SEARCH MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 29, 2020 and 2019

(Unaudited - Expressed in Canadian dollars)

Search Minerals Inc.

Condensed Interim Consolidated Financial Statements

Three months ended February 28, 2020 and 2019
(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	February 29, 2020 $	November 30, 2019 $
ASSETS			
Current assets			
Cash		**35,296**	228,101
Receivables	**6**	**120,700**	96,633
Prepaid expenses and other assets		**71,404**	53,800
		227,400	378,534
Non-current assets			
Equipment		**221,328**	35,680
Reclamation deposits		**50,000**	50,000
Staking deposits		**27,450**	27,450
Exploration and evaluation expenditures (Schedule 1)	**7**	**12,822,205**	12,743,782
		13,348,383	13,235,446
LIABILITIES AND EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Current liabilities			
Trade payables	**8**	**556,465**	632,320
Due to related parties	**8, 13**	**836,402**	778,496
Convertible debentures	**10**	**880,466**	850,000
Promissory note payable	**11**	**170,907**	161,695
Lease obligations – short term	**9**	**77,930**	-
		2,522,170	2,422,511
Non-current liabilities			
Due to related parties	**8, 13**	**48,000**	53,000
Lease obligations – long term	**9**	**149,984**	-
		2,720,154	2,475,511
Equity attributable to shareholders			
Share capital	**12**	**24,841,656**	24,744,906
Subscriptions received in advance	**12**	**-**	50,000
Warrants		**598,141**	598,141
Contributed surplus		**3,678,784**	3,678,784
Equity component of convertible debentures	**10**	**150,454**	-
Deficit		**(18,640,806)**	(18,311,896)
		10,628,229	10,759,935
		13,348,383	13,235,446

Nature of Operations (Note 1)
Going Concern (Note 2)
Subsequent events (Notes 15)

Approved by the Board of Directors on April 29, 2020

"Jocelyn Bennett"	Director	*"Leo Power"*	Director
Jocelyn Bennett		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 months ended February 29, 2020 and 2019

(Unaudited - Expressed in Canadian dollars)

	Notes	**2020** **$**	2019 $
GENERAL AND ADMINISTRATIVE EXPENSES			
Accounting and audit		**12,775**	12,634
Administration and management fees	**13**	**45,000**	45,000
Amortization		**27,187**	982
Consulting fees		**13,808**	-
Legal fees		**11,097**	4,956
Non-executive directors fees	**13**	**13,500**	13,500
Office and miscellaneous		**17,974**	8,961
Regulatory and transfer agent fees		**12,697**	16,141
Rent		**4,878**	4,530
Travel and accommodation		**3,901**	3,726
Loss for the period before other items		**(162,817)**	(110,430)
Other income (expense) items			
Flow-through premium income	**12**	**-**	10,000
Amortization of transaction costs	**11**	**(9,212)**	-
Accretion expense	**10**	**-**	(18,633)
Finance charge on leases		**(5,817)**	-
Interest expense	**10,11**	**(36,861)**	(31,438)
Loss on debt refinancing	**10**	**(80,920)**	-
Loss and comprehensive loss for the period		**(295,627)**	(150,501)
Basic and diluted loss per share	**12(e)**	**(0.00)**	(0.00)
Weighted average number of common shares outstanding		**229,793,239**	181,036,832

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 three months ended February 29, 2020 and 2019
(Unaudited – Expressed in Canadian dollars)

	2020 **$**	2019 $
Cash (used in) provided by		
OPERATING ACTIVITIES		
Loss for the period	**(295,627)**	(150,501)
Items not affecting operating cash:		
Amortization	**27,187**	982
Flow-through premium income	**-**	(10,000)
Amortization of transaction costs	**9,212**	-
Accretion expense	**-**	18,633
Loss on debt refinancing	**80,920**	-
	(178,308)	(140,886)
Changes in non-cash working capital items:		
Taxes recoverable	**(15,682)**	(11,539)
Prepaid expenses and other assets	**(17,604)**	(35,165)
Accounts payable and accrued liabilities	**59,555**	34,659
	(152,039)	(152,931)
INVESTING ACTIVITIES		
Mineral property costs, net	**(223,275)**	(287,085)
	(223,275)	(287,085)
FINANCING ACTIVITIES		
Issuance of common shares	**20,000**	100,000
Share issuance costs	**(750)**	(714)
Proceeds on issuance of convertible debenture	**150,000**	-
Transaction costs	**(50,000)**	-
Proceeds on issuance of demand loan	**-**	250,000
Principal repayment of lease obligation	**(18,204)**	-
Government assistance	**81,463**	50,000
	182,509	399,286
Decrease in cash during the period	**(192,805)**	(40,730)
Cash, beginning of the period	**228,101**	63,848
Cash, end of the period	**35,296**	23,118
Cash paid for interest	**63,750**	-
Cash paid for income taxes	**-**	-

