SEARCH MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

Search Minerals Inc.

Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018 and 2017
(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 Professional Accountants for a review of interim financial statements by an entity's auditor.

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

	Notes	August 31, 2018 $	November 30, 2017 $
ASSETS			
Current assets			
Cash		**118,274**	293,508
Receivables	**5**	**40,184**	82,579
Prepaid expenses and other assets		**28,493**	33,960
		186,951	410,047
Non-current assets			
Equipment		**13,304**	15,598
Reclamation deposits		**50,000**	50,000
Staking deposits		**450**	450
Exploration and evaluation expenditures (Schedule 1)	**6**	**11,245,492**	10,606,526
		11,496,197	11,082,621
LIABILITIES AND EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Current liabilities			
Trade payables	**7**	**413,592**	466,098
Due to related parties	**7, 11**	**426,448**	321,316
Convertible debentures	**8**	**488,350**	547,800
		1,328,390	1,335,214
Non-current liabilities			
Due to related parties	**7, 11**	**81,000**	97,715
		1,409,390	1,432,929
Equity attributable to shareholders			
Share capital	**10**	**23,647,259**	22,817,707
Warrants		**175,923**	36,665
Contributed surplus		**3,364,442**	3,048,630
Equity component of convertible debentures	**8**	**36,458**	43,978
Deficit		**(17,137,275)**	(16,297,288)
		10,086,807	9,649,692
		11,496,197	11,082,621

Nature of Operations (Note 1)
Going Concern (Note 2)
Commitment (Note 13)
Subsequent events (Note 14)

Approved by the Board of Directors on October 24, 2018

"Jocelyn Bennett" Director
Jocelyn Bennett

"Leo Power" Director
Leo Power

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, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	Notes	For the three months ended August 31, 2018 $	For the three months ended August 31, 2017 $	For the nine months ended August 31, 2018 $	For the nine months ended August 31, 2017 $
GENERAL AND ADMINISTRATIVE EXPENSES					
Accounting and audit		**11,864**	11,693	**37,651**	33,786
Administration and management fees	**11**	**45,000**	63,750	**192,242**	238,191
Amortization		**1,584**	1,889	**4,751**	5,668
Consulting fees	**11**	**8,330**	20,589	**8,330**	96,600
Legal fees		**240**	11,196	**82,137**	38,709
Non-executive directors fees	**11**	**13,500**	13,500	**43,500**	48,000
Office and miscellaneous		**9,796**	10,493	**34,316**	53,439
Regulatory and transfer agent fees		**934**	5,625	**30,380**	23,796
Rent		**4,530**	5,700	**13,590**	17,100
Share-based compensation – stock options	**10(c)**	**-**	3,480	**271,627**	13,138
Shareholder communications		**12,263**	47,416	**22,439**	114,688
Travel and accommodation		**7,953**	5,097	**12,419**	43,697
Loss for the period before other items		**(115,994)**	(200,428)	**(753,382)**	(726,812)
Other income (expense) items					
Flow-through premium income	**10(b)**	**30,000**	-	**38,000**	-
Amortization of transaction costs	**8**	**(11,125)**	-	**(33,375)**	-
Accretion expense	**8**	**(9,265)**	(1,883)	**(27,925)**	(4,958)
Interest expense	**8**	**(19,831)**	(3,019)	**(63,305)**	(8,051)
Loss and comprehensive loss for the period		**(126,215)**	(205,330)	**(839,987)**	(739,821)
Basic and diluted loss per share	**10(e)**	**(0.00)**	(0.00)	**(0.01)**	(0.00)
Weighted average number of common shares outstanding		**171,579,644**	151,308,302	**161,263,603**	148,291,974

