Management's Discussion and Analysis
for the Year Ended November 30, 2012

The following information, prepared as of March 25, 2013, should be read in conjunction with the consolidated financial statements of Search Minerals Inc. (the "Company" or "Search") for the year ended November 30, 2012. The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

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

This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of drill results may also be considered 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 25, 2013.

- 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 "TSX-V") 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 TSX-V, and the Company ceased to be a Capital Pool Company. The Company resumed trading on the TSX-V on October 27, 2008 under its changed name, "Search Minerals Inc." and under the symbol "SMY.V."

The Company is in two lines of business being mineral exploration and the research and development of the starved acid leaching technology ("SALT"). The SALT testing continues at a pilot plant located outside Rio de Janeiro, Brazil and at the University of British Columbia. The mineral exploration business involves acquiring, exploring and evaluating mineral resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is complete.

The Company exploration properties are located in the Province of Newfoundland and Labrador.

OVERALL PERFORMANCE

On February 14, 2012, the Company filed a National Instrument 43-101 Technical Report on the Foxtrot Project in the Port Hope Simpson REE District. This report outlined a 43-101 compliant resource that consisted of 3.41 Mt of indicated at a grade of 0.89% total Rare Earth Elements and 5.85 Mt of inferred at a grade of 0.80% total Rare Earth Elements. On February 29, 2012, the Company announced that it had commissioned Roscoe Postle & Associates to proceed with their recommendation to complete a Preliminary Economic Assessment. Refer to the mineral properties section for further details.

On April 27, 2012, the Company announced results from the Phase III drilling at the Foxtrot Project in the Port Hope Simpson REE District. Assay results from all diamond drill holes were received and will be integrated into an updated resource estimate.

On May 1, 2012, Roscoe Postle & Associates completed the Preliminary Economic Assessment ("PEA") on the Foxtrot Project. Operational highlights include a mine life of 10 years and proposed production of 14.3 Mt at a grade of 0.58% total Rare Earth Elements. Financial highlights include a $408 million pre-tax Net Present Value (at a 10% discount rate), a 29% pre-tax Internal Rate of Return, $1.1 billion pre-tax undiscounted cash flows and total net revenue of $3.0 billion. The June 15, 2012 NI 43-101 Technical Report on the Foxtrot Project PEA was filed on www.sedar.com on July 9, 2012.

On May 9, 2012, the Company announced the completion of metallurgical tests on a bulk sample from the Foxtrot Project to produce a high grade REE product for refining. Mineralogy studies have shown that the REE minerals in Foxtrot are Allanite, Fergusonite, Chevkinite, with minor Bastnasite/Synchysite and Monazite. Details are disclosed in the news release dated May 9, 2012.

On May 23, 2012, the Company announced that the Company and PT ANTAM (Persero) Tbk ("ANTAM") have signed a Heads of Agreement ("HOA") to cooperate in developing a SALT plant to apply the Company's SALT technology in processing low grade saprolite nickel ore from ANTAM's mining permits in one or more of Halmahera, Pomalaa or other mining projects located within Indonesia. Refer to the technology research section for further details.

In June 2012, the Company announced that the board of directors established a Strategic Committee to explore strategic alternatives for the Company. In July 2012, the Strategic Committee engaged Byron Capital Markets Ltd. of Toronto, Ontario, Canada as the financial and capital markets advisor to assist it in fulfilling its mandate.

In June 2012, the Company announced the resignation of Jonathan Sherman from the board of directors.

On August 8, 2012, the Company completed the first tranche of a non-brokered private placement of 4,000,000 units at a price of $0.20 per unit for gross proceeds of $800,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof the right to acquire an additional common share of the Company until August 8, 2014 at a price of $0.20 per share.

On August 22, 2012, the Company completed the final tranche of a non-brokered private placement of 532,000 units at $0.20 per unit for gross proceeds of $106,400. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof the right to acquire an additional common share of the Company until August 22, 2014 at a price of $0.20 per share.

On August 27, 2012, the Company announced it had signed a Mining Exploration Activities Agreement with the NunatuKavut Community Council. Key elements in the agreement address environmental protocols and safeguards for matters of historic values,. The agreement also sets out hiring and business opportunities for NunatuKavut members and communities as well as certain financial considerations. The Company issued 50,000 shares to NunatuKavut Community Council.

In September 2012, the Company announced the appointment of Stephen Keith and Alexandre Penha to the board of directors.

