



Interim Management Discussion and Analysis

For the nine months period ended

September 30, 2011

Management Discussion and Analysis for the nine month period ended September 30, 2011

Introduction

The following analysis should be read in conjunction with the audited annual consolidated financial statements of Matamec Explorations Inc. (the “Company”) for the nine month period ended September 30, 2011 and the audited financial statements for the period ended December 31, 2010. These interim consolidated financial statements have been prepared in accordance with IFRS, and include the comparative numbers. The financial statements ended December 31 2010 were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). Note 4 of the unaudited consolidated financial statements present IFRS adjustments made to equity and other comprehensive income as a result of the transition to IFRS.

The Company's management is responsible for the preparation of the unaudited interim consolidated financial statements and other financial information of the Company contained in this report. All amounts are in Canadian dollars unless otherwise indicated.

The Board is responsible for ensuring that management fulfills its responsibilities with regards to financial reporting. In order to fulfill these responsibilities, the Board has appointed an audit committee. Before the audit committee makes its recommendations and submits the financial statements to the shareholders, it meets with management and the auditors to discuss the operating results and the Company's financial position. Following the recommendation of the Audit Committee, the Board of Directors approved the Company's unaudited consolidated financial statements for the nine months ended September 30, 2011.

The information contained in this report is dated November 23, 2011.

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, 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.

Highlights from the third quarter

- Dysprosium content increased from 1,800 tonnes to 2,800 tonnes in the indicated category;
- Two significant breakthroughs in the development of the metallurgical process;
- 80% completion of the scoping study by the independent engineering firm Roche;
- Hiring of SGS Minerals Service in Lakefield, Ontario, to operate the mineral processing and hydrometallurgical pilot plants for the flagship Kipawa deposit project;

Management Discussion and Analysis for the nine month period ended September 30, 2011

- The completion of the exploration program along strike of the presently recognized limit of the deposit and prospection within the Kipawa Alkalic Complex. Results of the field program are imminent;
- The continuation of harmonization roundtables and monitoring processes meetings, as well as discussions with the Band Council of Wolf Lake and the Band Council of Eagle Village.

Incorporation and Nature of Operations

Incorporation

The Company was incorporated on July 9, 1997, under 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 has 100% of five mineral properties in its portfolio, three joint ventures of 50% and a royalty on another. Six properties are located in Quebec and three in Ontario. These properties total 899 mining claims covering an area of 35,000 hectares (350 square kilometres). It is exploring for precious metals, base metals and rare earths. Its main focus is on the exploration and development of the Zeus property including the REE-yttrium-zirconium Kipawa deposit, located in Témiscamingue, south-western Quebec. This deposit is enriched in heavy rare earth elements and can be considered one of the best potential sources in the world.

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.

Financing

The Company has not entered into any common share placements or any other type of financing agreements in 2011.

Exploration Activities (Mining Properties)

Mining properties for the period ending September 30, 2011, increased by \$17,976 compared to a decrease of \$645,748 for the same period in 2010.

Exploration expenses for the period ending September 30, 2011, amounted to \$2,592,184 as compared to \$1,750,027 for the same period in 2010. The Zeus, Lesperance, Vulcain and Valmont showed the most activity with exploration expenditures totalling: \$2,017,414 for Zeus, \$79,214 for Lesperance, \$251,266 for Vulcain and \$148,423 for Valmont.

**Management Discussion and Analysis for the nine month period ended
September 30, 2011**

Exploration Activities (Mining Properties) (cont'd)

The allocation by properties of mining properties of \$17,976 and deferred exploration costs of \$2,592,184 expended during the period is as follow:

Mining Properties as of September 31, 2011											
	Ontario			Quebec							
	Montclerg	Matheson Pelangio	Matheson JV	Matheson-East	Valmont	Vulcain	Lesperance	Sakami	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning	-	27,141	1,581,455	41,360	110,400	183,647	15,495	115,300	144,828	46,712	2,266,338
Variance for the year	-	-	-	19,200	-	(624)	-	(600)	-	-	17,976
Total per province	-	-	-	19,200	-	-	-	-	-	(1,224)	-
Balance –September 30, 2011	-	27,141	1,581,455	60,560	110,400	183,023	15,495	114,700	144,828	46,712	2,284,314

