SEARCH MINERALS INC.

Management's Discussion and Analysis
for the Year Ended November 30, 2010

The following discussion and analysis, prepared as of March 29, 2011 should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2010 and related notes attached thereto of Search Minerals Inc. ("the Company" or "Search").

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles. 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 as 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 that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of March 29, 2011.

- 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 or 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 under the name "Search Capital Inc." On May 3, 2007 the Company completed its initial public offering. It began trading on the TSX Venture Exchange (the "Exchange") on May 7, 2007 as a Capital Pool Company. On October 24, 2008, the Company acquired 100% of the issued and outstanding shares of Alterra Resources Inc. ("Alterra") and Alterra became a wholly-owned subsidiary of the Company. The transaction constituted the Company's Qualifying Transaction (the "QT"), as defined by the Exchange, and the Company ceased to be a Capital Pool Company. The Company resumed trading on the Exchange on October 27, 2008 under its changed name, "Search Minerals Inc" and under the symbol "SMY.V."

OVERALL PERFORMANCE

At the time of its acquisition by the Company, Alterra held approximately 4,000 mineral claims covering approximately 100,000 hectares in the Province of Newfoundland and Labrador. The claims were spread throughout Newfoundland and Labrador and had a variety of base metal, gold, rare earth elements ("REEs") and uranium prospects. Alterra was incorporated in Newfoundland and Labrador in 2006 by founding shareholders Raymond Saunders, Gary Lewis and Paul Chafe. Gary Lewis and Paul Chafe have been prospecting and processing mining claims in the province since 1990. Coincident with the closing of the QT, Raymond Saunders joined the board of directors of the Company.

On June 26, 2009, Search Minerals announced that it has entered into a binding letter of intent ("LOI") with Jim Clucas, a director of Search, and David Dreisinger (the "Vendors") to acquire certain conceptual technologies (the "Technologies) relating to improving metal recoveries from existing processing and production facilities.

On September 24, 2009 Search Minerals announced that further to its June 26, 2009 news release, it revised the letter of intent ("LOI") with Jim Clucas, a director of Search, and Dr. David Dreisinger (the "Vendors") to acquire the Technologies. On September 24, 2009, the Exchange approved the amended LOI and Jim Clucas was appointed President of Search and Dr. David Dreisinger was appointed as a director and as Vice-President of Technology.

On December 10, 2009, the Company entered into a binding letter of intent with B and A Minerals Inc. for an option to acquire an undivided 100% interest in and to certain claims in southeast Labrador. The claims form a component of the Port Hope Simpson Property, along with other claims staked by the Company.

On March 16, 2010 and June 22, 2010, the Company entered into option agreements on two mineral properties in Labrador, the Red Wine Property and the Strange Lake Property, respectively. The agreements are with Quest Rare Minerals Ltd. and Great Western Minerals Groups Ltd.,(the "Option Holders") third-party Exchange listed exploration stage companies. The Option Holders are incurring exploration expenditures on the Red Wine Property and the Strange Lake Property in order to earn an interest in these properties.

On May 4, 2010, the Company filed a National Instrument 43-101 Technical Report on SEDAR with respect to the Katie Property. The report recommended block models of previously drilled holes and recommended that a trenching program be undertaken at the Katie Property. The Company is currently reviewing all previous work done on this large property to try and identify if any more work can be justified using a different geological interpretation. No further work is planned for the Katie Property at this time.

On June 30, 2010, the Company filed a National Instrument 43-101 Technical Report on SEDAR with respect to the B & A Property, a component of the Port Hope Simpson REE District. The report recommended:

- Re-sampling and re-evaluating the anomalous areas to verify results and understand controls over mineralization;
- Conduct reconnaissance prospecting and mapping based on the above and over anomalous areas as defined by the airborne radiometric/magnetic survey; and,
- Based on results of the above, conduct more focused exploration potentially including detailed mapping and sampling, trenching and diamond drilling.

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

OUTLOOK

Search Minerals Inc. operates all of its exploration through its 100% owned subsidiary, Alterra Resources Inc. Search is continuing with the business plan strategy to explore its current portfolio of properties and with success, look for strategic partners to advance properties. Search has completed two joint ventures agreements to date and will continue to realize on the opportunities to further develop the properties. The Company's joint ventures partners are committed to spending at least $350,000 in fiscal 2011 pursuant to option agreements.

Search is well financed to carry through the 2011 exploration program which will allow the Company to continue to evaluate the properties for future development and attract potential joint venture partners, if desired.

