MATAMEC

MANAGEMENT DISCUSSION AND ANALYSIS

March 31, 2014

Management Discussion and Analysis for the three month period ended March 31, 2014

INTRODUCTION

The following analysis should be read in conjunction with the financials statements of Matamec Explorations Inc. ("the Company") for the years ended December 31, 2013 and 2012. The unaudited financial statements for the quarter ended March 31, 2014 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 May 29, 2013 and as at this date 120,300,186 shares and 8,105,000 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 on July 9, 1997, under section 1A of the Companies Act (Quebec). Since February 14, 2011, the Company is regulated by 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 hold 100% of six mineral properties in its portfolio, one of them is currently under option, one joint venture with 51%, two joint ventures of 50% and a royalty on another. Seven properties are located in Quebec and three in Ontario. These properties total 1,459 mining claims covering an area of 81,028 hectares in Quebec and 97 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.

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 FROM THE FIRST QUARTER

- On April 2nd, the Company announced that the Government of Quebec has officially authorised an investment of $4 million by Ressources Québec for the Kipawa JV owned by Matamec and Toyotsu Rare Earth Canada, Inc. in order to continue the pilot plan processes and to advance the environmental studies.
- On April 17th, the Company announced that Mr. Christophe Romary joined Matamec team as Business Development Director, and will provide investor relations services, thus increasing its visibility within the financial community.
- The work on the second pilot plan that began in the fall of 2013 the step of concentration of the ore has allowed the good establishing of magnetic separation. The next piloting step of hydrometallurgical is scheduled for the fourth quarter.
- The organization for the preparation of the complete environmental and social impact assessment has started.

FINANCING

The Company did not enter into any common share placements or any other type of financing agreements in first quarter 2014.

PROJECTS AND NEW ACQUISITIONS

During the period, the Company focused mainly its efforts on the Kipawa property in association with TRECan.

No new projects have been undertaken and no new acquisitions were made during the period ended March 31, 2014.

EXPLORATION ACTIVITIES (MINING PROPERTIES)

Exploration expenses for the period ending March 31, 2014, amounted to $377 632 as compared to $2,653,222 for the same period in 2013. The Kipawa deposit, Zeus and Matheson JV properties showed the most activity with exploration expenditures totalling: $363,500 for Kipawa, $8,785 for Zeus, $4,688 for Matheson JV.

Exploration Activities (Mining Properties) (cont'd)

The allocation by properties of mining properties and deferred exploration costs of $377,632 expended during the period is as follow:

Mining Properties as of March 31, 2014											
	Ontario			**Quebec**							
	Matheson Pelangio	Matheson JV	Matheson-East	Valmont	Vulcain	Wachigabau	Sakami	Kipawa	Zeus	Tansim	Total
	$	$	$	$	$	$	$		$	$	$
Balance - beginning	27,141	1,581,454	-	112,318	175,687	-	112,610	-	54,234	44,368	2,107,812
Variance for the year	-	-	-	-	-	-	-	-	-	-	-
Total per province	-	-	-	-	-	-	-	-	-	-	-
Balance – March 31, 2013	27,141	1,581,454	-	112,318	175,687	-	112,610	-	54,234	44,368	2,107,812

Mining Properties as of March 31, 2013											
	Ontario			**Quebec**							
	Matheson Pelangio	Matheson JV	Matheson-East	Valmont	Vulcain	Wachigabau	Sakami	Kipawa	Zeus	Tansim	Total
	$	$	$	$	$	$	$		$	$	$
Balance - beginning	27,141	1, 581,455	-	110,400	183,023	-	114,701	-	52,468	46,712	2, 115,900
Variance for the year	-	-	-	-	-	-	-	-	-	-	
Total per province	-	-	-	-	-	-	-	-	-	-	
Balance – March 31, 2013	27,141	1, 581,455	-	110,400	183,023	-	114,701	-	52,468	46,712	2, 115,900

Exploration Activities (Mining Properties) (cont'd)

