Search Minerals' MOU with USA Rare Earth Advances Canada's Participation in a non-Chinese Rare Earths' Supply Chain

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Canadian rare earth junior miners are starting to see increasing interest in their projects with off-take agreements and MOUs signed recently. The pieces of a future European and USA vertically integrated 'rare earths to magnets' total supply chain are being put in place.

Last week it was announced that Search Minerals Inc. (TSXV: SMY | OTCQB: SHCMF) ("Search") has entered into a non-binding MOU with USA Rare Earth LLC for the future delivery of a rare earth mineral concentrate supply containing 500 tpa of the "magnet" rare earths product, neodymium/praseodymium (NdPr). The 500 tonnes/year of contained NdPr is to come from future production at Search's Deep Fox or Foxtrot deposits, located in Labrador, Canada.

Just the week before that Australia's Vital Metals Limited (ASX: VML) announced a similar off-take deal from future production at Vital's Nechalacho mine-site, in Canada's Northwest Territory, with Ucore Rare Metals Inc. which followed on from Vital's off-take deal with Norwegian rare earth metals/alloys start-up, REEtec, as you can read here.

Search Minerals Inc. MOU for rare earths concentrate off-take supply to USA Rare Earth

The announcement stated:

“This MOU is part of Search’s and USA Rare Earth’s development plans to expand the collaboration to include discussions regarding separation, marketing and offtake of a portion of the future production at Deep Fox and Foxtrot. **These discussions are in line with Search’s ambition to be an important contributor to the development of a North American Critical Material supply chain and USA Rare Earth’s strategy of Mine-to-Magnet production, and the development of a complete and sustainable North American rare earth supply chain.**”

Search Minerals and USA Rare Earth to collaborate further

USA Rare Earth is supporting Search’s efforts as it helps it to achieve its place in a North American total supply chain. Once operational, USA Rare Earth’s NdFeB magnet plant has an initial target production of 2,000 tonnes annually of high-performance, neodymium-iron-boron type rare earth magnets, with the ability to scale production further based on growing market demand.

About Search Minerals

Search Minerals Inc. is an emerging rare earths miner with three properties in Labrador, Canada. The three are:

- The Port Hope Simpson (PHS) property (flagship) – Includes Foxtrot, Deep Fox, Silver Fox, Awesome Fox, and Fox Meadow deposits.
- The Henley Harbour Area in Southern Labrador.
- The Red Wine Complex located in Central Labrador, plus some newer acquisitions.

Search Minerals’ resources contain the permanent magnet rare earth elements (neodymium, praseodymium, dysprosium and terbium). Search is currently working on advancing the testing of its proprietary Direct Extraction Process, developed with noted rare earth processing expert, Professor (UBC) David

Dreisinger. The company also is advancing work on a resource upgrade, and on a Preliminary Economic Assessment ("PEA"), which work is fully funded.

Search's strategy

Search aims to deliver added shareholder value by leveraging the Foxtrot PEA (and soon the combined Deep Fox and Foxtrot PEA), using its proprietary, lower cost, hydrometallurgical process, and continuing to explore its highly accessible district-scale opportunity, as foundations with which to forge strategic partnerships and additional offtake agreements. The aim is to facilitate early monetization and more rapid delineation of additional resources intended to strengthen the Company's position as a reliable, strategically located, low-cost producer.

Next steps

The next steps for Search include:

- A Q1 2022 PEA based on the combined Deep Fox and Foxtrot deposits. Search is already fully funded to achieve the PEA. More details here.
- Continued environmental baseline studies.
- Raising an 80 tonne bulk sample of deposit material for testing the magnetic separation demonstration plant due to be operational (subject to funding) in 2022.
- A full-scale rare earths hydrometallurgical processing plant to be under construction by the end of 2023 (subject to funding).

Demand for magnet rare earths is forecast to boom

Adamas Intelligence forecasts:

- "The value of global magnet rare earth oxide consumption

will rise five–fold by 2030, from US$2.98 billion this year to US15.65 billion at end of the decade (2030).”

- “Global shortage of neodymium, praseodymium, and didymium oxide will collectively rise to 16,000 tonnes in 2030, an amount equal to roughly three–times Lynas Corporation’s annual output, or three–times MP Material’s annual output of neodymium and praseodymium oxide.”

Search Minerals now has a resource, a proprietary extraction process, a MOU for separation, and an MOU for off-take

Source: Search Minerals company presentation

Closing remarks

Search Minerals continues to make positive steps towards a production start-up, albeit still at the early stages. Search has achieved a resource, a PEA, has a propriety extraction technique, a separation technology MOU, and now an MOU for an off-take (not yet a binding agreement). The most recent MOU, for mined product, with USA Rare Earth, is a strong endorsement of Search Minerals’ Port Hope Simpson Project, notably the Deep Fox and Foxtrot deposits.

Search Minerals trades on a market cap of C$66 million. One to follow closely given that it is now moving at a good pace in the right direction.