Unaudited Condensed Consolidated
Interim Financial Statements
At September 30, 2016
(expressed in Canadian dollars)

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

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of net Operation

(Unaudited)

(In Canadian dollars, excepted the share number)

	3 months ended September 30, 2016	3 months ended September 30, 2015	9 months ended September 30, 2016	9 months ended September 30, 2015
	$	$	$	$
Revenue				
Administration fees	7,979	-	25,356	-
Rebilling of expenses to the joint operation	28,675	164,505	86,226	164,505
	36,654	164,505	111,582	164,505
Administrative expenses				
Salaries and fringe benefits	5,816	5,634	17,083	15,769
Rent and office expenses	34,299	36,192	99,667	98,049
Consulting fees	21,980	15,164	112,576	92,663
Stock-based compensation	4,528	23,402	21,793	36,713
Trustees and registration fees	2,129	2,427	16,570	15,209
Shareholders' reports	22,926	3,025	35,749	11,007
Professional fees	92,548	92,746	234,648	253,530
Insurance, taxes and licenses	4,693	5,118	26,394	15,832
Travelling and entertainment expenses	8,404	7,548	23,995	21,260
Telecommunications	2,730	14,531	8,699	24,087
Amortization of property and equipment	3,099	3,685	9,622	11,113
Administrative expenses total	203,152	209,472	606,796	595,232
Operating loss	**166,498**	**44,967**	**495,214**	**430,727**
Financial revenues				
Gain on disposal of assets	-	-	(6,695)	-
Gain on sale right	(75,000)	-	(75,000)	-
Interest and others incomes	-	(5,309)	-	(20,467)
Financing fees, interest and bank charges	985	(125)	3,745	9,629
	(74,015)	(5,434)	(77,950)	(10,838)
Loss before income taxe	**92,483**	**39,533**	**417,264**	**419,889**
Income taxes	119,255	(14,990)	6,729	(33,621)
Deferred Income tax expenses	(36,700)	(80,400)	(228,800)	(153,400)
Net loss (net income)	175,038	(55,857)	195,193	232,868
Net loss (net income) per share, basic and diluted	0.0013	(0.0004)	0.0014	0.002
Weighted-average number of common shares outstanding basic and diluted (in thousands)	136,967	136,967	136,967	136,967

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statement of Comprehensive Income
(Unaudited)

(In Canadian dollars)

		3 months ended September 30, 2016	3 months ended September 30, 2015	9 months ended September 30, 2016	9 months ended September 30, 2015
		$	$	$	$
Net loss (net income) for the year		175,038	(55,857)	195,193	232,868
Available for sale financial assets:					
Lost (gain) on change in fair value of available for sale financial assets	8	(90,000)	10,000	(90,000)	10,000
Total comprehensive loss for the year attributable to shareholders		**85,038**	**(45,857)**	**105,193**	**242,868**

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

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of Changes in Equity
(Unaudited)

(In Canadian dollars, excepted the share number)

	Number of common shares outstanding	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total of equity attributable to Matamec shareholders
	#	$	$	$	$	$
Balance - January 1, 2016	136,966,852	24,256,671	4,863,521	(30,000)	(26,023,956)	**3,066,236**
Net loss for the period	-	-		-	(195,193)	**(195,193)**
Other comprehensive income	-	-	-	90,000	-	**90,000**
Comprehensive income for the year	-	-	-	90,000	(195,193)	**(105,193)**
Stock options						
Share-based compensation	-	-	21,793	-	-	**21,793**
Balance - September 30,2016	**136,966,852**	**24,256,671**	**4,885,314**	**60,000**	**(26,219,149)**	2,982,836

Balance - January 1, 2015	136,966,852	24,256,671	4,816,114	(20,000)	(24,096,760)	**4,956,025**
Net loss for the year					(232,867)	**(232,867)**
Other comprehensive loss	-	-	-	(10,000)	-	(10,000)
Comprehensive loss for the year		-	-	(10,000)	(232,867)	**(242,867)**
Stock options						
Share-based compensation	-	-	36,713	-	-	**36,713**
Balance - September 30,2015	**136,966,852**	**24,256,671**	**4,852,827**	**(30,000)**	**(24,329,627)**	4,749,871

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of Cash Flows
(Unaudited)

(In Canadian dollars)