Mining Properties as of September 30, 2010											
	Ontario			Quebec							
	Montclerg	Matheson Pelangio	Matheson JV	Matheson-East	Valmont	Vulcain	Lesperance	Sakami	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning	709,988	27,141	1,613,455	-	110,400	172,779	15,494	120,721	138,796	45,308	2,954,082
Variance for the year	(709,988)	-	52,240	-	-	10,920	-	(5,420)	6,032	468	-
Total per province	-	-	(657,748)	-	-	-	-	-	-	12,000	(645,748)
Balance –September 30, 2011	-	27,141	1,665,695	-	110,400	183,699	15,494	115,301	144,828	45,776	2,308,334

**Management Discussion and Analysis for the nine month period ended
September 30, 2011**

Exploration Activities (Mining Properties) (cont'd)

Deferred Exploration Costs September 30, 2011											
	Ontario			Quebec							
	Montclerg	Matheson Pelangio	Matheson JV	Matheson- East	Valmont	Vulcain	Lesperance	Sakami	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning	-	72,283	772,207	-	216,508	1,271,962	158,694	2,189,652	1,517,385	144,664	6,343,355
Analyses	-	-	-	-	76,442	-	705	-	358,825	-	435,972
Drilling	-	-	-	-	-	-	5,029	-	211,584	-	216,613
Geology, geochemical, geophysics and prospection	-	-	13,380	-	44,793	226,063	60,028	1,872	1,039,764	27,265	1,413,165
Line cutting	-	-	-	-	-	-	-	-	8,420	-	8,420
Materials	-	-	133	-	1,016	902	-	-	17,293	166	19,510
Travelling and lodging	-	-	2,447	-	18,641	16,164	262	100	317,468	6,452	361,534
Other exploration expenses	-	317	6,599	-	4,463	3,405	6,939	151	40,861	1,690	64,425
Permits	-	-	10,891	-	3,068	4,732	6,251	13,080	21,489	7,832	67,343
Amortization of fixed assets	-	-	3,492	-	-	-	-	-	1,710	-	5,202
Total	-	317	36,942	-	148,423	251,266	79,214	15,203	2,017,414	43,405	-
Total per province	-	-	37,259	-	-	-	-	-	-	2,554,926	-
Total Quebec/Ontario	-	-	-	-	-	-	-	-	-	-	2,592,184
Write-off	-	-	-	-	-	(9,948)	-	(10,264)	-	-	(20,212)
Disposal of deferred costs	-	-	-	-	-	-	-	-	-	-	-
Governmental assistance	-	-	-	-	(51,384)	(98,191)	(28,912)	(911)	(684,396)	(10,911)	(874,705)
Total including write-off and governmental assistance	-	317	36,942	-	97,039	143,127	50,302	4,028	1,333,018	32,494	1,697,267
Balance – September 30, 2011	-	72,600	809,149	-	313,547	1,415,089	208,996	2,193,680	2,850,403	177,158	8,040,622

**Management Discussion and Analysis for the nine month period ended
September 30, 2011**

Exploration Activities (Mining Properties) (cont'd)

Deferred Exploration Costs September 30, 2010										
	Ontario			Quebec						
	Montclerg	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Lespérance	Sakami	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning	595,938	70,793	864,882	183,231	1,269,737	156,645	2,184,130	590,720	88,128	6,004,204
Analyses	-	-	43,701	-	-	-	-	268,408	-	312,109
Drilling	-	-	346,796	-	-	-	-	147,121	-	493,917
Geology, geochemical, geophysics and prospection	-	-	139,978	8	(19)	16	44	421,339	69,555	630,921
Line cutting	-	-	-	-	-	-	-	-	-	-
Materials	-	-	5,142	-	-	-	-	25,891	89	31,122
Travelling and lodging	(20)	(10)	28,778	-	-	-	-	121,788	100	150,636
Other exploration expenses	283	391	61,477	530	507	2,901	164	28,472	2,974	97,699
Permits	-	995	805	-	3,068	-	6,440	10,084	7,236	28,628
Amortization of fixed assets	-	-	4,995	-	-	-	-	-	-	4,995
Total	263	1,376	631,672	538	3,556	2,917	6,648	1,023,103	79,954	-
Total per province	-	-	633,311	-	-	-	-	-	1,116,716	-
Total Quebec/Ontario	-	-	-	-	-	-	-	-	-	1,750,027
Write-off	-	-	-	-	-	-	-	-	-	-
Disposal of deferred costs	(596,201)	-	-	-	-	-	-	-	-	(596,201)
Governmental assistance	-	-	-	(230)	(209)	(1,248)	(96)	(433,571)	(31,125)	(466,479)
Total including write-off and governmental assistance	(595,938)	1,376	631,672	308	3,347	1,669	6,552	589,532	48,829	687,347
Balance – September 30, 2011	-	72,169	1,496,554	183,539	1,273,084	158,314	2,190,682	1,180,252	136,957	6,691,551

