SEARCH MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian dollars)

Search Minerals Inc.

Consolidated Financial Statements

Years ended November 30, 2013 and 2012
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Search Minerals Inc.

We have audited the accompanying consolidated financial statements of Search Minerals Inc., which comprise the consolidated statement of financial position as at November 30, 2013, the consolidated statement of operations and comprehensive loss, cash flow and changes in equity for the year ended November 30, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Search Minerals Inc. as at November 30, 2013, and its consolidated financial performance and its consolidated cash flows for the year ended November 30, 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes that the Company had not yet achieved profitable operations, had a working capital deficiency of $778,549, had an accumulated deficit of $13,925,258 since inception and expects to incur further losses in the development of its business. In addition at November 30, 2013, the Company had insufficient funds to continue operations through the year ended November 30, 2014. As a result, these factors along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The consolidated financial statements of Search Minerals Inc. as at and for the year ended November 30, 2012 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 25, 2013.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
February 7, 2014

SEARCH MINERALS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at November 30, 2013 and 2012
(Expressed in Canadian dollars)

	Note	2013 $	2012 $
ASSETS			
Current			
Cash and cash equivalents		**85,974**	422,173
Taxes recoverable		**27,105**	244,539
Other receivables	**9**	**28,630**	22,747
Other assets		**27,873**	42,877
		169,582	732,336
Equipment	**7**	**88,106**	135,240
Reclamation deposits		**50,000**	50,000
Staking deposits	**8**	**90,065**	73,915
Exploration and evaluation expenditures (Schedule 1)	**9**	**7,898,717**	8,268,018
		8,296,470	9,259,509
LIABILITIES AND EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Current			
Accounts payable and accrued liabilities	**10,13**	**948,131**	662,164
Equity attributable to shareholders			
Share capital	**11**	**18,576,733**	17,485,844
Subscriptions received	**17**	**264,676**	-
Warrants		**543,171**	423,171
Contributed surplus		**1,889,017**	1,789,354
Deficit		**(13,925,258)**	(11,101,024)
		7,348,339	8,597,345
		8,296,470	9,259,509

Nature of Operations (Note 1)
Going Concern (Note 2)
Commitments (Notes 9, 11 and 17)
Subsequent Events (Notes 11, 12 and 17)

On behalf of the Board:

"Jim Clucas" Director
Jim Clucas

"Alexandre Penha" Director
Alexandre Penha

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

SEARCH MINERALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the years ended November 30, 2013 and 2012
(Expressed in Canadian dollars)

	Notes	2013 $	2012 $
GENERAL AND ADMINISTRATIVE EXPENSES			
Accounting and audit		**104,549**	120,174
Administration and management fees	**13**	**501,026**	338,795
Amortization		**49,264**	78,866
Consulting fees	**13**	**169,052**	186,094
Legal fees		**221,276**	45,041
Non-executive directors fees	**13**	**75,000**	75,000
Office and miscellaneous		**102,674**	178,335
Regulatory and transfer agent fees		**23,577**	24,509
Rent		**50,367**	23,709
Share-based payments	**11(c),13**	**99,663**	95,631
Travel and accommodation		**146,487**	74,322
Loss for the period before other items		**(1,542,935)**	(1,240,476)
Other income (expense) items			
Interest income		**465**	8,603
Gain on option agreement		**-**	48,193
Loss on sale of marketable securities	**6**	**-**	(161,832)
Flow-through premium income		**-**	53,500
Operator fee income		**-**	5,134
Technology research	**12**	**(145,058)**	(324,667)
Proceeds on sale of technology	**12**	**50,000**	-
Write-off of taxes recoverable		**(11,208)**	-
Write-down of other assets and receivables		**(13,705)**	(11,752)
Write-down of mineral properties		**(1,161,793)**	(5,246,469)
Write-down of staking deposits		**-**	(44,812)
Loss for the period		**(2,824,234)**	(6,914,578)
Other comprehensive loss for the year			
Unrealized loss on marketable securities	**6**	**-**	(46,809)
Realized loss on marketable securities	**6**	**-**	161,832
Comprehensive loss for the year		**(2,824,234)**	(6,799,555)
Basic and diluted loss per share	**11(e)**	**(0.04)**	(0.14)
Weighted average number of common shares outstanding		**70,697,210**	48,854,829

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

SEARCH MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended November 30, 2013 and 2012
(Expressed in Canadian dollars)