	Note	9 months ended September 30, 2016	9 months ended September 30, 2015
		$	$
Operating activities			
Net loss		(195,193)	(242,868)
Adjustment for :			
Stock-based compensation		21,793	36,713
Amortization of property and equipment		9,622	11,113
Deferred income tax expense		(228,800)	(187,021)
Income taxes		160,271	
		(232,307)	(382,063)
Change in non-cash working capital items	13	(231,220)	(233,472)
Cash flows used in operating activities		(463,527)	(615,535)
Investing activities			
Bank advance		199,934	(133,776)
Short-term deposit acquisition		(10,085)	(10,104)
Short-term deposit disposal		10,021	10,026
Government assistance received		111,822	980,760
Exploration and evaluation assets		(726,533)	(271,262)
Additions to property and equipment		-	(822)
Gain on disposal of exploration and evaluation assets		861,056	-
Acquisition of an investment		(75,000)	-
Proceed of sale		9,000	-
Gain on disposal of exploration and evaluation assets		(6,695)	-
Cash flows used in investing activities		373,520	574,822
Gain on sale right			
Financing activities			
Bank advances		100,000	(54,066)
Cash flows generated from financing activities		100,000	(54,066)
Increase (decrease) in cash and cash equivalent		9,993	(94,779)
Cash and cash equivalents – beginning of period		(5,801)	98,846
Cash and cash equivalents – end of period		4,192	4,067

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

MATAMEC EXPLORATIONS INC.

Consolidated Statement Interim of Financial Position
(As at December 31, 2016 and 2015)

(In Canadian dollars)

		September 30, 2016	December 31, 2015
		$	$
Assets			
Current assets			
Cash and cash equivalents		4,192	-
Cash restricted to joint operation with Ressources Québec Inc.	3	-	84,574
Short-term deposit, rate of 1,04 %, maturing on October 2016		10,085	10,021
Sales taxes recoverable		26,738	7,722
Tax credits recoverable	6	1,136,898	1,291,519
Prepaid expenses		4,837	11,090
		1,182,750	1,404,926
Non-current assets			
Non-current portion of tax credits recoverable	6	106,208	70,138
Investment in shares of a private company		1	1
Available-for-sale financial assets (cost: $60,000)	7	195,000	30,000
Property and equipment	8	135,044	146,971
Exploration and evaluation assets	9	3,310,080	3,903,842
		3,746,333	4,150,952
Total assets		4,929,083	5,555,878
Liabilities			
Current liabilities			
Advance of joint venture with Ressources Québec Inc.	3	115,360	-
Bank overdraft		-	5,801
Bank advance	10	100,000	-
Accounts payable and accrued liabilities		1,262,187	1,786,341
		1,477,547	1,792,142
Non-current liabilities			
Deferred income taxes		468,700	697,500
Total liabilities		1,946,247	2,489,642
Equity attributable to Matamec Explorations Inc.'s shareholders			
Share capital		24,256,671	24,256,671
Contributed surplus		4,885,314	4,863,521
Accumulated other comprehensive income		60,000	(30,000)
Deficit		(26,219,149)	(26,023,956)
Total equity		2,982,836	3,066,236
Total liabilities and equity		4,929,083	5,555,878

ON BEHALF OF THE BOARD OF DIRECTORS
(signed) André Gauthier, Director

(signed) Marcel Bergeron, Director

1. Incorporation, nature of operations and going concern

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

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

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

For year ended on September 30, 2016 the Company recorded a net loss of $195,193 (income of $232,868 to 2015) . In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs and pay general and administration costs. As at september 30, 2016, the Company had a working capital negative of $294,497 (negative $795,767 to december 2015) . Management estimates that these funds will not be sufficient to meet the Company's obligations and budgeted expenditures through September 30, 2017. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. amounts reflected in these unaudited condensed interim financial statements.

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

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

The Company's financial year ends on December 31, 2016. These consolidated financial statements were approved for issue by the Board of Directors on november 15, 2016.

2. Basis of preparation

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

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

3. Significant accounting policies

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

a) Basis of measurement

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

b) Basis of consolidation

Subsidiary

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

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

Jointly controlled asset

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

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

3. Significant accounting policies (cont'd)

Since January 27, 2015, the Company and Ressources Québec Inc. (RQ) control jointly an exploration and evaluation asset, pursuant to a 72/28 joint operation agreement , 72 % being the interest of the Company. Information on this asset is presented in Note 9 (Property Kipawa). Jointly controlled assets supposes joint control, without creating a corporation, partnership or other entity. When the Group's activities are conducted through jointly controlled assets, the Group recognizes its share of jointly controlled assets, any liabilities that it has incurred, and its share of any liabilities incurred jointly with the other venturers. The agreement between RQ and the Company, in accordance with the practices most commonly used in the industry, has been accounted for as a farm-out agreement without consideration for the legal form of the agreement. A farm-out arrangement typically involves an entity (i.e., the farmor) agreeing to provide a working interest in a mining property (i.e., the farmee), provided that the farmee makes a cash payment to the farmor and/or incurs certain expenditures on the property to earn that interest. As of September 30, 2016, a cash amount of $115,360 is due to the joint venture with Ressources Québec inc.