Exploration

In Quebec, the Company incurred \$2,554,925 in deferred exploration costs (99% of DEC incurred) and \$37,259 in deferred exploration costs in Ontario (1% of DEC incurred). Here is an outline of the main exploration work done during the year on the Zeus and Valmont properties:

Québec

Zeus (REE-Y-Zr)

During this period, Matamec spent \$2,017,414 on the Kipawa deposit and the Zeus property, mainly on the Fall/Winter 2010-2011 drilling program, geological work, sample analysis costs, the first NI 43-101 resource calculation update, and continued metallurgical tests.

Kipawa Deposit

Exploration Phase

The summer field program on Matamec's HREE-Y-Zr Zeus property is completed. This work has led to the discovery of a new bedrock occurrence of the main ore bearing mineral, eudialyte, 300m along strike to the northwest of the presently recognized limit of the deposit.

NI 43-101 Resource Calculation

The Kipawa deposit is located at surface and to a depth of at least 90m and it is continuous over a distance of at least 1.45 kilometres over a width of 200 metres and a thickness of 50 meters. Matamec believes that the location of the deposit, outcropping at the top of a small hill, will allow for a reduced environmental footprint as well as a lower operating cost.

The mineralization is located within a syenite body in the Kipawa Alkalic Complex. It plunges 20 degrees to the south and its width varies between 40 and 65 meters. Within this unit, there are three layers of enriched TREOs whose thicknesses vary between 2 and 28 meters. The three layers form the "Geological TREO-Enriched Zone". The non-enriched portion of the syenite forms the "Geological ZrO₂ Zone."

The May 2011 resource estimate update shows that the indicated resource now stands at 76% of the total resource in the rare earths-enriched zones. The Kipawa Deposit's resources of total rare earth oxide (TREO) in the rare earths-enriched zones now stand at 63,850 tonnes in the indicated category and 17,780 tonnes in the inferred category with a cut-off of 0.3% TREOs. The heavy rare earth oxides and yttrium combine for an average of 36% of TREOs totaling 22,940 tonnes of indicated and 6,300 tonnes of inferred HREO+Y₂O₃.

Matamec's metallurgical tests suggest that a 0.2% TREO cut-off could be a realistic mining scenario for this deposit. At this cut-off the current resource stands at 17,645,000 tonnes in the indicated category and 6,805,000 tonnes in the inferred category. The resources contain 76,800 tonnes total rare earths and yttrium (TREO) in the indicated category and 25,200 tonnes TREO in the inferred category. The contained dysprosium increases from 1,800 tonnes to 2,800 tonnes in the indicated category.

Metallurgical tests

Accomplished at SGS Minerals Service in Lakefield, Ontario, the metallurgical tests show that it is able to produce a pre-concentrate containing 90% of the contained yttrium in only 35% of the original ore mass of the Kipawa Deposit. This is significant in lowering the amount of acid required downstream and consequently lowering the operating cost of the project. The ability to pre-concentrate 90% of the contained yttrium in only 35% of the original ore mass is substantially better than the previous result 52.8% and 40%. This advancement in optimizing the pre-concentration of the ore has been made by applying a coarse grind and employing a dry permanent magnetic separator for the elimination of gangue minerals from the ore.

A major breakthrough in the leaching of the pre-concentrate has also been achieved. The proprietary leaching method developed by Matamec can now successfully leach the eudialyte ore in a simple and low-cost manner. This straightforward leaching method can dramatically reduce the amount of heat, acid, water and time required in solubilising the rare earths. Seven leach tests have been completed to date resulting in an excellent overall REE recovery of 88%, and an even higher 89% recovery for HREE+Y.

These two breakthroughs in the development of the metallurgical process could significantly reduce operating costs and capitalization of the project, and thus increase economic efficiency.

Pilot Plant

Matamec has recently retained SGS Minerals Service in Lakefield, Ontario to operate the mineral processing and hydrometallurgical pilot plants for their flagship Kipawa project.

