



M A  A M E C

MANAGEMENT DISCUSSION AND ANALYSIS

June 30th, 2015

MATAMEC EXPLORATIONS INC.
Management Discussion and Analysis
For the period of six months ended June 30, 2015

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, 2014 and 2013. The unaudited financial statements for the period of six months ended June 30, 2015 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 27, 2015 and as at this date 136,966,852 shares and 4,696,800 options were issued and outstanding. Reference to “Matamec” or the “Company” includes 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 them is currently under option, one joint venture with 72%, two joint ventures of 50% and a royalty on another. Seven properties are located in Quebec and three in Ontario.

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Nature of Operations (cont'd)

These properties total 438 mining claims covering an area of 24,641 hectares in Quebec and 27 claims for 1,429 hectares in Ontario. It is exploring for precious metals, base metals, rare metals and rare earths.

Its main focus is on the exploration and development of the REE-yttrium-zirconium Kipawa property, located in Temiscaming, south-western Quebec. The Kipawa deposit on the Kipawa property 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 SECOND QUATERLY 2015

- On April 15 and 20, and on June 9, 2015, Canada Strategic Metals ("CSM") and Matamec announced the results of the last exploration campaign, completed in March 2015, on the Sakami gold property and the new results confirm the westward and northwestward and to the depth of the Zone 25 gold envelope.
- On June 22, 2015, the Annual and Special Meeting of Shareholders was held and all items on the agenda were approved by shareholders.
- On August 6, 2015, the Company was informed that the future 10% NPI royalty held by Toyotsu Rare Earth Canada Inc. on the Kipawa property was now held by Toyota Tsusho Corp. (Nagoya, Japan).
- On August 14, 2015, Matamec received a certificate of 500,000 shares issued by CSM for the 3rd anniversary payment of the option agreement on the Kipawa property.

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JUNE 22, 2015 ANNUAL MEETING

On June 22, 2015, the Annual and Special Meeting of Shareholders has been held and all items on the agenda were approved by shareholders, including the approval of the financial statements as at December 31, 2014, the election of the six directors (see list on page 25), the appointment of the independent auditors Petrie Raymond, LLP, the amendment to the internal by-laws and the renewal of the shareholder rights plan. The Notice and Information Circular can be consulted on SEDAR.

FINANCING

The Company has not made any funding on common shares or other type of funding agreement during the period ended March 31, 2015. During the period, the Company created the Kipawa Rare Earth JV with Ressource Québec ("RQ ") and sold 28% undivided interest in the Kipawa property to RQ for a consideration of \$3 million paid into the joint account of the JV.

PROJECTS AND NEW ACQUISITIONS

During the period, the Company mainly focused its efforts on the Kipawa. No new projects have been undertaken and no new acquisitions were made during the period of three months ended June 30, 2015.

EXPLORATION ACTIVITIES (MINING PROPERTIES)

Exploration expenses for the period ended June 30, 2015, amounted to \$559,148 as compared to \$633,743 for the same period in 2014. The Kipawa Rare Earth JV, Valmont and Matheson JV showed the most activity with exploration expenditures totalling: \$463,834 for Kipawa, \$53,707 for Valmont and \$32,988 for Matheson JV.

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Exploration Activities (Mining Properties) (cont'd)

The allocation by properties of mining properties and deferred exploration costs of \$581,281 incurred during the period is as follow:

	Mining properties as of June 30, 2015								
	Ontario		Quebec						
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Sakami	Kipawa JV	Zeus	Tansim	Total
	\$	\$	\$	\$	\$		\$	\$	\$
Balance - beginning	27,141	1,581 455	-	-	45,110	701,808	-	-	2,355,514
Variance for the year	-	-	6,986	1,086	-	(495,130)	14,061	-	(472,997)
Total per province	-	-	-	-	-	-	-	-	-
Balance – June 30, 2015	27,141	1,581 455	6,986	1,086	45,110	206,678	14,061	-	1,882,517

