

SEARCH MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

Search Minerals Inc.

Condensed Interim Consolidated Financial Statements

Three months ended February 28, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

	Page
Notice of no Auditor Review	3
Condensed Interim Consolidated Statements of Financial Position	4
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss	5
Condensed Interim Consolidated Statements of Cash Flows	6
Condensed Interim Consolidated Statements of Changes in Equity	7
Notes to the Condensed Interim Consolidated Financial Statements	8 – 16
Condensed Interim Consolidated Schedule of Mineral Properties	17

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

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

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

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

	Notes	February 28, 2023 \$	November 30, 2022 \$
ASSETS			
Current assets			
Cash		328,948	457,537
Receivables	6	28,581	749,475
Prepaid expenses and other assets		95,382	76,691
		<u>452,911</u>	1,283,703
Non-current assets			
Property and equipment	7	735,435	803,821
Reclamation deposits		50,000	50,000
Staking deposits		27,450	27,450
Exploration and evaluation expenditures (Schedule 1)	8	28,382,582	27,123,829
		<u>29,648,378</u>	29,288,803
LIABILITIES AND EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Current liabilities			
Trade payables	9	2,751,902	2,120,500
Due to related parties	9,12	472,520	69,454
Flow-through premium liability	11(b)	-	40,878
		<u>3,224,422</u>	2,230,882
Non-current liabilities			
CEBA loan	10	80,000	80,000
Deferred government assistance	10	40,000	40,000
		<u>3,344,422</u>	2,350,882
Equity attributable to shareholders			
Share capital	11	43,756,616	43,756,616
Warrants		469,040	519,820
Contributed surplus		6,335,773	6,201,777
Deficit		(24,257,473)	(23,540,292)
		<u>26,303,956</u>	26,937,921
		<u>29,648,378</u>	29,288,803

Nature of Operations (Note 1)

Going Concern (Note 2)

Subsequent Events (Notes 11(c) and 14)

Approved by the Board of Directors on April 26, 2023

"Jocelyn Bennett"

Jocelyn Bennett

Director

"Leo Power"

Leo Power

Director

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

SEARCH MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the three months ended February 28, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

	Notes	2023 \$	2022 \$
GENERAL AND ADMINISTRATIVE EXPENSES			
Accounting and audit		27,193	22,253
Administration and management fees	12	335,000	85,000
Amortization	7	68,386	22,325
Consulting fees	12	18,750	29,250
Legal fees		51,367	16,060
Non-executive directors fees	12	28,000	30,000
Office and miscellaneous		74,181	48,202
Regulatory and transfer agent fees		11,904	57,830
Rent		5,179	5,276
Share-based compensation – stock options	11(c)	83,216	624,121
Shareholder communications		25,055	31,369
Travel and accommodation		29,828	7,317
Loss for the period before other items		(758,059)	(979,003)
Other income (expense) items			
Flow-through premium income	11(b)	40,878	-
Loss and comprehensive loss for the period		(717,181)	(979,003)
Basic and diluted loss per share	11(e)	(0.00)	(0.00)
Weighted average number of common shares outstanding – basic and diluted		414,487,014	385,968,096

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

SEARCH MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian dollars)

	2023 \$	2022 \$
Cash (used in) provided by		
OPERATING ACTIVITIES		
Loss for the period	(717,181)	(979,003)
Items not affecting operating cash:		
Amortization	68,386	22,325
Share-based compensation – stock options	83,216	624,121
Flow-through premium income	(40,878)	-
	<u>(606,457)</u>	<u>(332,557)</u>
Changes in non-cash working capital items:		
Receivables	663,425	74,807
Prepaid expenses and other assets	(18,691)	22,423
Accounts payable and accrued liabilities	489,376	33,183
	<u>527,653</u>	<u>(202,144)</u>
INVESTING ACTIVITIES		
Mineral property costs, net	(694,611)	(996,844)
Purchase of property and equipment	(19,800)	(15,317)
	<u>(714,411)</u>	<u>(1,012,161)</u>
FINANCING ACTIVITIES		
Issuance of common shares	-	6,599,751
Share issuance costs	-	(351,232)
Government assistance	58,169	26,223
	<u>58,169</u>	<u>6,274,742</u>
(Decrease) increase in cash during the period	(128,589)	5,060,437
Cash, beginning of the period	457,537	1,618,223
Cash, end of the period	<u>328,948</u>	<u>6,678,660</u>
Cash paid for interest	-	-
Cash paid for income taxes	-	-

