

SEARCH MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

Search Minerals Inc.

Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

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NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

	Notes	August 31, 2017 \$	November 30, 2016 \$
ASSETS			
Current assets			
Cash		26,577	391,412
Receivables	5	117,506	292,025
Prepaid expenses and other assets		43,713	101,485
		<u>187,796</u>	<u>784,922</u>
Non-current assets			
Equipment		17,487	23,155
Reclamation deposits		50,000	50,000
Staking deposits		450	450
Exploration and evaluation expenditures (Schedule 1)	6	10,183,616	9,583,928
		<u>10,439,349</u>	<u>10,442,455</u>
LIABILITIES AND EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Current liabilities			
Trade payables	7	352,120	297,560
Due to related parties	7, 10	250,629	31,723
Convertible debenture	8	118,188	-
Due to former directors	7, 10	-	120,000
		<u>720,937</u>	<u>449,283</u>
Non-current liabilities			
Due to related parties	7, 10	121,715	121,715
		<u>842,652</u>	<u>570,998</u>
Equity attributable to shareholders			
Share capital	9	22,654,429	22,246,691
Warrants		246,186	548,098
Contributed surplus		2,840,114	2,488,399
Equity component of convertible debenture	8	7,520	-
Deficit		(16,151,552)	(15,411,731)
		<u>9,596,697</u>	<u>9,871,457</u>
		<u>10,439,349</u>	<u>10,442,455</u>

Nature of Operations (Note 1)

Going Concern (Note 2)

Commitments (Note 12)

Subsequent events (Notes 5, 9(c), 9(d), and 13)

Approved by the Board of Directors on October 24, 2017

"Jocelyn Bennett" Director
Jocelyn Bennett

"Leo Power" Director
Leo Power

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

SEARCH MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the three and nine months ended August 31, 2017 and 2016
(Unaudited - Expressed in Canadian dollars)

	Notes	For the three months ended		For the nine months ended	
		2017	August 31, 2016	2017	August 31, 2016
		\$	\$	\$	\$
GENERAL AND ADMINISTRATIVE EXPENSES					
Accounting and audit		11,693	8,713	33,786	32,777
Administration and management fees	10	63,750	64,748	238,191	212,673
Amortization		1,889	3,046	5,668	9,136
Consulting fees	10	20,589	38,700	96,600	116,373
Legal fees		11,196	14,810	38,709	30,106
Non-executive directors fees	10	13,500	13,500	48,000	40,500
Office and miscellaneous		10,493	15,465	53,439	49,738
Regulatory and transfer agent fees		5,625	3,699	23,796	22,576
Rent		5,700	5,657	17,100	16,819
Share-based compensation – stock options	9(c)	3,480	-	13,138	-
Shareholder communications		47,416	7,352	114,688	20,245
Travel and accommodation		5,097	9,152	43,697	33,161
Loss for the period before other items		(200,428)	(184,842)	(726,812)	(584,104)
Other income (expense) items					
Accretion expense	8	(1,883)	-	(4,958)	-
Interest expense	8	(3,019)	-	(8,051)	-
Gain on sale of marketable securities		-	20,808	-	38,623
Gain on debt settlement		-	-	-	5,200
Loss for the period		(205,330)	(164,034)	(739,821)	(540,281)
Other comprehensive income for the period					
Unrealized (loss) gain on marketable securities		-	(12,037)	-	98,623
Transfer realized gain on sale of marketable securities		-	(20,808)	-	(38,623)
Comprehensive loss for the period		(205,330)	(196,879)	(739,821)	(480,281)
Basic and diluted loss per share	9(e)	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding		151,308,302	132,491,188	148,291,974	132,449,946

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

SEARCH MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended August 31, 2017 and 2016
(Unaudited - Expressed in Canadian dollars)

