



Management's Discussion and Analysis
for the Three and Nine Months Ended August 31, 2015

The following information, prepared as of October 27, 2015, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Search Minerals Inc. (the "Company" or "Search") for the three and nine months ended August 31, 2015, together with the audited consolidated financial statements of the Company for the year ended November 30, 2014 and the accompanying Management's Discussion and Analysis (the "MD&A") for that fiscal year. The referenced unaudited condensed interim 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 October 27, 2015.
- 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, Eu, Tb, Dy, Y) 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 a recently announced Foxtrot-like prospect called "Deepwater Fox". 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, in the Henley Harbour area.

During 2014, the Company focused on pursuing opportunities and partnerships in strategic metals. The Company planned to prioritize projects that could be partnered, funded and developed in a relatively short period of time in strategic, mining friendly jurisdictions. On July 16, 2014, the Company terminated a proposed tin transaction.

OVERALL PERFORMANCE

The Company continues to enhance shareholder value and advance the mineral properties. Management has been diligent in reducing overhead, dealing with creditors, funding and advancing the projects and working to provide a stronger balance sheet. The Board and Management has worked hard during this period and the results are evident in the financial statements, but more work is still required.

On November 19, 2014, the Company announced that a bulk sample of the Foxtrot Project resource was extracted for the purpose of running a pilot plant and for additional testing. The 40 tonne bulk sample will be used to continue testing of the new metallurgical process. Additional details of the metallurgical testing were disclosed in news releases dated February 2, 2015 and February 25, 2015.

On January 27, 2015, the Company announced channel sample assay results from the Deepwater Fox REE Prospect located in the Port Hope Simpson REE District. Initial assay results and currently known strike length exceed those of the nearby Foxtrot Deposit. Refer to the news release for details.

On March 13, 2015, the Company announced the discovery of three belts of critical REE mineralization in the Henley Harbour area. This is the second critical REE district that Search has discovered in Labrador, the other being the Port Hope Simpson REE District. Refer to the news release for details.

On May 20, 2015, the Company received \$100,000 from InCoR Technologies Limited ("InCoR") pursuant to the sale of the Starved Acid Leaching Technology ("SALT"). The \$100,000 was payable 18 months after the date of the InCoR purchase agreement.

On June 16, 2015, the Company announced that it received the independent engineering study from SNC-Lavalin Australia Pty Ltd. The Study reports the estimated construction and operating costs for a REE treatment facility in SE Labrador, which would apply Search's proprietary process for treatment of REE mineralization from the Company's Foxtrot Deposit. The Study was partially funded by a \$50,000 grant from the Atlantic Canada Opportunities Agency. The proprietary process is a direct leach on the crushed material, which thereby eliminates grinding, flotation, gravity and magnetic separation.

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.

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 of the Company, Stephen Keith and Alexandre Penha, in relation to an alleged defamatory news release issued by the Company in 2014 and the payment of compensation and expenses. The Company believes that it has meritorious defences and set-offs to the claims and intends to vigorously defend the action.

On July 29, 2015, the Company provided a corporate update. The summer exploration crew, consisting of three geologist and five local support staff, has been focusing on maintenance work on licenses in the Port Hope Simpson CREE District and a channeling program on the Company's new Deepwater Fox REE Prospect. The Company was also in the process of moving the exploration office to a larger facility in St. Lewis, which will house the exploration team, facilitate the core analysis and separation operation, and provide space to maintain all of the company's core samples, including that from the Red Wine Property. The consolidation of offices and core shacks will have immediate cost savings for the Company allied with other efficiencies. The exploration office is located closer to the Foxtrot Project and Deepwater Fox REE Prospect, which will reduce travel time and the associated costs getting to the worksites.

On August 18, 2015, the Company announced that it has closed the second and final tranche of a private placement. The first and second tranches of the private placement raised gross proceeds of \$669,200 by issuing 11,153,334 units at a price of \$0.06 per unit. Each unit is comprised of one common share and one share purchase warrant.

