Management's Discussion and Analysis ("MD&A")
for the Year Ended November 30, 2016

The following information, prepared as of February 23, 2017, should be read in conjunction with the consolidated financial statements of Search Minerals Inc. (the "Company" or "Search") for the year ended November 30, 2016. The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of drill results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note the following:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of February 23, 2017.

- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, possible variations in mineral resources, labour disputes, operating or capital costs; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; failure of equipment or processes to operate as anticipated; and political, regulatory, environmental and other risks of the mining industry.

- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties."

GENERAL

The Company was incorporated on June 7, 2006 under the *Business Corporations Act* of British Columbia and the Company is trading on the TSX Venture Exchange under the symbol "SMY.V."

The Company is focused on creating value through finding and developing "critical rare earth element ("CREE")" mineral assets in Labrador. CREEs (Nd, Pr, Tb, Dy, La) and strategic metals have growing demand, constrained or restricted supply and are commonly used in innovative technologies.

Search is the discoverer of the Port Hope Simpson CREE District, a highly prospective CREE belt located in southeast Labrador, where the Company controls a belt 70 km long and up to 8 km wide. Search owns 100% of the advanced CREE resource called the Foxtrot Project ("Foxtrot"), and recently announced Foxtrot-like prospects called "Deepwater Fox" and "Fox Meadow". In addition, the Company has identified more than 20 other Foxtrot-like prospects in the District. The primary focus of Search is to continue to advance the Foxtrot resource, while evaluating other Foxtrot-like prospects. Several of the Foxtrot-like prospects require exploration drilling programs and may provide additional resources to a central processing facility that would be situated within the District.

In addition, Search holds a number of other CREE mineral prospects in Labrador in its portfolio, including claims in the Red Wine Complex and in the Henley Harbour area.

OVERALL PERFORMANCE

The Company continues to enhance shareholder value and advance the mineral properties. Management has been diligent in reducing overhead, settling with legacy creditors, funding and advancing the projects and working to provide a stronger balance sheet. The Company continues to raise funds through conventional raises, and to seek out government assistance or non-dilutive and alternative financings to advance the Port Hope Simpson REE District.

On November 30, 2016, the Company negotiated a settlement offer with the ongoing litigation with former management for $120,000. The Settlement was determined to be in the best interests of Search and its shareholders, as it ends the litigation process and associated future costs and allows Search to focus entirely on advancing its CREE mineral prospects in SE Labrador without further unproductive distractions. Subsequent to the November 30th year end, the settled amount of $120,000 was paid.

Also during the year ended November 30, 2016, the Company settled amounts due to directors and other vendors of $299,293 by paying cash of $41,691, issuing 2,021,645 common shares at the fair value of $115,127 and issuing 357,143 share purchase warrants at the fair value of $3,571 resulting in a gain of $138,904.

The above transactions were instrumental in providing Search with positive working capital and a stronger balance sheet that is necessary to attract investment capital to the Company.

On February 16, 2016, the Company announced the results of an updated Preliminary Economic Assessment ("PEA") on its Foxtrot Project. The PEA evaluates an open pit-underground scenario with lower capital costs, a reduced material processing rate and higher grade processing facility feed. The revised PEA was prepared by Roscoe Postle Associates Inc. ("RPA"). It reconfirms the Foxtrot Project has positive economics and the potential to become a profitable producer of REE. Refer to the news release for highlights as well as the mineral properties section below.

On March 29, 2016, the Company announced that it had received the final installment of $200,000 from InCoR Holdings Inc. ("InCoR") relating to the Patent Purchase Agreement between Search and InCoR previously announced on September 30, 2015. This final payment of $200,000 fully satisfied and discharged InCoR from any further obligation under the Patent Purchase Agreement. Total consideration of $650,000 was received by Search.

On May 2, 2016, the Company filed the NI 43-101 PEA for the Foxtrot Project on www.sedar.com.

On May 6, 2016, the Company announced that it had engaged AllNorth to provide the Company an Environmental Assessment Roadmap. The study was completed in August 2016.

On July 28, 2016, the Company applied for TSX-V approval to extend the expiry date of certain share purchase warrants. On August 4, 2016, the TSX-V approved the warrant extension.

On August 30, 2016, the Company announced the results of its 2016 exploration program on licenses held with the Port Hope Simpson CREE District. On November 3, 2016, the Company announced the channel assay results from the Fox Meadows REE prospect.

On August 31, 2016, the Company provided a corporate update that includes highlights of 2016.

On October 4, 2016, the Company announced that NunatuKavut Community Council Inc. ("NCC") agreed to accept 357,143 units of the Company at a deemed price of $0.07 per unit in settlement of $25,000 owing to NCC under an Exploration Activity Agreement dated August 22, 2012. Each unit will consist of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.14 per share for a period of twelve months. The units will be issued concurrently with an additional 50,000 shares due to be issued under the Exploration Activity Agreement. The TSX-V approved the transactions on October 20, 2016.

On October 14, 2016, the Company announced that it had engaged AllNorth to commence the environmental applications for the Foxtrot Project based on the Environmental Assessment Roadmap that was completed in August 2016.

