**SEARCH MINERALS INC.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

**Search Minerals Inc.**

**Condensed Interim Consolidated Financial Statements**

**Nine months ended August 31, 2015 and 2014**
**(Unaudited - Expressed in Canadian Dollars)**

## NOTICE OF NO AUDITOR REVIEW OF

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

| | Notes | **August 31, 2015 $** | November 30, 2014 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | **357,033** | 594,121 |
| Taxes recoverable | | **21,044** | 86,031 |
| Other assets | | **37,791** | 69,244 |
| | | **415,868** | 749,396 |
| **Equipment** | | **40,902** | 55,187 |
| **Reclamation deposits** | | **50,000** | 50,000 |
| **Staking deposits** | **6** | **2,150** | 5,440 |
| **Exploration and evaluation expenditures** (Schedule 1) | **7** | **8,960,729** | 8,482,442 |
| | | **9,469,649** | 9,342,465 |
| **LIABILITIES AND EQUITY ATTRIBUTABLE TO SHAREHOLDERS** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | **8,11** | **1,022,800** | 1,596,250 |
| **Equity attributable to shareholders** | | | |
| Share capital | **9** | **21,130,409** | 20,479,239 |
| Warrants | | **472,174** | 583,157 |
| Contributed surplus | | **2,354,802** | 1,982,628 |
| Deficit | | **(15,510,536)** | (15,298,809) |
| | | **8,446,849** | 7,746,215 |
| | | **9,469,649** | 9,342,465 |

**Nature of Operations** (Note 1)
**Going Concern** (Note 2)
**Subsequent events** (Note 14)

**Approved by the Board of Directors on October 27, 2015**

*"Jim Clucas"* Director
Jim Clucas

*"Jim Patterson"* Director
Jim Patterson

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

**SEARCH MINERALS INC.**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the three and nine months ended August 31, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

| | | For the three months ended August 31, | | For the nine months ended August 31, | |
|---|---|---|---|---|---|
| | Notes | **2015** $ | 2014 $ | **2015** $ | 2014 $ |
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | | | | |
| Accounting and audit | | **11,308** | 27,072 | **40,665** | 73,809 |
| Administration and management fees | **11** | **82,715** | 124,676 | **195,718** | 418,028 |
| Amortization | | **4,762** | 7,552 | **14,285** | 25,368 |
| Consulting fees | **11** | **22,929** | 33,219 | **67,929** | 257,319 |
| Legal fees | | **17,910** | 34,536 | **42,033** | 347,709 |
| Non-executive directors fees | **11** | **13,500** | 16,500 | **40,500** | 54,000 |
| Office and miscellaneous | | **18,037** | 25,174 | **69,159** | 77,603 |
| Regulatory and transfer agent fees | | **1,453** | 3,429 | **12,086** | 37,010 |
| Rent | | **5,400** | 7,800 | **16,200** | 33,150 |
| Share-based compensation ï stock options | **9(c)** | **245,174** | - | **245,174** | - |
| Travel and accommodation | | **1,839** | 2,435 | **14,249** | 27,285 |
| **Loss for the period before other items** | | **(425,027)** | (282,393) | **(757,998)** | (1,351,281) |
| **Other income (expense) items** | | | | | |
| Interest income | | **168** | - | **2,169** | - |
| Gain on debt settlement | | **-** | - | **444,102** | 25,983 |
| Proceeds on sale of technology | **10** | **-** | - | **100,000** | 50,000 |
| Write-down of other receivables | | **-** | - | **-** | (35,472) |
| **Loss and comprehensive loss for the period** | | **(424,859)** | (282,393) | **(211,727)** | (1,310,770) |
| **Basic and diluted loss per share** | **9(e)** | **(0.00)** | (0.00) | **(0.00)** | (0.02) |
| **Weighted average number of common shares outstanding** | | **119,217,450** | 89,178,465 | **116,854,470** | 81,908,692 |

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

**SEARCH MINERALS INC.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended August 31, 2015 and 2014
(Unaudited - Expressed in Canadian dollars)

