MATAMEC

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2015

INTRODUCTION

This management discussion and analysis provides an overview of the Company's operations, performance and financial position for the year 2015, and compares the 2015 results to those of 2014 prepared in accordance with IFRS. It is intended to complement and supplement financial information included in restated interim and annual consolidated financial statements, related notes, other financial information found elsewhere in the annual information form or other documents filed on SEDAR at www.sedar.com. As a result, it should be read in conjunction with such financial information. This management's discussion and analysis is current as at April 29th, 2016 and as of this date 136,966,852 shares and 5,376,800 options were issued and outstanding. Reference to "Matamec" or the "Company" refers to Matamec Explorations Inc. All amounts are in Canadian dollars unless otherwise indicated.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This management discussion and analysis may contain forward-looking statements related to financial information that reflect Management's current expectations with regard to future events. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate. Factors that could cause future results, activities and events to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, volatility in the metal and industrial mineral prices such as rare earths, risk inherent to the mining industry, uncertainty regarding the mineral resource estimation and additional funding requirements, as well as the Company's ability to secure such funding. These risks and uncertainties are described in this management's discussion and analysis.

INCORPORATION AND NATURE OF OPERATIONS

Incorporation

The Company was incorporated under section 1A of the Business Corporation Act (Quebec).

Nature of Operations

The Company focuses on exploration of mineral properties for possible future commercial exploitation. The Company does not currently have any mines in production. The Company has 100% of six mineral properties in its portfolio, one of which is currently under option; one joint venture with 72% Company ownership, two joint ventures of 50%, and royalty on two others. Seven properties (Kipawa Rare Earths JV, Sakami, Tansim, Valmont, Vulcain, Wachigabau and Zeus) are located in Quebec and four properties (HMR, Matheson JV, Matheson-Pelangio and Montclerg) are in Ontario. These properties total 438 mining claims covering an area of 24,641 hectares in Quebec and 26 claims for 1,398 hectares in Ontario. The properties are being explored for precious metals, base metals, rare metals and rare earths.

The Company's main focus is on the exploration and development of the REE-yttrium-zirconium Kipawa deposit, located in Temiscaming in south-western Quebec. The Kipawa deposit owned by the Kipawa rare earths JV is enriched in heavy rare earth elements and can be considered one of the best potential sources in the world outside of China.

Going Concern

Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to pursue exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. The Company will periodically need to obtain new funds to pursue its activities. While it has always succeeded in doing so to date, there can be no assurance that it will continue to do so in the future.

HIGHLIGHTS FOR THE FINANCIAL YEAR 2015

- On January 27, 2015, the Company announced the creation of a joint venture with Ressources Quebec Inc. ("RQ") to acquire an undivided interest of 28% in the Kipawa property for an amount payment of $3M;

- On March 2, 2015, the Company announced the nomination of Mr. Pierre Leblanc as an independent director and 400,000 stock options were granted to Mr. Leblanc;

- On April 15 and 20, and on June 9, 2015, Canada Strategic Metals and Matamec announced the results of its most recent exploration campaign, completed in March 2015, on the Sakami gold property. The new results confirm the westward and northwestward extension and the depth of the Zone 25 gold envelope;

- On June 22, 2015, the Annual and Special Meeting of Shareholders was held and all items on the agenda were approved by shareholders;

- On August 6, 2015, the Company was informed that the future 10% NPI royalty held by Toyotsu Rare Earth Canada Inc. on the Kipawa property was now held by Toyota Tsusho Corp. (Nagoya, Japan);

- On August 14, 2015, Matamec received a certificate of 500,000 shares issued by CSM for the 3rd annual payment of the option agreement on the Kipawa property;

- On August 27, 2015, 1,575,000 stock options were granted to the directors and employees of Matamec;

- On August 28, 2015, Mr. François Biron, senior professional mining engineer, was nominated director of the Company and 400,000 stocks options were granted to Mr. Biron;

- On September 30, Canada Strategic Metals and Matamec announced the discovery of a new gold zone located in the "de la Péninsule" sector on the Sakami property;

- Last summer, the 2015-2017 work program began on the Kipawa deposit;

- On December 21, 2015 the Company signed an agreement with Glencore and Goldcorp related to properties located on the Hoyle and Matheson townships;
- On March 2, 2016 Matamec closed the agreement with Glencore and Goldcorp related to properties located on the Hoyle and Matheson townships and received CAD$500,000 and NSR royalties on the new property named Hoyle-Matheson Royalties;
- On April 4, 2016 the Company announced that the La Pointe area of the Sakami property revealed additional gold potential;
- On April 18, 2016 Matamec highlighted the gold potential of the Hoyle-Matheson Royalties property;
- On April 25, 2016 Canada Strategic Metals and Matamec highlighted the regional setting of the Sakami Gold property.

NEW INDEPENDENT DIRECTOR

On March 2nd, 2015, Pierre Leblanc joined the Company's Board of Directors as an independent director. He has 37 years' experience at KPMG, including 29 as an audit partner. He thus acquired an impressive track record as an auditor of Canadian and American public companies and was a securities audit partner in Canada. Mr. Leblanc directed the audit group for clients operating in the natural resources (forestry and mining) sector. He was also the leader of KPMG initiatives related to Quebec's Plan Nord. Pierre retired from KPMG on October 1, 2013.

In the course of his professional career, Mr. Leblanc acted as partner responsible for professional practice at KPMG's Quebec City office for 13 years. He then became one of the professional practice partners at KPMG in Montreal, a position he held for three years before returning full time as Partner responsible for auditing of Canadian and American public companies. Mr. Leblanc was accredited as a securities audit partner in Canada for over fifteen years and participated in many public offerings (debt and equity), both in Canada and in the United States.

Mr. Leblanc holds a Bachelor of Business Administration degree from the Université du Québec à Chicoutimi, obtained in 1976, and has been a member of the Canadian Institute of Chartered Professional Accountants and the Ordre des comptables professionnels agréés du Québec since 1978.

According to the Company policies, the Board of Directors granted 400,000 stock options to Mr. Leblanc at an exercise price of $0.10 per share for a period of 5 years. Terms and conditions of exercise are regulated by the Stock Option Plan to purchase shares of the Company.

On August 28, Mr. François Biron joined our Board of Directors as an independent director. Mr. Biron is a senior professional mining engineer with 40 years of experience in the mining industry. His extensive experience in mining operations has been developed through acting in several senior site-based positions with well-known international mining companies. Among others, he has acquired expertise in gold, base metals and industrial mineral sectors. Mr. Biron has an entrepreneurial vision oriented towards the development of the business while respecting its responsibilities regarding health and safety, the environment, and community relations.

He has participated in the management of major open pit mines with the best operating standards to achieve goals and corporate objectives. On a recent project for a mining operation, Mr. Biron led an experienced team in outlining an initiative that involved integrating the concept of social acceptability and public consultations with local communities into a program that used new technologies for automating and improving the mining process.

According to the Company policies, the Board of Directors granted 400,000 stock options to Mr. Biron at an exercise price of $0.10 per share for a period of 5 years. Terms and conditions of exercise are regulated by the Stock Option Plan to purchase shares of the Company.

FINANCING

The Company has not arranged any financing via the issue of any new common shares, nor via any other type of arrangement during the fiscal year ending December 31, 2015. During the fiscal year, it created the Kipawa Rare Earth Joint Venture (JV) with Ressources Québec (RQ) and granted a 28% interest in the Kipawa property to RQ in exchange for a payment of $3M made to the joint account of the JV.

PROJECTS AND NEW ACQUISITIONS

During the period, the Company focused mainly its efforts on the heavy rare earth-enriched (HREE) Kipawa deposit owned by the Kipawa Rare Earth JV. No new projects have been undertaken during the year ending on December 31st, 2015.

