



MANAGEMENT DISCUSSION AND ANALYSIS

March 31, 2013

Management Discussion and Analysis for the three month period ended March 31, 2013

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, 2012 and 2011. The unaudited financial statements for the quarter ended March 31, 2013 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 has 100% of six mineral properties in its portfolio, one joint venture with 75%, 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

- Toyotsu Rare Earth Canada Inc. ("TRECAn") continued to acquire its remaining 24% undivided interest in the Kipawa property;
- 85% of the bulk work for the feasibility study is completed and it is now for the independent engineering firms Roche Ltd. and Genivar to gather the remaining information and to complete the report;
- The activities for the last quarter surrounding the feasibility study for the Kipawa HREE were focussed on laboratory test work to optimize the ore process flow diagrams and the process equipment sizing. The general concepts of all the infrastructures required for the operation have been frozen so the engineering firm could work on OPEX and CAPEX in order to complete the feasibility study;
- An Environmental and Social Impact Assessment conducted by Golder Associates initiated in May 2012 for the Kipawa project continues to advance with results for inclusion in the feasibility study;
- Variability metallurgical test work is near completion with the ability to process material from any part of the Kipawa deposit;
- Development of the purification circuit ongoing, for producing a high purity heavy and light rare earth product;
- Second pilot plant planned for second half of 2013, for further optimization and improvement on the overall recovery;
- Information meetings continue with regional and local citizens, including harmonization roundtables and follow-up; and
- Meetings continue with the Band councils and populations of the two Algonquin communities involved in the project, Eagle Village First Nation and Wolf Lake First Nation.

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FINANCING

The Company did not enter into any common share placements or any other type of financing agreements in 2013.

PROJECTS AND NEW ACQUISITIONS

During the period, the Company focused its efforts on the Kipawa property in association with TRECan and on the Zeus property. However, it did conduct various exploration works to maintain its mining interests in the Matheson JV and Matheson-Pelangio in Ontario, and Tansim, Vulcain, Lesperance, Valmont and Sakami properties in Quebec.

No new projects have been undertaken and no new acquisitions were made during the period ended March 31, 2013.

EXPLORATION ACTIVITIES (MINING PROPERTIES)

Exploration expenses for the period ending March 31, 2013, amounted to \$2,653,220 as compared to \$874,340 for the same period in 2012. The Kipawa, Zeus, Vulcain, Valmont and Matheson showed the most activity with exploration expenditures totalling: \$2,590,066 for Kipawa, \$25,221 for Zeus, \$18,875 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 \$2,653,220 expended during the period is as follow:

Mining Properties as of March 31, 2013											
	Ontario			Quebec							
	Matheson Pelangio	Matheson JV	Matheson- East	Valmont	Vulcain	Lesperance	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 – March 31, 2013	27,141	1,581,454	-	110,400	183,023	-	114,701	-	52,468	46,712	2,115,899

Mining Properties as of March 31, 2012											
	Ontario			Quebec							
	Matheson Pelangio	Matheson JV	Matheson- East	Valmont	Vulcain	Lesperance	Sakami	Kipawa	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning	27,141	1,581,454	60,560	110,400	183,023	15,495	114,701	111,667	33,108	46,712	2,284,261
Variance for the year	-	-	32,400	-	-	-	-	-	-	-	32,400
Total per province	-	-	32,400	-	-	-	-	-	-	-	32,400
Balance –March 31, 2012	27,141	1,581,454	92,960	110,400	183,023	15,495	114,701	111,667	33,108	46,712	2,316,661

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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	-	70 009
Drilling	-	-	-	-	-	-	-	-	-	-
Geology, geochemistry, geophysics and prospection	-	5 ,880	3,999	919	-	-	2 ,526,985	11,870	-	2 ,959, 084
Line cutting	-	-	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	1 ,593	-	1 ,593
Travelling and lodging	-	1 ,013	216	400	-	-	1,972	611	-	4, 870
Other exploration expenses	-	129	-	-	-	-	6,533	-	-	8, 839
Permits	-	11, 283	100	5 ,865	-	7,560	8,909	1, 348	-	38, 035
Amortization of fixed assets	-	570	-	-	-	-	-	681	-	1, 251
Total	-	18 ,875	4, 315	7, 184	-	7 ,560	2,590,066	25 ,222	-	-
Total per province	-	18, 875	-	-	-	-	-	-	-	2,634,347
Total Quebec/Ontario	-	-	-	-	-	-	-	-	-	2,653,220
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	6,653	-	7,560	1,898,323	15,624	-	1,949,658
Balance – March 31, 2013	304,971	859,362	334,768	1,516,994	-	2,223,653	6,734,923	1,511,631	226,772	13,713,074

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Exploration Activities (Mining Properties) (cont'd)