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, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	2018	2017
	$	$
Cash (used in) provided by		
OPERATING ACTIVITIES		
Loss for the period	**(839,987)**	(739,821)
Items not affecting cash:		
Amortization	**4,751**	5,668
Share-based compensation – stock options	**271,627**	13,138
Flow-through premium income	**(38,000)**	-
Amortization of transaction costs	**33,375**	-
Accretion expense	**27,925**	4,958
	(540,309)	(716,057)
Changes in non-cash working capital items:		
Taxes recoverable	**42,395**	15,132
Prepaid expenses and other assets	**5,467**	57,772
Accounts payable and accrued liabilities	**100,726**	147,000
	(391,721)	(496,153)
INVESTING ACTIVITIES		
Mineral property costs, net	**(787,503)**	(1,441,637)
Purchase of equipment	**(2,457)**	-
	(789,960)	(1,441,637)
FINANCING ACTIVITIES		
Issuance of common shares	**1,088,818**	461,985
Share issuance costs	**(45,343)**	(17,582)
Issuance (repayment) of convertible debentures	**(120,750)**	120,750
Government assistance	**83,722**	1,007,802
	1,006,447	1,572,955
Decrease in cash during the period	**(175,234)**	(364,835)
Cash, beginning of the period	**293,508**	391,412
Cash, end of the period	**118,274**	26,577
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, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	Number of Shares #	Share Capital $	Warrants $	Contributed Surplus $	Equity Component of Convertible Debenture $	Deficit $	Total $
Balance, November 30, 2016	146,222,190	22,246,691	548,098	2,488,399	-	(15,411,731)	9,871,457
Issued during the period:							
For cash pursuant to private placement of units	5,133,166	425,320	36,665	-	-	-	461,985
Less: Issue costs - cash	-	(14,476)	-	-	-	-	(14,476)
Issuance of convertible debenture	-	-	-	-	7,520	-	7,520
Transfer on expiry of warrants	-	-	(338,577)	338,577	-	-	-
Share-based payments	-	-	-	12,133	-	-	12,133
Comprehensive loss for the period	-	-	-	-	-	(739,821)	(739,821)
Balance, August 31, 2017	151,355,356	22,657,535	246,186	2,839,109	7,520	(16,151,552)	9,598,798
Issued during the period:							
For cash pursuant to private placement of flow-through shares	2,900,000	145,000	-	-	-	-	145,000
Transfer to flow-through premium liability	-	(29,000)	-	-	-	-	(29,000)
Less: Issue costs – cash		(2,516)					(2,516)
Pursuant to mineral property agreements	50,000	2,250	-	-	-	-	2,250
Pursuant to debt settlements	987,501	44,438	-	-	-	-	44,438
Issuance of convertible debentures	-	-	-	-	36,458	-	36,458
Transfer on expiry of warrants	-	-	(209,521)	209,521	-	-	-
Comprehensive loss for the period	-	-	-	-	-	(145,736)	(145,736)
Balance, November 30, 2017	155,292,857	22,817,707	36,665	3,048,630	43,978	(16,297,288)	9,649,692
Issued during the period:							
For cash pursuant to Rights Offering	15,609,285	624,371	-	-	-	-	624,371
For cash pursuant to private placement of units	4,887,536	195,502	48,875	-	-	-	244,377
For cash pursuant to private placement of flow-through shares and units	3,800,000	190,000	30,000	-	-	-	220,000
Transfer to flow-through premium liability	-	(38,000)	-	-	-	-	(38,000)
Less: Issue costs – compensation warrants	-	(97,048)	97,048	-	-	-	-
Less: Issue costs – cash	-	(45,343)	-	-	-	-	(45,343)
For cash pursuant to the exercise of warrants	1,000	70	-	-	-	-	70
Share-based payments	-	-	-	271,627	-	-	271,627
Transfer on expiration of conversion feature	-	-	-	7,520	(7,520)	-	-
Transfer on expiry of warrants	-	-	(36,665)	36,665	-	-	-
Comprehensive loss for the period	-	-	-	-	-	(839,987)	(839,987)
Balance, August 31, 2018	**179,590,678**	**23,647,259**	**175,923**	**3,364,442**	**36,458**	**(17,137,275)**	**10,086,807**

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 August 31, 2018, the Company was in the exploration and evaluation stage and had properties located in Canada. The Company's corporate head office is located at 108, 901 West 3rd 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, 2018, the Company had not yet achieved profitable operations, had a working capital deficiency of $1,141,439, had an accumulated deficit of $17,137,275 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 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. 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, 2017 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, 2017 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. Accounting Standards Issued But Not Yet Effective

The following new standards have 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 recycled to the income statement. The Company has not adopted IFRS 9 and has not completed its assessment of the impact of this standard.

