



Management's Discussion and Analysis ("MD&A")
for the Six Months Ended May 31, 2019

The following information, prepared as of July 30, 2019, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Search Minerals Inc. (the "Company" or "Search") for the six months ended May 31, 2019, together with the audited consolidated financial statements of the Company for the year ended November 30, 2018 and the accompanying Management's Discussion and Analysis (the "MD&A") for that fiscal year. The referenced unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

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

This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of drill results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note the following:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of July 30, 2019.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, possible variations in mineral resources, labour disputes, operating or capital costs; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; failure of equipment or processes to operate as anticipated; and political, regulatory, environmental and other risks of the mining industry.
- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.
- The preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them to enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have a demonstrated economic viability

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties."

GENERAL

The Company was incorporated on June 7, 2006 under the *Business Corporations Act* of British Columbia and the Company is trading on the TSX Venture Exchange under the symbol "SMY.V."

The Company is focused on creating value through finding and developing "critical rare earth element ("CREE")" mineral assets in SE Labrador, Canada. CREEs (Nd, Pr, Tb, Dy, La) are strategic metals that have growing demand, constrained or restricted supply, and are commonly used in innovative technologies.

Search is the discoverer of the Port Hope Simpson CREE District, a highly prospective CREE belt located in southeast Labrador, where the Company controls a belt 70 km long and up to 8 km wide. Search owns 100% of the advanced CREE resource called the Foxtrot Project ("Foxtrot"), and recently announced Foxtrot-like prospects called "Deep Fox" and "Fox Meadow". In addition, the Company has identified more than 20 other Foxtrot-like prospects in the District. Search will continue to advance the Foxtrot resource by initiating a mineral estimate for Deep Fox from the recent drill program results while evaluating other Foxtrot-like prospects. Several of the Foxtrot-like prospects require exploration drilling programs and may provide additional resources to a central processing facility that would be situated within the District.

Search also holds a number of other CREE mineral prospects in Labrador in its portfolio, including claims in the Red Wine Complex and in the Henley Harbour area.

OVERALL PERFORMANCE

Search Minerals' focus is on exploration and development of the Port Hope Simpson Critical Rare Earth Element District in Southeastern Labrador, Canada. The Company seeks to raise funds through conventional raises, and to seek out government assistance or other non-dilutive and alternative financings to advance the Port Hope Simpson REE District.

Search achieved a key milestone in the development of our Critical Rare Earth District in SE Labrador. The successful drill program on the Deep Fox property has allowed Search to engage with our consultants to provide a mineral resource estimate. Upon completion of the mineral resource estimate, we expect to provide an updated Preliminary Economic Assessment ("PEA") which will look to optimize the mining and processing using both Deep Fox and Foxtrot material as a source feed.

The completion and success of the pilot plant was another key milestone for Search, as we have proven that our patented Search Direct Extraction Process can process the Foxtrot and Deep Fox material and provide a high purity mixed rare earth oxide product. The production of concentrate samples remains crucial for approaching the separation companies and refineries for further processing analysis.

On June 18, 2019, the Company closed a Rights Offering of 45,535,170 common shares at a price of \$0.03 per common share for gross proceeds of \$1,366,055.

OUTLOOK

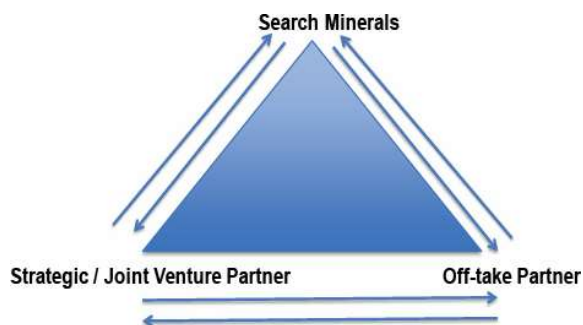
Search Minerals' focus is on exploration and development of the Port Hope Simpson Critical Rare Earth Element District in Southeastern Labrador, Canada. This District is road accessible, on tidewater and contains quantities of those elements that are in short supply and considered strategic or critical due to their use in green economy technologies. Based on these attributes, the Company intends to become a competitive, low-cost, environmentally responsible supplier of Critical Rare Earth Elements ("CREE") to the global marketplace.

To accomplish this Search will leverage its scalable breakthrough Direct Extraction Metallurgical Process (patent pending) and its highly accessible district-scale resources in SE Labrador to attract two important strategic partners; a strategic partner(s) to finance to a bankable feasibility study for development of its FOXTROT Resource, and an offtake partner whose long-term commitments will provide the stable income necessary to access capital financing for projects of this size.