	Mining properties as of June 30, 2014								
	Ontario		Quebec						
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Sakami	Kipawa JV	Zeus	Tansim	Total
	\$	\$	\$	\$	\$		\$	\$	\$
Balance - beginning	27,141	1,581,454	112,318	175,687	112,610	421,667	54,234	44,368	2,529,479
Variance for the year	-	-	-	(15,440)	-		(24,640)	-	(40,080)
Total per province	-	-	-	-	-	-	-	-	-
Balance – June 30, 2014	27,141	1,581,454	112,318	160,247	112,610	421,667	29,594	44,368	2,489,399

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Exploration Activities (Mining Properties) (cont'd)

Deferred Exploration Costs June 30, 2015									
	Ontario		Quebec						
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Sakami	Kipawa	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning	304,971	960,248	-	-	2,213,091	2,086,321	-	-	5,564,631
Analysis	-	-	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	-	-	-
Geology, geochemistry, geophysics and prospection	-	-	-	-	-	37,710	-	-	37,710
Line cutting	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	-	-
Travelling and lodging	-	-	-	-	-	43,102	-	-	43,102
Other exploration expenses	-	31,939	-	-	-	383,022	-	-	414,961
Permits	-	497	53,707	6,741	-	-	1,878	-	62,823
Amortization of property and equipment	-	552	-	-	-	-	-	-	552
Total	-	32,988	53,707	6,741	-	463,834	1,878	-	
Total per province	-	32,988	-	-	-	-	-	526,160	
Total Quebec/Ontario	-	-	-	-	-	-	-	-	559,148
Write-off	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(2,504,871)	-	-	(2,504,871)
Tax credits	-	-	-	-	-	(45,285)	-	-	(45,285)
Total including write-off and tax credits	-	32,988	53,707	6,741	-	(2,086,321)	1,878	-	(1,991,007)
Balance – June 30, 2015	304,971	993,236	53,707	6,741	2,213,091	-	1,878	-	3,573,624

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Exploration Activities (Mining Properties) (cont'd)

Deferred Exploration Costs June 30, 2014									
	Ontario		Quebec						
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Sakami	Kipawa JV	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning	304,971	872,247	351,691	1,512,030	2,206,869	429,083	1,701,925	227,317	7,606,133
Analyses	-	-	-	-	-	-	7,747	-	7,747
Drilling	-	-	-	-	-	-	-	-	-
Geology, geochemistry, geophysics and prospection	-	191	-	-	6,365	216,012	1,856	-	224,424
Line cutting	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	-	-
Travelling and lodging	-	-	-	-	-	1,614	56	-	1,670
Other exploration expenses	-	19,496	-	-	2,432	371,935	-	-	393,863
Permits	-	4,287	-	-	-	-	-	-	4,287
Amortization of fixed assets	-	798	-	-	-	-	954	-	1,752
Total	-	24,772	-	-	8,797	589,561	10,613	-	633,743
Total per province	-	24,772	-	-	-	-	-	608,971	
Total Quebec/Ontario	-	-	-	-	-	-	-	-	633,743
Write-off	-	-	-	(124,701)	-	-	-	-	(124,701)
Governmental assistance	-	-	(4,971)	-	(54)	(135,896)	(35,879)	(464)	(177,264)
Total including write-off and governmental assistance	-	24,772	(4,971)	(124,701)	8,743	453,665	(25,266)	(464)	331,778
Balance – June 30, 2014	304,971	897,019	346,720	1,387,329	2,215,612	882,748	1,676,659	226,853	7,937,911

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Exploration work

Since the beginning of the year 2015, \$559,148 were engaged in deferred exploration costs. From this amount, \$526,160 was incurred in deferred exploration costs in Quebec (94% of DEC incurred) and \$32,988 in deferred exploration costs in Ontario (6% of DEC incurred). Here is an outline of the main exploration work done during 2015 on the Kipawa property and Sakami property currently under option:

Québec

Kipawa (REE-Y-Zr)

During the period, the Corporation spent \$463,834 on the Kipawa property. The expenses for the Kipawa property include mainly the planning of the 2015-2016 work program and budget, and the continuity of the relations with the impacted communities.

