Unaudited Condensed Consolidated
Interim Financial Statements
At September 30, 2017
(expressed in Canadian dollars)

The attached financial statements have been prepared by Management of Matamec Explorations Inc. and have not been reviewed by the auditor.

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of net Operation

(Unaudited)

(In Canadian dollars, excepted the share number)

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	$	$	$	$
Revenue				
Rebilling of expenses to the joint operation	80,817	7,979	130,932	25,356
Administration fees	4,452	28,675	22,581	86,226
	85,269	36,654	153,513	111,582
Administrative expenses				
Salaries and fringe benefits	385,925	5,816	400,532	17,083
Rent and office expenses	8,556	34,299	60,334	99,667
Consulting fees	19,880	21,980	58,122	112,576
Stock-based compensation	1,504	4,528	8,014	21,793
Trustees and registration fees	2,429	2,129	18,022	16,570
Shareholders’ reports	10,090	22,926	22,757	35,749
Professional fees	143,936	92,548	280,749	234,648
Insurance, taxes and licenses	6,550	4,693	17,234	26,394
Travelling and entertainment expenses	(357)	8,404	21,477	23,995
Telecommunications	5,564	2,730	11,023	8,699
Amortization of property and equipment	5,493	3,099	13,355	9,622
Administrative expenses total	589,570	203,152	911,619	606,796
Operating loss	**(504,301)**	**(166,498)**	**(758,106)**	**(495,214)**
Financial revenues (expenses)				
Interest and others incomes	1,729	-	1,774	-
Gain on disposal of assets	-	-	356	6,695
Gain on sales of available for sale financial assets	10,530	-	10,530	-
Gain on disposal of rights in a mining property	-	75,000	120,000	75,000
Gain on disposal of royalty fee in a mining property	-	-	1,500,000	-
Financing fees, interest and bank charges	(5,775)	(985)	(10,664)	(3,745)
	6,484	74,015	1,621,996	77,950
Income (Loss) before income taxes	**(497,817)**	**(92,483)**	**863,890**	**(417,264)**
Income taxes	7,269	(119,255)	(28,908)	(6,729)
Deferred Income tax expenses	(20,900)	36,700	(63,100)	228,800
Net (Loss) income	(511,448)	(175,038)	771,882	(195,193)
Net income per share, basic and diluted	(0.004)	(0.001)	0.006	(0.001)
Weighted-average number of common shares	136,967	136,967	136,967	136,967

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statement of Comprehensive Income
(Unaudited)

(In Canadian dollars)

	Note	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
		$	$	$	$
Net Income (loss) for the year		(511,448)	(175,038)	771,882	(195,193)
Available for sale financial assets:					
Gain (loss) on change in fair value of available for sale financial assets		80,152	90,000	151,925	90,000
Gain (loss) on sales of available for sale financial assets	6	(453)	-	3,605	-
Amount reclassed on net Operations	6	(10,530)	-	(10,530)	-
Other comprehensive income (loss), net of income taxes		**69,169**	90,000	**145,000**	90,000
Total comprehensive gain (loss) for the year attributable to shareholders		**(442,279)**	**(85,038)**	**916,882**	**(105,193)**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

MATAMEC EXPLORATIONS INC.

Consolidated Statement Interim of Financial Position
(Unaudited)

(In Canadian dollars)