The Company will continue to advance the project to a Bankable Feasibility Study. The near-term steps to accomplish this are discussed below:

Strategic Partner

In October 2017, Search secured a strategic partner with the investment from InCoR Holdings Plc. The recent completion of the pilot plant using the Search Proprietary Direct Extraction Metallurgical Process was instrumental for the due diligence of InCoR's investment into Search. InCoR's expertise in financing projects, especially with new technologies, will provide Search with a source of funding to further develop the district and seek offtake partners.



Recent Work in the Port Hope Simpson Critical Rare Earth Element District

Foxtrot Project

The FOXTROT Project is a key project for development based on a total indicated resource of 7.39 million tonnes and an inferred resource of 1.98 million tonnes, the Life of Mine Plan outlined in the PEA indicates that 4.9 million tonnes of material at an average grade of 0.98% Total Rare Earth Elements ("TREE") could be mined over a 14-year period, including open pit mining for the first eight years and underground mining thereafter. Drilling indicates that the mineralization at Foxtrot is open at depth below the current resource and PEA Mine Plan. The Company has defined the current resource and additional drilling on Foxtrot would be required in the preparation of a bankable feasible study.

Deep Fox Project

Search completed Phase 1 and Phase 2 drill program, which consisted of 5000m of drilling on the Deep Fox property. The successful drill program provided the following observations:

- **DEEP FOX** confirmed to have higher grade mineralization and larger widths than **FOXTROT**;
- Mineralization observed down to 200m level below surface in Phase 1 and Phase 2 drill holes;
- Mineralized zone is at least 350m in strike length, from 11m to 32m wide and open below 200m depth;
- PHASE 1 - Assay highlights (all true widths):
 - FD-18-05 (50m level): 283 ppm Dy, 1,896 ppm Nd, 500 ppm Pr, 2025 ppm La over 5.6m;
 - FD-18-06 (100m level): 247 ppm Dy, 1757 ppm Nd, 478 ppm Pr, 1,926 ppm La over 22.4m;
 - FD-18-10: (50m level): 257 ppm Dy, 1,940 ppm Nd, 532 ppm Pr, 2,307 ppm La over 21.7m;
- Phase 2 assay highlights (all true widths):
 - FD-18-15 (100m level): 251 ppm Dy, 1784 ppm Nd, 478 ppm Pr, 1978 ppm La over 21.49m;
 - FD-18-17 (150m level): 238 ppm Dy, 1694 ppm Nd, 433 ppm Pr, 1797 ppm La over 7.30m;
 - FD-18-20: (200m level): 212 ppm Dy, 1528 ppm Nd, 415 ppm Pr, 1770 ppm La over 10.14m;
- Resource Estimate calculation is the next step in the development of the **DEEP FOX PROJECT**.

The Phase 1 **DEEP FOX** Drill Program consisted of a total of 15 holes (3 in 2017 and 12 in 2018) to sample CREE mineralization at the 50m (10 holes) and 100m (5 holes) levels below the surface.

The Phase 2 **DEEP FOX** Drill Program consisted of a total of 8 holes (3 holes on the 100m level, 2 holes on the 150m level and 3 holes on the 200m level). Assay results indicate that mineralized intervals have true width zones (either

continuous mineralization or as 2 to 3 units over 3 m thick) of 11m to 32m at the 50m and 100m levels below the surface. Extensive drilling at the 50m (Phase 1) and 100m levels (Phase 1 and Phase 2) indicate that the mineralization has a strike length of at least 350m. Mineralization intersected at the 200m-level (Phase 2) indicates that the mineralized zone is open below this depth.

Drill holes on the 50m and 100m levels and channels on the surface form a 50m by 50m grid in the medium to high grade mineralization; additional drilling is required on the 150m and 200m levels to extend this 50m grid. This density of information is suitable to calculate a reliable resource estimate to at least the 100m-level with preliminary resources to the 200m-level.

A Phase 3 drill program is required to infill on the 150m and 200m levels and to test for mineralization at the 250m-level.

Fox Meadow Project

Fox Meadow was originally discovered in 2012 by a small channel program on outcrop that exhibited magnetic/radiometric anomalies. Subsequent channels in 2013 and 2016 discovered two mineralized zones, one to the south and one to the north, that gave low to medium grade CREE mineralization. Trenching by hand indicated that mineralization also occurred in overburden-covered treed areas.