Adding a strategic partner

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

The Joint Venture created contributes towards positioning Québec, Témiscamingue and Matamec at the forefront of the quest for heavy rare earth production outside of China. It allows for the continued development of the Kipawa heavy rare earths deposit and to achieve the following objectives forecasted for 2015-2016 as:

- optimization of metallurgical processes (including individual separation of rare earths) and building of a second pilot plant;
- evaluation of the opportunities to reduce the environmental footprint of the project;
- updating of the feasibility study published in October 2013;
- continuation of environmental studies;
- continuation of the social acceptability process with aboriginal and non-aboriginal people;
- continuation of discussions with strategic industrial and financial partners

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Adding a strategic partner (cont'd)

The Joint Venture will be managed by a management committee consisting of a representative of each of the two parties. Matamec will act as the manager of the Joint Venture. In the event that the parties decide to move to 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.

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

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

Future 10 % royalty on profit net held by TRECan

On August 6, 2015, the Company has been informed that the future 10 % royalty on profit net held by TRECan in the Kipawa property was now held by Toyota Tshsho Corp (Nagoya, Japon) since July 30, 2015.

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

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.

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

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. In November 2014, the Canadian dollar trades for approximately \$0.88 against the US dollar. Now, it trades for approximately \$0.77 against the US dollar.

On September 2014, several economists with major Canadian financial institutions predicted the Canadian dollar would close between \$0.85 and \$0.92 at the end of 2015 (Les Affaires - Le dollar à un creux de quatre mois (09/11-2014 - <http://www.lesaffaires.com/bourse/revue-des-marches/le-dollar-canadien-a-un-creux-de-quatre-mois/572016>). For 2015 and 2016, three major Canadian financial institutions predict the Canadian dollar will fluctuate between \$0.74 and \$0.84 (Scotiabank - Global Economics - 07/30/2015, National Bank of Canada - Financial Markets – Foreign Exchange – July/August 2015; Desjardins - Economic Studies - FX Forecasts - 07/02/2015).

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,

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

and specifically the pollution caused by rare earths, as well as smuggling of rare earths. These authors consider that the deployment of these strategies should have a positive impact on future rare earth prices.

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

Regarding the prices of rare earth oxides, Argus Consulting Services in its monthly report dated June 1, 2015, forecasts that the prices of the principal rare earth oxides should increase by more than 50% by May 2016.

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 2016, it expects to be able to review all the information and assumptions it contains. Although the Company has no control over the 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*

After a collaborative effort by the metallurgical team, external experts and SGS Mineral Services to evaluate and identify strengths and weaknesses of the Kipawa process flowsheet, a detailed plan for future testing in 2015 – 2017 has been developed. The main objective of this next phase of testwork is to improve recovery of rare earths and to reduce reagent costs.

For the Beneficiation circuit, ore preparation work has started at SGS. The ore samples prepared will be representative of the entire Kipawa deposit, and will be used by SGS and other laboratories for physical separation testing. The metallurgical team has also engaged conversations with various research centers and universities for research collaborations in the beneficiation of the Kipawa ore.

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Metallurgical tests*(cont'd)

For the downstream Hydromet and Purification circuit, work has also been initiated at SGS. A heavy rare earth product of high purity is expected to be generated at the completion of this testwork.

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

Social acceptability of the Kipawa project

The evaluation criteria of industrial development projects have evolved greatly over the past few years. Some of these criteria, such as the environment and social acceptability, are now important components of any project. The Kipawa project thus is no different from others with regard to this reality.

It is still important to mention that Matamec has been very proactive in ensuring that all of a project's stakeholders receive the right information regarding the project. Matamec gives priority to obtaining comments and questions from these persons or groups, in order to ensure they are considered in the project's development.

The social acceptability process is an evolving process. Major efforts and resources are allocated to this field of activity to ensure that nothing is left out, so that channels of communication are maintained and developed between Matamec and the persons and groups involved in their project's development process.