		September 30, 2017	December 31, 2016
		$	$
Assets			
Current assets			
Cash restricted to joint operation with Ressources Québec Inc.	3 b)	5,076	284,803
Short-term deposit, rate of 1,04 %, maturing on October 2016		10,090	10,021
Amounts receivable from joint venturer		-	79,604
Sales taxes recoverable		15,530	4,864
Tax credits recoverable	5, 9	167,876	117,472
Prepaid expenses		12,811	30,220
		211,383	526,984
Non-current assets			
Non-current portion of tax credits recoverable	5, 9	65,574	124,980
Available-for-sale financial assets (cost: $1,236,145; $135,000 in 2016)	6, 9	1,426,145	180,000
Property and equipment	7	156,689	131,945
Exploration and evaluation assets	8	3,885,761	3,666,555
		5,534,169	4,103,480
Total assets		5,745,552	4,630,464
Liabilities			
Current liabilities			
Bank overdraft		4,251	38,047
Bank advance		30,000	-
Accounts payable and accrued liabilities	9	1,411,325	1,280,437
		1,445,576	1,318,484
Non-current liabilities			
Deferred income taxes		485,000	421,900
Total liabilities		1,930,576	1,740,384
Equity attributable to Matamec Explorations Inc.'s shareholders			
Share capital		24,256,671	24,256,671
Contributed surplus		4,900,385	4,892,371
Accumulated other comprehensive income		190,000	45,000
Deficit		(25,532,080)	(26,303,962)
Total equity		3,814,976	2,890,080
Total liabilities and equity		5,745,552	4,630,464

ON BEHALF OF THE BOARD OF DIRECTORS
(signed) François Biron, Director

(signed) Marcel Bergeron, Director

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of Changes in Equity
(Unaudited)

(In Canadian dollars, excepted the share number)

	Number of common shares outstanding	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total of equity attributable to Matamec shareholders
	#	$	$	$	$	$
Balance - January 1, 2017	136,966,852	24,256,671	4,892,371	45,000	(26,303,962)	**2,890,080**
Gain for the period	-	-		-	771,882	**771,882**
Other comprehensive income	-	-	-	145,000	-	**145,000**
Comprehensive income for the year	-	-	-	145,000	771,882	**916,882**
Stock options						
Share-based compensation	-	-	8,014	-	-	**8,014**
Balance - September 30,2017	**136,966,852**	**24,256,671**	**4,900,385**	**190,000**	**(25,532,080)**	**3,814,976**
Balance - January 1, 2016	136,966,852	24,256,671	4,863,521	(30,000)	(26,023,956)	**3,066,236**
						-
Net loss for the year					(195,193)	**(195,193)**
Other comprehensive income	-	-	-	90,000	-	**90,000**
Comprehensive income for the year		-	-	90,000	(195,193)	**(105,193)**
Stock options						
Share-based compensation	-	-	21,793	-	-	**21,793**
Balance - September 30,2016	**136,966,852**	**24,256,671**	**4,885,314**	**60,000**	**(26,219,149)**	**2,982,836**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

MATAMEC EXPLORATIONS INC.

Consolidated Interim Statements of Cash Flows
(Unaudited)

(In Canadian dollars)

	Note	Nine months ended September 30, 2017	Nine months ended September 30, 2016
		$	$
Operating activities			
Net gain (loss) for the period		771,882	(195,193)
Adjustment for :			
Stock-based compensation		8,014	21,793
Amortization of property and equipment		13,355	9,622
Gain on disposal of royalty fee in a mining property		(1,500,000)	-
Gain on disposal of rights in a mining property		(120,000)	-
Gain on sales of available for sale financial assets		(10,530)	-
Gain on disposal of exploration and evaluation assets		(356)	(6,695)
Deferred income tax expense		63,100	(68,529)
		(774,535)	(239,002)
Change in non-cash working capital items	10	414,939	(231,220)
Cash flows used in operating activities		(359,596)	(470,222)
Investing activities			
Change in restricted cash to the joint operation with Ressources Québec Inc.		279,727	199,934
Short-term deposit acquisition		(10,090)	(10,085)
Short-term deposit disposal		10,021	10,021
Government assistance received		10,272	111,822
Exploration and evaluation assets		(418,180)	(726,533)
Gain on disposal of exploration and evaluation assets		-	861,056
Additions to property and equipment		(38,243)	-
Disposal to property and equipment		500	
Acquisition of an investment		500,000	-
Acquisition of an investment		-	(75,000)
Proceeds on disposal of available-for-sale financial assets		29,385	9,000
Cash flows used in investing activities		363,392	380,215
Financing activities			
Bank advances		30,000	100,000
Cash flows generated from financing activities		30,000	100,000
Increase in cash and cash equivalent		33,796	9,993
Cash and cash equivalents – beginning of period		(38,047)	(5,801)
Cash and cash equivalents – end of period		(4,251)	4,192