On September 17, 2015, the Company announced that it sold its 50% ownership interest in the 30 mining claims comprising the Strange Lake Property to Quest Rare Minerals Ltd. ("Quest"). Quest already held a 50% ownership therein, and is now the sole owner of the Strange Lake Property. Quest will issue to Search 1,500,000 common shares of Quest (received) in consideration for the acquisition. On September 16, 2015, the Quest common shares had a fair value of \$0.10 per share.

On September 30, 2015, the Company announced that Search and InCoR Technologies Limited have amended the Purchase Agreement dated November 13, 2013. On November 13, 2013, the Company entered into a Purchase Agreement with InCoR whereby InCoR agreed to purchase the intellectual property rights to SALT. The amendment will have InCoR provide the Company with a payment of \$650,000 which will fully satisfy and discharge InCoR from any further obligation under the Purchase Agreement. The payment schedule will consist of \$250,000 at closing (received), \$200,000 on December 31, 2015 and \$200,000 on February 28, 2016.

Concurrent with this transaction, InCoR subscribed for 5,000,000 units of the Company at a price of \$0.07 per unit for gross proceeds of \$350,000 (received). Each unit is comprised of one common share and one share purchase warrant.

On October 15, 2015, the Company announced the assay results from the 2015 channel sampling program at Deepwater Fox. Refer to the news release for details.

OUTLOOK

Search continues to maintain and evaluate its REE properties in the Port Hope Simpson REE District, which include the Deepwater Fox Prospect and the Company's flagship property, the Foxtrot Project. SNC-Lavalin recently provided Search with a scoping engineering cost study that considered whether the recent metallurgical breakthrough will significantly reduce the capital and operating costs for a future processing facility. The study is being used by Search in the preparation of an updated and revised Preliminary Economic Assessment for Search's Foxtrot Deposit. The Company plans on designing and building a larger-scale pilot demonstration plant to test the Foxtrot Project mineralization. The Company plans to initiate an Environmental Baseline study to commence in the

near-term. Rare earth companies need to secure an offtake agreement for the end product, and the Company is seeking out potential partners in this regard.

The Deepwater Fox channel results are very encouraging and warrant further work, however, this will be dependent on further financing on favourable terms.

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

Mineral Properties

During the year ended November 30, 2014, the Company was testing a proprietary metallurgical process on the Foxtrot Project. The Company did not conduct other significant exploration activities. Other than metallurgy, the majority of the work performed on the properties was to maintain the properties in good standing with the Government of Newfoundland and Labrador and with the vendors of the Quinlan Property. During the year, the Company paid \$30,000 and issued 100,000 common shares at the fair value of \$5,500 to the vendors. On January 9, 2015, the Company made the final payment to the vendors of the Quinlan Property and acquired an undivided 100% interest in the Quinlan Property which includes the Deepwater Fox Prospect. The final payment was comprised of \$15,000 cash and 50,000 common shares of the Company.

On January 27, 2015, the Company announced the second major discovery, the Deepwater Fox Prospect (Foxtrot being the other), that occurs in the Fox Harbour Volcanic Belt (part of the Port Hope Simpson REE District). During the summer 2015 exploration season, the Company completed channel sampling at the Deepwater Fox Prospect to define the surface expression of the mineralization. The program consisted of a total of 15 channels and just over 1200 total assay samples. Experience gained at Foxtrot was applied to Deepwater Fox to expedite the development program in a cost effective manner. The Company also completed channeling at several other prospects in the belt. The aim of the program is to discover and outline several REE resources in the belt to support a centralized processing plant in SE Labrador. Ongoing metallurgical studies of the Foxtrot mineralization will be expanded to include the Deepwater Fox mineralization.

