

Preliminary Economic Assessment (PEA) for the Kipawa HREE-Y-Zr Deposit

Corporate Presentation - January 30th, 2012 Webcast 11:00am EST



Cautionary Statement Concerning Forward-Looking Statements

This document contains “forward-looking information” including without limitation statements relating to mineral reserve estimates, mineral resource estimates, realization or mineral reserve and resource estimates, capital and operating costs estimates, the timing and amount of future production, costs of production, success of mining operations, the ranking of the project in terms of cash cost and production, permitting, economic return estimates, potential upsides, and the future price and supply and demand for rare earths. Readers should not place undue reliance on forward-looking statements.

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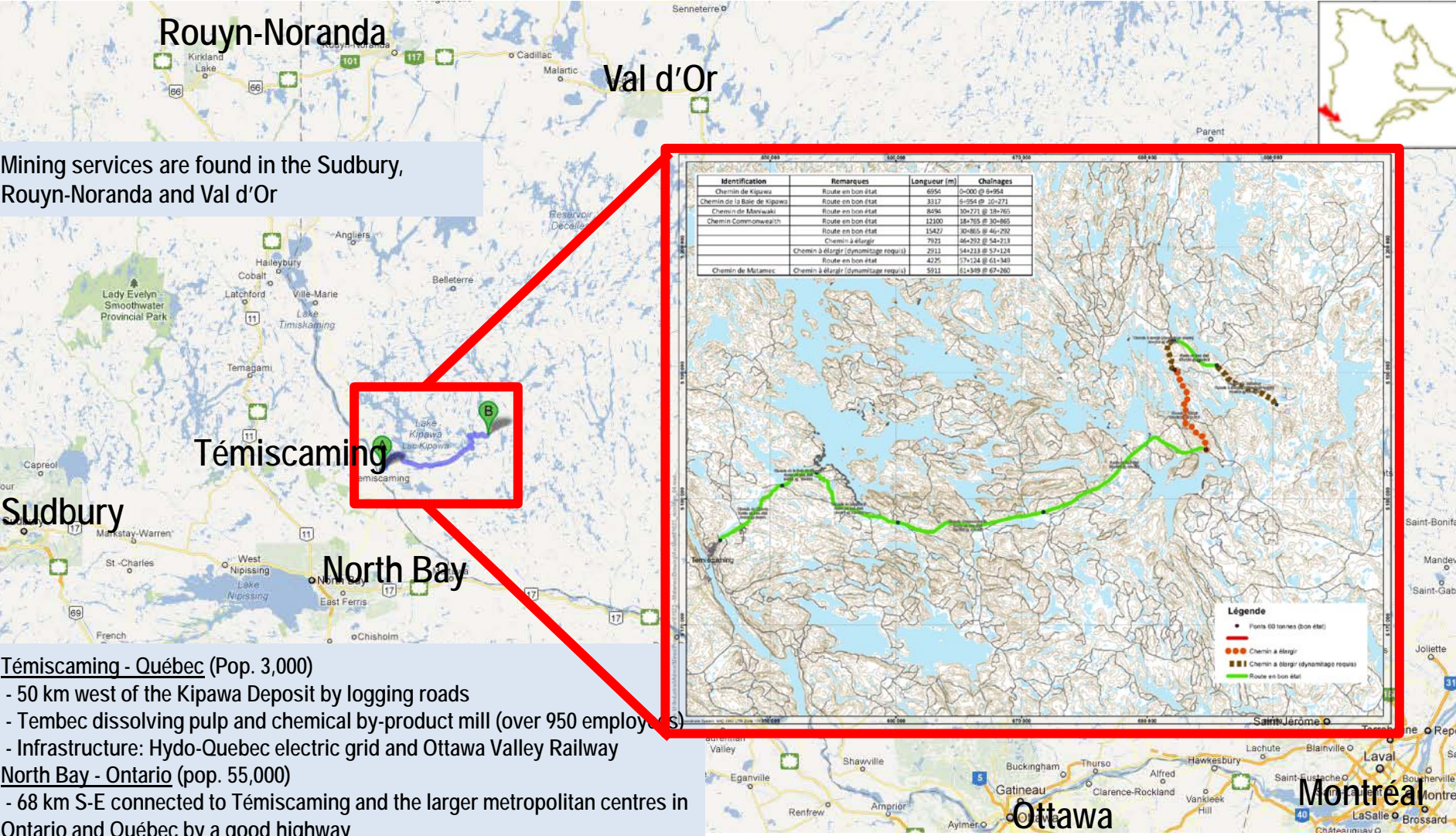
The technical information pertaining to the Kipawa HREE Project in this presentation is based on the news release entitled “Matamec PEA Study Shows Robust Economics for the Kipawa HREE Project” published on January 30th, 2012 that describes the results of the Kipawa HREE Project Preliminary Economic Assessment (“PEA”) study and was prepared in accordance with Canadian regulatory requirements by, or under the supervision of Guy Saucier, ing. of Roche Ltd.