On October 16, 2012, the Company completed a non-brokered flow-through private placement totaling 1,400,000 units at $0.18 per unit for gross proceeds of $252,000. Each 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 the right to purchase an additional non-flow-through common share of the Company at $0.20 per common share up to April 16, 2014.

On November 1, 2012, the Company announced that Roscoe Postle & Associates had prepared an updated mineral resource estimates for the Foxtrot Project. The highlights include a 270% increased in Indicated Mineral Resources, largely from extending the initial resource to depth, and a total Indicated Mineral Resource of 9,229,000 tonnes with a grade of 0.17% heavy rare earth elements. Details are disclosed in the news release.

On January 25, 2013, the Company announced results from the Phase I drilling at the Pesky Hill Prospect in the Port Hope Simpson REE District. The $250,000 Phase 1 exploration drilling program comprised of 38 shallow vertical holes (1,213m) ranging from 26m to 50m in depth. Details are disclosed in the news release.

On February 20, 2013, the Company announced that the United States Patent Office has granted a United States patent for SALT. Search is further pleased to announce that patent applications have been filed in several countries for nickel laterite processing using SALT. Separate applications have been lodged with the national patent offices in Brazil, Cuba, the Philippines, Australia, Europe (including the French overseas territory of New Caledonia), Indonesia, Colombia and the Organization of African States.

On February 22, 2013, the Company provided an update for the REE properties in Labrador including an update on the new PEA for the Foxtrot REE Deposit expected in Q1 2013. Details are disclosed in the news release.

On March 21, 2013, the Company completed a non-brokered private placement of 24,000,000 units at a price of $0.05 per unit for gross proceeds $1,200,000. 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 $0.10 per common share up to March 22, 2014. The proceeds from the financing will be used for general working capital purposes.

On March 25, 2013, the Company announced the results of a revised PEA on the Foxtrot Project. The PEA evaluates an open pit/underground scenario with lower capital costs, a lower mining rate and higher grade mill feed. Highlights include a reduction in capital costs to $221 million from $ 469 million, with a 3.8 year payback, a $219 million net present value at a discount rate of 10%, and a 26% pre tax internal rate of return. Details of the PEA are disclosed in the March 25, 2013 news release. The updated NI 43-101 Technical Report on the Foxtrot Project PEA will be filed on www. sedar.com within the next 45 days.

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.

Search will continue to evaluate the properties for future development and attract potential joint venture partners, if desired.

The Company completed a 2011 summer (Phase II) and a 2011/2012 fall/winter (Phase III) exploration drill program at the Foxtrot Project, in the Port Hope Simpson REE District located in southeast Labrador. The Company retained Roscoe Postle & Associates ("RPA") to complete a NI 43-101 Technical Report, with resource estimate, and a Preliminary Economic Assessment ("PEA"). The NI 43-101 Technical Report was filed on February 14, 2012 and the results of the PEA were disclosed in the news release dated May 1, 2012. An updated NI 43-101 Technical Report was filed on December 20, 2012 which included an updated mineral resource estimate.

A new PEA for the Foxtrot Project is being prepared which will be delivered in Q1 2013. The updated mineral resource estimate to 450m depth will be incorporated into the new PEA. This PEA will evaluate an open pit / underground scenario with lower capital costs, a lower mining rate and higher grade mill (FT-3 zone) feed. On March 25, 2013, the Company issued a news release summarizing the new PEA.

The Company's primary focus has been the exploration of the Port Hope Simpson Rare Earth Element ("REE") District and the Henley Harbour Property both located in Labrador. Search has completed the

$250,000 Phase 1 program which included a 1,213m NQ drilling program on the Pesky Hill prospect located 25km southeast of Port Hope Simpson, Labrador (see January 25, 2013 news release for results).

Search is developing the proprietary process called Starved Acid Leach Technology ("SALT"). During Q3 2011, the Company and Votorantim completed a pilot plant in Brazil. An agreement is in place granting Votorantim the exclusive and irrevocable right and option to acquire a 50% undivided interest in a patent in Brazil if and when it is granted. Votorantim's rights in respect of the SALT process are exclusively within Brazil. In May 2012, the Company entered into a HOA with ANTAM, an Indonesian mining company, to develop a SALT plant in Indonesia.

The Company's Strategic Committee continues to examine and report back to the Board on a range of possible transactions, the purpose of which is to maximize value for the Company's shareholders.

