MATAMEC

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2016

INTRODUCTION

The following analysis should be read in conjunction with the financial statements of Matamec Explorations Inc. (“the Company”) for the years ended December 31, 2015 and 2014. The unaudited financial statements for the quarter ended June 30, 2016 have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Information*. The Management Discussion and Analysis is intended to complement and supplement financial information included in the interim and annual consolidated financial statements, related notes, other financial information found elsewhere 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 August 25, 2016 and as of this date 136,966,852 shares and 4,211,800 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 Monclerg) are in Ontario. These properties total 724 mining claims covering an area of 41,089 hectares in Quebec and 31 claims for 1,429 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 earth 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 YEAR 2016

Annual General Meeting of Shareholders

- The Annual General Meeting of Shareholders took place on June 9, 2016. All agenda items were approved by the shareholders.

HIGHLIGHTS FOR THE YEAR 2016 (cont'd)

Kipawa Property

- On June 20, 2016, Matamec provided an update on the Kipawa Rare Earths Joint Venture.

Hoyle-Matheson Royalties (HMR) Property

- On March 2, 2016 Matamec closed the agreement with Glencore and Goldcorp related to properties located on the Hoyle and Matheson townships and received $500,000 and NSR royalties on the new property named Hoyle-Matheson Royalties;
- On April 18, 2016 Matamec highlighted the gold potential of the Hoyle-Matheson Royalties property.

Sakami Property

- On April 4, 2016 the Company announced that the La Pointe area of the Sakami property revealed additional gold potential;
- On April 25, 2016 Canada Strategic Metals (CSM) and Matamec highlighted the regional setting of the Sakami Gold property.
- On July 6, 2016, Matamec announced that the summer 2016 exploration program at Sakami would be taking place at the same time as other mining exploration work in the James Bay area along the border of the La Grande-Opinaca subprovinces;
- On August 18m, 2016, Matamec announced the completion of the summer 2016 exploration program and that CSM had acquired its 50% interest in the Sakami property;
- On August 25, 2016, Matamec announced the results from the first drilling hole, # PT-16-91, from the summer 2016 exploration program, which revealed an intersection of 1.62 g/t over 64.50 m, including 2.21 g/t over 43.30 m and 3.46 g/t over 11.50 m.

Annual General Meeting – June 9, 2016

- On June 9, 2016, the annual general meeting of shareholders took place and all items on the meeting agenda were approved by shareholders, including the approval of the December 31, 2014 financial statements, the election of six directors, and the nomination of independent auditors Petrie Raymond, s.e.n.c.r.l (see the summary of proxy voting below). The Notice of AGM and the management proxy solicitation circular are available on SEDAR.

Summary of Proxy Voting

Resolution	Number of Shares			Percentage of Shares Voted	
	For	Withheld	No vote	For (%)	Withheld (%)
André Gauthier	33 203 496	2 446 388	4 799 410	93.14	6.86
François Biron	35 256 146	393 738	4 799 410	98.90	1.10
Pierre Leblanc	35 351 646	298 238	4 799 410	99.16	0.84
Normand Tamaro	35 333 146	316 738	4 799 410	99.11	0.89
Marcel Bergeron	35 134 813	515 071	4 799 410	98.56	1.44
David Guérette	35 276 083	373 801	4 799 410	98.95	1.05
Nomination of auditors	39 979 393	469 901	0	98.84	1.16

Taken from "Matamec Explorations Inc. – Annual General Meeting, June 9, 2016 – Final Scrutineers Report", Computershare Investor Services, June 16, 2016. 6 pages (letter and report)

FINANCING

The Company has not made any funding on common shares or other type of funding agreement during the period ended June 30, 2016.

PROJECTS AND NEW ACQUISITIONS

During the period ending June 30, 2016, the Company focused its efforts mainly on the heavy rare earth-enriched (HREE) Kipawa deposit owned by the Kipawa rare earth JV. No new project has been undertaken and no new acquisition was made during the period of three months ending June 30, 2016.

Following the exchange property agreement (PREAA) announced on March 2 with Glencore and Goldcorp, Matamec now holds 1% NSR royalty on the new HMR property.