Webcast Agenda

- Introduction of participants
- Highlights and location
- Capex, Opex, Pricing, Financial models and Sensitivity Analysis
- Mining
- Processing
- Environment, permitting and community relations
- Conclusion

Kipawa HREE Project Location and Infrastructure



Mining services are found in the Sudbury, Rouyn-Noranda and Val d'Or

- Témiscaming - Québec (Pop. 3,000)**
- 50 km west of the Kipawa Deposit by logging roads
 - Tembec dissolving pulp and chemical by-product mill (over 950 employees)
 - Infrastructure: Hydro-Quebec electric grid and Ottawa Valley Railway
- North Bay - Ontario (pop. 55,000)**
- 68 km S-E connected to Témiscaming and the larger metropolitan centres in Ontario and Québec by a good highway
 - Infrastructure: largest airport north of Toronto, high capacity rail freight service by CN-CP-OVR-ON and northern Ontario office of Kuehne+Nagel

Kipawa PEA Highlights

Very strong project economics:

- \$606 million before-tax value ($NPV_{8\%}$)
- 36.9% before-tax Internal Rate of Return (IRR)
- \$2.8 Billion revenue
- \$1.67 Billion Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA")
- CAPEX: \$315.8 million (including contingency of \$63.2 million or 25%)
- OPEX: \$89.2 million per year or \$16.97 / kg TREO
- Mine life: 12.9 years

Robust project:

- Straightforward mineralogy, ideal deposit geometry, simple processing flow-sheet, most infrastructure in place
- 79.8% of resources in the indicated category;
- Mineral concentrate grade of 1.11% TREO;
- Overall REE recovery of 81%.
- Average annual production of 5,072 tonnes of mixed TREO concentrate;

Fast-tracking development: first production for Q2 2016, possibly sooner.

- A before-tax payback period in 2.4 years.

CAPEX

CAPEX Items	Initial Cost (million CAD)
Kipawa site	100.778
Temiscaming site	85.999
Other Infrastructure	10.730
Total Direct Cost	197.507
Total Indirect Cost	55.103
Contingency (25%)	63.153
Total	315.763

OPEX

OPEX Items	Annual Cost (Million \$/y)	Cost Per kg of Mixed TREO concentrate (\$/kg)
General & Administration	8.841	1.682
Mining(including Mine Manpower)	16.619	3.161
Total Process	58.350	11.099
Tailings	0.240	0.046
Transportation	5.160	0.982
Total	89.210	16.970

- Kipawa deposit: Mining and mineral pre-concentration
- Temiscaming: Hydrometallurgical processing

Financial Analysis - Assumptions

Economic Assumptions

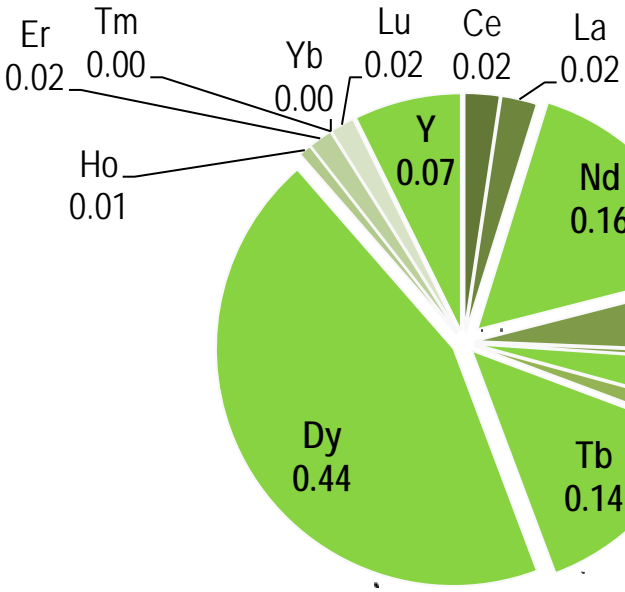
REOs	Price deck
Market Prices	(US \$/ Kg)
Ce ₂ O ₃	5
La ₂ O ₃	10
Nd ₂ O ₃	75
Pr ₂ O ₃	75
Sm ₂ O ₃	9
Eu ₂ O ₃	500
Gd ₂ O ₃	30
Tb ₂ O ₃	1 500
Dy ₂ O ₃	750
Ho ₂ O ₃	65
Er ₂ O ₃	40
LuO ₃	320
Y ₂ O ₃	20
Exchange Rate(CAD \$/US \$)	1.00
Discount Rate (%)	8.0