	Deferred Exploration Costs March 31, 2014									
	Ontario		Quebec							
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Wachigabau	Sakami	Kipawa	Zeus	Tansim	Total
	$	$	$	$	$	$	$	$	$	$
Balance - beginning	304,971	872,247	351,691	1,512,030	-	2,206,869	6,964,454	1,701,925	227,317	14,141,504
Analyses	-	-	-	-	-	-	-	7,748	-	7,748
Geology, geochemistry, geophysics and prospection	-	-	-	-	-	-	-	-	-	-
Line cutting	-	-	-	-	-	135	153,206	504	-	153,845
Materials	-	-	-	-	-	-	-	-	-	-
Travelling and lodging	-	-	-	-	-	-	-	-	-	-
Others exploration expenses	-	-	-	-	-	-	1,559	56	-	1,615
Permits	-	500	-	-	-	-	208,735	-	-	209,235
Amortization of fixed assets	-	3,789	-	-	-	-	-	-	-	3,789
Total	-	399	-	-	-	524	-	477	-	1,400
Total per province	**-**	**4,688**	**-**	**-**	**-**	**659**	**363,500**	**8,785**	**-**	**377,632**
Total Quebec/Ontario	**-**	**4,688**	**-**	**-**	**-**	**-**	**-**	**-**		**372,944**
Write-off	-	-	-	-	-	-	-	-	**-**	**377,632**
Disposal of deferred costs	-	-	-	-	-	-	-	-	-	-
Governmental assistance	-	-	-	-	-	(54)	(61,514)	(3,339)	-	(64,907)
Total including write-off and governmental assistance	**-**	**4,688**	**-**	**-**	**-**	**605-**	**301 986**	**5,446**	**-**	**312,725**
Balance – March 31, 2013	**304,971**	**876,935**	**351,691**	**1,512,030**	**-**	**2,207,474**	**6,662,467**	**1,707,369**	**227,317**	**14,454,229**

Exploration Activities (Mining Properties) (cont'd)

	Deferred Exploration Costs March 31, 2013									
	Ontario		Quebec							
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Lesperance	Sakami	Kipawa	Zeus	Tansim	Total
	$	$	$	$	$	$	$	$	$	$
Balance - beginning	304,971	840,487	332,147	1,510,341	-	2,216,093	4,836,600	1,496,007	226,772	11,763,418
Analyses	-	-	-	-	-	-	45,667	9,119	-	54,786
Drilling	-	-	-	-	-	-	-	-	-	-
Geology, geochemistry, geophysics and prospection	-	5 ,880	3,999	919	-	-	2 ,526,985	11,870	-	2,549,653
Line cutting	-	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	1 ,593	-	1 ,593
Travelling and lodging	-	1 ,013	216	400	-	-	1,972	611	-	4, 212
Other exploration expenses	-	129	-	-	-	-	6,533	-	-	6,662
Permits	-	11, 283	100	5 ,865	-	7,560	8,909	1, 348	-	35,065
Amortization of fixed assets	-	570	-	-	-	-		681	-	1, 251
Total	**-**	**18 ,875**	**4, 315**	**7, 184**	**-**	**7 ,560**	**2,590,066**	**25 ,222**	**-**	**2,653,222**
Total per province	**-**	**18, 875**	**-**	**-**	**-**	**-**	**-**	**-**		**2,634,347**
Total Quebec/Ontario	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,653,222**
Write-off	-	-	-	-	-	-	-	-	-	-
Disposal of deferred costs	-	-	-	-	-	-	-	-	-	-
Governmental assistance	-	-	(1,694)	(530)	-	-	(691,743)	(9,597)	-	(703,564)
Total including write-off and governmental assistance	**-**	**18,875**	**2,621**	**6,654**	**-**	**7,560**	**1,898,323**	**15,625**	**-**	**1,949,658**
Balance – March 31, 2013	**304,971**	**859,362**	**334,768**	**1,516,995**	**-**	**2,223,653**	**6,734,923**	**1,511,632**	**226,772**	**13,713,076**

Exploration

In the first three months of 2014, the Company incurred $372,943 in deferred exploration costs in Quebec (99% of DEC incurred) and $4,688 in deferred exploration costs in Ontario (1% of DEC incurred). Here is an outline of the main exploration work done during the first three months of 2014 on the Kipawa JV property and Sakami property currently under option:

Québec

Kipawa JV (REE-Y-Zr)

During the first three months of 2014, Matamec spent $372,285 on the Kipawa JV property.