EXPLORATION ACTIVITIES (MINING PROPERTIES)

Exploration Activities (Mining Properties) (cont'd)

The allocation by properties of mining properties and deferred exploration costs of $486,321 (906 330$ in 2014) incurred during the period is as follows:

Mining Properties as of December 31, 2015									
	Ontario		**Quebec**						
	Matheson Pelangio	**Matheson JV**	**Valmont**	**Vulcain**	**Sakami**	**Kipawa JV**	**Zeus**	**Tansim**	**Total**
	$	**$**	**$**	**$**	**$**		**$**	**$**	**$**
Balance - beginning	27,141	1,581,454	-	-	45,110	701,809	-	-	2,355,514
Variance for the year	(27,141)	(720,399)	6,986	1,086	(45,110)	-	-	-	-
Total per province	**-**	**(747,540)**	**-**	**-**	**-**	**-**	**-**	**(37,038)**	**(784,578)**
Balance – December 31, 2015	**-**	**861,055**	**6,986**	**1,086**	**-**	**701,809**	**-**	**-**	**1,570,936**

Mining Properties as of December 31, 2014									
	Ontario		**Quebec**						
	Matheson Pelangio	**Matheson JV**	**Valmont**	**Vulcain**	**Sakami**	**Kipawa JV**	**Zeus**	**Tansim**	**Total**
	$	**$**	**$**	**$**	**$**		**$**	**$**	**$**
Balance - beginning	27,141	1,581,454	112,318	175,687	90,110	421,667	54,234	44,368	**2,506,979**
Variance for the year	-	-	(112,318)	(175,687)	(45,000)	280,142	(54,234)	(44,368)	-
Total per province	-	-	-	-	-	-	-	**(151,465)**	**(151,465)**
Balance – December 31, 2014	**27,141**	**1,581,454**	**-**	**-**	**45,110**	**701,809**	**-**	**-**	**2,355,514**

Exploration Activities (Mining Properties) (cont'd)

The allocation by properties of mining properties and deferred exploration costs of $486,321 incurred during the period is as follow:

Deferred Exploration Costs December 31, 2015									
	Ontario		Quebec						
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Sakami	Kipawa	Zeus	Tansim	Total
	$	$	$	$	$	$	$	$	$
Balance - beginning	304,971	960,248	-	-	2,213,090	2,086,322	-	-	5,564,631
Analysis	-	-	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	-	-	-
Geology, geochemistry, geophysics and prospection	-	-	-	-	-	-	-	-	-
Line cutting	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	-	-
Travelling and lodging	-	-	-	-	-	-	-	-	-
Other exploration expenses	-	175,219	-	-	-	246,731	-	-	421,950
Permits	-	-	53,707	6,740	-	-	3,813	111	64,371
Amortization of property and equipment	-	-	-	-	-		-	-	-
Total	-	175,219	53,707	6,740	-	246,731	3,813	111	
Total per province	**-**	**175,219**	**-**	**-**	**-**	**-**	**-**	**311,101**	
Total Quebec/Ontario	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**486,321**
Write-off	(304,971)	(1,135,467)	-	-	(2,213,090)	-	(3,813)	-	(3,657,341)
Tax credits	-	-	-	-	-	(60,705)	-	-	(60,705)
Total including write-off and tax credits	**(304,971)**	**(960,248)**	**53,707**	**6,740**	**(2,213,090)**	**186,026**	**-**	**111**	**(3,231,725)**
Balance – December 31, 2015	**-**	**-**	**53,707**	**6,740**	**-**	**2,272,348**	**-**	**111**	**2,332,906**

Exploration Activities (Mining Properties) (cont'd)

The allocation by properties of mining properties and deferred exploration costs of $1,169,920 incurred during the period is as follow:

Deferred Exploration Costs December 31, 2014									
	Ontario		Quebec						
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Sakami	Kipawa JV	Zeus	Tansim	Total
	$	$	$	$	$	$	$	$	$
Balance - beginning	304,971	872,247	351,691	1,512,030	2,206,869	429,083	1,701,925	227,317	7,606,133
Analyses	-	-	-	-	-	-	7,747	-	7,747
Drilling	-	-	-	-	-	-	-	-	-
Geology, geochemistry, geophysics and prospection	-	-	-	-	775	206,893	504	-	208,172
Line cutting	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	-	-
Travelling and lodging	-	-	-	-	18	4 828	696	-	5,542
Other exploration expenses	-	71,271	-	-	8,609	578,043	2,038	-	659,961
Permits	-	15,134	-	-	-	1,890	4,380	-	21,404
Amortization of fixed assets	-	1,596	-	-	-		1,908	-	3,504
Total	**-**	**88,001**	**-**	**-**	**9,402**	**791,654**	**17,273**	**-**	
Total per province	**-**	**88,001**	**-**	**-**	**-**	**-**	**-**	**818,329**	
Total Quebec/Ontario	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**906,330**
Write-off	-	-	(346,720)	(1,512,030)	-	-	(1,683,319)	(225,391)	(3,767,460)
Governmental assistance	-	-	(4,971)	-	(3,181)	865,585	(35,879)	(1,926)	819,628
Total including write-off and governmental assistance	**-** **-**	**88,001**	**(351,691)**	**(1,512,030)**	**6,221**	**1,657,239**	**(1,701,925)**	(227,317)	**(2,041,502)**
Balance – December 31, 2014	**304,971**	**960,248**	**-**	**-**	**2,213,090**	**2,086,322**	**-**	**-**	**5,564,631**

EXPLORATION WORK

In the year 2015, $486,321 was engaged in deferred exploration costs. From this amount, $311,102 was incurred in deferred exploration costs in Quebec (56% of DEC incurred) and $175,219 in deferred exploration costs in Ontario (44% of DEC incurred).

Here is an outline of the main exploration work done in 2015 on the Kipawa, Matheson JV and Sakami properties. Also, information related to the HMR, Matheson-Pelangio and Tansim properties held at 100% by Matamec are showed below:

Québec

Kipawa Rare Earths JV (REE-Y)

During 2015, the Corporation spent $246,731 on the Kipawa property. The expenses include: the continued metallurgical testing at the SGS Lakefield lab, the organization and planning for the ongoing environmental and social impact studies, and ongoing relations between Matamec and the aboriginal and non-aboriginal local communities.

Addition of a strategic partner

As previously announced in April 2nd and in the September 19th 2014 press releases regarding Ressources Québec’s (RQ) second investment in a Kipawa project joint venture, on January 26, 2015 Matamec announced the creation of the Kipawa Rare Earth JV with RQ. Pursuant to the Agreement, RQ, acting as agent for the Québec government, acquired a 28% undivided interest in the Kipawa heavy rare earths deposit for a consideration of $3 million paid into the joint account of the Joint Venture.

The creation of this joint venture contributes to the positioning of Québec, Témiscamingue and Matamec at the forefront of the quest for heavy rare earths production outside of China. More specifically, it allows for the continued development of the Kipawa heavy rare earths deposit and the achievement of the following objectives forecasted for 2015-2017:

- optimization of metallurgical processes (including individual separation of rare earths), the building of a second pilot plant, and the design of a demonstration pilot plant;
- evaluation of the opportunities to reduce environmental footprint of the project;
- updating of the feasibility study published in October 2013;

- the continuation of environmental studies;
- the continuation of the social acceptability process with aboriginal and non-aboriginal people;
- the continuation of discussions with strategic industrial and financial partners.

The Joint Venture is managed by a management committee consisting of a representative of each of the two parties and Matamec will act as the manager of the Joint Venture. In the event that the parties decide to move into the construction and commercial production phase of the Deposit, they have agreed that they could then decide at such time to establish a new legal structure or to enter into a new joint venture agreement, any other contractual arrangement or a commercialization agreement governing their relationship and their rights and obligations in connection with the building of infrastructure and the commercial production and commercialization of the Deposit.

The parties acknowledge that one or several additional partners may join the Joint Venture on terms and conditions to be negotiated and approved by each of them.