Non-cash Transactions (Note 13)

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

SEARCH MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three months ended February 28, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

	Number of Shares #	Share Capital \$	Warrants \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, November 30, 2021	364,018,277	37,439,531	610,828	4,762,993	(21,969,288)	20,844,064
Issued during the period:						
For cash pursuant to private placement of units	9,206,890	1,657,240	-	-	-	1,657,240
For cash pursuant to flow through common shares	18,660,000	4,665,000	-	-	-	4,665,000
Less: allocation to flow-through premium	-	(1,306,200)	-	-	-	(1,306,200)
Less: Issue costs – cash	-	(351,232)	-	-	-	(351,232)
Less: Issue costs – finders' warrants	-	(50,780)	50,780	-	-	-
Pursuant to exercise of warrants	4,571,580	277,511	-	-	-	277,511
Transfer on exercise of warrants	-	42,500	(42,500)	-	-	-
Share-based payments	-	-	-	624,121	-	624,121
Comprehensive loss for the period	-	-	-	-	(979,003)	(979,003)
Balance, February 28, 2022	396,456,747	42,373,570	619,108	5,387,114	(22,948,291)	25,431,501
Issued during the period:						
Pursuant to mineral property agreements	850,000	104,750	-	-	-	104,750
Pursuant to exercise of warrants	17,130,267	1,199,118	-	-	-	1,199,118
Pursuant to exercise of options	50,000	4,000	-	-	-	4,000
Transfer on exercise of warrants	-	74,375	(74,375)	-	-	-
Transfer on exercise of options	-	803	-	(803)	-	-
Transfer on expiry of warrants	-	-	(24,913)	24,913	-	-
Share-based payments	-	-	-	790,553	-	790,553
Comprehensive loss for the period	-	-	-	-	(592,001)	(592,001)
Balance, November 30, 2022	414,487,014	43,756,616	519,820	6,201,777	(23,540,292)	26,937,921
Transfer on expiry of warrants	-	-	(50,780)	50,780	-	-
Share-based payments	-	-	-	83,216	-	83,216
Comprehensive loss for the period	-	-	-	-	(717,181)	(717,181)
Balance, February 28, 2023	414,487,014	43,756,616	469,040	6,335,773	(24,257,473)	26,303,956

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

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(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". On July 7, 2021, the Company commenced trading on the OTCQB® Venture Market in the United States operated by the OTC Markets Group Inc. under the stock symbol "SHCMF". The Company is in the business of mineral exploration involving acquiring, exploring and evaluating mineral resource properties. At February 28, 2023, the Company was in the exploration and evaluation stage and had properties located in Canada. The Company has completed a Preliminary Economic Assessment which was filed on www.sedar.com on July 22, 2022. The Company's corporate head office is located at 1100 – 1199 West Hastings Street, Vancouver, British Columbia, Canada.

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

2. Going Concern

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

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

At February 28, 2022, the Company had not yet achieved profitable operations, had an accumulated deficit of \$24,257,473 since inception and expects to incur further losses in the development of its business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. At February 28, 2023, the Company had working capital deficit of \$2,771,511. 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.

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

3. Basis of Presentation and Significant Accounting Policies

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

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended November 30, 2022 except as outlined in Note 4.

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

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

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(Unaudited - Expressed in Canadian dollars)

4. New and future accounting standards and pronouncements

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

5. Critical Accounting Estimates and Judgements

There have been no material revisions to the nature of judgements and amount of changes in estimates reported in the company's November 30, 2022 annual financial statements

6. Receivables

	February 28, 2023 \$	November 30, 2022 \$
GST receivable	28,581	682,006
Other receivables	-	67,469
Total receivables	28,581	749,475