On October 27, 2016, the Company provided an update on the pilot plant program that is being conducted by SGS Canada Inc. ("SGS"). The pilot plant is being funded by the Atlantic Canada Opportunities Agency ("ACOA") and Research and Development Corporation of Newfoundland and Labrador ("RDC") for up to $1.25M of the $1.9M estimated program cost. The pilot plant is using the patent-pending proprietary technology breakthrough developed by the Company (the "Search Direct Extraction Process"), which has eliminated grinding, flotation, and magnetic and gravity separation from the process flow-sheet. Eliminating these processes has significantly reduced the capital and operating costs of the processing of material to a mixed rare earth concentrate. Additional updates on the pilot plant were news released on December 20, 2016.

On November 14, 2016, the Company announced the closing of the third and final tranche of its private placement originally announced on September 13, 2016. With the completion of the three tranches, the Company has issued 12,276,500 units for gross proceeds of $859,355. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.14 per share up to November 14, 2017. The Company plans to use the proceeds from the private placements to complete environmental assessment applications and for general working capital requirements.

On December 21, 2016, the Company summarized the ongoing programs and presented the plans for advancement for 2017. The Company's goals for 2017 are:

1. Advancement of the Foxtrot Project as the first development in the Port Hope Simpson CREE District including moving forward with the Environmental Assessment Application process with AllNorth Consultants,
2. Continue to seek strategic and offtake partners to further advance Foxtrot and develop the District,
3. Continue field work to increase the value of the Deepwater Fox and Fox Meadow discoveries and other prospects in the District,
4. Finalize the commercial application of the Company's proprietary Search Director Extraction Process with the completion of the demonstration plant, which will provide the Company with a mixed rare earth concentrate, to be provided to refineries for testing and further separation, and
5. Continue to raise investor and market awareness of Search

On December 29, 2016, the Company announced that it had issued an unsecured convertible debenture in the amount of $120,750. The convertible debenture bears interest at the rate of 10% per annum, calculated and paid quarterly in arrears, and matures on December 29, 2017. The debenture is convertible into units at a conversion price of $0.07 per unit. Each unit will be comprised of one common share and one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase an additional common share of the Company at $0.14 per common share up to one year from the date of conversion of the debenture.

On January 11, 2017. The Company announced the appointment of Mr. Leo Power to the Board of Directors as an independent director. Leo Power is a graduate of the Kellogg-Schulich Joint MBA program at York University, Toronto and Northwestern University, Evanston, Illinois and holds a Masters Degree in Oil and Gas Studies from

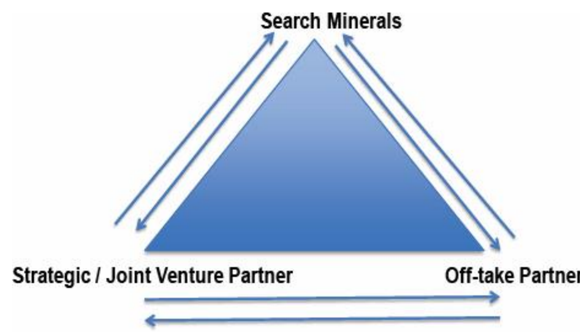
Memorial University of Newfoundland and Labrador. He is also a graduate of the Directors Education Program of the Rotman School of Management, University of Toronto. Mr. Power is an active member of the Atlantic Canadian business and volunteer community and his work includes: Executive Chairman - Barite Mud Services Inc.; CEO and Director- Ptarmigan Energy Inc.; Director - Canada Fluorspar Inc; Board Member - Institute of Corporate Directors, Newfoundland and Labrador Chapter; Board Member - Atlantic Cabinet, Nature Conservancy of Canada; and Newfoundland and Labrador Vice Chair - Atlantic Institute of Market Studies.

OUTLOOK

Search Minerals' focus is on exploration and development of the Port Hope Simpson Critical Rare Earth Element District in Southeastern Labrador, Canada. This District is road accessible, on tidewater and contains quantities of those elements that are in short supply and considered strategic or critical due to their use in green economy technologies. Based on these attributes, the Company intends to become a competitive, low-cost, environmentally responsible supplier of Critical Rare Earth Elements ("CREE") to the global marketplace.

To accomplish this Search will leverage its scalable breakthrough Direct Extraction Metallurgical Process (patent pending) and its highly accessible district-scale resources in SE Labrador to attract two important strategic partners; an investor to finance the bankable feasibility study for development of its FOXTROT Resource and an offtake partner whose long-term commitments will provide the stable income necessary to access capital financing for projects of this size.

Search believes that success in securing strategic partners is linked to completing pilot testing of its proprietary Direct Extraction Metallurgical Process, which is ongoing and scheduled to be completed by the end of February 2017. With the proceeds from its first development, Search will accelerate its exploration cycle in the District and bring other deposits into production achieving operational economies and increasing shareholder value.



