



M A  A M E C

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2014

MATAMEC EXPLORATIONS INC.
Management Discussion and Analysis
for the six months period ended June 30, 2014

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, 2013 and 2012. The unaudited financial statements for the quarter ended June 30, 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 August 25, 2014 and as at this date 120,300,186 shares and 7,336,800 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 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.

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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.
- On July 23rd, CSM and Matamec announced the final results of the latest exploration program completed in March and April 2014 on the Sakami gold property. These new results confirm the extension to the West, Northwest and at depth of the Zone 25 envelope of gold mineralization.

FINANCING

The Company did not enter into any common share placements or any other type of financing agreements in second quarter of 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 June 30, 2014.

EXPLORATION ACTIVITIES (MINING PROPERTIES)

Exploration expenses for the period ending June 30, 2014, was increase for an amount of \$633,743 as compared to \$4,203,639 for the same period in 2013. The Kipawa deposit, Zeus and Matheson JV properties showed the most activity with exploration expenditures totalling: \$589,561 for Kipawa, \$10,613 for Zeus, \$24,772 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 \$633,743 expended during the period is as follow:

Mining Properties as of June 30, 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	-	-	-	-	(15,440)	-	-	-	(24,640)	-	(40,080)
Total per province	-	-	-	-	-	-	-	-	-	-	-
Balance – June 30, 2014	27,141	1, 581,454	-	112,318	160,247	-	112,610	-	54,234	44,368	2, 067,732

Mining Properties as of June 30, 2013											
	Ontario			Quebec							
	Matheson Pelangio	Matheson JV	Matheson-East	Valmont	Vulcain	Wachigabau	Sakami	Kipawa	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$
Balance - beginning	27,141	1, 581,454	-	110,400	183,023	-	114,701	-	52,468	46,712	2, 115,899
Variance for the year	-	-	-	-	-	-	-	-	-	-	-
Total per province	-	-	-	-	-	-	-	-	-	-	-
Balance – June 30, 2013	27,141	1, 581,454	-	110,400	183,023	-	114,701	-	52,468	46,712	2, 115,899

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Exploration Activities (Mining Properties) (cont'd)

	Deferred Exploration Costs June 30, 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	-	-	-	-	-	-	-	7,747	-	7,747
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
Others 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)
Disposal of deferred costs	-	-	-	-	-	-	-	-	-	-
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, 2013	304,971	897,019	346,720	1,387,329	-	2,215,612	7,418,119	1,676,659	226,853	14,473,232

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Exploration Activities (Mining Properties) (cont'd)

Deferred Exploration Costs June 30, 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	-	-	-	-	-	-	56,489	24,162	-	80,651
Drilling	-	-	-	-	-	-	-	-	-	-
Geology, geochemistry, geophysics and prospection	-	9,819	6,558	2,009	-	-	3,246,044	56,970	25,123	3,346,523
Line cutting	-	-	-	-	-	-	381,204	-	-	381,204
Materials	-	-	-	-	-	-	-	1,593	601	2,194
Travelling and lodging	-	1,494	216	400	-	-	52,876	4,848	10,300	70,134
Other exploration expenses	-	3,338	280	680	-	280	270,778	1,940	520	277,816
Permits	-	11,683	100	5,214	-	7,560	13,223	5,631	(795)	42,616
Amortization of fixed assets	-	1,140	-	-	-	-	-	1,362	-	2,502
Total	-	27,474	7,154	8,303	-	7,840	4,020,614	96,506	35,748	
Total per province	-	27,474	-	-	-	-	-	-	4,176,166	
Total Quebec/Ontario	-	-	-	-	-	-	-	-	-	4,203,639
Write-off	-	-	-	-	-	-	-	-	-	-
Disposal of deferred costs	-	-	-	-	-	-	-	-	-	-
Governmental assistance	-	-	(2,836)	(1,242)	-	(113)	(946,634)	(36,531)	(14,690)	(1,002,046)
Total including write-off and governmental assistance	-	27,474	4,318	7,061	-	7,727	3,073,980	59,976	21,058	3,201,594
Balance – June 30, 2013	304,971	867,961	336,465	1,517,402	-	2,223,820	7,910,580	1,555,982	247,830	14,965,011

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Exploration

During the second quarter of 2014, the Company incurred \$608,971 in deferred exploration costs in Quebec (99% of DEC incurred) and \$24,772 in deferred exploration costs in Ontario (1% of DEC incurred). Here is an outline of the main exploration work done during the first six months of 2014 on the Kipawa JV property and Sakami property currently under option:

Québec

Kipawa JV (REE-Y-Zr)

During the first six months of 2014, the Corporation spent \$589,561 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.

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 Ressources 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.

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.

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.

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Sakami (Gold)

Presently the property is under option and Matamec still holds a 100% interest in the Sakami property. On August 19, 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 25, 2014, CSM had spent more than \$500 000CAD on the Sakami property and they used actions to make the 2nd payment.

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.

On July 23th, CSM and Matamec announced the final results of the latest exploration program completed in March and April 2014 on the Sakami gold 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 new results confirm the extension of the Zone 25 gold mineralization envelope to the west, to the northwest and at depth. The program completed the testing of Zone 25 over a strike length of more than 200 metres and to a depth of over 425 metres along its plunge.

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 latest drilling program on the Sakami property consisted of a total of 2,913 metres in 11 holes. The last two drilling programs by Strategic Metals have confirmed and enhanced the potential of the northwest and depth extensions of Zone 25, which remains open in all directions. The holes were spaced at 50 metres.