Transactions eliminated on consolidation

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

c) Functional and presentation currency

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

on sale *d) Financial instruments*

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

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

4. Restated financial statements

The comparative figures of the financials statements for the period ended september 30, 2015 have been restated to correct the accounting treatment of the taking of participation of Ressource Québec Inc. in the Kipawa property.

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

According to this method :

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

Cash Flows for the period ended on September 30, 2015	Balance as previousy stated	Restatement increase (decrease)	Restated balance
Operating Activities			
Change in non-cash working capital items	(290,250) $	56,778 $	(233,472) $
Operating Activities			
Bank advance	- $	(133,776) $	(133,776) $
Exploration and evaluation assets	(1,109,253) $	837,991 $	(271,262) $
Gain on disposal of exploration and evaluation assets	3,000,000 $	(3,000,000) $	- $
Financing activities			
Bank advances	- $	(54,066) $	(54,066) $
Increase (decrease) in cash and cash equivalents		(2,293,073) $	
Cash and cash equivalents - end of period	2,297,140 $	(2,293,073) $	4,067 $

5. Judgments, estimates and assumption

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

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

1) Exploration and evaluation assets

Probability of cost recovery at initial recognition

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

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

2) Impairment of non-financial assets

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

3) Valuation of share-based payments

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

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

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

5) Going concern

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

(In Canadian dollars)

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

6) Uncertain tax positions

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

7) Mining duties

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

6. Tax credits recoverable

	September 31, 2016	September 30,2015
Quebec refundable credit on mining duties at rate of 16 %	**$**	**$**
Property Kipawa		
2012	223,572	-
2013	781,959	384,929
2014	-	20,297
2015	117,472	33,621
2016	101,547	-
	1,224,550	438,847
Other properties		
2013	13,895	13,895
2014	-	439
2016	4,661	-
	18,556	14,334
Refundable credit for resources related to exploration at rates of 35 % , 38,75 % and 28 % since June 4, 2014		
Property Kipawa		
2015	-	81,720
	-	81,720
Total	1,243,106	534,901
Less: Non-current portion of tax credits recoverable	(106,208)	(33,621)
Current portion of tax credits recoverable	1,136,898	501,280

As at September 30, 2015, an amount of $664,762 of the tax credits receivable is reserved for the joint venture with Ressources Québec Inc., as described in note 11 c).

(In Canadian dollars)

7. Available-for-sale financial assets

Northern Superior Resources

The Company owned 100,000 shares of Northen Superior Ressources Inc. ("Northen") that where acquired for $9,200. In 2014, the Company sold the shares for an amount of $3,350, which resulted in a loss of $5,850 in the consolidated statements of operations following the reclassification of the cumulative loss of $6,200 recorded previously in other comprehensive income.

Canada Strategic Metals

On August 16, 2013, the Company signed an agreement with Canada Strategic Metals. This Company can acquire a 50% undivided interest in Sakami property by issuing 2 million common shares and spending $2,250,000 in deferred exploration expenditures on the property, on a period of 3 years.

At the date of the agreement, 500,000 shares were issued for a consideration of $22,500. In 2014, the Company sold 500,000 shares for a consideration of $38,410 which generated a gain of $15,910 in the consolidated statements of operations following the reclassifying of the $19,500 cumulative loss recognized previously in other comprehensive income.

On August 22, 2014, 500,000 shares were issued for a consideration of $45,000. On september 30, 2016, the Company recorded a unrealized gain on change to $20,000 in fair value in other comprehensive income.

On August 14, 2015, 500,000 shares were issued for a consideration of $15,000. On september 30, 2016, the Company recorded a unrealized gain on change to $50,000 in fair value in other comprehensive income.

On August 16, 2016, 500,000 shares were issued for a consideration of $75,000. On september 30, 2016, the Company recorded a unrealized lost on change to $10,000 in fair value in other comprehensive income.

On september 30, 2016, the shares were trading at $0.13. Consequently, the Company recorded a unrealized gain on change to $90,000 in fair value in other comprehensive income.