Deferred Exploration Costs March 31, 2012										
	Ontario		Quebec							
	Matheson Pelangio	Matheson JV	Valmont	Vulcain	Lespérance	Sakami	Kipawa	Zeus	Tansim	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning	73,089	812,814	320,632	1,474,900	328,505	2,205,615	2,560,782	748,010	185,020	8,709,367
Analyses	12,628	1,324	-	-	-	-	131,281	43,760	-	188,983
Drilling	-	-	-	-	-	-	-	-	-	-
Geology, geochemistry, geophysics and prospection	54,705	11,829	1,485	3,196	1,489	7,539	252,247	84,082	256	416,738
Line cutting	6,720	3,120	-	-	-	-	-	-	-	9,840
Materials	2,876	-	-	-	-	-	50	17	-	2,943
Travelling and lodging	8,241	100	400	400	-	-	32,767	10,922	-	52,830
Other exploration expenses	146,135	604	582	1,498	407	-	13,676	4,558	944	168,404
Permits	-	3,374	-	11,130	-	(3,240)	14,397	4,799	2,251	32,711
Amortization of fixed assets	-	816	-	-	-	-	731	244	-	1,791
Total	231,305	21,167	2,467	16,224	1,896	4,299	445,149	148,382	3,451	
Total per province	-	252,472	-	-	-	-	-	-	621,868	
Total Quebec/Ontario	-	-	-	-	-	-	-	-	-	874,340
Write-off	-	-	-	-	-	-	-	-	-	-
Disposal of deferred costs	-	-	-	-	-	-	-	-	-	-
Governmental assistance	-	-	(992)	(2,088)	(762)	(3,291)	(128,825)	(42,942)	(486)	(179,386)
Total including write-off and governmental assistance	231,305	21,167	1,475	14,136	1,134	1,008	316,324	105,440	2,965	693,954
Balance – March 31, 2012	304,394	833,981	322,107	1,489,036	329,639	2,206,623	2,877,106	853,450	187,985	9,404,321

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Exploration

In the first three months of 2013, the Company incurred \$2,634,347 in deferred exploration costs in Quebec (99% of DEC incurred) and \$18,875 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 2013 on the Zeus, Valmont, Vulcain, Sakami and Matheson-JV:

The highlight of 2012 is the signature of the JV agreement with TRECan and the financing and beginning of the feasibility study for the Kipawa deposit on the Kipawa REE property.

The first three months of 2013 were spent compiling data from the 2012 drilling campaign, finalizing QAQC, writing the combined drilling report for all four of Matamec's drilling campaigns on the Kipawa deposit, writing and correcting the geology-related sections of the upcoming Feasibility study and supporting the metallurgy and resource calculation groups in their own efforts.

Québec

Zeus (REE-Y-Zr)

During the first three months of 2013, Matamec spent \$2,615,288 on the Kipawa property and on the surrounding Zeus property.

On the Kipawa deposit itself, expenses of \$2,590,066 included: the costs to follow the application for the mining lease with the government; the update of the resource estimate by SGS Geostat; the continuity of batch metallurgical tests and variability samples testing at SGS Lakefield; the continuity of the base line study by Golder and Matamec, the continuity of the relation with the communities by the Matamec team and the continuity of the feasibility study by Roche et Matamec.

For the Zeus property \$25,222 was invested for: writing the report of the Fall 15 holes drilling program on the PS Zone, 2 km East on strike with the Kipawa deposit, and of the prospecting and geological campaign all over the property reporting the discovery of 3 new showings named Makwa, Certitude Nord and Pakwa, with some mechanical trenching on recent showings.

Kipawa HREE Deposit (on Kipawa Property)

The Kipawa deposit is located at surface and to a depth of at least 90 meters and it continues along strike for at least 1.45 kilometres over a width of 200 metres and a true thickness of 50 meters. Matamec believes that the location of the deposit, outcropping at the top of a small hill and dipping shallowly to the southwest, 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 southwest and its width varies between 40 and 65 meters. Within this unit, there are three layers of enriched TREOs with thicknesses varying 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."

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A new resources estimate is still in progress at SGS Geostat and will be announced as it will be finalized. The last resources estimate is from May 2011 and 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 oxide and yttrium combine for an average of 36% of TREOs totaling 22,940 tonnes of indicated and 6,300 tonnes of inferred HREO+Y₂O₃.

Mining lease

In 2011, a survey was done for the purpose of delineated a mining lease. All the paper work was done and sent to the MRN in 2012 and we are waiting the issuance of the mining lease.

Definition drilling campaign

During the first three months of 2013, we followed up on the 2012 drilling program. This program was planned to fulfill all the requirements of the feasibility study. The first goal of the drilling was to upgrade the quality of current resources, particularly as related to the first half of the planned mine-life. Drilling covered most of the Kipawa deposit on a 25 meter grid spacing and we forecast 50% of current planned in-pit resources moving to measured, 40% to indicated reserves and 10% remaining in inferred. The definition drilling program of 16,751 meters in 200 holes took place from May to October 2012. 11,514 core samples have been submitted to ALS Chemex in Val d'Or and all assays have now been received and transmitted to SGS Geostat. The new update calculation is still underway at SGS Geostat.

Of the 200 holes, 22 holes were drilled at greater diameter (HQ) in order to study the variability of the ore by metallurgical testing and 5 holes were drilled for geotechnical purpose. All 200 holes are to be used in the ongoing resource estimate by SGS Geostat.

Variability samples and metallurgical tests

Metallurgical testing on the global composite and the eight mini-bulk variability samples, with the intention to validate the existing process flowsheet in handling ore variation from the entire Kipawa deposit, is near completion. Based on results to-date from this testing, further optimizations of the process flowsheet were made to improve on rare earth recoveries. These adjustments also led to a positive side-effect of substantially improving the material's filtration characteristics. Overall, the variability samples testing suggested that similar recoveries and extractions can be achieved with samples taken from across the deposit. This result provided added confidence in the Kipawa's process flowsheet and are fully incorporated in the Feasibility study.