On the Kipawa deposit itself, expenses of a total of$363,500 that includes: the continued metallurgical testing at SGS Lakefield, the organization and planning for the study of environmental and social impact, and the continuity of the relations between Matamec and the Algonquin communities and the other communities.

Metallurgy

With the completion of the second Beneficiation pilot plant in late 2013, some final optimisation work on Magnetic Separation were initiated and carried out in Q1 2014. In general, the operations of Magnetic Separation on the Kipawa ore are well established. Currently, other physical separation methods are being explored, with the aim to find other methods that can complement Magnetic Separation, and can further improve rare earth recovery in Beneficiation. The upcoming Hydrometallurgical Pilot Plant is currently scheduled for Q4 2014.

Environment

With the environmental and social baseline study completed during the fall of 2013, Matamec has everything in hand to build an appropriate Environmental and Social Impact Assessment. The organization to prepare the ESIA started during the first quarter of 2014. The guidelines issued by the Canadian Environmental Assessment Agency (CEAA) in 2013 and those who will be provided by the provincial government following the project notice submission will be used to produce the complete study. Take note that the new Quebec Mining Act states the need for any REE project to produce an Environmental and Social Impact Assessment. Also those projects are now systematically subjected to the public hearings organized and conducted by the “BAPE” (Bureau d’audiences publiques sur l’environnement). The project has to follow at both levels of the federal and provincial regulation.

During the first quarter of 2014, the optimization of the geochemistry knowledge of the Kipawa ore body was a major subject. We elaborated a draft working plan with the Research Institute of Mine and Environment (Université du Québec de l’Abitibi-

Témiscamingue (UQAT)-Polytechnique) to define an efficient program of research. Among other things, like the concentrations of the different elements and potential of lixiviation, the research will cover the important aspect of the geochemical comportment prediction into the REE mining residue.

Social acceptability

The criteria of evaluation in the development of any industrial project have evolved in the last few years. Some of them, such as the environment and social acceptability, are now important parts of any projects. The Kipawa project is no different than the others in regards to this reality.It is important to mention once again that Matamec has been very proactive in ensuring that all the stakeholders of the project receive the proper information. It is also a priority for Matamec to obtain their comments and questions in order to take their input into consideration while the project is being developed.

The Director of regional relations and the Matamec team have been active jointly in that field of activity. There were fewer meetings regarding the Harmonization and follow-up table, due to the fact that no new significant information has been available during these months. The members of the group were advised of that fact and a meeting should be held before the summer with this group.

The environment committee met on one occasion and the economic committee has been active in developing strategies to better prepare the region for the major regional projects, like our project, that are or could take place on the territory, such as the Opemican national park or the major construction project at the Temiscaming Tembec site.

Meetings and presentation were frequent and targeted community members, government officials and MP's and members of the economic community of the region. It was and still is important for Matamec to give the proper information to all, especially key members of the community. The provincial election has had an impact on the elected officials at that level. Letters were sent and meetings should take place in a near future in order to share the proper information with the new members of parliament.

A key effort to present Matamec and the Kipawa project to interested parties, took place at the Toronto Prospector, Developer Association of Canada convention during the first week of March. Most of the Matamec team was present at the event in order to better inform investors and members of the mining community about our project.

Matamec was also present at the Economic forum of Abitibi-Témiscamingue and Eastern Ontario held on February 21st and 22nd in Notre-Dame-du-Nord. More than 150 persons representing all sectors of the economic community met, in order to develop partnership and do networking. Representatives of Matamec were in high demand. Industrials from the region wanted to exchange with them and explain what kind of partnership could be established if the mining project moves forward.