7. Property and Equipment

	Vehicles \$	Buildings \$	Office furniture and equipment \$	Field equipment \$	Total \$
At November 30, 2021					
Cost	253,863	225,633	53,818	232,316	765,630
Accumulated amortization	(122,914)	(53,128)	(41,065)	(214,262)	(431,369)
Net book value	130,949	172,505	12,753	18,054	334,261
Year ended November 30, 2022					
Additions	228,511	232,279	19,376	154,932	635,098
Amortization	(63,415)	(57,948)	(14,191)	(29,984)	(165,538)
At November 30, 2022	296,045	346,836	17,938	143,002	803,821
At November 30, 2022					
Cost	482,374	457,912	73,194	387,248	1,400,728
Accumulated amortization	(186,329)	(111,076)	(55,256)	(244,246)	(596,907)
Net book value	296,045	346,836	17,938	143,002	803,821
Period ended February 28, 2023					
Additions	-	-	-	-	-
Amortization	(34,483)	(17,342)	(2,261)	(14,300)	(68,386)
At February 28, 2023	261,562	329,494	15,677	128,702	735,435
At February 28, 2023					
Cost	482,374	457,912	73,194	387,248	1,400,728
Accumulated amortization	(220,812)	(128,418)	(57,517)	(258,546)	(665,293)
Net book value	261,562	329,494	15,677	128,702	735,435

8. Mineral Properties – Schedule 1

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

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(Unaudited - Expressed in Canadian dollars)

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

Critical Rare Earth Element ("CREE") District, Labrador

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

B&A Claims

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

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

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

B&A Transaction

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

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

Quinlan Property

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

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

The Vendors were granted a 1.5% net smelter return royalty ("NSR"). The Company may, at any time, purchase 1% of the net smelter return royalty for \$1,000,000. The Company must make annual cash advance payments of \$10,000 for the Quinlan Property to the Vendors commencing February 23, 2016 and continuing each year thereafter until commencement of commercial production, deductible against the NSR. During the three months ended February 28, 2023, the Company paid the eighth \$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.

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(Unaudited - Expressed in Canadian dollars)

Option Agreement - Two Tom Property

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

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

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

- pay \$40,000 (paid) and issue 400,000 common shares on the acquisition date (issued at the fair value of \$84,000);
- pay \$50,000 (paid) and issue 400,000 common shares on or before July 2, 2022 (issued at the fair value of \$48,000);
- pay \$50,000 and issue 400,000 common shares on or before July 2, 2023; and,
- pay \$60,000 and issue 400,000 common shares on or before July 2, 2024.

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

Letter Agreement – Mann Property and Two Tom Property claim

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

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

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

- pay \$20,000 (paid) and issue 400,000 common shares on the acquisition date (issued at the fair value of \$84,000);
- pay \$30,000 (paid) and issue 400,000 common shares on or before July 2, 2022 (issued at the fair value of \$48,000);
- pay \$60,000 and issue 400,000 common shares on or before July 2, 2023;
- pay \$60,000 and issue 300,000 common shares on or before July 2, 2024; and,
- pay \$30,000 and issue 100,000 common shares on or before July 2, 2025.

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

Impairment of Mineral Properties

As at February 28, 2023, the Company determined that there were no impairment indicators for the claims located in the CREE District.

NunatuKavut Community Council

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

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended February 28, 2023
(Unaudited - Expressed in Canadian dollars)

9. Payables

	February 28, 2023 \$	November 30, 2022 \$
Trade payables	2,751,902	2,120,500
Due to related parties (Note 12)	472,520	69,454
Total payables	3,244,422	2,189,954

10. CEBA Loan

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

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

The estimated fair value of the CEBA loans at initial recognition was approximately \$66,000 using a discount rate of 20% compared to the book value of \$80,000. The income statement effects resulting from the difference between fair value and book value is immaterial and therefore not reflected in the condensed interim consolidated financial statements.

11. Share Capital

a. Common shares authorized

Unlimited number of common shares.

b. Financings

During the three months ended February 28, 2023, the Company did not complete any financing transactions.

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

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

On December 22, 2021, the Company completed a private placement of 18,540,000 flow-through common shares at a price of \$0.25 per flow-through common share for gross proceeds of \$4,635,000. The flow-through premium liability was determined to be \$0.07 per flow-through share and accordingly, \$1,297,800 was allocated to the flow-through premium liability. As at November 30, 2022, the Company had incurred eligible Canadian Exploration Expenditures of \$4,519,008. Accordingly, the Company recorded the flow-through premium liability as an other income item amounting to \$1,265,322. As at November 30, 2022, the flow-through premium liability was \$32,478. During the three months ended February 28, 2023, the Company incurred the remaining eligible Canadian Exploration Expenditures of \$115,992 and recorded an other income item amounting to \$32,478.

