

**SEARCH MINERALS INC.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

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**Search Minerals Inc.**

**Condensed Interim Consolidated Financial Statements**

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**Three months ended February 28, 2022 and 2021**

**(Unaudited - Expressed in Canadian Dollars)**

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**SEARCH MINERALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian dollars)

	Notes	February 28, 2022 \$	November 30, 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		6,678,660	1,618,223
Receivables	6	58,315	133,122
Prepaid expenses and other assets		213,088	235,511
		6,950,063	1,986,856
<b>Non-current assets</b>			
Property, equipment and right of use asset	7	327,253	334,261
Reclamation deposits		50,000	50,000
Staking deposits		27,450	27,450
Exploration and evaluation expenditures (Schedule 1)	8	19,940,711	19,248,477
		27,295,477	21,647,044
<b>LIABILITIES AND EQUITY ATTRIBUTABLE TO SHAREHOLDERS</b>			
<b>Current liabilities</b>			
Trade payables	9	411,252	529,155
Due to related parties	9,12	26,524	153,825
Flow-through premium liability	11(b)	1,306,200	-
		1,743,976	682,980
<b>Non-current liabilities</b>			
CEBA loan	10	80,000	80,000
Deferred government assistance	10	40,000	40,000
		1,863,976	802,980
<b>Equity attributable to shareholders</b>			
Share capital	11	42,373,570	37,439,531
Warrants		619,108	610,828
Contributed surplus		6,260,883	4,762,993
Deficit		(23,822,060)	(21,969,288)
		25,431,501	20,844,064
		27,295,477	21,647,044

**Nature of Operations** (Note 1)

**Going Concern** (Note 2)

**Subsequent Events** (Note 14)

Approved by the Board of Directors on April 28, 2022

"Jocelyn Bennett"  
Jocelyn Bennett

Director

"Leo Power"  
Leo Power

Director

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

**SEARCH MINERALS INC.**  
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
For the three months ended February 28, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars)

	Notes	2022 \$	2021 \$
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Accounting and audit		22,253	12,940
Administration and management fees	12	85,000	45,000
Amortization		22,325	13,246
Consulting fees	12	29,250	-
Legal fees		16,060	23,092
Non-executive directors fees	12	30,000	13,500
Office and miscellaneous		48,202	19,958
Regulatory and transfer agent fees		57,830	15,733
Rent		5,276	6,447
Share-based compensation – stock options	11(c)	1,497,890	-
Shareholder communications		31,369	789
Travel and accommodation		7,317	-
<b>Loss for the period before other items</b>		<b>(1,852,772)</b>	<b>(150,705)</b>
<b>Other income (expense) items</b>			
Accretion expense		-	(12,282)
Finance charges on leases		-	(182)
Interest expense		-	(29,228)
<b>Loss for the period</b>		<b>(1,852,772)</b>	<b>(192,397)</b>
<b>Basic and diluted loss per share</b>	11(e)	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>385,968,096</b>	<b>272,333,536</b>

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

**SEARCH MINERALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three months ended February 28, 2022 and 2021**  
(Unaudited – Expressed in Canadian dollars)

	2022 \$	2021 \$
<b>Cash (used in) provided by</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(1,852,772)	(192,397)
Items not affecting operating cash:		
Amortization	22,325	13,246
Share-based compensation – stock options	1,497,890	-
Accretion expense	-	12,282
	<u>(332,557)</u>	<u>(166,869)</u>
Changes in non-cash working capital items:		
Receivables	74,807	(16,603)
Prepaid expenses and other assets	22,423	(29,456)
Accounts payable and accrued liabilities	33,183	(64,078)
	<u>(202,144)</u>	<u>(277,006)</u>
<b>INVESTING ACTIVITIES</b>		
Mineral property costs, net	(996,844)	(255,527)
Purchase of property and equipment	(15,317)	(215,633)
	<u>(1,012,161)</u>	<u>(471,160)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares	6,599,751	839,571
Subscriptions received in advance	-	275,930
Share issuance costs	(351,232)	(16,041)
Proceeds from CEBA loan	-	40,000
Proceeds on issuance of promissory note	-	146,706
Repayment of promissory note	-	(196,706)
Repayment of demand loans	-	(100,000)
Principal repayment of lease obligation	-	(3,356)
Government assistance	26,223	-
	<u>6,274,742</u>	<u>986,104</u>
Increase in cash during the period	5,060,437	237,938
Cash, beginning of the period	1,618,223	100,797
Cash, end of the period	<u>6,678,660</u>	<u>338,735</u>
Cash paid for interest	-	29,228
Cash paid for income taxes	-	-