Technical Assumptions

Item	Unit	Base Case Value
Total Ore Mined	M tonnes	19.0
Processing Rate	Tonnes / year	1,500,000
Life of Mine	years	12.9
Average Combined Process Recovery	%	81.0
Average Mining Cost	(\$ / tonne mined)	4.67
Average Processing Cost	(\$ / tonne milled)	38.90
Average General & Administration Costs	(\$ / tonne milled)	5.90
Concentrate Transport between Process Plants	(\$ / tonne concentrate)	8.00
TREO Mix Transport to Asia	(\$ / tonne concentrate)	183.00
Refining Charges	\$ /Kg	18.34

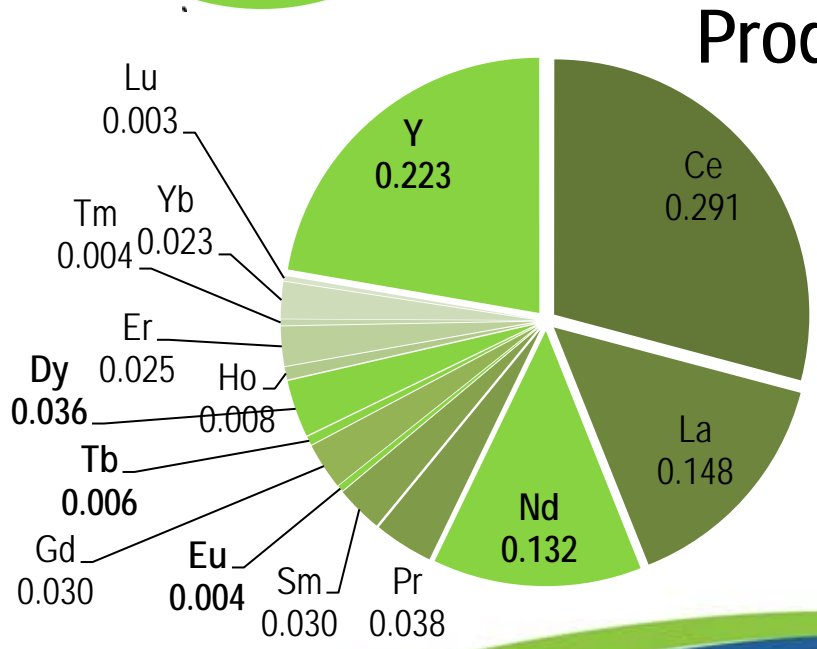
Financial Analysis

	Base Case (million CAD)
Total At-mine Revenue	2,822.1
Pre-production Capital Expenditures	315.8
Sustaining Capital Expenditures	38.3
Initial Working Capital Requirement	9.9
Mine Reclamation Costs	7.5
Total Operating Cost	1,142.5
Total Before-tax Cash Flow	1,679.6
Before-tax NPV @ 8%	606
Before-tax NPV @ 5%	811
Before-tax NPV @ 10%	500
Before-tax IRR (%)	36.9
Before-tax Payback Period (years)	2.4



Revenue

■ 5 Critical Elements (DOE)