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, the Quinlan 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 National Instrument 43-101 compliant report dated June 30, 2010. On February 14, 2012, a National Instrument 43-101 compliant report was filed on the Foxtrot Prospect, Port Hope Simpson REE District. On December 20, 2012, an updated NI 43-101 compliant report was filed.

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 135 km and up to 12 km wide. The Company controls a number of licenses in this area acquired pursuant to an agreement with B and A Minerals Limited (see Dec. 3, 2009 News Release) and additional map staked licenses. 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 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 acquire the Fox Harbour Property located east of St. Lewis, Labrador. The Fox Harbour Property is located adjacent and connecting to the Port Hope Simpson REE district.

Since the fall of 2009, the Company has been exploring the Port Hope Simpson REE District. The Company began exploration of the property with a fixed-wing airborne radiometric and magnetic survey (see Dec. 23, 2009 News Release) and the results were interpreted for structural and lithological data and to determine REE targets.

During the 2010 field season, prospectors and geologists investigated the REE targets with follow-up mapping, lithogeochemical sampling, channel sampling and prospecting of the higher priority targets. This work led to the discovery of numerous mineral indications and REE prospects. The drill programs on HighREE Island, which consisted of 13 holes totaling 2,029m, and at the Foxtrot Project, which consisted of 23 holes totaling 3,955m, have resulted from these discoveries. Drill core samples from HighREE Island and Foxtrot were provided to the laboratory for assaying.

During the 2011 field season, Search continued prospecting work on the various REE prospects and other prospective areas. In addition, the Company completed a drilling program at the Foxtrot Project in three phases. A 3,955 m drill program was completed in Phase I with results detailed in the May 26, 2011 news release. A 4,083 m drilling program was completed in Phase II with results detailed in the August 30, 2011 news release. A 10,896 m drilling program was completed in Phase III with the results detailed in the February 1, 2012 and the April 27, 2012 news releases.

On February 14, 2012, the Company filed an independent National Instrument 43-101 Technical Report, including a Mineral Resource Estimate, on the Foxtrot Project. The Mineral Resource Estimate was based on the first two phases of drilling completed in the 2010/2011 field season. This report outlined a 43-101 compliant resource that consisted of 3.41 Mt of indicated at a grade of 0.89% total Rare Earth Elements and 5.85 Mt of inferred at a grade of 0.80% total Rare Earth Elements. The Technical Report recommended that a Preliminary Economic Assessment ("PEA") be undertaken. Roscoe Postle & Associates were commissioned to complete the PEA.

On March 1, 2012, the Company confirmed the discovery of mineralization on the Pesky Hill REE prospect. Channel samples from this prospect revealed high concentration of Dy, Tb, Nb, Zr and Y. Results are detailed in the March 1, 2012 news release.

On March 20, 2012, the Company announced the discovery of the Fox Pond and Foxy Lady REE prospects. These two prospects exhibit similar grades, host rocks and REE minerals as those found at Foxtrot. Results are detailed in the March 20, 2012 news release.

On May 1, 2012, Roscoe Postle & Associates completed the Preliminary Economic Assessment ("PEA") on the Foxtrot Project. Operational highlights include a mine life of 10 years and proposed production of 14.3 Mt at a grade of 0.58% total Rare Earth Elements. Financial highlights include a $408 million pre-tax Net Present Value (at a 10% discount rate), a 29% pre-tax Internal Rate of Return, $1.1 billion pre-tax undiscounted cash flows and total net revenue of $3.0 billion. The June 15, 2012 NI 43-101 Technical Report on the Foxtrot Project PEA was filed on www.sedar.com on July 9, 2012.

On May 9, 2012, the Company announced the completion of metallurgical tests on a bulk sample from the Foxtrot Project to produce a high grade REE product for refining. Mineralogy studies have shown that the REE minerals in Foxtrot are Allanite, Fergusonite, Chevkinite, with minor Bastnasite/Synchysite and Monazite. Details are disclosed in the news release dated May 9, 2012.

On November 1, 2012, the Company announced that Roscoe Postle & Associates had prepared an updated mineral resource estimates for the Foxtrot Project. The highlights include a 270% increased in Indicated Mineral Resources, largely from extending the initial resource to depth, and a total Indicated Mineral Resource of 9,229,000 tonnes with a grade of 0.17% heavy rare earth elements. Details are disclosed in the news release.