Another important meeting that took place with the economic community was a formal presentation made by Matamec at the annual general assembly of the Chamber of commerce and industry of Rouyn-Noranda. M. Gauthier our president was the guest speaker for the event and presented to participants, the project and its economic possibilities.

Even if the project is developing in the province of Quebec, efforts are being made to ensure that our neighbours of Ontario are also well informed. The Nipissing region of Ontario has a strong mining background that could benefit from the Kipawa project. A meeting was organized with M. Jay Aspin representing the Nipissing federal riding. M. Aspin was very interested in hearing more about the project since he is in charge of the Green tech portfolio on the federal level. Follow-up meetings will take place.

One aspect of the social acceptability process that was different during this period is the absence of official meetings with the Chiefs and council of the two Algonquin communities involved in the project. It was said at the last meeting, held in October 2013 that the communities would proceed with their own acceptation process of the project. They started by presenting the results of the cultural and social impact study of our project in regard to their communities. The meeting took place on May 12 and the process is moving forward. All the proper information and all of the minutes of Matamec's Harmonisation table and committees are being sent to them, so they can stay informed about the steps taken in the project development. Efforts will be made to invite the Chiefs and council to sit at the same table and discuss on how to resume discussions.

Finally another meeting took place on May 13 in Kipawa and was organised by the APART group (Association Pour l'Amélioration des Ressources du Témiscamingue). The participants invited the local population to meet with them and discuss about the different aspects of the Kipawa project from their own point of view. No representatives from Matamec were present at that event. A publicity campaign was organized by Matamec the week before in all the newspapers of the Abitibi-Témiscamingue region, to explain the reasons why Matamec would not be part of the meeting. It was due to the fact that we are still awaiting results of our studies and we would not have been able to give the answers that were promised to the population at the last public meeting sessions that took place in 2013.

Social acceptability is an ongoing process. Efforts and resources are being devoted to that field of activity to make sure that nothing is spared to maintain the communication channel open between Matamec and the persons and groups involved in the development process of the Kipawa project

Addition of a strategic partner

On April 2nd, the Company announced that the Government of Quebec has officially authorised an investment of $4 million by Ressources Québec for the Kipawa JV owned by Matamec and Toyotsu Rare Earth Canada, Inc. in order to continue the pilot plan processes and to advance the environmental studies.

The financial contribution of Resources Québec should be in the form of subscription to an issue of Matamec common shares to the maximum amount of $1 million and a minority stake in the project to a maximum of $ 3 million. The terms and conditions of the investment, including the determination of the timing and the price of investment, is presently discussed.

<u>Sakami</u>

Presently the property is under option. On August 19, 2013, Matamec and Canada Strategic Metals Inc. announced that they have signed an option agreement where Canada Strategic Metals can acquire an interest of up to 70% in the Sakami project.

Canada Strategic Metals 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**

A minimum of $500,000 must be spent by Canada Strategic Metals on exploration before the first anniversary of the agreement. In the event that Canada Strategic Metals renounces its option, the unspent portion of the $500,000 minimum in exploration expenses shall be paid in cash or in shares, at the sole discretion of Canada Strategic.

Canada Strategic Metals 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 Canada Strategic Metals 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, Canada Strategic Metals 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.

On May 28th, Canada Strategic Metals announced the first results from the recent drilling program on the Sakami gold project. The program consisted of eleven holes for a total of 2,913 metres of drilling.

The three first holes, PT-13-73 to PT-13-75, drilled during the December program. These holes were planned to test the extension of the mineralized zone to the west and northwest, as well as down dip. All three holes returned wide gold-bearing intersections, including 1.46 g/t Au over 21.85 metres from Hole PT-13-73, including 2.16 g/t over 12.00 metres, 2.30 g/t Au over 26.35 metres, including 3.80 over 8.80 metres and 5.18 g/t over 4.80 metres from hole PT-13-74, and 2.40 g/t Au over 7.15 metres from Hole PT-13-75.