The involvement of the Government of Québec through Ressources Québec, a subsidiary of Investissement Québec, in the development of the HREE Kipawa Deposit, demonstrates the importance of this project for the Québec economy and especially for the Abitibi-Témiscamingue region.

Future 10 % royalty on profit net held by TRECan

On August 6, 2015, the Company was informed that the future 10 % royalty on net profit held by Toyotsu Rare Earths Canada (TRECan) in the Kipawa property was now held by Toyota Tsusho Corp (Nagoya, Japan) as of July 30, 2015.

Feasibility Study

This section provides an update to the feasibility study since its publication on October, 17th, 2013, including its background and current status.

Background and Current Status*

A Kipawa feasibility study (FS) was published in on October 17, 2013 based on the mining and processing of 3,650 average t/d of ore to produce 1,644 tonnes of mixed rare earth concentrate per year. Overall estimated capital cost for the project was C$ 374 million, with an IRR of 21.6%. During and subsequent to this study, metallurgical test work continued and some new processing data have not been reflected in the FS's process design. Furthermore, potential improvements and other process options have been identified that require testing and assessment.

For the period covered by this report (January 2015 through March 2016), no work was conducted directly pertaining to the FS update. An update to the FS to include process and related changes is required.

Future Plans*

The FS update was scheduled to begin in Q4 2016; however, a slower than anticipated pace for ongoing metallurgical work and delayed execution of a second mini-pilot program requires that the FS update be pushed back to late 2017 - early 2018.

As previously reported, a number of trade-off studies are planned to be completed prior to the FS update. These are not currently on the critical path and can be completed as time and resources permit. Trade-off studies are expected to include:

- Plant location
- Mining Methods
- On-site Manufacture of Sulfuric Acid
- Transportation Study
- Tailings Disposal

(Al Hayden, P.Eng, Consulting Metallurgical Engineer for the Kipawa project is a qualified person for NI 43-101 purposes and responsible for the technical content of this section.)*

Risk regarding the change in the realizable value of rare earth products presented in the Feasibility Study of October 17, 2013

For the reader of the feasibility study ("FS") dated October 17, 2013, risk assessment and management is a very important factor to consider. In Section 24.3 "Risk Assessment and Management" and in Section 1.16 "Summary", several risks were identified regarding all the information presented in the FS. For example, the importance of the changes in value of the products ("2 mixed concentrates of light and heavy rare earths") was emphasized. Risk COM03 is the risk of change in the realizable value of the products, established during the financial appraisal of the FS for the life cycle of the mine and is ranked under high commercial risks.

In addition to the risk analysis, the reader may consult the sensitivity analysis of the FS in Section 22.7 and Section 1.19.2 "Summary". The sensitivity analysis shows that the rare earth price forecasts for the Kipawa project may decline by approximately 24%. At this level, the net present value (NPV) reaches the minimum profitability threshold.

As described in Section 19.0 "Market Studies and Contracts" of FS, and particularly in Section 19.5 "Price Outlooks", the rare earth revenue model forecasts for the year 2016-2017 and subsequent years used in the FS are based on a market study commissioned by the Company from the London firm Asian Metals, concomitantly with the surveys of industrial buyers of rare earths. This information from industrial buyers is essential in setting the final price of each rare earth oxide. Other information sources were consulted for the review of the historical price data, such as the websites and reports of Metals Pages, Roskill Information Service Ltd. and Industrial Minerals.

In the revenue model forecasts for rare earth products, other factors are to be considered, in particular, the exchange rate of the Canadian dollar against the US dollar. In the FS Section 22.3.1, Table 22.1 - Economic Assumptions, the assumption adopted concerning the exchange rate of the Canadian dollar is parity with the US dollar. The international prices paid for rare earth products and oxides are expressed in US dollars. For 2015 and 2016, three major Canadian financial institutions predict the Canadian dollar will fluctuate between $0.75 and $0.84 (Scotiabank -Global Economics -31/03/2015, National Bank of Canada - Financial Markets – Foreign Exchange - April 2015; Desjardins - Economic Studies - FX Forecasts -21/04/2015). In November 2015, these Canadian financial institutions forecasted for 2016 a Canadian dollar in a range between 0.72 and $0.79. These institutions now see the dollar in a range between $0.72 and $0.77 during 2016 (Scotiabank -Global Economics -03/02/2016, National Bank of Canada - Financial Markets – Foreign Exchange - April 2016; Desjardins - Economic Studies - FX Forecasts -04/18/2016). At this time, the Canadian dollar trades around $0.79.

Despite this information, the Company must point out that the annual growth of demand for rare earth oxides is slower than forecast and the prices of most rare earth oxides are lower than those that could be obtained in 2013. The main causes are: 1) the decrease in the use of rare earths in terms of quantity per unit produced, following the research regarding their reduction triggered by the astronomical price increase between 2010 and 2012, 2) the accumulation of large inventories of rare earths during this period by industrial and speculative buyers, and the slow reduction of these inventories, and 3) smuggling of rare earths from China.

However, Y. Zhou, Y. Shi and A. Torrisi in an article entitled: "China’s action to reform the rare earths market", in the August 2014 issue (pp. 35-38) of Industrial Minerals, point out that the Chinese government has developed different strategies to attack pollution in general, and specifically the pollution caused by rare earths, as well as smuggling of rare earths. These authors consider that the deployment of these strategies should have a positive impact on future rare earth prices.

In addition, regarding the changes in global demand for rare earths, Kerry Satterthwaite of Roskill Information Services Ltd. gave a presentation at the 10th International Rare Earths Conference organized by Metal Events Ltd. in Singapore in November 10-13, 2014, entitled "Global rare earths market - Roskill outlook to 2018". In this presentation, she observed that the global rare earths market had declined from 120,000 t. to 110,000 t. between 2010 and 2012. However, she estimated that the rare earths market should increase by 5.9% per year between 2013 and 2018. Ms. Satterthwaite pointed out that the predictions concerning the markets for different rare earths require a very good understanding of their trends. According to this author, the Roskill firm has shown, for over 30 years, that it has developed recognized expertise in industrial minerals, both in the rare earths sector and in several others.

In his recent presentation entitled “The Global Rare Earths Industry Today – Plagued by Illegal Production in China” at the “11th International Rare Earths Conference” held at Singapore from November 9 to 12, 2015, Dudley J. Kingsnorth, an expert in the rare earths world market for more than 25 years, forecast that the world rare earths demand would increase to 200,000 t. between 2015 and 2020, and to 280,000 t. between 2020 and 2025, with a growth estimated at 7% per year. For example, in a sustainable viewpoint for the price of a rare earth oxide as neodymium, it would be in a range of $60 to $80/kg between 2015 and 2020, and from $70 to $90/kg between 2020 and 2025.

At present, the Company is no longer able to quantify the impact of the changes in the Kipawa JV project's internal and external environment on the assumptions of the FS. In the FS update Matamec intends to produce in 2017, it expects to be able to review all the information and assumptions it contains. Although the Company has no control over the price variation of rare earth products, it has continued its efforts, since the publication of the FS, to optimize the metallurgical process in order to reduce the cost of the initial investment and the operating costs of the Kipawa JV project and to present a satisfactory internal rate of return.

Metallurgical tests*

The metallurgical development work plan for 2015-2017 has been completed. The focus of the metallurgical work is to improve the weaknesses identified within the Kipawa process flowsheet, with the aim to operate the second Hydromet pilot plant in 2017.

The first area of work is to improve rare earth (RE) recovery in the Beneficiation circuit. Testing on the Kipawa ore has begun at several laboratories and research facilities. In addition to magnetic separation, other physical separation techniques such as flotation and dense-media separation are being tested to determine their effectiveness in recovering RE and rejecting gangues. The feasibility of using ore-sorting techniques on the ore is also being investigated.