Non-cash Transactions (Note 14)

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 three months ended February 29, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

	Number of Shares #	Share Capital $	Share proceeds received in advance $	Warrants $	Contributed Surplus $	Equity Component of Convertible Debenture $	Deficit $	Total $
Balance, November 30, 2018	179,590,678	23,636,259	-	175,923	3,400,900	160,635	(17,429,284)	9,944,433
Issued during the period:								
For cash pursuant to private placement of units	2,000,000	90,000	-	10,000	-	-	-	100,000
Transfer to flow-through premium liability	-	(10,000)	-	-	-	-	-	(10,000)
Less: Issue costs – cash	-	(714)	-	-	-	-	-	(714)
Pursuant to mineral property agreements	500,000	25,000	-	-	-	-	-	25,000
Pursuant to debt settlements	50,000	2,750	-	-	-	-	-	2,750
Comprehensive loss for the period	-	-	-	-	-	-	(150,501)	(150,501)
Balance, February 28, 2019	182,140,678	23,743,295	-	185,923	3,400,900	160,635	(17,579,785)	9,910,968
Issued during the period:								
For cash pursuant to Rights Offering	45,535,170	993,663	-	372,392	-	-	-	1,366,055
Less: Issue costs – cash	-	(36,052)	-	-	-	-	-	(36,052)
Pursuant to debt settlements	1,100,000	44,000	-	-	-	-	-	44,000
Share-based payments	-	-	-	-	117,249	-	-	117,249
Share proceeds received in advance	-	-	50,000	-	-	-	-	50,000
Transfer on expiration of conversion feature	-	-	-	-	160,635	(160,635)	-	-
Issuance of warrants	-	-	-	39,826	-	-	-	39,826
Comprehensive loss for the period	-	-	-	-	-	-	(732,111)	(732,111)
Balance, November 30, 2019	228,775,848	24,744,906	50,000	598,141	3,678,784	-	(18,311,896)	10,759,935
IFRS 16 transition adjustment on December 1, 2019	-	-	-	-	-	-	(33,283)	(33,283)
Balance, November 30, 2019 (restated)	228,775,848	24,744,906	50,000	598,141	3,678,784	-	(18,345,179)	10,726,652
Issued during the period:								
For cash pursuant to flow through common shares	1,400,000	70,000	(50,000)	-	-	-	-	20,000
Less: Issue costs – cash	-	(750)	-	-	-	-	-	(750)
Pursuant to debt settlements	550,000	27,500	-	-	-	-	-	27,500
Equity component of convertible debenture	-	-	-	-	-	150,454	-	150,454
Comprehensive loss for the period	-	-	-	-	-	-	(295,627)	(295,627)
Balance, February 29, 2020	**230,725,848**	**24,841,656**	**-**	**598,141**	**3,678,784**	**150,454**	**(18,640,806)**	**10,628,229**

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

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 February 29, 2020, 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 February 29, 2020, the Company had not yet achieved profitable operations, had a working capital deficiency of $2,294,770, had an accumulated deficit of $18,640,806 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.

Subsequent to period-end, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

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.

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, 2019 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. New and future accounting standards and pronouncements

New accounting standards adopted during the period

IFRS 16, Leases

The Company adopted all of the requirements of IFRS 16 Leases ("IFRS 16") as of December 1, 2019. IFRS 16 replaces IAS 17 Leases ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2019 comparatives are not restated and a cumulative catch up adjustment is recorded on December 1, 2019 for any differences identified, including adjustments to the opening deficit balance.

On the date of transition, the Company recorded right-of-use assets of $212,835 related to a house and a vehicle and the lease obligations of $246,118. The net difference between right-of-use assets and lease liabilities on the date of transition was recognized as an accumulated deficit adjustment of $33,283 on December 1, 2019.