These new results confirm the extension to the West, Northwest and at depth of the Zone 25 envelope of gold mineralization. The program is aimed at increasing the size of the main gold zone (Zone 25) to the west-northwest, as well as its extension at depth. Zone 25 is in the La Pointe sector of the Sakami property. Once this program is complete, Zone 25 will have been tested over a strike length of more than 200 metres and to a depth of over 425 metres along its plunge. The holes are spaced at 50 metres.

FUTURE CORPORATE STRATEGY FOR MINERAL DEVELOPMENT

With the feasibility study in progress for the Kipawa deposit, the Company still intends to concentrate on developing its strategic and green energy metal properties namely the KipawaJV, Zeus and Tansim properties. Currently, the company is actively working to assess the conditions of the stock market for funding that allows for the transfer of its gold properties in a majority owned subsidiary. The gold properties are Matheson-JV/Matheson-Pelangio, Montclerg, Sakami Wachigabau, and Valmont.

The main corporate goal in 2013 was to complete the feasibility study for the Kipawa deposit and it cost a total of $ 16 million. Now that the study is completed, we expect a program of $ 6 million to perform the metallurgical optimization comprising a second series of tests in the pilot plant started in autumn 2013 and will continue during the second half of 2014, detailed engineering, additional environmental assessments and social acceptability. In 2014, we expect to spend approximately $ 1.5 million of that $6M program.

The Company holds several other properties located in Quebec and Ontario. These properties will be explored in 2014, depending on the conclusion of financings. Continuing exploration on the Zeus property will concentrate on the Makwa, Certitude, Surprise and Pakwa showings. These showings show the potential of becoming future deposits and are also located in the Kipawa Alkalic Complex. On the Tansim property, strategic metals such as lithium, niobium, and tantalum were found. Copper, nickel, cobalt and platinum group metals were found on the Vulcain property, located in the region of Maniwaki. Five properties are gold projects, some associated with base metal mineralization.

MARKETING OF RARE EARTHS & SPECIALTY METALS

The Company completed a number of areas in the its marketing and the company also continued its strong relationships with various industry end-users for the purpose of acquiring market intelligence and able to provide them with the most current information on the Kipawa Project. The Company will be increasing its marketing activities for the Kipawa JV rare earth project as it progresses towards commercialization.

Comments on the Rare Earth Markets:

The rare earths market continues to have its challenges into 2014, namely with the light rare earth producers such as Lynas and Molycorp having to sell Cerium and Lanthanum at pricing levels that does not allow the companies to earn a profit on those materials, thus, resulting in losses on their balance sheets. Pricing for Neodymium and Praseodymium are maintaining the pricing levels over the last several quarters.

Other pricing examples, at the start of the 2013, Samarium was at $25/kg FOB China and has hit the low of $7.50/kg as of mid-summer of 2013; likewise Dysprosium was at $775/kg FOB China and fell to the low of $475/kg at around the same time that Samarium was bottoming out. Rare earth pricing have since rebounded off of the 2013 lows that were observed in June and July. Through the fall, we have seen Dysprosium come back to the $535/kg level. With additional purchases from end users, Dysprosium is likely to break back above the $600 level in 2014.

The company feels very strong in the fact that the REO pricing will continue to slowly rebound off the July 2013 lows, with several factors listed below that will help drive this:

- Replenishment of feedstock supplies for western and Japanese companies. Many companies will need to begin reacquiring feedstock to maintain their minimum stocking levels of rare earths.

- Continuing the crackdown on illegal (unauthorized) exports by Chinese government authorities, which will require the trade to go through the normal quota system which further drives the pricing of the rare earths up.

- Increasing environmental tariffs on rare earths will be passed on to the western and Japanese companies in the form of higher pricing.

- The Chinese will begin to start to reinitiate their stock piling of heavy rare earths in the first half of 2014 which will begin putting price demands on the heavy rare earths for export.