Metallurgical testing has also restarted on the Hydromet and Purification circuits. The development work at SGS Mineral Services has led to the generation of a light rare earth concentrate and a heavy rare earth concentrate from Kipawa. Assays of these concentrates revealed their high purity levels. Matamec will continue to further optimize these circuits.

(Eliza Ngai, M.Eng, P.Eng, Metallurgist of the Company for the Kipawa project, is the qualified person according to the NI 43-101 standard, and is responsible for the technical content of this section,).*

Environment*

This section provides an update on various aspects related to the environment.

Environmental Impact Assessment (EIA)

The year 2015 began with an evaluation of the environmental work done since 2010 and planning that will be done in the coming months and years. The initial Environmental Impact Assessment (EIA) items have been revised and the budget has been updated. This key component of the project will remain an investment of approximately one million dollars investment and the work required will remain the same. However, certain steps toward completing the EIA will be adjusted in consideration of the next phases of project development. Among other initiatives, the location of various infrastructures on the mine site will be optimized to reduce the project’s environmental footprint. This perspective can be better elaborated in the next steps of the project’s development. In January 2016, an update on the status of the EIA was submitted to the Canadian Environmental Assessment Agency (CEAA). The complete study will not be completed and provided to the Agency in 2016.

Geochemical characterization

The geochemical characterization is always a core factor in the development of a mining project. It determines the means to be used for waste rock pile management and tailings storage facilities. In essence, the results of that characterization will govern the design of those infrastructures in keeping with federal and provincial regulations. A first phase of the geochemical characterization (about 90 samples of waste rock, ore and tailings), to determine potential acid generation, leaching and radioactivity, was done in 2012 and 2013. A more stringent analysis – a toxicity characteristic leaching procedure (TCLP), which uses the leaching of nitric and hydrofluoric acids to simulate toxicity characteristics – revealed some parameters that have leaching potential. These will be further defined in the second phase of the characterization. Field cells are currently set up in Temiskaming on a site belonging to Matamec. Exposing the material to the elements (the actual conditions of exposure when it is disposed and managed at the waste rock pile or the tailings facility) will allow for further elaboration of the geochemical characterization to better determine the leaching potential. Other analyses, including kinetic testing, are currently being evaluated with the assistance of consultants and Universities.

Natural Sciences and Engineering Research Council of Canada

Matamec has been working in collaboration with the University of Abitibi-Témiscamingue (UQAT) since 2012 to improve its understanding of the geochemistry of the material from the Kipawa Project's material (ore, waste rocks and tailings). On November 6th 2015, the University received an Engage Grant of $25 000 to pursue characterization research. The purpose of the study is to establish and predict the rare earth elements (REEs) behaviour in the waste rock and tailings through time and when exposed to the weather, thereby replicating their real conditions once the mine is in operation and after the closure and restoration of the site. This study is underway and forms part of the doctoral thesis of one UQAT student. The study could be continued and form part of the thesis work of other students, and/or form the basis for programs such as those funded by the Collaborative Research and Development Grants.

University of Lorraine (France)

The University of Lorraine is currently working on a study of REEs in collaboration with various Quebec companies and universities that are part of DIVEX (Diversification of Mineral Exploration in Quebec). Their field of expertise is in geology and the environment. Matamec has had a few exchanges (e-mails and a meeting in Québec City at the end of November 2015) with the university to discuss the best way for the company to help the researchers and to receive data that will be useful for the project. The study explores the potential of rare earth elements for toxicity and environmental contamination (to plants, animals, soil, and water) Matamec has invited researchers from the University to conduct field sampling and information collection in the project's area in early summer 2016.

University of Ottawa

Matamec also participated in a thesis project by a student of the University of Ottawa by providing tailings material, data and expertise. The thesis' initial focus was to interpret the solubility of REEs from mining residues obtained from Matamec's pilot plant when present in solution with deionised water and two water samples taken from the Lake Kipawa region. The results of the study are considered supplementary to the geochemical data already obtained through the company's characterization work.

Miscellaneous

Matamec remains active in the region where the project is located and maintains an open dialogue with the area's many stakeholders. Recently, the Company agreed to provide the watershed organization of Témiscamingue with all the water data it has collected (water and sediment sampling, hydrology) as a part of its baseline study

(Sylvain Doire is the director of environment).*

Social acceptability of the Kipawa project

As mentioned in the previous quarterly reports, the social acceptability of Kipawa Rare Earth Joint Venture is one of the key elements in project development. Actions have been taken throughout the year towards this objective. Our Director of Regional Relations has taken part in all important internal development meetings, keeping the "Social License to Operate (SLO)" process close to the heart of the project.

Regular meetings were held with key federal and provincial government Ministers, MPs and ministry representatives involved with the project.

Most of Matamec's efforts in 2015 have been focused on optimizing processes and researching by-products. For this reason, few initiatives have been undertaken in the region of Temiscamingue. It is nonetheless important to keep our key partners in the region informed about what has been done and planned during this period.

During the period covered by this report, there were no exchanges between Matamec and the two Algonquin communities involved in the past in the project. Discussions ended in the last quarter of 2013. At that time, these communities decided to undertake their own project assessment process, after the Canadian Environmental Assessment Agency twice refused a proposal from the communities to set up a joint review board, a process mentioned in the law. The CEAA, after its evaluation of the initial process, cited a lack of evidence that the project will have any major impact on the two communities.

Matamec is actively working with government representatives and others, to try to find the best way to resume discussions with the two Algonquin communities concerned about the project. Their participation in the project development is essential in order to get their valuable input. They would help us to complete all our studies and to present complete project-related information to the local population. With all the information available to them, all the facts can be carefully considered when making a final decision about the project.

The Temiscaming office remained open in 2015, but the presence of the Director of Regional Relations* was dictated by the need for him to attend meetings and relay information. The DDR met on a monthly basis with the reeve of the Témiscamingue region, the mayors and key members of the administration of the town of Temiscaming, and the municipality of Kipawa. Information was also given to the Laniel municipal administration board.

As mentioned in the strategic plan, information meetings also took place with other key members of the economic community of the region, such as the Executive Director of the "Société de développement du Témiscamingue", economic development officers of the town and municipalities, and leaders of the Chamber of commerce. Discussions centred on the project development schedule and future actions in the region.

Matamec actively participated in major mining events, setting up a booth at conferences such as PDAC, Québec mines, Explo-Abitibi and Explor. Representatives of the company attended other meetings in Canada and abroad to show that the Kipawa Rare Earth JV is moving ahead. At the same time they obtained needed information, to better define the trends, markets and best practice in the field.
*(*Claude Brisson is the Director of Regional Relations.)*

<u>Sakami (Gold)</u>

Presently the Sakami property is under option and Matamec still holds a 100% interest in the property. On August 16, 2013, Matamec and Canada Strategic Metals Inc. ("CSM") announced that they have signed an option agreement where Canada Strategic Metals can acquire an interest of up to 70% in the Sakami project.

CSM can acquire a 50% interest by issuing common shares and carrying out exploration as follows:

	Number of shares	Exploration work
Signature of a formal agreement	500,000	--
On the First Anniversary	500,000	$500,000
On the Second Anniversary	500,000	$750,000
On the Third Anniversary	500,000	$1,000,000
TOTAL	**2,000,000**	**$2,250,000**

As of August 14, 2015, CSM made the 3rd payment and on December 31, 2015 had spent C$ 1,560,000 on the Sakami property.

CSM will have acquired an interest of 50% in Sakami after issuing a total of 2,000,000 common shares and carrying out exploration in the amount of C$ 2,250,000 before August 16, 2016. Once CSM has earned a 50% interest, the parties will form a full joint venture and will enter into a formal agreement with the standard clauses. The property is subject to a 1% Net Smelter Return royalty on certain claims.

