

# PRESS RELEASE

TSX Venture: MAT

## **Why the Recent Chinese Government decision on Heavy Rare Earths has an impact on Matamec's Kipawa Rare Earths-Yttrium-Zirconium Deposit!**

**Montreal, August 24, 2009 - Matamec Explorations Inc.** ("Matamec") is pleased to announce that Metal-Pages reported on August 19, 2009, ([www.metal-pages.com/news/story/42539/Chinese\\_restrictions\\_on\\_rare\\_earth\\_s\\_may\\_speed\\_up\\_development\\_of\\_North\\_American\\_exploration\\_projects](http://www.metal-pages.com/news/story/42539/Chinese_restrictions_on_rare_earth_s_may_speed_up_development_of_North_American_exploration_projects)) that the Chinese Government restricted the annual export of Rare Earths to 35,000 tpy and prohibited exports of Heavy Rare Earths such as Dysprosium (Dy), Terbium (Te), Thulium (Tm), Lutetium (Lu) and Yttrium (Y).

According to Metal Pages, impact of the Chinese Government decision on the Rare Earth market is as follows:

- while many observers expected China to look at restricting exports, the timeframe has taken the market by surprise and pushed the need for additional supplies of many Rare Earths as demand firms;
- expected to cause a tightening in supply and lead to higher prices for consumers outside the country as China supplies about 95% of the global Rare Earths market;
- China is currently the world's largest consumer of rare earths and accounts for about 60% of demand;
- trade sources believes that the Chinese Government decision was intended to help the country build its inventory of rare earths as it develops its industry and also meet growing demand from end-user markets domestically and overseas;
- despite the worldwide economic downturn, the underlying outlook for Rare Earths remains positive and prices are forecasted to firm as growing demand from key end-user sectors gathers pace.

Impact on North America Rare Earths exploration and development projects:

- with some consumers expected to struggle to secure supplies, the development schedules for several Rare Earths project in North America could be brought forward to fill the void.

As reported in Matamec press releases dated June 30 and July 16, the Kipawa Rare Earths-Yttrium-Zirconium Deposit has a favourable Rare Earths distribution emphasizing Heavy Rare Earths, particularly Dysprosium, Yttrium, and Terbium. The following Table 1 shows Rare Earths-Yttrium-Zirconium distribution from assay results of Unocal bulk samples from 3 trenches and current market prices for some Rare Earths oxides.

<b>Rare Earths Oxides</b>	<b>Rare Earths-Yttrium Distribution from assay results (average % O) of bulk sample from 3 trenches</b>	<b>Rare Earths Oxides 99%-99.999% min FOB China prices (Metal-Pages, August 20, 2009)</b>
Lanthanum: La <sub>2</sub> O <sub>3</sub>	0.312%	US\$5.40-5.90/kg
Cerium: CeO <sub>2</sub>	0.609%	US\$3.30-3.80/kg
Praseodymium: Pr <sub>6</sub> O <sub>11</sub>	0.072%	US\$13-13.50/kg
Neodymium: Nd <sub>2</sub> O <sub>3</sub>	0.24%	US\$14-14.50/kg
Samarium: Sm <sub>2</sub> O <sub>3</sub>	0.058%	US\$4.25-4.75/kg
Europium: Eu <sub>2</sub> O <sub>3</sub>	0.007%	US\$475-495/kg
Gadolinium: Gd <sub>2</sub> O <sub>3</sub>	0.054%	US\$6-6.5/kg
<b>Terbium: Tb<sub>4</sub>O<sub>7</sub></b>	<b>0.012%</b>	<b>US\$340-360/kg</b>
<b>Dysprosium: Dy<sub>2</sub>O<sub>3</sub></b>	<b>0.086%</b>	<b>US\$107-112/kg</b>
Holmium: Ho <sub>2</sub> O <sub>3</sub>	0.019%	Not available
Erbium: Er <sub>2</sub> O <sub>3</sub>	0.061%	Not available
<b>Thulium: Tm<sub>2</sub>O<sub>3</sub></b>	<b>0.009%</b>	Not available
Ytterbium: Yb <sub>2</sub> O <sub>3</sub>	0.053%	Not available
<b>Lutetium: Lu<sub>2</sub>O<sub>3</sub></b>	<b>0.006%</b>	Not available
<b>Yttrium: Y<sub>2</sub>O<sub>3</sub></b>	<b>0.533%</b>	<b>US\$13-13.50/kg</b>
Total	2,135%	
Zirconium contents in historical resources calculation of 2.27 MT @ 1.05% ZrO <sub>2</sub> : 23,901 metric tons ZrO <sub>2</sub>		

**Table 1: Rare Earths-Yttrium distribution for three Unocal bulk samples**

**Zeus property - Kipawa Deposit - Important facts:**

- 1- The 100% owned Zeus property is located in the Temiscamingue region of Quebec and totals 15,244 ha in area;
- 2- The Zeus property covers a large part of the Kipawa Alkaline Syenite Complex (KAC) and seven REE-Y-Zr mineralized zones are known on the property, including the Kipawa Deposit;
- 3- The Kipawa deposit is defined over a length of 1,300 metres with a width ranging from 10 to 80 metres;
- 4- The partially drilled Kipawa Deposit is the site of an historic Y and Zr resource calculation by Unocal Canada Ltd. in 1990.