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **Cash (used in) provided by** | | |
| **OPERATING ACTIVITIES** | | |
| Loss for the period | **(211,727)** | (1,310,770) |
| Items not affecting cash: | | |
| Amortization | **14,285** | 25,368 |
| Share-based compensation ï stock options | **245,174** | - |
| Gain on debt settlement | **(444,102)** | (25,983) |
| Write-down of other receivables | **-** | 35,472 |
| | **(396,370)** | (1,275,913) |
| Changes in non-cash working capital items: | | |
| Taxes recoverable | **64,987** | (43,936) |
| Other assets | **31,453** | (9,718) |
| Accounts payable and accrued liabilities | **(109,646)** | 1,092,789 |
| | **(409,576)** | (236,778) |
| **INVESTING ACTIVITIES** | | |
| Mineral property costs, net | **(632,634)** | (279,266) |
| Other receivables | **-** | (6,842) |
| Staking deposits, net of recoveries | **3,290** | 17,275 |
| | **(629,344)** | (268,833) |
| **FINANCING ACTIVITIES** | | |
| Issuance of common shares | **669,200** | 1,038,453 |
| Share issuance costs | **(4,263)** | (17,539) |
| Subscriptions received | **-** | (195,676) |
| Government contributions | **136,895** | 88,158 |
| | **801,832** | 913,396 |
| (Decrease) increase in cash during the period | **(237,088)** | 407,785 |
| Cash, beginning of the period | **594,121** | 85,974 |
| Cash, end of the period | **357,033** | 493,759 |
| Cash paid for interest | **-** | - |
| Cash paid for income taxes | **-** | - |

Non-cash Transactions (Note 12)

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

**SEARCH MINERALS INC.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended August 31, 2015 and 2014
(Unaudited - Expressed in Canadian dollars)

| | Number of Shares # | Share Capital $ | Subscriptions Received $ | Warrants $ | Contributed Surplus $ | Deficit $ | Total Shareholdersô Equity $ |
|---|---|---|---|---|---|---|---|
| Balance, November 30, 2013 | 77,988,772 | 18,576,733 | 264,676 | 543,171 | 1,889,017 | (13,925,258) | 7,348,339 |
| For cash pursuant to private placement of units | 17,206,464 | 863,356 | (195,676) | 175,097 | - | - | 842,777 |
| Less: Issue costs ï cash | - | (17,539) | - | - | - | - | (17,539) |
| Pursuant to mineral property agreements | 100,000 | 5,500 | - | - | - | - | 5,500 |
| Pursuant to debt settlement | 1,732,142 | 95,267 | - | - | - | - | 95,267 |
| Transfer on expiry of warrants | - | - | - | (93,611) | 93,611 | - | - |
| Comprehensive loss for the period | - | - | - | - | - | (1,310,770) | (1,310,770) |
| Balance, August 31, 2014 | 97,027,378 | 19,523,317 | 69,000 | 624,657 | 1,982,628 | (15,236,028) | 6,963,574 |
| Balance, November 30, 2014 | 115,620,711 | 20,479,239 | - | 583,157 | 1,982,628 | (15,298,809) | 7,746,215 |
| For cash pursuant to private placement of units | 11,153,334 | 653,183 | - | 16,017 | - | - | 669,200 |
| Less: Issue costs ï cash | - | (4,263) | - | - | - | - | (4,263) |
| Pursuant to mineral property agreements | 50,000 | 2,250 | - | - | - | - | 2,250 |
| Transfer on expiry of warrants | - | - | - | (127,000) | 127,000 | - | - |
| Share-based payments | - | - | - | - | 245,174 | - | 245,174 |
| Comprehensive loss for the period | - | - | - | - | - | (211,727) | (211,727) |
| **Balance, August 31, 2015** | **126,824,045** | **21,130,409** | **-** | **472,174** | **2,354,802** | **(15,510,536)** | **8,446,849** |

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

## 1. Nature of Operations

Search Minerals Inc. (the ñCompanyò) 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 ñTSX-Vò) under the trading symbol ñSMY.Vò. The Company is in the business of mineral exploration involving acquiring, exploring and evaluating mineral resource properties. At August 31, 2015, the Company was in the exploration and evaluation stage and had properties located in Canada. The Companyøs corporate head office is located at 211, 901 West 3$^{rd}$ Street, North Vancouver, British Columbia, Canada.

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

## 2. Going Concern

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

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

At August 31, 2015, the Company had not yet achieved profitable operations, had a working capital deficiency of $606,932, had an accumulated deficit of $15,510,536 since inception and expects to incur further losses in the development of its business. Management is in the process of obtaining additional financial resources and believes sufficient resources will be available as required. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The above factors may cast significant doubt upon the Companyøs ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Subsequent to August 31, 2015, the Company received $250,000 from the sale of SALT and $350,000 from the completion of a private placement (Note 14).

## 3. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended November 30, 2014 which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended November 30, 2014 except as outlined in Note 4.

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

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

**4. Changes In Accounting Policies Including Initial Adoption**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2014.