The 2018 channel program consisted of trenching with a mini-excavator in the overburden-covered treed areas. Two 2016 channels were extended to the south and north of the exposed outcrop. Results from the north indicated that mineralization disappears in a northerly direction. Results from the south discovered medium- to high-grade mineralization. One channel (FMC-18-01) gave a mineralized zone of medium- to high-grade mineralization of about 32m wide. The second channel (FMC-18-02) gave medium- to high-grade mineralization for the final 11m of the channel; the mineralized zone extends under the overburden to the south of the channel.

The 2018 channels are about 100m apart. The Company plans to extend the 2018 channels further to the south and to expand the mineralized zone to the east and west with additional “step-out” channels in overburden-covered treed areas.

Search is continuing with a Summer 2019 channel sampling program on the Fox Meadow prospect.

Environmental Assessment Notice from Federal and Provincial Agencies

Search has received notice from the Canadian Environmental Assessment Agency (“CEAA”) and from the Province of Newfoundland and Labrador (“Province”) for Search to provide an Environmental Impact Statement (“EIS”). Both CEAA and the Province, have provided final guidelines required for the preparation of the EIS. In August 2018, both CEAA and the Province completed the site visit of both Foxtrot and Deep Fox. Both agencies will work in concert to reduce duplication in the EIS process. The Company has initiated environmental baseline studies as defined in the guidelines. The environmental baseline studies will take place along with transparent and open communication with all stakeholders and interest groups in the submission of the EIS. This EIS preparation is another milestone in the development and permitting of the project.

Direct Extraction Process Refining

Search Minerals completed a successful \$1.9M pilot plant operation in June 2017 using the proprietary Direct Extraction Process at SGS Laboratories in Lakefield, Ontario. The pilot plant provided Search with a sample of a 99% high purity mixed rare earth oxide concentrate (“REO Concentrate”) for further testing at separation



facilities. The Company has been in continued discussion with various separation refineries whom have either tested the material or reviewed the technical information from the pilot plant. The funding of the pilot plant was provided by \$750,000 from the Department of Tourism, Culture, Industry and Innovation (“**TCII**”) and \$500,000 from the Atlantic Canada Opportunities Agency (“**ACOA**”)

In conjunction with processing the FOXTROT material during the pilot plant operation, a bench-top demonstration test of the Deep Fox mineral sample was also completed at SGS Laboratories in Lakefield, Ontario. The test highlights provided extractions of 90.8% Neodymium, 90.5% Praseodymium, 81.3% Dysprosium and 82.5% Terbium, which compare favorably with the extractions from the Foxtrot recent pilot plant studies.

On November 28, 2018, Search received a further research and development funding commitment from **TCII** and **ACOA** totaling \$606,537 to assist in the refinement and optimization of the Search Minerals Direct Extraction Process. The total program cost is estimated to be \$806,000 and TCII and ACOA will reimburse Search for \$606,537 of the allowable costs. As at May 31, 2019, the Company had received \$50,000.

The project has commenced and is expected to be completed and reported in October 2019.

The program will focus on the following components:

- Sustainable equipment design for acid baking of rare earth ore.
- Water leach optimization with investigation into separate leaching of coarse and fine material as well as investigation of calcine grinding.
- More efficient use of impurity removal from the Direct Extraction Process.



. The information from this program will ultimately be used to design and operate future demonstration and commercial processing plants.

The proprietary process is a direct leach on crushed material, thereby eliminating grinding, flotation, gravity and magnetic separation, and as a result produces waste that is a dry stackable inert residue, thereby eliminating the need for wet tailing ponds. Search has been able to reduce the initial capital costs as a smaller, yet profitable, scale operation. Management continues to review advancement in separation technology which could provide the same or lower separation pricing as existing proven solvent extraction processing.

Also, Search is exploring the opportunity to build and operate a demonstration plant. This demonstration plant would provide Search with substantially more REO Concentrate for further refining and certifications required to secure an off-take agreement. Search would look to secure funding for the demonstration plant with a mixture of alternative financings, equity financings and various government assistance programs.

Current and future Rare Earth Element Market

We believe the upward trending expansion of rare earth permanent magnet market will continue and our project could be posed to benefit from this expected growth.