	2013 $	2012 $
Cash (used in) provided by		
OPERATING ACTIVITIES		
Net loss for the year	**(2,824,234)**	(6,914,578)
Items not affecting cash:		
Amortization	**49,264**	78,866
Share-based payments	**99,663**	95,631
Gain on option agreement	**-**	(48,193)
Loss on sale of marketable securities	**-**	161,832
Flow-through premium income	**-**	(53,500)
Write-off of taxes recoverable	**11,208**	-
Write-down of other assets and receivables	**13,705**	11,752
Write-down of mineral properties	**1,161,793**	5,246,469
Write-down of staking deposits	**-**	44,812
	(1,488,601)	(1,376,909)
Changes in non-cash working capital items:		
Taxes recoverable	**206,226**	165,655
Other assets	**15,004**	38,436
Accounts payable and accrued liabilities	**573,675**	155,119
	(693,696)	(1,017,699)
INVESTING ACTIVITIES		
Mineral property costs, net	**(1,056,750)**	(4,608,237)
Other receivables	**(19,588)**	730,525
Proceeds from sale of marketable securities	**-**	397,191
Purchase of equipment	**(2,130)**	(3,315)
Staking costs, net of recoveries	**(16,150)**	169,623
	(1,094,618)	(3,314,213)
FINANCING ACTIVITIES		
Issuance of common shares	**1,200,000**	1,223,400
Share issuance costs	**(12,561)**	(17,231)
Subscriptions received	**264,676**	-
	1,452,115	1,206,169
Decrease in cash and cash equivalents during the year	**(336,199)**	(3,125,743)
Cash and cash equivalents, beginning of the year	**422,173**	3,547,916
Cash and cash equivalents, end of the year	**85,974**	422,173
Cash paid for interest	**-**	-
Cash paid for income taxes	**-**	-

Non-cash Transactions (Note 16)

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

SEARCH MINERALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended November 30, 2013 and 2012
(Expressed in Canadian dollars)

	Number of Shares #	Share Capital $	Subscriptions Received $	Warrants $	Contributed Surplus $	AOCI $	Deficit $	Total Shareholdersô Equity $
Balance, November 30, 2011	46,686,772	16,539,085	-	166,208	1,659,276	(115,023)	(4,186,446)	14,063,100
For cash pursuant to private placement of units	5,932,000	828,840	-	329,560	-	-	-	1,158,400
Allocation to flow-through premium liability	-	(53,500)	-	-	-	-	-	(53,500)
Less: Issue costs ï cash	-	(17,231)	-	-	-	-	-	(17,231)
Pursuant to mineral property agreements	400,000	85,500	-	-	-	-	-	85,500
Pursuant to options exercises	550,000	65,000	-	-	-	-	-	65,000
Transfer on exercise of options	-	38,150	-	-	(38,150)	-	-	-
Transfer on expiry of warrants	-	-	-	(72,597)	72,597	-	-	-
Share-based payments	-	-	-	-	95,631	-	-	95,631
Comprehensive loss for the year	-	-	-	-	-	115,023	(6,914,578)	(6,799,555)
Balance, November 30, 2012	53,568,772	17,485,844		423,171	1,789,354	-	(11,101,024)	8,597,345
For cash pursuant to private placement of units	24,000,000	1,080,000	264,676	120,000	-	-	-	1,464,676
Less: Issue costs ï cash	-	(12,561)	-	-	-	-	-	(12,561)
Pursuant to mineral property agreements	420,000	23,450	-	-	-	-	-	23,450
Share-based payments	-	-	-	-	99,663	-	-	99,663
Comprehensive loss for the year	-	-	-	-	-	-	(2,824,234)	(2,824,234)
Balance, November 30, 2013	**77,988,772**	**18,576,733**	**264,676**	**543,171**	**1,889,017**	**-**	**(13,925,258)**	**7,348,339**

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

(Expressed in Canadian dollars)

1. Nature of Operations

Search Minerals Inc. (the “Company”) was incorporated under the provisions of the Business Corporation Act (British Columbia) on June 7, 2006. On May 3, 2007, the Company commenced trading on the TSX Venture Exchange (the “TSX-V”) under the trading symbol “SMY.V”. The Company is in the business of mineral exploration involving acquiring, exploring and evaluating mineral resource properties. At November 30, 2013, the Company was in the exploration and evaluation stage and had properties located in Canada. The Company’s corporate head office is located at 155 University Avenue, Suite 1240, Toronto, Ontario Canada.