1. Incorporation, nature of operations and going concern

The Company, incorporated under Part 1A of the Québec Companies Act, is a mining exploration business. The Company's head office is located at 1010 Sherbrooke Street West, suite 1604, Montreal (Quebec) Canada, H3A 2R7. Shares of the Company are traded on TSX Venture Exchange under the symbot MAT and OTC QX stock exchange under the symbot IMREF. Matamec Explorations Inc. is the ultimate parent company of the group. It has not yet determined whether the mining properties contain economically recoverable ore reserves. The recoverability of the amounts shown for mining properties depends upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to continue exploration work and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

The Company has not yet determined whether the mining properties and the deferred exploration and evaluation (“E&E”) expenditures have economically recoverable ore reserves. Recovery of amounts indicated under mining properties, the deferred exploration and evaluation expenditures and the property and equipment are subject to the discovery of economically recoverable reserves, the Company’s ability to obtain the financing required to complete exploration, evaluation, development, construction and profitable future production on its assets or the proceeds from the sale of such assets

Theses consolidated 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, 12 months from the end of the reporting period. In making its assessment, management is aware of material uncertainties related to events and conditions that lend a significant doubt on the Corporation’s ability to continue as a going concern and, accordingly, of 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 not appropriate. These adjustments could be material.

For the nine months period ended on Septembre 30, 2017 the Company recorded a net income of $771,882 (loss of $195,193 in 2016) . In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs and pay general and administration costs. As at September 30, 2017, the Company had a negative working capital of $1,239,269 (negative $1,076,303 as at December 31, 2016). Management estimates that these funds will not be sufficient to meet the Company’s obligations and budgeted expenditures through September 30, 2018. 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. amounts reflected in these unaudited condensed interim financial statements.

Management periodically seeks addtional form of financing through the issuance of new equity instruments and the exercise of stock options to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding being available, the Company may be unable to continue its operations, and amounts realized for its assets may be less than amounts recorded in these consolidated financial statements.

Although management has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and may not be in compliance with regulatory requirements.

The Company’s financial year ends on December 31, 2017. These consolidated financial statements were approved for issue by the Board of Directors on, November 15 2017.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with the IFRS as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of financial statements.

The company has consistently applied the accounting policies throughout all periods presented in these consolidated financial statements.

3. Significant accounting policies

The significant accounting policies used in the preparation of the Company’s consolidated financial statements are described below.

a) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to their fair value (available-for-sale financial assets). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flows information.

b) Basis of consolidation

Subsidiary

The consolidated financial statements include the accounts of Matamec Explorations Inc., and its wholly owned subsidiary Mabec Uranium Inc. The subsidiary is inactive. The reporting date of the annual information of the subsidiary is December 31.

The subsidiary is an entity controlled by the Company since it has the power to govern the subsidiary’s financial and operating policies. The existence and effect of potentials rights to vote that can actually be exercised or converted are taken into account to evaluate if the Company controls another entity. The subsidiary accounts are consolidated from the date the Company gets control and cease to be consolidated from the date the Company ceases to have that control. The subsidiary accounting policies are in compliance with the Company’s policies.

3. Significant accounting policies (cont'd)

b) Basis of consolidation (cont'd)

Since January 27, 2015, the Company and Ressources Québec Inc. (RQ) control jointly an exploration and evaluation asset, pursuant to a 72/28 joint operation agreement , 72 % being the interest of the Company. Information on this asset is presented in Note 9 (Property Kipawa). Jointly controlled assets supposes joint control, without creating a corporation, partnership or other entity. When the Group's activities are conducted through jointly controlled assets, the Group recognizes its share of jointly controlled assets, any liabilities that it has incurred, and its share of any liabilities incurred jointly with the other venturers. The agreement between RQ and the Company, in accordance with the practices most commonly used in the industry, has been accounted for as a farm-out agreement without consideration for the legal form of the agreement. A farm-out arrangement typically involves an entity (i.e., the farmor) agreeing to provide a working interest in a mining property (i.e., the farmee), provided that the farmee makes a cash payment to the farmor and/or incurs certain expenditures on the property to earn that interest. As of September 30, 2017, there is an amount of $5,076 that is restricted ($284,803 as of December 31,2017) to this asset's exploitation, at the joint operation level.