The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

- IAS 36, Impairment of Assets, seeks to ensure that an entity's assets are not carried at more than their recoverable amount. The IASB has made small changes to the disclosures required by IAS 36 when recoverable amount is determined based on fair value less costs of disposal. The IASB has amended IAS 36 as follows:

  - to remove the requirement to disclose the recoverable amount when a cash generating unit ("CGU") contains goodwill or indefinite lived intangible assets but there has been no impairment;

  - to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and

  - to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.

- IFRIC 21, Levies, provides guidance for the accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

- IAS 32, Financial Statements: Presentation, has been amended to clarify some of the requirements for offsetting financial assets and liabilities on the balance sheet.

**5. Accounting Standards Issued But Not Yet Effective**

The following new standard has been issued by the IASB but not yet applied:

IFRS 9, Financial Instruments, was issued in July 2014 and replaces IAS 39 Financial Instruments:

Recognition and Measurement. IFRS 9 was developed in phases by the IASB. As a result there are a number of transition options and requirements in relation to earlier versions of IFRS 9 prior to the mandatory effective date of IFRS 9 in its entirety. IFRS 9 is mandatory for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election for use of fair value through other comprehensive income which results in changes in fair value not being recycle to the income statement. The Company has not adopted IFRS 9 and has not completed its assessment of the impact of this standard.

**6. 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.

(Unaudited - Expressed in Canadian dollars)

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

| | Total $ |
|---|---|
| Balance, November 30, 2013 | 90,065 |
| Additions | 7,125 |
| Recoveries | (17,275) |
| Write-down | (74,475) |
| Balance, November 30, 2014 | 5,440 |
| Recoveries | (3,290) |
| Balance, August 31, 2015 | 2,150 |

## 7. 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 6). 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 ñLOIò) with B and A Minerals Inc. (ñB and Aò), 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 (ñPort Hope Simpson, B and A Claimsò).

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

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

*Quinlan Property*

On January 13, 2011, the Company entered into a binding letter of intent (the ñLOIò) with Andrew Quinlan, Roland Quinlan and Tony Quinlan (the ñVendorsò). 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 ñQuinlan Propertyò). The Quinlan Property is comprised of three licenses totaling 48 claims located east of St. Lewis, Labrador.

Under the terms of the LOI, the Company earned an undivided 100% interest in Quinlan Property by making aggregate cash payments of $90,000 and issuing an aggregate of 300,000 common shares of the Company 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 (paid) and issue 100,000 common shares on or before February 25, 2014 (issued at the fair value of $5,500); and,
- pay $15,000 (paid) and issue 50,000 common shares on or before February 25, 2015 (issued at the fair value of $2,250).

(Unaudited - Expressed in Canadian dollars)

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

*Red Wine Property*

On June 28, 2015, the Company purchased from Great Western Minerals Group Ltd. ("GWMG") its interest in the Red Wine Property for $20,000. GWMG had acquired its approximate 50% interest in the Red Wine Property pursuant to an option agreement between the Company and GWMG dated July 23, 2010. Following the acquisition, the Company now owns 100% of the Red Wine Property.

## 8. Accounts Payable and Accrued Liabilities

| | **August 31, 2015 $** | November 30, 2014 $ |
|---|---|---|
| Trade payables | **265,871** | 882,677 |
| Due to current related parties (Note 11) | **387,762** | 344,406 |
| Due to former related parties (Note 13) | **369,167** | 369,167 |
| Total accounts payable and accrued liabilities | **1,022,800** | 1,596,250 |

## 9. Share Capital

### a. Common shares authorized

Unlimited number of common shares

126,824,045 outstanding at August 31, 2015 (November 30, 2014: 115,620,711)

### b. Financings

During the nine months ended August 31, 2015, the Company completed financings as follows:

i) On July 28, 2015, the Company completed a non-brokered private placement of 7,950,000 units at a price of $0.06 per unit for gross proceeds of $477,000. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at $0.10 per common share up to July 28, 2017. A value of $nil has been attributed to the warrants using the residual method.

i) On August 17, 2015, the Company completed a non-brokered private placement of 3,203,334 units at a price of $0.06 per unit for gross proceeds of $192,200. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at $0.10 per common share up to August 17, 2017. A value of $16,017 has been attributed to the warrants using the residual method.

The Company incurred $4,263 of fees in connection with the 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.