On January 25, 2013, the Company announced results from the Phase I drilling at the Pesky Hill Prospect in the Port Hope Simpson REE District. The $250,000 Phase 1 exploration drilling program comprised of

38 shallow vertical holes (1,213m) ranging from 26m to 50m in depth. Details are disclosed in the news release.

On February 22, 2013, the Company provided an update for the REE properties in Labrador including an update on the new PEA for the Foxtrot REE Deposit expected in Q1 2013. Details are disclosed in the news release. On March 25, 2013, the Company announced the results of a revised PEA on the Foxtrot Project. The PEA evaluates an open pit/underground scenario with lower capital costs, a lower mining rate and higher grade mill feed. Highlights include a reduction in capital costs to $221 million from $ 469 million, with a 3.8 year payback, a $219 million net present value at a discount rate of 10%, and a 26% pre tax internal rate of return. Details of the PEA are disclosed in the March 25, 2013 news release. The updated NI 43-101 Technical Report on the Foxtrot Project PEA will be filed on www. sedar.com within the next 45 days.

During the year ended November 30, 2012, the Company wrote-down $5,246,469 of mineral property costs. The Company determined that there were indicators of impairment on a portion of the Port Hope Simpson REE District as well as on the Katie Property and the other Newfoundland and Labrador properties. The Company wrote-down all deferred mineral property costs relating to these properties other than costs directly related to exploration on the Foxtrot Property and the recently drilled Pesky Hill Prospect. Although the Company has written-down these costs for accounting purposes, the Company still holds a significant number of licenses.

The Company's focus in the Port Hope Simpson REE District will be on the Foxtrot Project and the Pesky Hill, Fox Pond and Foxy Lady Prospects.

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). These mineral claims, located adjacent to the Company's Strange Lake Property, were merged with license 013305M to form the new license 019113M, which consists of 30 claims. This new license contains 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 granted Quest an option (the "Option") to acquire up to a 65% undivided working interest in the Company's Strange Lake Property. In November 2012, Quest earned a 50% undivided interest in the Strange Lake Property by settling $67,141 of accounts payable in lieu of 50,000 Quest shares and incurring $500,000 of exploration expenditures. 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, paying $75,000 in cash to the Company and issuing 150,000 common shares of Quest on or before June 15, 2015.

The property is subject to a 1.5% net smelter return royalty in favour of the Company. Quest may, at any time, purchase two-thirds of the 1.5% 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.

The Strange Lake property consists of license 019113M that covers a total of 30 claims (7.5 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.

Quest is currently not performing any work on the Strange Lake property and has not announced any exploration work for the remainder of 2013.

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 could 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 paid an aggregate of $225,000 and GWG issued an aggregate of 1,050,000 common shares to Search and funded exploration programs of an aggregate of $1,500,000 of exploration expenditures. On June 28, 2011, the Company announced that GWG had earned a 50% interest in the Red Wine Property. GWG and the Company have a joint venture with the Company currently acting as the operator.

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.

Summary

From the many properties that Search now controls, the Company has elected to focus its near term exploration efforts on the Foxtrot Project and the potential for Foxtrot-like deposits in the Fox Harbour area, part of the Port Hope Simpson REE District. The objective of the current exploration program is to identify additional Foxtrot-like deposits that can be put into production to share capital costs of the Company's Foxtrot Project and to demonstrate to all stakeholders the potential of the Port Hope Simpson REE District for multiple REE deposits.

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. Sufficient progress had been made to proceed to the pilot plant stage.

On July 13, 2011, the Company entered into an agreement with Votorantim Metais Níquel S.A. and Votorantim Novos Negócios S.A., operating subsidiaries of Votorantim Participações S.A. (together, "Votorantim") whereby Votorantim and the Company agreed to work together to develop SALT at a pilot plant in Brazil and issue a final report on the SALT process.

Patent applications have been filed in the Unites States and Brazil and are pending in other jurisdictions through the PCT convention. The Company has granted Votorantim the exclusive and irrevocable right and option, exercisable for up to three years, to acquire a 50% undivided interest in the Brazilian patent, if and when it is granted by Brazil's National Institute of Intellectual Property ("INPI"). The Company filed a patent application with INPI in early 2011. On exercise of the option, Votorantim would be entitled to an undivided 50% interest in the patent, which will entitle Votorantim to use and exploit the patent within Brazil in accordance with the terms of the agreement.