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

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At November 30, 2013, the Company had not yet achieved profitable operations, had a working capital deficiency of $778,549, had an accumulated deficit of $13,925,258 since inception and expects to incur further losses in the development of its business. In addition, at November 30, 2013, the Company had insufficient funds to continue operations through the year ending November 30, 2014. Management is in the process of obtaining additional resources and believes sufficient resources will be available as required. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Subsequent to November 30, 2013, the Company completed a private placement of 5,211,082 units at a price of $0.07 per unit for gross proceeds of $364,776 (Note 17). The above factors may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

3. Summary of Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles as defined in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Directors on February 6, 2014.

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities, which have been measured at fair value as described herein.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidies. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Details of the subsidiaries are as follows:

		Percentage owned	
	Incorporated in	**November 30, 2013**	**November 30, 2012**
Alterra Resources Inc.	Canada	100%	100%
SALT Technology Holdings Inc.	Canada	100%	0%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks and all investments that are highly liquid in nature and are redeemable for cash within three months or less, at acquisition.

Equipment and amortization

The Company records its acquisition of equipment at cost. The Company provides for amortization, once the assets are in use, over their estimated useful lives on the declining balance method at a rate of 30% per year for vehicles, 20% per year for buildings, 20% to 55% per year for office furniture and equipment and 40% per year for field equipment.

Exploration and evaluation expenditure

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties within exploration and evaluation expenditures, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through income and loss.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost in which case the loss is recognized in the statement of operations.

Transaction costs associated with FVTPL financial assets and available-for-sale financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.
Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized in loss for the period.

De-recognition of financial assets and liabilities

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in income or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in income or loss.

Impairment

At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the income or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income or loss.

Decommissioning and restoration provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the legal or constructive obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of facts such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax risk-free rate that reflects the time value of money are used to calculate the net present value. These costs are charged against income or loss over the economic life of the related asset, through amortization using the unit-of production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in income or loss.

Decommissioning costs are also adjusted for changes in estimates or changes in applicable discount rates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in income or loss.

The operations of the Company may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as units. The residual value method first allocates fair value to the component with the best evidence of fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued was determined to be the component with the best evidence of fair value. The common shares were valued at their fair value, as determined by the closing price on the announcement date. The balance, if any, was allocated to the attached warrants.

Income taxes

Income tax on the income or loss for the periods presented comprises current and deferred tax. Income tax is recognized in income or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable incomes will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Basic and diluted loss per share

Basic earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

Foreign currencies

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is Canadian dollars. The functional currency of Search Minerals Inc., Alterra Resources Inc. and SALT Technology Holdings Inc. is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the statement of operations.

Flow-through shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through premium liability") and included in accounts payables and accrued liabilities. Upon incurring qualifying expenditures by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through premium liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Share-based payments

The fair value of all stock options granted is recorded as a charge to operations with a credit to contributed surplus. The fair value of the stock options is recorded to share-based payments expense over the vesting period. Stock options granted are measured at their fair value on the grant date. Warrants issued to brokers are measured at their fair value on the vesting date and are recognized as a deduction from equity and credited to contributed surplus. The fair value of stock options and warrants are estimated using the Black-Scholes option pricing model.

Any consideration received on the exercise of stock options or warrants together with the related portion of contributed surplus is credited to share capital.

Research and development costs

All research and development costs are expensed when incurred unless they meet specific criteria for deferral and amortization. The Company reassesses whether it has met the relevant criteria for deferral and amortization at each reporting date. Development costs deferred are not amortized until completion of the related development project.

4. Accounting standards issued but not yet effective

Unless otherwise noted, the following revised standards and amendments are effective for the Company beginning December 1, 2013.

(i) IFRS 10, *Consolidated Financial Statements*, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, *Consolidation - Special Purpose Entities* and parts of IAS 27, *Consolidated and Separate Financial Statements*. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

(ii) IFRS 11, *Joint Arrangements*, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

(iii) IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosures that address the nature of, and risks associated with, an entity's interests in other entities. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

(iv) IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

The following revised standards and amendments are effective for the Company for annual periods beginning on or after January 1, 2015 with earlier application permitted.

(i) This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. The Company has not assessed the impact of this standard.

A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

5. Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to use judgement in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgements are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates.

(Expressed in Canadian dollars)

Critical accounting judgements:

(i) The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year. The factors considered by management are disclosed in Note 1.

(ii) Management assesses capitalized exploration and evaluation costs for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment. The determination of whether an impairment has occurred requires highly subjective assumptions.

Critical accounting estimates:

(i) Determining the fair value of certain share-based payments involves the application of the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions that can materially affect the fair value estimate. Assumptions used in the Black-Scholes option pricing model include estimates of interest rates, expected life of options and expected share price volatility.