The following is the Company's new accounting policy for leases under IFRS 16:

Leases
At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

Future accounting standards issued but not yet effective

IAS 1 – Presentation of financial statements and IAS 8 - Accounting policies, changes in accounting estimates and errors

The amendments to these standards specify a new definition of materiality. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

These amendments to IAS 1 and IAS 8 were issued in October 2018 and will be effective for the Company, on a prospective basis, for the fiscal year beginning December 1, 2020.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable and/or are not expected to have a significant impact on the Company's financial statements.

5. Critical Accounting Estimates and Judgements

There have been no material revisions to the nature of judgements and amount of changes in estimates reported in the company's November 30, 2019 annual financial statements, other than estimating the incremental borrowing rate inherent in the office premises lease (Note 4).

(Unaudited - Expressed in Canadian dollars)

Leases: incremental borrowing rates
Management is required to estimate the Company's incremental borrowing rate. This rate is used to discount the future lease cash flows to determine the carrying value of the lease liability. Management estimates its incremental borrowing rate based on the risk free rate and a credit risk premium for a period commensurate with the term of the lease.

6. Receivables

	February 29, 2020 $	November 30, 2019 $
GST receivable	**46,718**	30,884
Government assistance[(1)]	**73,982**	65,749
Total receivables	**120,700**	96,633

(1) The Government of Newfoundland (Innovate NL) and the Atlantic Canada Opportunities Agency ("ACOA") have certain programs available to assist junior resource companies. The amounts provided by ACOA are repayable on project success, while the amounts provided by the Government of Newfoundland are not repayable. The Company receives support from the Junior Exploration Assistance Program with funds granted by the Province of Newfoundland and Labrador Department of Natural Resources. Subsequent to February 29, 2020, the Company received the amounts included in receivables.

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. Other commitments relating to mineral properties are as follows:

Critical Rare Earth Element ("CREE") District, Labrador

The Company acquired the CREE 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 ("B and A Claims"). The B and A claims host the Company's Foxtrot Project.

Under the terms of the Mining Option Agreement, to earn the undivided 100% interest in the 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 had 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. The Quinlan Property hosts the Company's Deep Fox Project.

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.

(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. During the year ended November 30, 2018, the Company paid the third $10,000 annual cash payment. On February 1, 2019, the Company paid the fourth $10,000 annual cash payment. On January 31, 2020, the Company paid the fifth $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.

Impairment of Mineral Properties

As at February 29, 2020, the Company determined that there were no impairment indicators for the claims located in the CREE District.

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.

8. Payables

	February 29, 2020 $	November 30, 2019 $
Trade payables	**518,782**	567,748
Interest payable	**37,683**	64,572
Total trade payables	**556,465**	632,320
Due to related parties – current portion	**836,402**	778,496
Due to related parties – non-current portion	**48,000**	53,000
Total due to related parties (Note 13)	**884,402**	831,496
Total payables	**1,440,867**	1,463,816

During the three months ended February 29, 2020, the Company settled $27,500 of payables by issuing 550,000 shares at the fair value of $27,500.

9. Lease obligations

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 or to purchase the property at the appraised value.

Effective July 1, 2019, the Company entered into a lease agreement for a vehicle. The monthly lease is $1,179 per month with the lease expiring on June 30, 2021.

With the adoption of IFRS 16 Leases (see Note 4), the Company recognized lease obligations with regard to the leases. The terms and the outstanding balances as at February 29, 2020 and November 30, 2019 are as follows:

(Unaudited - Expressed in Canadian dollars)

	February 29, 2020 $	November 30, 2019 $
Right-of-use asset from field house lease repayable in monthly instalments of $7,000 and a vehicle lease repayable in monthly instalments of $1,179 with an interest rate of 10.99% per annum	**227,914**	-
Less: Current portion	**(77,930)**	-
Non-current portion	**149,984**	-

The following is a schedule of the Company's future minimum lease payments related to the field house and vehicle lease obligation:

	February 29, 2020 $
2020	73,613
2021	92,253
2022	84,000
2023	14,000
Total minimum lease payments	263,866
Less: imputed interest	(35,952)
Total present value of minimum lease payments	227,914
Less: Current portion	(77,930)
Non-current portion	149,984

10. Convertible Debentures

	Liability Component – December 2016 $	Liability Component - InCoR $	Equity Components $
Balance, November 30, 2018	-	772,727	160,635
Accretion	-	77,273	-
Transfer to contributed surplus on expiration of conversion	-	-	(160,635)
Balance, November 30, 2019	-	850,000	-
Proceeds	-	150,000	-
Refinancing of debentures	-	(69,534)	150,454
Less: transaction costs	-	(50,000)	-
Balance, February 29, 2020	**-**	**880,466**	**150,454**

InCoR Convertible Debenture

On November 1, 2019, the Company and InCoR Holdings Plc, ("InCoR") agreed to extend the maturity date of the Third Debenture to November 30, 2020, subject to TSX-V approval. The debenture is convertible into units of the Company at a conversion price of $0.05 per unit. Each unit will be 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 $0.05 per common share for five years from the date of conversion.