The Port Hope Simpson Critical Rare Earth Element District is poised to provide the market with the rare earth elements that will have strong demand growth, as discussed by Ryan Castilloux of Adamas Intelligence. Ryan Castilloux published the Adamas Intelligence Report on December 2016, called "Rare Earth Market Outlook: Supply, Demand, and Pricing from 2016 through 2025" and stated "*The outlook for the rare earth demand from 2020 through 2025, and beyond, is exceptionally promising. This period reveals that for many of the today's most publicized rare earth end-uses, such as electric vehicles, wind turbines, and many others, the rate of annual demand growth is poised to rapidly accelerate from 2020 through 2025, steering global rare earth demand to unfathomable new heights. The future will be marked by strong demand growth for a number of rare earth elements, such as neodymium, praseodymium, dysprosium and lanthanum, and, consequently, will see prices of most rare earth products return to levels that sustain the profitability and growth of today's dominant producers, and incentivize continued investment in exploration and resource development globally."*

The Foxtrot Project revenue is based on the rare earth elements deemed to be in short supply and high demand into the future such as neodymium, praseodymium, dysprosium and Terbium, which are key elements for the permanent magnet market. The channel program at Deepwater Fox resulted in higher grades of these elements; these very encouraging surface results must be verified at depth with a drill program, subject to financing.

The Company received funding approval from ACOA and RDC for up to $1,250,000 towards a budgeted pilot plant cost of $1,900,000. The expected completion date for this project is February 2017. The goal of the pilot plant is to:

1) Optimize the process
2) Demonstrate the process on a larger scale
3) Test new equipment

4) Produce product for refinery evaluation
5) Generate engineering design data for a feasibility study

Search completed an updated Preliminary Economic Assessment ("PEA") which provided an initial capital cost of $152M, with $33M contingency, with after-tax IRR of 16.7% and after-tax payback of 4.4 years.

This PEA evaluates an open pit-underground scenario with lower capital costs, a lower mining rate and higher grade processing facility feed. The revised PEA was prepared by Roscoe Postle Associates Inc. ("RPA") and the results are being disclosed in accordance with National Instrument 43-101 ("NI 43-101"). It reconfirms that the Foxtrot Project has positive economics and the potential to become a profitable producer of Rare Earth Elements ("REE"), particularly Dy, Nd, Pr and Tb. The PEA's objective was to incorporate the Mineral Processing Engineering Study ("Study") prepared by SNC-Lavalin for the Company in June 2015.

The Study reports the estimated construction and operating costs for a REE mineralization treatment facility in SE Labrador that applies Search's proprietary process for treatment of REE mineralization from the Company's Foxtrot Deposit. The proprietary process is a direct leach on crushed material, thereby eliminating grinding, flotation, gravity and magnetic separation, and as a result produces waste that is a dry stackable inert residue, thereby eliminating the need for wet tailing ponds. Search has been able to reduce the initial capital costs as a smaller, yet profitable, scale operation. Management continues to review advancement in separation technology which could provide the same or lower separation pricing as existing proven solvent extraction processing.

The Company continues to seek out potential strategic and off-take partners to advance the Foxtrot Project and other potential prospects in the District.

The Company has commenced the environmental applications for the Foxtrot Project based on the Environmental Assessment Roadmap, which was completed in August 2016. These applications are the stepping stones to engage all stakeholders in the Foxtrot Project towards the development and permitting stage. We expect the environmental applications to be submitted by March 2017.

Management will continue to build market/investor awareness of Search with a view to broadening our shareholder base, improving liquidity and attracting equity investment for exploration and development programs.

MINERAL PROPERTIES

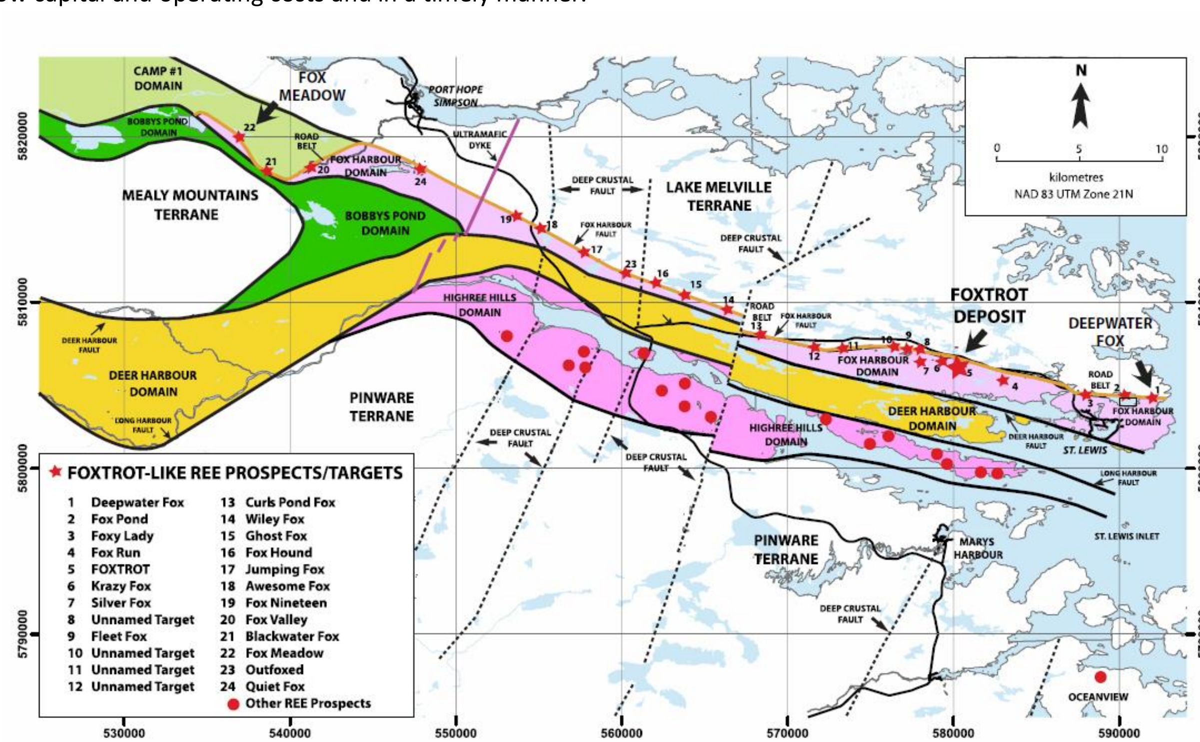
The rare metals elements ("REE") mentioned are defined as follows: La – Lanthanum, Ce – Cerium, Pr – Praseodymium, Nd – Neodymium, Pm – Promethium, Sm – Samarium, Eu – Europium, Gd – Gadolinium, Tb – Terbium, Dy – Dysprosium, Ho – Holmium, Er – Erbium, Tm – Thulium, Yb – Ytterbium, Lu – Lutetium, Y – Yttrium, Zr – Zirconium and Nb – Niobium.