6. Marketable Securities

The Company received common shares of Great Western Minerals Group Ltd. (“GWG”) and Quest Rate Minerals Ltd. (“Quest”) pursuant to mineral property option agreements (Note 9). The shares were classified as available-for-sale financial instruments and, as a result, were measured at fair market value each reporting period with any change in fair value recognized through other comprehensive income.

During the year ended November 30, 2012, the Company sold all of the 645,000 common shares held of GWG for proceeds of $336,531 and all of the 35,000 common shares held of Quest for proceeds of $60,660 and accordingly, the Company recognized losses on sale of marketable securities of $161,832.

7. Equipment

	Vehicles $	Buildings $	Office furniture and equipment $	Field equipment $	Total $
At November 30, 2011					
Cost	93,375	10,000	32,923	205,645	341,943
Accumulated amortization	(20,950)	(2,400)	(15,346)	(92,456)	(131,152)
Net book value	72,425	7,600	17,577	113,189	210,791
Year ended November 30, 2012					
Additions	-	-	3,315	-	3,315
Amortization	(21,727)	(1,520)	(10,343)	(45,276)	(78,866)
At November 30, 2012	50,698	6,080	10,549	67,913	135,240
At November 30, 2012					
Cost	93,375	10,000	36,238	205,645	345,258
Accumulated amortization	(42,677)	(3,920)	(25,689)	(137,732)	(210,018)
Net book value	50,698	6,080	10,549	67,913	135,240
Year ended November 30, 2013					
Additions	-	-	2,130	-	2,130
Amortization	(15,210)	(1,216)	(5,673)	(27,165)	(49,264)
At November 30, 2013	35,488	4,864	7,006	40,748	88,106
At November 30, 2013					
Cost	93,375	10,000	38,368	205,645	347,388
Accumulated amortization	(57,887)	(5,136)	(31,362)	(164,897)	(259,282)
Net book value	35,488	4,864	7,006	40,748	88,106

(Expressed in Canadian dollars)

8. Staking Deposits

Staking security deposits are refundable if certain exploration expenditure criteria specified in the Mineral Act of the Province of Newfoundland and Labrador are met. Until such time as the Company makes application to have the deposits refunded, they will be classified as a non-current asset.

The Company has refundable deposits with the Governments of Newfoundland and Labrador as follows:

	Total $
Balance, November 30, 2011	288,350
Additions	24,330
Recoveries	(193,953)
Write-down of staking deposits	(44,812)
Balance, November 30, 2012	73,915
Additions	18,050
Recoveries	(1,900)
Balance, November 30, 2013	90,065

9. Mineral Properties – Schedule 1

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

The Company acquired the mineral properties primarily by staking the claims. In order to maintain title to the claims, the Company must incur minimum exploration expenditures per claim as specified by the Mineral Act of the Province of Newfoundland and Labrador. In lieu of incurring the minimum expenditures, the Company may make security deposits with the Government of Newfoundland and Labrador (Note 8). Other commitments relating to mineral properties are as follows:

Port Hope Simpson REE District, Labrador

B and A Claims

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

Under the terms of the Mining Option Agreement, to earn the undivided 100% interest in Port Hope Simpson, B and A Claims, the Company paid B and A an aggregate of $140,000. The final $50,000 payment was made in January 2013.

The Company also issued an aggregate 1,100,000 common shares of the Company. The Company issued 200,000 common shares on March 29, 2010 at the fair value of $80,000, 250,000 common shares on January 14, 2011 at the fair value of $180,000, 300,000 common shares on January 16, 2012 at the fair value of $69,000 and 350,000 common shares on January 14, 2013 at the fair value of $21,000 where fair value of the share consideration was determined using the closing price of the Company's shares on that date. The Company now owns a 100% interest in the property.

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

Fox Harbour Property

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

Under the terms of the LOI, the Company may earn the undivided 100% interest in Fox Harbour Property by making aggregate cash payments of $90,000 and issue an aggregate of 300,000 common shares of the Company over a period of four years as follows:

- pay $10,000 (paid) and issue 30,000 common shares on or before February 25, 2011 (issued at the fair value of $13,500);
- pay $15,000 (paid) and issue 50,000 common shares on or before February 25, 2012 (issued at the fair value of $13,000);
- pay $20,000 (paid) and issue 70,000 common shares on or before February 25, 2013 (issued at the fair value of $2,450);
- pay $30,000 and issue 100,000 common shares on or before February 25, 2014; and,
- pay $15,000 and issue 50,000 common shares on or before February 25, 2015 or, at the sole discretion of the Company, pay $100,000.

The Vendors were granted a 1.5% net smelter return royalty. The Company may, at any time, purchase 1% of the net smelter return royalty for $1,000,000.