In order to maintain the option in good standing during the option period, Votorantim must fund the test work to be carried out at the Centro de Tecnologia Mineral ("CETEM") pilot plant and prepare a final report assessing the results of the test work. The Company will be paid an annual advance royalty of US$500,000 during the period from a construction decision until commercial production of mineral products within Brazil. The advanced royalty payments are deductible against an annual 0.75% net smelter return.

If Votorantim exercises the option and acquires a 50% interest in the SALT patent, Votorantim will be entitled to a one year exclusivity period during which neither party may further license the use of the SALT process to third parties within Brazil. Subsequent to such exclusivity period, both Votorantim and the Company will be entitled to further license the SALT process within Brazil, in which event, income generated from such licensing shall be shared on a 50/50 basis. If either party options or acquires a project within Brazil in respect of which the SALT process will be used, the other party will be entitled to elect to participate and fund its share of such project. In the event the other party elects not to participate, such party will be entitled to a 0.25% net smelter royalty.

Votorantim's rights in respect of the SALT process are exclusively within Brazil and will not impair Search's rights to exploit the technology for its sole benefit in other jurisdictions.

On February 20, 2013, the Company announced that the United States Patent Office has granted a United States patent for SALT. Search is further pleased to announce that patent applications have been filed in several countries for nickel laterite processing using SALT. Separate applications have been lodged with the national patent offices in Brazil, Cuba, the Philippines, Australia, Europe (including the French overseas territory of New Caledonia), Indonesia, Colombia and the Organization of African States.

The Company also announced that it has received a positive report from Votorantim with respect to pilot plant testing of Caron plant waste marterials. The report is under review and consideration by Votorantim and Search. Pilot plant testing of the Cipo nickel laterite project has also been successfully concluded. Evaluation of the technical results and the associated cost and engineering studies is ongoing.

On May 23, 2012, the Company announced that it had entered into a Heads of Agreement ("HOA") with PT ANTAM (Persero) Tbk ("ANTAM") to cooperate in developing a SALT plant to apply the Company's SALT technology in processing low grade saprolite nickel ore from ANTAM's mining permits in one or more of Halmahera, Pomalaa or other mining projects locate within Indonesia. Subject to satisfactory results of the parties respective due diligence and evaluation, Search will design, construct and operate the plant in Indonesia and ANTAM will commit to a long term ore supply capable of supporting a 30 year mine plan for each Indonesian project that ANTAM and the Company mutually agree on for the implementation of SALT, once proven. Subject to studies, the initial supply is anticipated to be approximately 2 million dry tonnes of ore per year. The Company and ANTAM are completing due diligence and evaluation prior to entering into a definitive agreement.

Bench scale evaluation of a suite of nickel laterite samples from the Pomalaa deposit of ANTAM has been conducted via a service agreement the University of British Columbia Hydrometallurgy Laboratory under the supervision of Dr. David Dreisinger. The results of the testing have been forwarded to ANTAM for review and comment.

During the year ended November 30, 2012, the Company incurred technology research expense of $324,667 (2011: $487,113). Included in technology research expenses are consulting fees of Dr. David Dreisinger, payments to the University of British Columbia, legal fees and travel expenses.

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, 2012 ($)	November 30, 2011 ($)	November 30, 2010 ($) (1)
Total Revenues	-	-	-
Net Loss	(6,914,578)	(1,700,558)	(1,608,835)
Net Loss per Share (basic and diluted)	(0.14)	(0.04)	(0.09)
Deferred Resource Property Exploration Expenditures	3,282,333	7,149,389	2,391,352
Total Assets	9,259,509	16,148,690	5,996,760
Total Liabilities	662,164	2,085,590	1,621,346
Dividends Declared	-	-	-

(1) Presented in accordance with Canadian Generally Accepted Accounting Principles prior to convergence to IFRS ("Canadian GAAP").

The significant decrease in total assets and the increase in net loss were due to the write-down of mineral properties at November 30, 2012. The total write-down was $5,246,469.

The significant increase in total assets during the years ended November 30, 2011 was due primarily to net additions to mineral properties and deferred exploration as a result of equity financings completed during the year.

RESULTS OF OPERATIONS

The Company incurred a net loss of $6,914,578 ($0.14 per share) for the year ended November 30, 2012 as compared to a net loss of $1,700,558 ($0.04 per share) for year ended November 30, 2011. 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 year over year operating results of the Company.