Exploration Activities (Mining Properties) (cont'd)

The allocation by properties of mining properties and exploration and evaluation assets of $132,721 ($141,687 in 2015) incurred during the period is as follow:

		Mining properties as of June 30, 2016								
	Ontario		**Quebec**							
	Matheson Pelangio	**Matheson JV**	**Valmont**	**Vulcain**	**Sakami**	**Kipawa JV**	**Zeus**	**Tansim**	**32D01-32D02**	**Total**
	$	$	$	$	$		$	$	$	$
Balance – beginning	**-**	**861,055**	**6,986**	**1,087**	**-**	**701,809**	**-**	**-**	**-**	**1,570,936**
Variance for the year		(861,055)	1,863	-	-	-		36,201	13,572	809,420
Total per province										
Balance – June 30, 2016			**8,849**	**1,087**	**-**	**701,808**		**36,201**	**13,572**	**761,517**

		Mining properties as of June 30, 2015 (Restated)								
	Ontario		**Quebec**							
	Matheson Pelangio	**Matheson JV**	**Valmont**	**Vulcain**	**Sakami**	**Kipawa JV**	**Zeus**	**Tansim**	**32D01-32D02**	**Total**
	$	$	$	$	$		$	$	$	$
Balance – beginning	27,141	1,581,455	-	-	45,110	701,808	-	-	-	**2,355,514**
Variance for the year	-	-	6,986	1,086	-		14,061	-	-	**22,133**
Total per province	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance – June 30, 2015	**27,141**	**1,581,455**	**6,986**	**1,086**	**45,110**	**701,808**	**14,061**	**-**	**-**	**2,377,647**

Exploration Activities (Mining Properties) (cont'd)

Exploration and evaluation assets June 30, 2016											
	Ontario			Quebec							
	Matheson Pelangio	Matheson JV	HMR	Valmont	Vulcain	Sakami	Kipawa	Zeus	Tansim	32D01-32D02	Total
	$	$	$	$	$	$	$	$	$	$	$
Balance - beginning	-	-	-	53,707	6,740	-	2,272,348	-	111	-	2,332,906
Analysis	-	-		-	-	-		-		-	
Drilling	-	-		-	-	-		-		-	
Geology, geochemistry, geophysics and prospection	-	2,138	13,777	-	-	7,780		-	540	-	6,645
Line cutting	-	-		-	-	-		-		-	
Materials	-	-		-	-	-		-		-	
Travelling and lodging	-	-		-	-	-		-		-	
Other exploration expenses	-	-	23,773	-	-	-	41,239	-		-	62,099
Permits	-	11,242		-	-	-		-	1,755	-	1,756
Amortization of property and equipment	-	-	-	-	-	-	-	-	-	-	-
Total	-	13,380	37,550	-	-	7,780	41,239	-	2,296	-	
Total per province			**50,930**							**51,314**	
Total Quebec/Ontario											**102,244**
Tax credits											
Total including write-off and tax credits	-	13,380	**37,550**	**-**	**-**	7,780	**41,239**	-	**2,296**	-	**102,244**
Balance – 31 March, 2016	**-**	**13,380**	**37,550**	**53,707**	**6,740**	**7,780**	**2,313,587**	**-**	**2,406**	**-**	**2,435,150**

Exploration Activities (Mining Properties) (cont'd)

Exploration and evaluation assets June 30, 2015 (restated)											
	Ontario			Quebec							
	Matheson Pelangio	Matheson JV	HMR	Valmont	Vulcain	Sakami	Kipawa JV	Zeus	Tansim	32D01-32D02	Total
	$	$	$	$	$	$	$	$	$		$
Balance - beginning	304,971	960,248	-	-	-	2,213,091	2,086,321	-	-		5,564,631
Analyses	-	-	-	-	-	-	-	-	-		-
Drilling	-	-	-	-	-	-	-	-	-		-
Geology, geochemistry, geophysics and prospection	-	-	-	-	-	-	-	-	-		-
Line cutting	-	-	-	-	-	-	-	-	-		-
Materials	-	-	-	-	-	-	-	-	-		-
Travelling and lodging	-	-	-	-	-	-	451	-	-		451
Other exploration expenses	-	31,939	-	-	-	-	23,789	-	-		55,728
Permits	-	497	-	53,707	6,741	-	-	1,878	-		62,823
Amortization of fixed assets	-	552	-	-	-	-		-	-		552
Total	**-**	**32,988**	**-**	**53,707**	**6,741**	**-**	**24,240**	**1,878**	**-**		
Total per province			**32,988**							**86,566**	
Total Quebec/Ontario											**119,554**
Governmental assistance	-	-	-	-	-	-	(45,285)	-	-		(45,285)
Total including write-off and governmental assistance	**-**	**32,988**	**-**	**53,707**	**6,741**	**-**	**(21,045)**	**1,878**	**-**		**(74,269)**
Balance – June 30, 2015	**304,971**	**993,236**	**-**	**53,707**	**6,741**	**2,213,091**	**2,065,276**	**1,878**	**-**		**5,638,900**