Non-cash Transactions (Note 13)

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

**SEARCH MINERALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the three months ended February 28, 2022 and 2021**  
(Unaudited - Expressed in Canadian dollars)

	Number of Shares #	Share Capital \$	Share proceeds received in advance \$	Warrants \$	Contributed Surplus \$	Equity Component of Convertible Debenture \$	Deficit \$	Total \$
Balance, November 30, 2020	265,927,072	26,806,950	-	641,390	4,051,191	-	(19,894,704)	11,604,827
Issued during the period:								
For cash pursuant to private placement of units	8,900,000	445,000	-	89,000	-	-	-	534,000
Less: Issue costs – cash	-	(16,041)	-	-	-	-	-	(16,041)
Pursuant to mineral property agreements	50,000	3,750	-	-	-	-	-	3,750
Pursuant to exercise of warrants	5,151,015	305,571	-	-	-	-	-	305,571
Subscriptions received in advance	-	-	275,930	-	-	-	-	275,930
Transfer on exercise of warrants	-	26,962	-	(26,962)	-	-	-	-
Comprehensive loss for the period	-	-	-	-	-	-	(192,397)	(192,397)
Balance, February 28, 2021	280,028,087	27,572,192	275,930	703,428	4,051,191	-	(20,087,101)	12,515,640
Issued during the period:								
For cash pursuant to private placement of units	25,000,000	1,750,000	(275,930)	-	-	-	-	1,474,070
For cash pursuant to flow through common shares	14,000,000	2,520,000	-	-	-	-	-	2,520,000
Less: Issue costs – cash	-	(190,488)	-	-	-	-	-	(190,488)
Less: Issue costs – finders' warrants	-	(32,955)	-	32,955	-	-	-	-
Pursuant to mineral property agreements	15,800,000	3,168,000	-	-	-	-	-	3,168,000
Pursuant to exercise of options	5,600,000	448,000	-	-	-	-	-	448,000
Pursuant to exercise of warrants	23,590,190	1,860,870	-	-	-	-	-	1,860,870
Share-based payments	-	-	-	-	930,159	-	-	930,159
Transfer on exercise of warrants and options	-	343,912	-	(85,729)	(258,183)	-	-	-
Transfer on expiry of warrants	-	-	-	(39,826)	39,826	-	-	-
Comprehensive loss for the period	-	-	-	-	-	-	(1,882,187)	(1,882,187)
Balance, November 30, 2021	364,018,277	37,439,531	-	610,828	4,762,993	-	(21,969,288)	20,844,064
Issued during the period:								
For cash pursuant to private placement of units	9,206,890	1,657,240	-	-	-	-	-	1,657,240
For cash pursuant to flow through common shares	18,660,000	4,665,000	-	-	-	-	-	4,665,000
Less: allocation to flow-through premium	-	(1,306,200)	-	-	-	-	-	(1,306,200)
Less: Issue costs – cash	-	(351,232)	-	-	-	-	-	(351,232)
Less: Issue costs – finders' warrants	-	(50,780)	-	50,780	-	-	-	-
Pursuant to exercise of warrants	4,571,580	277,511	-	-	-	-	-	277,511
Transfer on exercise of warrants	-	42,500	-	(42,500)	-	-	-	-
Share-based payments	-	-	-	-	1,497,890	-	-	1,497,890
Comprehensive loss for the period	-	-	-	-	-	-	(1,852,772)	(1,852,772)
<b>Balance, February 28, 2022</b>	<b>396,456,747</b>	<b>42,373,570</b>	<b>-</b>	<b>619,108</b>	<b>6,260,883</b>	<b>-</b>	<b>(23,822,060)</b>	<b>25,431,501</b>