	November 30, 2012 ($)	November 30, 2011 ($)
Net loss for the year as reported	(6,914,578)	(1,700,558)
Add (deduct):		
Amortization	78,866	87,446
Share-based payments	95,631	981,486
Write-down of mineral properties	5,246,469	-
Write-down of staking deposits	44,812	6,225
Gain on option agreement	(48,193)	(818,800)
Loss on sale of marketable securities	161,832	11,652
Operator fee income	(5,134)	(79,718)
Technology research	324,667	487,113
Flow-through premium income	(53,500)	(32,500)
Adjusted net loss for the year (1)	(1,069,128)	(1,057,654)

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

- Share-based payments expense for the year ended November 30, 2012 resulted from the Company granting 1,485,000 stock options at the fair value of $0.06 per stock option. During the year ended November 30, 2011, the Company granted 2,435,000 stock options at the fair value of $0.41 per stock option. The fair value of an option has decreased from the 2011 year to the 2012 year primarily due to the decrease in the stock price of the Company on the respective grant dates.
- In fiscal 2012, the Company determined that there were indicators of impairment on certain mineral properties and therefore the Company incurred a write-down charge of $5,246,469.
- In fiscal 2012 and 2011, the Company wrote-down staking deposits to reflect claims forfeited during the years.
- In fiscal 2011, the gain on option agreement represented the value of the common shares ($655,000) and cash ($75,000) received from GWG in excess of the carrying value of the Red Wine Property and the value of shares ($88,800) received from Quest in excess of the carrying value of the Strange Lake Property when the cash and shares were received. In fiscal 2012, the gain on option agreement represents the value of shares ($105,641) in excess of the carrying value of the Strange Lake Property.
- The loss 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 during the years represent consulting fees, travel expenses and legal fees.
- Flow-through premium income resulted from flow-through shares issued during the year ended November 30, 2012 and November 30, 2010.

During the current and comparative year, the Company has been actively exploring its mineral properties in Newfoundland and Labrador. The increase in the adjusted net loss for the year ended November 30, 2012 as compared to the year ended November 30, 2011 is the net result of a number of differences in various expenses as follows:

- Accounting and audit fees increased from $110,673 to $120,174.
- Administration expense and management fees increased from $250,434 to $338,795.
- Consulting fees increased from $158,858 to $186,094.

- Legal fees decreased from $61,771 to $45,041.
- Non-executive directors fees increased from $42,000 to $75,000.
- Office and miscellaneous expenses decreased from $270,846 to $178,335.
- Travel and accommodation expenses decreased from $153,374 to $74,322.

FOURTH QUARTER

The Company recorded a net loss of $5,661,899 ($0.11 per share) for the quarter ended November 30, 2012 as compared to a net loss of $776,458 ($0.02 per share) for the quarter ended November 30, 2011. The net loss for the quarter ended November 30, 2012 included a write-down of staking deposits and mineral properties of $5,291,281 (2011 - $6,225) and technology research expense of $65,756 (2011 - $289,912).

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, 2012.

	Three Months Ended ($)			
	Nov 30, 2012	**Aug 31, 2012**	**May 31, 2012**	**Feb 29, 2012**
Total Revenues	-	-	-	-
Net Loss	(5,661,899)	(336,543)	(241,203)	(674,933)
Net Loss Per Share (basic and diluted)	(0.11)	(0.01)	(0.01)	(0.01)
Total Assets	9,259,509	14,412,160	14,078,435	14,490,542
Total Liabilities	662,164	421,746	676,536	867,440
Shareholders' Equity	8,597,345	13,990,414	13,401,899	13,623,102

	Three Months Ended ($)			
	Nov 30, 2011	**Aug 31, 2011**	**May 31, 2011**	**Feb 28, 2011**
Total Revenues	-	-	-	-
Net Income (Loss)	(776,458)	175,254	(529,979)	(569,375)
Net Income (Loss) Per Share (basic and diluted)	(0.02)	0.00	(0.01)	(0.02)
Total Assets	16,148,690	16,313,184	15,254,797	14,986,826
Total Liabilities	2,085,590	1,454,751	553,001	625,575
Shareholders' Equity	14,063,100	14,858,433	14,701,796	14,361,251

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

The net loss for the three months ended November 30, 2012, February 29, 2012, November 30, 2011, August 31, 2011, May 31, 2011 and February 28, 2011 included share-based payment expense of $67,719, $27,912, $95,341, $8,635, $516,717 and $360,793, respectively.