Exploration work

Since the beginning of the year 2016, $102,244 was engaged in exploration and evaluation assets. From this amount, $50,930 was incurred in exploration and evaluation assets in Ontario (49.8% of DEC incurred) and $51,314 was incurred in Quebec (50.2% of DEC incurred). Here is an outline of the main exploration done in 2016 on the Kipawa property and that under Sakami option. Also, information related the HMR (1% NSR), Matheson JV (50%), Matheson-Pelangio (100%) and Tansim (100%) properties hold by Matamec are showed below:

Québec

Kipawa rare earth JV (REE-Y)

During the period, the Kipawa rare earth JV spent $406,001 on the Kipawa deposit. The expenses include: the continued metallurgical testing at SGS Lakefield, the organization and planning for the ongoing environmental and social impact studies, and the ongoing relations between Matamec and the aboriginal and non-aboriginal local communities.

Addition of a strategic partner

As previously announced in April 2nd and 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 a $3 million paid into the joint account of the Joint Venture.

The creation of this joint venture contributes to the positioning of Quebec, Témiscamingue and Matamec at the forefront of the quest for heavy rare earths production outside of China.

The Joint Venture is managed by a management committee consisting of a representative of each of the two parties. Matamec acts 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 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.

Addition of a strategic partner (cont'd)

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.

Cash and work in progress

Matamec, as Operator, manages the funds and carry out the work of the Joint Venture rare earths Kipawa. At June 30, 2016 the funds of the Kipawa rare earths JV totaled $1,080,168.

These funds allow for the achievement the objectives for the years 2015-2017 on the enriched heavy rare earths Kipawa deposit, such as:

- 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 the environmental footprint of the project;
- updating of the feasibility study;
- the continuation of environmental studies;
- the continuation of the social acceptability process with aboriginal and non-aboriginal people;
- ongoing discussions with strategic partners, both industrial and financial.

Since the organization of the Kipawa rare earths JV in January 2015, $2,372,634 was spent in the Kipawa deposit.

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 on October 17, 2013 based on the mining and processing of 3,650 average t/d of ore to produce 3,600 tonnes of mixed rare earth concentrate per year. Overall estimated capital cost for the project was $ 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 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 1st, through August 25, 2016), no work was conducted directly pertaining to the FS update. An update of 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 17th, 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 the years 2015 and 2016, three major Canadian financial institutions predicted that the Canadian dollar would range between $0.75 and $0.84 against the US dollar (Scotia- Global Economics-31/03/2015; National Bank of Canada - Financial Markets-Foreign Exchange-April 2015; Desjardins-Economic Studies-Forecasts currency-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

Risk regarding the change in the realizable value of rare earth products presented in the Feasibility study of October 17th, 2013 (cont'd)

in a range between $0.73 and $0.77 during 2016 (Scotiabank- Global Economics-06/07/2016; National Bank of Canada-Financial Markets-Foreign Exchange-August 2016; Desjardins-Economic Studies-FX Forecasts-18/08/2016). At this time, the Canadian dollar trades around $0.77.

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. More recently, Roskill Information Services Ltd., in its August 23, 2016 Weekly Roundup publication, reported that the Chinese government plans a zero tolerance approach to the illegal mining of rare earths. Mining from unofficial sources accounts for 25-30% of global rare earth supply in 2016. The Chinese government is also exploring the possibility of a product tracing system to track the source of rare earths and movement through the whole supply chain.

In addition, regarding the changes in global demand for rare earths, Kerry Satterthwaite of Roskill gave a presentation at the 10th International Rare Earths Conference organized by Metal Events Ltd. in Singapore from 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.

Risk regarding the change in the realizable value of rare earth products presented in the Feasibility study of October 17th, 2013 (cont'd)

In its 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, rare earths world market expert 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 2015-2017 metallurgical development work plan, developed with the objective to improve the weaknesses identified within the Kipawa process flowsheet, is advancing. For the Beneficiation circuit, investigations into the use of alternative physical techniques such as flotation, dense-media separation and ore sorting to recover rare earth (RE) continues. Among the various techniques that has been tested and compared, flotation appears to be an attractive method in terms of RE recoveries, gangue mass rejection and economics. Matamec will continue to work closely with laboratories and research facilities to improve upon the Beneficiation circuit.