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.

Port Hope Simpson REE District, Labrador

Search Minerals Inc. began exploring for Rare Earth Elements ("REE") near the communities of St. Lewis and Port Hope Simpson in 2009 (Figure 1). Early in the exploration cycle it became apparent that the NW trending Fox Harbour volcanic belt contained significant quantities of REE and had the potential to be a prolific District. The FOXTROT deposit, on which a favourable Preliminary Economic Assessment ("PEA") now exists (updated in April 2016), was discovered in 2010 through systematic follow-up of coincident airborne radiometric/magnetic anomalies. More than 20 additional prospects were identified within a 70 km long and 8 km wide belt that is now controlled by Search.

Search controls a rapidly emerging Critical Rare Earth Element ("CREE") District in SE Labrador that is road accessible and on tidewater. The FOXTROT Deposit, on which a favourable PEA was completed in April 2016, was the first of three important discoveries. Based on surface expression, the other two, Deepwater Fox and Fox Meadow, appear to be at least as large as FOXTROT. Surface channel sample assays at Deepwater Fox yielded grades 15% higher than channels at FOXTROT. Search has identified more than 20 other prospects in this highly accessible District and has developed a proprietary, scalable, hydrometallurgical process to optimize every opportunity to position as a competitive low-cost supplier of CREE well into the future. Search enjoys tremendous support from the Government of Canada and the Government of Newfoundland and Labrador, both of which have financially supported the development of our proprietary metallurgical process. In addition, Search personnel on the ground have built strong relationships with local communities and with the Nunatukavut Community Council who represent the local aboriginal people. All of these factors will help to ensure that our project can be brought into production at relatively low capital and operating costs and in a timely manner.



Foxtrot Project

Based on a total indicated resource of 7.39 million tonnes and an inferred resource of 1.98 million tonnes, the Life of Mine Plan outlined in the PEA indicates that 4.9 million tonnes of material at an average grade of 0.98% Total Rare Earth Elements ("TREE") could be mined over a 14-year period, including open pit mining for the first eight years and underground mining thereafter. Drilling indicates that the mineralization at Foxtrot is open at depth below the current resource and PEA Mine Plan.

On February 16, 2016, the Company announced the results of the updated PEA on its Foxtrot Project. The final NI 43-101 PEA was filed on www.sedar.com on May 2, 2016. The PEA evaluates an open pit-underground scenario with lower capital costs, a lower mining rate and higher grade processing facility feed. The revised PEA was prepared by Roscoe Postle Associates Inc. ("RPA"). It reconfirms the Foxtrot Project has positive economics and the potential to become a profitable produce of REE. Highlights of the PEA include:

- $152 million initial capital cost – includes $33 million contingency
- $57 million underground mining capital (Year 8)
- $23 million sustaining and closure capital
- $1.713 billion total net revenue
- Net Present Value (10%) discount rate of $93 million pre-tax and $48 million after-tax
- Internal rate of return of 22.2% pre-tax and 16.7% after-tax
- Payback period of 3.5 years pre-tax and 4.4 years after-tax
- Undiscounted cash flow of $327 million pre-tax and $226 million after tax
- Mine life: 14 years: 8 years open pit, 6 years underground

The Mineral Processing Engineering Study from SNC-Lavalin (June 2015) along with the updated Foxtrot Mineral Resource (December 2015) was the basis of the PEA to ensure Search's proprietary metallurgy process would lead to significant cost savings in capital and operating costs. Search has been able to reduce the initial capital costs as a smaller, yet profitable, scale operation. The Foxtrot project supports low initial capital costs, a good IRR, a short payback period, and is scalable. A feature of the Foxtrot deposit geology allows Search to commence mining in mineralized material for early cash flow. The Processing Facility for this PEA would be located at the proposed Foxtrot mine site, however, further development in the District may determine that an alternative location may be more beneficial. The PEA outlines our current business model as Search continues to seek potential strategic and off take partners.