In continuity with previous years, a set of actions have been accomplished to establish and keep open all the channels of communication with the local, regional and provincial players. However, since the end of 2013, no meeting has been held between Matamec and the EVFN and WLFN Algonquin communities involved in the project. In two press releases issued in October 2014 and January 2015, these communities mentioned that the Kipawa Rare Earths Joint Venture project *had the potential to have significant adverse impacts on their ancestral rights, the environment and their culture*. In a press release issued last November, the Assembly of First Nations of Quebec and Labrador called for rare earths to be included in the moratorium on uranium mining in Quebec.

As mentioned by the Company, the impacts of the Kipawa project and the mitigation measures will be described in the environmental and social impact assessment (ESIA) to come. In March 2014, the two Algonquin communities mentioned that they were waiting for publication of the ESIA and its presentation under the federal environmental assessment process. Then they can have the ESIA analyzed by their own team of experts.

Another action undertaken by Matamec was to participate in the hearings of the Bureau d'Audiences Publiques en Environnement (BAPE) regarding the uranium industry in Quebec. This Commission was mandated by the Quebec Government to advise it regarding the development of the uranium industry in Quebec.

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Social acceptability of the Kipawa project (cont'd)

Matamec participated actively in the pre-consultation process, and in the consultation process. A brief was also submitted to the working group, explaining Matamec's position at this level. During the hearing of November 27, 2014, held in Quebec City, the Company took great care to explain that the Divex report, the Commission's reference document, contained inaccuracies that needed to be mentioned and corrected. This should allow the members of the Commission to have appropriate information in hand before producing their final report.

Following the Commission's hearings, the Corporation compiled and analyzed the testimony. Special attention was paid to the hearing held in Témiscamingue. This approach will allow the members of the Matamec team to perfect their understanding of the fears and questions regarding the project.

On May 20, 2015, the final report of the Bureau d'audiences publiques sur l'environnement, report #308 entitled "Rapport portant sur les enjeux de la filière uranifère" (Report on the issues of the uranium industry), was submitted to the Minister of Sustainable Development, Environment and the Fight Against Climate Change. This report was released to the public on July 17. It is over 600 pages long. It is interesting to note that in the introduction to the document on page 3, the Commission mentions: *"Finally, the Commission excluded rare earths from the scope of its study, because uranium is not the target of this industry. However, the Commission cannot ignore the fact that some participants are concerned about the presence of uranium in the tailings of eventual rare earth mines, which our report will discuss, along with some considerations that could enlighten government decision-makers."* There is no mention of rare earths in the conclusion on page 405 of this report.

After the report was published, the Assembly of the First Nations of Quebec and Labrador, in a press release issued on July 21, indicated that *"gathered in assembly, on last June 10, 2015, the Chiefs of the AFNQL adopted by consensus a resolution declaring a permanent moratorium on the development of the uranium and rare earth sector on all the territories of the First Nations in Quebec"*.

Moreover, Matamec's personnel read and analyzed the entire document and found that excerpts from testimony by participants in reference to the Kipawa were found in the Commission's final report. This testimony had been given during public pre-consultation or brief submission sessions. It also contained references to certain writings from briefs concerning the Matamec Kipawa project, submitted to the Commissioners.

A compilation of these comments, including the contents of the final report, was written, and a synthesis of this compilation will allow better definition of the future actions to be performed to account for the comments expressed during the Commission's work. We can thereby maximize the scope of our next interventions on social acceptability.

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Social acceptability of the Kipawa project (cont'd)

Our Director of Regional Relations is more involved on the technical meetings of the Kipawa Rare Earths Joint Venture project, with the aim of ensuring that social acceptability remains a key element of Matamec's organizational culture.

Finally, the 2015-2016 schedule of actions on social acceptability has been completed and its fulfillment is being tracked on a monthly basis.

Sakami (Gold)

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

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

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

As of August 14, 2015, CSM made the second payment and had spent more than CAD\$1.2M on the Sakami property.

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

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

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Result of exploration program in 2013 and 2014

In 2014, CSM and Matamec announced all results of exploration programs completed in December 2014, and in March and April 2014 on the Sakami gold property. Twenty drill holes have been completed for a total of 4,518 metres by CSM.