Transactions eliminated on consolidation

Intercompany balances and transactions, including unrealized gains and losses arising from intercompany transactions, are eliminated in the preparation of the consolidated financial statements.

c) Functional and presentation currency

Items included in the Matamec's consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

d) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4. Judgments, estimates and assumption

Many of the amounts included in the financial statements require Management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on Management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Areas of significant judgments and estimates affecting the amounts recognized in the consolidated statements include:

1) Exploration and evaluation assets

Probability of cost recovery at initial recognition

According to the significant accounting policies of the Company, once the legal rights of exploration and evaluation assets are obtained, the costs associated with the acquisition of mineral rights, expenditures on exploration and evaluation of mineral properties and that tax credits and credits on duties associated with such costs are charged to cost of exploration and evaluation assets if Management considers probable that the costs will be recovered through future development or sale of the property. Assessing the probability of recover capitalized costs related to exploration and evaluation assets requires the exercise of judgment in determining if the future economic benefits are probable, which may be based on assumptions and estimates made by management regarding future events. Assumptions and estimates may change if new information proves to be available.

If informations become available that give rise to uncertainty of the recovery of capitalized costs, the amounts capitalized will be written down to their recoverable amounts in the period when these informations become available (see the paragraph concerning critical accounting estimates, judgments and assumptions for impairment of property and equipment, impairment of non-financial assets).

2) Impairment of non-financial assets

The Company's evaluation of the recoverable amount with respect to the non-financial assets is based on numerous assumptions and may differ significantly from actual values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The Company's fair value estimates are based on numerous assumptions. The recoverable amount estimates may differ from actual values and these differences may be significant and could have a material impact on the Company's financial position and result of operations. Assets are reviewed for an indication of impairment at each consolidated statement of financial position date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to,expiration of the right to operate in the specific area during the period or in the near future and it is not expected to be renewed; significant expenditures for exploration and subsequent evaluation in a specific area is neither budgeted nor planned; exploration and evaluation of mineral resources commercially viable, the Company decided to discontinue such activities in the specific area; or, sufficient data exist to indicate that, although it is likely that a development in the specific area will continue, the carrying amount of the assets may not be recovered in full following the successful development or sale, strong downward trends in the industry or the economy in general, a significant drop in the price of mineral resources.

3) Valuation of share-based payments

The Company records all share-based payments using the fair value method. The Company uses the Black-Scholes options pricing model to determine the fair value of stock options and warrants. The main factor affecting the estimates of the fair value of stock options and warrants is the stock price expected volatility used. The Company currently estimates the expected volatility of its common shares based on its historical volatility for a period of one year before the options and warrants issuance.

4) The estimated useful lives and residual values of property and equipment and the measurement of depreciation expense

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use.

5) Going concern

The Company's ability to achieve its strategy by financing its future needs in working capital requires exercising judgments. More information regarding going concern is presented in Note 1.

(In Canadian dollars)

4. Judgments, estimates and assumption (cont'd)

6) Uncertain tax positions

The refundable tax credits relating to resources and mining duties credits for losses ("tax credits") for the current period and prior periods are measured at the amount the company expects to recover the tax administrations the closing date. However, there are incertitures on the interpretation of tax rules, as well as in regard to the amount and timing of the recovery of these tax credits. To determine if its expenses are eligible, the company must demonstrate significant judgment and interpretation, making the recovery of uncertain tax credits. Accordingly, there may be a significant difference between the amount recognized in securities of tax credits receivable and the actual amount of tax credits received as a result of the examination by the tax authorities, questions whose interpretation was uncertain. Should such a difference, an adjustment should be made for tax credits receivable and provisions should potentially be accounted for tax credits previously received by the Company. It may take considerable time before the tax administration report its decisions on issues related to tax credits. Thus, the tax credits payback period can be long. The tax credits that the Company expects to recover within more than one year are classified as non-current assets. The amounts recognized in the financial statements are prepared based on the best estimates of the Company and according to his best judgment, as noted above. However, given the uncertainty inherent in obtaining the approval of the tax administrations, the amount of tax credits that will actually be recovered or the amount to be repaid and the timing of such recovery or disbursed could differ significantly from the accounting estimates, which would affect the financial condition and the Company's cash flows.