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 north-east of Churchill Falls, Labrador. Under the terms of the Letter Agreement, GWG paid an aggregate of $225,000, issued an aggregate of 1,050,000 GWG common shares (aggregate fair value of $694,000) and funded exploration programs of an aggregate of $1,500,000 of exploration expenditures. On June 28, 2011, GWG earned a 50% interest in the Red Wine Property.

GWG pays the Company an operator fee of 5% to 10% of exploration expenditures, payable in cash. During the year ended November 30, 2013, the Company recorded $nil (2012: $5,134) of operator fee income.

At November 30, 2013, other receivables of $28,630 was comprised of mineral exploration expenditures incurred by the Company on behalf of GWG (2012: $22,747).

Strange Lake Property, Labrador

On June 22, 2010, the Company entered into an option agreement with Quest (the “Option Agreement”) pursuant to which the Company granted Quest an option to acquire up to a 65% undivided working interest in the Company’s Strange Lake Property located in western Labrador in the Province of Newfoundland and Labrador. Under the terms of the Option Agreement, Quest issued an aggregate of 90,000 Quest common shares (aggregate fair value of $215,841) and funded exploration programs of an aggregate of $500,000 of exploration expenditures. In November 2012, Quest earned a 50% undivided 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 on or before June 15, 2015, 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 (“NSR 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 is 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 Agreement. During the year ended November 30, 2013, the Company incurred management fees of $nil (2012: $57,448).

During the year ended November 30, 2012, the Company recorded a gain on option agreement of $48,193. This amount represents the value of Quest shares recorded in excess of the carrying amount of the Strange Lake Property ($nil).

Impairment of Mineral Properties

During the year ended November 30, 2013, the Company wrote-down $1,161,793 of mineral property costs (2012: $5,246,469). At November 30, 2013, the Company had no budgeted or planned exploration on the Red Wine Property or the other Newfoundland and Labrador properties for the next twelve months. Accordingly, the Company wrote-down the properties to $nil. During the year ended November 30, 2012, 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 Pesky Hill Prospect.

(Expressed in Canadian dollars)

10. Accounts Payable and Accrued Liabilities

	November 30, 2013 $	November 30, 2012 $
Trade payables	**420,811**	468,499
Due to related parties (Note 13)	**527,320**	193,665
Total accounts payable and accrued liabilities	**948,131**	662,164

11. Share Capital

a. Common shares authorized

Unlimited number of common shares

77,988,772 outstanding at November 30, 2013 (2012: 53,568,772)

b. Financings

During the year ended November 30, 2013, the Company completed financings as follows:

i) 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 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. A value of $120,000 has been attributed to the warrants using the residual method.

The Company incurred $12,561 of legal fees and other fees in connection with the private placement.

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

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 (Note 14).

The Company incurred $17,231 of legal fees and other fees in connection with the August 8, 2012, August 22, 2012 and October 16, 2012 private placements.

c. Stock option plan

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

(Expressed in Canadian dollars)

Changes in share purchase options during the years ended November 30, 2013 and 2012 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, November 30, 2011	4,575,000	$0.45	3.76
Granted	1,485,000	$0.21	
Exercised	(550,000)	$0.12	
Forfeited	(373,000)	$0.48	
Outstanding, November 30, 2012	5,137,000	$0.41	3.48
Granted	2,760,000	$0.10	
Forfeited	(1,173,500)	$0.35	
Outstanding and exercisable, November 30, 2013	6,723,500	$0.29	3.27

During the year ended November 30, 2012, the weighted average stock price on the date of option exercise was $0.22.

At November 30, 2013, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Number	Exercise Price	Expiry Date
481,000	$0.40	February 16, 2015
330,000	$0.47	June 22, 2015
212,500	$0.55	November 8, 2015
875,000	$0.60	February 25, 2016
810,000	$0.485	March 31, 2016
150,000	$0.48	April 7, 2016
155,000	$0.26	January 19, 2017
1,200,000	$0.20	October 17, 2017
2,410,000	$0.10	April 26, 2018
100,000	$0.07	October 29, 2018
6,723,500		

During the year ended November 30, 2013, the Company recorded share-based payment expense of $99,663 (2012: $95,631). The weighted average fair value of share purchase options granted during the year ended November 30, 2013 of $0.04 (2012: $0.06) per option was estimated using the Black-Scholes option pricing model with the following assumptions:

	2013	2012
Risk-free interest rate	1.63%	1.63-1.85%
Expected life	4.0 years	4.0 years
Expected volatility	96-99%	107-108%
Expected dividends	Nil	Nil

Expected volatility was determined by reference to the historical volatility of the Company for the expected life of the option. All options vested on the date of grant.