Located on the La Pointe sector of the Sakami property, the program was aimed at increasing the size of the main gold zone (Zone 25) to the west-northwest, as well as its extension at depth. The 2013-2014 drilling programs have confirmed and enhanced the potential of the northeast and depth extensions of Zone 25, which remains open in all directions. The Zone 25 is known over a strike length of more than 200 metres and to a depth of over 425 metres along its plunge. The holes were spaced at 50 metres.

The recent results also confirm that the contact corridor between the Opinaca-La Grande volcano-sedimentary sub-provinces is fertile for significantly-enriched gold mineralization.

(The technical data of the 2013-2014 exploration programs shown in this section come from the press releases issued by CSM and Matamec on March 31 and in July 23, 2014)

Results of the March 2015 exploration program

The program, which consisted of seven holes (PT-15-84 to PT-25-90) for a total of 2,049 metres of drilling, was aimed at increasing the size of the "25" Zone, the main gold zone, in the La Pointe sector of the Sakami property. The "25" Zone, which at the outset of the program had been traced more than 200 metres along strike, to a depth of over 425 metres along its plunge, has now been tested over a strike length of more than 250 metres and to a depth of over 500 metres along its plunge.

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Results of the March 2015 exploration program (cont'd)

A detailed table of mineralized intersections from the seven (7) first drill holes of the March 2015 drilling program is shown below:

Hole #	From (m)	To (m)	Length* (m)	Au (g/t)
PT-15-84	169.00	217.50	48.50	1.34
Including	169.00	175.50	6.50	3.03
PT-15-85	148.50	194.00	45.50	1.47
Including	148.50	156.00	7.50	3.84
PT-15-86	112.10	125.75	13.75	0.94
Including	142.50	165.00	22.50	1.41
PT-15-87	219.40	229.00	9.60	6.86
Including	220.50	227.00	6.50	9.49
PT-15-88	322.50	346.50	24.00	0.96
Including	338.60	339.45	0.85	10.65
PT-15-89 (New Zone)	255.30	258.10	2.80	3.32
	334.50	387.00	52.50	0.53
PT-15-90	354.00	396.00	42.00	0.63

* Core length. CSM estimates the true width of the mineralized zone at 70 to 90% of the core length.

The "25" Zone and Eleonore Mine mineralization: 6 similarities

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

The "25" Zone and Eleonore Mine mineralization: 6 similarities (cont'd)

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

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

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

Ontario

Matheson JV/Matheson Pelagio (gold)

The Company spent \$32,988 on the Matheson JV/Matheson property in the period ending June 30, 2015.

This property lies along the stratigraphic rock assemblages which contain most of the gold deposits in the Timmins mining camp. This large property shows several targets defined by old till drilling campaigns not followed enough by drilling*. The entire property deserves further exploration. In link with last year, the whole property needs to be explored further.

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

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 should be undertaken by the Kipawa Rare Earths Joint Venture, held by Matamec (72% interest) and by RQ (28% interest), has largely devolved to metallurgical work. This will begin in spring/summer 2015.

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STRATEGY AND ACTION PLAN (cont'd)

It will mainly include 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.

Of course, to move the project forward, other activities will begin or continue, such as: evaluation of the opportunities to reduce the environmental footprint of the project, updating of the feasibility study, completion of environmental studies, continuation of the social acceptability process with the aboriginal and non-aboriginal populations, and continuation of discussions with strategic industrial and financial partners.

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

MARKETING OF RARE EARTHS & SPECIALTY METALS

Since the beginning of the year 2015, the Company carried out a number of marketing activities and continued to maintain solid relationships with the industry, with the goal of maintaining our knowledge of the market and being able to provide potential customers with the most recent information on the Kipawa project. Among others, Matamec was attendee of the conference “Argus Americas Rare Earths Summit” in Las Vegas from June 29 to July 1st, 2015.

SELECTED ANNUAL INFORMATION

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.

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.

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FINANCIAL STATEMENTS RESTATEMENT

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

The initial accounting treatment of the transaction which resulted in a gain on disposal of exploration and evaluation assets in the consolidated statements of operations that will be reversed, the transaction will be presented as a farm-out contract using the method proposed by the mining industry task Force on IFRS.