The Company has recently completed an exploration drill program at HighREE Island, in the Port Hope Simpson REE District located in southeast Labrador. The drill program consisted of 2029 meters of NQ core in a total of 13 holes. A similar exploration drill program consisting of 3876 meters of NQ core in a total of 23 holes has been completed at the Foxtrot Showing, in the Fox Harbour Zone of the Port Hope Simpson REE District. The Company is compiling assaying data in order to prepare the 2011 summer exploration program.

The Company's primary focus at this time is the exploration of the Port Hope Simpson REE ("Rare Earth Elements") District located in Labrador.

Search is also developing the proprietary process called Starved Acid Leach Technology ("SALT"), with the goal of securing projects and financing to further enhance the technology by engineering and building a pilot plant.

MINERAL PROPERTIES

The rare metals mentioned below 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.

The company currently holds a number of Newfoundland and Labrador properties acquired through the Alterra acquisition, the B and A Minerals option and subsequent staking in Labrador. Four properties have recently been the focus of exploration or planning activities: the Strange Lake property, the Red Wine property, the Port Hope Simpson REE District and the Henley Harbour property. The B and A Mineral option in Labrador, now a part of the Port Hope Simpson REE District, and subsequent staking has also been the subject of a recently submitted National Instrument 43-101 compliant report. The other properties are discussed below.

Strange Lake Property, Labrador

On June 22, 2010, the Company entered into an agreement with Quest Rare Minerals Ltd. ("Quest") pursuant to which Quest transferred four licenses consisting of nine mineral claims to the Company in consideration for 10,000 common shares of the Company (issued on June 22, 2010). The mineral claims are located adjacent to the Company's Strange Lake Property located on 750 hectares in Western Labrador in the Province of Newfoundland and Labrador.

On June 22, 2010, the Company entered into an option agreement with Quest pursuant to which the Company has granted Quest an option (the "Option") to acquire up to a 65% undivided working interest in the Company's Strange Lake Property.

Pursuant to the option agreement, Quest may earn a 50% undivided working interest in the Strange Lake Property by issuance an aggregate of 90,000 common shares of Quest to the Company over a period of three years. The Company has received 10,000 common shares of Quest at the fair value of $21,400. In addition, Quest must incur mineral exploration expenditures of $500,000 in aggregate over a period of three years as follows:

- $100,000 on or before June 22, 2011;
- $150,000 on or before June 22, 2012; and,
- $200,000 on or before June 22, 2013.

Upon Quest earning a 50% undivided working interest in the Strange Lake Property, Quest may earn an additional 15% undivided working interest in the property by incurring additional mineral exploration expenditures of $1,250,000 in aggregate over a period of two years and paying $75,000 in cash to the Company on or before June 15, 2014.

The property is subject to a 1.5% net smelter return royalty in favour of the Company. Quest may, at any time, purchase 1% of the NSR royalty for $1,000,000.

Quest will be the operator for the property and the Company will pay Quest an amount equal to 10% of the expenditures incurred by Quest for each year of the Option. During the year ended November 30, 2010, the Company recorded operator fees of $2,500 with respect to the Option (2009: $nil).

The Strange Lake property consists of license 013305M that covers a total of 21 claims (5.25 sq. km) in western Labrador, about 120 km west of the coastal community of Nain. This license covers a portion of the Strange Lake Peralkaline Granite, the host of the REE mineralization in the B-Zone (Quest Rare Minerals) and Main Zone (discovered by Iron Ore Company in 1979), just northwest of the Quebec-Labrador border. License 013305M is part of the Option agreement with Quest and is currently registered to Quest Rare Minerals Inc. No new exploration activity has been reported by the operator.

Exploration activity in 2009 comprised preliminary prospecting, boulder tracing and outcrop/float sampling. Eight grab samples were collected and analyzed for trace rare earth and major elements. Three of these samples, two boulders and one outcrop sample, gave very high REE (2.55%, 2.95% and 4.57% REE + Y) and very high rare metal values (e.g., 6,708 ppm, 8,521 ppm and 2,320 ppm Nb; 9,918 ppm, 13,165 ppm and 12,061 ppm Zr).

Red Wine Property, Labrador

On March 16, 2010, the Company entered into an option agreement (the "Letter Agreement") with Great Western Minerals Group Ltd. ("GWG") whereby GWG can acquire up to a 50% working interest in the Company's Red Wine property, located approximately 100km north-east of Churchill Falls, Labrador.