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

## **Search Minerals Inc.**

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2022

(Unaudited - Expressed in Canadian dollars)

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#### **1. Nature of Operations**

Search Minerals Inc. (the "Company") was incorporated under the provisions of the Business Corporation Act (British Columbia) on June 7, 2006. On May 3, 2007, the Company commenced trading on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SMY.V". On July 7, 2021, the Company commenced trading on the OTCQB® Venture Market in the United States operated by the OTC Markets Group Inc. under the stock symbol "SHCMF". The Company is in the business of mineral exploration involving acquiring, exploring and evaluating mineral resource properties. At February 28, 2022, the Company was in the exploration and evaluation stage and had properties located in Canada. The Company's corporate head office is located at 108, 901 West 3<sup>rd</sup> Street, North Vancouver, British Columbia, Canada.

The Company is currently exploring its mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The amounts shown as mineral properties represent costs incurred to date, less amounts recovered from third parties and/or written-down, and do not necessarily represent current or future fair values.

#### **2. Going Concern**

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration programs, will result in profitable mining operations. The recoverability of the carrying value of exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

At February 28, 2022, the Company had not yet achieved profitable operations, had an accumulated deficit of \$23,822,060 since inception and expects to incur further losses in the development of its business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. At February 28, 2022 the Company had working capital of \$5,206,087, giving the Company the ability to meet current obligations.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

#### **3. Basis of Presentation and Significant Accounting Policies**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended November 30, 2021 except as outlined in Note 4.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Unless otherwise stated, all dollar amounts are in Canadian dollars.

**Search Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2022

(Unaudited - Expressed in Canadian dollars)

**4. New and future accounting standards and pronouncements**

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable and/or are not expected to have a significant impact on the Company's financial statements.

**5. Critical Accounting Estimates and Judgements**

There have been no material revisions to the nature of judgements and amount of changes in estimates reported in the company's November 30, 2021 annual financial statements

**6. Receivables**

	February 28, 2022 \$	November 30, 2021 \$
GST receivable	48,315	95,032
Other receivables	10,000	38,090
<b>Total receivables</b>	<b>58,315</b>	<b>133,122</b>

**7. Property, Equipment and Right of Use Asset**

	Vehicles \$	Buildings \$	Office furniture and equipment \$	Field equipment \$	Total \$
<b>At November 30, 2020</b>					
Cost	136,676	280,800	40,825	214,645	672,946
Accumulated amortization	(109,586)	(70,800)	(40,825)	(210,326)	(431,537)
Net book value	27,090	210,000	-	4,319	241,409
<b>Year ended November 30, 2021</b>					
Additions	117,187	215,633	12,993	17,671	363,484
Disposal	-	(210,000)	-	-	(210,000)
Amortization	(13,328)	(43,128)	(240)	(3,936)	(60,632)
At November 30, 2021	130,949	172,505	12,753	18,054	334,261
<b>At November 30, 2021</b>					
Cost	253,863	225,633	53,818	232,316	765,630
Accumulated amortization	(122,914)	(53,128)	(41,065)	(214,262)	(431,369)
Net book value	130,949	172,505	12,753	18,054	334,261
<b>Period ended February 28, 2022</b>					
Additions	-	-	5,214	10,103	15,317
Amortization	(9,821)	(8,625)	(2,073)	(1,806)	(22,325)
At February 28, 2022	121,128	163,880	15,894	26,351	327,253
<b>At February 28, 2022</b>					
Cost	253,863	225,633	59,032	242,419	780,947
Accumulated amortization	(132,735)	(61,753)	(43,138)	(216,068)	(453,694)
Net book value	121,128	163,880	15,894	26,351	327,253