The three months ended November 30, 2012, August 31, 2011 and May 31, 2011 included gains on option agreements of $48,193, $463,800 and $355,000, respectively, as a result of receiving cash and shares from GWG and Quest in excess of the carrying value of the Red Wine Property and the Strange Lake Property. The net income recorded for the quarter ended August 31, 2011 was a result of the gain on option agreements of $463,800.

For the three months ended November 30, 2012 and November 30, 2011, the Company recorded write-downs of staking deposits and mineral properties of $5,291,281 and $6,225, respectively. The write-downs explain the increase in net loss during the quarter and the decrease in total assets and shareholders' equity.

FINANCING ACTIVITIES

Subsequent to November 30, 2012, the Company completed a private placement of 24,000,000 units at a price of $0.05 per unit for gross proceeds of $1,200,000. 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 $0.10 per common share up to March 22, 2014.

During the year ended November 30, 2012, the Company completed the following financings:

i) On August 8, 2012, the Company completed the first tranche of a non-brokered private placement of 4,000,000 units at a price of $0.20 per unit for gross proceeds of $800,000. 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 $0.20 per common share up to August 8, 2014. A value of $280,000 has been attributed to the warrants using the residual method.

ii) On August 22, 2012, the Company completed the second tranche of a non-brokered private placement of 532,000 units at a price of $0.20 per unit for gross proceeds of $106,400. 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 $0.20 per common share up to August 22, 2014. A value of $42,560 has been attributed to the warrants using the residual method.

iii) On October 16, 2012, the Company completed a non-brokered private placement of 1,400,000 flow-through units at a price of $0.18 per flow-through unit for gross proceeds of $252,000. Each flow-through unit is comprised of one flow-through common share and one non-flow-through share purchase warrant. Each warrant entitles the holder thereof to purchase an additional common share of the Company at $0.20 per share up to April 16, 2014. A value of $7,000 has been attributed to the warrants using the residual method. The fair value of the flow-through common shares was determined to be $191,500 with the remaining $53,500 of flow-through premium being allocated to flow-through premium liability.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately $1,377,000 of cash (before working capital items) for the year ended November 30, 2012 (2011 - $1,468,000) with an additional approximate $3,314,000 (2011 - $6,723,000) utilized on mineral property acquisitions, deferred exploration expenditures and the purchase of equipment offset by proceeds from the sale of marketable securities, cash received from GWG and staking costs. The cash requirement for the year ended November 30, 2012 was fulfilled from cash on hand at the beginning of the year as well as from approximately $1,206,000 of cash raised from equity financings, net of issue costs, and the exercise of options.

The Company's aggregate operating, investing and financing activities during the year ended November 30, 2012 resulted in a net decrease in its cash balance from $3,547,916 at November 30, 2011 to $422,173 at November 30, 2012. The Company's working capital decreased by $3,054,185 correspondingly during the year and stood at $70,172 at November 30, 2012. The Company has accumulated losses since inception of $11,101,024.

The Company does not have any commitments 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 remaining $45,000 in remaining cash payments required for Fox Harbour Property as described in Note 10 to the attached consolidated financial statements.

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

TRANSACTIONS WITH RELATED PARTIES

During the year ended November 30, 2012 and 2011, 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:

	2012	2011
	$	$
Administration and management fees	**262,500**	195,833
Consulting fees	**47,750**	54,000
Non-executive directors fees	**75,000**	42,000
Technology research	**204,272**	340,000
Mineral property expenditures		
Geological consulting	**222,917**	184,167
	812,439	816,000

At November 30, 2012, accounts payable and accrued liabilities included $193,665 (November 30, 2011: $140,684; December 1, 2010: $93,971) 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.

At November 30, 2012, other assets included expense advances provided to officers of the Company of $7,500 (November 30, 2011: $37,500; December 1, 2010: $20,500).

Key management includes the Chief Executive Officer and the directors of the Company. The compensation paid or payable to key management for services during the years ended November, 2012 and 2011 is identical to the table above other than share-based payments expense. During the year ended November 30, 2012, key management received share-based payments of $62,641 (2011: $402,672).

International Financial Reporting Standards ("IFRS")

For years beginning after January 1, 2011 Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date for the Company is December 1, 2010. The year ended November 30, 2012 is the Company's fourth reporting period under IFRS.

The Company's IFRS conversion team identified four phases to the Company's conversion: scoping and planning, detailed assessment, implementation and post-implementation. The Company has now completed its IFRS conversion project through the implementation phase. The post-implementation phase will continue in future periods, as outlined below.