	2017 \$	2016 \$
Cash (used in) provided by		
OPERATING ACTIVITIES		
Loss for the period	(739,821)	(540,281)
Items not affecting cash:		
Amortization	5,668	9,136
Share-based compensation – stock options	13,138	-
Accretion expense	4,958	-
Gain on sale of marketable securities	-	(38,623)
Gain on debt settlement	-	(5,200)
	<u>(716,057)</u>	<u>(574,968)</u>
Changes in non-cash working capital items:		
Taxes recoverable	15,132	6,455
Receivables	-	400,000
Prepaid expenses and other assets	57,772	188
Accounts payable and accrued liabilities	147,000	55,050
	<u>(496,153)</u>	<u>(113,275)</u>
INVESTING ACTIVITIES		
Mineral property costs, net	(1,441,637)	(613,796)
Proceeds from the sale of marketable securities	-	163,623
	<u>(1,441,637)</u>	<u>(450,173)</u>
FINANCING ACTIVITIES		
Issuance of common shares	461,985	-
Share issuance costs	(17,582)	-
Issuance of convertible debenture	120,750	-
Government assistance	1,007,802	287,944
	<u>1,572,955</u>	<u>287,944</u>
Decrease in cash during the period	(364,835)	(275,504)
Cash, beginning of the period	391,412	406,852
Cash, end of the period	<u>26,577</u>	<u>131,348</u>
Cash paid for interest	-	-
Cash paid for income taxes	-	-

Non-cash Transactions (Note 11)

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

SEARCH MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended August 31, 2017 and 2016
(Unaudited - Expressed in Canadian dollars)

	Number of Shares #	Share Capital \$	Warrants \$	Contributed Surplus \$	Equity Component of Convertible Debenture \$	AOCL \$	Deficit \$	Total \$
Balance, November 30, 2015	131,824,045	21,352,684	597,174	2,354,802	-	(45,000)	(14,997,841)	9,261,819
Issued during the period:								
Pursuant to debt settlements	667,143	33,357	-	-	-	-	-	33,357
Transfer on expiry of warrants	-	-	(133,597)	133,597	-	-	-	-
Comprehensive loss for the period	-	-	-	-	-	60,000	(540,281)	(480,281)
Balance, August 31, 2016	132,491,188	21,386,041	463,577	2,488,399	-	15,000	(15,538,122)	8,814,895
Issued during the period:								
For cash pursuant to private placement of units	12,276,500	778,405	80,950	-	-	-	-	859,355
Less: Issue costs – cash	-	(5,026)	-	-	-	-	-	(5,026)
Pursuant to mineral property agreements	100,000	5,500	-	-	-	-	-	5,500
Pursuant to debt settlements	1,354,502	81,771	3,571	-	-	-	-	85,342
Comprehensive loss for the period	-	-	-	-	-	(15,000)	126,391	111,391
Balance, November 30, 2016	146,222,190	22,246,691	548,098	2,488,399	-	-	(15,411,731)	9,871,457
Issued during the period:								
For cash pursuant to private placement of units	5,133,166	425,320	36,665	-	-	-	-	461,985
Less: Issue costs – cash	-	(17,582)	-	-	-	-	-	(17,582)
Issuance of convertible debenture	-	-	-	-	7,520	-	-	7,520
Transfer on expiry of warrants	-	-	(338,577)	338,577	-	-	-	-
Share-based payments	-	-	-	13,138	-	-	-	13,138
Comprehensive loss for the period	-	-	-	-	-	-	(739,821)	(739,821)
Balance, August 31, 2017	151,355,356	22,654,429	246,186	2,840,114	7,520	-	(16,151,552)	9,596,697

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

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2017

(Unaudited - Expressed in Canadian dollars)

1. Nature of Operations

Search Minerals Inc. (the "Company") was incorporated under the provisions of the Business Corporation Act (British Columbia) on June 7, 2006. On May 3, 2007, the Company commenced trading on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SMY.V". The Company is in the business of mineral exploration involving acquiring, exploring and evaluating mineral resource properties. At August 31, 2017, the Company was in the exploration and evaluation stage and had properties located in Canada. The Company's corporate head office is located at 211, 901 West 3rd Street, North Vancouver, British Columbia, Canada.

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

2. Going Concern

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

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

At August 31, 2017, the Company had not yet achieved profitable operations, had working capital deficiency of \$533,141, had an accumulated deficit of \$16,151,552 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 August 31, 2017, the Company entered into a secured convertible debenture with InCoR with proceeds of \$500,000. (Note 13).

3. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended November 30, 2016 which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended November 30, 2016 except as outlined in Note 4.