**8. Mineral Properties – Schedule 1**

Although the Company has taken steps to verify title to mineral 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 a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

## **Search Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2022

(Unaudited - Expressed in Canadian dollars)

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The Company acquired the mineral properties primarily by staking the claims. In order to maintain title to the claims, the Company must incur minimum exploration expenditures per claim as specified by the Mineral Act of the Province of Newfoundland and Labrador. In lieu of incurring the minimum expenditures, the Company may make security deposits with the Government of Newfoundland and Labrador. Other commitments relating to mineral properties are as follows:

### ***Critical Rare Earth Element (“CREE”) District, Labrador***

The Company acquired the CREE District primarily by staking the claims. In addition, the Company acquired the B&A Claims, the Quinlan Property and the Two Tom Property.

#### ***B&A Claims***

On December 10, 2009, the Company entered into a binding letter of intent (the “LOI”) with B&A Minerals Limited (“B&A”), further defined in a Mining Option Agreement, for an option to acquire an undivided 100% interest in and to certain claims in southeast Labrador owned by B&A (“B&A Claims”). The B&A claims host the Company’s Foxtrot Project.

Under the terms of the Mining Option Agreement, to earn the undivided 100% interest in the B&A Claims, the Company paid B&A an aggregate of \$140,000 and issued an aggregate 1,100,000 common shares of the Company. The final payment and share issuance was made in January 2013. The Company now owns a 100% interest in the property.

The Mining Option Agreement was subject to a 3% net smelter return (“NSR”) royalty in favor of B&A, of which the Company could purchase 2% at any time for \$2,000,000 (see B&A Transaction).

#### ***B&A Transaction***

B&A Minerals Limited held a 3% NSR royalty over the licenses contained in a large portion of the Company’s Critical Rare Earth Element District in SE Labrador. On August 11, 2021, the Company entered into a non-binding letter of intent (“LOI”) to purchase a 2.5% NSR from B&A for 15,000,000 common shares. Additionally, the Company will acquire 3 full licenses from B&A and partial interest in two licenses. The Company will transfer one license to B&A and retain a 0.5% NSR. The Company will grant a 0.5% NSR over the five licenses above. The Company will grant B&A quarry/gem rights over four of the licenses to be transferred to the Company as part of the transaction in exchange for a 3% NSR to Search over any production from such quarry/gem rights. On September 30, 2021, a definitive agreement was entered into and on October 13, 2021, the TSX-V provided approval of the acquisition. The B&A transaction closed on November 30, 2021 with the issuance of 15,000,000 common shares at the fair value of \$3,000,000. The 15,000,000 common shares are restricted and will be released over 24 months, with 25% being released every 6 months following the closing of the transaction.

B&A Minerals now holds a 0.5% NSR royalty in certain licenses contained in the Company’s CREE District.

#### ***Quinlan Property***

On January 13, 2011, the Company entered into a binding letter of intent (the “LOI”) with Andrew Quinlan, Roland Quinlan and Tony Quinlan (the “Vendors”). Pursuant to the LOI, the Company had the option to earn an undivided 100% interest in and to certain claims owned by the Vendors known as the Fox Harbour Claims (the “Quinlan Property”). The Quinlan Property is comprised of three licenses totaling 48 claims located east of St. Lewis, Labrador. The Quinlan Property hosts the Company’s Deep Fox Project.

Under the terms of the LOI, the Company earned an undivided 100% interest in Quinlan Property by making aggregate cash payments of \$90,000 and issuing an aggregate of 300,000 common shares of the Company.