On February 28, 2020, the extension of the Third Debentures closed and the Company received $150,000. The Company treated the refinancing as a debt extinguishment, resulting in a loss of $80,920 recorded to the statement of loss. The Company determined the fair value of the liability component of the Third Debenture to be $930,466, based on the net present value of future cash flows. The Company determined the fair value of the equity component of the Third Debenture to be $150,454 using the Black-Scholes pricing model with the following assumptions: share price - $0.035; exercise price - $0.05; risk-free interest rate – 0.69%; expected life – 0.76 year; expected volatility – 96.54%; and expected dividends – nil.

During the three months ended February 29, 2020, the Company recorded interest expense of $31,875 (2019 - $31,438) and accretion expense of $nil (2019 - $18,633) on the debentures.

11. Loans

On November 15, 2019, the Company received a promissory note in the amount of $200,000 from an arms' length party. The promissory note matures on November 15, 2020 and bears interest at 10% per annum. Interest is payable quarterly. The Company also issued a total of 4,000,000 warrants to the promissory note holder. Each warrant is exercisable into one common share for one year at a price of $0.05 per share. The Company recorded the warrants issued at a fair value of $39,826 in transaction costs to be amortized throughout the term. The fair value was estimated using the Black-Scholes option pricing model with the following assumptions: share price - $0.04; exercise price - $0.05; risk-free interest rate – 1.69%; expected life – 1.0 years; expected volatility – 81%; and expected dividends – nil.

During the three months ended February 29, 2020, the Company recorded interest expense of $4,986 (2019 - $nil) and amortization of transaction costs of $9,212 (2019 - $nil).

12. Share Capital

a. Common shares authorized

Unlimited number of common shares

230,725,848 outstanding at February 29, 2020 (November 30, 2019: 228,775,848).

b. Financings

During the three month period ended February 29, 2020, the Company completed the following financing:

i) Flow-Through Private Placements of Common Shares

On January 13, 2020, the Company completed a flow-through private placement of 1,400,000 flow-through common shares at a price of $0.05 per flow-through common share for gross proceeds of $70,000. The fair value of the flow-through premium was determined to be $nil. As at November 30, 2019, the Company had received subscriptions of $50,000.

In connection with the financing, the Company incurred cash issue costs of $750.

During the three months ended February 28, 2019, the Company completed the following financing:

ii) Flow-Through Private Placements of Units

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.

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 three months ended February 29, 2020 and the year ended November 30, 2019 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, November 30, 2018	12,500,000	$0.09	2.00
Granted	7,550,000	$0.08	
Expired	(2,575,000)	$0.10	
Outstanding, November 30, 2019	17,475,000	$0.09	2.01
Outstanding and exercisable, February 20, 2019	17,475,000	$0.09	1.76

At February 29, 2020, 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
5,075,000	$0.10	June 30, 2020
4,950,000	$0.08	August 14, 2021
7,450,000	$0.08	February 7, 2023
17,475,000		

d. Warrants

Changes in share purchase warrants during the three months ended February 29, 2020 and the year ended November 30, 2019 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance, November 30, 2018	26,636,809	$0.07	1.96
Issued	14,227,625	$0.05	
Balance, November 30, 2019	40,864,434	$0.06	1.73
Balance, February 29, 2020	40,864,434	$0.06	1.48

At February 29, 2020, 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
1,500,000	$0.06	January 30, 2021
3,140,988	$0.07	July 5, 2023
8,727,625	$0.05	June 17, 2024
4,000,000	$0.05	November 15, 2020
40,864,434		

e. Basic and diluted loss per share

During the three months ended February 29, 2020, potentially dilutive common shares totaling 92,339,434 (2019: 74,686,809) 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.