MINERAL PROPERTIES

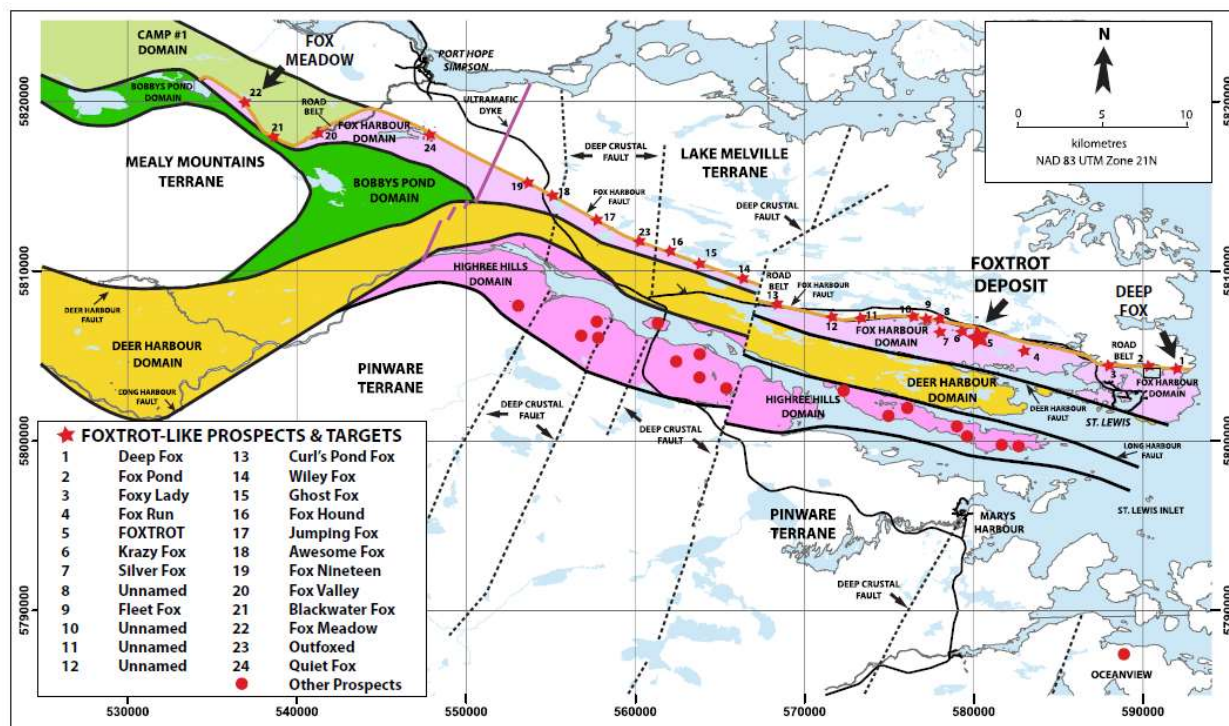
The rare earth elements (“REE”) mentioned are defined as follows: La – Lanthanum, Ce – Cerium, Pr – Praseodymium, Nd – Neodymium, Pm – Promethium, Sm – Samarium, Eu – Europium, Gd – Gadolinium, Tb – Terbium, Dy – Dysprosium, Ho – Holmium, Er – Erbium, Tm – Thulium, Yb – Ytterbium, Lu – Lutetium and Y – Yttrium. Additional elements of interest are Zr – Zirconium and Nb – Niobium.

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.

Port Hope Simpson REE District, Labrador

Search Minerals Inc. began exploring for Rare Earth Elements (“REE”) near the communities of St. Lewis and Port Hope Simpson in 2009. Early in the exploration cycle it became apparent that the company discovered NW trending Fox Harbour volcanic belt contained significant quantities of REE and had the potential to be a prolific District. The FOXTROT deposit, on which a favourable Preliminary Economic Assessment (“PEA”) now exists (updated in April 2016), was discovered in 2010 through systematic follow-up of coincident airborne radiometric/magnetic anomalies. More than 20 additional prospects were identified within a 70 km long and 8 km wide belt that is now controlled by Search.

Search controls a rapidly emerging Critical Rare Earth Element (“CREE”) District in SE Labrador that is road accessible and on/near tidewater. The FOXTROT Deposit was the first of three important discoveries. The Company completed a 5000m drill program on Deep Fox, and a channel sampling program is ongoing for Fox Meadow. Based on surface expression, the other two, Deep Fox and Fox Meadow, appear to be at least as large as FOXTROT. Surface channel sample and drill core sample assays at Deep Fox yielded average grades at least 15% higher than channels at FOXTROT. Search has identified more than 20 other prospects in this highly accessible District and has developed a proprietary, scalable, hydrometallurgical process to optimize every opportunity to position as a competitive low-cost supplier of CREE well into the future. Search enjoys tremendous support from the Government of Canada and the Government of Newfoundland and Labrador, both of which have financially supported the development of our proprietary metallurgical process. In addition, Search personnel on the ground have built strong relationships with local communities and with the Nunatukavut Community Council who represent the local indigenous people. All of these factors will help to ensure that our project can be brought into production at relatively low capital and operating costs and in a timely manner.