(Unaudited - Expressed in Canadian dollars)

IFRS 16, Leases, was issued in January 2016 and eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019. The Company has not adopted IFRS 16 and has not completed its assessment of the impact of this standard.

5. Receivables

	August 31, 2018 $	November 30, 2017 $
GST receivable	**40,184**	82,579
Total receivables	**40,184**	82,579

6. 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. Other commitments relating to mineral properties are as follows:

Port Hope Simpson REE District, Labrador

The Company acquired the Port Hope Simpson REE District primarily by staking the claims. In addition, the Company acquired the B and A Claims and the Quinlan Property.

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 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 “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 “Quinlan Property”). The Quinlan Property is comprised of three licenses totaling 48 claims located east of St. Lewis, Labrador.

(Unaudited - Expressed in Canadian dollars)

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

The Vendors were granted a 1.5% net smelter return royalty ("NSR"). The Company may, at any time, purchase 1% of the net smelter return royalty for $1,000,000. The Company must make annual cash advance payments of $10,000 for the Quinlan Property to the Vendors commencing February 23, 2016 and continuing each year thereafter until commencement of commercial production, deductible against the NSR. During the year ended November 30, 2017, the Company paid the second $10,000 annual cash payment. During the nine months ended August 31, 2018, the Company paid the third $10,000 annual cash payment.

Red Wine Property, Labrador

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

NunatuKavut Community Council

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

7. Payables

	August 31, 2018 $	November 30, 2017 $
Trade payables	**386,016**	455,352
Interest payable	**27,576**	10,746
Due to related parties (Note 11)	**507,448**	419,031
Total payables	**921,040**	885,129
Total payables – current portion	**840,040**	787,414
Total payables – non-current portion	**81,000**	97,715

8. Convertible Debentures

	Liability Component $	Equity Component $
Balance, November 30, 2017	547,800	43,978
Amortization of transaction costs	33,375	-
Accretion	27,925	-
Transfer to contributed surplus on expiration of conversion feature	-	(7,520)
Repayment	(120,750)	-
Balance, August 31, 2018	488,350	36,458

InCoR Convertible Debenture

On September 7, 2017, the Company entered into an agreement with InCoR Holdings Plc, ("InCoR") pursuant to which InCoR agreed to provide funding of $500,000 by way of a secured convertible debentures (the "InCor Convertible Debentures"). The debentures have a maturity date of one year from the date of issuance (the "Maturity Date") and bear interest at a rate of 15% per annum, calculated and paid semi-annually in cash or, at InCoR's option, payable in Units. Any interest which is not paid when due shall bear interest at the same rate. The debentures were convertible into units ("Units") of the Company at a conversion price of $0.06 per Unit at any time prior to the Maturity Date. Each Unit will be comprised of one common share of the Company and one common share purchase warrant with each warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.07 per share for five years from the date of issuance of the debentures. The debentures are secured by all of the Company's assets.

On September 28, 2017 the Company received the first $150,000 from InCoR (the "First Debenture") and On October 27, 2017, the Company received the final tranche of $350,000 (the "Second Debenture"), for aggregate proceeds received from the two tranches of $500,000.

If InCoR does not elected to convert the entire amount of principal and accrued interest into Units at the end of the initial twelve month term, the Company may extend the Maturity Date by one period of six months by paying an extension fee of $50,000 (the "Extension Fee") in cash or Units at the election of InCoR within three business days of the end of the initial twelve month term. If the Company has paid the Extension Fee in connection with the First Debenture, the Extension Fee would not be required for the Second Debenture.