Bench scale metallurgical testwork for the treatment of Kipawa's unique Eudialyte ore has been ongoing at SGS Mineral Services since early 2010. A successful treatment process has been developed which includes two steps: 1) physical concentration by magnetic separation and 2) a proprietary direct room-temperature leach for recovering the Rare Earth Elements (REE).

The two pilot plants include: a mineral processing pilot plant that treats 15 tonnes of ore, and a 10-day hydrometallurgical pilot plant that operates at 10 kg/h. The size and duration of the pilot plants were established in collaboration with SGS. A \$250,000 deposit payment has been made and the pilot plants are scheduled to be completed by mid-2012. In addition, an extensive bench optimisation testwork program is in place so that the process flowsheet can be optimized before commencing the pilot plants.

Preliminary Economic Assessment Study

The Company has engaged the independent engineering firm Roche Ltd. from Montreal, Quebec, to complete its preliminary economic assessment study (PEA) of the HREE Kipawa Deposit located near Temiscaming in SW Quebec. Highlights from the study include: 1) a NI43-101 compliant indicated and inferred resource 2) a mining development plan for an open pit, small operation mine with a low strip ratio 3) design production of 4000-4500 tpd for 5,600 tpa of mixed REO concentrate 4) a well defined metallurgical process in two simple, low cost steps based on recent tests, namely 35% pre-concentration with 90% recovery and Simple direct leaching method with 88% recovery. At this point, the independent engineering firm Roche has completed 80% of the scoping study (preliminary economic assessment) for the heavy rare earths Kipawa deposit. Validation and verification are underway.

Other areas of the Zeus property

The Company's summer exploration program were to explore for extensions of the Kipawa deposit and discover new REE-Zr occurrences along the favourable horizon. It has lead to the discovery of new occurrences of rare earth (REE) minerals within the Kipawa Alkalic Complex on its property.

Social acceptability of the Zeus Project

During this quarter, Matamec continued to meet with different groups and agencies involved in the Zeus project by holding harmonization roundtable and monitoring groups meetings. Moreover, the Company has continued its informative discussions with the Band Council of Wolf Lake and the Band Council of Eagle Village. In addition, a public information meeting was held in Eagle Village on September 29th, 2011.

Tansim (Li, Be, Ta)

During the period, the company spent a total of \$43,664 on the Tansim property. The campaign objectives were to explore new areas, as well as to sample geochemical soil anomalies from an earlier survey.

Vulcain (Ni-Cu, Co and PGM)

Over the summer, a geophysical radiometric, magnetic and electromagnetic airborne survey over the entire property was made. This survey identified several targets that have recently been explored electromagnetic with the Beep Mat and VLF. These instruments were used to locate on the ground the conductors to airborne electromagnetic anomalies. In addition, structural measures have been taken to plan a possible drilling.

Valmont (Gold)

During this period, the Company spent \$148,423 on exploration; primarily in sample analysis following a soil geochemical survey of the B horizon conducted in the fall of 2010 in which several targets were identified. These targets were mapped and prospected. Preparatory work for trenching were also carried out.

Lesperance (Gold, Base Metals and Diamonds)

Our partner, Northern Superior, has incurred exploration expenditures totalling more than \$150,000. These expenditures include line cutting, geology and geophysics. Matamec's financial contribution was \$79,214.

Future corporate strategy for mineral development

The Board announced that the prime purpose of the Company is in development of "green" metals, energetic and strategic, mainly on the Zeus, Tansim and Vulcain properties. The gold properties, Matheson JV, Montclerg, Sakami, Lesperance and Valmont-Wachigabau, are to be transferred to a 100% subsidiary.

The Board of Directors of the Company formed in March of an advisory committee for Matamec's strategy. Committee members are Mr. Sean Roosen (T. Eng.) Chairman, Robert Wares (Geol.) and Mr. Raynald Vezina (Mining Eng). Taking into account the global demand for most minerals, the high potential mining properties and Matamec's current stock value, the recommendations of the Advisory Committee will lay the basic groundwork for the strategy that the Board of Directors intends to adopt during the first half of 2012 in order to maximize the value of its unique mining assets.