7) Mining duties

The accounting treatment of mining duties depends on the Management's intention to achieve production phase or to sell the property to another mining company when the technical feasibility and economical viability of properties are proven. This evaluation is made by property. The Company has determined that it intends to achieve production phase in a near future for Kipawa property only.

5. Tax credits recoverable

	September 30,2017"	September 30,2016"
Quebec refundable credit on mining duties at rate of 16 %	$	$
Property Kipawa		
2012	-	269,470
2013	-	896,332
2014	-	-
2015	53,170	117,472
2016	107,947	63,580
2017	26,717	-
	187,834	1,346,854
Other properties		
2013	-	13,895
2014	-	-
2015	-	-
2016	6,760	1,612
2017	8,677	-
	15,437	15,507
Refundable credit for resources related to exploration at rates of 35 % , 38,75 % and 28 % since June 4, 2014		
Other properties		
2017	30,179	-
	30,179	-
Total	233,450	1,362,361
Less: Non-current portion of tax credits recoverable	(65,574)	(65,192)
Current portion of tax credits recoverable	167,876	1,297,169

As of September 30, 2017, tax credits receivable are all pledged as collateral for the joint venture with Ressources Québec Inc. as described in note 9 f).

(In Canadian dollars)

6. Available-for-sale financial assets

Canada Strategic Metals

On August 16, 2013, the Company signed an agreement with Canada Strategic Metals Inc. This Company can acquire a 50% undivided interest in Sakami property by issuing 2 million common shares and spending $2,250,000 in deferred exploration expenditures on the property, on a period of 3 years.

At the date of the agreement, 500,000 shares were issued and sold in 2014.

On August 22, 2014, 500,000 shares were issued for a consideration of $45,000. As at September 30, 2017, an unrealized loss of $9,848 has been recorded on the change in fair value in the statement of comprehensive income. The cumulative amount at the same date for these shares in the consolidated statements of comprehensive loss is zero.

On August 14, 2015, 500,000 shares were issued for a consideration of $45,000. As at September 30, 2017, an unrealized loss of $17,500 has been recorded on the change in fair value in the statement of comprehensive income. The cumulative gain at the same date for these shares in the consolidated statements of comprehensive loss is $30,000.

On August 16, 2016, 500,000 shares were issued for a consideration of $15,000. As at September 30, 2017,an unrealized loss of $17,500 has been recorded on the change in fair value in the statement of comprehensive income. The cumulative loss at the same date for these shares in the consolidated statements of comprehensive loss is $30,000.

On February 17, 2017, 1,000,000 shares were issued for a consideration of $ 120,000. As at September 30, 2017, an unrealized loss of $35,000 has been recorded on the change in fair value in the statement of comprehensive income.The cumulative loss at the same date for these shares in the consolidated statements of comprehensive loss is $30,000.

On June 20, 2017, the Company sold 145,500 shares for an amount of $21,705, which resulted in a gain of $8,610 in the consolidated statement of operations following the reclassification of the cumulative loss of $4,365 recorded previously in other comprehensive income.

On August 25, 2017, the Company sold 64,000 shares for an amount of $7,680, which resulted in a gain of $1,920 in the consolidated statement of operations following the reclassification of the cumulative loss of $2,560 recorded previously in other comprehensive income.

As at September 30, 2017, the shares were trading at $0.09. Consequently, the Company recorded an unrealized loss of $79,848 during the period on the change in fair value, Statement of comprehensive income. The cumulative loss at the same date for these shares in the consolidated staatements of comprehensive loss is $30,000.

There are 2,290,500 of these shares that are subject to a first rank mortgage.