Production

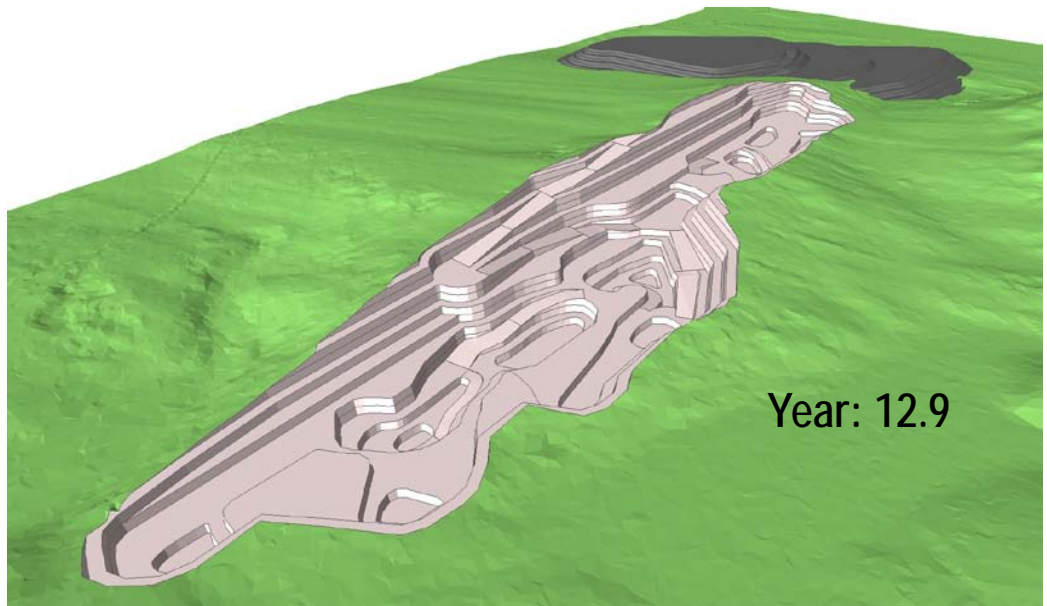


Kipawa HREE Project Mine Site - Open Pit Design

Production	Units	Average	Total
In-pit resource mined	Tonnes		19,004
Strip Ratio	Waste : Ore	1.42:1	
Tonnes processed	Mt	1,5	19,004
Grade	% TREO	0.428	
Mineral concentrate grade	% TREO	1.11	
Recovery		81%	
Mixed TREO concentrate	In-pit net tonnes	5,072	65,937

	Average (\$ /kg TREO)
NMR *	149
Mining	3.272
Processing	11.236
G&A	1.729
Site Cost - Tailings	0.047
Site Cost - Transport	0.985
Cash Cost	17.269
Production mixed TREO concentrate	5072 t/y

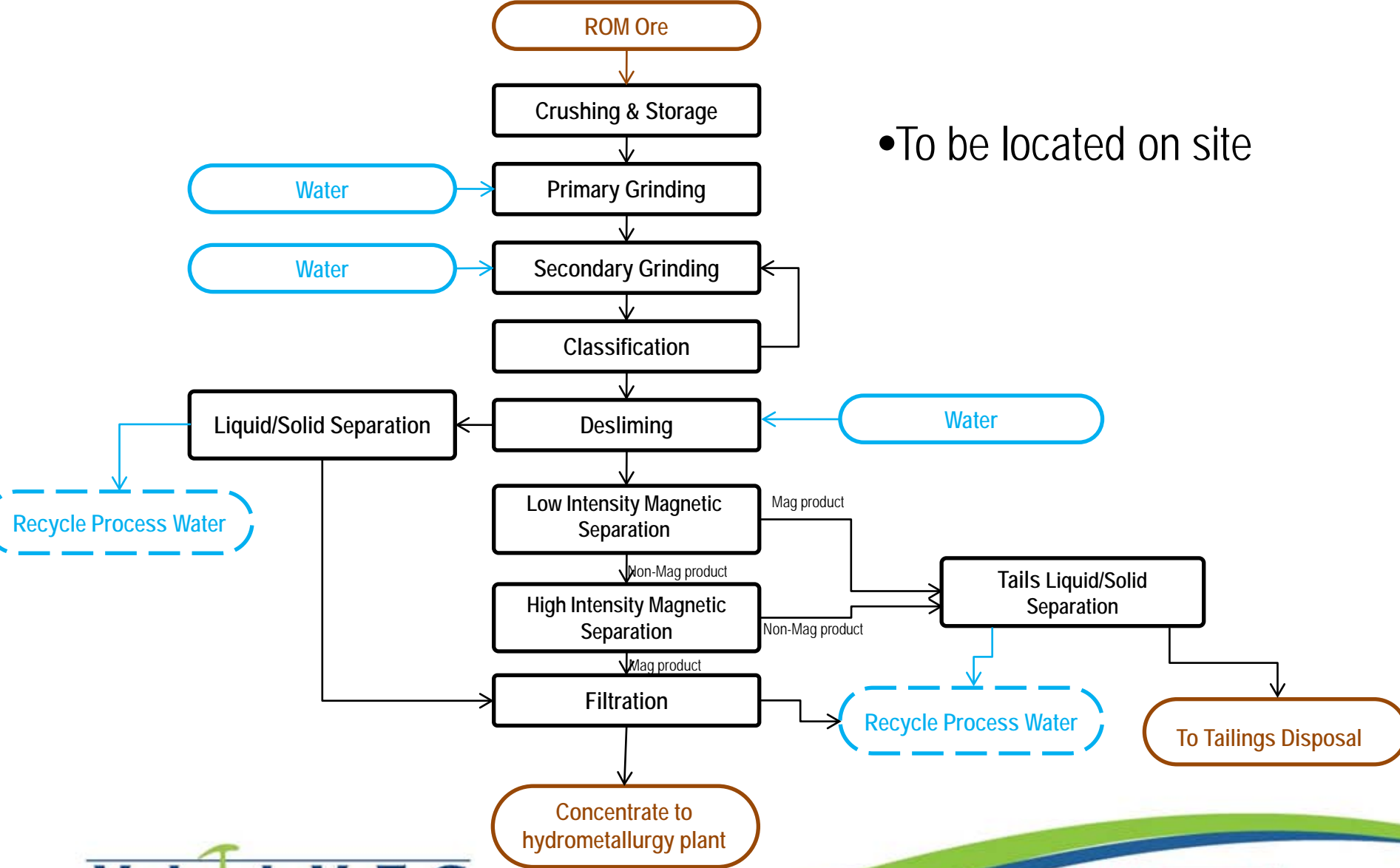
*NMR : Net Metal Return (grade x recovery x revenue)