On October 15, 2015, the Company completed the 1200 assay channel sample program on the Deepwater Fox Prospect with very encouraging results. A couple of key highlights of the program were 1) high grade surface mineralization (11.25-30.42m) is wider than the surface expression of the Foxtrot Deposit (10-14m) and currently has a comparable strike length (approximately 380m). and b) assays include 11.40m containing the following Critical REE: 1168 ppm Y (1483 ppm Y₂O₃), 1732 ppm Nd (2020 ppm Nd₂O₃), 43 ppm Tb (51 ppm Tb₄O₇) and 253 ppm Dy (290 ppm Dy₂O₃), and 10.17m containing 1435 ppm Y (1822 ppm Y₂O₃), 2049 ppm Nd (2390 ppm Nd₂O₃), 44 ppm Tb (52 ppm Tb₄O₇) and 260 ppm Dy (298 ppm Dy₂O₃).

Metallurgy

On January 21, 2014, the Company announced that it will receive research and development investments totaling \$225,000 from the Research & Development Corporation (“RDC”) and from the Atlantic Canada Opportunities Agency (“ACOA”) to assist in the *Development of Innovative Technologies for the Recovery and Refining of Rare Earth Elements from Ore Mined in Labrador (the “Project”)*. Search was to receive up to \$112,500 towards the project

from each of RDC and ACOA and the Company will contribute an additional \$75,000. At August 31, 2015, the Company had received \$112,500 from RDC and \$105,308 from ACOA. The amounts received from RDC are non-repayable contributions while the amounts received from ACOA are repayable on success of the Port Hope Simpson REE District. The Project commenced in January 2014 and has now been completed.

The Project evaluated the effectiveness and compared the commercial feasibility of a variety of innovative metallurgical processes to separate and refine REE from mineralization with the specific characteristics of that identified at the Company's Foxtrot Project. SGS Canada Inc. ("SGS") was engaged to perform testing on samples containing REE from the Company's Foxtrot Project. SGS has examined innovative methods to isolate REE from the specific rock matrix. The current separation process involves crushing and grinding, followed by gravity separation, flotation and magnetic separation to produce a concentrate containing the REE materials. The concentrate is then subjected to acid baking at 200 degrees Celsius, water leaching, purification of the leachate, and precipitation of REE oxalate. The process options investigated with SGS were designed to reduce complexity and cost of REE recovery from Foxtrot mineralization.

On July 23, 2014, the Company announced the development of a simplified metallurgical process tested on a sample from the Company's Foxtrot Project to produce a high grade rare earth elements product for refining. A patent application has been lodged with the United States Patent Office to protect the Company's ownership of this technology. This process is a significant improvement over the earlier Foxtrot work reported. The steps of grinding, flotation, gravity and magnetic separation to produce a concentrate are no longer required to process the Foxtrot mineralization. The coarse crushed ore is directly treated with small amounts of acid in a heated pug mill, a conventional mixing device, prior to water leaching.

On November 19, 2014, the Company announced that a bulk sample of the Foxtrot Project resource was extracted for the purpose of running a pilot plant and for additional testing. The 40 tonne bulk sample will be used to continue testing of the new metallurgical process. Additional details of the metallurgical testing were disclosed in news releases dated February 2, 2015 and February 25, 2015.

On June 16, 2015, the Company announced that it received the independent engineering study from SNC-Lavalin Australia Pty Ltd. The Study reports the estimated construction and operating costs for a REE treatment facility in SE Labrador, which would apply Search's proprietary process for treatment of REE mineralization from the Company's Foxtrot Deposit and was partially funded by a \$50,000 grant from the Atlantic Canada Opportunities Agency. The proprietary process is a direct leach on the crushed material, which thereby eliminates grinding, flotation, gravity and magnetic separation. The study will be used by Search in the preparation of an updated and revised Preliminary Economic Assessment for Search's Foxtrot Deposit. As at August 31, 2015, the Company had received the \$50,000 funding from ACOA.