8. Property and equipment

	Buildings and land	**Computer equipment**	**Office furniture**	**Exploration amenities and facilities**	**Total**
Net book value					
Balance as at January 1, 2016	**128 493**	**60 135**	**49 842**	**70 775**	**309 245**
Additions	-		-	-	**-**
Disposal	-		-	(39 625)	**(39 625)**
Balance as at September 30, 2016	128 493	60 135	49 842	31 150	269 620
Accumulated depreciation					
Balance as at January 1, 2016	18 688	46 826	32 641	64 119	**162 274**
Depreciation	3 222	2 580	2 583	1 237	**9 622**
Disposal	-		-	(37 320)	**(37 320)**
Balance as at September 30, 2016	21 910	49 406	35 224	28 036	134 576
Net book value at September 30,2016	**106 583**	**10 729**	**14 618**	**3 114**	**135 044**
Net book value					
Balance as at January 1, 2015	128 493	59 313	49 842	70 775	**308 423**
Additions	-	822.00	-	-	**822.00**
Balance as at September 30, 2015	128 493	60 135	49 842	70 775	**309 245**
Accumulated depreciation					
Balance as at January 1, 2015	14 224	42 398	28 354	61 287	**146 263**
Depreciation	3 348	3 256	3 213	2 124	**11 941**
Balance as at September 30, 2015	17 572	45 654	31 567	63 411	**158 204**
Net book value at September 30,2015	**110 921**	**14 481**	**18 275**	**7 364**	**151 041**

Amortization is calculated using the straight-line method

Building	4 %
Computer Equiqment	30 %
Furniture and office equipment	20 %
Exploration and evaluation equipments	30 %

(In Canadian dollars)

9. Deferred exploration

Mining properties

	Interest	December 31, 2015	Additions	Disposal	Write off	September 30, 2016
		$	$	$	$	$
Sakami	100%	-	-	-	-	**-**
Zeus	100%	-	248	-	-	**248**
Kipawa Rare Earths JV	72%	701,809		-	-	**701,809**
Valmont	100%	6,986	1,863	-	-	**8,849**
Vulcain	100%	1,086	2,028	-	-	**3,114**
Tansim	100%	-	40,662	-	-	**40,662**
HMR	100%	-		-	-	**-**
Matheson JV	50%	861,056	-	(861,056)	-	**-**
R2D01-R2D02	100%	-	14,569	-	-	**14,569**
Opinaca Gold West	100%	-	32,401	-	-	**32,401**
Opinaca Lithium	100%	-	75,214	-	-	**75,214**
		1,570,937	**166,985**	**(861,056)**	**-**	**876,866**

Deferred exploration and evaluation expenditures

	December 31, 2015	Additions	Disposal	Tax credits	Write off	September 30, 2016
	$	$	$	$	$	$
Sakami	-	27,503	-	-	-	**27,503**
Zeus	-	1,535	-	-	-	**1,535**
Kipawa Rare Earths JV	2,272,348	9,142	-	-	-	**2,281,490**
Tansim	111	7,188	-	-	-	**7,299**
Valmont	53,707	444	-	-	-	**54,151**
Vulcain	6,740	-	-	-	-	**6,740**
Matheson Pelangio	-	3,714	-	-	-	**3,714**
HMR	-	23,921	-	-	-	**23,921**
Matheson JV	-	26,861	-	-	-	**26,861**
	2,332,906	**100,308**	**-**	**-**	**-**	**2,433,214**
Total	**3,903,842**	**267,293**	**(861,056)**	**-**	**-**	**3,310,080**

Mining properties

	Interest	December 31, 2014	Additions	Disposal	Write off	September 30 2015 (Restated)
		$	$	$	$	$
Sakami	100%	45,110	-	(15,000)	-	**30,110**
Zeus	100%	-	14,061	-	-	**14,061**
Kipawa Rare Earths JV	72%	701,808	-	-	-	**701,808**
Tansim	100%	-	-	-	-	**-**
Valmont	100%	-	6,986	-	-	**6,986**
Vulcain	100%	-	1,086	-	-	**1,086**
Matheson Pelangio	100%	27,141	-	-	-	**27,141**
Matheson JV	50%	1,581,455	-	-	-	**1,581,455**
		2,355,514	**22,133**	**(15,000)**	**-**	**2,362,647**

Deferred exploration and evaluation expenditures

	December 31, 2014	Additions	Disposal	Tax credits	Write off	September 30 2015 (Restated)
	$	$	$	$	$	$
Sakami	2,213,091	-	-	-	-	**2,213,091**
Zeus	-	3,812	-	-	-	**3,812**
Kipawa Rare Earths JV	2,086,321	194,981		(194,488)	-	**2,086,814**
Tansim	-	111	-	-	-	**111**
Valmont	-	53,707	-	-	-	**53,707**
Vulcain	-	6,741	-	-	-	**6,741**
Matheson Pelangio	304,971	-	-	-	-	**304,971**
Matheson JV	960,248	87,325	-	-	-	**1,047,573**
	5,564,631	**346,677**	**-**	**(194,488)**	**-**	**5,716,820**
Total	**7,920,145**	**368,810**	**(15,000)**	**(194,488)**	**-**	**8,079,467**

(In Canadian dollars)

10. Bank advances

The Company has on 31 December 2015 an authorized line of credit of $ 100,000 bearing interest at the Canadian prime rate of National Bank plus 1,5% (2,7% at December 31, 2015).