(Unaudited - Expressed in Canadian dollars)

13. Related Party Transactions

During the three months ended February 29, 2020 and 2019, the Company incurred the following expenditures charged by directors and officers of the Company and/or companies they owned or were significant shareholders of:

	2020 **$**	2019 $
Administration and management fees	**45,000**	45,000
Non-executive directors fees	**13,500**	13,500
Mineral property expenditures		
Geological consulting, salaries, wages and benefits	**34,500**	32,500
Metallurgical consulting	**22,500**	22,500
	115,500	113,500

At February 29, 2020, due to related parties of $884,402 (November 30, 2019: $831,496) 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 months ended February 29, 2020 and 2019 is as follows:

	2020 **$**	2019 $
Short-term benefits	**115,500**	113,500
	115,500	113,500

The InCoR loans disclosed in Note 9 are related party transactions as InCoR appointed two directors of the Company.

14. 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 three months ended February 29, 2020 the following transactions were excluded from the statement of cash flows:

a) deferred exploration expenditures of $797,142 included in accounts payable and accrued liabilities at February 29, 2020, less expenditures included in accounts payable at November 30, 2019 of $879,646 (net inclusion of $82,504);

b) the issuance by the Company of 500,000 shares at the fair value of $25,000 and 50,000 shares at the fair value of $2,750 pursuant to debt settlements; and,

c) government assistance of $73,982 included in receivables at February 29, 2020.

During the three months ended February 28, 2019 the following transactions were excluded from the statement of cash flows:

a) deferred exploration expenditures of $784,007 included in accounts payable and accrued liabilities at February 28, 2019, less expenditures included in accounts payable at November 30, 2018 of $722,261 (net exclusion of $61,746);

b) the issuance by the Company of 500,000 units at the fair value of $25,000 and 50,000 shares at the fair value of $2,750 pursuant to debt settlements; and,

c) government assistance of $95,000 included in receivables at February 28, 2019.

15. Subsequent Events

Unsecured loans

Subsequent to February 29, 2020, the Company was advanced an unsecured loan of $100,000 from an arm's length party. The loan has a one year maturity date from the date of issuance, repayable at any time without penalty and bears interest at a rate of 10% per annum, payable quarterly.

Pursuant to the loan, the Company issued 2,000,000 bonus warrants to the lender, with each bonus warrant entitling the holder to purchase one common share of the Company at a price of $0.05 per common share up to March 16, 2021. The loan and the bonus warrants are subject to TSX-V approval.

COVID-19 line of credit

Subsequent to February 29, 2020, the Company obtained an unsecured $40,000 line of credit as part of the government's economic response plan to the COVID-19 pandemic. The line of credit is interest free and is eligible for $10,000 forgiveness if $30,000 is fully repaid by December 31, 2022. If not repaid in full by the maturity date, the line of credit will be converted into a loan at a fixed interest rate of 5% per annum with a maturity date of December 31, 2025.

Search Minerals Inc.
CONDENSED INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
For the three months ended February 29, 2020
(Unaudited - Expressed in Canadian Dollars)

	Critical Rare Earth Element District, Labrador $	**Red Wine, Labrador $**	**Total $**
Balance, November 30, 2018	11,781,340	3,600	11,784,940
Acquisition costs			
Cash	10,000	-	10,000
Staking	16,350		16,350
	26,350	-	26,350
Deferred exploration costs			
Assays	253,464	-	253,464
Camp and rent	140,111	-	140,111
Engineering and metallurgy	502,105	-	502,105
Geological consulting, salaries, wages and benefits (Note 13)	251,857	1,800	253,657
Geotechnical reports and surveys	127,874	-	127,874
Government contributions	(598,220)	-	(598,220)
Metallurgical consulting (Note 13)	125,000	-	125,000
Other	99,008	-	99,008
Travel and accommodation	29,493	-	29,493
	930,692	1,800	932,492
Balance, November 30, 2019	12,738,382	5,400	12,743,782
Acquisition costs			
Cash	10,000	-	10,000
	10,000	-	10,000
Deferred exploration costs			
Assays	17,250	-	17,250
Camp and rent	1,737	-	1,737
Engineering and metallurgy	16,446	-	16,446
Geological consulting, salaries, wages and benefits (Note 13)	36,987	-	36,987
Geotechnical reports and surveys	27,651	-	27,651
Government contributions	(89,848)	-	(89,848)
Metallurgical consulting (Note 13)	22,500	-	22,500
Other	35,700	-	35,700
	68,423	-	68,423
Balance, February 29, 2020	**12,816,805**	**5,400**	**12,822,205**