Purification of Rare Earth Carbonate

Efforts are ongoing for the development of the purification circuit. Rare earth carbonates generated from the first pilot plant is being purified into high grade rare earth products. The main testing focus is the use of solvent extraction to remove the final remaining trace impurities, then to separate rare earths into a heavies and a lights product. Specifications defined by end-users will be used to evaluate the product's quality.

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Plans for second pilot plant

Upon completion of the variability samples testing, a final recipe for the compilation of a Master composite sample from the 24 tonnes of trench blasted materials will be generated. The 24-tonnes materials were previously selected from seven trenches based on lithology, nature of mineralization and grade. The Master Composite will be a good representation of the expected ore feed in the first few years of mining operations. This composite will then be used as feed for the second pilot plant, currently planned for the second half of 2013. The main purpose of the second pilot plant is to verify that the weaknesses noted from the first pilot has been fully resolved with the process flowsheet, and to further optimize and improve on the overall recovery.

Feasibility Study

Last May 2012, the Feasibility Study mandate was awarded to a consortium of two engineering firms, Roche Ltd. and Genivar. After kick-off meetings, the consortium mainly revised the Preliminary Economical Assessment (PEA) and also prepared the work breakdown structure for the study.

Activity increased after the pilot plant was completed and its assay results came in towards the end of July 2012. The data from these results emphasised the need for a revision of the ore process design criteria, the process flow diagram and the process equipment list.

In August and September 2012, the preliminary general arrangements for the infrastructure required for the mining and ore process operation were issued and their most probable physical locations were established. The engineers then followed by starting the work for the Opex and Capex estimation.

At the end of 2012, most of the project's concepts were chosen and were under optimization.

Then early 2013 a variability testwork program was established and then was performed in order to have a metallurgical process that is representative of the entire ore deposit. Following this program some optimization testwork were performed as well.

85% of the bulk work for the feasibility study is completed and it is now for the independent engineering firms Roche Ltd. and Genivar to gather the remaining information and to complete the report.

Environment

In 2013, with the help of Golder Associates, Matamec continued the fieldwork for a few elements included into the Environmental baseline study. For example, to be able to cover all the seasons and have the data needed for any kind of complete Environmental Impact Assessment, the 6th and 7th campaigns of hydrology has been completed in February and April. On the engineering aspect, the year started with the geotechnical drilling. That campaign completed by the end of February provided information for the soil and rock compositions under the potential future infrastructures (buildings, waste rock and overburden pile, magnetic separation reject pile and tailings). Those drill holes are also used to install observation wells and piezometer to understand the hydrogeology and to know the groundwater quality before any mining activities in the area. Because the locations of the tailings and the process plant was not known during the spring of 2012, a survey on birds has been done in the beginning of May and another study was initiated

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the second week of May focused on fish and their habitats in these areas. The writing of the complete baseline study is ongoing and is progressing well.

The concept and design of the tailings storage facility advanced during the first quarter and few possibilities of deposition mode from non-dewatered tailing to thickened and filtered are considered and evaluated. The results of the geochemistry of the 90 samples (tailings, waste rock and ore) started to be received from the lab for evaluation by Golder and are still in progress. The water management plan including the surface and ground water balance also evolved gradually in the same time that different information and results become available.

By the end of 2012, the project's notice had been provided to the Canadian Environmental Assessment Agency (CEAA) and the project received the status of a designated project. The agency proceeded to evaluate the necessity for a complete Environmental Impact Study. On March 28, the CEAA informed Matamec that the Agency has decided that a federal environmental assessment is required for the Kipawa Rare Earths Project pursuant to the Canadian Environmental Assessment Act, 2012 (CEAA 2012). Preliminary guidelines have been given and Matamec immediately commenced the planning to elaborate the complete study. The final guidelines are supposed to be provided by the end of May 2013.

Social acceptability

Social acceptability has become imperative, in an effort to obtain authorisation for any mining projects. The Management Team at Matamec Explorations has from the very beginning encouraged the participation of the population of Temiscaming in the development of its Kipawa project.

The consultation process that has been put in place so far has allowed Matamec to use the communication channels to exchange information between different stakeholders. These consist of the native communities, the local population and different business persons from the local and regional level. In addition, the elected officials, from all levels of government including municipal, regional, provincial and federal, have been informed of the project and its' impact on the future of the Temiscaming region.

The fact that Matamec owns and operates a regional office in Temiscaming has been very well accepted by the population. In addition, the hiring of Mr. Claude Brisson as Director of Regional Relations has also contributed to having the project better anchored in the community.

Discussions with the two Algonquin communities involved in the project continued during the period. A monthly meeting schedule has been established in order to move forward different projects regarding aboriginal relations.

Two major projects are presently occurring. The first one involves the completion and signature of an exploration and pre-construction protocol. Discussions on that matter have been on-going since the signature of the MoU in 2012 and a final document should soon be produced.

The second project involves the completion of the social and cultural impact study for the two Algonquin communities. In the MoU signed in 2012, it had been decided that the communities would themselves proceed with these studies that are needed for permitting. The completion date for the project has been set at the end of May. Matamec has funded these studies.

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The cornerstone of our work with the communities has been the Harmonization Table and its working groups or subcommittees under its jurisdiction. The Harmonization Table is a working committee composed of elected officials such as the various Mayors and the Prefect of the region. The Temiscaming Economic Development Society, the Chambre of Commerce and Tembec provide representation for the business community. Other government ministries have representatives as well from the School board and the Ministry of Natural Resources. The goal of this working committee is to allow all these major regional stakeholders to meet on a monthly basis to exchange and discuss on the Matamec project and its impact on the Temiscaming region. The group has met three times in 2013 with many subsequent meetings before.