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A detailed table of mineralized intersections from the recent drilling program is shown below:

Hole #	To (m)	At (m)	*Length (m)	Au (g/t)
PT-14-73	150.65	172.50	21.85	1.46
PT-14-74	237.65	264.00	26.35	2.30
PT-14-75	274.05	281.20	7.15	2.40
PT-14-76	180.00	183.00	3.00	1.57
PT-14-77	180.00	182.25	2.25	2.02
PT-14-78	208.50	213.00	4.50	2.15
PT-14-79	188.00	236.20	48.20	2.51
	188.00	200.00	12.00	6.93
	190.00	196.00	6.00	11.35
PT-14-80	157.50	163.50	6.00	1.03
PT-14-81	228.00	232.60	4.60	2.58
PT-14-82	231.45	271.70	40.25	1.43
	231.45	240.00	8.55	3.58
PT-14-83	240.00	295.50	55.50	1.06
	240.00	252.00	12.00	3.54

*Core length: CSM estimates the true width of the mineralized zone at 80 to 95% of the core length.

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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 Kipawa JV, 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, update of the feasibility study, additional environmental assessments and social acceptability.

The Company holds several other properties located in Quebec and Ontario. These properties will be explored 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

In 2014, the Company completed a number of areas in 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.

INVESTOR RELATIONS

In 2014, the Company has been active in introducing itself to analysts, shareholders and prospective shareholders in cities abroad. 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 spinning-off Matamec's gold assets into a new entity.

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SELECTED ANNUAL INFORMATION

Selected financial information for the period of three and six months ended June 30, 2014 and 2013 is shown in the following table:

	Three months ended		Six months ended	
	Results as at June 30, 2014	Results as at June 30, 2013	Results as at June 30, 2014	Results as at June 30, 2013
	\$	\$	\$	\$
Income – Interest	1,992	5,799	2,978	20,645
General and administrative expenses	412,155	595,649	832,080	1,089,930
Stock-based compensation	13,472	-	23,196	-
Write-off of exploration and evaluation assets	164,780	-	164,780	-
Income tax (recovery)	(20,861)	43 130	(6,000)	(162 643)
Net loss	589,773	633,495	1,033,720	907,829
Basic and diluted net loss per share	0.005	0.005	0.009	0.008

	Balance sheet as of June 30, 2014	Balance sheet as of December 31, 2013
	\$	\$
Total assets	18,904,871	19,047,645
Cash and cash equivalents	(60,834)	788,341
Equity	14,539,482	15,537,006

Operating Results

The Company incurred a net loss of \$1,033,720 for the period of six months ended June 30, 2014 as compared to a net loss of \$907,829 for the same period in 2013. As at June 30, 2014, \$23,196 stock-based compensation was attributed in earnings (\$0 as at June 30, 2013). In add, a write-off for an amount of 164,780\$ in exploration and evaluation assets was included in operating.

The variation in administrative expenses, excluding stock-based compensation and write-off of exploration and evaluation assets was reduce for an amount of \$257,850 is primarily attributable to the variation in the following expenses:

- Decreased salaries and fringe benefits of \$124,474 due to the reduction of activities of the corporation;
- Decreased rent and office expense of \$19,098;
- Decrease of travelling and entertainment expenses of \$168,893 due to decrease of travelling outside of the country and less participation at various congress and symposium.

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CASH ASSETS AND SOURCES OF FINANCING

As of June 30, 2014, the Corporation had a negative cash flow of \$290,638 (a positive cash flow of \$1,311,383 as at December 31, 2013), the working capital includes \$1,645,889 in tax credits receivable on June 30, 2014 (\$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 June 30, 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 \$748,403 in the second quarter ended June 30, 2014, while they have increased \$2,695,993 for the same period in 2013. The decrease is mainly due to the loss during the period.

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.

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Quarterly Financial Information

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

	2014			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Interest and other income	985	1,992		
Administrative expenses	419,924	412,155		
Net loss	(443,945)	(589,773)		
Basic and diluted net loss per share	(0,004)	(0,005)		
Current assets	1,769,204	1,746,251		
Total current assets	18,678,166	18,904,871		
Current liabilities	1,184,882	2,059,389		
Working capital	561,822	(290,638)		
Shareholder's equity	15,134,784	14,539,482		

	2013			
	1 st Quarter	2 nd Quarter	3 rd Quarter (i)	4 th 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			
	1 st Quarter	2 nd Quarter	3 rd Quarter (ii)	4 th Quarter (iii)
Interest and other income			14,382	11,219
Administrative income			262,472	1,196,273
Net Benefit (net loss)			2,369,141	(929,478)
Basic and diluted net loss per share			(0,020)	(0,001)
Current assets			6,963,247	5,993,974
Total current assets			20,723,558	20,445,042
Current liabilities			2,275,818	1,701,687
Working capital			4,687,429	4,292,287
Shareholder's equity			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.

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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 a director of the Company and to Marcel Bergeron, CPA, CA, an Officer and Director of the Company:

	June 30, 2014	June 30, 2013
	\$	\$
Professional fees	36,254	37,630
Consultant fees	47,500	54,500
Accommodation, transport and communication	1,945	52,998
Geology, geochemistry, geophysics and prospecting	45,702	180,132
Others expenses	34,279	-
Other receivables	1,705	-
Accounts payable and accrued liabilities	226,887	59,613

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 August 25, 2014
Share capital	120,300,186
Options	7,336,800
Warrants	-
Outstanding shares	128,405,186

- (i) During the quarter that ended on June 30, 2014, 768,200 options to purchase shares were canceled, of this amount 618,200 have expired as at May 13, 2014 and 150,000 in June 29, 2014.

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 second quarter ended June 30, 2014 are set out in Note 2 to the Company's unaudited condensed interim financial statements.

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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 August 25, 2014, 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

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Directors and Officers

André Gauthier, President and CEO

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