Under the terms of the Letter Agreement, GWG will pay an aggregate of $225,000 and GWG will issue an aggregate of 1,050,000 common shares as follows:

- $50,000 (received) and 200,000 common shares of GWG on March 16, 2010 (received);
- $75,000 and 350,000 common shares of GWG on or before April 30, 2011; and,
- $100,000 and 500,000 common shares of GWG on or before April 30, 2012.

GWG will also fund an exploration program of an aggregate of $1,500,000 of exploration expenditures as follows:

- $750,000 on or before March 16, 2011 (incurred);
- $250,000 on or before March 16, 2012 (incurred); and,
- $500,000 on or before March 16, 2013.

The Company will be the operator of the exploration activities and GWG will pay the Company a 10% management fee, payable in cash. During the year ended November 30, 2010, the Company recorded $115,567 of operator fee income (2009: $nil).

On commencement of commercial production, GWG will have a three year renewable right (the "Marketing Arrangement") to market the Company's share of production of REE from the Red Wine property. The Company will retain the option to renew the Marketing Arrangement for each subsequent three year period.

The property consists of 9 map staked licenses (013144M, 013306M, 016594M, 016596M, 016599M, 016601M, 016602M, 016628M, and 016676M) that encompass 301 claims (75 sq km.).

The property is underlain by Proterozoic saturated and undersaturated volcanic (Leticia Lake Group) and plutonic rocks (Red Wine Complex) of the Red Wine Peralkaline Suite. Peralkaline syenites and nepheline syenites in the North Red Wine portion of the property contain up to 30% of the Zr-Y-REE-bearing mineral eudialyte. These rocks will be the initial target of the exploration program.

Work on the property in 2009 consisted of reconnaissance prospecting, sampling and assay work. Twenty three grab samples were collected and assayed for trace, rare earth and major elements. Eudialyte-bearing samples gave up to 0.82 % total rare earth elements + Y, with Dy values ranging from 275 to 602 ppm for six samples. The highest Zr value for these samples is 33,801 ppm.

The 2010 field program consisted of prospecting, channel sampling, mapping and diamond drilling. Mapping and prospecting identified six eudialyte showings on the property: Pinot Rose, Cabernet, Malbec, Zinfandel, Shiraz and Merlo. The Pinot Rose, Cabernet and Malbec showings have been channel sampled. A total of five holes, totaling 896m, at the Pinot Rose Showing and five holes, totaling 1002.4m at the Cabernet Showing were completed this fall.

The 1,906 m (10 hole) drill program confirmed that the previously reported surface eudialyte-bearing REE-Zr-Y mineralization continues to depth in the Pinot Rose´ and Cabernet showings (see March 5, 2011, News Release). Analytical results for core samples indicate 550 ppm Dy, 3451 ppm Y and 1.25% total REE (TREE; 1.59% Y+TREE) over 4 metres at the Cabernet showing. Metallurgical samples have been collected from three channels on the property.

Port Hope Simpson REE District, Labrador

The Port Hope Simpson REE district forms a belt that stretches north-westerly from Fox Harbour (St. Lewis) on the SE Labrador coast, inland for 130 km and ranges in width from 4 to 10 km. The Company controls 66 licenses in this area, which consist of 11 licenses, which were acquired pursuant to an agreement with B and A Minerals Limited (see Dec. 3, 2009 News Release), 47 additional map staked licenses, staked previous to the 2010 field season, and 8 recently staked licenses for a total of 3,704 claims, covering 926 square km. All portions of this belt are within 10 km of a local transportation network that includes all-season highways, seasonal logging roads, ocean ports and three airstrips.

On January 13, 2011, the Company entered into an option agreement to acquire the Fox Harbour Property comprised of three licenses totaling forty eight (48) claims located east of St. Lewis, Labrador. The Fox Harbour Property is located adjacent and connecting to the Port Hope Simpson REE district.

Preliminary prospecting and sampling were carried out over some parts of the district with easy access (mostly on the B and A option) before weather restricted activity in the late fall of 2009. A total of 59 grab samples was collected from seven REE showings and the surrounding area and analyzed for trace, rare earth and major elements. Results and highlights of these analyses are available in a recent News Release (April 14, 2010) and the recently completed NI 43-101 compliant report on the B and A Option.

The property was covered by a fixed-wing airborne radiometric and magnetic survey (see Dec. 23, 2009 News Release) and the results have been interpreted for structural and lithological data and to determine REE targets. Each of the seven REE showings, sampled previously, are highlighted by the survey data and a further number of similar anomalies suggest that there are at least 80 REE anomalies in the district (see April 14, 2010 News Release).