Foxtrot Project

Based on a total indicated resource of 7.39 million tonnes and an inferred resource of 1.98 million tonnes, the Life of Mine Plan outlined in the PEA indicates that 4.9 million tonnes of material at an average grade of 0.98% Total Rare Earth Elements ("TREE") could be mined over a 14-year period, including open pit mining for the first eight years and underground mining thereafter. Drilling indicates that the mineralization at Foxtrot is open at depth below the current resource and PEA Mine Plan.

On February 16, 2016, the Company announced the results of the updated PEA on its Foxtrot Project. The final NI 43-101 PEA was filed on www.sedar.com on May 2, 2016. The PEA evaluates an open pit-underground scenario with lower capital costs, a lower mining rate and higher grade processing facility feed. The revised PEA was prepared by Roscoe Postle Associates Inc. ("RPA"). It reconfirms the Foxtrot Project has positive economics and the potential to become a profitable producer of REE. Highlights of the PEA include:

- \$152 million initial capital cost – includes \$33 million contingency
- \$57 million underground mining capital (Year 8)
- \$23 million sustaining and closure capital
- \$1.713 billion total net revenue
- Net Present Value (10%) discount rate of \$93 million pre-tax and \$48 million after-tax
- Internal rate of return of 22.2% pre-tax and 16.7% after-tax
- Payback period of 3.5 years pre-tax and 4.4 years after-tax
- Undiscounted cash flow of \$327 million pre-tax and \$226 million after tax
- Mine life: 14 years: 8 years open pit, 6 years underground

The Mineral Processing Engineering Study from SNC-Lavalin (June 2015) along with the updated Foxtrot Mineral Resource (December 2015) was the basis of the PEA to ensure Search's proprietary metallurgy process would lead to significant cost savings in capital and operating costs. Search has been able to reduce the initial capital costs as a smaller, yet profitable, scale operation. The Foxtrot project supports low initial capital costs, a good IRR, a short payback period, and is scalable. A feature of the Foxtrot deposit geology allows Search to commence mining in mineralized material for early cash flow. The Processing Facility for this PEA would be located at the proposed Foxtrot mine site, however, further development in the District may determine that an alternative location may be more beneficial. The PEA outlines our current business model as Search continues to seek potential strategic and off take partners.

Deep Fox Prospect

(Formerly called the Deepwater Fox Prospect)

Deep Fox is located 12 km east of the Foxtrot deposit and became Search's second major discovery within the Fox Harbour volcanic belt (part of the Port Hope Simpson CREE District) following an initial channel sampling program during the 2014 field season. The Deep Fox prospect is located atop a hill, nearby the abandoned fishing community of Deepwater Creek.

The Deep Fox prospect is easily accessed via a recently constructed 1.5 km long bush road beginning near the St. Lewis Airport. The 53 initial channel samples taken at Deep Fox were used to plan a much more extensive channel sampling program in 2015 in which 25 channels were sampled. A further 5 infill channels were completed in 2017 and four channel extensions completed in 2018 to support the drill program. Including all three completed channeling programs, a total of 34 channels have been cut at the Deep Fox prospect and 1156 samples have been collected and analyzed.

The Deep Fox channel program and the extensive mapping, sampling and geophysics, has allowed Search to be able to make the following observations:

- The geology and mineralization at Deep Fox is similar to FOXTROT
- At 400 metres, Deep Fox is similar to slightly longer in strike length than FOXTROT
- Mineralized zone widths are as wide or wider (up to 30m wide) compared to FOXTROT

- Mineralized channel sample assays and mineralized zone assays from 23 drill holes are on average greater than 15% higher than those at Foxtrot

If resources are delineated at Deep Fox they would be close enough to the proposed FOXTROT mine development to provide additional feed to either extend the life of the overall operation or to facilitate a scaling-up for greater operational economies.

The geological model developed for the Foxtrot deposit (see Search Minerals Foxtrot PEA, April 28th, 2016) indicates that mineralization observed on surface also occurs at intersection depths (vertically below the surface) of at least 400m (mineralization is open at depth). At Foxtrot the mineralization, both higher and lower grades, dips at 70-90° towards the north and extends continuously from the surface to the deepest intersection; specific geological units can be followed from the surface to each progressively deeper drill hole.

Like the Foxtrot Deposit, the Deep Fox REE prospect occurs in the Fox Harbour volcanic belt, is hosted by peralkaline felsic volcanic rocks and dips 70-90° towards the north. Twenty-three drill holes at Deep Fox indicate high CREE grades and significant widths both underground and on surface. These are similar to or higher than those found at Foxtrot.