Three sub-committees (Training, Economic and Environment) have also been created to ensure the management of information on specific major issues as identified by the communities.

The Training Committee is composed of representatives of two Algonquin communities involved in the project, as well as representatives from the Temiscaming School Board and employees from Emploi Québec. Three major activities were held during the period. They consisted in public information sessions organized by the group, in order to make the population of the region aware of the future job prospects in the region if the project proceeds to become a mine. A total of 162 people attended these meetings.

The Environment Committee met on two occasions to exchange the environmental impacts of the Kipawa project. Discussions took place regarding the environment including a leading specialist, Mayana Kissiova from Golder & Associates to talk on the subject of water management on mining sites.

Finally the Economic Committee met on three occasions to discuss about how to maximize the economic impacts on the region during its construction and also during its operation. The committee is presently working with Matamec to define the scope of a study which will realize the regional economic benefits brought by this project. The study should be completed by June of this year.

Other major items regarding social acceptability are:

- In January, presentation of the Matamec project to more than 55 members of the local Chamber of Commerce.
- In March, financing and participation of Matamec in a meeting on economic development which was attended by more than 110 participants.
- In April, Matamec presented its project to the regional chapter of the Canadian Mining Institute, where 65 members took part in the meeting which allowed members of the mining community to better understand the rare earth sector.

Matamec continues to host many ongoing events in the community as social acceptability of this project is very important. The Company will continue to dialogue with the citizens on an ongoing basis to better understand their questions and concerns as we progress further.

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Signing a SPA and JVA with TRECan on July 11, 2012

On February 28, 2012, the Company and Toyota Tsusho Corp. (“TTC”), the trading house of the Toyota Motor Corp., signed an amendment to the December 7, 2011 non-binding Memorandum of Understanding (“MoU”), making it a binding MoU. At this time, the Company received \$1.5 million to reimburse costs related to developing the Kipawa property. Upon payment the parties agreed that they would allow a period, ending June 27, 2012, to negotiate and internally ratify the Joint Venture Agreement (“JVA”) execution of which TTC will provide up to \$16 million for a feasibility study and acquire a 49% interest on the Kipawa HREE property.

On June 26, 2012, negotiators for TTC and the Company have submitted a final draft version of a JVA regarding the Kipawa property for internal approval on or before July 11, 2012. TTC and Matamec have agreed to extend the Intermediate Period of their MOU, executed December 7, 2011, to July 11, 2012 solely for the execution of the JVA.

On July 11, 2012, Matamec and Toyotsu Rare Earth Canada, Inc. (“TRECan”), a Canadian subsidiary of TTC, signed a sale and purchase agreement (“SPA”) and a JVA in connection with the Kipawa HREE property. Through this transaction, the two companies intend to continue their fruitful collaboration and complete a feasibility study on the Kipawa HREE property, the results of which are expected at the end of the second quarter of 2013.

As a condition precedent to the execution of SPA and JVA and subject to their execution, Matamec has purchased from Ressources Minérales Mistassini Inc. (“Mistassini”) two NSR royalties totaling 1.25% encumbering the Kipawa HREE property for a sum of \$310,000. Three Matamec directors are also directors of Mistassini.

Under the SPA, TRECan acquired from Matamec an undivided interest of 49% in the Kipawa HREE Property for a total consideration not exceeding \$16,000,816 which will be used to fund the expenses related to the feasibility study and which will be payable as follows: an amount of \$8,500,000 paid at closing and an amount not exceeding \$7,500,816 to be paid by TRECan upon receipt of cash calls in accordance with the joint venture agreement (after the initial \$8,500,000 has been spent).

An initial undivided interest of 25% in the Kipawa HREE Property has been transferred by Matamec to TRECan on the date hereof and the remaining undivided interest of 24%, currently held in trust by Matamec, will be transferred by the latter to TRECan upon the earlier of (i) the delivery of the feasibility report, or (ii) the full contribution of the second sale purchase price.

The JVA and the underlying joint venture between the parties will become effective concurrently with the transfer to TRECan and the payment to Matamec of the first 25% undivided interest in the Kipawa HREE Property. On July 12, 2012, the Company has received the payment of \$8.5 million from TRECan for the purchase of the first 25% undivided interest in the Kipawa HREE Property.

For the remainder of the agreement, Matamec will transfer the 24% undivided interest to TRECan when it will receive a cumulative maximum amount of \$7.5 million. To date, Matamec has received \$6,945,022 of the \$7.5 million or \$15,445,022 of the maximum \$16 million for the completion of a definitive feasibility study on the Kipawa HREE.

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The JVA will be governing the joint venture created between the parties to explore the Kipawa HREE Property and to prepare the feasibility study. The feasibility study will be prepared in conformity with norm NI 43-101. Under the terms of the joint venture agreement, a management committee was created and is composed of a representative of both parties. The decisions will be taken by simple majority and the party who holds an interest of more than 50% has a casting vote. Any decision to add new expenditures to the program and the initial budgets of \$16,000,816, amongst others, has to be taken unanimously. Matamec will be acting as operator of the joint venture so long as it holds more than 50% of the interest.