Metalla Royalty & Streaming Ltd. («Metalla»)

On June 5th, 2017, the Company closed the sale and purchase agreement with Metalla Royalty & Streamin Ltd. Of its royalties on the Hoyle-Matheson Royalties (HMR) Property and Montclerg Property. The purchase price paid for the royalties is made up of $500,000 in cash and 2 million shares of Metalla valued at $0,50 per share. Matamec received warrants to purchase another Million shares of Metalla at $0,75 per share for a period of 2 years. The shares and warrants cannot be traded for a period of 12 months from the closing date.

As at June 5, 2017, 2,000,000 shares were issued for a consideration of $1,000,000.

As at September 30, 2017, the shares were trading at $0.61. Consequently, the Company recorded an unrealized gain of $160,000 during the period on the change in fair value, Statement of comprehensive income.

7. Property and equipment

	Buildings and land	Améliorations locatives	Computer equipment	Office furniture	Exploration amenities and facilities	Total
Net book value						
Balance as at January 1, 2017	128 493	-	60 135	49 842	31 150	**269 620**
Additions	-	18,479	18 914	850	-	**38 243**
Disposal	-	-	-	(450)	-	**(450)**
Balance as at September 30, 2017	128 493	18 479	79 049	50 242	31 150	**307 413**
Accumulated depreciation						
Balance as at January 1, 2017	22 984	-	50 264	36 085	28 342	**137 675**
Depreciation	3 087	4 405	3 132	2 101	630	**13 355**
Disposal	-	-	-	(306)	-	**(306)**
Balance as at September 30, 2017	26 071	4 405	53 396	37 880	28 972	**150 724**
Net book value at September 30,2017	**102 422**	**14 074**	**25 653**	**12 362**	**2 178**	**156 689**
Net book value						
Balance as at January 1, 2016	128 493	-	60 135	49 842	70 775	**309 245**
Additions	-	-	-	-	-	**-**
Disposition	-	-	-	-	(39,625)	**(39 625)**
Balance as at September 30, 2016	128 493	-	60 135	49 842	31 150	**269 620**
Accumulated depreciation						
Balance as at January 1, 2016	18 688	-	46 826	32 641	64 119	**162 274**
Depreciation	3 222	-	2 580	2 583	1 237	**9 622**
Disposition	-	-	-	-	(37,320)	**(37 320)**
Balance as at September 30, 2016	21 910	-	49 406	35 224	28 036	**134 576**
Net book value at September 30,2016	**106 583**	**-**	**10 729**	**14 618**	**3 114**	**135 044**

All amortization and impairment charges (or reversals, if any) are included in Amortization of property and equipment.

(In Canadian dollars)

8. Deferred exploration

Mining properties

	Interest	December 31, 2016	Additions	Disposal	Write off	September 31, 2017
		$	$	$	$	$
Sakami	100%	-	-	-	-	**-**
Zeus	100%	-	2,243	-	-	**2,243**
Kipawa Rare Earths JV	72%	701,809	-	-	-	**701,809**
Tansim	100%	40,662	-	-	-	**40,662**
Valmont	100%	8,849	2,884	-	-	**11,733**
Vulcain	100%	3,115	-	-	-	**3,115**
Matheson Pelangio	100%	-	-	-	-	**-**
Matheson JV	50%	-	-	-	-	**-**
Casa-Détour	100%	57,127	-	-	-	**57,127**
Opinaca	100%	122,059	115	-	-	**122,174**
Fabre	100%	35,000	2,230	-	-	**37,230**
R2D2	100%	14,569	-	-	-	**14,569**
		983,190	**7,472**	**-**	**-**	**990,662**