- 5- The Kipawa Deposit is composed of the West Main Zone: 1.26Mt @ 0.15% Y<sub>2</sub>O<sub>3</sub> and 0.96% ZrO<sub>2</sub>, the Central Zone containing no established resources and finally, the East Main Zone: 1.009 MT @ 0.14% Y<sub>2</sub>O<sub>3</sub> and 1.17% ZrO<sub>2</sub> (*Please note that as a qualified person has not done sufficient work to classify the historical estimates as current mineral resources, the issuer is not treating the historical estimates as current mineral resources and the historical estimates should not be relied upon*);
- 6- The Central Zone of the deposit, 620 metres long, has no established resources; however, 3 trenches and 3 drill holes have been done only at very wide spacing and every trench and drill hole in this part contains mineralization;
- 7- Due to its favourable location, an open pit method for the mining of mineralization was contemplated in 1990, resource blocks having been calculated down to an average depth of 35 metres;
- 8- The main characteristic of the deposit is its three types of mineralization. From the upper syenite portion to the lower calc-silicate dominant part of the calc-silicate/syenite complex, we find an eudialyte dominated zone ((REO Wt (Rare Earth Oxide Weight): up to 10%)), then a mosandrite/yttrio-titanite dominated zone (REO Wt: up to 65%) and finally a britholite dominated zone associated with the lower calc-silicate rocks (REO Wt: up to 62%). Zirconium is generally more uniformly distributed than Yttrium in the deposit and occurs in some horizon independent of Yttrium and Rare Earths.
- 9- In addition, Yttrium values contained in the lower britholite and mosandrite/yttrio-titanite zones were considered to be too erratic to be included in a resource calculation. Drill holes were therefore designed to be short and only a few penetrated into the lower calc-silicate dominant part of the unit (12 DDH on a total of 34) and none tested the down-dip extension of the deposit at depth (i.e. towards the south-west).
- 10- The deposit is presently considered open both laterally and at depth.
- 11- Rare Earths mineralization features enrichment both in Light Rare Earths and in Heavy Rare Earths;
- 12- Rare Earths mineralization shows well-crystallized medium grains which are amiable to physical separation and easy chemical dissolution.
- 13- It should be noted that Unocal and its subsidiary Molycorp, owner of the Mountain Pass Rare Earths deposit in California (USA), worked on the Kipawa Deposit between 1985 and 1991 because they believed that easily-dissolved Yttrium and Rare Earths in the yttrium-bearing eudialyte would be a source that could compete economically with the South China clays. At that time, the

discovery of ion-adsorbed Yttrium and Rare Earths in the South China clays had a profound effect on the sources and world market price of these elements.

14- Furthermore, it should be noted that Rare Earths content was not systematically measured in drill holes at the time since the main element considered was yttrium. Rare Earths mineralization is therefore known through the analysis of bulk samples. Four of these were analyzed for Y and Zr and three were analysed for Y, Zr and Rare Earths as shown in the following table 2:

<b>Location</b>	<b>Sample number</b>	<b>Weight in kg</b>	<b>Y%</b>	<b>Ce%</b>	<b>REE%</b>	<b>Zr%</b>
<b>West Zone</b>	88-K-1	20	0.53	-	0.86	-
	90KBS-1	350	0.53	0.33	-	1.2
	88-K-3	20	0.51	-	1.41	-
<b>Central Zone</b>	90KBS-3	350	0.25	1.01	-	0.32
	90KBS-5	350	0.41	1.01	-	0.95
<b>East Zone</b>	88-K-4	20	0.23	-	1.75	-
	90KBS-2	350	0.24	0.62	-	0.42

**Table 2: Summary of Unocal bulk samples (%)**

15- In addition, on June 16<sup>th</sup>, 2009, Matamec received SGS Geostat independent report on the re-sampling of four of Unocal's thirteen historic trenches (see Matamec's press release on June 30, 2009). These four channels were reproduced by Matamec in order (1) to verify previous historic results and (2) to test Rare Earths distribution over their entire length. Two trenches tested the width of the West Main Zone (trenches T-1 and T-3), one tested the East Main Zone (trench T-8) and the last tested the Central Zone between the two which has no calculated historic resources (trench T-11). It should be noted that on trenches T-8 and T-11, sites of 3 historic blast sites (KBS-2, KBS-3 and KBS-5), could not be re-sampled due to highly-irregular trench floors (total length not sampled of 5 metres in T-8 and 20 metres in T-11).

16- Future work programs will likely have an impact on historic resources (see next section);

17- Outside of the Kipawa Deposit, best values obtained from December 2008 grab samples come from the Coulevre and TH zones, respectively with value greater than 11.34% and 7.2% total REE, combined with 0.93% and 2.16% Yttrium.

### **What's next on the Kipawa Deposit?**

By completing a new financing, the next step towards the planned NI 43-101 compliant resource report on the Kipawa Deposit will be a 2,000 metres HQ drilling program in Fall 2009/Winter 2010, which will establish new Rare Earths, Yttrium and Zirconium resources. Following this program and the continuation of previous metallurgical studies

on a new 100 tons bulk sample, Matamec will then be able to begin a scoping study in 2010.

Considering a possible short on the world supply of Heavy Rare Earths such as Terbium, Dysprosium and associated Yttrium forecasted for 2014 or before, the favourable Rare Earths distribution emphasizing Heavy Rare Earths of the Kipawa Deposit, the work done on the deposit to date and the time needed for the completion of the future steps partly described above, we believe more on the potential of the Kipawa Deposit.

The geological data in this press release was prepared by Aline Leclerc, geologist and Matamec's Vice-President Exploration, a Qualified Person as defined by NI 43-101.

### **About Matamec**

**Matamec** is exploring for significant gold deposits in the Timmins mining camp in Ontario, of which the three main targets are the following: Matheson JV with Goldcorp Canada Ltd and Goldcorp Inc., Montclerg and 2W properties. In Quebec, the Company is exploring mainly for precious and base metals on Lespérance/Wachigabau with Northern Superior Resources Inc., Sakami, Tansim, Valmont and Vulcain properties, rare metals and uranium on Tansim, and REE on Zeus property.

*"Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."*

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