Fox Meadow Prospect

The Fox Meadow discovery is located 11km west of Port Hope Simpson and 1km southeast of a graveled forest access road, which extends southwestward from the Trans Labrador Highway. Mineralization coincides with a magnetic anomaly approximately 1km long and 250m wide. Geological mapping and channel sampling indicate that the mineralization occurs in two bands. The northerly band was initially sampled by four sections of channels that indicate a width of the mineralized zone of at least 30m and a strike length of 425m; high grade mineralization in channels is up to 8m wide. Outcrop mapping in 2016 extended the mineralized zone by an additional 200m.

The observed surface dimensions of higher-grade mineralization at Fox Meadow are similar to the Foxtrot Deposit (10-14m wide and 400m long) and Deep Fox Prospect (up to 34m wide and 500m long). CREE channel sample assays from Fox Meadow are similar to those at Deep Fox and FOXTROT, affirming that Fox Meadow is the third FOXTROT-like mineralized zone in the District.

The 2018 channel program expanded the mineralization in the northerly band to up to 32m in one channel and at least 11m (additional mineralization un-sampled under overburden-covered treed area).

The Fox Meadow prospect is located about 60 km from Deep Fox and 50 km from Foxtrot by gravel and paved roads.

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. Although the Company has written-down costs for accounting purposes, the Company still holds the Red Wine Property. The Red Wine property is located approximately 100km north-east of Churchill Falls, Labrador. The majority of these claims do not require any funding until the year 2022, at which time, depending on the rare earth element market, Search can decide whether to continue work on this 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 value. The agreement also sets out hiring and business opportunities for NunatuKavut members and communities as well as certain financial considerations. The agreement will continue indefinitely unless one or both parties elect to terminate.

RESULTS OF OPERATIONS

The Company had a loss of \$329,508 (\$0.00 per share) for the six months ended May 31, 2019 as compared to a loss of \$713,772 (\$0.00 per share) for the six months ended May 31, 2018. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported loss to produce an adjusted loss that forms a better basis for comparing the period over period operating results of the Company.

	2019 (\$)	2018 (\$)
Loss for the period as reported	(329,508)	(713,772)
Add (deduct):		
Amortization	1,964	3,167
Flow-through premium income	(10,000)	(8,000)
Amortization of transaction costs	-	22,250
Accretion expense	37,716	18,660
Interest expense	63,575	43,474
Share-based compensation – stock options	-	271,627
Adjusted loss for the period ⁽¹⁾	(236,253)	(362,594)

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

- The flow-through premium income of \$10,000 and \$8,000 represents the value of the tax benefits transferred from Search to the flow-through share investors.
- Accretion expense represents the accounting entry required to bring the book value of the convertible debentures up to their face value at maturity. This accretion expense represents the additional interest expense that would have been required had the convertible debentures not had a conversion feature.
- Interest expense represents the interest incurred on the convertible debentures which bear interest at the rate of 15% per annum
- The Company granted 5,050,000 stock options during the 2018 period which vested on the date of grant.

The decrease in the adjusted loss for the six months ended May 31, 2019 compared to the six months ended May 31, 2018 is the net result of a number of differences in various expenses as follows:

- Accounting and audit fees of \$24,491 (2018: \$25,787) are comprised of fees to maintain the accounting records and prepare financial reports as required.
- Administration expense and management fees of \$90,718 (2018: \$147,242) are comprised of fees paid to executive management of the company as well as administrative staff.
- Legal fees of \$12,791 (2018: \$81,897) are general legal fees to comply with various regulations and general business requirements.
- Office and miscellaneous expenses of \$21,082 (2018: \$24,520) includes insurance and other miscellaneous expenses.
- Regulatory and transfer agent fees of \$20,043 (2018: \$29,446) are fees paid to maintain the listing on the TSX-V and other transaction fees.
- Share-based compensation of \$nil (2018: \$271,627) is based on granting 5,050,000 stock options to directors, officers, consultants and employees in 2018.
- Travel and accommodation expenses of \$19,562 (2018: \$4,466) includes executive travel to the properties in Newfoundland as well as travel for investor relations purposes.

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended May 31, 2019.