The Vendors were granted a 1.5% net smelter return royalty (“NSR”). The Company may, at any time, purchase 1% of the net smelter return royalty for \$1,000,000. The Company must make annual cash advance payments of \$10,000 for the Quinlan Property to the Vendors commencing February 23, 2016 and continuing each year thereafter until commencement of commercial production, deductible against the NSR. During the three months ended February 28, 2022, the Company paid the seventh \$10,000 annual cash payment.

#### ***Option Agreement - Two Tom Property***

On June 14, 2021, the Company entered into an option agreement (the “Option Agreement”) with United Gold Inc, Aubrey Budgell and Donna Lewis (the “Vendors”) for an option to acquire an undivided 100% interest in and to certain claims known as the Two Tom Property (the “Two Tom Property”). The Two Tom Property is part of the Port Hope Simpson CREE District.

## **Search Minerals Inc.**

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2022

(Unaudited - Expressed in Canadian dollars)

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The Two Tom Property consists of two licenses (027378M and 016522M) totaling 16 claims.

Under the terms of the Option Agreement, the Company may earn the undivided 100% interest in the Two Tom Property by making aggregate cash payments of \$200,000 and by issuing an aggregate of 1,600,000 common shares of the Company over a period of three years as follows:

- pay \$40,000 (paid) and issue 400,000 common shares on the acquisition date (issued at the fair value of \$84,000);
- pay \$50,000 and issue 400,000 common shares on or before July 2, 2022;
- pay \$50,000 and issue 400,000 common shares on or before July 2, 2023; and,
- pay \$60,000 and issue 400,000 common shares on or before July 2, 2024.

The Vendors were granted a 3.0% net smelter return royalty. The Company may, at any time, purchase 2.0% of the net smelter return royalty for \$2,000,000.

#### ***Red Wine Property, Labrador***

On June 28, 2015, the Company purchased from Great Western Minerals Group Ltd. ("GWMG") its interest in the Red Wine Property for \$20,000. GWMG had acquired its approximate 50% interest in the Red Wine Property pursuant to an option agreement between the Company and GWMG dated July 23, 2010. Following the acquisition, the Company now owns 100% of the Red Wine Property.

#### ***Letter Agreement – Mann Property and Two Tom Property claim***

On June 15, 2021, the Company entered into a binding letter agreement (the "Letter Agreement") with Roland Quinlan and Eddie Quinlan (the "Vendors") for an option to acquire an undivided 100% interest in and to certain claims known as the Mann#1 claims (the "Mann Property") and another claim proximal to Two Tom Property. The Mann Property claims are part of the Red Wine district.

The Mann Property consists of two licenses, 027380M (4 claims) and the Two Tom Property consists of license 027384M (16 claims).

Under the terms of the Letter Agreement, the Company may earn the undivided 100% interest in the claims by making aggregate cash payments of \$200,000 and by issuing an aggregate of 1,600,000 common shares of the Company over a period of four years as follows:

- pay \$20,000 (paid) and issue 400,000 common shares on the acquisition date (issued at the fair value of \$84,000);
- pay \$30,000 and issue 400,000 common shares on or before July 2, 2022;
- pay \$60,000 and issue 400,000 common shares on or before July 2, 2023;
- pay \$60,000 and issue 300,000 common shares on or before July 2, 2024; and,
- pay \$30,000 and issue 100,000 common shares on or before July 2, 2025.

The Vendors were granted a 3.0% net smelter return royalty. The Company may, at any time, purchase 2.5% of the net smelter return royalty for \$2,000,000. The Company must make annual cash advance payments of \$10,000 for the Mann Property to the Vendors commencing June 15, 2026 and continuing each year thereafter until commencement of commercial production, deductible against the NSR.

#### ***Impairment of Mineral Properties***

As at February 28, 2022, the Company determined that there were no impairment indicators for the claims located in the CREE District.