Deepwater Fox Prospect

Deepwater Fox is located 12 km east of the Foxtrot deposit, and became Search's second major discovery within the Fox Harbour volcanic belt (part of the Port Hope Simpson CREE District) following an initial channel sampling program during the 2014 field season. Contrary to the name – Deepwater Fox prospect is located atop a hill, the Deepwater name comes from the nearby abandoned fishing community of Deepwater Creek.

The Deepwater Fox prospect is easily accessed via a small boat trip across Fox Harbour Pond, as well as by foot via a cut trail near the St. Lewis Airport. The 53 initial channel samples taken at Deepwater Fox were used to plan a much more extensive exploration program in 2015. Including the 2014 sampling program, a total of 26 channels have been cut at the Deepwater Fox prospect and 951 samples have been collected and analyzed.

While the Deepwater Fox Discovery has yet to be drilled, based on extensive mapping, sampling and geophysics, Search is able to make the following observations:

- The geology and mineralization at Deepwater fox is the same as at FOXTROT
- At 500 metres, Deepwater Fox is similar in strike length as FOXTROT
- Mineralized zone widths are as wide or wider (up to 30m) than at FOXTROT
- Mineralized channel sample assays are on average greater than 15% higher than those at Foxtrot.

This is an exciting discovery in an excellent location and is Search's next target for exploration drilling. If reserves are delineated here they would be close enough to the proposed FOXTROT mine development to provide additional feed to either extend the life of the overall operation or to facilitate a scaling-up for greater operational economies. The below table summarizes several significant surface channel REE assay intercepts taken at the Deepwater Fox prospect.

The channel sampling program makes a very strong case for a drill program to be initiated on the Deepwater Fox prospect, and Search expects to complete a small drill program in 2017, subject to financing.

Assays	Quantity (tonnes)	Dy (ppm)	Nd (ppm)	Pr (ppm)	Tb (ppm)
FOXTROT					
Indicated (PEA)	7,390,200	191	1,485	397	33
DEEPWATER FOX					
Channel 14-01	5.96m	286	2,156	567	48
Channel 14-01	17.50m	241	1,893	507	41
FOX MEADOW					
Channel C16-02	3.48m	244	1,478	363	41
Channel C16-04	7.61m	197	1,089	284	33
SURFACE EXPRESSION	WIDTH		LENGTH		
FOXTROT	Mostly 5m-14m		Approx. 400m		
DEEPWATER FOX	Mostly 7m-30m		Approx. 500m		
FOX MEADOW	Currently 3m-8m		Currently Approx. 500m		

Fox Meadow Prospect

The Fox Meadow discovery is located 11km west of Port Hope Simpson and 1km southeast of a graveled forest access road which extends southwestward from the Trans Labrador Highway. It coincides with a magnetic anomaly approximately 1km long and 250m wide. Geological mapping and channel sampling indicate that the mineralization occurs in two bands. The northerly band was initially sampled by four sections of channels that indicate a width of at least 30m wide and a strike length of 425m. Outcrop mapping in 2016 extended the zone by an additional 200m.

The observed surface dimensions of higher grade mineralization at Fox Meadow are similar to the Foxtrot Deposit (10-14m wide and 400m long) and Deepwater Fox Prospect (up to 34m wide and 500m long). CREE channel sample assays from Fox Meadow are similar to those at Deepwater Fox and FOXTROT, affirming that Fox Meadow is the third FOXTROT-like mineralized zone in the District**.**

The table above illustrates the similarities between the FOXTROT Project, and the Deepwater Fox and Fox Meadow Fox prospects. In particular, Deepwater Fox shows mineralized zones with high concentrations of Dysprosium (Dy) Neodymium (Nd), Praseodymium (Pr) and Terbium (Tb), our key revenue generators, and the elements with higher demand and a lower supply in the near future.

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. Although the Company has written-down costs for accounting purposes, the Company still holds the Red Wine Property. The Red Wine property is located approximately 100km north-east of Churchill Falls, Labrador. The majority of these claims do not require any funding until the year 2022, at which time, depending on the rare earth element market, Search can decide whether to continue work on this propery.

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. During the year ended November 30, 2016, the Company issued to NunatuKavut 814,286 common shares at the fair value of $44,786 and 357,143 warrants at the fair value of $3,571. The agreement will continue indefinitely unless and until one or both parties elect to terminate.

SELECTED ANNUAL INFORMATION

The Company's fiscal years ends on November 30th of each year. The following is a summary of certain selected audited financial information for the last three completed fiscal years:

	November 30, 2016 ($)	November 30, 2015 ($)	November 30, 2014 ($)
Total Revenues	-	-	-
Income (Loss)	(413,890)	300,968	(1,373,551)
Income (Loss) per Share (basic and diluted)	(0.00)	0.00	(0.01)
Deferred Resource Property Exploration Expenditures	492,240	637,279	615,608
Total Assets	10,442,455	10,213,175	9,342,465
Total Liabilities	570,998	951,356	1,596,250
Dividends Declared	-	-	-

The reduced loss during the year ended November 30, 2016 was due to gain on debt settlement of $390,334 and the gain on sale of marketable securities of $47,123. The income during the year ended November 30, 2015 was due to the Company recording a gain on sale of mineral property of $150,000, a gain on debt settlement of $444,102 and proceeds on sale of technology of $750,000 offset by share-based compensation expense of $245,174. During the year ended November 30, 2014, the Company had higher levels of administration and management fees, consulting fees and legal fees.