	Three Months Ended (\$)			
	May 31, 2019	Feb 28, 2019	Nov 30, 2018	Aug 31, 2018
Total Revenues	-	-	-	-
Loss	(179,007)	(150,501)	(292,009)	(126,215)
Loss Per Share (basic and diluted) ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	12,409,564	12,283,317	11,951,744	11,496,197
Total Liabilities	2,677,603	2,372,349	2,007,311	1,409,390
Shareholders' Equity	9,731,961	9,910,968	9,944,433	10,086,807

	Three Months Ended (\$)			
	May 31, 2018	Feb 28, 2018	Nov 30, 2017	Aug 31, 2017
Total Revenues	-	-	-	-
Loss	(219,115)	(494,657)	(145,736)	(205,330)
Loss Per Share (basic and diluted) ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	10,941,056	10,967,566	11,082,621	10,439,349
Total Liabilities	1,701,509	1,514,169	1,432,929	842,652
Shareholders' Equity	9,239,547	9,453,397	9,649,692	9,596,697

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

FINANCING ACTIVITIES

During the six months ended May 31, 2019, the Company completed financings as follows:

- On January 29, 2019, the Company completed a flow-through private placement of 2,000,000 flow-through units at a price of \$0.05 per flow-through unit for gross proceeds of \$100,000. Each unit is comprised of one flow-through 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 \$0.06 per common share up to January 30, 2021. The fair value of the flow-through premium was determined to be \$10,000 with the remaining \$90,000 being allocated to the units. A value of \$10,000 has been attributed to the warrants using the residual method. As at February 28, 2019, the Company had incurred eligible Canadian Exploration Expenditures of \$100,000. Accordingly, the Company recorded the flow-through premium liability as an other income item amounting to \$10,000.
- The Company received from InCoR Holdings Plc an aggregate of \$350,000 in non-interest bearing, due on demand loans secured against the assets of the Company. Subsequent to May 31, 2019, the balance of \$350,000 was repaid in cash.

Subsequent to May 31, 2019, the Company completed financings as follows:

- On June 18, 2019, the Company closed a Rights Offering of 45,535,170 common shares at a price of \$0.03 per common share for gross proceeds of \$1,366,055.

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 common shares that were not otherwise purchased by the Company's shareholders. InCoR's total subscription was 34,008,634 common shares under the Rights Offering. As compensation for providing the Standby Guarantee, the Company granted InCoR 8,727,625 share purchase warrants. The share purchase warrants are exercisable at a price of \$0.05 per common share up to June 17, 2024.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2019, the Company's cash balance was \$33,354 with a working capital deficiency of \$2,431,989.

The Company's operations consumed \$299,828 of cash, before working capital items, during the six months ended May 31, 2019 (2018: \$406,068) with an additional \$508,623 (2018: \$336,772) utilized on mineral property acquisition costs, deferred exploration expenditures, and equipment acquisition costs. The cash requirement for the six months ended May 31, 2019 was fulfilled from cash on hand at the beginning of the period, \$270,688 of government assistance, \$100,000 from completing a flow-through financing and \$350,000 from non-interest bearing demand loans.

The Company's aggregate operating, investing and financing activities during the six months ended May 31, 2019 resulted in a net decrease in its cash balance from \$63,848 at November 30, 2018 to \$33,354 at May 31, 2019. The Company's working capital decreased by \$604,312 correspondingly during the period and stood at a deficiency of \$2,431,989 at May 31, 2019. The Company has accumulated losses since inception of \$17,758,792.

On November 30, 2018, the company consolidated and refinanced its existing secured debt in the aggregate amount of \$850,000 through the issuance of a non-brokered secured convertible debenture to InCoR. The convertible debenture matures on November 30, 2019 and bears interest at a rate of 15%. The debenture is convertible into units of the Company at a conversion price of \$0.05 per unit. Each unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at an exercise price of \$0.06 per common share for five years from the date of issuance. In addition to the convertible debenture due to InCoR, the Company also had \$350,000 in non-interest bearing demand loans due to InCoR which were repaid in cash subsequent to May 31, 2019.

The InCoR convertible debenture is secured by all of the Company's assets.

The Company does not have any commitments for material capital expenditures over the near term or long term other than a \$10,000 annual payment to the vendors of the Quinlan Property and the building lease of \$7,000 per month expiring December 31, 2022.

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

GOING CONCERN

The 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 May 31, 2019, the Company had not yet achieved profitable operations, had a working capital deficiency of \$2,431,989, had an accumulated deficit of \$17,758,792 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.

TRANSACTIONS WITH RELATED PARTIES

During the three and six months ended May 31, 2019 and 2018, 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 May 31,		Six months ended May 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Administration and management fees ⁽¹⁾	45,000	45,000	90,000	145,000
Non-executive directors fees	13,500	13,500	27,000	30,000
Mineral property expenditures				
Geological consulting, salaries, wages and benefits ⁽³⁾	32,500	32,500	65,000	65,000
Metallurgical consulting ⁽²⁾	22,500	22,500	45,000	70,000
Share-based compensation	-	-	-	212,147
	113,500	113,500	227,000	522,147

⁽¹⁾ Includes salary earned by the CEO, Greg Andrews. The business purpose of the transactions was to compensate Mr. Andrews for administration and management services provided. The Company has an employment contract with Greg Andrews that includes a termination clause and a change of control provision calling for lump sum payments.