In connection with the InCoR Convertible Debentures, the Company incurred legal and filing fees of $44,500. These transaction costs are amortized over the term of the First and Second Debentures. During the nine months ended August 31, 2018, the Company recorded interest expense of $56,147, amortization of transaction costs of $33,375, accretion expense of $27,277.

Subsequent to the completion of InCoR Convertible Debentures, InCoR appointed two members to the Board of Directors of the Company.

On September 28, 2018, the First Debentures matured and were not converted. InCoR has agreed to forbear taking any action under the First Debentures or the related security agreements up to October 27, 2018. As consideration for this forbearance, the Company has agreed to pay InCoR a forbearance fee in the amount of $30,000, which is payable at the end of the forbearance period.

December 2016 Convertible Debenture

On December 29, 2016, the Company issued an unsecured convertible debenture in the amount of $120,750 (the "December 2016 Convertible Debenture"). The debenture bore interest at the rate of 10% per annum, calculated and paid quarterly in arrears, and was due on December 29, 2017. The debenture was convertible into units at a conversion price of $0.07 per unit. Each unit would be comprised of one common share and one share purchase warrant. Each whole warrant would entitle the holder thereof to purchase an additional common share of the Company at $0.14 per common share up to one year from the date of conversion of the debenture.

During the nine months ended August 31, 2018, the lender of the December 2016 Convertible Debenture agreed to extend the maturity date to March 31, 2018. The lender agreed to a further extension to June 30, 2018. No penalties or fees were incurred in relation to the extensions and all other terms of the 2016 Convertible Debenture remained the same, except that the conversion feature expired on March 31, 2018. On July 13, 2018, the December 2016 Convertible Debenture was repaid in cash.

During the nine months ended August 31, 2018, the Company recorded interest expense of $7,158 (2017 - $8,051) and accretion expense of $648 (2017 - $4,958).

9. Loans

During the nine months ended August 31, 2018, the Company received an aggregate of $200,000 in non-interest bearing, due on demand loans secured against all assets of the Company. The loans were provided by a company controlled by InCoR Holdings Plc. InCoR is a related party as they have two members on the Board of Directors of the Company.

On July 11, 2018, the loans were used as subscriptions for an equity financing (Note 10(b)).

10. Share Capital

a. Common shares authorized

Unlimited number of common shares

179,590,678 outstanding at August 31, 2018 (November 30, 2017: 155,292,857).

b. Financings

Rights Offering of Units

On July 5, 2018, the Company completed a Rights Offering of 15,609,285 units ("Units") at a price of $0.04 per Unit for gross proceeds of $624,372. 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 $0.07 per common share up to July 5, 2020. A value of $nil has been attributed to the warrants using the residual method.

In connection with the Rights Offering, the Company entered into a standby guarantee agreement (the "Standby Guarantee") with InCoR. Under the Standby Guarantee, InCoR agreed to subscribe for all Units that were not otherwise purchased by the Company's shareholders, up to the amount of $624,372. As compensation for providing the Standby Guarantee, the Company granted InCoR 3,140,988 share purchase warrants. The share purchase warrants are exercisable at a price of $0.07 per common share up to July 5, 2023. The fair value of the compensation warrants, $97,048, was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.045; exercise price - $0.07; risk-free interest rate – 1.60%; expected life – 5.0 years; expected volatility – 100%; and expected dividends – nil.

Private Placement of Units

On July 11, 2018, the Company completed a private placement of 4,887,536 units at a price of $0.05 per unit for gross proceeds of $244,377. 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 $0.07 per common share up to July 12, 2020. A value of $48,875 has been attributed to the warrants using the residual method.

