

# Search Minerals is looking pretty foxy for 2022

written by InvestorNews | December 26, 2021

All I want for Christmas is money, is what [Search Minerals Inc.](#) (TSXV: SMY | OTCQB: SHCMF) must be saying after it recently announced plans to re-stock the treasury with a \$15 million non-brokered [private placement offering](#). For a Company with a market cap of roughly C\$69 million prior to the closing of this share issuance, that seems like a pretty good Christmas present. I'm sure there are a few other items on their Christmas wish list but things have been going along fairly well for this rare earths explorer in Newfoundland and Labrador.

As background, Search Minerals is focused on creating value through finding and developing rare earth mineral assets in SE and central Labrador, Canada. The Company is the discoverer of the Port Hope Simpson – St. Lewis Rare Earths District, a highly prospective belt located in southeast Labrador that is 62 km long and up to 2 km wide. Search owns 100% of two advanced rare earth resources called the [Foxtrot Project](#) and [Deep Fox Project](#), and the more recently announced Foxtrot-like prospects [Fox Meadow](#), Silver Fox and Awesome Fox. In addition, the Company has identified more than 20 other Foxtrot-like prospects in the District. 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.

The interesting thing about Search is that they have a little more going on than just exploring for rare earths. The Company has developed a breakthrough technology for the processing of its material called the Patented Direct Extraction Metallurgical

Process. With the mining of many commodities, it's not as simple as taking the rock from the ground, crushing it up and sending it to market, and the mining of rare earths can create their own environmental nightmare if not addressed properly. Fortunately, Search has found an elegant answer with an environmentally conscientious solution for managing waste residue that also significantly reduces CAPEX and operational costs along with eliminating unnecessary steps, lowering capital and operating costs and producing a dry stackable waste residue that reduces the environmental footprint, pilot plant testing has clearly demonstrated the ability to produce a high purity mixed rare earth oxide (REO) concentrate. You can read more about the process [here](#), but this could be a big deal.

On the exploration front, Search had over 6000 assays from its 7000m drill program at Deep Fox that were [reported Nov 15<sup>th</sup>](#) with all 38 drill holes showing significant rare earths throughout the mineralized zone and mineralization observed in all levels (25m, 50m, 100m, 150m, 200m). At Fox Meadow, 500m of channel sampling work has been completed and samples are being logged and prepared for shipment to the assay laboratory in preparation for a preliminary drill program in 2022. Additionally, Silver Fox is drill ready for 2022 and the Company is preparing a preliminary drill program there as well. Lastly, the Deep Fox drill data will be used to prepare a new resource estimate which will be incorporated into an upcoming preliminary economic assessment report expected in Q1 2022. The combination of the Deep Fox and Foxtrot resources will potentially allow for an increase in the production rate compared to the 2016 PEA on Foxtrot alone. Especially given assays from Deep Fox have shown higher grades of the key rare earth elements used in the permanent magnet market (Neodymium, Praseodymium, Dysprosium and Terbium) as compared to Foxtrot.

It has been an exciting few months for Search Minerals hence my suggestion that its Christmas wish list might be a relatively brief one. Maybe one wish is for a short, mild, winter so they can get back to drilling sooner than later after they replenish the bank account. Nevertheless, with the US, Canada and EU collaborating to build a secure rare earth supply chain, Search Minerals is in the right jurisdiction to participate in breaking global reliance on China. Assuming they are successful in raising the full \$15 million the Company will be in great shape to hit the ground running to start 2022.

Perhaps I'll finish the year with a bad pun before I wish everyone a happy and safe holiday season, but to me this looks like a pretty foxy investment. I hope they've at least seen a fox or two on their exploration properties.

Merry Christmas everyone and see you in 2022!

---

## **Search Minerals may be Canada's first rare earths producer**

written by InvestorNews | December 26, 2021

Preliminary comments from InvestorIntel's Publisher Tracy Weslosky: With the Coronavirus nipping at all our hard-earned portfolio heels, this is a good time to remind ourselves of the value of people, talent and knowledge. Bring these variables together and you get a competitive team. In meeting with dozens of CEOs from the resource sector during [PDAC](#) last week, I was

reminded of why I have been such a fan of Search Minerals Inc. Search's CEO Greg Andrews was accompanied by Dr. Randy Miller, and when speaking with Dr. Miller, I started thinking about how many people in the industry consider him to be an intellectual giant, a leader in understanding the complex extraction processes related to rare earth elements.

I asked Jack Lifton about Search and he confirmed both my understanding and professional conclusion on Search when he replied with: *"Search is an outstanding project technologically. It's really state-of-the-art rare earth deposit development, and I think it may well be Canada's first commercial rare earth producer."*

Let me add, in addition to Dr. Miller, many of us in the industry are aware of another well-known and equally admired rare earths expert that is championing Search – Dr. David Dreisinger. We will be placing a request for Jack Lifton to do an interview with Dr Dreisinger shortly, we hope you enjoy this update on rare earth gem, Search Minerals Inc.

[Search Minerals Inc.](#) (TSXV: SMY) is focused on finding and developing critical rare earth element mineral assets in Labrador, Canada. The Company controls properties in three distinct areas of this region; the Port Hope Simpson (PHS) Critical Rare Earth Element District in SE Labrador; the Henley Harbour Area in Southern Labrador; and the Red Wine Complex located in Central Labrador.

