



Unaudited Condensed Consolidated  
Interim Financial Statements  
At September 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	September 30, 2015	December 31, 2014
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	2,297,140	98,846
Short-term deposit, rate of 1,04 %, maturing on October 2015		10,104	10,026
Sales taxes recoverable		17,675	17,471
Tax credits recoverable	7	480,544	1,266,816
Prepaid expenses		27,066	47,573
		<u>2,832,529</u>	<u>1,440,732</u>
<b>Non-current assets</b>			
Non-current portion of tax credits recoverable	7	54,357	20,736
Investment in shares of a private company		1	1
Available-for-sale financial assets (cost: \$60,000)	8	30,000	25,000
Property and equipment	9	151,041	162,160
Exploration and evaluation assets	10	5,963,264	7,920,145
		<u>6,198,663</u>	<u>8,128,042</u>
<b>Total assets</b>		<u>9,031,192</u>	<u>9,568,774</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank advance		25,000	79,066
Accounts payable and accrued liabilities		1,487,092	1,743,683
		<u>1,512,092</u>	<u>1,822,749</u>
<b>Non-current liabilities</b>			
Non current portion of account payable and accrued liabilities		167,629	35,000
Deferred income taxes		2,601,600	2,755,000
		<u>2,769,229</u>	<u>2,790,000</u>
<b>Total liabilities</b>		<u>4,281,321</u>	<u>4,612,749</u>
<b>Equity attributable to Matamec Explorations Inc.'s shareholders</b>			
Share capital		24,256,671	24,256,671
Contributed surplus		4,852,827	4,816,114
Accumulated other comprehensive income		(30,000)	(20,000)
Deficit		(24,329,627)	(24,096,760)
<b>Total equity</b>		<u>4,749,871</u>	<u>4,956,025</u>
<b>Total liabilities and equity</b>		<u>9,031,192</u>	<u>9,568,774</u>

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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$	\$	\$
<b>Administrative expenses</b>				
Salaries and fringe benefits	5,634	51,143	15,769	214,523
Rent and office expenses	36,192	23,865	98,049	89,611
Consulting fees	15,164	40,630	92,663	182,923
Stock-based compensation	23,402	17,213	36,713	40,409
Trustees and registration fees	2,427	3,027	15,209	19,801
Shareholders' reports	3,025	26,126	11,007	43,796
Professional fees	92,746	84,129	253,530	404,297
Insurance, taxes and licenses	5,118	4,362	15,832	15,644
Travelling and entertainment expenses	7,548	9,875	21,260	85,363
Telecommunications	14,531	8,745	24,087	19,725
Amortization of property and equipment	3,685	4,149	11,113	12,447
Write-off of exploration and evaluation assets	-	204,912	-	369,692
Administration fees	(164,505)	-	(164,505)	-
<b>Operating loss</b>	<b>44,967</b>	<b>478,176</b>	<b>430,727</b>	<b>1,498,231</b>
<b>Financial revenues</b>				
Interest and others incomes	(5,309)	(25,093)	(20,468)	(28,070)
Financing fees, interest and bank charges	(125)	11,176	9,629	33,818
	(5,434)	(13,917)	(10,839)	5,748
<b>Loss before income taxes</b>	<b>39,533</b>	<b>464,259</b>	<b>419,888</b>	<b>1,503,979</b>
Income taxes	(14,990)	182,000	(33,621)	176,000
Deferred Income tax expenses	(80,400)	-	(153,400)	-
<b>Net loss (net gain)</b>	<b>(55,857)</b>	<b>646,259</b>	<b>232,867</b>	<b>1,679,979</b>
<b>Net loss per share, basic and diluted</b>	<b>0.000</b>	<b>0.005</b>	<b>0.002</b>	<b>0.014</b>
<b>Weighted-average number of common shares outstanding basic and diluted (in thousands)</b>	<b>136,967</b>	<b>120,300</b>	<b>136,967</b>	<b>120,300</b>

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)

	Notes	Three months ended September 30, 2015 \$	Three months ended September 30, 2014 \$	Six months ended September 30, 2015 \$	Six months ended September 30, 2014 \$
Net loss (net income) for the year		(55,857)	646,259	232,867	1,679,979
Available for sale financial assets:					
Perte (gain) on change in fair value of available for sale financial assets	8	10,000	(10,000)	10,000	(23,000)
Gain on sales of available for sale financial assets		-	(18,260)	-	(18,260)
Other comprehensive loss, net of income taxes		<b>10,000</b>	<b>(28,260)</b>	10,000	(41,260)
<b>Total comprehensive loss for the year attributable to shareholders</b>		<b>(45,857)</b>	<b>617,999</b>	242,867	1,638,719