RESULTS OF OPERATIONS

The Company had a loss of $413,890 ($0.00 per share) for the year ended November 30, 2016 as compared to income of $300,968 ($0.00 per share) for the year ended November 30, 2015. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported loss to produce an adjusted loss that forms a better basis for comparing the year over year operating results of the Company.

	2016 ($)	2015 ($)
(Loss) income for the year as reported	(413,890)	300,968
Add (deduct):		
Amortization	12,983	19,049
Share-based compensation – stock options	-	245,174
Gain on sale of mineral property	-	(150,000)
Gain on debt settlement	(390,334)	(444,102)
Gain on sale of marketable securities	(47,123)	-
Proceeds on sale of technology	-	(750,000)
Write-down of mineral properties	-	28,033
Adjusted loss for the year [1]	(838,364)	(750,878)

[1] Adjusted loss for the year is not a term recognized under IFRS.

- Share-based payments expense for the year ended November 30, 2015 resulted from the Company granting 6,850,000 stock options at the fair value of $0.04 per stock option.
- Gain on sale of mineral property of $150,000 represents the value of Quest Rare Minerals Ltd. shares received from the sale of the Strange Lake Property.
- During the year ended November 30, 2016, the Company settled $299,293 of payables by paying cash of $41,691, issuing 2,021,645 common shares at the fair value of $115,127 and issuing 357,143 share purchase warrants at the fair value of $3,571 resulting in a gain on settlement of accounts payable and accrued liabilities of $138,904. In addition, the Company settled an amount due to former related parties of

$371,430 by agreeing to pay $120,000 resulting in a gain on settlement of accounts payable and accrued liabilities of $251,430. During the year ended November 30, 2015, the Company settled $574,413 of payables by paying cash of $130,311 resulting in a gain on settlement of accounts payable and accrued liabilities of $444,102.

- The Company sold 1,500,000 common shares of Quest Rare Minerals Ltd. for gross proceeds of $197,123 and accordingly, the Company recorded a gain on sale of marketable securities of $47,123.
- Proceeds on sale of technology is from the sale of the Starved Acid Leaching Technology for nickel processing.
- The write-down of mineral properties was due to writing-off the Red Wine Property.

The increase in the adjusted loss for the year ended November 30, 2016 compared to the year ended November 30, 2015 is the net result of a number of differences in various expenses as follows:

- Accounting and audit fees of $66,168 (2015: $72,854) are comprised of fees to maintain the accounting records and prepare financial reports as required.
- Administration expense and management fees of $278,349 (2015: $253,910) are comprised of fees paid to executive management of the company as well as administrative staff.
- Consulting fees of $155,073 (2015: $113,849) includes consulting fees paid to the VP of Technology as well as consulting fees paid to a group assisting the company with strategic investors and off-take agreements.
- Office and miscellaneous expenses of $81,651 (2015: $71,410) includes insurance and other miscellaneous expenses.
- Legal fees of $46,807 (2015: $90,896) are general legal fees to comply with various regulations.
- Regulatory and transfer agent fees of $30,440 (2015: $19,822) are fees paid to maintain the listing on the TSX-V.
- Shareholder and investor relations expense of $53,177 (2015: $19,105) are fees incurred to market the Company current and potential investors.
- Travel and accommodation expenses of $50,273 (2015: $35,601) includes executive travel to the properties in Newfoundland as well as travel for investor relations purposes.

Three months ended November 30, 2016 and 2015

	2016 ($)	**2015 ($)**
Income for the period as reported	126,391	512,695
Add (deduct):		
Amortization	3,847	4,764
Gain on sale of mineral property	-	(150,000)
Gain on debt settlement	(385,134)	-
Gain on sale of marketable securities	(8,500)	-
Proceeds on sale of technology	-	(650,000)
Write-down of mineral properties	-	28,033
Adjusted loss for the period (1)	(263,396)	(254,508)

(1) Adjusted loss for the period is not a term recognized under IFRS.

After adjusting for certain unusual transactions, the adjusted loss for the periods are comparable.

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended November 30, 2016.

	Three Months Ended ($)			
	Nov 30, 2016	Aug 31, 2016	May 31, 2016	Feb 29, 2016
Total Revenues	-	-	-	-
Income (Loss)	126,391	(164,034)	(190,908)	(185,339)
Income (Loss) Per Share (basic and diluted)(1)	0.00	(0.00)	(0.00)	(0.00)
Total Assets	10,442,455	9,818,943	9,961,552	10,222,931
Total Liabilities	570,998	1,004,048	949,778	1,120,594
Shareholders' Equity	9,871,457	8,814,895	9,011,774	9,102,337

	Three Months Ended ($)			
	Nov 30, 2015	Aug 31, 2015	May 31, 2015	Feb 28, 2015
Total Revenues	-	-	-	-
Income (Loss)	512,695	(424,859)	380,865	(167,733)
Income (Loss) Per Share (basic and diluted)(1)	0.00	(0.00)	0.00	(0.00)
Total Assets	10,213,175	9,469,649	8,937,870	9,092,199
Total Liabilities	951,356	1,022,800	976,273	1,511,467
Shareholders' Equity	9,261,819	8,446,849	7,961,597	7,580,732

(1) The basic and diluted calculations result in the same values.