Search has been working in the area with a team of 18, consisting of prospectors and geologists, on follow-up mapping, lithogeochemical sampling, channel sampling and prospecting of the higher priority targets during the 2010 field season. This work has led to the discovery of numerous mineral indications and a total of 8 showings including: HighREE Island, Fox Harbour Zone, HighREE Hills (four announced showings – Toots Cove, Pesky Hill, Southern Shore and Piperstock Hill), Rock Rolling Hill and Rattling Bog. The recently completed drill programs on HighREE Island, which consisted of 13 holes totaling 2029m, and at the Foxtrot Showing (Fox Harbour Zone0, which consisted of 23 holes totaling 3876m, have resulted from these discoveries. Logging, sampling and assay work of the drill core from HighREE Island and Fox Harbour are continuing.

Representative mineralogical and metallurgical samples (20kg) have been collected from HighREE Island and the Fox Harbour Zone and are currently being tested at the SGS Laboratory in Lakefield, Ontario.

Henley Harbour Property

Henley Harbour occurs in the centre of six licenses that were map staked by the Company, in April, 2010, on the southern coast of Labrador between Red Bay and Mary's Harbour. These six licenses, 017691M to 017696, contain a total of 659 claims (165 sq. km.).

A compilation of Government lake sediment results, mapping and geological reports, in combination with geological similarities with portions of the Port Hope Simpson REE district, indicate that this property has potential for REE. Geological models suggest that felsic pegmatites and associated low volume felsic intrusions/volcanic rocks have potential for REE mineralization in this area.

The property is underlain by Proterozoic felsic to intermediate intrusions and bands of supracrustal rocks, some of which are thought to be felsic volcanic rocks.

Most portions of the property occur within 5 km of the Trans Labrador Highway and/or 5 km of tidewater, providing excellent access to the property for exploration and development activities. The Company has carried out a modest reconnaissance program of prospecting, mapping and lithogeochemical sampling in this area. Compilation of this work and assay data for samples collected will lead to evaluation and planning for future work on this property.

From the many properties that Search now controls, the Company has elected to focus its near term exploration efforts on four properties: Red Wine Complex/ Letitia Lake; Strange Lake, Henley Harbour and Port Hope Simpson.

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.

TECHNOLOGY RESEARCH

Under the direction and guidance of Dr David Dreisinger, Search has been successful in leaching nickel and cobalt from two samples from two Laterite deposits in Brazil. Proof of Concept has been established in using the starved acid leach technology ("SALT") on samples from a saprolite nickel deposit and tailings produced from a limonitic ore.

In both cases nickel and cobalt were put into solution using this novel process which minimizes sulphuric acid consumption. Sulphuric acid is usually the largest cost component in treating nickel laterites and sufficient progress has been made to consider proceeding to the pilot plant stage. There are several options available to recover the nickel and cobalt once they have been put into solution. Patent protection for the SALT is currently underway. The Company is exploring opportunities to exploit and finance the SALT technology to the next stage of development.

SELECTED ANNUAL INFORMATION

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

	November 30, 2010 ($)	November 30, 2009 ($)	November 30, 2008 ($)
Total Revenues	118,269	1,892	7,232
Net Loss	(1,608,835)	(221,641)	(782,343)
Net Loss per Share (basic and diluted)	(0.09)	(0.03)	(0.18)
Deferred Resource Property Exploration Expenditures	2,391,352	555,276	293,585
Total Assets	5,996,760	1,647,444	1,283,738
Total Liabilities	1,621,346	330,463	63,171
Dividends Declared	-	-	-

The Company earns interest revenue from cash held in banks. During the year ended November 30, 2010, the Company acted as the operator for Great Western Minerals Group Ltd. exploration on the Red Wine Property. The Company earned operator income of $115,567.

The significant increase in total assets from November 30, 2009 to November 30, 2010 was due primarily to net additions to mineral properties and deferred exploration of $2,391,352.

The net loss for the years ended November 30, 2010, 2009 and 2008 includes a write-down of resource properties and staking deposits in the respective amounts of $222,887, $61,934 and $586,082, respectively.

RESULTS OF OPERATIONS

The Company incurred a net loss of $1,608,835 ($0.09 per share) for the year ended November 30, 2010 as compared to a net loss of $221,641 ($0.03 per share) for the year ended November 30, 2009. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported net loss to produce an adjusted net loss that forms a better basis for comparing the period over period operating results of the Company.

