

# Rare Earths Juniors Search Minerals and Geomega Resources are “Winners” in Canada’s Critical Minerals Strategy

written by Matt Bohlsen | March 15, 2023

As announced last week at the Prospectors & Developers Association of Canada (“PDAC”) mining conference in Toronto, the Canadian government released news regarding their Critical Minerals Strategy. In particular, Canada’s Resources Minister Wilkinson stated there will be “[over \\$344 million for Canadian critical minerals development](#).” The Minister also said that equity stakes could come through the soon-to-be-launched Canada Growth Fund and loans could be arranged through the Canada Infrastructure Bank. This is good news for Canadian critical minerals projects. The Canada Growth Fund was announced last year and is to be backed by \$15 billion in Federal funds. This compares with Australia’s ([clean energy finance corporation](#) – A\$10 billion) and Japan’s ([Green Energy Fund](#) – JPY2 trillion) initiatives but still falls well behind USA’s US\$369 billion Inflation Reduction Act.

The Canadian Critical Minerals Strategy is part of Canada’s climate plan, which outlines Canada’s goals of reducing greenhouse gas emissions by 40-45% below 2005 levels by 2030 and reaching net-zero emissions by 2050.

The Government of Canada has invested in the critical minerals industry recently through various projects including the mining of rare earths in the Northwest Territories and electric vehicle battery assembly in Quebec.

With this latest announcement, two companies that have already been chosen to receive funds are [Search Minerals Inc.](#) (TSXV: SMY | OTCQB: SHCMF), receiving C\$5 million, and [Geomega Resources Inc.](#) (TSXV: GMA | OTCQB: GOMRF), receiving C\$3 million.

## Search Minerals Inc.

Search Minerals is a rare earths explorer and developer in Labrador, Canada. Search's flagship project is the Port Hope Simpson ("PHS") Property which includes the Foxtrot resource, Deep Fox resource, Silver Fox, Awesome Fox, and Fox Meadow deposits. The properties are prospective for Neodymium (Nd), Praseodymium (Pr), Dysprosium (Dy), Terbium (Tb), Zirconium (Zr), and Hafnium (Hf).

Search plans for mining and primary production of the Deep Fox and Foxtrot deposits in Labrador and further refining of concentrate into REE mixed oxides and carbonates on the Island of Newfoundland thereafter.

The 2022 PEA (based only on the Foxtrot and Deep Fox Resource) resulted in a [post-tax NPV8% of C\\$1.31B](#) and a post-tax IRR of 41.5%. Initial CapEx was estimated at [C\\$422 million](#) (including a C\$61 million contingency) with a mine life of 26 years. The PEA is based on an annual production of approximately 1,437 t of magnet rare earths oxides (Nd+Pr: 1,291 t, Dy: 125 t, and Tb: 21 t).

Search said on March 7 that they plan to use the [C\\$5 million government funding](#) towards a demonstration plant. Search [stated](#):

*"The Government of Canada has contributed \$5 million in non-dilutive support to Search Minerals via a Contribution Agreement which will be used to fund the construction and operation of a demonstration plant for rare earth extraction*

*and recovery. The total project cost is estimated at approximately \$9.3 million with a further \$1 million of funding under application from other sources. Search Minerals' contribution to the construction costs is expected to be approximately \$3.3 million. The demonstration plant will process ~20 tonnes of rare earth concentrate prepared from 72 tonnes of Deep Fox and Foxtrot mineralization....."*

The demonstration plan will support a Feasibility Study expected to be completed in 2024.

Search Minerals currently trades at C\$0.07 and on a market cap of [C\\$29 million](#).

## **Geomega Resources Inc.**

Geomega Resources is focused on rare earths recycling but also owns the largest rare earth bastnaesite 43-101 resource estimate in North America at their Montviel REE Project in Quebec, Canada.

Geomega is fully funded to develop the first rare earth magnet recycling facility outside of Asia, to be located in Saint-Bruno, Quebec, Canada. The Project is undergoing detailed engineering in preparation for procurement and construction.

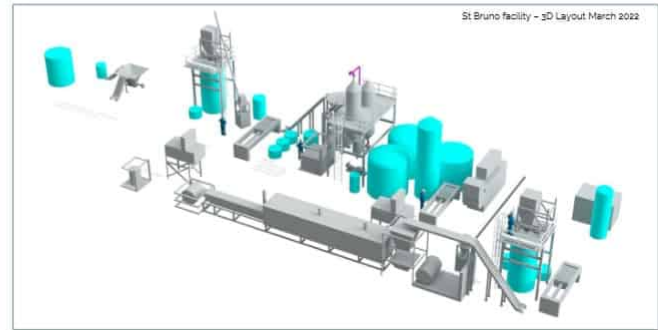
**Geomega Resources REE recycling demonstration plant summary**

# REE Recycling Demo Plant

- Facility in Saint-Bruno, Quebec
- 1<sup>st</sup> of its kind recycling plant in North America
- Conservative economics based on bottom prices
- Nd, Pr, Tb, Dy prices – 3x increase since 2019

Demo Plant Economics	
Demo plant feed throughput	1.5 tpd / 8hr day
Average grade of feed stock	30% TREO (Nd, Pr, Dy, Tb)
Capital costs (inc. WC)	\$4.8 M
Direct operating costs	\$3 / kg of TREO
Targeted Sales (2019 prices)	\$10 M
Target Profit Margin	20%
<b>Conversion to Commercial Plant</b>	<b>Up to 4.5 tpd / 24hr operation</b> Additional costs \$1M-\$2M Targeted Sales \$30 M

Rare Earths Recycling & Clean Processing of CSM



- Detailed Engineering ongoing
  - PFD, PCD – completed
  - P&ID – 50% and ongoing
- Procurement – ready to start
- Pre-construction – finalizing service provider

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Source: [Company presentation](#)

The Montviel REE Project Indicated Resource is [82.4 Mt @ 1.5% TREO & 0.17% Nb2O5](#) plus 184Mt Inferred Resource. The Project has road access nearby and access to power and labor.

## The Montviel REE Project in Quebec, Canada

# Montviel Project

**82.4Mt Indicated**

43-101 Resource Estimate (2015)



**1.5% TREO**  
**0.17% Niobium**



✓ Power    ✓ Road    ✓ Labour

Source: [Company presentation](#)

Geomega Resources Inc. currently trades at C\$0.215 and on a market cap of [C\\$30 million](#).

## Closing remarks

It appears that the time has finally come for the Canadian junior critical minerals miners to get some real government support. A lot more will be needed to bring projects into production in a timely manner, but it is at least a good start.