Metallurgical optimisation is also ongoing in the Hydromet circuit. Leaching tests were performed in order to confirm RE extractions and to identify possible ways to reduce the capital and operating costs of the project.

In addition, Matamec has initiated work into the recovery of potential by-products from the Kipawa deposit. The economics of recovering Zirconium, Feldspar, Quartz and other valuables are currently being evaluated.

Metallurgical tests* (cont'd)

(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 several initiatives related to the environment.

UQAT-IRME-CRSNG

On November 6, 2015, The Institut de recherche en mines et en environnement (IRME) - l'Université du Québec en Abitibi-Témiscamingue (UQAT) received an Engage Grant (EG) of $25,000 from the Natural Sciences and Engineering Research Council (NSERC) to pursue geochemical characterization research. The purpose of the study is to establish and predict the geochemical reactions of tailings from rare earths, working from a study of six (6) rock samples from the Kipawa project.

The results of the analysis have been delayed; they were expected for June but have been postponed to fall 2016, with the approval of NSERC.

Specific Objectives:

The laboratory work includes:

- Chemical characterization;
- Physical characterization ;
- Mineralogical characterization of six sterile rock samples from the Kipawa project;
- Geochemical kinetic testing using mini photoelectric sensors;
- The interpretation of geochemical reactions of various results from the tests using mini photoelectric sensors.

Objectives to be finalized this fall:

In the lab:

- The characterization of post-dismantlement (using the mini photoelectric sensors)

Environment* (cont'd)

- Automated mineralogy using QEMSCAN (underway)
- Electron-probe micro-analysis (EPMA) (underway)
- Extended X-Ray Absorption Fine Structure (EXAFS)
- Interpretation of the aggregate of the results

Digital simulations:

- Digital modelling of results from the mini photoelectric sensor tests

Matamec is currently evaluating the possibility of pursuing this study with IRME-UQAT with the support of another Energy Grant or a Collaborative Research and Development Grant (CRD), also from NSERC.

Other topics

It is interesting to note that some rare earths have found uses in the improvement of water quality and the management of certain problems in this field. For example, it was a first in Quebec this summer when 175 tonnes of a special mixture of clay and lanthanum, called Phoslock, was successfully used to eliminate blue-green algae proliferating in the water of Lac Bromont. Another product containing cerium, called XorbX, is used to precipitate phosphate residue in water treatment plants.

Studies on the toxicity of these rare earths have shown that, instead of representing a danger to water quality, they offer a solution to fighting some significant causes of water pollution.

(Sylvain Doire is the director of environment)*

Social acceptability of the Kipawa project*

The social acceptability of projects of all sizes has become a requirement for all those in the resource sector, and mining projects are no exception. Matamec was ahead of its time for the era, having believed in this approach since the project's inception up until the creation of the Kipawa Rare Earths Joint Venture, but now it is the norm. Openness and transparency have served as the basis of all our activity in this field.

Over the course of the past quarter, at the provincial level, we have held meetings and made contacts with elected leaders and representatives of several key ministries in order to exchange details and/or provide updates on matters that concern them. Similar meetings and engagements are planned at the federal level between now and the end of the year.

Social acceptability of the Kipawa project* (cont'd)

It is worth noting that the Canadian Minister of Natural Resources, The Honourable James Gordon Carr, has reiterated at least twice the importance that his ministry places on the development of the rare earths sector. In fact, in a speech he gave on March 7, 2016 at the international Prospectors and Developers Association of Canada Conference (PDAC), he noted that "rare earth elements [are used] for everything from wind powered generators and hybrid and electric cars to all the latest tech gadgets — BlackBerrys, iPads, tablets. How many of you have a device in your pocket? How many of you have turned it off? All of them depend on [your industry] finding and supplying the materials that go into them, and the demand will only grow."

Furthermore, in an article that appeared in *Business* Today on August 22, he makes reference to the current CANMET program, saying: "Building on our successful partnership with industry, we are undertaking a five-year programme to stimulate the technological innovation needed to improve the development of our rare earths elements and chromite."

The Kipawa project is currently in the optimization stage. Because of this, there has been no activity during the past year at the deposit in Temiscaming. This is expected to continue going forward for an indeterminate length of time.