Bank advances are guaranteed by a first mortgage of $ 100,000 on the building and grounds.

11. Commitments and contingencies

a) On May 1, 2013, the Company agreed to pay to its President André Gauthier a compensation sum corresponding of two months salaries plus two months salaries per year of services in case of separation and subject to additional conditions. As of September 30, 2016, the obligation represents an amount of $364,000.

b) In 2012, the Company entered a three-year lease contract for larger premises that was renewed until March 31, 2017. The commitments resulting from this renewed lease are $80,357 and $20,089 respectively for years 2016 and 2017. The lease has a two year renewal option.

The rent expense for the year included in the net loss amounts to $63,875

c) On October 2, 2014, the Company signed a subscription agreement with Ressources Québec Inc. Under this agreement, the Company is committed to incur $1,000,000 less the expenses relating to the issuance of $67,145, in the phase 1 of Kipawa's heavy rare earths development program. In add, the Company and Ressources Québec Inc. (RQ) control jointly an exploration and evaluation asset, pursuant to a 72/28 joint operation agreement , 72 % being the interest of the Company. To date, Ressources Québec has invested $ 3 million and the joint venture has spent $ 2,389,662on the Kipawa property. Cash available in the joint venture to continue the exploration work of $768,519. On september 30, 2016, $328,269 ($383,452 as of December 31, 2015) was incurred. In addition, $ 115,360 is owed to the joint venture with Ressources Québec. Therefore, a commitment of $ 664,762 ($464,829 as of December 31, 2015) remains to be incurred when the tax credits will be received.

12. Related party transactions

During the year, the Company incurred expenditures related to exploration of mining properties as well as professional and consulting fees. These transactions occurred in the normal course of operations and were measured at the exchange amount, which is the amount established and agreed to by the parties.

A second officer and director of the Company	**2016**	**2015**
Expenses	$	$
Professional fees	-	5,566
Trade accounts payable and accrued liabilites	11,240	14,987

A third officer and director of the Company	**2015**	**2014**
Expenses	$	$
Professional fees	88,813	30,000
Trade accounts payable and accrued liabilites	145,579	88,988

A fourth officer and director of the Company	**2015**	**2014**
Expenses	$	$
Professional fees	3,449	3,600

13. Supplemental Cash flow information

	2016	**2015 (decrease)**
	$	$
Changes in non-cash working capital items		
Decrease (increase) sales taxes recoverable	(19,016)	(203)
Decrease (increase) of prepaid expenses	6,253	23,690
Decrease (increase) of tax credits recoverable	(153,542)	(81,720)
Increase (decrease) of accounts payable and accrued liabilities	(64,915)	(170,239)
Increase deposit of sale interest of a property		(5,000)
	(231,220)	(233,472)

(In Canadian dollars)

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

Interest rate risk

Part of cash and cash equivalents and short-term deposit bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company has a cash balance and the Company's current policy is to invest excess cash in term deposits of interest-bearing accounts of Canada'S major chartered bank. As of September 30,2016 the Company had $10,085 ($10,021 as at December 31, 2015) invested in term deposits bearing interest at 1,04% (0,85% as at December 31, 2015). Sensitivity to a plus or minus 1% change in the rates would not significantly affect the reported net loss and reported shareholders' equity.

Fair value

Fair value of financial instruments is presented as follow:

	September 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$	$	$	$
Financial assets				
Loans and receivables				
Restricted cash to the joint operation with Ressources Québec Inc.	(115,360)	(115,360)	84,574	84,574
Short-term deposit	10,085	10,085	10,021	10,021
Other receivables	-	-	-	-
Total	(105,275)	(105,275)	94,595	94,595
Available-for-sale				
Investment in share of a private company	1	1	1	1
Investment in shares of a listed company	195,000	195,000	30,000	30,000
	195,001	195,001	30,001	30,001
Financial liabilities, at amortized cost				
Bank indebtedness	-	-	5,801	5,801
Bank advance	100,000	100,000	-	-
Trade payable and accrued liabilities	1,262,187	1,262,187	1,786,341	1,786,341
	1,362,187	1,362,187	1,792,142	1,792,142

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

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

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

Fair value hierarchy

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

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