Flow-Through Private Placements of Units

On December 11, 2017, the company completed the second and final tranche of a non-brokered private placement of 800,000 flow-through shares at a price of $0.05 per share for gross proceeds of $40,000. The fair value of the flow-through shares was determined to be $32,000 with the remaining $8,000 being allocated to flow-through premium liability. As at August 31, 2018, the Company had incurred eligible Canadian Exploration Expenditures of $40,000. Accordingly, the Company recorded the flow-through premium liability as an other income item amounting to $8,000.

On July 11, 2018, the Company completed a flow-through private placement of 3,000,000 units at a price of $0.06 per flow-through unit for gross proceeds of $180,000. 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 $0.07 per common share up to July 12, 2020. The fair value of the flow-through premium was determined to be $30,000 with the remaining $150,000 being allocated to the units. A value of $30,000 has been attributed to the warrants using the residual method. As at August 31, 2018, the Company had incurred eligible Canadian Exploration Expenditures of $180,000. Accordingly, the Company recorded the flow-through premium liability as an other income item amounting to $30,000.

In connection with the equity financings, the Company incurred cash issue costs of $45,343.

c. Stock option plan

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

Changes in share purchase options during the nine months ended August 31, 2018 and the year ended November 30, 2017 are as follows:

(Unaudited - Expressed in Canadian dollars)

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, November 30, 2016	9,210,000	$0.11	2.97
Granted	600,000	$0.10	
Expired	(835,000)	$0.21	
Outstanding, November 30, 2017	8,975,000	$0.10	2.14
Granted	5,150,000	$0.08	
Expired	1,425,000	$0.10	
Forfeited	(100,000)	$0.10	
Outstanding, August 31, 2018	12,600,000	$0.09	2.23
Outstanding and exercisable, August 31, 2018	12,600,000	$0.09	2.23

During the nine months ended August 31, 2018, the Company recorded share-based payment expense of $271,627 (2017: $13,138). The weighted average fair value of share purchase options granted during the nine months ended August 31, 2018 of $0.05 per option (2017 - $0.04) was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2018	2017
Stock price	$0.08	$0.085
Exercise price	$0.08	$0.10
Risk-free interest rate	0.73%	1.00%
Expected life	3.5 years	2.0 years
Expected volatility	100%	100%
Expected dividends	Nil	Nil

At August 31, 2018, 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
100,000	$0.07	October 29, 2018
500,000	$0.10	April 18, 2019
6,850,000	$0.10	June 30, 2020
5,150,000	$0.08	August 14, 2021
12,600,000		

d. Warrants

Changes in share purchase warrants during the nine months ended August 31, 2018 and the year ended November 30, 2017 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance, November 30, 2016	59,278,971	$0.12	0.46
Issued	2,566,583	$0.18	
Expired	(59,278,971)	$0.12	
Balance, November 30, 2017	2,566,583	$0.18	0.61
Issued	26,637,809	$0.07	
Exercised	(1,000)	$0.07	
Expired	(2,566,583)	$0.18	
Balance, August 31, 2018	26,636,809	$0.07	2.21

(Unaudited - Expressed in Canadian dollars)

At August 31, 2018, 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
15,608,285	$0.07	July 5, 2020
7,887,536	$0.07	July 12, 2020
3,140,988	$0.07	July 5, 2023
26,636,809		

e. Basic and diluted loss per share

During the nine months ended August 31 2018, potentially dilutive common shares totaling 55,903,475 (2017: 30,727,726) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from exercisable share purchase options, share purchase warrants and the conversion of convertible debentures.