Within 180 days of acquiring its 50% interest in the property, CSM will have an option to acquire an additional 20% property interest by issuing 1 million shares to Matamec and completing an independent bankable feasibility study within five years of the date of the share issuance. During the period that the additional option is valid, the Company must spend a minimum of C$ 2,000,000 on exploration by the end of each year until the feasibility study is completed.

Results of the March 2015 exploration program

The March exploration program consisted of seven holes (PT-15-84 to PT-15-90) for a total of 2,025 metres of drilling. The program is aimed at increasing the size of the main gold zone (Zone 25) to the west-northwest, as well as its extension at depth.

These results of drilling holes confirm the extension to the Northwest of the Zone 25 envelope of gold mineralization. Furthermore, a high-grade gold zone was discovered by recent drilling on the Sakami gold project. This new discovery confirms the potential for the discovery of enrichment zones within the wide, gold-bearing Zone 25. Following this program, Zone 25 will have been tested over a strike length of more than 250 metres and to a depth of over 500 metres along its plunge.

Mineralization of the "25" Zone

At Sakami, work done by Matamec in the southern Long Point claim area from 2000 to 2004 and more recently by Canada Strategic Metals (since early 2014) identified and delineated a number of proximal gold mineralized lenses linked to greywackes, paragneisses, sulphidized iron formations and felsic dykes. The "25" Zone has the most significant gold potential, having been drill-tested (by 62 holes for 13,280 metres) over a 250-metre strike length to a vertical depth of 500 metres. Here, gold is accompanied by finely disseminated 1% to 5% arsenopyrite and minor pyrrhotite, particularly in quartz-tourmaline veins. The higher grade gold is generally associated with a lower gold grade halo of 1 to 3 g/t gold material (EX-31: 10.02 g/t gold over 2.82 metres within an envelope of 2.47 g/t gold over 27.05 metres).

The mineralization is accompanied by abundant silica-sericite-K feldspar alteration, with silica flooding being dominant. The mineralization averages 10 metres wide in a range of 8 metres to 50 metres.

Sakami has a number of similarities to Eleonore: (i) it is located at the boundary between the La Grande and Opinaca subprovinces; (ii) it is hosted by metamorphosed sedimentary units; (iii) it has multiple lenses; (iv) it contains arsenopyrite; (v) it has an abundance of a wide alteration corridor with quartz-K feldspar; and (vi) its higher gold grades are accompanied by wider and lower gold grades. The focus at Sakami will be to delineate the size potential of the "25" Zone mineralization in order to produce a geological-resource model in the near term.

(The technical data of the March 2015 exploration programs shown in this section come from the press releases issued by CSM and Matamec on April 15 and 20, and June 9, 2015).

Results of the summer 2015 exploration program

The summer program consisted of geological and geophysical surface work in two separate areas, the JR and Péninsule sectors.

The first area worked on was the JR area, where detailed mapping and sampling were carried out. This was followed by geochemical and magnetic-electromagnetic geophysics surveying on the Peninsula area. A total of 303 grab samples of rock were collected from the two areas and sent to the ALS laboratory in Val-d'Or to be assayed for gold. This work resulted in the discovery of a new gold zone in the Peninsula area that returned up to 45.9 g/t Au in grab samples** (see map on the website at: www.csmetals.ca). The new showing coincides with a geophysical anomaly demonstrating a strong magnetic low, as well as being at the junction of several faults.

The new gold zone is also located on the contact between the Laguiche (Opinaca) sediments and the La Grande volcanic belt, similar to the Zone 25 gold zone in the La Point area. Work will be needed to fully assess the size of the showing, but the initial work appears to indicate a zone of several tens of metres. The magnetic and electromagnetic geophysical survey in the Peninsula area also highlighted several other magnetic anomalies associated with conductors. Some of these anomalies are considered priorities and will be followed up in future work programs. The results of the geochemical soil survey (B horizon) across the Peninsula area with systematic sampling at 50 metre intervals on lines spaced at 100 metres apart will be released as soon as they have been received and compiled. A total of 728 samples were collected and sent to the ALS laboratory to be assayed for gold and indicator minerals.

*** The grab samples are selective by nature and are unlikely to represent the average grade of the deposit.*

The goal of the summer program was to follow up on the various gold showings identified in the past in the JR area, which returned grades of up to 61.37 g/t Au (see press release dated 24 October 2013). The program was also aimed at the planning of future drilling work in this area. Work on the Péninsule area was aimed at generating new targets and possibly identifying new showings. (The technical data of the summer 2015 exploration programs shown in this section come from the press releases issued by CSM and Matamec on September 30, 2015).

(The technical data of the Summer 2015 exploration program shown in this section come from the press releases issued by CSM and Matamec on September 30th, 2015).

Regional Context of the Sakami Gold Property

The orogenic gold deposits of the Sakami sector contain significant gold mineralization occurrences that present similar characteristics as the same deposit types of the Abitibi and James Bay sectors. They consist of quartz and brown tourmaline with minor arsenopyrite mineralization hosted within various lithologies (for example, the Opinaca sediments, the La Grande mafic volcanics, and iron formations) in association with a strong deformation zone, notably near the tectonic contact of the La Grande-Opinaca sub-provinces. The mineralization style and tectonic setting share considerable similarities with the Eleonore mine and the Cheechoo showing.

The mineralization style and tectonic setting share considerable similarities with the Eleonore mine held by Goldcorp and the Cheechoo showing held by Sirios Resources, such as :

- The mineralization associated with silicified paragneiss containing fine quartz veinlets.
- An alteration of quartz and brown tourmaline with minor arsenopyrite mineralization.
- An association of gold mineralization with a very proximal tonalite intrusion.
- The presence of gold mineralization associated with silicified paragneiss of the Opinaca basin, including fold structures.

The reader is cautioned that there is no guarantee that mineralization of the grade reported on the Cheechoo deposit will be identified on the Company's Sakami project.

Recently, Sirios Resources announced significant gold results on the Cheechoo project with an intersection of 12.08 g/t Au over 20.3 meters (see press release of March 29, 2016 by Sirios Resources), as well as the closing of a private placement with Goldcorp in the amount of $ 962,000 (see press release of February 23, 2016).

Important Gold Potential of the La Pointe Sector

The most significant drill hole intervals of the La Pointe zone are located along the northwest limit of the model, which remains open in that direction. Recent remodeling of the La Pointe zone revealed two superimposed main structures (vein 22 and 25), which have a relatively predictable continuity, as well as potential for additional veins.

The following table shows the best results of drilling to date on the La Pointe sector (these results have been already disclosed by press release on June 9, 2015):

Hole #	From (m)	To (m)	Length* (m)	Au (g/t)
PT-13-65	112.50	138.00	25.50	3.03
Including	126.00	138.00	12.00	4.00
PT-13-67	126.90	154.85	27.95	3.78
Including	132.25	154.85	22.60	4.01
Including	138.00	145.00	7.00	7.21
PT-13-68	200.50	221.00	20.50	2.77
Including	201.65	215.00	13.35	3.23
Including	201.65	205.00	3.35	4.71
	278.25	281.10	2.85	2.82
	294.00	297.00	3.00	1.70
PT-13-71	49.10	51.65	2.55	2.06
	102.00	121.50	19.50	2.97
Including	107.40	121.50	14.10	3.78
Including	112.00	121.50	9.50	3.95
PT-13-72	112.50	130.40	17.90	2.24
Including	112.50	119.00	6.50	3.65
PT-14-74	237.65	264.00	26.35	2.30
Including	243.70	252.50	8.80	3.80
Including	247.70	252.50	4.80	5.18
PT-14-79	188.00	236.20	48.20	2.51
Including	188.00	200.00	12.00	6.93
Including	190.00	196.00	6.00	11.35
Including	202.50	207.00	4.50	1.33
Including	226.50	234.00	7.50	3.06
PT-14-82	231.45	271,70	40.25	1.43
Including	231.45	235.50	4.05	5.12
Including	231.45	240.00	8.55	3.58
Including	256.85	259.00	2.15	3.83
Including	267.50	271.70	4.20	2.38
PT-14-83	240.00	295.50	55.50	1.06

Hole #	From (m)	To (m)	Length* (m)	Au (g/t)
Including	240.00	252.00	12.00	3.54
PT-15-85	148.50	194.00	45.50	1.47
Including	148.50	156.00	7.50	3.84
Including	183.00	194.00	11.00	1.74
PT-15-87	219.40	229.00	9.60	6.86
Including	220.50	227.00	6.50	9.9

** Core length: the Company estimates the true width of the mineralized zone at 70 to 95% of the core length.*

This area is recognized to date to have the following characteristics:

- the zone is continuous along a lateral distance of at least 250 m;
- the zone extends beyond 500 m depth down the dip of the structures;
- the mineralization remains open to the northwest, as well as at depth, with the best intersects along the northern edge.