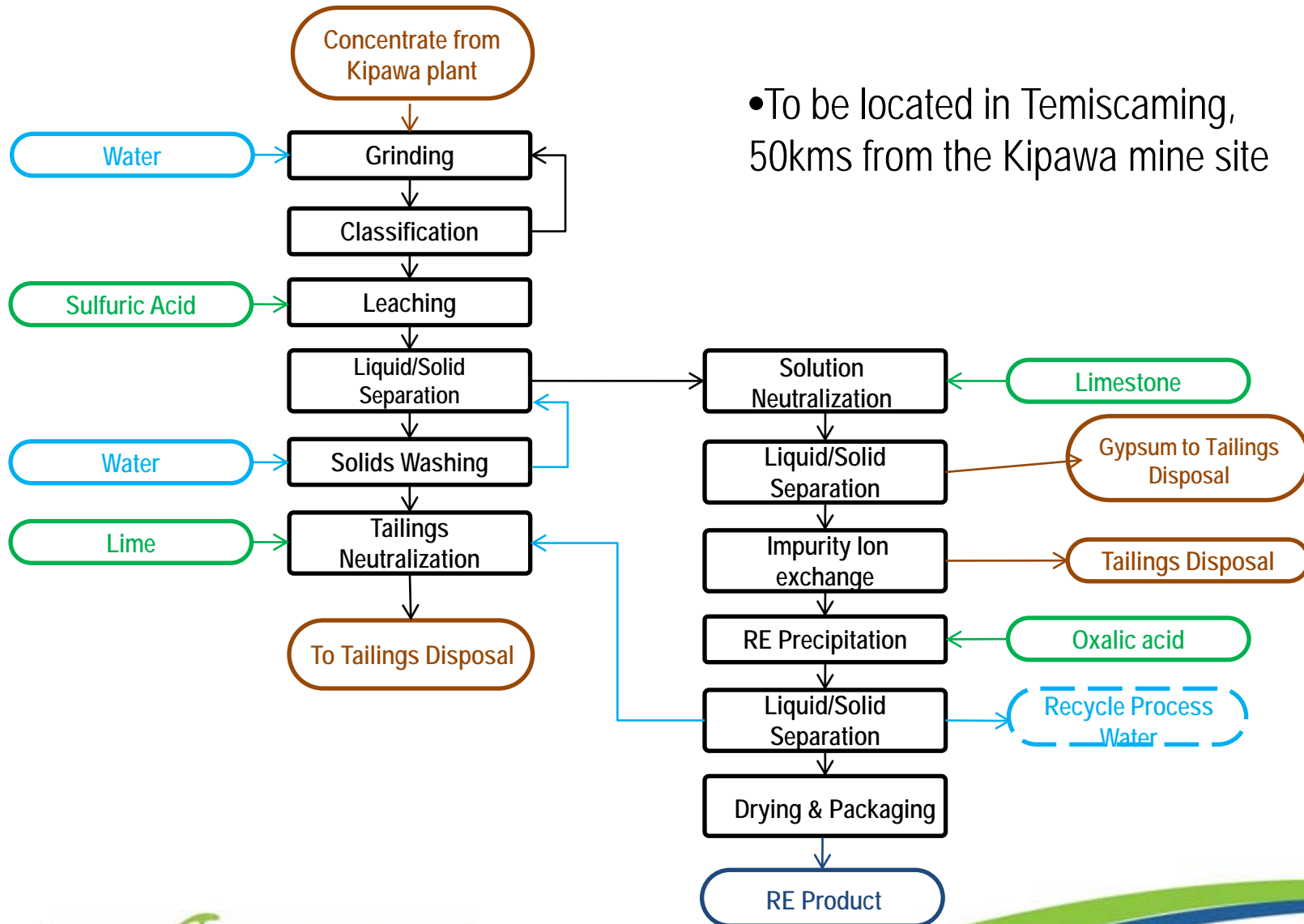
In-pit mineral resources*	Tonnes (t)	Grade (%)
Indicated (79.8% of the deposit)	15,161,000	0.434
Inferred (20.2% of the deposit)	3,843,000	0.403
Total	19,004,000	0.428