11. Related Party Transactions

During the nine months ended August 31, 2018 and 2017, 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:

	Three months ended August 31,		**Nine months ended August 31,**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Administration and management fees	**45,000**	63,750	**190,000**	236,250
Consulting fees	**-**	22,500	**-**	67,500
Non-executive directors fees	**13,500**	13,500	**43,500**	48,000
Mineral property expenditures				
Geological consulting, salaries, wages and benefits	**32,500**	32,500	**97,500**	97,499
Metallurgical consulting	**22,500**	-	**92,500**	-
Rent	**21,000**	21,000	**63,000**	63,000
Share-based compensation	**-**	-	**212,147**	-
	134,500	153,250	**698,647**	512,249

At August 31, 2018, due to related parties of $507,448 (November 30, 2017: $419,031) included amounts owing to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured and non-interest bearing. Amounts are due on demand or due contingent on future events. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

Key management includes the CEO, VP of Metallurgy, VP of Exploration and the directors of the Company. The compensation paid or payable to key management for services during the three and nine months ended August 31, 2018 and 2017 is as follows:

	Three months ended August 31,		**Nine months ended August 31,**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Short-term benefits	**113,500**	132,250	**423,500**	449,249
Share-based compensation	**-**	-	**212,147**	-
	113,500	132,250	**635,647**	449,249

The rental commitment disclosed in Note 13 is a related party transaction as the lease is with a company controlled by the estate of a former director of the Company. The InCoR loan disclosed in Note 8 is a related party transaction as InCoR appointed two directors of the Company. Other InCoR transactions are disclosed in Note 14.

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, 2018 the following transactions were excluded from the statement of cash flows:

a) deferred exploration expenditures of $451,850 included in accounts payable and accrued liabilities at August 31, 2018, less expenditures included in accounts payable at November 30, 2017 of $516,665 (net inclusion of $64,815); and,

b) 3,140,988 share purchase warrants at the fair value of $97,048 issued as compensation for providing the Standby Guarantee (Note 10(b)).

During the nine months ended August 31, 2017 the following transactions were excluded from the statement of cash flows:

a) deferred exploration expenditures of $304,158 included in accounts payable and accrued liabilities at August 31, 2017, less expenditures included in accounts payable at November 30, 2016 of $297,692 (net exclusion of $6,466); and,

b) government assistance of $75,000 included in receivables at August 31, 2017, less assistance included in receivables at November 30, 2016 of $234,387 (net exclusion of $159,387).

13. Commitment

Building Lease

Effective June 1, 2016, the Company entered into a lease agreement for a building to be used for storing samples, core shack, processing core and accommodations. The building is located in St. Lewis, in the Province of Newfoundland and Labrador. The monthly rent is $7,000 per month with the lease expiring on December 31, 2022. At the end of the lease term, the Company has the option to extend the lease by five years and to purchase the property at the appraised value. The lease is with a company controlled by the estate of a former director of the Company.

14. Subsequent Events

On September 28, 2018, the First Debentures (Note 8) matured and were not converted. InCoR has agreed to forbear taking any action under the First Debentures or the related security agreements up to October 27, 2018. As consideration for this forbearance, the Company has agreed to pay InCoR a forbearance fee in the amount of $30,000, which is payable at the end of the forbearance period.

On October 4, 2018, the Company entered into a secured promissory note with InCoR for $150,000. The promissory note is non-interest bearing and is due on demand. The promissory note is secured by all of the Company's assets.

Search Minerals Inc.
CONDENSED INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
For the nine months ended August 31, 2018
(Unaudited - Expressed in Canadian Dollars)

	Port Hope Simpson REE District, Labrador $	Red Wine, Labrador $	Total $
Balance, November 30, 2017	10,602,926	3,600	10,606,526
Acquisition costs			
Cash	10,000	-	10,000
Staking	6,150		6,150
	16,150	-	16,150
Deferred exploration costs			
Assays	47,163	-	47,163
Camp and rent (Note 11)	91,587	-	91,587
Drilling	199,560	-	199,560
Geological consulting, salaries, wages and benefits (Note 11)	182,622	-	182,622
Geotechnical reports and surveys	4,200	-	4,200
Government contributions	(83,722)	-	(83,722)
Metallurgical consulting (Note 11)	92,500	-	92,500
Other	88,906	-	88,907
	622,816	-	622,817
Balance, August 31, 2018	**11,241,892**	**3,600**	**11,245,492**