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

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

4. Accounting Standards Issued But Not Yet Effective

The following new standards have been issued by the IASB but not yet applied:

IFRS 9, Financial Instruments, was issued in July 2014 and replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 was developed in phases by the IASB. As a result there are a number of transition options and requirements in relation to earlier versions of IFRS 9 prior to the mandatory effective date of IFRS 9 in its entirety. IFRS 9 is mandatory for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and

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financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election for use of fair value through other comprehensive income which results in changes in fair value not being recycled to the income statement. The Company has not adopted IFRS 9 and has not completed its assessment of the impact of this standard.

IFRS 16, Leases, was issued in January 2016 and eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019. The Company has not adopted IFRS 16 and has not completed its assessment of the impact of this standard.

5. Receivables

	August 31, 2017 \$	November 30, 2016 \$
GST receivable	42,506	57,638
Government assistance receivable ⁽¹⁾	75,000	234,387
Total receivables	117,506	292,025

⁽¹⁾ The Government of Newfoundland, the Research and Development Corporation ("RDC") of Newfoundland and Labrador and the Atlantic Canada Opportunities Agency ("ACOA") have certain programs available to assist junior resource companies. The amounts provided by ACOA are repayable on project success, while the amounts provided by RDC are not repayable. Subsequent to August 31, 2017, the Company received \$75,000 of government assistance for pilot plant expenditures incurred prior to August 31, 2017.

6. Mineral Properties – Schedule 1

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

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

Port Hope Simpson REE District, Labrador

The Company acquired the Port Hope Simpson REE District primarily by staking the claims. In addition, the Company acquired the B and A Claims and the Quinlan Property.

B and A Claims

On December 10, 2009, the Company entered into a binding letter of intent (the "LOI") with B and A Minerals Inc. ("B and A"), further defined in a Mining Option Agreement, for an option to acquire an undivided 100% interest in and to certain claims in southeast Labrador owned by B and A ("Port Hope Simpson, B and A Claims").

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

The Mining Option Agreement is subject to a 3% net smelter return in favor of B and A, of which the Company can purchase 2% at any time for \$2,000,000.

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2017

(Unaudited - Expressed in Canadian dollars)

Quinlan Property

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

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

The Vendors were granted a 1.5% net smelter return royalty ("NSR"). The Company may, at any time, purchase 1% of the net smelter return royalty for \$1,000,000. The Company must make annual cash advance payments of \$10,000 for the Quinlan Property to the Vendors commencing February 23, 2016 and continuing each year thereafter until commencement of commercial production, deductible against the NSR. During the year ended November 30, 2016, the Company paid the first \$10,000 annual cash payment. During the nine months ended August 31, 2017, the Company paid the second \$10,000 annual cash payment.

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.

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. The agreement will continue indefinitely unless and until one or both parties elect to terminate. Subsequent to August 31, 2017, the Company issued shares to NunatuKavut in accordance with the Mining Exploration Activities Agreement (Note 13).

7. Payables

	August 31, 2017	November 30, 2016
	\$	\$
Trade payables	350,123	297,560
Interest payable on convertible debenture (Note 8)	1,997	-
Due to current related parties (Note 10)	372,344	153,438
Due to former related parties (Note 10)	-	120,000
Total payables	724,464	570,998
Total payables – current portion	602,749	449,283
Total payables – non-current portion	121,715	121,715

Search Minerals Inc.

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For the nine months ended August 31, 2017

(Unaudited - Expressed in Canadian dollars)

8. Convertible Debenture

	Liability Component \$	Equity Component \$
Balance, November 30, 2016	-	-
Proceeds on issuance of convertible loan	113,230	7,520
Accretion	4,958	-
Balance, August 31, 2017	118,188	7,520

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.

For accounting purposes, the convertible debenture is separated into its liability and equity components. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the convertible debenture assuming an 18% effective interest rate which is the estimated rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible debenture and the fair value of the liability component.

During the nine months ended August 31, 2017, the Company recorded interest expense of \$8,051 and accretion expense of \$4,958.