The income recorded for the three months ended November 30, 2106 was from a $385,134 gain on debt settlement. The income recorded for the three months ended November 30, 2015 was from a $150,000 gain on the sale of Red Wine Property and a $650,000 gain from the sale of SALT. The increase in the loss recorded during the three months ended August 31, 2015 was due to the recording $245,174 of share-based payments expense. The income recorded for the three months ended May 31, 2015 was due to the gain on settlement of debts of $444,102 and a $100,000 gain from the sale of SALT.

FINANCING ACTIVITIES

On December 29, 2016, the Company issued an unsecured convertible debenture in the amount of $120,750. The convertible debenture bears interest at the rate of 10% per annum, calculated and paid quarterly in arrears, and matures on December 29, 2017. The debenture is convertible into units at a conversion price of $0.07 per unit. Each unit will be comprised of one common share and one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase an additional common share of the Company at $0.14 per common share up to one year from the date of conversion of the debenture.

During the year ended November 30, 2016, the Company completed financings as follows:

i) On October 11, 2016, the Company completed the first tranche of a non-brokered private placement of 5,200,000 units at a price of $0.07 per unit for gross proceeds of $364,000. 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 $0.14 per common share up to November 14, 2017.

ii) On October 27, 2016, the Company completed the second tranche of a non-brokered private placement of 5,790,000 units at a price of $0.07 per unit for gross proceeds of $405,300. 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 $0.14 per common share up to November 14, 2017.

iii) On November 14, 2016, the Company completed the third and final tranche of a non-brokered private placement of 1,286,500 units at a price of $0.07 per unit for gross proceeds of $90,055. 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 $0.14 per common share up to November 14, 2017.

The Company incurred $5,026 of fees in connection with the private placements.

During the year ended November 30, 2015, the Company completed financings as follows:

i) On July 28, 2015, the Company completed a non-brokered private placement of 7,950,000 units at a price of $0.06 per unit for gross proceeds of $477,000. 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 $0.10 per common share up to July 28, 2017.

ii) On August 17, 2015, the Company completed a non-brokered private placement of 3,203,334 units at a price of $0.06 per unit for gross proceeds of $192,200. 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 $0.10 per common share up to August 17, 2017.

iii) On October 19, 2015, the Company completed a non-brokered private placement of 5,000,000 units at a price of $0.07 per unit for gross proceeds of $350,000. 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 $0.10 per common share up to October 19, 2017.

The Company incurred $6,988 of fees in connection with the private placements.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2016, the Company's cash balance was $391,412 with a positive working capital of $335,639.

The Company's operations consumed $838,364 of cash, before working capital items, during the year ended November 30, 2016 (2015: $149,122 provided by operations, before working capital items) with an additional $677,380 (2015: $1,064,068) utilized on mineral property acquisition costs and deferred exploration expenditures offset by proceeds from the sale of marketable securities. The cash requirement for the year ended November 30, 2016 was fulfilled from cash on hand at the beginning of the year, the receipt of $400,000 of cash from InCoR, gross proceeds of $197,123 from the sale of marketable securities, $247,421 of government assistance from ACOA and RDC and $859,355 from completing private placements.

Subsequent to November 30, 2016, the Company received gross proceeds of $120,750 from issuing an unsecured convertible debenture.

The Company's aggregate operating, investing and financing activities during the year ended November 30, 2016 resulted in a net decrease in its cash balance from $406,852 at November 30, 2015 to $391,412 at November 30, 2016. The Company's working capital increased by $251,646 correspondingly during the year and stood at $335,639 at November 30, 2016. The Company has accumulated losses since inception of $15,411,731.

The Company does not have any commitments for material capital expenditures over the near term or long term other than a $10,000 annual payment to the vendors of the Quinlan Property which commenced on February 23, 2016 and the building lease of $7,000 per month expiring December 31, 2022.

The Company has not put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. Since the Company will likely not have cash flows from operations over the next year, it will have to continue to rely upon equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

GOING CONCERN

The 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 November 30, 2016, the Company had not yet achieved profitable operations, had an accumulated deficit of $15,411,731 since inception and expects to incur further losses in the development of its business. Management is in the process of obtaining additional financial resources and believes sufficient resources will be available as required. 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. The above factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Subsequent to November 30, 2016, the Company received gross proceeds of $120,750 from the issuance of a convertible debenture.

TRANSACTIONS WITH RELATED PARTIES

During the years ended November 30, 2016 and 2015, 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:

	2016 **$**	2015 $
Administration and management fees[1]	**275,000**	246,667
Consulting fees[2]	**90,000**	90,000
Non-executive directors fees	**54,000**	54,000
Mineral property expenditures		
Geological consulting, salaries, wages and benefits[3]	**124,165**	129,996
Rent	**72,000**	5,000
	615,165	525,663

(1) Includes salary earned by the Chairman of the Board, Jim Clucas, and fees billed by the CEO, Greg Andrews. The business purpose of the transactions was to compensate the individuals for administration and management services provided. The Company has consulting agreements with Jim Clucas and Greg Andrews that include termination clauses and a change of control provisions calling for lump sum payments.