	November 30, 2010 ($)	November 30, 2009 ($)
Net loss for the period as reported	(1,608,835)	(221,641)
Amortization	38,302	2,927
Stock-based compensation	593,064	25,650
Write-down of mineral property	187,154	31,584
Write-down of staking deposits	35,733	30,350
Gain on option agreement	(43,886)	-
Gain on sale of marketable securities	(32,664)	-
Operator fee income	(115,567)	-
Technology research	208,803	60,000
Recovery of future income tax asset	-	(150,000)
Adjusted net loss for the year (1)	(737,896)	(221,130)

(1) Adjusted net loss for the year is not a term recognized under GAAP.

- Stock-based compensation charged for the year ended November 30, 2010 resulted from the Company granting 875,000 stock options in February 2010, 600,000 stock options in June 2010 and 300,000 stock options in November 2010. During the year ended November 30, 2009, the Company granted 450,000 options. The increase in the fair value of an option has increased from the 2009 year to the 2010 year primarily due to the increase in the stock price of the Company on the respective grant dates.
- In fiscal 2010 and 2009, the Company wrote-down mineral property and staking deposits to reflect claims forfeited during the years and subsequent to the year-ends.
- Gain on option agreement represents the value of the common shares ($39,000) and cash ($50,000) received from GWG in excess of the book value of the Red Wine Property.
- The gain on sale of marketable securities arose as a result of the Company selling shares of GWG and Quest received pursuant to option agreements.
- Operator fee income is the amount the Company has recorded with respect to acting as the operator for GWG's exploration program on the Company's Red Wine Property.
- Technology research costs represent proof of concept bonuses paid to the Vendors of the Technologies, as per the agreement, as well as consulting fees incurred to complete a preliminary research study.

The increase to the adjusted net loss recorded in the year ended November 30, 2010 as compared to the year ended November 30, 2009 is mainly the result of increased business activities to support the increase in exploration activities. In the prior year, the Company had only recently completed its Qualifying Transaction for a Capital Pool Corporation. During the current year, the Company has been actively exploring its mineral properties in Newfoundland and Labrador. Of note are the following items:

- Accounting and audit fees increased from $56,013 to $131,455. The fees for the current year relate to work done to complete the 2009 year end accounting, general bookkeeping, and fees relating to tracking Newfoundland and Labrador expenditures to comply with the Mineral Act of the Province of Newfoundland and Labrador.
- Administration expense and management fees increased from $58,540 to $182,622. The increase is due to an increase in management and administrative staff due to increased activity.
- Consulting fees increased from $31,290 to $177,974 due to fees charged by the Vice President of Technology, fees charged by the Vice President of Exploration and other consultants for their services during the years.
- Legal fees increased from $1,077 to $54,507 due to increased business activities of the Company, resulting in legal fees for transactions entered into.
- Rent increased from $15,600 to $23,750 as the Company increased its office space to accommodate the increase in Company activities.
- Travel and accommodation increased from $13,203 to $47,062 due to increase travel by directors and other staff for site visits in Newfoundland and other business travel.

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended November 30, 2010.

	Three Months Ended ($)			
	Nov 30, 2010	Aug 31, 2010	May 31, 2010	Feb 28, 2010
Total Revenues	77,270	40,659	11	329
Net Loss	(587,981)	(347,468)	(169,230)	(504,156)
Net Loss Per Share (basic and diluted)	(0.03)	(0.02)	(0.01)	(0.04)
Total Assets	5,996,760	4,122,939	4,152,308	2,760,646
Total Liabilities	1,621,346	367,299	337,493	113,129
Shareholders' Equity	4,375,414	3,755,640	3,814,815	2,647,517
	Three Months Ended ($)			
	Nov 30, 2009	Aug 31, 2009	May 31, 2009	Feb 28, 2009
Total Revenues	1,708	77	nil	107
Net Loss	(97,462)	(75,733)	(25,956)	(22,490)
Net Loss Per Share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.00)
Total Assets	1,647,444	1,173,345	1,239,685	1,259,843
Total Liabilities	330,463	49,557	65,814	62,066
Shareholders' Equity	1,316,981	1,123,788	1,173,871	1,197,776

The increase in total assets during the three months ended November 30, 2010 was due to the completion of a non brokered private placement for gross proceeds of $1,000,000 and expenditures on the mineral properties. The increase in total assets during the three months ended May 31, 2010 and the three months ended February 28, 2010 were the result of the completion of three non-brokered private placements for gross proceeds of $1,252,000, $840,000 and $875,000.