In the event of a change in the control of a party or its affiliate without the consent of the other participant, the party having a change of control is reputed having offered to sell its interest in the Kipawa HREE Property to the other participant in conformity with the method of the fair market value determined in the agreement; the other participant will have sixty days to accept the offer. This mechanism foresees that the fair market value will be determined by three qualified and independent evaluators. Matamec and TRECan will choose one independent evaluator each and the third independent evaluator will be chosen by the two parties, or should they fail to agree, they will be chosen by one of the major Japanese or Canadian firm of auditors who will have been agreed to by the parties.

Change of control is defined in the JVA as the date when one of the participating corporations would be controlled by one person or a different group of persons other than another participant or, when the board of directors of the corporation has determined that there has been a change of control. As to the control of a corporation, it is defined as a person or group of persons holding more than 50% of the voting rights at an annual meeting of the shareholders and/or have the power to control directly or indirectly the board of directors or to be able to vote more than 50% of the voting rights at an annual meeting of the shareholders.

Upon the execution of the JVA, the parties agree to begin the search for financing opportunities, and determine a method to calculate the fair market price of the product which will be bought by TRECan and other by-products contained in the Kipawa HREE Property on a best efforts basis before the end of 2012.

If the Kipawa HREE Deposit is put into production, a mixed rare earths concentrate will be produced. The parties will negotiate an off-take agreement and TRECan will buy this mixed concentrate for a fair market price. Moreover, the parties agree that they will negotiate another agreement for TRECan to market other by-products contained in the Kipawa HREE Deposit at the fair market price.

With respect to the Zeus rare earths property, the parties have agreed to use their best efforts to negotiate in good faith the participation of TRECan in the exploration of various discoveries made outside the Kipawa Property.

The agreements have obtained the approval of the TSX-Venture Exchange on July 15, 2012. The SPA and the JVA have been filed on SEDAR in accordance with the securities regulations.

The SPA and JVA mark a major milestone for Matamec. It allows an independent feasibility study to be completed leading to a production decision. TRECan is a reputable partner giving Matamec both the financial and technical support to allow it to catapult to the forefront in the race to production of HREEs outside of China.

Management Discussion and Analysis for the year ended March 31, 2013

Matamec is the first rare earth exploration company to sign a JVA with a reputable and experienced end-user company with a substantive international rare earth network. It is also the only rare earth exploration company to have received funds to accelerate and complete a feasibility study and an environmental and social impact assessment study of a HREE deposit. Having TRECan as a strategic partner and providing funds and expertise further validates the possibility of a future Kipawa Mine. It also shows that the project is, at the moment, one of the most advanced and credible HREE projects in the market.

The JVA has many tangibles, but also many valuable intangibles. For the tangibles, TRECan is a strategic partner and the JVA is only for the Kipawa HREE property. With the JVA signed July 2012 between TRECan (49%) and Matamec (51%), TRECan provided \$16 million for a NI 43-101 independent bankable feasibility study. Matamec is operator of the JV. TTC will sign an off-take agreement to buy 100% of a mixed rare earths concentrate and TRECan will arrange with Matamec the financing through to production. For the intangibles, the JVA includes mutual collaboration to accelerate the development of the Kipawa HREE Deposit and technical assistance from the Worldwide Toyota Network (critical to fast track the project). This agreement secures a heavy REE supply for the production and marketing of hybrid and electric vehicles.

The Zeus property

For the first three months of 2013, \$25,221 was spent on the Zeus property. Our team members were busy compiling data gathered last year, reporting results by press release and writing reports on the drilling campaign on the PS Zone and on the new showings discovered by mapping and trenching last year. The property now has twelve showings of heavy rare earths, some with niobium and tantalum.

PS Zone

The PS Zone was found by Unocal in 1989 and was composed of a mineralized boulders field situated at two kilometers South-East of the Kipawa deposit. No outcrop is present in that area. With all anterior Matamec exploration campaigns consisting of mapping, prospecting and soil geochemistry showed clearly that the Kipawa deposit and the PS Zone are situated along the same structure. The 2012 drilling was planned to verify this hypothesis.

Following the October drilling campaign of 15 short holes in this structure situated at two kilometers South-East of the Kipawa deposit, all holes intercept the typical syenitic body of the Kipawa deposit with a minimal thickness of 100 meters. Each hole shows mineralization similar to the Kipawa deposit as eudialyte, mosandrite and britholite and presents one to three mineralized zones similar to Kipawa deposit mineralization.

During the last quarter, complete results have been received on the totality of analyzed intersects of these 15 short holes drilling campaign. The thicker mineralized zones have a thickness of 17.25 meters at 0.52% TREO and 15.00 meters at 0.57% TREO. The highest grades are 1.13% TREO on 3.70 meters and 1.1% TREO on 5.00 meters.

The intention of Matamec's geological team for summer 2013 is to join the eastern extension of the Kipawa deposit with the western edge of the PS Zone by drilling 2-3 holes sections at 300 or 500 meters spacing along this 2 kilometers of strike.

Management Discussion and Analysis for the year ended March 31, 2013

New showings

The discovery of these 3 new showings was made during the 2012 summer mapping and prospecting campaign. The first two are named Makwa and Certitude Nord, and they are located in the Eastern part of the property, at 14 and 16 kilometers to the NE of the Kipawa deposit respectively. The third is named Pakwa, and it is located on the western shore of Lac Sairs, at 4 kilometers to the North-East of the Kipawa deposit. These showings show very high grades of rare earths on chosen samples from outcrops and boulders. The grade and the possible lateral extension of these discoveries show the potential to perhaps find other deposits on the Zeus property. In November-December 2012, three mechanically strips have been done on Pakwa showings and two others, on Surprise Ouest. We intend to mechanically strip the outcrops of the other showings in the summer season of 2013 with channel sampling on all the trenches.