It is therefore more important than ever to open and maintain a dialogue with representatives from the local population who are affected by the project, since what we have to share continues to be the most recent information. During the quarter, we have held regular meetings with the authorities from the regional municipal county (MRC) of Temiscaming, as well as with the elected leaders of the city of Temiscaming and the municipality of Kipawa.

Nonetheless, there have been no discussions or contacts between Matamec and the aboriginal communities that were involved in the information and exchange process during the preparation of the feasibility study. We are actively working to find an acceptable solution to bring all stakeholders back to the table, resume a dialogue, and thereby gain these communities' trust and their experience and knowledge of the region.

Meetings have been held in Temiscaming between Matamec and the leaders of the Chambers of Commerce of Temiscaming and of the region. They are aware of the current project status and the next steps in its development. Matamec continues to be a member of both Chambers of Commerce of the region. We also make the most of our presence in the community by maintaining a regional office in Temiscaming to host meetings there. The local population can visit anytime to meet us and discuss the project.

Lastly, Matamec continues to work on updating its website and is now increasingly active on the LinkedIn professional social networking platform.
(Claude Brisson is the director of regional relations).*

Sakami (Gold)

On August 18, 2016, Matamec announced that Canada Strategic Metals (CSM) has acquired its 50% undivided interest in the Sakami property, after having issued 2,000,000 shares to the Company and having spent $2,250,000 in exploration work over the past 3 years.

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 $ 2,000,000 on exploration by the end of each year until the feasibility study is completed.

Regional context of the Sakami Gold Property

The property covers a major geological contact between two very favourable sub-provinces for the discovery of gold showing. The geology of this geological contact includes Opinaca sediments of the mafic volcanic La Grande and iron formations in association with a major deformation zone, particularly along the sub-provinces of La Grande-Opinaca. The mineralization style and tectonic setting have many similarities with the Eleonore mine owned by Goldcorp and index Cheechoo, held by Sirios Resources.

In this context of similarity index Pointe shows important similarities with the index Cheechoo, such as:

- The mineralization associated with silicified paragneiss containing fine quartz veinlets.
- A brownish tourmaline alteration and mineralization in a very thin pyrrhotite - arsenopyrite.
- An association of gold mineralization with a very proximal tonalite intrusion.
- The presence of gold mineralization associated with silicified paragneiss the Opinaca basin and folds structures.

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

Regional context of the Sakami Gold Property (cont'd)

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

Hole #	From (m)	To (m)	Length* (m)	Au (g/t)
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
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:

- 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)

Results of the Summer 2016 Exploration Campaign

The 2016 Summer program covered 4 areas of the property, and included a drilling campaign of 9 holes totaling 2,058 m on the La Pointe sector. It also comprised a total of 210 km of geophysical survey lines in the La Pointe, Île and JR West sectors, and a mapping and prospecting campaign in the Péninsule, Île and JR West sectors. The results of this exploration work will be shared as soon as they become available.

(The technical information presented in this section is taken from a press release issued by CSM and Matamec on August 18, 2016.)

First Results: Drill hole PT-16-91

The first of nine holes drilled in the northwest extension of zone 25 (main zone) indicates an intersection of **1.62g/t Au over 64.50 metres including 2.21 g/t Au over 43.40 metres and 3.46 g/t over 11.50 metres** in the PT-16-91 drill hole (see table below). These results confirm the extension the north-western extension of the gold envelope of zone 25. As mentioned above, the drill campaign consisted of nine (9) drill holes for a total of 2 058 metres of drilling.