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# 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 \$
<b>Balance - January 1, 2015</b>	136,966,852	24,256,671	4,816,114	(20,000)	(24,096,760)	<b>4,956,025</b>
Net loss for the period	-	-	-	-	(232,867)	<b>(232,867)</b>
Other comprehensive loss	-	-	-	(10,000)	-	<b>(10,000)</b>
Comprehensive loss for the year	-	-	-	(10,000)	(232,867)	<b>(242,867)</b>
Share-based compensation	-	-	36,713	-	-	<b>36,713</b>
<b>Balance - September 30, 2015</b>	<b>136,966,852</b>	<b>24,256,671</b>	<b>4,852,827</b>	<b>(30,000)</b>	<b>(24,329,627)</b>	<b>4,749,871</b>
<b>Balance - January 1, 2014</b>	120,300,186	23,256,671	4,795,828	(8,700)	(12,506,793)	<b>15,537,006</b>
<b>Restatement</b>	-	-	-	-	(6,113,704)	<b>(6,113,704)</b>
<b>Balance - January 1, 2014 restated</b>	120,300,186	23,256,671	4,795,828	(8,700)	(18,620,497)	<b>9,423,302</b>
Net loss for the year	-	-	-	-	(1,679,979)	<b>(1,679,979)</b>
Other comprehensive income	-	-	-	41,260	-	<b>41,260</b>
Comprehensive learning for the year	-	-	-	41,260	(1,679,979)	<b>(1,638,719)</b>
Share-based compensation	-	-	40,409	-	-	<b>40,409</b>
	-	-	<b>40,409</b>	-	-	<b>40,409</b>
<b>Balance - September 30, 2014</b>	<b>120,300,186</b>	<b>23,256,671</b>	<b>4,836,237</b>	<b>32,560</b>	<b>(20,300,476)</b>	<b>7,824,992</b>

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	September 30, 2015	September 30, 2014 (restated)
		\$	\$
<b>Operating activities</b>			
Net loss		(242,867)	(1,679,979)
Adjustment for :			
Stock-based compensation		36,713	40,409
Amortization of property and equipment		11,113	12,447
Write-off of exploration and evaluation assets		-	369,692
Deferred income tax expense		(187,021)	176,000
		(382,062)	(1,081,431)
Change in non-cash working capital items	14	(290,250)	560,465
<b>Cash flows used in operating activities</b>		<b>(672,312)</b>	<b>(520,966)</b>
<b>Investing activities</b>			
Short-term deposit acquisition		(10,104)	(10,005)
Short-term deposit disposal		10,026	100,259
Proceeds on disposal of available-for-sale financial assets		-	41,760
Government assistance received		980,760	-
Exploration and evaluation assets		(1,109,254)	(597,273)
Gain on disposal of exploration and evaluation assets		3,000,000	-
Property and equipment acquisition		(822)	-
<b>Cash flows used in investing activities</b>		<b>2,870,606</b>	<b>(465,259)</b>
<b>Financing activities</b>			
Long term liability		-	105,000
<b>Cash flows generated from financing activities</b>		<b>-</b>	<b>105,000</b>
<b>Increase (decrease) in cash and cash equivalent</b>		<b>2,198,294</b>	<b>(881,225)</b>
<b>Cash and cash equivalents – beginning of period</b>		<b>98,846</b>	<b>783,400</b>
<b>Cash and cash equivalents – end of period</b>		<b>2,297,140</b>	<b>(97,825)</b>

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 nine months period ended on September 30, 2015 and 2014

(In Canadian dollars)

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## 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 nine months ended on September 30, 2015 the Company recorded a net loss of \$ 232,867 ( \$1,679,979 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 September 30, 2015, the Company had a working capital of \$ 1,320,166. Management estimates that these funds will not be sufficient to meet the Company's obligations and budgeted expenditures through September 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 November 19, 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 nine months period ended on September 30, 2015 and 2014  
(In Canadian dollars)

### 3. Restated financial statements

The comparative figures of the financials statements for the period ended September 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
<b>Cash Flows for the period ended on September 30, 2014</b>			
<i>Operating Activities</i>			
	\$		\$
Net loss	(1,679,979) \$	-	(1,679,979) \$
Change in non-cash working capital items	555,524 \$	4,941	560,465 \$
<i>Total Operating activities</i>			
Increase (decrease) in cash and cash equivalents	(886,166) \$	4,941	(881,225) \$
<i>Cash and cash equivalents - beginning of period</i>	788,341 \$	(4,941)	783,400 \$
<i>Cash and cash equivalents - end of period</i>	(97,825) \$	-	(97,825) \$