Kipawa process plant – pre-concentration flowsheet

•To be located on site



Temiscaming process plant – hydrometallurgical flowsheet



- To be located in Temiscaming, 50kms from the Kipawa mine site

Environmental studies

- Enviréo Conseil Inc., an independent firm from Rouyn-Noranda, completed a **baseline study in 2010**
- The results of this study clearly show that the land and water are **not polluted** by REE, yttrium, zirconium, uranium and thorium.



Permitting

- The **mining lease** : before the end of March 2012.
- The project notice to begin the **environmental permitting**: before the end of Q1 2012.
- The **restoration study and environmental impact study**: begin at the beginning of March 2012 and continue over a 1 to 2 year period.



Social/community impact

- Local people** part of the Matamec team of geologists and prospectors from the start of more advanced exploration work on the property (stripping and drilling).
- Several public meetings and site visits were organised by Matamec and a **roundtable** was put in place by a group of key people to guide and inform Matamec about the concerns of the communities.
- Three committees** were formed to address education possibilities, economic benefits including job creation, and environmental concerns.



Ongoing activities

- Mr. Bertho Caron: V.P. Project Development and Construction supervising the feasibility study as of mid-February 2012
- Bench-scale optimization tests in progress and a pilot plant scheduled for May-June 2012
- Mining lease application filed before the end of March 2012
- Project notice to begin environmental permitting to be filed before the end of Q1 2012