#### ***NunatuKavut Community Council***

On August 27, 2012, as amended on November 13, 2014, the Company entered into a Mining Exploration Activities Agreement with the NunatuKavut Community Council (the "NunatuKavut"), the political representative body of the Inuit of South-Central Labrador. The agreement solidifies a relationship that has evolved through the Company's activity in and around NunatuKavut communities on the south coast. The agreement sets out a respectful way forward, meeting the interests of and ensuring mutual benefit for both parties. Key elements in the agreement address environmental protocols and safeguards for matters of historic values. The agreement also sets out hiring and business opportunities for NunatuKavut members and communities as well as certain financial considerations.

## Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three months ended February 28, 2022  
(Unaudited - Expressed in Canadian dollars)

### 9. Payables

	February 28, 2022 \$	November 30, 2021 \$
Trade payables	411,252	529,155
Due to related parties (Note 12)	26,524	153,825
Total payables	437,776	682,980

### 10. CEBA Loan

During the year ended November 30, 2020, the Company obtained an unsecured line of credit as part of the government's economic response plan to the COVID-19 pandemic (the Canada Emergency Business Account) ("CEBA loan"). The Company borrowed \$120,000 from the CEBA loan as at February 28, 2022 (November 30, 2021: \$120,000). The CEBA loan is interest free and is eligible for \$40,000 of forgiveness if \$80,000 is fully repaid by December 31, 2023. If not repaid in full by the maturity date, the CEBA loan will be converted into a loan at a fixed interest rate of 5% per annum with a maturity date of December 31, 2025.

As the Company intends to repay the CEBA loan by December 31, 2023, the \$40,000 in potential forgiveness has been recognized as deferred government assistance on the statement of financial position as at February 28, 2022.

The estimated fair value of the CEBA loans at initial recognition was approximately \$55,000 using a discount rate of 20% compared to the book value of \$80,000. The income statement effects resulting from the difference between fair value and book value is immaterial and therefore not reflected in the condensed interim consolidated financial statements.

### 11. Share Capital

#### a. Common shares authorized

Unlimited number of common shares.

#### b. Financings

During the three months ended February 28, 2022, the Company completed the following financing:

##### i) Private Placements of Flow-Through Shares and non-Flow-Through Units

On December 22, 2021, the Company completed a private placement of 18,540,000 flow-through common shares at a price of \$0.25 per flow-through common share for gross proceeds of \$4,635,000. The flow-through premium liability was determined to be \$0.07 per flow-through share and accordingly, \$1,297,800 was allocated to the flow-through premium liability.

On December 22, 2021, the Company completed a private placement of 3,711,113 units at a price of \$0.18 per unit for gross proceeds of \$668,000. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at a price of \$0.25 per common share up to December 22, 2023. A value of \$nil has been attributed to the warrants using the residual method.

##### ii) Private Placements of Flow-Through Shares and non-Flow-Through Units

On January 27, 2022, the Company completed a private placement of 120,000 flow-through common shares at a price of \$0.25 per flow-through common share for gross proceeds of \$30,000. The flow-through premium liability was determined to be \$0.07 per flow-through share and accordingly, \$8,400 was allocated to the flow-through premium liability.

On January 27, 2022, the Company completed a private placement of 5,495,777 units at a price of \$0.18 per unit for gross proceeds of \$989,240. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at a price of \$0.25 per common share up to January 27, 2024. A value of \$nil has been attributed to the warrants using the residual method.

In connection with the private placements, the Company paid cash finders' fees of \$281,130 and issued 1,141,834 share purchase warrants entitling the holder thereof to purchase a common share of the Company at \$0.35 per common share

## Search Minerals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements For the three months ended February 28, 2022 (Unaudited - Expressed in Canadian dollars)

up to December 23, 2022. The fair value of the finders' warrants, \$50,780, was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.19; exercise price - \$0.35; risk-free interest rate - 0.35%; expected life - 1.0 years; expected volatility - 106%; and expected dividends - nil.

In connection with the financings, the Company incurred other cash issue costs such as legal fees and filing fees of \$70,102.