(Unaudited - Expressed in Canadian dollars)

Changes in share purchase options during the nine months ended August 31, 2015 and the year ended November 30, 2014 are as follows:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Life (Years) |
|---|---|---|---|
| Outstanding, November 30, 2013 | 6,723,500 | $0.29 | 3.27 |
| Forfeited | (1,345,000) | $0.14 | |
| Outstanding, November 30, 2014 | 5,378,500 | $0.33 | 2.04 |
| Granted | 6,850,000 | $0.10 | |
| Expired | (811,000) | $0.40 | |
| Forfeited | (210,000) | $0.14 | |
| Outstanding and exercisable, August 31, 2015 | 11,207,500 | $0.19 | 3.56 |

At August 31, 2015, 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 |
|---|---|---|
| 212,500 | $0.55 | November 8, 2015 |
| 875,000 | $0.60 | February 25, 2016 |
| 760,000 | $0.485 | March 31, 2016 |
| 150,000 | $0.48 | April 7, 2016 |
| 145,000 | $0.26 | January 19, 2017 |
| 690,000 | $0.20 | October 17, 2017 |
| 1,425,000 | $0.10 | April 26, 2018 |
| 100,000 | $0.07 | October 29, 2018 |
| 6,850,000 | $0.10 | June 30, 2020 |
| 11,207,500 | | |

During the nine months ended August 31, 2015, the Company recorded share-based payment expense of $245,174 (2014: $nil). The weighted average fair value of share purchase options granted during the nine months ended August 31, 2015 of $0.04 per option was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - $0.06; exercise price - $0.10; risk-free interest rate ï 1.50%; expected life ï 4.0 years; expected volatility ï 110%; and expected dividends ï 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.

**d. Warrants**

Changes in share purchase warrants during the nine months ended August 31, 2015 and the year ended November 30, 2014 are as follows:

| | Number of Warrants | Weighted Average Exercise Price | Weighted Average Life (Years) |
|---|---|---|---|
| Balance, November 30, 2013 | 48,654,220 | $0.42 | 0.57 |
| Issued | 30,413,232 | $0.10 | |
| Expired | (18,722,220) | $0.90 | |
| Balance, November 30, 2014 | 60,345,232 | $0.11 | 1.11 |
| Issued | 11,153,328 | $0.10 | |
| Expired | (25,400,000) | $0.11 | |
| Balance, August 31, 2015 | 46,098,560 | $0.11 | 1.19 |

(Unaudited - Expressed in Canadian dollars)

At August 31, 2015, 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 |
|---|---|---|
| 2,605,541 | $0.10 | December 16, 2015 |
| 1,847,691 | $0.10 | February 10, 2016 |
| 4,000,000 | $0.20 | August 8, 2016 |
| 532,000 | $0.20 | August 22, 2016 |
| 8,300,000 | $0.10 | August 27, 2016 |
| 5,960,000 | $0.10 | September 8, 2016 |
| 11,700,000 | $0.10 | October 9, 2016 |
| 7,950,000 | $0.10 | July 28, 2017 |
| 3,203,328 | $0.10 | August 17, 2017 |
| 46,098,560 | | |

**e. Basic and diluted loss per share**

During the nine months ended August 31, 2015, potentially dilutive common shares totaling 57,306,060 (2014: 49,088,732) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

## 10. 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

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

Pursuant to the Purchase Agreement, InCoR 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 (received);
Å $100,000 upon the earlier of the completion of a positive bankable feasibility study and 18 months from the date of the Purchase Agreement (received); and,
Å $2,000,000 repayable from 25 percent of the net cash flow from a commercial application of SALT. Subsequent to August 31, 2015, the Company amended the terms of the Purchase Agreement (Note 14).

In order to keep the Purchase Agreement in good standing, InCoR must incur aggregate expenditures of not less than $1,000,000 within 24 months of completing the economic scoping study. The economic scoping study was completed on April 28, 2014.

At November 30, 2013, SALT was held in a wholly-owned subsidiary, SALT Technology Holdings Inc. During the year ended November 30, 2014, the Company transferred its wholly-owned interest in SALT Technology Holdings Inc. to InCoR 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.

(Unaudited - Expressed in Canadian dollars)

## 11. Related Party Transactions

During the three and nine months ended August 31, 2015 and 2014, 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:

| | For the three months ended August 31, | | For the nine months ended August 31, | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$** | $ | **$** | $ |
| Administration and management fees | **81,250** | 90,833 | **190,417** | 305,000 |
| Consulting fees | **22,500** | 28,750 | **67,500** | 73,750 |
| Non-executive directors fees | **13,500** | 16,500 | **40,500** | 54,000 |
| Mineral property expenditures | | | | |
| Geological consulting | **32,499** | 50,000 | **97,497** | 150,000 |
| | **149,749** | 186,083 | **395,914** | 582,750 |

At August 31, 2015, accounts payable and accrued liabilities included $387,762 (November 30, 2014: $344,406) of amounts owing to current directors and officers of the Company and/or companies they control or of which they were significant shareholders. At August 31, 2015, accounts payable and accrued liabilities included $369,167 (November 30, 2014: $369,167) due to former directors (Note 13). The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

Key management includes the CEO, the VP of Exploration and the directors of the Company. The compensation paid or payable to key management for services during the nine months ended August 31, 2015 and 2014 is identical to the table above other than share-based payments expense. During the nine months ended August 31, 2015, key management received share-based payments of $227,278. The compensation paid or payable was for short-term benefits.