Selected Annual Information

Selected financial information for the period ended September 30, 2011 and 2010 is shown in the following table:

	Three months ended		Six months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	\$	\$	\$	\$
Income – Interest	14,031	11	42,174	52
Expenses				
- General and administrative expenses	661,105	286,923	1,535,234	860,244
- Future income tax	(5,800)	(151,954)	(274,008)	-
Net loss	641,274	140,631	1,263,515	742,637
Net loss per share, basic and diluted	0,006	0,002	0,011	0,008

	Balance sheet as of September 30, 2011	Balance sheet as of September 30, 2010
	\$	\$
Total assets	16,781,565	16,674,351
Cash and cash equivalents	4,504,289	4,723,295
Equity	14,912,758	14,913,303

Operating Results

The Company incurred a net loss of \$1,263,515 for the period ended September 30, 2011 as compared to a net loss of \$742,637 for the same period in 2010.

As of September 30, 2011, a stock-based compensation in the amount of \$387,620 was recognized in earnings (\$197,137 as of September 30, 2010).

The increase in administrative expenses for the last nine months for an amount of \$674,990 is primarily attributable to increased travel costs of \$203,727 and the variation of the following expenses:

- Increase in stock-based compensation in the amount of \$190,483;
- Increased salaries and fringe benefits of \$143,175;
- Increase in professional fees of \$107,779;
- Decrease in interest and bank charges of \$22,866.

Financing Activities

By Common Shares

During the period ended September 30, 2011, the exercise of stock options and warrants totalling \$919,400.

Investing Activities

The Company's investment activities included mainly costs related to an increase in exploration work on Zeus, Valmont, Matheson JV and Sakami properties.

Quarterly Financial Information

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

	2011 (as per IFRS)			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Interest and other income	11,787	16,356	14,031	
Administrative income	412,599	515,529	661,105	
Net loss	(245,722)	(430,518)	641,274	
Basic and diluted net loss per share	(0.002)	(0.004)	(0.006)	
Current assets	6,473,094	6,411,869	6,375,267	
Total current assets	16,203,681	16,211,702	16,781,565	
Current liabilities	407,621	561,963	931,607	
Working capital	6,065,473	5,849,906	5,443,660	
Shareholder's equity	14,853,060	14,706,739	14,912,758	

	2010 (as per IFRS)			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Interest and other income	20	21	11	2945
Administrative income	294,926	278,623	286,695	398,908
Net loss	(205,218)	(397,016)	(140,403)	(1,030,681)
Basic and diluted net loss per share	(0.002)	(0.004)	(0.001)	(0.009)
Current assets	1,067,496	544,959	709,506	6,774,157
Total current assets	9,399,509	10,041,433	10,293,651	16,674,351
Current liabilities	518,932	814,111	566,846	818,048
Working capital	548,564	(269,152)	142,660	5,956,109

Shareholder's equity	7,144,577	7,491,322	7,990,805	14,913,303
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	2009 (as per GAAP in Canada)			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Total income				21
General and administrative expenses				482,822
Net loss				(550,615)
Net loss per share, basic and diluted				(0.01)
Current assets				1,650,674
Total assets				10,661,251
Current liabilities				1,731,127
Working capital				(80,453)
Shareholders' equity				7,639,124

Outstanding shares, options and warrants data

The Company is authorized to issue an unlimited number of common shares without par value.

As of September 30, 2011, the Company had 120,010,186 (116,230,186 on December 31, 2010) shares issued and outstanding for an issue value of \$23,205,330 (\$22,003,881 on December 31, 2010).

The Company has a stock option plan for its senior officers, directors, key employees and consultants. During the year, the Company increased the number of common shares reserved for common stock options grants from 6,215,000 to 6,680,000, of which 4,879,130 were exercisable. The maximum number of options that can be granted to any participant may not exceed 10% of the issued and outstanding shares of the capital stock. The strike price of the options granted may not be less than the market price, which corresponds to the discounted price of the common shares on the TSX Venture Exchange on the date of the option grant. The options granted are valid for a period established by the Board of Directors, not to exceed five years from the date the options are granted.

As of September 30, 2011, the Company had 6,680,000 stock options (6,215,000 as of December 31, 2010) that could be exercised at prices from between \$0.10 to \$0.43, with maturity dates from December 30, 2011, to August 17, 2016. During the period ended September 30, 2011, 1 211 800 stock options was granted, 565,000 were exercised for an total of \$120,650 and 181,800 were cancelled.

As of September 30, 2011, the Company had 12,027,264 warrants issued and outstanding (15,352,264 at December 31, 2010) which could be exercised at prices from between \$0.35 to \$0.50, with maturity dates from October 18, 2011, to June 28, 2012. During the period ended September 30, 2011, no warrants were granted, 3,175,000 were exercised for an amount of \$798,750 and 150,000 were cancelled.