9. Share Capital**a. Common shares authorized**

Unlimited number of common shares

151,355,356 outstanding at August 31, 2017 (November 30, 2016: 146,222,190)

b. Financings

During the nine months ended August 31, 2017, the Company completed financings as follows:

- i) On May 5, 2017, the Company completed the first tranche of a non-brokered private placement of 3,622,166 units at a price of \$0.09 per unit for gross proceeds of \$325,995. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at \$0.18 per common share up to July 10, 2018. A value of \$nil has been attributed to the warrants using the residual method.
- ii) On May 31, 2017, the Company completed the second tranche of a non-brokered private placement of 1,400,000 units at a price of \$0.09 per unit for gross proceeds of \$126,000. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at \$0.18 per common share up to July 10, 2018. A value of \$35,000 has been attributed to the warrants using the residual method.
- iii) On July 10, 2017, the Company completed the third and final tranche of a non-brokered private placement of 111,000 units at a price of \$0.09 per unit for gross proceeds of \$9,990. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at \$0.18 per common share up to July 10, 2018. A value of \$1,665 has been attributed to the warrants using the residual method.

The Company incurred \$23,602 of fees in connection with the private placements.

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For the nine months ended August 31, 2017

(Unaudited - Expressed in Canadian dollars)

c. Stock option plan

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

Changes in share purchase options during the nine months ended August 31, 2017 and the year ended November 30, 2016 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, November 30, 2015	10,995,000	\$0.18	3.38
Expired	(1,785,000)	\$0.54	
Outstanding, November 30, 2016	9,210,000	\$0.11	2.97
Granted	600,000	\$0.10	
Expired	(145,000)	\$0.26	
Outstanding, August 31, 2017	9,665,000	\$0.11	2.23
Outstanding and exercisable, August 31, 2017	9,365,000	\$0.11	2.25

During the nine months ended August 31, 2017, the Company recorded share-based payment expense of \$13,138 (2016: \$nil). The weighted average fair value of share purchase options granted during the nine months ended August 31, 2017 of \$0.04 per option was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.085; exercise price - \$0.10; risk-free interest rate - 1.00%; expected life - 2.0 years; expected volatility - 100%; and expected dividends - nil.

At August 31, 2017, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Number	Exercise Price	Expiry Date
(2)690,000	\$0.20	October 17, 2017
1,425,000	\$0.10	April 26, 2018
100,000	\$0.07	October 29, 2018
(1)600,000	\$0.10	April 18, 2019
6,850,000	\$0.10	June 30, 2020
<u>9,665,000</u>		

(1) These options vest as to 25% on the date of grant, 25% on July 15, 2017, 25% on October 15, 2017 and 25% on April 15, 2018.

(2) Subsequent to August 31, 2017, these share purchase options expired unexercised.

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2017

(Unaudited - Expressed in Canadian dollars)

d. Warrants

Changes in share purchase warrants during the nine months ended August 31, 2017 and the year ended November 30, 2016 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance, November 30, 2015	51,098,560	\$0.11	1.03
Issued	12,633,643	\$0.14	
Expired	(4,453,232)	\$0.10	
Balance, November 30, 2016	59,278,971	\$0.12	0.46
Issued	2,566,583	\$0.18	
Expired	(41,645,328)	\$0.11	
Balance, August 31, 2017	20,200,226	\$0.14	0.27

At August 31, 2017, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
(1)5,000,000	\$0.10	October 19, 2017
(1)357,143	\$0.14	October 20, 2017
12,276,500	\$0.14	November 14, 2017
2,566,583	\$0.18	July 10, 2018
<u>20,200,226</u>		

(1) Subsequent to August 31, 2017, these share purchase warrants expired unexercised.

e. Basic and diluted loss per share

During the nine months ended August 31, 2017, potentially dilutive common shares totaling 30,727,726 (2016: 55,855,328) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from exercisable share purchase options, share purchase warrants and the conversion of the convertible debenture.

10. Related Party Transactions

During the nine months ended August 31, 2017 and 2016, 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:

	Three months ended August		Nine months ended August	
	2017	31, 2016	2017	31, 2016
	\$	\$	\$	\$
Administration and management fees	63,750	63,750	236,250	211,250
Consulting fees	22,500	22,500	67,500	67,500
Non-executive directors fees	13,500	13,500	48,000	40,500
Mineral property expenditures				
Geological consulting, salaries, wages and benefits	32,500	32,499	97,499	97,497
Rent	21,000	21,000	63,000	51,000
	153,250	153,249	512,249	467,747

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2017

(Unaudited - Expressed in Canadian dollars)

At August 31, 2017, due to related parties of \$372,344 (November 30, 2016: \$153,438) 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.

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, 2017 and 2016 is identical to the table above. The compensation paid or payable was for short-term benefits.