The accompanying unaudited condensed interim consolidated financial statements provide details of the Company's key Canadian GAAP to IFRS differences, accounting policy decisions and IFRS 1, First-Time Adoption of IFRS, exemptions for significant or potentially significant areas that have had an impact on the Company's financial statements on transition to IFRS or may have an impact in future periods.

The conversion to IFRS has had a low impact on the financial record keeping and financial disclosures of the Company. Internal controls were unaffected by the IFRS conversion. Accounting systems have been assessed and re-configured to ensure accurate reporting under IFRS, both internally and externally.

Transitional Financial Impact

The table below outlines adjustments to the Company's assets, liabilities and equity on adoption of IFRS on December 1, 2010 and November 30, 2011 for comparative purposes:

	November 30, 2011 $	December 1, 2010 $
Total assets under Canadian GAAP and IFRS	16,148,690	5,996,760
Total liabilities under Canadian GAAP	2,085,590	1,621,346
Adjustments:		
Flow-through tax liability as a result of the accounting treatment of flow-through shares	-	32,500
Total liabilities under IFRS	2,085,590	1,653,846
Total equity under Canadian GAAP	14,063,100	4,375,414
Adjustments:		
Accounting treatment of flow-through shares	-	(32,500)
Total equity under IFRS	14,063,100	4,342,914

The following is a summary of the adjustments to comprehensive loss for the year ended November 30, 2011 under IFRS (all of which are outlined in the notes to the accompanying consolidated financial statements):

	Year ended November 30, 2011 $
Total comprehensive loss under Canadian GAAP	(1,556,081)
Adjustments:	
Accounting treatment of flow-through shares	(280,000)
Total comprehensive loss under IFRS	(1,836,081)

All of the above adjustments are non-cash accounting adjustments.

Post-implementation

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. We note that the standard setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that the Company has selected. In particular, there may be additional new or revised IFRSs or International Financial Reporting Issues Committee ("IFRIC"s) in relation to consolidation, financial instruments, and leases. We also note that the International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact the Company's financial statements primarily in the areas of capitalization of exploration costs and disclosures. The Company has processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRSs and IFRIC interpretations will be evaluated as they are drafted and published.

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 and other receivable as loans and receivables, which are 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:

Credit Risk

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.

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. On March 21, 2013, the Company closed a private placement for gross proceeds of $1,200,000 as described in the Overall Performance section above. The Company is pursuing various forms of financing and cost sharing including possible joint ventures and government grants.

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, 2012 and 2011, 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.

c) Price Risk

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

OUTSTANDING SHARE CAPITAL

Authorized: Unlimited number of common shares

Issued and outstanding: 77,988,772 common shares as at March 25, 2013.

Options and warrants outstanding as at March 25, 2013:

Security	Number	Exercise Price	Expiry Date
Stock Options	759,500	$0.400	February 16, 2015
Stock Options	500,000	$0.470	June 22, 2015
Stock Options	287,500	$0.550	November 8, 2015
Stock Options	875,000	$0.600	March 1, 2016
Stock Options	1,080,000	$0.485	March 31, 2016
Stock Options	150,000	$0.480	April 7, 2016
Stock Options	155,000	$0.260	January 19, 2017
Stock Options	1,330,000	$0.200	October 17, 2017
Share Purchase Warrants	1,222,222	$0.900	January 6, 2014
Share Purchase Warrants	13,611,112	$0.900	February 25, 2014
Share Purchase Warrants	3,888,886	$0.900	March 7, 2014
Share Purchase Warrants	24,000,000	$0.100	March 22, 2014
Share Purchase Warrants	1,400,000	$0.200	April 16, 2014
Share Purchase Warrants	4,000,000	$0.200	August 8, 2014
Share Purchase Warrants	532,000	$0.200	August 22, 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 consolidated financial statements for the year ended November 30, 2012 and this accompanying MD&A (together, the "Annual Filings").

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

RISKS AND UNCERTAINTIES

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

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

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

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

The Company will need additional funding to complete its long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, competition with other 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.

The development of the SALT process depends on a number of factors, including the ability to have a patent approved in various jurisdictions, the ability to enforce the patent in these jurisdictions, the ability to apply the process to mineral resources and the recovery of smelter royalties, if any. Additional risks and uncertainties relate to the development, application, marketing and financing of the SALT process.

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.