The Company's main focus in the Port Hope Simpson REE District is on metallurgy at the Foxtrot Project and the exploration for additional Foxtrot-like deposits at other targets throughout the Fox Harbour volcanic belt. The Company is currently working on preparing an updated Preliminary Economic Assessment (the "PEA") report using the information contained in the recent engineering study. The PEA will include information from the Company's proprietary metallurgical process. The Company anticipates that following completion of the PEA, the Company will work towards initiating a feasibility study on the Foxtrot Project subject to available financing. Other parts of the Port Hope Simpson REE District require some work to maintain licenses in good standing.

TECHNOLOGY RESEARCH

On November 13, 2013, the Company entered into a Purchase Agreement with InCoR Holdings Plc.'s ("InCoR") wholly-owned subsidiary, ICRT, whereby ICRT agreed to purchase the intellectual property rights to the Starved Acid Leaching Technology ("SALT").

Pursuant to the Purchase Agreement, ICRT purchased SALT for a total purchase price of \$2.2 million, comprised of the following:

- \$50,000 at closing (received);
- \$50,000 upon delivery of a positive economic scoping study (received in April 28, 2014);
- \$100,000 upon the earlier of the completion of a positive bankable feasibility study or 18 months from the date of the Purchase Agreement (received May 12, 2015); and,
- \$2,000,000 repayable from 25 percent of the net cash flow from a commercial application of SALT. Subsequent to August 31, 2015, the Company amended the terms of the Purchase Agreement.

On September 30, 2015, the Company and InCoR amended the Purchase Agreement. The amendment will have InCoR provide the Company with a payment of \$650,000 which will fully satisfy and discharge InCoR from any further obligation under the Purchase Agreement. The payment schedule will consist of \$250,000 at closing (received), \$200,000 on December 31, 2015 and \$200,000 on February 28, 2016. The negotiated early settlement will replace uncertain and conditional future payments.

Concurrent with this transaction, InCoR subscribed for 5,000,000 units of the Company 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.

RESULTS OF OPERATIONS

The Company had a loss of \$211,727 (\$0.00 per share) for the nine months ended August 31, 2015 as compared to a loss of \$1,310,770 (\$0.02 per share) for the nine months ended August 31, 2014. 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 period over period operating results of the Company.

	2015 (\$)	2014 (\$)
Loss for the period as reported	(211,727)	(1,310,770)
Add (deduct):		
Amortization	14,285	25,368
Share-based payments	245,174	-
Gain on debt settlement	(444,102)	(25,983)
Proceeds on sale of technology	(100,000)	(50,000)
Write-down of other receivables	-	35,472
Adjusted loss for the period ⁽¹⁾	(496,370)	(1,325,913)

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

- Share-based payments expense for the nine months ended August 31, 2015 resulted from the Company granting 6,850,000 stock options at the fair value of \$0.04 per stock option.
- During 2015, the Company recorded a gain on debt settlement based on settling \$575,090 of liabilities relating to the MSFA transaction for less than the invoiced amount. During 2014, the Company recorded a gain on debt settlement as a result of issuing 1,732,412 common shares at the fair value of \$0.055 per share to settle \$121,250 of accounts payable and accrued liabilities.
- Proceeds on sale of technology is from the sale of SALT.
- On June 28, 2015, the Company purchased from Great Western Minerals Group Ltd. ("GWMG") its 50% interest in the Red Wine Property for \$20,000. Prior to this, the Company had a 50% interest in the Red Wine Property and GWMG had the remaining 50% interest. The Company acted as the operator on the Red Wine joint venture and the Company had incurred certain expenses to maintain the property. The Company had other receivables from GWMG of \$35,472 which were fully allowed for during the nine months ended August 31, 2014.