The rental commitment disclosed in Note 12 is a related party transaction as the lease is with a company controlled by a former director of the Company.

11. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the nine months ended August 31, 2017 the following transactions were excluded from the statement of cash flows:

- a) deferred exploration expenditures of \$304,158 included in accounts payable and accrued liabilities at August 31, 2017, less expenditures included in accounts payable at November 30, 2016 of \$297,692 (net exclusion of \$6,466); and,
- b) government assistance of \$75,000 included in receivables at August 31, 2017, less assistance included in receivables at November 30, 2016 of \$234,387 (net inclusion of \$159,387).

During the nine months ended August 31, 2016 the following transactions were excluded from the statement of cash flows:

- a) deferred exploration expenditures of \$219,039 included in accounts payable and accrued liabilities at August 31, 2016, less expenditures included in accounts payable at November 30, 2015 of \$203,197 (net exclusion of \$15,842);
- b) government assistance of \$44,755 included in receivables at August 31, 2016;
- c) the issuance by the Company of 407,143 shares at the fair value of \$20,357 pursuant to a mineral property agreement; and,
- d) the issuance by the Company of 260,000 shares at the fair value of \$13,000 pursuant to a debt settlement.

12. Commitments

Building Lease

Effective June 1, 2016, the Company entered into a lease agreement for a building to be used for storing samples, core shack, processing core and accommodations. The building is located in St. Lewis, in the Province of Newfoundland and Labrador. The monthly rent is \$7,000 per month with the lease expiring on December 31, 2022. At the end of the lease term, the Company has the option to extend the lease by five years and to purchase the property at the appraised value. The lease is with a company controlled by a former director of the Company.

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended August 31, 2017

(Unaudited - Expressed in Canadian dollars)

13. Subsequent Events*Secured convertible debenture*

On September 7, 2017, the Company entered into a term sheet with InCoR Holdings Plc, ("InCoR") pursuant to which InCoR agreed to provide funding of \$500,000 by way of a secured convertible debenture (the "Debenture"). The Debenture will have a maturity date of one year from the date of issuance and will bear interest at a rate of 15% per annum, calculated and paid semi-annual in cash or, at InCoR's option, payable in Units. The Debenture will be convertible into units ("Units" of the Company at a conversion price of \$0.06 per Unit. Each Unit will be comprised of one common share of the Company and one common share purchase warrant with each warrant entitling the holder thereof to acquire one additional share at an exercise price of \$0.07 per share for five years from the date of issuance of the Debenture. The Debenture will be secured by all of the Company's assets.

On October 2, 2017 the Company received the first \$150,000 from InCoR. On October 27, 2017, the Company received the final tranche of \$350,000, for aggregate proceeds received from the two tranches of \$500,000.

Shares for debt settlement

On October 3, 2017, the Company entered into debt settlement agreements with the NunatuKavut Community Council ("NCC") and the former Executive Chairman of the Board of Directors, Jim Clucas.

On October 16, 2017, the Company issued 416,667 shares to NCC to settle \$25,000 of accounts payable. In addition, the Company issued 50,000 shares to NCC pursuant to the NCC Mining Exploration Activities Agreement.

On October 16, 2017, the Company issued 570,834 shares to Jim Clucas to settle \$34,250 of accounts payable and accrued liabilities. In addition, in accordance with Mr. Clucas' employment agreement, a severance payment of \$75,000 will be due.

Search Minerals Inc.
CONDENSED INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
For the nine months ended August 31, 2017
(Unaudited - Expressed in Canadian Dollars)

	Port Hope Simpson REE District, Labrador \$	Red Wine, Labrador \$	Total \$
Balance, November 30, 2016	9,583,928	-	9,583,928
Acquisition costs			
Cash	10,000	-	10,000
Staking	-	3,600	3,600
	10,000	3,600	13,600
Deferred exploration costs			
Camp and rent (Note 10)	71,747	-	71,747
Engineering and metallurgy	1,100,430	-	1,100,430
Geological consulting, salaries, wages and benefits (Note 10)	143,552	-	143,552
Geotechnical reports	3,500	-	3,500
Government contributions	(848,415)	-	(848,415)
Other	115,274	-	115,274
	586,088	-	586,088
Balance, August 31, 2017	10,180,016	3,600	10,183,616