⁽²⁾ Includes fees billed by the VP of Metallurgy, Dr. David Dreisinger. The business purpose of the transactions was to compensate Dr. David Dreisinger for assisting with metallurgical work relating to the Company's REE properties. The Company has a consulting agreement with Dr. David Dreisinger. The agreement includes a termination notice period of 180 days.

⁽³⁾ Includes fees billed by the VP of Exploration, Dr. Randy Miller. The business purpose of the transactions was to compensate Dr. Randy Miller for managing the mineral properties.

At May 31, 2019, due to related parties of \$709,613 (November 30, 2018: \$613,083) 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 six months ended May 31, 2019 and 2018 is as follows:

	Three months ended May 31,		Six months ended May 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Short-term benefits	113,500	113,500	227,000	310,000
Share-based compensation	-	-	-	212,147
	113,500	113,500	227,000	522,147

InCoR is a related party as they appointed two directors of the Company. InCoR has provided financing to the Company as described in the Financing Activities and the Liquidity and Capital Resources sections of this MD&A.

FINANCIAL INSTRUMENTS

Designation of Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, due to related parties and convertible debentures. The Company designated its cash and receivables as financial assets at amortized cost. Accounts payable and accrued liabilities, due to related parties and convertible debentures are designated as financial liabilities 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 is 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. The Company had working capital (deficiency) as follows:

	May 31, 2019 \$	November 30, 2018 \$
Current assets	176,614	104,634
Current liabilities	(2,608,603)	(1,932,311)
Working capital (deficiency)	(2,431,989)	(1,827,677)

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 May 31, 2019, all of the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations. The Company has had nominal amounts of payables in US dollars.

b) *Interest Rate Risk*

As at May 31, 2019, the Company had a convertible debenture bearing interest at a fixed rate of 15% per annum. As the Company had no variable rate interest bearing financial instruments, the Company is not exposed to interest rate risk.

c) *Price Risk*

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

OUTSTANDING SHARE CAPITAL

Authorized: Unlimited number of common shares

Issued and outstanding: 227,675,848 common shares as at July 30, 2019.

Options and warrants outstanding as at July 30, 2019

Security	Number	Exercise Price	Expiry Date
Stock Options	5,075,000	\$0.10	June 30, 2020
Stock Options	5,150,000	\$0.08	August 14, 2021
TOTAL	10,225,000		

Security	Number	Exercise Price	Expiry Date
Share Purchase Warrants	15,608,285	\$0.07	July 5, 2020
Share Purchase Warrants	7,887,536	\$0.07	July 12, 2020
Share Purchase Warrants	1,550,000	\$0.06	January 30, 2021
Share Purchase Warrants	3,140,988	\$0.07	July 5, 2023
Share Purchase Warrants	8,727,625	\$0.05	June 17, 2024
TOTAL	36,914,434		

Security	Number	Exercise Price	Expiry Date
Convertible debenture	17,000,000	⁽¹⁾ \$0.05	November 30, 2019
TOTAL	17,000,000		

⁽¹⁾ The Company has a convertible debenture of \$850,000 outstanding that is exercisable into 17,000,000 units. Each unit will be comprised of one common share and one share purchase warrant with each warrant entitling the holder thereof to purchase an additional common share of the Company at \$0.06 per common share for up to five years from the date of issuance of the debenture (November 30, 2023).

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the six months ended May 31, 2019 and this accompanying MD&A (together, the "Interim Filings").

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

RISKS AND UNCERTAINTIES

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

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

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

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

The Company will need additional funding to complete its long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, competition with other strategic metals exploration stage companies, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under its resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the solution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

All of the Company's mineral properties are in the exploration stage. Exploration and development of natural resources involve substantial expenditures and a high degree of risk. Few properties that are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its mineral properties from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at <http://www.searchminerals.ca>.

QUALIFIED PERSONS:

Dr. David Dreisinger, Ph.D., P.Eng., is the Company's Vice President, Metallurgy and Qualified Person for the purposes of NI 43-101. Dr. Dreisinger has reviewed and approved the technical disclosure contained herein as applicable.

Dr. Randy Miller, Ph.D., P.Geo, is the Company's Vice President, Exploration, and Qualified Person (as defined by National Instrument 43-101) who has supervised the preparation of and approved the technical information reported herein as applicable. The company will endeavour to meet high standards of integrity, transparency, and consistency in reporting technical content, including geological and assay (e.g., REE) data.