Upside Opportunities for the Kipawa Deposit

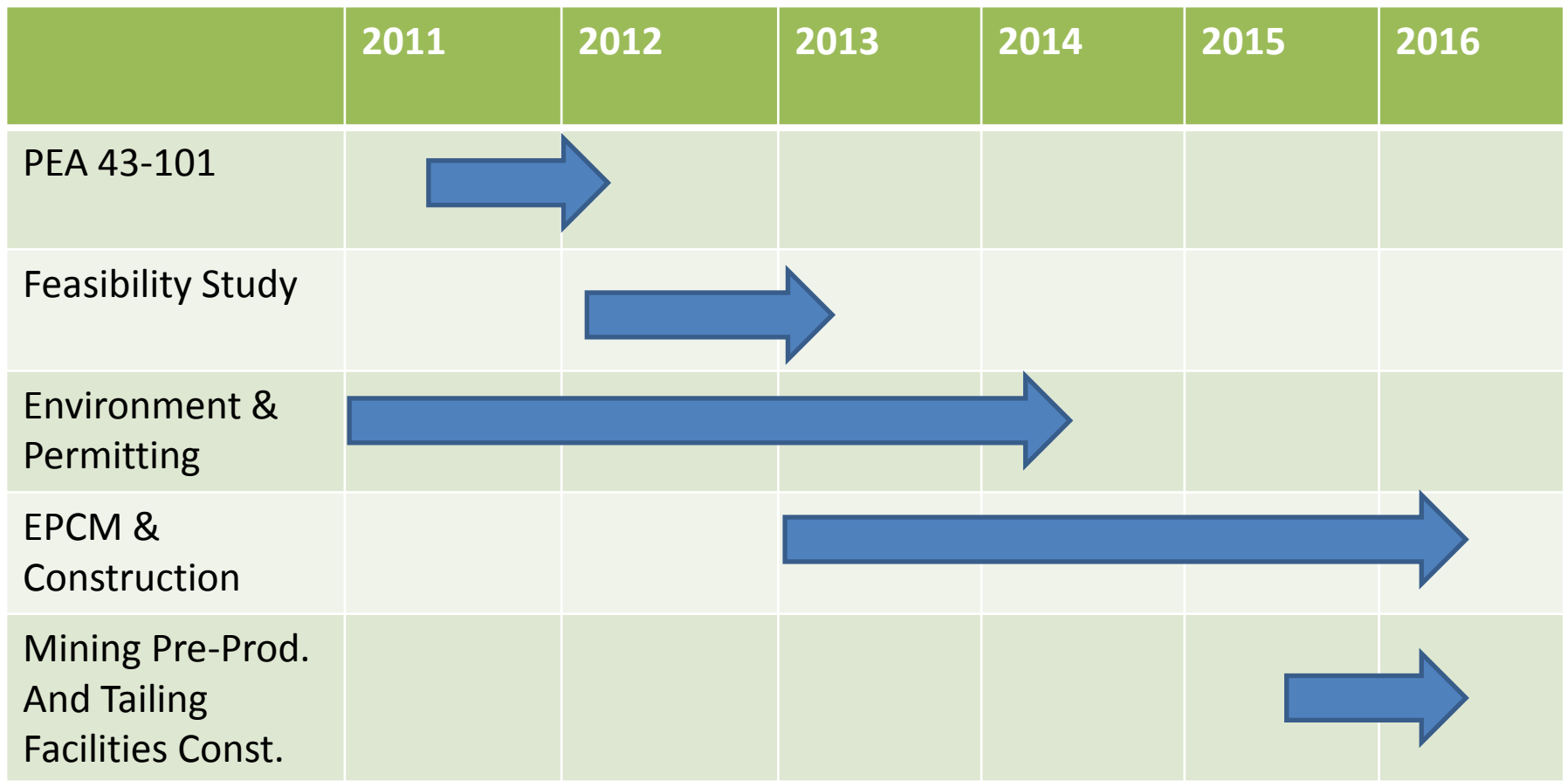
Pre-concentration and hydrometallurgical plants

- Optimization test work to improve recoveries and reduce treatment and refining costs
- Use of Hydro-Quebec's power grid at the mine site instead of diesel power
- Mineral concentrate transport by pipeline between mine site and hydrometallurgical plant
- Upgrade present mineral resource to the measured category by infill drilling