The net loss for the three months ended November 30, 2010, August 31, 2010, February 28, 2010 and August 31, 2009 included stock-based compensation expense of $122,780, $209,842, $260,442 and $25,650, respectively. No stock-based compensation is included in any of the other quarters.

For the three months ended November 30, 2010 and November 30, 2009, the Company recorded write-downs of staking deposits and mineral properties of $222,887 and $61,934, respectively, as a result of abandoning certain licenses.

FOURTH QUARTER

The Company recorded a net loss of $587,981 ($0.03 per share) for the quarter ended November 30, 2010 as compared to a net loss of $97,462 ($00.01 per share) for the quarter ended November 30, 2009. The net loss for the quarter ended November 30, 2010 included a write-down of staking deposits and mineral properties of $222,887. The net loss for the fourth quarter of 2009 included a write-down of mineral properties and staking deposits of $61,934. The increase in net loss for the comparative quarters, net of write-downs, was due primarily to recording stock-based compensation of $122,780 during the three months ended November 30, 2010 (three months ended November 30, 2009: $nil).

FINANCING ACTIVITIES

Subsequent to November 30, 2010, the Company completed the following financings:

(i) On March 7, 2011, the Company completed the third tranche of a private placement totaling 3,888,886 units at $0.45 per unit for gross proceeds of $1,749,999. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at $0.70 per common share up to March 7, 2012, $0.80 per common share up to March 7, 2013 and $0.90 per common share up to March 7, 2014.

(ii) On February 25, 2011, the Company completed the second tranche of a private placement totaling 13,611,112 units at $0.45 per unit for gross proceeds of $6,125,000. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at $0.70 per common share up to February 25, 2012, $0.80 per common share up to February 25, 2013 and $0.90 per common share up to February 25, 2014.

(iii) On January 6, 2011, the Company completed the first tranche of a private placement totaling 1,222,222 units at $0.45 per unit for gross proceeds of $550,000. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at $0.70 per common share up to January 6, 2012, $0.80 per common share up to January 6, 2013 and $0.90 per common share up to January 6, 2014.

In addition to the private placements completed during subsequent to November 30, 2010, 4,063,667 warrants were exercised for gross proceeds of $2,031,834.

During the year ended November 30, 2010, the Company completed the following financings:

(i) On November 1, 2010, the Company completed a flow-through private placement of 2,000,000 flow-through units at $0.50 per flow-through unit for gross proceeds of $1,000,000. Each flow-through unit is comprised of one flow-through common share and one non-flow-through common share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at $0.80 per common share up to November 1, 2011 and at $1.00 per common share up to November 1, 2012. The funds raised will be used for the Fox Harbour drilling program.

In connection with the completion of the flow-through private placement, the Company paid a cash finders' fee of $45,000 and issued 144,000 finders' warrants entitling the holder thereof to purchase an additional common share of the Company at $0.80 per common share up to November 1, 2011 and at $1.00 per common share up to November 1, 2012.

(ii) In May 2010, the Company completed a non-brokered private placement of 2,000,000 non flow-through units at a price of $0.50 per non flow-through unit and 420,000 flow-through units at a price of $0.60 per flow-through unit for aggregate gross proceeds of $1,252,000. Each non flow-through unit is comprised of one common share and one share purchase warrant. Each flow-through unit is comprised of one flow-through common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase an additional common of the Company at $0.75 per share up to May 31, 2012. A value of $12,100 has been attributed to the warrants using the residual method. The Company incurred $103,612 of legal fees and other fees in connection with the private placement.

(iii) In March 2010, the Company completed a non-brokered private placement of 2,400,000 units at a price of $0.35 per unit for gross proceeds of $840,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase an additional common share of the Company at $0.50 per share up to March 5, 2011. A value of $12,000 has been attributed to the warrants using the residual method. The Company incurred $51,469 of legal fees and other fees in connection with the private placement.

(iv) In February 2010, the Company completed a non-brokered private placement of 2,500,000 units at a price of $0.35 per unit for gross proceeds of $875,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase an additional common share of the Company at $0.50 per share up to February 11, 2011. A value of $12,500 has been attributed to the warrants using the residual method. The Company incurred $7,750 of legal fees and other fees in connection with the private placement.

In addition to the private placements completed during the year ended November 30, 2010, 175,000 stock options were exercised for gross proceeds of $50,000 and 1,140,500 warrants were exercised for gross proceeds of $199,174.