The decrease in the adjusted loss for the nine months ended August 31, 2015 compared to the nine months ended August 31, 2014 is the net result of a number of differences in various expenses as follows:

- Accounting and audit fees of \$40,665 (2014: \$73,809) are comprised of fees to maintain the accounting records and prepare financial reports as required. The decrease in fees was due to less activity during the current period.
- Administration expense and management fees of \$195,718 (2014: \$418,028) are comprised of fees paid to executive management of the company as well as administrative staff. The Company reduced activity in the current period.
- Consulting fees of \$67,929 (2014: \$257,319) includes consulting fees paid to the VP of Technology and other consultants. In the prior period, the Company incurred fees due to engaging KPMG LLP to conduct due diligence as part of a potential transaction.
- Legal fees of \$42,033 (2014: \$347,709) decreased as in the prior period, the Company incurred fees as part of a potential transaction.
- Regulatory and transfer agent fees of \$12,086 (2014: \$37,010) decreased as in the prior period, the Company incurred fees as part of a potential transaction.
- Travel and accommodation expenses of \$14,249 (2014: \$27,285) decreased as in the prior period, the Company incurred fees as part of a potential transaction.

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 August 31, 2015.

	Three Months Ended (\$)			
	Aug 31, 2015	May 31, 2015	Feb 28, 2015	Nov 30, 2014
Total Revenues	-	-	-	-
(Loss) income	(424,859)	380,865	(167,733)	(62,781)
(Loss) income Per Share (basic and diluted) ⁽¹⁾	(0.00)	0.00	(0.00)	(0.00)
Total Assets	9,469,649	8,937,870	9,092,199	9,342,465
Total Liabilities	1,022,800	976,273	1,511,467	1,596,250
Shareholders' Equity	8,446,849	7,961,597	7,580,732	7,746,215

	Three Months Ended (\$)			
	Aug 31, 2014	May 31, 2014	Feb 28, 2014	Nov 30, 2013
Total Revenues	-	-	-	-
Loss	(282,393)	(516,928)	(511,449)	(1,811,336)
Loss Per Share (basic and diluted) ⁽¹⁾	(0.00)	(0.01)	(0.01)	(0.02)
Total Assets	8,994,998	8,446,237	8,463,871	8,296,470
Total Liabilities	2,031,424	1,678,148	1,178,854	948,131
Shareholders' Equity	6,963,574	6,768,089	7,285,017	7,348,339

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

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 \$100,000 received from the sale of SALT. For the three months ended November 30, 2014 and November 30, 2013, the Company recorded write-downs of staking deposits and mineral properties of \$106,358 and \$1,161,793, respectively. The write-downs explain the increase in loss during the quarters and the decrease in total assets and shareholders' equity.

FINANCING ACTIVITIES

During the nine months ended August 31, 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.
- i) 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.

The Company incurred \$4,263 of fees in connection with the private placements.

The Company is using the proceeds from financings to (1) initiate a channel sampling work program at the new Deepwater Fox Prospect; (2) prepare an updated Preliminary Economic Assessment report using the information contained in the recent engineering study; (3) maintain the rare earth properties in the Port Hope Simpson REE District; and (4) for general working capital.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed \$396,370 of cash (before working capital items) for the nine months ended August 31, 2015 (2014: \$1,275,913) with an additional \$629,344 (2014: \$268,833) utilized on mineral property acquisition costs, deferred exploration expenditures and staking costs. The cash requirement for the nine months ended August 31, 2015 was fulfilled from cash on hand at the beginning of the period and from completing private placements issuing an aggregate of 11,153,334 common shares for gross proceeds of \$669,200.

The Company's aggregate operating, investing and financing activities during the nine months ended August 31, 2015 resulted in a net decrease in its cash balance from \$594,121 at November 30, 2014 to \$357,033 at August 31, 2015. The Company's working capital increased by \$239,922 correspondingly during the period and stood at negative \$606,932 at August 31, 2015. The Company has accumulated losses since inception of \$15,510,536. During the nine months ended August 31, 2015, the Company settled \$575,090 of liabilities relating to a potential tin transaction and recorded a gain of \$444,102.

Subsequent to August 31, 2015, the Company amended the Purchase Agreement with InCoR relating to the sale of SALT. The Company received \$250,000 at closing and we will receive \$200,000 on December 31, 2015 and a further \$200,000 on February 28, 2016. Concurrent with this transaction, InCoR also subscribed for 5,000,000 units of the Company 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 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 commencing February 23, 2016.

