

As Market Focus on Rare Earths Intensifies, Search Minerals Proceeds on Path to Production

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Rare earth's producing miners in the West are very rare as China dominates most of the rare earths production. Two exceptions are both trading with US billion-dollar market caps – They are [MP Materials Corp.](#) (NYSE: MP) (US\$6.24 billion) and [Lynas Rare Earths Limited](#) (ASX: LYC) (US\$3.92 billion), with Today's company trades on a market cap of just US\$55 million.

[Note from the Publisher: The breaking news yesterday [Energy Fuels and Neo Performance Materials Announce Contract Signing and Launch of Commercial Shipments of Rare Earth Product to Europe in Emerging U.S.-Based Rare Earth Supply Chain](#) confirms these 2 companies as players in the rare earths supply chain. And Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR) market cap is roughly CAD\$1B and Neo Performance Materials Inc. (TSX: NEO) is CAD\$615M according to Yahoo Finance at 945 AM EST.)

The Company has a plan to be ready to build their full-scale rare earths processing plant by the end of 2023 and once complete become a North American rare earths producer (potentially by about 2025 provided all goes well). Prior to reaching full scale production, the Company plans to operate a [demonstration plant](#) in 2022.

The Company is [Search Minerals Inc.](#) (TSXV: SMY | OTCQB: SHCMF) ("Search"). Search controls properties with rare earths in three areas of Labrador, Canada. These are:

- The Port Hope Simpson (PHS) property (flagship)

- The Henley Harbour Area in Southern Labrador
- The Red Wine Complex located in Central Labrador, plus some [recently agreed acquisitions](#)

Search Minerals flagship Port Hope Simpson (PHS) property includes Foxtrot, Deep Fox, Silver Fox, Awesome Fox, and Fox Meadow



Next steps (2021) at Port Hope Simpson – Foxtrot/Deep Fox updated PEA by Dec. 2021

The [Preliminary Economic Assessment \(PEA\) of the Foxtrot Resource](#) showed an estimated after-tax NPV10% of C\$48 million and an after-tax IRR of 16.7% over a 14-year mine life. Start-up CapEx was estimated at C\$152 million representing an after-tax payback of 4.4 years.

Search plans to do an updated PEA by December 2021 to include both Foxtrot and Deep Fox. Deep Fox will add to the existing PEA due to increasing the resource size and it has up to 15% higher grades than Foxtrot. The updated Foxtrot/Deep Fox PEA will double the past PEA production rate (increase production rate to 2,000 tonnes per day), increase recoveries from the optimized pilot plant process, increase revenue from higher grades at Deep Fox, extend mine life with material from Deep Fox and Foxtrot to a central processing facility, and decrease costs with reduced re-agents. The impact of all of this is expected to potentially improve the PHS (Foxtrot/Deep Fox) Project economics significantly.

Beyond this, there is plenty of potential to further grow the Resource estimate and economics in the Feasibility Study, as Search also has 3 more advanced prospects (Silver Fox, Awesome Fox, and Fox Meadow) and 20+ potential prospects at PHS. Silver

Fox has had some exciting “[very high occurrence of zirconium and hafnium](#)”. Project CapEx and OpEx should also be attractive as there is existing infrastructure, a scalable processing plan, technical simplicity, and open pit mining. A local workforce and Search’s patented mining process (lowers environmental and reagents costs) should also help reduce costs.

Search has already achieved a dedicated pilot plant, proving an ability to generate [high](#) purity, refinement-ready product at a low scale. Added to this there are MOUs signed with [Saskatchewan Research Council](#) and USA Rare Earth for further refining collaboration.

Next steps (2022, 2023) – Demonstration plant in 2022 and full-scale production plant construction ready to begin in late 2023

Search’s master plan includes building a demonstration plant in St Lewis in 2022 as well as an Environmental Impact Statement (EIS) for Foxtrot/Deep Fox.

In 2023 Search intends to complete their permitting, a BFS, and commence raising capital to build a full-scale processing plant commencing by the end of 2023. All going very well that can potentially lead to Search commencing rare earth production in 2025 or shortly thereafter.

It should be noted that in the mining industry, unless governments act to support and speed up the process, permitting and funding can drag on for some years. The good news here is [the Canadian and US governments finally appear motivated to support](#) (perhaps via faster permitting and low rate loans) a local rare earths supply chain.

In news [announced](#) on June 24, 2021, Search was selected to participate in the Government of Canada Accelerated Growth Service Initiative. This provides Search with “coordinated

access to Government of Canada resources” as Search continues to move quickly to production.

Search Minerals Strategic Plan – 2021 to 2023



Source: [Company presentation](#)

Closing remarks

Search Minerals has big plans in the rare earths sector. The road to production for junior miners carries plenty of risks and usually involves stock dilution increasing the market cap, especially when raising initial project CapEx. One plus for Search Minerals is their Canadian location, as US and Canadian governments are showing increasing interest to help support rare earth projects.

If successful Search Minerals (US\$55 million market cap) can begin to follow in the giant footsteps of Western rare earth majors MP Materials (US\$6.24 billion) and Lynas Rare Earths (US\$3.92 billion). As you can see successful Western rare earths miners command very significant size market caps.

Investors will need to ‘search’ for their patience cap and be prepared for a long ride, but the potential rewards for success can be excellent. Stay tuned.