Deferred exploration and evaluation expenditures

	December 31, 2016	Additions	Disposal	Tax credits	Write off	September 31, 2017
	$	$	$	$	$	$
Sakami	46,412	31,642	-	-	-	**78,054**
Zeus	-	3,205	-	-	-	**3,205**
Kipawa Rare Earths JV	2,553,232	68,399	-	-	-	**2,621,631**
Tansim	17,405	3,926	-	(210)	-	**21,121**
Valmont	54,026	91,572	-	(24,332)	-	**121,266**
Vulcain	8,227	6,800	-	(38)	-	**14,989**
Matheson Pelangio	-	1,560	-	-	-	**1,560**
Matheson JV	-	12,553	-	-	-	**12,553**
Casa-Détour	-	5,959	-	(1,291)	-	**4,668**
Opinaca	2,695	-	-	-	-	**2,695**
Fabre	432	16,297	-	(4,308)	-	**12,421**
R2D2	936	-	-	-	-	**936**
	2,683,365	**241,913**	**-**	**(30,179)**	**-**	**2,895,099**
Total	**3,666,555**	**249,385**	**-**	**(30,179)**	**-**	**3,885,761**

Mining properties

	Interest	December 31, 2015	Additions	Disposal	Write off	September 30 2016
		$	$	$	$	$
Sakami	100%	-	-	-	-	**-**
Zeus	100%	-	248	-	-	**248**
Kipawa Rare Earths JV	72%	701,809	-	-	-	**701,809**
Valmont	100%	6,986	1,863	-	-	**8,849**
Vulcain	100%	1,086	2,028	-	-	**3,114**
Tansim	100%	-	40,662	-	-	**40,662**
HMR	100%	-	-	-	-	**-**
Matheson	50%	861,056	-	(861,056)	-	**-**
R2D01-R2D02	100%	-	14,569	-	-	**14,569**
Opinaca Gold West	100%	-	32,401	-	-	**32,401**
Opinac Lithium	100%	-	75,214	-	-	**75,214**
		1,570,937	**166,985**	**(861,056)**	**-**	**876,866**

Deferred exploration and evaluation expenditures

	December 31, 2015	Additions	Disposal	credits	Write off	September 30 2016
	$	$	$	$	$	$
Sakami	-	27,503	-	-	-	**27,503**
Zeus	-	1,535	-	-	-	**1,535**
Kipawa Rare Earths JV	2,272,348	9,142	-	-	-	**2,281,490**
Tansim	111	7,189	-	-	-	**7,300**
Valmont	53,707	444	-	-	-	**54,151**
Vulcain	6,740	-	-	-	-	**6,740**
Matheson Pelangio	-	3,714	-	-	-	**3,714**
HMR	-	23,921	-	-	-	**23,921**
Matheson	-	26,861	-	-	-	**26,861**
	2,332,906	**100,309**	**-**	**-**	**-**	**2,433,215**
Total	**3,903,843**	**267,294**	**(861,056)**	**-**	**-**	**3,310,081**

(In Canadian dollars)

9. Commitments and contingencies

a) In 2012, the Company entered a three-year lease contract for larger premises that was renewed as of April 2017 until March 31, 2019. The commitment resulting from this renewed lease is $46,667, $36,544 and $9,967 respectively for years 2017, 2018 and 2019. The lease has a one year renewal option..

The rent expense for the year included in the net loss amounts to $22,764 ($20,763 in 2016).

b) On October 2, 2014, the Company signed a subscription agreement with Ressources Québec Inc. Under this agreement, the Company is committed to incur $1,000,000 less the expenses relating to the issuance of $67,145, in the Phase 1 of Kipawa's heavy rare earths development program. As at September 30, 2017, $ 723,593 ($655,195 in 2016) was incurred. In addition, an amount of $5,076 is restricted for the Kipawa Rare Earths Joint Venture. Once this amount is spent, there will be no more money to be spent for Phase 1 ($ 284,803 was to be spent in 2016).

c) In order to secure one of its accounts payable of $110,700, the Company granted a creditor a first ranking movable hypothec on 1,000,000 of its shares held in Canada Strategic Metals Inc. to a maximum of $ 200,000. As at September 30,2017, these shares have a fair value of $90,000,

d) The Company is the subject to claims and lawsuits for the amount of $ 196,568. An amount of $ 139,207 was recorded in accounts payable. The Management of the Company does not believe that the eventual outcome of the settlement of these disputes requires further adjustments in the Company's accounts.

e) The Company used $ 0 in funds from the Kipawa Rare Land Joint Venture for the payment of its current operating expenses. In order to guarantee the amount of its advances and schedule the repayment, the Company has provided guarantees with its tax credits receivable (note 5) and 1,500,000 shares of Canada Stratégique Metal (note 6).