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 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 August 31, 2015, the Company had not yet achieved profitable operations, had a working capital deficiency of \$606,932 had an accumulated deficit of \$15,510,536 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.

TRANSACTIONS WITH RELATED PARTIES

During the three and nine months ended August 31, 2015 and 2014, 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:

	For the three months ended		For the nine months ended	
	August 31,		August 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Administration and management fees ⁽¹⁾	81,250	90,833	190,417	305,000
Consulting fees ⁽²⁾	22,500	28,750	67,500	73,750
Non-executive directors fees	13,500	16,500	40,500	54,000
Mineral property expenditures				
Geological consulting ⁽³⁾	32,499	50,000	97,497	150,000
	149,749	186,083	395,914	582,750

⁽¹⁾ Includes salary earned by the former CEO, Stephen Keith, salary earned by the former VP of Corporate Development, Alexandre Penha, fees billed by the former CEO, Jim Clucas, and fees billed by the current 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 August 31, 2015, accounts payable and accrued liabilities included \$387,762 (November 30, 2014: \$344,406) of amounts owing to current directors and officers of the Company and/or companies they control or of which they were significant shareholders. At August 31, 2015, accounts payable and accrued liabilities included \$369,167 (November 30, 2014: \$369,167) due to former directors. 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, the VP of Exploration and the directors of the Company. The compensation paid or payable to key management for services during the nine months ended August 31, 2015 and 2014 is represented in the table above. During the nine months ended August 31, 2015, key management received share-based payments of \$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, other assets and accounts payable, and accrued liabilities. The Company designated its cash, other assets, reclamation deposits and staking deposits as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities 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. As at August 31, 2015 and November 30, 2014, the Company had working capital (deficiency) as follows:

	August 31, 2015	November 30, 2014
	\$	\$
Current assets	415,868	749,396
Current liabilities	(1,022,800)	(1,596,250)
Working capital	(606,932)	(846,854)

Subsequent to August 31, 2015, the Company received an aggregate of \$600,000 from InCoR.

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 August 31, 2015 and November 30, 2014, 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

The Company has 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: 131,824,045 common shares as at October 27, 2015.
 Options and warrants outstanding as at October 27, 2015:

Security	Number	Exercise Price	Expiry Date
Stock Options	212,500	\$0.550	November 8, 2015
Stock Options	875,000	\$0.600	February 25, 2016
Stock Options	760,000	\$0.485	March 31, 2016
Stock Options	150,000	\$0.480	April 7, 2016
Stock Options	145,000	\$0.260	January 19, 2017
Stock Options	690,000	\$0.200	October 17, 2017
Stock Options	1,425,000	\$0.100	April 26, 2018
Stock Options	100,000	\$0.070	October 29, 2018
Stock Options	6,850,000	\$0.100	June 30, 2020
TOTAL	11,207,500		

Security	Number	Exercise Price	Expiry Date
Share Purchase Warrants	2,605,541	\$0.100	December 16, 2015
Share Purchase Warrants	1,847,691	\$0.100	February 19, 2016
Share Purchase Warrants	4,000,000	\$0.200	August 8, 2016
Share Purchase Warrants	532,000	\$0.200	August 22, 2016
Share Purchase Warrants	8,300,000	\$0.100	August 27, 2016
Share Purchase Warrants	5,960,000	\$0.100	September 8, 2016
Share Purchase Warrants	11,700,000	\$0.100	October 9, 2016
Share Purchase Warrants	7,950,000	\$0.100	July 28, 2017
Share Purchase Warrants	3,203,328	\$0.100	July 28, 2017
Share Purchase Warrants	5,000,000	\$0.100	October 19, 2017
TOTAL	51,098,560		

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 unaudited condensed interim consolidated financial statements for the three and nine months ended August 31, 2015 and this accompanying MD&A (together, the "Interim 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 Interim 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 the 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 which 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>.