According to this method:

- The Company uses the book value of its participation before the conclusion of the farmout agreement as the book value of the remaining participation.
- The Company deducts the cash consideration received, if any, of the book value of the remaining participation, with any surplus being recorded as profit in net result.
- The Company does not record the prospection expenses made with the funds supplied by TREcan for the feasibility study

Selected financial information for the period of three and six months ended June 30, 2015 and 2014 is shown in the following table:

	Three months ended		Six months ended	
	Results as at June 30, 2015	Results as at June 30, 2014	Results as at June 30, 2015	Results as at June 30, 2014
	\$	\$	\$	\$
Income – Interest	10,790	1,992	15,159	2,978
General and administrative expenses	139,803	412,155	372,451	832,080
Stock-based compensation	5,493	13,472	13,311	23,196
Write-off of exploration and evaluation assets	-	164,780	-	164,780
Income tax (recovery)	(9,251)	(20,861)	(91,631)	(6,000)
Net loss	126,996	589,773	288,726	1,033,720
Basic and dilated net loss per share	0,001	0,005	0,002	0,009

	Balance sheet as of June 30, 2015	Balance sheet as of December 31, 2014
	\$	
Total assets	8,934,851	9,568,774
Cash and cash equivalents	2,389,895	98,846
Equity	4,680,610	4,956,025

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RESULTS OF OPERATIONS

During the period of six months ended June 30, 2015, the Company had a net loss of \$288,726 compared to a net loss of \$1,033,720 for the same period in 2014.

As of June 30, 2015 a stock-based compensation of \$13,311 was recognized as the statement of operation (\$23,196 as of June 30, 2014).

The decrease in administrative expenses for the period, totalling \$459,629, is primarily attributable to the following elements:

- Decrease of salary of \$153,245 due to staff reduction;
- Decrease of consulting fees of \$64,794 due to the reduction of activities;
- Decrease of travel and representative expenses for \$61,776 due to reduction of outside travel and the reduction of the participation of mining events;

SECOND QUARTER

For the second quarter ended June 30, 2015, the Corporation generated \$10,790 in interest income (\$1,992 for the second quarter ended June 30, 2014) and incurred in administrative expenses, excluding share-based compensation of \$139,803, compared to \$412,155 in 2014. The \$272,352 variation is due to the reduction of professional and consulting fees, and salaries and fringe benefits. The Corporation incurred a net loss of \$126,996 for the second quarter ended June 30, 2015, compared to a net loss of \$589,773 in 2014.

CASH ASSETS AND SOURCES OF FINANCING

As of June 30, 2015, the Corporation had a working capital of \$1,722,921 (negative of \$382,017 on December 31, 2014) including cash and cash equivalents of \$2,389,895 (\$98,846 on December 31, 2014). An amount of \$2,358,953 in cash has restricted to the joint venture – Ressource Québec (Rares Earth / Kipawa). The working capital includes \$797,086 in tax credits receivable which is also reserved to the joint venture – Ressource Québec (Rares Earth / Kipawa) on June 30, 2015 (\$1,287,552 on December 31, 2014). The tax credits are restricted to the Kipawa Rare Earth JV.

The accompanying financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Corporation ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern, as described in the following paragraph.

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CASH ASSETS AND SOURCES OF FINANCING (cont'd)

These financial statements do not reflect the adjustment of the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption would not be appropriate. These adjustments could be material.

Management estimates that these funds will not be sufficient to meet the Corporation's obligations and budgeted expenditures through December, 2015. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

The Company's operating activities used \$719,511 in the period ended June 30, 2015 (\$743,462 for the same period in 2014).

The Company's investing activities consist primarily of exploration and evaluation work as detailed in tables' page 6 "Exploration Activities" of this MD&A. The Company is entitled to a refundable tax credit for resources up to 38.75% of qualifying expenditures, and a credit on mining duties refundable for losses of 16% of 50% of qualifying expenditures incurred using non-tax-renounced flow-through funds.