Tansim (Li, Be, Ta)

The company spent any amount on the Tansim property during the three (3) first month of 2013. This property was enlarged last year by adding new claims in the west side of the previous one. Now the property covers all the favourable rocks of the sector north of Simard Lake. This property is strategic for Matamec as it contains high technology metals as Li, Be, and Ta. Matamec plan a prospection and mapping campaign of these new claims for June.

Vulcain (Ni-Cu, Co and PGM)

\$7,183 was spent on the Vulcain property in the first quarter of 2013. In 2011, a geophysical radiometric, magnetic and electromagnetic airborne survey was flown over the entire property. This survey identified eight electromagnetic targets on the Gale block. In the fall 2012, these targets were explored on the ground with the help of the Beep Mat and VLF. Three targets were found that merit further work by trenching or drilling. Unfortunately, we were not able to perform any field works on that property in 2012 due to the lack of personnel and time. In 2013, Matamec intends to drill these targets and we already meet with the community of Kitigan Zibi in Maniwaki.

Valmont (Au – Zn-Cu-Pb-Au-Ag – Ni-Cu)

During the last quarter, the Company spent \$4,315 on exploration. The two last years were very quiet in field exploration on that property due to the lack of personnel and time. The past years exploration works saw a soil geochemical survey in 2010 of the B horizon which identified several targets. These targets were mapped and prospected during the summer 2011 with some preparatory work for trenching. In 2012, a compilation of all geochemical data, from 1997 to 2011 show the existence of numerous gold and polymetallic (Cu, Zn, Pb, Au, Ag) anomalies on the property. Also a surprising potential for Ni-Cu was identified. As the property is not entirely covered by soil, a geochemical survey would seem to be the best tool for exploring that property. The report recommends completing this all over the property and made the following-up by trenching the anomalous prospects of 2011.

Sakami

The Company spent \$7,560 in the three first months of the year.

Gold mineralization was found on the property at the end of the 1990s. Subsequent exploration of the area identified the "Sakami corridor" which occurs at the contact between the La Grande

Management Discussion and Analysis for the year ended March 31, 2013

and Opinaca sub-provinces. The promising gold potential in the area is emphasized by the discoveries made by Matamec as well as those made by Virginia Mines along the extensions to the north and to the south (La Grande and Apple).

Two areas of interest are named "La Pointe" and "JR-Ile". Matamec's work has brought the "La Pointe" area to a more advanced stage of exploration where mineralized zones (24-25-26) were discovered by trenching and diamond drilling. We believe that with new exploration, Matamec may be able to define a resource with a grade in the order of 2 g/t Au. A drilling campaign first: on the zone 25 where there's gaps in the information to be able to find the economics on this zone: and second: drilling for the lateral extension of the stratigraphic host layer in the surrounding fold to increase the grade and tonnage.

The "JR-Ile" area has been relatively little explored despite significant gold grades having been found at the "9.6" and "43" showings. The potential to finding a gold deposit at this location remains positive considering that multiple showings have been defined in tectonic structures such as folds and shear zones, and several kilometers along strike are little explored.

More work needs to be done to fully evaluate these showings and to test the geological model that has been proposed for the area.

Ontario

Matheson-JV/Matheson-Pelangio (Gold)

The company spent \$18,875 on the Matheson-JV/Matheson-Pelangio properties in the first quarter of 2013, mainly on trying to make an option with the neighborhood companies.

This property lies along the stratigraphic rock assemblages which contain most of the gold deposits in the Timmins mining camp. This large property show several targets define by old till drilling campaigns not enough followed by drilling. The entire property deserves further exploration.

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 Zeus, Tansim, and Vulcain properties. The Company will not yet transfer its gold properties into a 100% owned subsidiary but will wait to further develop them and for stock market conditions to become more favourable for financing. The gold properties are Matheson-JV/Matheson-Pelangio, Montclerg, Sakami, Wachigabau, and Valmont.

The main corporate goal in 2013 is to complete the feasibility study for the Kipawa deposit. The feasibility study is projected to cost approximately \$ 6,620,072 million to complete in 2013, on a total of \$ 16 million. Once it is completed, we plan to spend approximately \$ 5 million for additional environmental assessments, social acceptability, metallurgical optimization including a second series of pilot plant tests planned for the fall 2013 and detailed engineering.

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. Dr. Mariano and Tony Mariano Jr. are world experts in rare earth exploration. They will be studying the mineralization of all these showings.

Management Discussion and Analysis for the year ended March 31, 2013

Additional work will include ground traverses, mechanical trenching, channel sampling, line cutting, and geophysical and geochemical surveys in order to define future drill targets and determine the relationship between the parallel mineralization trends. These projected work will cost around \$ 300,000.

The Company holds several other properties located in Quebec and Ontario unrelated to the rare earth properties. These properties will have an exploration budget of \$ 300,000. The Company's focus is on strategic and rare metals and to fulfill this goal, the exploration teams are working on other types of strategic metals. On the Tansim property, located to the north of Belleterre, Quebec, 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 hired on January 7, 2013 Michael Roche as Director of Marketing for Rare Earths and Speciality Metals. Mr. Roche, a chemist by profession, has significant rare earth commercial experience and is responsible for developing and implementing Matamec's marketing strategy. He reports to President and CEO, Andre Gauthier.