(Expressed in Canadian dollars)

d. Warrants

Changes in share purchase warrants during the years ended November 30, 2013 and 2012 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance, November 30, 2011	23,286,220	$0.73	1.94
Issued	5,932,000	$0.20	
Expired	(4,564,000)	$0.87	
Balance, November 30, 2012	24,654,220	$0.66	1.33
Issued	24,000,000	$0.10	
Balance, November 30, 2013	48,654,220	$0.42	0.57

At November 30, 2013, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
[1]1,222,222	$0.90	January 6, 2014
13,611,112	$0.90	February 25, 2014
3,888,886	$0.90	March 7, 2014
24,000,000	$0.10	March 22, 2014
1,400,000	$0.20	April 16, 2014
4,000,000	$0.20	August 8, 2014
532,000	$0.20	August 22, 2014
48,654,220		

(1) Subsequent to November 30, 2013, these share purchase warrants expired unexercised.

e. Basic and diluted loss per share

During the years ended November 30, 2013 and 2012, potentially dilutive common shares totaling 55,377,720 (2012 ï 29,791,220) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

12. Technology Research

On September 22, 2009, the Company entered into a letter of intent to acquire from Jim Clucas and Dr. David Dreisinger, directors of the Company, certain conceptual technologies (starved acid leaching technology or ñSALTò) relating to improving metal recoveries from existing processing and production facilities.

SALT includes the following processes:

- Air Sparged Hydrocyclone
- Low Grade Nickel Sulfide Leaching
- Low Grade Saprolite Leaching
- Nickel and Cobalt Recovery from Caron Plant Tailings

During the year ended November 30, 2013, the Company incurred technology research expense of $145,058 (2012: $324,667).

On November 13, 2013, the Company entered into a Purchase Agreement with InCoR Holdings Plc.ôs (ñInCoRò) wholly-owned subsidiary, InCoR Technologies Limited (ñICRTò), whereby ICRT agreed to purchase the intellectual property rights to SALT.

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

Å $50,000 at closing (received);
Å $50,000 upon delivery of a positive economic scoping study;
Å $100,000 upon completion of a positive bankable feasibility study; and,
Å $2,000,000 repayable from 25 percent of the net cash flow from a commercial application of SALT.

(Expressed in Canadian dollars)

In order to keep the Purchase Agreement in good standing, ICRT must incur aggregate expenditures of not less than $1,000,000 within 24 months of completing the economic scoping study.

At November 30, 2013, SALT was held in a wholly-owned subsidiary, SALT Technology Holdings Inc. Subsequent to November 30, 2013, the Company transferred its wholly-owned interest in SALT Technology Holdings Inc. to ICRT in exchange for a $2,150,000 promissory note. The promissory note is non-interest bearing and due on completion of milestones as laid out in the Purchase Agreement. The promissory note is secured by a pledge of the SALT Technology Holdings Inc. shares. The collection of the promissory note is contingent on milestones as laid out above. The contingent asset is not recognized on the statement of financial position. The Company will record the proceeds received as other income in the period received.

13. Related Party Transactions

During the years months ended November 30, 2013 and 2012, 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:

	2013 **$**	2012 $
Administration and management fees	**402,194**	262,500
Consulting fees	**-**	47,750
Non-executive directors fees	**75,000**	75,000
Technology research	**100,417**	204,272
Mineral property expenditures		
Geological consulting	**200,000**	222,917
	777,611	812,439

At November 30, 2013, accounts payable and accrued liabilities included $527,320 (2012: $193,665) 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. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

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 30, 2013 and 2012 is identical to the table above other than share-based payments expense. The compensation paid or payable was for short-term benefits. During the year ended November 30, 2013, key management received share-based payments of $68,702 (2012: $62,641).

During the year ended November 30, 2013, the Company entered into employment contracts with the Chief Executive Officer and with another executive. A key term in the employment contracts is that the employees will be granted 3,000,000 and 1,500,000 stock options, respectively, on the date of the closing of a key transaction. The completion of the transactions contemplated in Note 17 could qualify as key transactions, depending on the terms of proposed definitive agreements. The stock options will be exercisable at the market price of the Company on the closing date of a key transaction. The stock options will vest as to one-third on the date of grant, one-third on the first anniversary of the date of grant and one-third on the second anniversary of the date of grant.