(2) Includes fees billed by the VP of Technology, Dr. David Dreisinger. The business purpose of the transactions was to compensate Dr. David Dreisinger for assisting with metallurgical work relating to the Company's REE properties. The Company has a consulting agreement with Dr. David Dreisinger. The agreement includes a termination clause and a change of control provision calling for lump sum payments.

(3) Includes fees billed by the VP of Exploration, Dr. Randy Miller. The business purpose of the transactions was to compensate Dr. Randy Miller for managing the mineral properties.

At November 30, 2016, due to related parties of $153,438 (2015: $379,182) included amounts owing to current 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 and non-interest bearing. Amounts are due on demand or due contingent on future events. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

At November 30, 2016, the Company had amounts due to former officers/directors of $120,000 (2015: $371,430). On July 24, 2015, the Company announced that it has been named as a defendant in a lawsuit commenced in the Ontario Superior Court of Justice by two former officers/directors of the Company, Stephen Keith and Alexandre Penha. Subsequent to November 30, 2016, the lawsuit was settled and the Company agreed to pay $120,000 to the former officers (paid subsequent to November 30, 2016).

Key management includes the CEO, the VP of Exploration and the directors of the Company. The compensation paid or payable to key management for services during the years ended November 30, 2016 and 2015 is identical to the table above other than share-based payments expense. During the year ended November 30, 2016, key management received share-based payments of $nil (2015: $227,278). The compensation paid or payable was for short-term benefits.

FINANCIAL INSTRUMENTS

Designation of Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, due to related parties, and due to former directors. The Company designated its cash and receivables as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, due to related parties and due to former directors are designated as other financial liabilities, which are measured at amortized cost.

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with a large Canadian bank.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of minerals under exploration.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. Refer to the going concern note for additional disclosure. The Company had working capital as follows:

	November 30, 2016 $	November 30, 2015 $
Current assets	**784,922**	1,035,349
Current liabilities	**(449,283)**	(951,356)
Working capital	**335,639**	83,993

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

a) *Currency Risk*

As at November 30, 2016 and 2015, all of the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations. The Company has had nominal amounts of payables in US dollars.

b) *Interest Rate Risk*

As at November 30, 2016, the Company had no interest bearing financial instruments and as such, the Company is not exposed to interest rate risk.

c) *Price Risk*

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The Company has no financial instruments subject to price risk.

OUTSTANDING SHARE CAPITAL

Authorized: Unlimited number of common shares

Issued and outstanding: 146,222,190 common shares as at February 23, 2017.

Options and warrants outstanding as at February 23, 2017:

Security	Number	Exercise Price	Expiry Date
Stock Options	690,000	$0.20	October 17, 2017
Stock Options	1,425,000	$0.10	April 26, 2018
Stock Options	100,000	$0.07	October 29, 2018
Stock Options	6,850,000	$0.10	June 30, 2020
TOTAL	9,065,000		

Security	Number	Exercise Price	Expiry Date
Share Purchase Warrants	11,153,328	$0.10	August 17, 2017
Share Purchase Warrants	5,000,000	$0.10	October 19, 2017
Share Purchase Warrants	357,143	$0.14	October 20, 2017
Share Purchase Warrants	12,276,500	$0.14	November 14, 2017
TOTAL	28,786,971		

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended November 30, 2016 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The exploration and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not be successful in overcoming. Few mineral properties which are explored ultimately develop into producing mines. There has been no commercial production of minerals on properties held by the Company to date and there is a high degree of risk that commercial production of minerals will not be achieved.

Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The mining industry is intensely competitive. The commercial viability of a mineral deposit depends on a number of factors including the particular attributes of the deposits (principally size and grade), proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes mineral prices to fluctuate substantially over short periods of time. There can be no assurance that the minerals can be marketed profitably or in such a manner as to provide an adequate return on invested capital.

The operations of the Company are subject to all of the risks normally associated with the operation and development of mineral properties and the development of a mine, including encountering unexpected formations or pressures, caving, flooding, fires and other hazards, all of which could result in personal injuries, loss of life and damage to property of the Company and others. In accordance with customary industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable.

The operations of the Company's properties will be subject to various laws and regulations relating to the environment, prospecting, development, production, waste disposal and other matters. Amendments to current laws and regulations governing activities related to the Company's mineral properties may have material adverse impact on operations.

The Company will need additional funding to complete its long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, competition with other strategic metals exploration stage companies, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under its resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the solution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

All of the Company's mineral properties are in the exploration stage. Exploration and development of natural resources involve substantial expenditures and a high degree of risk. Few properties that are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its mineral properties from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at http://www.searchminerals.ca.

QUALIFIED PERSONS:

Dr. David Dreisinger, Ph.D., P.Eng., is the Company's Vice President, Metallurgy and Qualified Person for the purposes of NI 43-101. Dr. Dreisinger has reviewed and approved the technical disclosure contained herein as applicable.

Dr. Randy Miller, Ph.D., P.Geo, is the Company's Vice President, Exploration, and Qualified Person (as defined by National Instrument 43-101) who has supervised the preparation of and approved the technical information reported herein as applicable. The company will endeavour to meet high standards of integrity, transparency, and consistency in reporting technical content, including geological and assay (e.g., REE) data.