Mr. Roche began his career working as a synthetic organic chemist at ACIC Inc. (now a division of Apotex). He then changed his career path towards a sales and marketing role. After joining Houghton Canada as Sales Representative, he was promoted to National Sales Manager. Following his tenure at Houghton, Mr. Roche joined Treibacher Industrie Inc., an Austrian based company specializing in Rare Earths and Vanadium products. Michael served as North American Sales Manager from 2007 through the end of 2011. Michael is a graduate of the University of Guelph from the Honours Bachelors of Science Program (Chemistry Major with a Minor in Mathematical Sciences).

Mr. Roche has attended several industry trade shows, included among these were, Magnetics, Orlando, Florida, SAE Hybrid & Electric Vehicles, Anaheim, California, PDAC, Toronto, Technology Metals Summit, Toronto and The Asian Metals Summit, New York City. Mr. Roche has also initiated many contacts with various industry end-users for the purpose of acquiring market intelligence.

Matamec has engaged Mr. Roche to assist in several areas in the marketing of the Company, including:

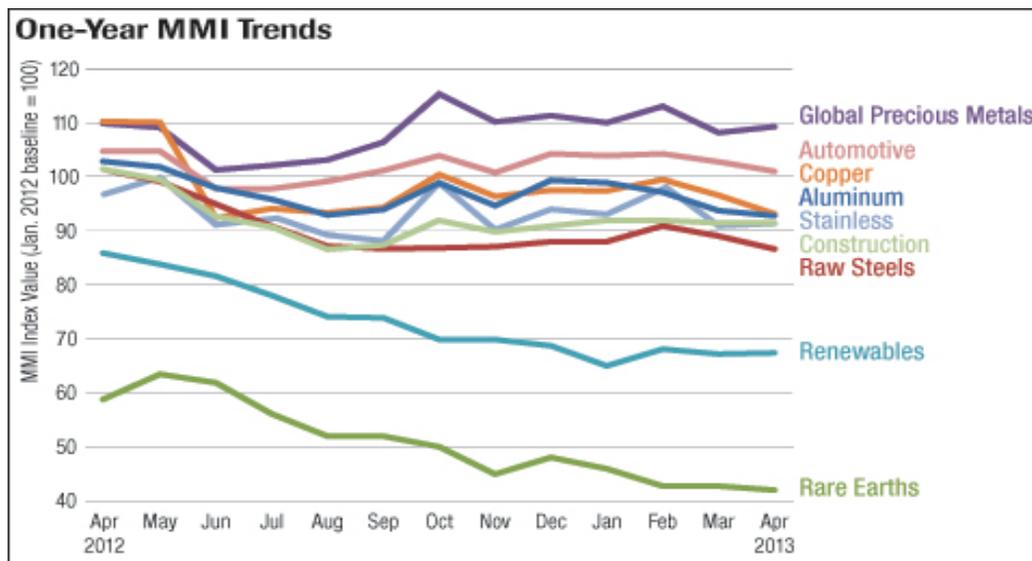
- Assist with the independent consultants in preparing the marketing section of the Kipawa feasibility study which requires a marketing section as well as the NI 43-101 report;
- The Kipawa joint venture with Toyota is the owner of the Kipawa property which is 1,000 hectares. Mr. Roche will participate with TRECan to negotiate the off take agreement;
- The Zeus property which is more than 20,000 hectares and is owned by Matamec which we continue to explore and look to find another deposit. We will discuss with other OEM's as we own 100% of the property. Mr. Roche's responsibility is to promote the project to end users which he has an excellent rolodex to create greater visibility for the Company;

Management Discussion and Analysis for the year ended March 31, 2013

- We have other properties including Vulcain and Tansim which have specialty metals which Mr. Roche is creating visibility for these properties; and
- Preparing submissions for government grants.

Comments on the Rare earth markets:

The entire spectrum of rare earth oxide pricing continues to fall. The market is traditionally slower in Q1 with less buying around the Chinese festival. Price should stabilize when key end-user stockpiles are depleted and need to be replaced in the second half of 2013. This should lead to some rebounding of the pricing.



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China continues to be the leader producer of the world's rare earths. China has developed three major rare earth production areas, i.e., the light rare earth production areas in Baotou of Inner Mongolia and Liangshan of Sichuan, and middle and heavy rare earth production areas in the five southern provinces centering around Ganzhou of Jiangxi Province. With a complete industrial system armed with mining, smelting and separating technologies and incorporating equipment manufacturing, material processing and end-product utilization, China can produce over 400 varieties of rare earth products in more than 1,000 specifications. In 2011, China produced 96,900 tonnes of rare earth smelting separation products, accounting for more than 90 percent of the world's total output.

In recent years, investment in China's rare earth industry has experienced rapid growth, the market has been constantly expanded, state-owned, privately owned and foreign-invested sectors coexist, and the old picture of a "small, scattered, and disorderly" rare earth industry has mostly vanished.

**Management Discussion and Analysis for the year ended
March 31, 2013**

INVESTOR RELATIONS

Following the publication of the PEA study by Roche and the SPA and JVA with TRECan on the Kipawa property, the Board continues to consider 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 Company will wait for a greater understanding of the gold properties (Matheson JV, Montclerg, Sakami, and Valmont) and more favorable stock market conditions for financing before transferring to a 100% subsidiary.