These mineralized horizons are sub-parallel to the major tectonic contact, which spans more than 15 km on the Sakami property**.**

(The technical data shown in this section come from the press releases issued by CSM and Matamec on April 25, 2016.)

Tansim (Li-Ta-Nb-Be)

This property located in western Québec is rich in lithium, tantalum, niobium and beryllium which are used in today's innovative technologies.

From east to west on the property, complex and zoned granitic pegmatites show large beryl crystals (1.5 to 45 cm in length) with grades up to 0.5% Be, grades up to 5.8% Ta_2O_5, grades up to 0.028% Nb_2O_5 and grades up to 4.65$ Li_2O. These complex pegmatites are typically carrier of following minerals*:

- Spodumene and lepidolite (lithium);
- Tantalite and columbo-tantalite (tantalum and niobium;
- Beryl (beryllium).

** (R. Charbonneau and I. Robillard. Technical Report on Tansim Property. Matamec. Sepetmber 26, 2007. 25 p. + Appendices 1 and 2)*

Ontario

Matheson JV/Matheson Pelagio (gold)

The Company spent $175,219 on the Matheson JV/Matheson property in the period ending December 31, 2015.

The Matheson JV held at 50% and the Matheson-Pelangio (100%) properties lies along the stratigraphic rock assemblages which contain most of the gold deposits in the Timmins mining camp. This large property shows several targets defined by old till drilling campaigns not sufficiently followed by drilling*. The entire property deserves further exploration. In link with last year, the whole property need to be more explored.

***** *(J.A. Marcotte and E. Giguère. Exploration Report on the Matheson Property-Matamec. May 31, 2010. 68 p. + annexes)*

On March 2, 2016, the Company announced the closing of the transaction between the Company, International Explorers and Prospectors Inc. ("IEP"), Glencore Canada Corp. ("Glencore") and Goldcorp Canada Ltd ("Goldcorp") with respect to the sale by the Company and IEP on certain properties located in Hoyle and Matheson Townships in Timmins for an amount of $500,000 and NSR royalties on the new Hoyle-Matheson Royalties property.

Hoyle-Matheson Royalties (HMR)

Matamec recently reviewed and restated the gold potential of this property. Based on its review, Matamec believes that the mineralized series of gold veins being mined and processed at Goldcorp's Hoyle Pond Gold Mine trends onto the HMR property. The press release of April 16, 2016 summarizes publicly available information to highlight this conclusion. The four properties upon which Matamec has received a 1% NSR are collectively referred to as the HMR.

Technical information presented herein was gleaned from Goldcorp Investor Presentations from 2010 to 2015, Ontario Geological Survey publications and other public information, all of which Matamec has assumed to be reliable. Matamec's review indicates that within the Hoyle Pond Gold Mine property, to the west of the HMR, the mineralized veins occur primarily within, or proximal to a 500-800 meter thick mafic volcanic package, with ultramafic rocks occurring near the core. Several individual veins have been mined or are currently being mined or developed on the Hoyle Pond Gold Mine property. Individual gold bearing veins have a relative predisposition for an east-north-east direction. Together, these families of veins also trend in an apparent east-north-east direction with a plunge to the east. It is as of yet unknown if the mineralization system occurs within the HMR.

The similarity between the rock sequences, structural interpretation and mineralized zones occurring on the Mill Creek/Colbert Zone and at the Hoyle Pond Gold Mine is striking. These two zones are on either side of the HMR, with the prospective geological and structural packages trending onto it from both directions.

(The technical data shown in this section, come from the press releases issued by Matamec on April 16, 2016.)

IMPAIRMENT

Even though the Zeus, Tansim, Vulcain and Valmont properties possess excellent exploration potential, because of the lack of funds and the absence of a short-term financing plan to begin an exploration program, the Corporation had to make choices on the exploration of its properties. Furthermore, in accordance with its accounting policies, the Corporation reviewed the factors and conditions that may indicate the need for an assessment for impairment on its mining properties as at December 31, 2015.

Based on an impairment analysis performed, the mining assets and the E&E expenditures were impaired by $791,711 (2014 – $386,607) and $3,657,341 (2014 – $3,767,607), respectively, representing a total impairment charge of $4,449,052 (2014 – $4,154,067).

The fair value less costs of selling this property is estimated to be a nominal amount considering the depressed market conditions and that substantial expenditures are required in order to delineate mineral resources. The value in-use is also estimated to be nominal considering the property's current stage of advancement.

STRATEGY AND ACTION PLAN

Following the financing of $1 million in common shares in October 2014 and the acquisition of a 28% interest in January 2015 in the Kipawa heavy rare earths-enriched deposit for an amount of $3 million by Ressources Québec (RQ), the Company's main objective in 2015-2016 is to complete its financing of a $1.5-million contribution to the projected $6-million program and Matamec's working capital.

The first stage of the work program that is to be undertaken by the Kipawa Rare Earths Joint Venture, held by Matamec (72% interest) and by RQ (28% interest), has largely come down to metallurgical work. This began in spring/summer 2015, and mainly consists of the optimization of metallurgical processes (including individual separation of rare earths); in the second stage, this will be followed by development of the second pilot plant.

With the intent to move the project forward with **the $1.7M in liquidity held at December 31st, 2015 by the Kipawa Rare Earths JV**, in addition to the metallurgical work, other activities will begin or continue, such as: evaluation of the opportunities to reduce environmental footprint of the project, updating of the feasibility study, completion of environmental studies, continuation of the social acceptability process with the aboriginal and non-aboriginal populations, and continuation of discussions with strategic industrial and financial partners.

For its Matheson JV/Matheson-Pelangio, Sakami, Wachigabau and Valmont gold properties, the Company is continuing its evaluation of sources of financing. The Company is considering various scenarios, including the transfer of its gold properties to a majority-held subsidiary or the identification of strategic partners.

In addition to the Kipawa property, the Tansim property contains metals necessary for technological innovations. For it, the primary focus is on the identification of strategic partners.

MARKETING OF RARE EARTHS & SPECIALTY METALS

Since the beginning of 2015, the Company carried out a number of marketing activities and continued to maintain solid relationships with the industry, with the goal of maintaining our knowledge of the market and being able to provide potential customers with the most recent information on the Kipawa project. Among others, Matamec was attendee of these following conferences:

- "Argus Americas Rare Earths Summit" in Las Vegas from June 29 to July 1st, 2015;
- "2nd International Mineral Conference » in Berlin from September 21 to 22, 2015;
- « Technology Metals Market Summit » in Toronto October 16, 2015;
- « 11th International Rare Earths Conference » in Singapore from November 9 to 12, 2015;
- "Québec Mines 2015" in Québec City from November 23 to 26, 2015;
- "COP 21" in Paris from December 5 to 10, 2015;
- "PDAC" in Toronto from March 6 to 9, 2016.