### 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 nine months period ended on September 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 September 30th, 2015, there is an amount of cash of \$2,293,074 and an amount of \$442,812 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 nine months period ended on September 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 incertitudes 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

	Septembre 30, 2015	December 31, 2014
	\$	\$
Cash	4,066	98,846
Cash restricted to the joint venture with Ressources Quebec Inc. (note 4 b)	2,293,074	-
	2,297,140	98,846

# MATAMEC EXPLORATIONS INC.

Condensed Notes to the Interim Financial Statements

For the nine months period ended on September 30, 2015 and 2014

(In Canadian dollars)

## 7. Tax credits recoverable

	2015	2014
	\$	\$
<b>Quebec refundable credit on mining duties at rate of 16 %</b>		
Property Kipawa		
2012	-	590,987
2013	384,929	384,929
2014	20,297	20,297
2015	33,621	-
	<u>438,847</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>
<b>Refundable credit for resources related to exploration at rates of 35 % , 38,75 % and 28 % since June 4, 2014</b>		
Property Kipawa		
2013	-	80,565
2014	-	39,384
2015	81,720	-
	<u>81,720</u>	<u>119,949</u>
Other properties		
2013	-	98,116
2014	-	2,955
	<u>-</u>	<u>101,071</u>
Total	534,901	1,287,552
Less: Non-current portion of tax credits recoverable	(54,357)	(20,736)
<b>Current portion of tax credits recoverable</b>	<u>480,544</u>	<u>1,266,816</u>

As at September 30, 2015, an amount of \$442,812 of the tax credits receivable is 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 second anniversary of the date of the agreement 500,000 shares were issued for a consideration of \$45,000. At the third anniversary of the date of the agreement 500,000 shares were issued for a consideration of \$15,000. On September 30th, 2015, the shares were trading at \$0.03. Consequently, the company recorded an unrealized loss of \$10,000, the fair value of the investment.

# MATAMEC EXPLORATIONS INC.

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(In Canadian dollars)

## 9. Property and equipment

	Buildings and land	Computer equipment	Office furniture	Exploration amenities and facilities	Total
<b>Net book value</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at January 1, 2015	128,493	59,313	49,842	70,775	308,423
Additions	-	822	-	-	822
Balance as at September 30, 2015	128,493	60,135	49,842	70,775	309,245
<b>Accumulated depreciation</b>					
Balance as at January 1, 2015	14,224	42,398	28,354	61,287	146,263
Depreciation	3,348	3,256	3,213	2,124	11,941
Balance as at September 30, 2015	17,572	45,654	31,567	63,411	158,204
<b>Net book value at September 30, 2015</b>	<b>110,921</b>	<b>14,481</b>	<b>18,275</b>	<b>7,364</b>	<b>151,041</b>
<b>Net book value</b>					
Balance as at January 1, 2014	128,493	59,313	49,842	70,775	308,423
Additions	-	-	-	-	-
Balance as at September 30, 2014	128,493	59,313	49,842	70,775	308,423
<b>Accumulated depreciation</b>					
Balance as at January 1, 2014	9,568	36,386	22,990	57,219	126,163
Depreciation	3,492	4,509	4,023	3,051	15,075
Balance as at September 30, 2014	13,060	40,895	27,013	60,270	141,238
<b>Net book value at September 30, 2014</b>	<b>115,433</b>	<b>18,418</b>	<b>22,829</b>	<b>10,505</b>	<b>167,185</b>

# MATAMEC EXPLORATIONS INC.

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(In Canadian dollars)

## 10. Deferred exploration Mining properties

		December 31, 2014	Additions	Disposal	Write off	September 30, 2015
	Interest	\$	\$	\$	\$	\$
Sakami	100%	45,110	0	(15,000)	-	30,110
Zeus	100%	-	14,061	-	-	14,061
Kipawa Rare Earths JV	72%	701,808	-	(29,390)	-	672,418
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
		<b>2,355,514</b>	<b>22,133</b>	<b>(44,390)</b>	-	<b>2,333,257</b>

### Deferred exploration and evaluation expenditures

	December 31, 2014	Additions	Disposal	Tax credits	Write off	September 30, 2015
	\$	\$	\$	\$	\$	\$
Sakami	2,213,091	-	-	-	-	2,213,091
Zeus	-	3,812	-	-	-	3,812
Kipawa Rare Earths JV	2,086,321	1,078,777	(2,970,610)	(194,488)	-	-
Tansim	-	111	-	-	-	111
Valmont	-	53,707	-	-	-	53,707
Vulcain	-	6,741	-	-	-	6,741
Matheson Pelangio	304,971	-	-	-	-	304,971
Matheson JV	960,248	87,326	-	-	-	1,047,574
	<b>5,564,631</b>	<b>1,230,474</b>	<b>(2,970,610)</b>	<b>(194,488)</b>	-	<b>3,630,007</b>
Total	<b>7,920,145</b>	<b>1,252,607</b>	<b>(3,015,000)</b>	<b>(194,488)</b>	-	<b>5,963,264</b>