During the three months ended February 28, 2021, the Company completed the following financing:

i) *Private Placements of Units*

On January 6, 2021, the Company completed a private placement of 8,900,000 units at a price of \$0.06 per unit for gross proceeds of \$534,000. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company for a period of two years at a price of \$0.06 per common share in the first year and \$0.08 in the second year. A value of \$89,000 has been attributed to the warrants using the residual method.

In connection with the financing, the Company incurred cash issue costs of \$42,563.

#### c. Stock option plan

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX-V). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company.

Changes in share purchase options during the three months ended February 28, 2022 and the year ended November 30, 2021 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, November 30, 2020	24,950,000	\$0.08	3.29
Granted	8,930,000	\$0.20	
Exercised	(5,600,000)	\$0.08	
Forfeited	(250,000)	\$0.08	
Outstanding, November 30, 2021	28,030,000	\$0.12	3.48
Granted	11,550,000	\$0.20	
Outstanding and exercisable, February 28, 2022	39,580,000	\$0.14	3.73

During the three months ended February 28, 2022, the Company recorded share-based payment expense of \$1,497,890 (2021: \$nil). The weighted average fair value of share purchase options granted during the three months ended February 28, 2022 and 2021 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2022	2021
Stock price	\$0.19	N/A
Exercise price	\$0.20	N/A
Risk-free interest rate	1.75%	N/A
Expected life	5.0 years	N/A
Expected volatility	88%	N/A
Expected dividends	Nil	N/A

At February 28, 2022, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

**Search Minerals Inc.**

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2022

(Unaudited - Expressed in Canadian dollars)

Number	Exercise Price	Expiry Date
7,300,000	\$0.08	February 7, 2023
11,800,000	\$0.08	November 17, 2025
8,930,000	\$0.20	August 18, 2026
11,550,000	\$0.20	February 2, 2027
<u>39,580,000</u>		

**d. Warrants**

Changes in share purchase warrants during the three months ended February 28, 2022 and the year ended November 30, 2021 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance, November 30, 2020	72,864,434	\$0.06	3.16
Issued	22,161,500	\$0.09	
Exercised	(28,741,205)	\$0.08	
Expired	(1,492,500)	\$0.10	
Balance, November 30, 2021	64,792,229	\$0.06	2.50
Issued	10,348,724	\$0.26	
Exercised	(4,571,580)	\$0.06	
Balance, February 28, 2022	<u>70,569,373</u>	<u>\$0.10</u>	<u>2.27</u>

At February 28, 2022, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
<sup>(1)</sup> 567,100	\$0.35	April 7, 2022
<sup>(2)</sup> 17,784,936	\$0.07	July 12, 2022
1,141,834	\$0.35	December 22, 2022
3,140,988	\$0.07	July 5, 2023
3,711,113	\$0.25	December 22, 2023
5,495,777	\$0.25	January 27, 2024
8,727,625	\$0.05	June 17, 2024
30,000,000	\$0.05	November 12, 2025
<u>70,569,373</u>		

(1) Subsequent to February 28, 2022, these share purchase warrants expired unexercised.

(2) Subsequent to February 28, 2022, 252,020 of these share purchase warrants were exercised for proceeds of \$17,641.

**e. Basic and diluted loss per share**

During the three months ended February 28, 2022, potentially dilutive common shares totaling 110,149,373 (2021: 101,563,419) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from exercisable share purchase options and share purchase warrants.