Search Minerals President and CEO, Greg Andrews, told InvestorIntel: *"Search is well-positioned to be a stable, secure, significant supplier of critical materials to the electric vehicle market or other industries dependent on rare earth elements, in Canada, US or Europe."*

## **The Port Hope Simpson District**

The Company's Port Hope Simpson (PHS) District 100% owned property includes four promising discoveries known as Foxtrot, Deep Fox, Fox Meadow, and Silver Fox.

The [Foxtrot resource](#), [Deep Fox](#), [Fox Meadow](#), and Silver Fox discoveries contain rare earths including dysprosium (Dy), neodymium (Nd), praseodymium (Pr), terbium (Tb) and yttrium (Y).

The flagship Foxtrot Resource covers a 70 km long and 8 km wide belt. At Foxtrot the Total Indicated Resource is [7.392 million tonnes](#) with grades of neodymium oxide (1,732ppm), neodymium (1,485ppm), praseodymium (397ppm), and dysprosium (191ppm).

### **Search Minerals Port Hope Simpson District – Foxtrot, Deep Fox, Fox Meadow, Silver Fox and other prospects**

#### **Preliminary Economic Assessment (Foxtrot only)**

The April 2016 [updated Preliminary Economic Assessment \(PEA\)](#) on the Foxtrot project resulted in a post-tax NPV10% of C\$48 million and a post-tax IRR of 16.7%, based on a 14-year mine life, and applying Search Minerals' proprietary [Direct Extraction Process](#).

Initial capital cost was estimated at only C\$152 million (including a C\$33 million contingency), with an after-tax payback period of 4.4 years. Revenue estimates were dominated by Nd (39%), Dy (29%), Pr (14%) and Tb (8%).

#### **The economics should improve significantly as the resource grows**

The initial PEA post-tax NPV10% of C\$48 million on the Foxtrot Project is a bit underwhelming. On the flip side, the initial CapEx of C\$152 million is low and should be easier to fund.

The current very low market cap for Search Minerals of just C\$8 million reflects the early stage of the project and the current

low NPV10% of C\$48 million. With further drilling success Search should be able to significantly grow the resource and this should substantially improve the economics. The Company's primary objective is to extend the mine life beyond the current 14 years, which usually improves the economics.

It is important to understand that the PEA was ONLY on Foxtrot and Search has other rare earths discoveries (Deep Fox, Fox Meadow, Silver Fox and others) nearby. As these are drilled the resource and economics will most likely improve significantly.

### **The US and Canadian Governments are now more eager to help fund rare earth projects**

Greg Andrews, President and CEO of Search Minerals, [stated](#): *"We are very encouraged with the recent Canada and US collaboration announcements, the US Department of Defense request for funding proposals. Search has participated in the process outlined by Defense Protection Act (Title III), as Canadian projects are considered a Domestic Source, and are eligible to apply for these funding initiatives. Search continues to provide information under these US led funding programs."*

In recent news, Search Minerals [announced](#) receipt of funds from Atlantic Canada Opportunities Agency for cost and design studies. The funding was for up to \$50,000 towards the completion of two engineering studies to further advance the Company's Critical Rare Earth Element District in South East Labrador, Canada.

As a part of the above-mentioned studies, Search intends to update the 2016 Foxtrot PEA to incorporate the improved recoveries shown from the pilot plant work.

Search Minerals President and CEO Greg Andrews told InvestorIntel:

*“Search has benefited from the support of both Atlantic Canada Opportunities Agency (“ACOA”) and InnovateNL as collectively, they have provided over \$2.5 Million towards our processing technology.”*

### **Current and next steps for Search Minerals**

Search has completed 2 continuous pilot plants which each have produced a 99% high purity mixed rare earth concentrate thereby reducing metallurgical risk which will help in the off-take process.

The next steps for Search will be the design of a 1/100th scale demonstration plant to be built on-site in St. Lewis, Labrador, the completion of a 3,000m Phase III drill program at Deep Fox, further channel sampling at Fox Meadow to make the prospect drill ready, and further exploration on Silver Fox and Awesome Fox projects.

Search Minerals CEO stated to InvestorIntel: *“Search Minerals has two of the world experts on rare earth geology and processing on the executive team. Dr. Randy Miller and his team have staked, explored and interpreted the geology of our 70km X 8km rare earth district in SE Labrador. Search has two 43-101 resource estimates at the Foxtrot and Deep Fox deposits. Dr. David Dreisinger has developed our patented direct extraction technology and worked with our test work providers from bench scale to the operation of two successful pilot plants. We believe our low cost (C\$152 Million) rare earth project provides a key advantage to be the next REE producer, to support the upward trending permanent magnet market.”*

### **Closing remarks**

Investors in early-stage exploration and development projects such as Search Minerals ‘Fox’ projects in northern Canada need

to be patient and give a company a 5-year time frame to build a considerable resource. In this case, the beginnings are already there, they just need to be further drilled and expanded. Should the drilling continue to find reasonable or high-grade rare earths then the later stages of the project may be easier than other projects given the large US and Canadian demand to establish a reliable non-Chinese supply chain of rare earths. Recent Canadian government support confirms this.

One thing is for sure, the world will continue to love their electronic gadgets and the EV and green energy boom is not going away anytime soon. This means the demand for rare earths will only get stronger each year, and projects such as Search Minerals Port Hope Simpson Critical Rare Earths Project are likely to be the future winners.