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

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

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

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(Unaudited - Expressed in Canadian dollars)

On January 27, 2022, the Company completed a private placement of 5,495,777 units at a price of \$0.18 per unit for gross proceeds of \$989,240. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at a price of \$0.25 per common share up to January 27, 2024. A value of \$nil has been attributed to the warrants using the residual method. As at November 30, 2022, the flow-through premium liability was \$8,400. During the three months ended February 28, 2023, the Company incurred the eligible Canadian Exploration Expenditures of \$30,000 and recorded an other income item amounting to \$8,400.

In connection with the private placements, the Company paid cash finders' fees of \$281,130 and issued 1,141,834 share purchase warrants entitling the holder thereof to purchase a common share of the Company at \$0.35 per common share up to December 23, 2022. The fair value of the finders' warrants, \$50,780, was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.19; exercise price - \$0.35; risk-free interest rate - 0.35%; expected life - 1.0 years; expected volatility - 106%; and expected dividends - nil.

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

c. Stock option plan

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

Changes in share purchase options during the three months ended February 28, 2023 and the year ended November 30, 2022 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, November 30, 2021	28,030,000	\$0.12	3.48
Granted	11,550,000	\$0.20	
Exercised	(50,000)	\$0.08	
Outstanding, November 30, 2022	39,530,000	\$0.14	2.98
Outstanding, February 28, 2023	39,530,000	\$0.14	2.76
Outstanding and exercisable, February 28, 2023	39,530,000	\$0.14	2.76

During the three months ended February 28, 2023, the Company recorded share-based payment expense of \$83,216 (2022: \$624,121). The weighted average fair value of share purchase options granted during the three months ended February 28, 2023 and 2022 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023	2022
Stock price	-	\$0.19
Exercise price	-	\$0.20
Risk-free interest rate	-	1.75%
Expected life	-	5.0 years
Expected volatility	-	88%
Expected dividends	-	Nil

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(Unaudited - Expressed in Canadian dollars)

At February 28, 2023, 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
⁽¹⁾ 7,250,000	\$0.08	February 7, 2023
11,800,000	\$0.08	November 17, 2025
8,930,000	\$0.20	August 18, 2026
⁽²⁾ 11,550,000	\$0.20	February 2, 2027
<u>39,530,000</u>		

(1) Subsequent to February 28, 2023, these options expired unexercised. As a result of a black out period, the expiry date of these share purchase options was extended to March 21, 2023. 5,250,000 expired unexercised and 2,000,000 were exercised.

(2) These options vest as to one-third on February 2, 2022, one-third on August 2, 2022 and one-third on February 2, 2023.

d. Warrants

Changes in share purchase warrants during the three months ended February 28, 2023 and the year ended November 30, 2022 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance, November 30, 2021	64,792,229	\$0.06	2.50
Issued	10,348,724	\$0.26	
Exercised	(21,701,847)	\$0.07	
Expired	(1,221,769)	\$0.20	
Balance, November 30, 2022	52,217,337	\$0.09	2.19
Expired	(1,141,834)	\$0.35	
Balance, February 28, 2023	<u>51,075,503</u>	<u>\$0.09</u>	<u>1.99</u>

At February 28, 2023, 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
3,140,988	\$0.07	July 5, 2023
3,711,113	\$0.25	December 22, 2023
5,495,777	\$0.25	January 27, 2024
8,727,625	\$0.05	June 17, 2024
30,000,000	\$0.05	November 12, 2025
<u>51,075,503</u>		

e. Basic and diluted loss per share

During the three months ended February 28, 2023, potentially dilutive common shares totaling 90,605,503 (2022: 110,149,373) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from exercisable share purchase options and share purchase warrants.

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended February 28, 2023
(Unaudited - Expressed in Canadian dollars)

12. Related Party Transactions

During the three months ended February 28, 2023 and 2022, 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:

	2023 \$	2022 \$
Administration and management fees	335,000	85,000
Consulting fees	18,750	18,750
Non-executive directors fees	28,000	30,000
Mineral property expenditures		
Geological consulting, salaries, wages and benefits	100,000	40,000
Metallurgical consulting	27,750	27,750
Share-based payments – options	59,439	445,801
	568,939	647,301

At February 28, 2023, due to related parties of \$472,520 (November 30, 2022: \$69,454) included amounts owing to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

Key management includes the CEO, COO, VP of Metallurgy, VP of Exploration and the directors of the Company. The compensation paid or payable to key management for services during the three months ended February 28, 2023 and 2022 is as follows:

	2023 \$	2022 \$
Short-term benefits	509,500	201,500
Share-based payments – options	59,439	445,801
	568,939	647,301

The InCoR Holdings Limited loan disclosed in Note 14 is a related party transaction as InCoR appointed two members to the Board of Directors of the Company and InCoR holds more than 20% of the issued and outstanding shares of the Company.

13. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the condensed interim consolidated statements of cash flows. During the three months ended February 28, 2023, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- deferred exploration expenditures of \$2,363,728 included in accounts payable and accrued liabilities at February 28, 2023, less expenditures included in accounts payable at November 30, 2022 of \$1,798,886 (net exclusion of \$564,842); and,
- property and equipment expenditures of \$259,945 included in accounts payable and accrued liabilities at February 28, 2023, less expenditures included in accounts payable at November 30, 2022 of \$279,745 (net inclusion of \$19,800).

During the three months ended February 28, 2022, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

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

Search Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended February 28, 2023
(Unaudited - Expressed in Canadian dollars)

14. Subsequent Events*Exercise of Options*

Subsequent to February 28, 2023, 2,000,000 share purchase options at \$0.35 were exercised for proceeds of \$160,000.

Expiry of Options

Subsequent to February 28, 2023, 5,250,000 share purchase options at \$0.35 expired unexercised.

Loan To Be Received From InCoR Holdings Limited

The Company entered into a non-binding term sheet dated March 6, 2023, pursuant to which the Company will receive a secured term loan (the "Loan") in the amount of \$2,500,000 million from InCoR Holdings Limited (the "Lender"). The Loan will have a 2-year term and will bear interest at a rate of 22.5% per annum. The Company may pay back the principal plus accrued interest on the Loan to the Lender at anytime after the one-year anniversary of the Loan. The Company will issue 6,250,000 bonus shares at the fair value of \$500,000 to the Lender. No commission or finder's fee will be paid in connection with the Loan. The completion of the Loan is subject to entering into a loan agreement and receiving the funds from the Lender.

The Lender is a related party of the Company (Note 12).

Government Assistance

The Company announced that the Government of Canada will contribute \$5 million in non-dilutive support to the Company via a Contribution Agreement which will be used to fund the construction and operation of a demonstration plant for rare earth extraction and recovery. The Government of Canada will contribute the lesser of 75% of the total project costs, as defined in the agreement, and \$5 million. The eligible expenditure period is November 30, 2022 to March 31, 2024.

Search Minerals Inc.
CONDENSED INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
For the three months ended February 28, 2023 and the year ended November 30, 2022
(Unaudited - Expressed in Canadian Dollars)

	Critical Rare Earth Element District, Labrador \$	Red Wine, Labrador \$	Total \$
Balance, November 30, 2021	19,094,205	154,272	19,248,477
Acquisition costs			
Cash	20,000	70,000	90,000
Shares	-	96,000	96,000
Staking costs	9,450	-	9,450
	29,450	166,000	195,450
Deferred exploration costs			
Assays	309,330	-	309,330
Camp and rent	287,844	-	287,844
Drilling	2,863,898	-	2,863,898
Engineering and metallurgy	2,080,135	-	2,080,135
Geological consulting, salaries, wages and benefits (Note 12)	1,524,380	22,128	1,546,508
Government contributions	(223,526)	-	(223,526)
Helicopters	276,963	-	276,963
Metallurgical consulting (Note 12)	111,000	-	111,000
Other	274,387	-	274,387
Travel and accommodation	144,063	9,300	153,363
	7,648,474	31,428	7,679,902
Balance, November 30, 2022	26,772,129	351,700	27,123,829
Acquisition costs			
Cash	10,000	-	10,000
	10,000	-	10,000
Deferred exploration costs			
Assays	726,454	-	726,454
Camp and rent	53,151	-	53,151
Drilling	80,802	-	80,802
Engineering and metallurgy	52,746	-	52,746
Geological consulting, salaries, wages and benefits (Note 12)	252,842	841	253,683
Government contributions	(700)	-	(700)
Helicopters	6,160	-	6,160
Metallurgical consulting (Note 12)	27,750	-	27,750
Other	37,331	-	37,331
Travel and accommodation	11,376	-	11,376
	1,247,912	841	1,248,753
Balance, February 28, 2023	28,030,041	352,541	28,382,582