It was reported that the decision of the World Trade Organization (WTO) case against China had resulted in an outcome that ruled against the Chinese. The case was brought about when Japan, the United States and Europe claimed that there were unfair practices with the implementation of the quota systems for rare earths and the pricing controls that have been put into to place on the rare earths. China will exercise the opportunity to appeal the decision; but, it will most likely be unsuccessful. What impact does this have on the market is yet to be determined. There is the possibility that the Chinese Ministry responsible for the exportation of the rare earths will change the quota system implementing a new tax system whereby the taxes are higher for the rare earth that have the greatest value associated with them. The official announcement will come in the second half of 2014. The goal of this for the Chinese is to have higher prices for the heavy rare earths.

INVESTOR RELATIONS

The Company has been active in introducing itself to analysts, shareholders and prospective shareholders in cities abroad. In addition, the Company attended the following conferences in 2014:

- Cambridge House Resource Investment Conference in January – Vancouver
- PDAC in March – Toronto
- Swiss Mining Institute in March – Switzerland

On April 17th, the Company announced that Mr. Christophe Romary joined Matamec team as Business Development Director, and will provide investor relations services, thus increasing its visibility within the financial community.

Mr. Romary has more than 17 years of experience in investment banking, working with companies like Orion Securities Inc. (now Macquarie Securities Group), Desjardins Securities, Northern Securities Inc. and Versant Partners (now Cantor Fitzgerald). Working as a Director or Managing Director to raise funds and advise for M&A his portfolio of clients, he also took on the role of Head of Investment Banking and Head of Mining Investment Banking for some of these firms. Mr. Romary also has 5 years Commercial Banking experience with National Bank of Canada. Christophe's mandate also includes the strategic assessments of Matamec assets, including the possibility of spining-off Matamec's gold assets into a new entity.

SELECTED ANNUAL INFORMATION

Selected financial information for the period ended March 31, 2014 and 2013 is shown in the following table:

	Results as at March 31, 2014	**Results as at March 31, 2013**
	$	$
Income – Interest	985	14,845
Expenses		
General and administrative expenses	419,924	494,282
Stock-based compensation	9,723	-
Deferred income tax (recovery)	14,861	(205,773)
Net loss	443,945	274,336
Net loss per share, basic and diluted	0.004	0.002

	Balance sheet as of March 31, 2014	Balance sheet as of December 31, 2013
	$	$
Total assets	18,678,166	19,047,645
Cash and cash equivalents	155,721	788,341
Equity	15,134,784	15,537,006

Operating Results

The Company incurred a net loss of $443,495 for the period ended March 31, 2014 as compared to a net loss of $274,336 for the same period in 2013.

As at March 31, 2014, $9,623 stock-based compensation was attributed in earnings ($0 as at March 31, 2013).

The variation in administrative expenses for the last three months for an amount of ($74,358) is primarily attributable to the variation in the following expenses:

- Decreased salaries and fringe benefits of $44,462;
- Decreased rent and office expense of $5,209;
- Increased consulting fees of $57,335.

CASH ASSETS AND SOURCES OF FINANCING

As of March 31, 2014, the Corporation had a working capital of $ 561,822 ($ 1,311,383 on December 31, 2013) including cash and cash equivalents of $ 155,721 ($788,341 at December 31, 2013). The working capital includes $ 1,462,804 in tax credits receivable on March 31, 2013 ($ 1,397,897 on December 31, 2013).

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

Management estimates that these funds will not be sufficient to meet the Corporation’s obligations and budgeted expenditures through March 31, 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.

Operating activities of the Company used $ 86,772 in the first quarter that ended March 31, 2014, while they have increased $ 2,695,993 for the same period in 2013. Decrease is mainly due to the change in non-cash working capital items.

Investment activities of the Company are mainly used to fund exploration and evaluation details of which are disclosed in the table on page 6, the addition of mineral properties and the acquisition of property.

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.