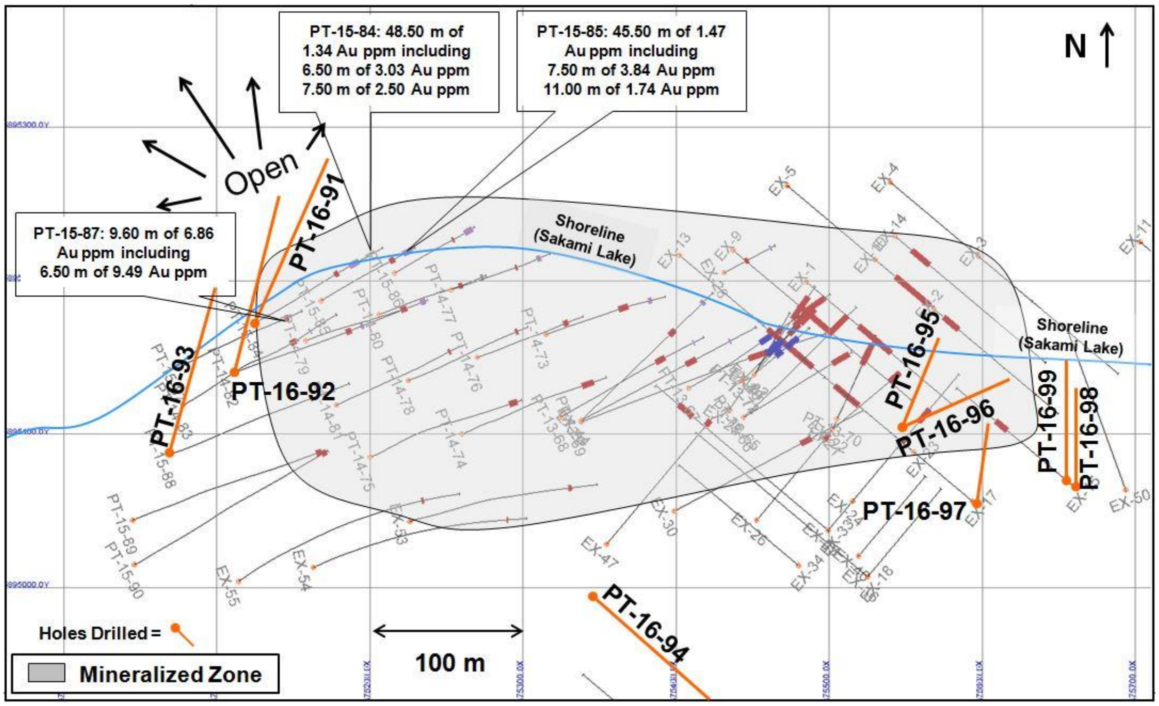
Results of first drill hole PT-16-91

Drill hole #	From (m)	To (m)	Length* (m)	Au (g/t)
PT-16-91	**157.50**	**222.00**	**64.50**	**1.62**
Including	**165.20**	**208.50**	**43.30**	**2.21**
Including	**176.00**	**187.50**	**11.50**	**3.46**

* Length along the core axis. According to the company, the true width of the core represents 70 to 95% of the length of the core.

The objective of the drilling campaign was to increase the size of the main gold zone (zone 25), located in the La Pointe sector of the Sakami property, towards the west-northwest, as well as its extension at depth, and also to test its southward extension. Following this drill campaign, zone 25 will have been tested over a 300-metre lateral distance and to a depth of more than 500 metres along its plunge. The locations of the drill holes are presented on the following map.

First results : Drill hole PT-16-91 (cont'd)



As soon as CSM and Matamec have received and compiled the results from drill holes PT-16-92 to PT-16-99, they will be disseminated.

(The technical information presented in this section is taken from press releases issued by CSM and Matamec on August 25, 2016).

Tansim (Li-Ta-Nb-Be)

Explored by Matamec since 2003, 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 between 168 and 500 ppm up to 5.8% Ta_2O_5, grades up to 0.028% Nb_2O_5 and grades between 0.33 and 1.95% up to 4.65$ Li_2O. These complex pegmatites are typically carrier of following minerals*:

- Spodumene and lepidolite (lithium);

Tansim (Li-Ta-Nb-Be) (cont'd)

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

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

Ontario

Matheson JV/Matheson Pelagio (gold)

The Matheson JV held at 50% and the Matheson-Pelangio (100%) properties lie 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.

***** *(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.

New Hoyle Royalties-Matheson Property (HMR)

Following the PREAA announced on March 2nd, 2016 with Glencore and Goldcorp, Matamec now holds royalties of 1% NSR on the HMR property. The Company 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.

New Hoyle Royalties-Matheson Property (HMR) (cont'd)

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 comes from the press releases issued by Matamec on April 16, 2016).

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 includes 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 **$1,080,168 in liquidity held at June 30st, 2016 by the Kipawa Rare Earths JV**, in addition to the metallurgical work,

STRATEGY AND ACTION PLAN (cont'd)

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 HMR (1% NSR), Matheson JV (50%)/Matheson-Pelangio (100%), Montclerg (1% NSR), Sakami (100% under option), Wachigabau (50%) and Valmont (100%) gold properties, the Company is continuing its evaluation of sources of financing. The Company is considering various scenarios, including the identification of strategic partners.