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, CA, who is an Officer and director of the Company and to Marcel Bergeron, CA, Director of the Company:

	September 30, 2011	September 30, 2010
	\$	\$
Professional fees	13,137	7,098
Consultant fees	64,445	9,803
Information to shareholders	-	-
Geology, geochemical, geophysics and prospecting	417,693	83,546
Lines cutting	8,420	-
Transport, rent	72,695	-
Other receivables	10,318	-
Accounts payable and accrued liabilities	170,264	23,917

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

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that effect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company's critical accounting policy estimates, judgments and assumptions in the condensed interim unaudited financial statements for the nine months ended September 30, 2011. A disclosure and description of the critical accounting estimates can be found in the 2010 annual report as there were no significant changes in the critical accounting estimates during the first quarter of 2011.

Outstanding Share Data (when this report was produced)

Share capital	120,010,186
Options	6,505,000
Warrants	10,757,375
Outstanding shares	137,272,561

Risks and Uncertainties

The exploration for, development and mining of mineral deposits involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. For additional discussion of risk factors, please refer to the Corporation's Annual Information Form which is available upon request from the Corporation or on its profile on www.sedar.com. There have been no material changes to risks and uncertainties since December 31, 2010.

Outlook 2011

Benefitting from last year's steady economic upturn, the Company intends to carry out \$5.3 million dollars of exploration work on its mining properties this year.

The majority of that sum, \$4.2 million dollars, will be invested on the Zeus property and its Kipawa Rare earths-Yttrium-Zirconium deposit, where major exploration work was undertaken over the last two years. In 2011, exploration work around the deposit will consist of: mechanical stripping and diamond drill holes to test the deposit's extensions, both laterally and at depth (aiming to increase resources); the gathering of bulk samples to continue metallurgical testing on a larger scale; geoscientific studies under the authority of Marc Constantin at Laval University and mine reject studies by the Industrial Residue Technological Centre (CETRI) based in Rouyn-Noranda.

Detailed mapping and prospecting surveys of the entire Kipawa Alkalic Complex on the Zeus property were begun this year for favourable rare earths-yttrium-zirconium and niobium-tantalum mineralization. For years, the Company has been the only active company in this sector and was able to acquire an advantageous land position along strike from the Kipawa Deposit. In recent years and with very little financial means, the Company has found several showings. These potentially interesting areas will receive more advanced exploration work throughout the last few months.

Outside the Zeus property, the company is pursuing lithium, tantalum and other rare metals on its Tansim property near Belleterre, copper-nickel-platinum group elements on the Vulcain property near Maniwaki, and gold and base metals on several properties located both in Quebec and Ontario.

Anomalies identified during the airborne geophysical survey carried out in 2010 over the Tansim rare metals property were examined and explored this year. \$100,000 is set aside for this project. A deep-penetrating VTEM airborne survey was carried out over the Ni-Cu-PGE Vulcain property this summer, followed by ground surveys and exploration in the fall. \$320,000 is set aside for this project.

Matamec will allocate \$720,000 for its four gold properties. The Wachigabau-Lespérance property, located in the Desmarais area and owned 50-50 by Northern Superior Resources Inc. and Matamec, will be explored using ground geophysics, geological mapping and diamond drilling for a total of \$700,000, of which \$350,00 came from Matamec's 50% participation. The Sakami property, located in the James Bay area and set in a geological context similar to Virginia-Goldcorp's Éléonore property, is currently compiled and re-assessed according to new geological models. \$20,000 is set aside for this project. An extensive compilation of all old exploration work including a soil geochemical survey (completed in the fall of 2010) is complete on its gold and base metal Valmont property in Gaspésie. It was prospected by mapping, trenching, soil and rock geochemistry followed by manual and mechanical trenching for a total of \$200,000. As for the Matheson/Colbert/Explorers/Pelangio/Est property located directly east of the Hoyle Pond Mine, \$150,000 will be invested to prepare diamond drilling, pinpointing basal

till targets identified during last year's re-compilation of historical reverse circulation drilling campaigns.

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 November 23, 2011, 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) Laval St-Gelais

(s) André Gauthier, President and Chief Executive Officer

(s) Laval St-Gelais, Secretary-Treasurer

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Transfer Agent

Computershare Inc.

Exchange Listing

TSX Exchange - MAT

Exchange Listing

OTCQX- MHREF