During the year ended November 30, 2009, the Company completed, in three tranches, a non-brokered private placement of 2,000,000 units at a price of $0.10 per unit for gross proceeds of $200,000. 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 $0.15 per share up to various dates from September 24, 2010 to October 23, 2010. A value of $5,000 has been attributed to the warrants using the residual method. The Company incurred $28,345 of legal fees and other fees in connection with the private placement.

In addition to the private placement completed during the year ended November 30, 2009, 2,690,000 warrants were exercised for gross proceeds of $269,000.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately $831,000 of cash (before working capital items) for the year ended November 30, 2010 (2009 - $281,000) with an additional approximate $1,920,000 (2009 - $479,000) utilized on mineral property acquisitions, deferred exploration expenditures and the purchase of equipment. The cash requirement for the year ended November 30, 2010 was fulfilled from cash on hand at the beginning of the year as well as from $3,969,000 of cash raised from equity financings, net of issue costs, and the exercise of warrants and options.

The Company's aggregate operating, investing and financing activities during the year ended November 30, 2010 resulted in a net increase in its cash balance from $592,132 at November 30, 2009 to $1,518,387 at November 30, 2010. The Company's working capital increased by $403,007 correspondingly during the 2010 fiscal year, and stood at $712,328 at November 30, 2010. In addition, the Company has accumulated losses since inception of $2,707,988.

The Company does not have any commitment for material capital expenditures over the near term or long term and none are presently contemplated in excess of normal operating requirements other than the $90,000 in remaining cash payments required for the Port Hope Simpson Property as described in Note 6 to the attached consolidated financial statements and the remaining $80,000 in remaining cash payments required for Fox Harbour Property as described in Note 15 to the attached consolidated financial statements.

The Company entered into option agreements with Quest and GWG during the year ended November 30, 2010. In order to earn an interest in the Strange Lake Property and the Red Wine Property, Quest and GWG are committed to incurring exploration expenditures on the properties.

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. While there are presently no known specific trends, events or uncertainties that are likely to result in the Company's liquidity decreasing in any material way over the next twelve-month period, it is unlikely that cash will be generated from operations over this period. Since the Company is unlikely to have cash flow, 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. Subsequent to November 30, 2010, the Company completed private placements for aggregate gross proceeds of $8,424,999 as described in the financing activities section of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

During the years ended November 30, 2010 and 2009, 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:

	2010	2009
Administration and management fees	**$ 166,000**	$ 40,000
Consulting fees	**45,938**	18,781
Technology research	**175,000**	-
Mineral property expenditures		
Geological consulting	**125,000**	-
Other	**16,627**	-
	$ 528,565	$ 58,781

These expenditures were measured at the exchange amount which is the amount agreed upon by the transacting parties.

At November 30, 2010, accounts payable and accrued liabilities included $93,971 (2009: $108,285) of 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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company did not adopt any new accounting policies during the year ended November 30, 2010.

Future accounting changes

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date.

It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company will adopt these sections on December 1, 2010. The Company has determined that adopting these standards will not have a material impact on the Company's consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that publicly listed companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption may be permitted, however it will require exemptive relief on a case by case basis from the Canadian Securities Administrators. The Company expects its first consolidated financial statements presented in accordance with IFRS to be for the three-month period ended February 28, 2012, which includes presentation of its comparative results for fiscal 2011 under IFRS. In order to prepare for the changeover to IFRS, the Company has developed an IFRS conversion plan comprised of three phases:

PHASE	DESCRIPTION AND STATUS
PRELIMINARY PLANNING AND SCOPING	This phase involved the development of the IFRS conversion plan. The IFRS conversion plan included consideration of the impacts of IFRS on the Company's consolidated financial statements, internal control over financial reporting, information systems and business activities such as compensation metrics, and personnel and training requirements. Management expects minimal impact on information systems and compensation metrics from converting to IFRS. The IFRS conversion plan included a high level impact assessment of IFRS effective in 2010, as relevant to the Company. This initial assessment identified those standards of high or medium priority to the Company, based on a number of factors. The International Accounting Standards Board has activities currently underway which may, or will, change the standards effective upon the Company's adoption of IFRS, and therefore may impact this initial high level assessment. The Company will assess any such change as a component of its Detailed Impact Assessment phase and update its IFRS conversion plan as appropriate. The preliminary planning and scoping phase identified areas of conversion differences including stock-based compensation and flow-through shares.
DETAILED IMPACT ASSESSMENT	This phase involves detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS that may or will result in accounting and/or disclosure differences in the Company's consolidated financial statements, along with quantification of impact on key line items and disclosures. The phase includes identification, evaluation and selection of accounting policies necessary for the Company's conversion to IFRS and evaluation of the impact on outstanding operational elements such as debt covenants and budgeting. The Company has not as yet commenced its detailed review of IFRS relevant to the Company and identification of key differences. Preliminary analysis of the IFRS conversion impact on the financial statements has determined that there will be minimal, if any, adjustment required as a result of conversion to IFRS. The Company expects to complete this phase by the third quarter of fiscal 2011. As the Company has a November year end, it will be filings its first quarterly IFRS statements eleven months after the first quarterly IFRS statements are filed for TSX Venture issuers with December year ends.
IMPLEMENTATION	This phase will embed the required changes for conversion to IFRS into the underlying financial close and reporting process and business processes. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant consolidated financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS consolidated financial statements. The IFRS changeover may impact the presentation and/or valuations of balances and transactions in the Company's quarterly

