume all of Toyotsu Rare Earth Canada Inc's obligations as part of the future 10 % royalty on profit net operating the Kipawa deposit hold by the joint venture Kipawa Rare Earth.