In addition to the Kipawa property, the Tansim property (100%) contains metals necessary for technological innovations, as lithium, tantalum, niobium and beryllium. For it, the primary focus is on the identification of strategic partners.

MARKETING OF RARE EARTHS & SPECIALTY METALS

Since the beginning of 2016, 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:

- "PDAC" in Toronto from March 6 to 9, 2016;
- "SME 2016 : Current Trends In Mining Finance," held April 24-26, 2016 in New York;
- Meetings with several companies in Japan from May 9 to 11, 2016;
- "8th Lithium Supply & Markets Conference" from 24 to 26 May 2016;
- The "Argus Americas Rare Earths Summit" in Denver from June 13 to 16, 2016.

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

The agreement between TRECan and the Company on July 11th, 2012 and ended on September 18th, 2014 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.

Consequently the company uses the carrying amount of the interest before the agreement with TRECan as the carrying amount for the portion of the interest retained. The Company does not record exploration expenditures made with the funds supplied by TRECan for the feasibility study.

Since the agreement with TRECan has been accounted for as a farm-out agreement, the company uses the carrying amount of the interest before the conclusion of the agreement as the carrying amount for the portion of the interest retained. The company has not recorded the exploration expenditures made with the funds supplied by TRECan, consequently the deferred exploration and evaluation expenditures of the Kipawa property do not include the $16,000,817 costs of the feasibility study.

FINANCIAL STATEMENTS RESTATEMENT

The financial statements of the Company for the period ended June 30st, 2015 have been restated to correct the accounting treatment relating to the acquisition by Ressource Québec Inc. in the Kipawa property.

Initial treatment of the sale of equity resulting from the addition of cash reserved to the joint venture and a reduction of asset exploration and evaluation in the interim consolidated statement of financial position was reversed. According to the most commonly used industry transaction practices, it is presented as a lease contract using the method proposed by the working group on IFRS in the mining sector, without regard to the legal form of the transaction.

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;

FINANCIAL STATEMENTS RESTATEMENT (CONT'D)

- The Company deducts the cash consideration received, if any, of the book value of the remaining participation, with any surplus being recorded as profit in net results.

- The Company does not record the prospection expenses made with the funds supplied by Ressource Québec for the feasibility study.

	Balance as previously stated	Restatement increase (decrease)	Restated balance
Cash Flows for the period ended on June 30, 2015	$	$	$
<u>Operating Activities</u>			
Change in non-cash working capital items	(359,893)	247,645	112,248
<u>Operating Activities</u>			
Bank advance	-	246,815	246,815
Exploration and evaluation assets	(543,772)	225,653	(318,119)
Gain on disposal of exploration and evaluation assets	3,000,000	(3,000,000)	-
<u>Financing activities</u>			
Bank advances	-	(79,066)	79,066
Increase (decrease) in cash and cash equivalents		(2,358,953)	
Cash and cash equivalents - end of period	2,389,895	(2,358,953)	30,942

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

Selected financial information for the period of three and six months ended June 30, 2016 and 2015 is shown in the following table:

	Three months ended		**Six months ended**	
	Results as at June 30, 2016	**Results as at June 30, 2015**	**Results as at June 30, 2016**	**Results as at June 30, 2015**
	$	$	$	$
Administration fees	11,731	-	17,377	-
Rebilling of expenses to the joint operation	34,227	-	57,552	-
Income – Interest	-	10,790	-	15,159
Gain on disposal of assets	6,695	-	6,695	-
General and administrative expenses	219,047	139,803	386,380	372,451
Stock-based compensation	6,934	5,493	17,265	13,311
Financing fees, and bank charge	2,058	2,041	2,760	9,754
Income taxes	(95,211)	(9,251)	(112,526)	(18,631)
Deferred Income tax expenses	36,700	(300)	(192,100)	(73,00)
Net loss	116,875	126,996	20,155	288,726
Basic and dilated net loss per share	0.001	0,001	0.0001	0,002

	Balance sheet as of June 30, 2016	**Balance sheet as of December 31, 2015**
	$	$
Total assets	4,769,617	4,150,652
Cash and cash equivalents	(103,420)	90,375
Equity	3,063,346	3,066,236

SECOND QUARTER

Under the agreement with Ressources Québec (Kipawa rare earths JV), the company charges a portion of its expenses in the joint venture. During the period, the Company charged an amount of $34,227 for administrative costs. In addition, on expenditure on the active exploration and evaluation of the Kipawa property, the Company is entitled to a 3% management income. During the year, the Company charged an amount of $11,731.