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

The agreement reached between TRECan and Ressources Québec Inc. and the Company, according to the most commonly used in industry practices, has been treated for accounting purposes as a farm-out agreement, and that, regardless of the legal form of the agreement. The farm-in is a contract under which an entity (the farmor), agrees to give a direct interest in property to another party (the lessee), to the extent that the employer shall pay a sum of money or committed expenditures for the asset in return for participation.

Consequently, the Company uses the book value of its stake before the conclusion of the agreement with TRECan and Ressources Québec Inc. as carrying value of the retained interest. The company does not recognize exploration expenditures for the asset taken from the funds provided by TRECan and Ressources Québec Inc. for the feasibility study.

From an accounting perspective, the Company treated the agreement with TRECan and Ressources Québec Inc. as a farm-out agreement; the Company uses the book value of its stake before the conclusion of the agreement with TRECan and Ressources Québec Inc. as carrying value of the retained interest. The Company has not recorded exploration expenditures for the asset taken from the funds provided by TRECan and Ressources Québec Inc., As a result of exploration and evaluation costs carried over from the Kipawa property does not include the costs of $ 16,000,817 for the feasibility study.

According to this method:

- The Company uses the book value of its 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 made with the funds supplied by TRECan for the feasibility study.

The following table includes selected restated consolidated financial data, prepared for the years 2015, 2014 and 2013:

	Years end		
	Results as of December 31, 2015	**Results as of December 31,2014 (Restated)**	**Results as of December 31, 2013 (Restated**
	$	$	$
Other income			
Interest and other income	4,923	29,363	40,927
Rebilling of charges to the joint venture	203,742	-	-
Management income	50,983	-	-
Expenses			
Administrative expenses	742,129	1,335,184	1,661,005
Stock-based compensation	47,407	20,286	205,462
Write-off of exploration and evaluation assets	4,449,052	4,154,067	104,091
Income tax	(3,051,744)	(149,035)	737,949
Net loss	1,927,196	5,366,627	2,667,580
Basic and diluted net loss per share	0,014	0,043	0,022

Statements of Financial Position	December 31, 2015	December 31, 2014 (Restated)	December 31, 2013 (Restated)
	$	$	$
Total assets	5,558,878	9,568,774	12,901,400
Cash and cash equivalents	(5,801)	98,846	783,400
Equity	3,066,236	4,956,025	9,423,302

RESULTS OF OPERATIONS

During the year ended December 31, 2015, the Company had a net loss of $1,927,196 compared to a net loss of $5,366,627 for the same period in 2014.

As of December 31, 2015 a stock-based compensation of $47,407 was recognized the statement of operation ($20,286 as of December 31, 2014).

The decrease in administrative expenses for the year, totalling $593,055, is primarily attributable to the following elements:

- Decrease of travel and representative expenses for $106,162 due to the rebilling to the joint venture;
- Decrease of salary of $212,052 due to the rebilling to the joint venture for a portion of the salaries;
- Decrease of consulting fees of $89,371 due to the reduction of activities of the Corporation
- Decrease of professional fees of $169,083 due to the reduction of agreement and negotiation.

Under the agreement with the joint venture Ressources Quebec, the company charges a portion of its expenses in the joint venture. During the year, the Company charged an amount of $203,742 for administrative costs. Furthermore, the expenditure on the exploration and evaluation assets of the Kipawa property, the Company is entitled to a 3% management income. During the year the Company charged $ 50,963.

FOURTH QUARTER

	Fourth Quarter	
	Results as of December 31, 2015	**Results as of December 31, 2014 (Restated)**
	$	$
Other income		
Interest income and other incomes	(15,014)	1,293
Rebilling charges to the joint venture	38,706	
Management income	50,983	
Expenses		
Administrative expenses	160,226	295,919
Stock-based compensation	10,694	(20,123)
Write-off of exploration and evaluation assets	4,449,052	3,784,375
Income tax Expenses (recovery)	(2,864,723)	(26,965)
Net loss	1,694,329	3,686,648
Basic and diluted net loss per share	0,021	0,029

For the fourth quarter ended December 31, 2015, the Corporation generated ($15,014) interest income ($1,293 for the fourth quarter ended December 31, 2014) and incurred $173,981 in administrative expenses, excluding share-based compensation of $10,694, compared to ($20,123) in 2014. The $121,938 variation is due to the reduction of professional and consulting fees, and salaries and fringe benefits. The Corporation incurred a net loss of $1,694,329 for the fourth quarter ended December 31, 2015, compared to a net loss of $3,686,648 in 2014.

The decrease in net loss decrease in 2015 was primarily due to lower expenses due to the charging of part of the expenses in the joint venture with Ressources Québec.

CASH ASSETS AND SOURCES OF FINANCING

As of December 31, 2015, the Corporation had a negative working capital of $471,790 (negative of $382,017 on December 31, 2014) including negative cash and cash equivalents of $5,801 ($98,846 on December 31, 2014). The negative working capital includes $1,291,519 in tax credits receivable on December 31, 2015 ($1,266,816 on December 31, 2014).

The accompanying 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, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Corporation ability to continue as a going concern and accordingly, 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 would not be appropriate. These adjustments could be material.

Management estimates that these funds will not be sufficient to meet the Corporation's obligations and budgeted expenditures through December, 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. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

The Company's operating activities used \$260,615 in the year ended December 31, 2015 (\$882,988 for the same period in 2014). The year variation is a result of the decrease in administrative expenses.

The Company's investing activities consist primarily of exploration and evaluation work as detailed in tables "Exploration Work" on page 9 of this MD&A.

The Company is entitled to a refundable tax credits for resources for up to 31% of qualifying expenditures, as well as a credit on mining duties refundable for losses of 16% of half of qualifying expenditures incurred using non-tax-renounced flow-through funds.

The Company does not have any investments in asset-backed commercial paper.

DIVIDEND POLICY

The Company has not declared any cash dividend on its outstanding common shares since incorporation. Any dividend payment will depend on the Company's financial requirements for its exploration and evaluation programs, its level of growth and other factors deemed pertinent by the Board of Directors under the circumstances. It is unlikely that a dividend will be paid in the foreseeable future.

QUARTERLY FINANCIAL INFORMATION

The following table contains selected financial information for the last eight quarters:

	2015			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter (i)
Interest income	4,369	10,790	5,309	(15,014)
Administrative expenses	232,647	139,803	209,472	160,226
Net loss	161,729	126,996	(55,857)	1,694,329
Basic and diluted net loss per share	0,001	0,001	0,000	0,021

	2014			
	1st Quarter (Restated)	2nd Quarter (Restated)	3rd Quarter (Restated)	4th Quarter (Restated) (ii)
Interest income	985	1,992	25,093	1,293
Administrative expenses	419,924	412,155	256,051	295,919
Net loss	443,945	589,773	646,259	3,686,648
Basic and diluted net loss per share	0,004	0,005	0,005	0,029

i) The net loss was a result of impairment totalling $4,449,052 of mining properties and deferred exploration and evaluation expenditures

ii) The net loss was a result of impairment totalling $4,154,067of mining properties and deferred exploration and evaluation expenditures

OFF BALANCE-SHEET ARRANGEMENTS

The Company does not have any off balance-sheet arrangements.

RELATED-PARTY TRANSACTIONS

As at December 30, 2015 and 2014, professional fees were billed by Laval St-Gelais, CPA, CA, director of the Company, and consulting fees were billed by Marcel Bergeron, CPA, CA, who is an officer and director of the Company and in 2015 by François Biron, engineer and director of the Company.

As at December 31, 2014, the company had incurred expenses related to exploration of mining properties with Gestion Aline Leclerc Inc. That company's President, Aline Leclerc, was also an officer and director of the Company up to November 7, 2014:

	December 31, 2015	**December 31, 2014**
	$	**$**
Professional fees	3,600	33,343
Consultant fees	30,000	68,700
Traveling and entertainment expenses	-	4,637
Geology, geochemistry, geophysics and prospecting	-	111,878
Other expenses	-	25,273
Accounts payable and accrued liabilities	103,976	256,972

These transactions occurred in the normal course of operations and were the amounts established and agreed to by the parties according to contract.