## 12. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the nine months ended August 31, 2015 the following transactions were excluded from the statement of cash flows:

a) deferred exploration expenditures of $331,079 included in accounts payable and accrued liabilities at August 31, 2015, less expenditures included in accounts payable at November 30, 2014 of $350,781 (net inclusion of $19,702); and,

b) the issuance by the Company of 50,000 shares at the fair value of $2,250 pursuant to mineral property agreements.

During the nine months ended August 31, 2014 the following transactions were excluded from the statement of cash flows:

a) deferred exploration expenditures of $264,108 included in accounts payable and accrued liabilities at August 31, 2014, less expenditures included in accounts payable at November 30, 2013 of $152,354 (net exclusion of $111,754); and,

b) the issuance by the Company of 100,000 shares at the fair value of $5,500 pursuant to mineral property agreements.

## 13. Contingent Liabilities

The Company has contingent liabilities relating to a proposed transaction with Mineração São Francisco de Assis Ltd. (ŠMSFAŠ) and other potential tin transactions. The total amount of the unrecorded contingent liabilities is $496,264.

*Lawsuit*

On July 24, 2015, the Company announced that it has been named as a defendant in a lawsuit commenced in the Ontario Superior Court of Justice by two former officers of the Company, Stephen Keith and Alexandre Penha, in relation to an alleged defamatory news release issued by the Company in 2014 and the payment of compensation and expenses. The Company believes that it has meritorious defences and set-offs to the claims and intends to vigorously defend the action.

**14. Subsequent Events**

*Strange Lake*

On September 16, 2015, the Company sold its 50% ownership interest in the 30 mining claims comprising the Company's Strange Lake Property to Quest Rare Minerals Ltd. ("Quest"). Quest already held a 50% ownership therein, and Quest is now the sole owner of the Strange Lake Property. Pursuant to the terms of the Purchase and Sale Agreement, Quest will issue to the Company 1,500,000 common shares of Ques (received). The common shares will have hold periods preventing Search from selling the common shares for a period of four to twelve months. On September 16, 2015, the Quest common shares had a fair value of $0.10 per share.

*SALT and private placement*

On November 13, 2013, the Company entered into a Purchase Agreement with InCoR whereby InCoR agreed to purchase the intellectual property rights to SALT (Note 10). On September 30, 2015, the Company and InCoR amended the Purchase Agreement. The amendment will have InCoR provide the Company with a payment of $650,000 which will fully satisfy and discharge InCoR from any further obligation under the Purchase Agreement. The payment schedule will consist of $250,000 at closing (received), $200,000 on December 31, 2015 and $200,000 on February 28, 2016.

Concurrent with this transaction, InCoR subscribed for 5,000,000 units of the Company at a price of $0.07 per unit for gross proceeds of $350,000 (received). Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional common share of the Company at $0.10 per common share up to October 19, 2017.

**Search Minerals Inc.**

CONDENSED INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES

For the nine months ended August 31, 2015

(Unaudited - Expressed in Canadian Dollars)

| | Port Hope Simpson REE District, Labrador $ | Red Wine, Labrador $ | Other, Newfoundland and Labrador $ | Total $ |
|---|---|---|---|---|
| Balance, November 30, 2014 | 8,482,442 | - | - | 8,482,442 |
| Acquisition costs | | | | |
| Cash | 15,000 | 20,000 | - | 35,000 |
| Shares | 2,250 | - | - | 2,250 |
| Staking | 14,875 | - | - | 14,875 |
| | 32,125 | 20,000 | - | 52,125 |
| Deferred exploration costs | | | | |
| Assay | 125,224 | - | - | 125,224 |
| Camp | 55,375 | 7,800 | - | 63,175 |
| Engineering and metallurgy | 123,253 | - | - | 123,253 |
| Geological consulting (Note 11) | 64,998 | - | - | 64,998 |
| Geotechnical reports | 43,883 | 117 | | 44,000 |
| Government contributions | (136,895) | - | - | (136,895) |
| Other | 28,249 | - | - | 28,249 |
| Salaries, wages and benefits | 114,158 | | | 114,158 |
| | 418,245 | 7,917 | - | 426,162 |
| **Balance, August 31, 2015** | **8,932,812** | **27,917** | **-** | **8,960,729** |