### Mining properties

		December 31, 2013	Additions	Disposal	Write off	September 30, 2014
	Interest	\$	\$	\$	\$	\$
Sakami	100%	112,610	-	-	-	112,610
Zeus	100%	54,234	-	-	(18,908)	35,326
Kipawa Rare Earths JV	51%	421,667	280,142	-	-	701,809
Tansim	100%	44,368	-	-	-	44,368
Valmont	100%	112,318	-	-	-	112,318
Vulcain	100%	175,687	-	-	(7,332)	168,355
Matheson Pelangio	100%	27,141	-	-	-	27,141
Matheson JV	50%	1,581,454	-	-	-	1,581,454
		<b>2,529,479</b>	<b>280,142</b>	-	<b>(26,240)</b>	<b>2,783,381</b>

### Deferred exploration and evaluation expenditures

	December 31, 2013	Additions	Disposal	Tax credits	Write off	September 30, 2014
	\$	\$	\$	\$	\$	\$
Sakami	2,206,869	7,356	-	(54)	-	2,214,171
Zeus	1,701,925	14,375	-	(35,879)	(190,591)	1,489,830
Kipawa Rare Earths JV	429,083	604,731	-	299,161	-	1,332,975
Tansim	227,317	-	-	(464)	(2,116)	224,737
Valmont	351,691	-	-	(4,971)	(4,828)	341,892
Vulcain	1,512,030	-	-	-	(145,917)	1,366,113
Matheson Pelangio	304,971	-	-	-	-	304,971
Matheson JV	872,247	47,877	-	-	-	920,124
	<b>7,606,133</b>	<b>674,339</b>	-	<b>257,793</b>	<b>(343,452)</b>	<b>8,194,813</b>
Total	<b>10,135,612</b>	<b>954,481</b>	-	<b>257,793</b>	<b>(369,692)</b>	<b>10,978,194</b>

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

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For the nine months period ended on September 30, 2015 and 2014

(In Canadian dollars)

## 11. Stock options

### Stock options

An amount of 1,975,000 stock options has been granted to the administrators and employees with a stock price of \$0,10 for a period of 5 years. With respect to shares of stock options granted during the period of three months ended on September 30, 2015 an amount of \$ 23,402 was recognized in earnings and credited to contributed surplus compared to \$ 17,213 for the same period in 2014.

The fair value of each option granted was estimated using the valuation model "Black-Scholes" based on the following weighted average assumptions for the awards granted during the year.

	<u>2015</u>	<u>2014</u>
The average share price at grant date	\$0,03	\$0,07
Expected volatility	130.50%	69,60 %
Risk free interest rate	0.75%	1,58 %
Expected life (in years)	5	4,40
Expected forfeiture rate for the option not vesting immediately	0	0
The average exercise price at grant date	\$0,10	\$0,10
Fair value of stock options granted at market value	\$0,023 - \$0,031	\$0,03

The expected volatility has been calculated using the historical weekly stock price of the Company shares for a twelve months period prior to grant.

## 12. 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 September 30,2015 the Company had \$10,103 (\$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:

	<u>September 31, 2015</u>		<u>December 31, 2014</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
	\$	\$	\$	\$
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalent	2,297,140	2,297,140	98,846	98,846
Short-term deposit	10,104	10,104	10,026	10,026
Total	2,307,244	2,307,244	108,872	108,872
<b>Available-for-sale</b>				
Investment in share of a private company	1	1	1	1
Investment in shares of a listed company	30,000	30,000	25,000	25,000
	30,001	30,001	25,001	25,001
<b>Financial liabilities, at amortized cost</b>				
Bank advance	25,000	25,000	79,066	79,066
Trade payable and accrued liabilities	1,654,721	1,654,721	1,166,098	1,166,098
	1,679,721	1,679,721	1,245,164	1,245,164

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

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12. 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.

13. 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 September 30, 2015 the obligation represent an amount of \$364,000.

14. Supplemental Cash flow information

	2015	2014
	\$	\$
Changes in non-cash working capital items		
Decrease sales taxes recoverable	(204)	134,818
Decrease (increase) of other receivables	-	(9,623)
Decrease (increase) of prepaid expenses	20,507	236
Decrease (increase) of tax credits recoverable	(194,488)	(116,784)
Increase (decrease) of accounts payable and accrued liabilities	(111,065)	551,818
Increase deposit of sale interest of a property	(5,000)	-
	(290,250)	560,465