OUTSTANDING SHARE DATA (WHEN THIS REPORT WAS PRODUCED)

	As at April 29, 2016
Share capital	136,966,852
Stock options	5,376,800
Warrants	-
Outstanding shares	142,343,652

(i) On March 2, 2015, 400,000 stock options were issued.

(ii) As of March 31, 2015, 900,000 stock options had been cancelled.

(iii) On August 27, 2015, 1,575,000 stock options were issued to directors and employees.

(iv) On August 28, 2015, 400,000 stock options were issued to a director.

(v) On August 29, 2015, 210,000 stock options were cancelled.

(vi) On October 25, 2015, 665,000 stock options expired.

(vii) On December 31, 2015, 420 000 stock options were cancelled...

RISKS AND UNCERTAINTIES

The risk factors are detailed in the Company’s MD&A for the year ended December 31, 2015.

NEW ACCOUNTING POLICIES IN EFFECT

The new accounting policies in effect for the year ended December 31, 2015 are set out in Note 2 to the Company’s consolidated financial statements.

FINANCIAL RISK FACTORS

The Company is exposed to various financial risks resulting from both its activities and investments. The Company manages the financial risks. The Company does not use transactions in financial instruments, including derivative financial instruments for speculative purposes. Exposure of the Company to key financial risks and financial policies in this area are described in the annual consolidated financial statements of December 31, 2015 in Note 20.

Going Concern Risk

The Company and its mineral exploration and evaluation programs are at an early stage and the Company has no source of income. The Company relies upon its ability to secure significant additional financing to meet the minimum capital required to successfully complete the project and continue as a going concern. While the Company has been successful at raising funds through equity offerings in the past, there is no assurance that it will be able to do so in the future nor that adequate financing will be available to the Company or that the terms of such financing will be favourable. Should the Company not be able to obtain such financing, its ability to pursue its exploration and evaluation program and retain its mineral properties could be impaired.

Operational Risks Facing Exploration and Evaluation Mining Projects

The Company is at an exploration stage. Exploration and mining activities are subject to a high level of risk. Few exploration properties reach the production stage. Unusual or unexpected formations, fires, power failures, labour conflicts, floods, rockbursts, subsidence, landslides and the inability to locate the appropriate or adequate manpower, machinery or equipment are all risks associated with mining activities and the execution of exploration programs. Failure to address these risks may reduce the profitability of the operation or altogether prevent the property from being developed.

Resource Development Risks

The development of resource properties is subject to many factors, including the cost of mining, variations in the material mined, fluctuations in the commodities and exchange markets, the cost of processing equipment and other factors such as aboriginal claims, government regulations including, in particular, regulations on royalties, authorized production, importation and exportation of natural resources and environmental protection. Depending on the price of the natural resources produced, the Company may decide not to undertake or continue commercial production. Failure to address these risks may reduce the profitability of the operation or altogether prevent the property from being developed.

Exploration (Geological) Risk

The probability of an individual prospect ever having reserves that meet the requirements of *National Instrument 43-101, Standards of Disclosure for Mineral Projects* is extremely remote. Most exploration and evaluation projects do not result in the discovery of ore. In all probabilities, the majority of the properties do not contain any reserves and any funds spent on exploration and evaluation will probably be lost.

Commodity Risk

The market for Rare Earth oxide (TREO) in rare earths-enriched, can be affected by factors beyond the Company's control. Commodity prices have fluctuated widely, particularly in recent years. The impact of these factors cannot be accurately predicted, however commodity prices may reduce the profitability of the operation or altogether prevent a property from being developed.

Risk until Registration of Titles on Properties

Although Management has taken steps to verify title to mining properties in which the Company has an option to acquire an interest, in accordance with industry standards for the current stage of exploration of such properties, options to acquire interests and interests in properties may be subject to unregistered prior agreements and be non-compliant with regulatory requirements until interests in mining claims and titles are registered in Québec, Canada in the name of the Company and may jeopardize the Company's option to acquire an interest in the property.

Environmental and Other Regulations

Current, possible or future environmental legislation, regulations and measures may entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities. The requirements of the environmental regulations and standards are constantly re-evaluated and may be considerably increased, which could seriously harm the Company or its ability to develop its properties economically. Before a property can enter into production, the Company must obtain regulatory and environmental approvals. There can be no assurance that such approvals will be obtained or that they will be obtained in a timely manner. The cost related to assessing changes in government regulations may reduce the profitability of the operation or altogether prevent a property from being developed. The Company considers that it is in material compliance with the existing environmental legislation.

Options and Joint-Venture Agreements

The Company enters into Option and Joint Venture Agreements in which 1) other parties may have interests in the same claims but for minerals other than rare earths elements; or 2) in which the Company must obtain consent from the parties to obtain the priority for the Company to explore and produce for the duration of the Option and Joint Venture Agreement; or 3) in which the royalties must sometimes be paid not by the Company but by the other party to a third party pursuant to a previous engagement with the other party to the Agreement; or 4) in which another party may manage the Option or the Joint Venture or 5) in which the Company's interest may be diluted if the Company fails to incur exploration expenditures. If the Company fails to pay the sums due or fails to issue the securities pursuant to the terms of the agreements, the option to acquire an interest or the interest in a property could be abandoned or lost and all sums invested by the Company in these claims could be lost.

Financing and Development

The Company has incurred losses to date and does not presently have the financial resources required to finance its planned exploration, evaluation and development programs. Development of the Company's properties therefore depends on its ability to obtain the additional financing required. There can be no assurance that the Company will succeed in obtaining the required funding. Failure to do so may lead to substantial dilution of its interests (existing or proposed) in its properties. The inability to attract sufficient financing and or experienced personnel may negatively affect the profitability or the viability of a project. Future financing may take a variety of forms, the nature and conditions of which cannot be reliably predicted. Debt financing may include restrictive covenants. Equity issuances may have a dilutive effect on current shareholders.

Management is continually working to secure the necessary financing needed to achieve the objectives of Company.

Personnel Risk

The Company has limited experience in developing a resource property, and its ability to do so will depend on the use of experienced people or in the signature of agreements with major resource companies that can produce such expertise.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Corporation will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Additional Information and Continuous Disclosure

This management discussion and analysis is dated April 29, 2016, and complies with Canadian Securities Administrators' *National Instrument 51-102* on continuous disclosure. The purpose of this management discussion and analysis is to help the reader understand and assess the material changes and trends in the Company's results and financial position. It presents Management's perspectives on the Company's current and past activities and financial results, as well as an outlook of activities planned for the coming months. The Company regularly discloses additional information through press releases and other reports filed on the Matamec (www.matamec.com) and SEDAR (www.sedar.com) websites.

(Signed) André Gauthier

(Signed) Marcel Bergeron

(s) André Gauthier, President and Chief Executive Officer

(s) Marcel Bergeron, Secretary-Treasurer and Chief Financial Officer

MATAMEC EXPLORATIONS INC.
Management Discussion and Analysis
For the year ended December 31, 2015

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Marcel Bergeron, Secretary-Treasurer and CFO
Laval St-Gelais, Director
Normand Tamaro, Independent Director
David Guérette, Independent Director
Pierre Leblanc, Independent Director
François Biron, Independent Director

Legal Counsel
Montréal-Québec
Spiegel Sohmer Inc.
Fasken Martineau
BlakesTimmins-Ontario
John P. Huot Barrister & Solicitor
Ottawa – Ontario
MBM
Denver – Colorado/USA
Burns Figa & Will, PC

Auditors
Petrie Raymond S.E.N.C.R.L.
Montréal (Québec)

Transfer Agent
Computershare Inc.
Montréal (Québec)

Exchanges Listings

TSX Venture Exchange - MAT

OTCQX- MHREF