The Company hired on January 7, 2013 Edward Miller as Director of Investor Relations to replace Ms. Caroline Wilson who held the position since January 2011. Mr. Miller is responsible for developing and implementing Matamec’s investor relations strategy and its day-to-day contacts with the investment community. He reports to President and CEO, Andre Gauthier.

Mr. Miller has been active in introducing himself to analysts, shareholders and prospective shareholders in cities abroad. In addition, the Company attended the following conferences in 2013: Cambridge House (Vancouver) in January, PDAC (Toronto) in March, Mines and Money (Hong Kong) in March, Technology Metals Summit (Toronto) in April, Asian Metal 5th International Rare Earth Summit (New York City) in May and Cambridge House (Vancouver) in May.

The Company will be increasing its activities to create greater awareness about Matamec as it broadens its shareholder base in foreign markets.

SELECTED ANNUAL INFORMATION

Selected financial information for the period ended March 31, 2013 and 2012 is shown in the following table:

	Results as at March 31, 2013	Results as at March 31, 2012
	\$	\$
Income – Interest	14,845	8,470
Expenses		
General and administrative expenses	494,282	528,112
Stock-based compensation	-	171,737
Deferred income tax (recovery)	(205,773)	-
Net loss	274,336	691,704
Net loss per share, basic and diluted	0.002	0.006

	Balance sheet as of March 31, 2013	Balance sheet as of December 31, 2012
	\$	\$
Total assets	22,796,213	20,445,042
Cash and cash equivalents	2,435,723	1,692,598
Equity	15,631,557	15,910,692

Management Discussion and Analysis for the year ended March 31, 2013

Operating Results

The Company incurred a net loss of \$274,336 for the period ended March 31, 2013 as compared to a net loss of \$691,704 for the same period in 2012.

As at March 31, 2013, any stock-based compensation was attributed in earnings (\$171,737 as at March 31, 2012).

The variation in administrative expenses for the last three months for an amount of \$33,830 is primarily attributable to the variation in the following expenses:

- Increased salaries and fringe benefits of \$78,063;
- Decreased rent and office expense of \$17,545;
- Decreased consulting fees of \$55,983.

CASH ASSETS AND SOURCES OF FINANCING

As of March 31, 2013, the Corporation had a working capital of \$ 4,622,035 (\$ 4,292,287 on December 31, 2012) including cash and cash equivalents of \$ 2,435,723 (\$1,692,598 at December 31, 2012). The working capital includes \$ 3,357,438 in tax credits receivable on March 31, 2012 (\$ 3,640,379 on December 31, 2012).

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 December 31, 2013. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

The Company's operating activities used \$ 2,681,148 in the three-month period ended March 31, 2013 (\$ 836,551 for the same period in 2012). The increase in cash flow is caused by receiving a deposit of sale interest of the property.

**Management Discussion and Analysis for the year ended
March 31, 2013**

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:

	2013			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Interest and other income	14,845			
Administrative expenses	494,282			
Net loss	(274,336)			
Basic and diluted net loss per share	(0.002)			
Current assets	6,297,650			
Total current assets	22,796,213			
Current liabilities	1,675,616			
Working capital	4,622,034			
Shareholder's equity	15,631,556			

	2012			
	1 st Quarter	2 nd Quarter	3 rd Quarter (ii)	4 th Quarter (i)
Interest and other income	8,470	7,026	14,382	11,219
Administrative income	528,112	876,958	262,472	1,196,273
Net income (loss)	(691,704)	(870,551)	2,369,141	(929,478)
Basic and diluted net loss per share	(0,006)	(0.007)	(0.020)	(0.001)
Current assets	5,027,104	3,301,625	6,963,247	5,993,974
Total current assets	17,046,367	17,077,267	20,723,558	20,445,042
Current liabilities	568,631	1,366,361	2,275,818	1,701,687
Working capital	4,458,473	1,935,265	4,687,429	4,292,287
Shareholder's equity	14,977,736	14,210,906	16,737,770	15,910,692

	2011		
	1 st Quarter	2 nd Quarter	3 rd 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	5,022,520	6,411,869	6,375,267
Total current assets	16,187,317	16,211,702	16,781,565
Current liabilities	739,014	561,963	931,607
Working capital	4,283,506	5,849,906	5,443,660
Shareholder's equity	15,448,303	14,706,739	14,912,758

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

**Management Discussion and Analysis for the year ended
March 31, 2013**

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

ANALYSIS OF QUARTERLY DATA

For the quarter ended March 31, 2013, the Company incurred additional costs of salaries to help advance its expertise in its rare earths project.

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:

	March 31, 2013	March 31, 2012
	\$	\$
Professional fees	14,309	39,161
Consultant fees	25,875	15,000
Accommodation, transport and communication	8,509	30,549
Geology, geochemistry, geophysics and prospecting	89,778	121,308
Lines cutting	-	6,720
Other receivables	8,814	18,742
Accounts payable and accrued liabilities	42,792	3,874

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 29, 2013
Share capital	120,300,186
Options	8,105,000
Warrants	-
Outstanding shares	128,405,186

Risks and Uncertainties

The risk factors are detailed in the Company's MD&A for the year ended December 31, 2012.

Management Discussion and Analysis for the year ended March 31, 2013

New accounting policies in effect

The new accounting policies in effect for the quarter ended March 31, 2013 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, 2013**

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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
Sylvie Prud'homme, 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