**12. Related Party Transactions**

During the three months ended February 28, 2022 and 2021, the Company incurred the following expenditures charged by directors and officers of the Company, or former directors and officers of the Company, and/or companies they owned or were significant shareholders of:

**Search Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
 For the three months ended February 28, 2022  
 (Unaudited - Expressed in Canadian dollars)

	2022 \$	2021 \$
Administration and management fees	85,000	45,000
Consulting fees	18,750	-
Non-executive directors fees	30,000	13,500
Mineral property expenditures		
Geological consulting, salaries, wages and benefits	40,000	34,500
Metallurgical consulting	27,750	22,500
Share-based payments - options	1,069,921	-
	<b>1,271,421</b>	<b>115,500</b>

At February 28, 2022, due to related parties of \$26,524 (November 30, 2021: \$153,825) included amounts owing to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

Key management includes the CEO, COO, VP of Metallurgy, VP of Exploration and the directors of the Company. The compensation paid or payable to key management for services during the three months ended February 28, 2022 and 2021 is as follows:

	2022 \$	2021 \$
Short-term benefits	201,500	115,500
Share-based payments – options	1,069,921	-
	<b>1,271,421</b>	<b>115,500</b>

**13. Non-cash Transactions**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the three months ended February 28, 2022, the following transactions were excluded from the statement of cash flows:

- a) deferred exploration expenditures of \$196,995 included in accounts payable and accrued liabilities at February 28, 2022, less expenditures included in accounts payable at November 30, 2021 of \$475,382 (net inclusion of \$278,387);

During the three months ended February 28, 2021, the following transactions were excluded from the statement of cash flows:

- b) deferred exploration expenditures of \$771,593 included in accounts payable and accrued liabilities at February 28, 2021, less expenditures included in accounts payable at November 30, 2020 of \$940,702 (net inclusion of \$169,106);
- b) the issuance by the Company of 50,000 shares at the fair value of \$3,750 pursuant to a debt settlement; and,
- c) government assistance of \$60,718 included in receivables at February 28, 2021.

**14. Subsequent Events***Exercise of Warrants*

Subsequent to February 28, 2022, 252,020 share purchase warrants at \$0.07 were exercised for proceeds of \$17,641.

*Expiry of Warrants*

Subsequent to February 28, 2022, 567,100 share purchase warrants at \$0.35 expired unexercised.

**Search Minerals Inc.**  
**CONDENSED INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES**  
**For the three months ended February 28, 2022**  
(Unaudited - Expressed in Canadian Dollars)

	<b>Critical Rare Earth Element District, Labrador \$</b>	<b>Red Wine, Labrador \$</b>	<b>Total \$</b>
Balance, November 30, 2020	13,432,090	5,400	13,437,490
Acquisition costs			
Cash	50,000	20,000	70,000
Shares	3,084,000	84,000	3,168,000
Staking costs	11,960	-	11,960
	<u>3,145,960</u>	<u>104,000</u>	<u>3,249,960</u>
Deferred exploration costs			
Assays	387,558	-	387,558
Camp and rent	87,354	-	87,354
Consulting	116,139	-	116,139
Drilling	920,973	-	920,973
Engineering and metallurgy	125,493	-	125,493
Geological consulting, salaries, wages and benefits	551,389	8,744	560,133
Government contributions	(75,156)	-	(75,156)
Metallurgical consulting	177,250	-	177,250
Travel and accommodation	43,005	-	43,005
Other	182,150	36,128	218,278
	<u>2,516,155</u>	<u>44,872</u>	<u>2,561,027</u>
Balance, November 30, 2021	19,094,205	154,272	19,248,477
Acquisition costs			
Cash	10,000	-	10,000
Staking costs	9,450	-	9,450
	<u>19,450</u>	<u>-</u>	<u>19,450</u>
Deferred exploration costs			
Assays	73,860	-	73,860
Camp and rent	13,397	-	13,397
Engineering and metallurgy	360,382	-	360,382
Geological consulting, salaries, wages and benefits (Note 12)	174,854	-	174,854
Government contributions	(26,223)	-	(26,223)
Metallurgical consulting (Note 12)	67,750	-	67,750
Travel and accommodation	5,001	-	5,001
Other	3,763	-	3,763
	<u>672,784</u>	<u>-</u>	<u>672,784</u>
<b>Balance, February 28, 2022</b>	<b><u>19,786,439</u></b>	<b><u>154,272</u></b>	<b><u>19,940,711</u></b>