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

Quarterly Financial Information

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

	2014			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Interest and other income	985			
Administrative expenses	419,924			
Net loss	(443,945)			
Basic and diluted net loss per share	(0,004)			
Current assets	1,769,204			
Total current assets	18,678,166			
Current liabilities	1,184,882			
Working capital	561,822			
Shareholder’s equity	15,134,784			

	2013			
	1st Quarter	2nd Quarter	3rd Quarter (i)	4th Quarter
Gain on disposal of exploration and evaluation assets	-	-	2,131,332	-
Interest and other income	14,845	5,799	14,622	5,661
Administrative income	494,282	595,649	653,674	10,157
Net income (loss)	(274,336)	(633,495)	1,069,047	(697,469)
Basic and diluted net loss per share	(0,002)	(0,005)	0,0008	(0,005)
Current assets	6,297,650	5,573,929	4,013,354	2,487,522
Total current assets	22,796,213	23,357,651	19,374,707	19,047,645
Current liabilities	1,675,616	1,594,441	1,231,628	1,176,139
Working capital	4,622,034	3,979,488	2,781,726	1,311,383
Shareholder’s equity	15,631,556	14,997,863	16,268,579	15,537,006

	2012			
	1st Quarter	2nd Quarter	3rd Quarter (ii)	4th Quarter (iii)
Interest and other income		7,026	14,382	11,219
Administrative income		876,958	262,472	1,196,273
Net Benefit (net loss)		(870,551)	2,369,141	(929,478)
Basic and diluted net loss per share		(0.007)	(0.020)	(0.001)
Current assets		3,301,625	6,963,247	5,993,974
Total current assets		17,077,267	20,723,558	20,445,042
Current liabilities		1,366,361	2,275,818	1,701,687
Working capital		1,935,265	4,687,429	4,292,287
Shareholder's equity		14,210,906	16,737,770	15,910,692

(i) The income results are due to the gain on disposal of exploration and evaluation assets for $2,131,332 on Kipawa JV Property for the additional 24% of undivided interest.

(ii) The income results are due to the gain on disposal of exploration and evaluation assets for $4,328,288 on Kipawa HREE Property.

(iii) The net loss results are due to the decrease of disposal gain of property for $345,916 and the impairment for $443,797.

Off Balance-Sheet Arrangements

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

Related-Party Transactions

The Company conducted the following transactions this year: specifically related to the exploration of its mining properties to Aline Leclerc Management Inc., of which Aline Leclerc, President, is also an Officer and Director of the Company; and the following professional fees to Laval St-Gelais, CPA, CA, who is an Officer and director of the Company and to Marcel Bergeron, CPA, CA, Director of the Company:

	March 31, 2014	**March 31, 201432**
	$	**$**
Professional fees	3,525	14,309
Consultant fees	28,000	25,875
Accommodation, transport and communication	882	8,509
Geology, geochemistry, geophysics and prospecting	11,286	89,778
Others expenses	7,091	-
Other receivables	1,828	8,814
Accounts payable and accrued liabilities	87,205	42,792

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 May 28, 2014
Share capital	120,300,186
Options	8,105,000
Warrants	-
Outstanding shares	128,405,186

(i) During the quarter that ended on March 31, 2014, 1,618,200 options to purchase shares were canceled, of this amount 1,000,000 stock options were canceled and 618,200 have expired.

Risks and Uncertainties

The risk factors are detailed in the Company's MD&A for the year ended December 31, 2013.

New accounting policies in effect

The new accounting policies in effect for the quarter ended March 31, 2014 are set out in Note 2 to the Company's unaudited condensed interim 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.

Additional Information and Continuous Disclosure

This management discussion and analysis is dated May 29, 2013, 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

Management Discussion and Analysis for the year ended March 31, 2014

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Aline Leclerc, Vice-President Exploration and Director
Marcel Bergeron, Secretary-Treasurer and CFO
Laval St-Gelais, Director
Normand Tamaro, Director
Raynald Vézina, Director

Legal Counsel
Spiegel Sohmer Inc.
Fasken Martineau

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

Transfer Agent
Computershare Inc.

Exchange Listings

TSX Exchange - MAT

OTCQX- MHREF