SECOND QUARTER (cont'd)

For the quarter ended June 30st, 2016 the Company incurred administrative expenses excluding stock-based compensation share of $219,047 compared to $139,803 in 2015. The difference of $79,244 was attributable to increase professional fees, consulting fees and expenses of exploration and evaluation assets expenses.

For the quarter ended June 30, 2016 the Company recorded net earnings of $116,875, compared to a net loss of $126,996 in 2015.

RESULTS OF OPERATIONS

During the period, the Company charged an amount of $57,552 for administrative costs Under the agreement with Ressources Québec. In addition, on expenditure on the active exploration and evaluation of the Kipawa property, the Company is entitled to a 3% management income. During the year, the Company charged an amount of $17,377 for the expenses related to exploration and evaluation assets.

During the period of six month ended June 30st, 2016 the Company incurred administrative expenses excluding stock-based compensation share of $386,380 compared to $372,451 in 2015. The difference of $13,929 was attributable to increase professional fees, consulting fees and expenses of exploration and evaluation assets expenses.

For this period the Company recorded net earnings of $20,155, compared to a net loss of $288,726 in 2015.

CASH ASSETS AND SOURCES OF FINANCING

The Company had a working capital negative of $138,743 (negative $837,485 on June 30, 2015). An amount in cash of $81,035 has been reserved for the Kipawa rare earths Joint Venture. This working capital includes an amount of $1,297,169 in tax credits receivable as at June 30, 2016 ($757,719 on June 30, 2015).

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.

CASH ASSETS AND SOURCES OF FINANCING (cont'd)

Management estimates that these funds will not be sufficient to meet the Company'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 Company or that they will be available on terms which are acceptable to the Company. If Management is unable to obtain new funding, the Company 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 $563,930 during the three-month period ended June 30st, 2016 ($471,866 for the same period in 2015). The year variation is a result of a decrease in administrative expenses. The change for the year is attributable to the reduction in expenses of administration.

The Company's investing activities primarily reflect funds used for exploration and evaluation, details of which are disclosed in the table on page 6.

The Company is entitled to a refundable tax credit for resources up to 31 % of eligible expenses, as well as a refundable mining duties credit for losses equivalent to 16 % of eligible expenses incurred financed from funds not having the subject of a tax waiver. The Company has no investment invested in commercial paper backed by assets.

QUARTERLY FINANCIAL INFORMATION

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

	2016			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Interest income				
Administrative expenses	167,332	219,047		
Net loss	96,742	116,875		
Basic and diluted net loss per share	0.001	0.001		

	2015			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Interest income	4,369	10,790	5,309	(15,014)
Administrative expenses	232,647	139,803	209,472	173,981
Net loss (income)	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)	
Interest income	985	1,992	25,093	
Administrative expenses	419,924	412,155	256,051	
Net loss	443,945	589,773	646,259	
Basic and diluted net loss per share	0,004	0,005	0,005	

i) The net loss resulted from the devaluation in the amount of $ 4,449,052 of mining properties of the Company and exploration expenses and deferred evaluation.

OFF BALANCE-SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

At June 30, 2016 and 2015, professional fees were charged by Laval St-Gelais, CPA, CA, director of the Company, consulting fees were charged by Marcel Bergeron, CPA. CA, who is an officer and director of the Company and in 2015 by Francois Biron, engineer, who is a director of the Company.

	June 30, 2016	**June 30, 2015**
	$	**$**
Professional fees	-	4,868
Consulting fees	30,254	-
Accounts payable and accrued liabilities	146,242	73,803
Other receivables	-	(31,186)

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 August 25, 2016
Share capital	136,966,852
Stock options	4,221,800
Warrants	-
Outstanding shares	141,188,652

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 period ended June 30, 2016 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 operations and its investments. The Company's management manages financial risks. The Company does not use financial instruments of transactions, including derivative financial instruments for speculative purposes. The exposure of the Company's major financial

FINANCIAL RISK FACTORS (cont'd)

risks and financial policies as described in the annual financial statements 31 December 2015 to the Note 20.

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 Company 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 August 25, 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

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Spiegel Sohmer Inc.
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Blakes
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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