10. Supplemental Cash flow information

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	$	$
Changes in non-cash working capital items		
Decrease sales taxes recoverable	(10,666)	(19,016)
Decrease (increase) of other receivables	-	-
Decrease (increase) of tax credits recoverable	(1,271)	(153,542)
Increase of amounts payable to joint venturer	79,604	-
Decrease (increase) of prepaid expenses	17,409	6,253
Increase (decrease) of accounts payable and accrued liabilities	329,863	(64,915)
	414,939	(231,220)

(In Canadian dollars)

11. ***Financial instruments and risk management***

Financial risks factors

The Company is exposed to various financial risks resulting from both its operations and its investing activities. The Company's Management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risks exposure and its financial policies are as follows:

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and fair value. The Company is exposed to market risk in trading on its investment in Canada Strategic Metals Inc.,a listed issuer whose activities are in the exploration field. As at September 30, 2017, a 10% decrease (increase) in the price on the stock market would not result in a significant change in the Company's results.

Credit risk

The financial instruments which expose the Company to credit risk and concentration of credit risk include cash and cash equivalents, short-term deposit, funds restricted for exploration, other receivables and tax credits recoverable. The Company invests its cash and cash equivalents and short-term deposit in high quality instruments issued by Canadian financial institutions. The Company does not have any security on its financial instruments subject to credit risk, but mitigates such risk by only transacting with a diversified group of partners with strong financial conditions, and consequently does not anticipate any losses.

Liquidity risk

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its exploration programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at September 30, 2017, the Company has cash and cash equivalents negative of $4,251 (negative $ 38,047 as at December 31, 2016) and there are any funds restricted for exploration to settle its accounts payable and accrued liabilities of $1,411,325 ($ 1,156,365 as at December 31, 2016). As at September 30, 2017, Management estimates that funds available will not be sufficient to meet the Company's obligations and budgeted expenditures until December 31, 2017.

Interest rate risk

Part of cash and cash equivalents and short-term deposit bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company has a cash balance and the Company's current policy is to invest excess cash in term deposits of interest-bearing accounts of Canada's major chartered banks. As at September 30,2017, the Company had $10,068 ($10,021 as at December 31, 2016) invested in a term deposit bearing interest at 0,90% (0,90% as at December 31, 2016). A plus or minus 1% change in the rates would not significantly affect the reported net loss and reported shareholders' equity.

Fair value

Fair value of financial instruments is presented as follow:

	September 30, 2017		**December 31, 2016**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	$	$	$	$
Financial assets				
Loans and receivables				
Restricted cash to the joint operation with Ressources Québec Inc.	5,076	5,076	284,803	284,803
Short-term deposit	10,090	10,090	10,021	10,021
Other receivables	-	-	79,604	79,604
Total	15,166	15,166	374,428	374,428
Available-for-sale				
Investment in shares of a listed company	1,426,145	1,426,145	180,000	180,000
	1,426,145	1,426,145	180,000	180,000
Financial liabilities, at amortized cost				
Bank indebtedness	4,251	4,251	38,047	38,047
Bank advance	30,000	30,000	-	-
Trade payable and accrued liabilities	1,411,325	1,411,325	1,156,365	1,156,365
	1,445,576	1,445,576	1,194,412	1,194,412

The estimative fair value is established at the date of the consolidated statement of financial position using the relevant information available on the market and other information on financial instruments.

Above Company's financial instruments, classified as loans and receivables, have a fair value which approximates their carrying value due to their short-term maturity. The fair value of the investment in listed shares is based on market prices.

Fair value hierarchy

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level two includes inputs that are observable other than quoted prices included in level one;
- Level three includes inputs that are not based on observable market data.

Input level used by the Company to assess fair value is level one.