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QUARTERLY FINANCIAL INFORMATION

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

	2015			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Interest income	4,369	10,790		
Administrative expenses	232,647	139,803		
Net loss	161,729	126,996		
Basic and diluted net loss per share	0,001	0,001		
	2014			
	1 st Quarter (Restated)	2 nd Quarter (Restated)	3 rd Quarter (Restated)	4 th Quarter (Restated) (iii)
Interest income	985	1,992	25,093	1,293
Administrative expenses	419,924	412,155	256,051	271,485
Net loss	443,945	589,773	646,259	3,711,082
Basic and diluted net loss per share	0,004	0,005	0,005	0,029
	2013			
	1 st Quarter (Restated)	2 nd Quarter (Restated)	3 rd Quarter (Restated) (i)	4 th Quarter (Restated) (ii)
Interest income			14,622	5 661
Administrative expenses			669,979	180,522
Net loss			1,062,285	697,466
Basic and diluted net loss per share			0,009	0,006

- i) The net loss was the result of the increase of traveling and entertainment expenses.
- ii) The net loss was a result in impairment totalling \$3,784,375 of mining properties and deferred exploration and evaluation expenditures.

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OFF BALANCE-SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

As at June 30, 2014 and 2015, professional fees were billed by Laval St-Gelais, CPA, CA, director of the Company, and consulting fees were billed by Marcel Bergeron, CPA, CA, who is an officer and director of the Company. As at June 30, 2014, the Company had incurred expenses related to exploration of mining properties with Gestion Aline Leclerc Inc. That company's President, Aline Leclerc, was also an officer and director of the Company up to November 7, 2014:

	June 30, 2015	June 30, 2014
	\$	\$
Professional fees	4,868	36,254
Consulting fees	-	47,500
Traveling and entertainment expenses	-	1,945
Geology, geochemistry, geophysics and prospecting	-	45 702
Other expenses	-	34,279
Accounts payable and accrued liabilities	73,803	226,887
Other receivables	(31,186)	1,705

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

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OUTSTANDING SHARE DATA (WHEN THIS REPORT WAS PRODUCED)

	As at August 27, 2015
Share capital	136,966,852
Stock options	4,696,800
Warrants	-
Outstanding shares	141,663,652

- (i) On March 2, 2015, 400,000 stock options were issued to a director.
- (ii) 900,000 stock options have been cancelled during this period.

RISKS AND UNCERTAINTIES

The risk factors are detailed in the Company's MD&A for the year ended December 31, 2014.

NEW ACCOUNTING POLICIES IN EFFECT

The new accounting policies in effect for the period ended June 30, 2015 are set out in Note 2 to the Company's consolidated financial statements.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

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

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

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ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This management discussion and analysis is dated August 27, 2015, and complies with Canadian Securities Administrators' *National Instrument 51-102* on continuous disclosure. The purpose of this management discussion and analysis is to help the reader understand and assess the material changes and trends in the Company's results and financial position. It presents Management's perspectives on the Company's current and past activities and financial results, as well as an outlook of activities planned for the coming months. The Company regularly discloses additional information through press releases and other reports filed on the Matamec (www.matamec.com) and SEDAR (www.sedar.com) websites.

(Signed) André Gauthier

(Signed) Marcel Bergeron

(s) André Gauthier, President and Chief Executive Officer

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

MATAMEC EXPLORATIONS INC.
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Marcel Bergeron, Secretary-Treasurer and CFO

Laval St-Gelais, Director

Normand Tamaro, Independent Director

David Guérette, Independent Director

Pierre Leblanc, Independent Director

Legal Counsel

Montréal-Québec

Spiegel Sohmer Inc.

Fasken Martineau

Blakes

Timmins-Ontario

John P. Huot Barrister & Solicitor

Ottawa – Ontario

MBM

Denver – Colorado/USA

Burns Figa & Will, PC

Auditors

Petrie Raymond S.E.N.C.R.L.

Montréal (Québec)

Transfer Agent

Computershare Inc.

Montréal (Québec)

Exchanges Listings

TSX Venture Exchange - MAT

OTCQX- MHREF