(Expressed in Canadian dollars)

14. Income Taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax expense for the years ended November 30, 2013 and 2012 is as follows:

	2013 **$**	2012 $
Statutory tax rate	**25.67%**	25.12%
Loss for the year before income taxes	**(2,824,234)**	(6,914,578)
Expected income tax recovery	**(725,000)**	(1,737,000)
Share-based payments and other permanent differences	**306,000**	12,000
Effect of change in tax rate and other	**(87,000)**	62,000
Change in unrecognized deferred tax assets	**506,000**	1,663,000
Income tax expense	**-**	-

The significant components of the Company's deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same jurisdiction, as at November 30, 2013 and 2012 are as follows:

	2013 **$**	2012 $
Deferred income tax assets (liabilities)		
Non-capital and capital losses carried forward	**1,355,000**	1,193,000
Mineral properties	**1,013,000**	684,000
Other	**66,000**	51,000
Total unrecognized deferred income tax assets	**2,434,000**	1,928,000

All deferred tax assets and liabilities are estimated to be recovered after more than 12 months.

Losses that reduce future income for tax purposes expire as follows:

	$
2027	72,000
2028	194,000
2029	349,000
2030	954,000
2031	1,562,000
2032	1,471,000
2033	435,000
	5,037,000

In reference to the deferred tax asset (liability) relating to mineral properties, the Company has certain tax pools arising from its resource related expenditures that amount to approximately $11.8 million and which are available indefinitely to shelter future income from corporate income taxes.

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 was comprised of one flow-through common share and one non-flow-through share purchase warrant. A value of $7,000 was attributed to the warrants using the residual method. In connection with this, the Company incurred eligible Canadian Exploration Expenditures of $245,000 prior to November 30, 2012. Accordingly, the Company recorded the flow-through premium liability as an other income item amounting to $53,500. The gross proceeds attributable to the flow-through shares of $245,000 will not be available to the Company for future deduction from taxable income.

15. Financial Instruments

Management of Capital

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern in order to facilitate the development of its mineral properties and to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met; and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, warrants, contributed surplus and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and by controlling the capital expenditures program.

The mineral properties are in the exploration stage. As such, the Company is dependent on external financing to develop its properties and fund its activities. In order to carry out its planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if available, and may even dispose of its interest in the mineral properties.

Management reviews its capital management approach on an ongoing basis and no changes were made to the approach during the year ended November 30, 2013. At November 30, 2013 and 2012, the Company was not subject to any externally imposed capital requirements.

Designation of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivable 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. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

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

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash 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. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. Refer to the going concern note for additional disclosure (Note 2). As at November 30, 2013 and 2012, the Company had working capital (deficiency) as follows:

	2013 **$**	2012 $
Current assets	**169,582**	732,336
Current liabilities	**(948,131)**	(662,164)
Working capital (deficiency)	**(778,549)**	70,172

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, 2013 and 2012, all of the Company's cash and cash equivalents were held in Canadian dollars, the Company's functional currency, with a nominal amount of cash held in U.S. dollars. 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.

16. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the year ended November 30, 2013 the following transactions were excluded from the statement of cash flows:

a) deferred exploration expenditures of $152,354 included in accounts payable and accrued liabilities at November 30, 2013, less expenditures included in accounts payable at November 30, 2012 of $440,062 (net inclusion of $287,708); and,

b) the issuance by the Company of 420,000 shares at the fair value of $23,450 pursuant to mineral property agreements.

During the year ended November 30, 2012 the following transactions were excluded from the statement of cash flows:

a) deferred exploration expenditures of $440,062 included in accounts payable and accrued liabilities at November 30, 2012, less expenditures included in accounts payable at November 30, 2011 of $1,951,466 (net inclusion of $1,511,404);

b) the receipt of marketable securities at the fair value of $38,500 pursuant to mineral property agreements;

c) the exchange of 40,000 Quest shares for $67,141 of accounts payable and accrued liabilities;

d) the issuance by the Company of 400,000 shares at the fair value of $85,500 pursuant to a mineral property option agreement;

e) the transfer of $38,150, the value of options exercised during the year, from contributed surplus to share capital; and,

f) the transfer of $72,597, the value of warrants expired during the year, from warrants to contributed surplus.

17. Subsequent Events

Additional subsequent events are disclosed in Notes 11 and 12.

December Private Placement

On December 16, 2013, the Company completed a private placement of 5,211,082 units at a price of $0.07 per unit for gross proceeds of $364,776. As at November 30, 2013, the Company had received subscriptions of $264,676. 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 $0.10 per common share up to December 16, 2015.

February Private Placement

Subsequent to November 30, 2013, the Company received $258,677 of gross proceeds towards a private placement of units at a price of $0.07 per unit. 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 $0.10 per common share for a period of two years following closing. The private placement has not yet closed and the units have not been issued.