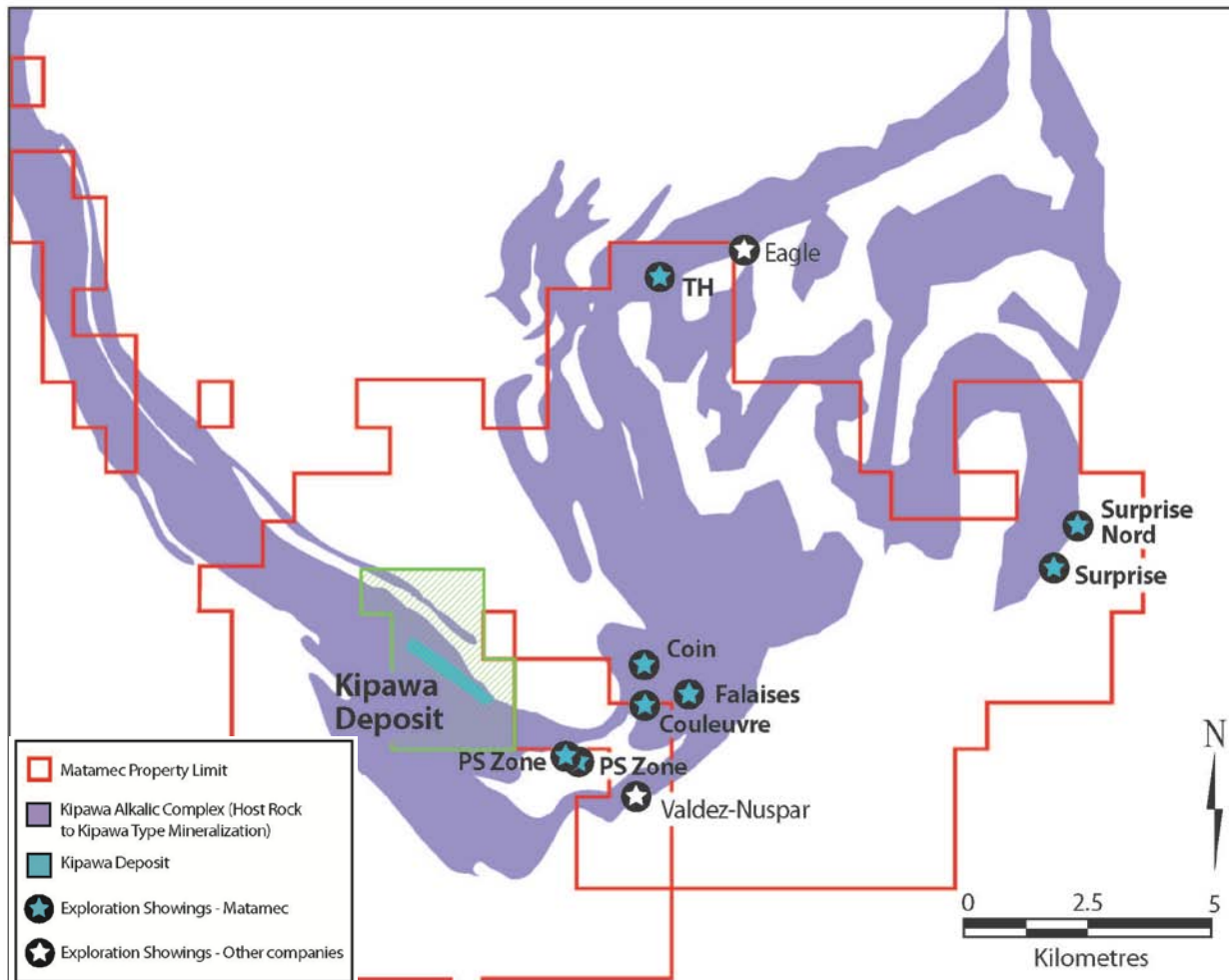
Expansion

- Explore lateral and down dip extensions by drilling
- Test work related to zirconium and other by-products (minor metals) in the RE mineralized zones & in the syenite body

Kipawa Deposit – Main Project Tasks Schedule



Upside Opportunities at Zeus Property



REE-Y-Zr-Nb-Ta Mineralization

Summer 2011 results pending for:

- Surprise/Surprise north showings
- Area south of Kipawa deposit
- Falaises/Couleuvre/Coin
- Tower Hill (TH)
- new targets

2012 Exploration program

- Prospecting
- Cartography
- Stripping
- Drilling

Capital Structure and Growth Chart



Current Market Price (January 27, 2011)	\$ 0.415
Price Range – 52 Weeks	\$0.20 to \$0.67
15-Day VWAP	\$0.406
30-Day VWAP	\$0.389
Average daily volume – last 6 months	352,000
Insider Ownership	5.0%
Known Institutional Ownership	30%
Market Capitalization	\$49.8M
Common Shares Outstanding	120M
Stock Options (7.445M)	7.445M
Warrants (10.757M)	10.757M
Common Shares Fully Diluted	138.2M
Cash Position	\$4.0M
Cash Position Fully Diluted	\$10.0M

Analyst reports & recommendations:

- Euro Pacific (April 19, 2011)
- Casey Research (April 29, 2011)
- Jacob Securities (July 5, 2011) – Target \$1.50
- Cormark Securities (Sept.13,2011) – Target \$1.05
- Byron Capital (Oct. 24, 2011) – Target \$1.00



Cash position

Cash position	January 27, 2012
Cash (including tax credits)	\$4M

Cash potential	January 27, 2012
- Exercisable Stock Options (3.9 M @ \$0.27)	\$1.06M
-Warrants	
- June 16/20, 2012 (3.348 M @ \$0.40)	\$1.33M
- June 16/23, 2012 (7.175 M @ \$0.50)	\$3.58M
- June 28, 2012 (0.234 M @ \$0.25)	<u>\$0.058M</u>
Total - Warrants	\$4.968M
Total – Stock Options and Warrants	\$6M

Matamec's Strategy

Kipawa Deposit	Feasibility Study by Q1 2013 with Bertho Caron's Team
Zeus Property	Develop resources from potential showings with Aline Leclerc's Team
Partnership	JV and Off-take agreement with Toyota Tsusho Corp. by June 2012
Investor Marketing	Increase the visibility of Matamec with a financial advisor
Industrial Marketing	Continue to participate at key mineral and metals conferences

Kipawa Deposit: A Small Environmental Footprint