	and annual consolidated financial statements effective December 1, 2011. The IFRS changeover will impact the related notes effective December 1, 2011. Continued progress on the IFRS conversion plan is necessary before the Company is able to describe or quantify those effects. The Company expects to complete the IFRS conversion process during the fourth quarter of fiscal 2011 in anticipation of the first consolidated financial statements to be filed using IFRS, the three months ended February 28, 2012 consolidated financial statements.

FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivable, marketable securities, and accounts payable and accrued liabilities. The Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. The other receivable is designated as loans and receivables, which is measured at amortized cost. The marketable securities are designated as available-for-sale financial assets, which are measured at fair value. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

The Company's investments in marketable securities are transacted in active markets. The Company classifies the fair value of these transactions according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 – Level 2 valuation is based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The value of marketable securities has been assessed based on the fair value hierarchy described above and are classified as Level 1. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

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

<u>Credit Risk</u>

Credit risk arises from cash held with banks and financial institutions as well as from receivables and amounts due from shareholders and related parties. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash and cash equivalents are held with a large Canadian bank. Subsequent to November 30, 2010, the Company received the other receivable in full.

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. The Company's accounts payable and accrued liabilities are all due within several months. See Note 1 for disclosure on financing and cash requirements.

Market Risk

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

a) Currency Risk

As at November 30, 2010 and 2009, all of the Company's cash and cash equivalents were 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.

b) Interest Rate Risk

The Company has investments in guaranteed investment certificates that are highly liquid. As such, the Company has been exposed to nominal interest rate risk, with an interest rate at year end of 0.95%.

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 holds common shares of GWG. The Company is subject to price risk due to changes in the fair value of the GWG common shares. GWG is traded on the TSX-V. A 5% change in the fair value of the GWG and Quest shares would result in the Company incurring an unrealized gain/loss of $2,000.

OUTSTANDING SHARE CAPITAL

Authorized:	Unlimited number of common shares
Issued and outstanding:	46,656,772 common shares as at March 29, 2011.

Options and warrants outstanding as at March 29, 2011:

Security	Number	Exercise Price	Expiry Date
Stock Options	100,000	$0.20	May 3, 2012
Stock Options	450,000	$0.10	July 3, 2014
Stock Options	775,000	$0.40	February 16, 2015
Stock Options	575,000	$0.47	June 22, 2015
Stock Options	300,000	$0.55	November 8, 2015
Stock Options	875,000	$0.60	March 1, 2016
Share Purchase Warrants	2,420,000	$0.75	May 31, 2012
Share Purchase Warrants	2,144,000	$0.80	November 1, 2011
		$1.00	November 1, 2012
Share Purchase Warrants	1,222,222	$0.70	January 6, 2012
		$0.80	January 6, 2013
		$0.90	January 6, 2014
Share Purchase Warrants	13,611,112	$0.70	February 25, 2012
		$0.80	February 25, 2013
		$0.90	February 25, 2014
Share Purchase Warrants	3,888,886	$0.70	March 7, 2012
		$0.80	March 7, 2013
		$0.90	March 7, 2014

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 audited consolidated financial statements for the year ended November 30, 2010 and this accompanying MD&A.

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

RISKS AND UNCERTAINTIES

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

Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The mining industry is intensely competitive. The commercial viability of a mineral deposit depends on a number of factors including the particular attributes of the deposits (principally size and grade), proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes mineral prices to fluctuate substantially over short periods of time.

There can be no assurance that the minerals can be marketed profitably or in such a manner as to provide an adequate return on invested capital.

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

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

The Company will need additional funding to complete its long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, competition with other REE 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 of the Company's mineral properties are in the exploration stage and without known reserves. 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.