Transaction in Brazil

On January 22, 2014, the Company entered into a definitive share purchase agreement (the "Share Purchase Agreement") with Brasilis Kaduna Consultoria e Participações Ltda. ("Kaduna") and MS Marpin Consultoria e Participações Ltda. ("Marpin" and, together with Kaduna, the "Vendors"), which set forth the terms and conditions pursuant to which Search will acquire 100% of the issued and outstanding quotas of Mineração São Francisco de Assis Ltd. ("MSFA") and which will result in a reverse take-over of Search by the Vendors (the "Transaction"). Pursuant to the Share Purchase Agreement, Search will acquire 100% of the outstanding quotas of MSFA in exchange for an aggregate of 135,000,000 common shares to be issued to the Vendors on the closing date.

The closing of the Transaction is subject to a number of conditions including but not limited to the following: (i) the approval of the Transaction at a shareholder meeting; (ii) the receipt by Search of a satisfactory technical report on MSFA's Mocambo Mine and the acceptance of same by the TSX-V; (iii) the completion of a private placement; (iv) the completion of a share consolidation; (v) the completion of satisfactory due diligence by Search; (vi) the approval of the Transaction by the TSX-V, including the listing of the Search shares to be issued as consideration to the Vendors pursuant to the Share Purchase Agreement; (vii) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial or operation conditions or the assets of either of Search or MSFA; and (viii) certain other conditions customary in a transaction of this nature.

Search Minerals Inc.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
For the year ended November 30, 2013
(Expressed in Canadian Dollars)

	Port Hope Simpson REE District, Labrador $	Red Wine, Labrador $	Other, Newfoundland and Labrador $	Total $
Balance, November 30, 2012	7,129,959	1,138,059	-	8,268,018
Acquisition costs				
Cash	70,000	-	-	70,000
Shares	23,450	-	-	23,450
	93,450	-	-	93,450
Deferred exploration costs				
Assays	134,899	163	-	135,062
Camp	46,720	16,314	-	63,034
Engineering and metallurgy	100,706	-	-	100,706
Geological consulting (Note 13)	201,750	-	-	201,750
Geotechnical surveys	8,980	447	650	10,077
Geotechnical reports	16,325	-	-	16,325
Other	113,983	2,345	-	116,328
Salaries, wages and benefits	51,945	3,815	-	55,760
	675,308	23,084	650	699,042
Write-down	-	(1,161,143)	(650)	(1,161,793)
Balance, November 30, 2013	**7,898,717**	**-**	**-**	**7,898,717**

Schedule 1

Search Minerals Inc.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
For the year ended November 30, 2012
(Expressed in Canadian Dollars)

	Port Hope Simpson REE District, Labrador $	Red Wine, Labrador $	Katie, Newfoundland $	Other, Newfoundland and Labrador $	Total $
Balance, November 30, 2011	8,719,245	1,056,444	233,353	380,560	10,389,602
Acquisition costs					
Cash	55,000	-	-	-	55,000
Shares	82,000	-	-	-	82,000
Staking	1,490	-	-	-	1,490
	138,490	-	-	-	138,490
Deferred exploration costs					
Assays	696,855	26,307	2,657	22,031	747,850
Camp	192,909	20,071	90	422	213,492
Drilling	544,442	-	-	-	544,442
Engineering and metallurgy	482,109	-	-	-	482,109
Geological consulting (Note 13)	240,529	-	3,325	12,113	255,967
Geotechnical surveys	31,277	1,950	-	1,327	34,554
Geotechnical reports	100,321	14,225	2,904	5,640	123,090
Government assistance	(150,000)	-	-	-	(150,000)
Operator fees	-	-	-	57,448	57,448
Other	349,030	12,204	1,004	1,373	363,611
Prospecting	49,058	122	-	-	49,180
Salaries, wages and benefits	306,971	4,652	-	-	311,623
Travel and accommodation	106,234	2,084	1,687	472	110,477
	2,949,735	81,615	11,667	100,826	3,143,843
Option agreements					
Option payments received ï shares	-	-	-	(105,641)	(105,641)
	-	-	-	(105,641)	(105,641)
Option proceeds recognized in the statement of operations	-	-	-	48,193	48,193
Advances	(100,000)	-	-	-	(100,000)
Write-down	(4,577,511)	-	(245,020)	(423,938)	(5,246,469)
	(4,677,511)	-	(245,020)	(375,745)	(5,298,276)
Balance, November 30, 2012	**7,129,959**	**1,138,059**	**-**	**-**	**8,268,018**