Search Closes Shares for Debt Transaction & Loan Extension

written by Raj Shah | December 3, 2020

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Search Minerals Inc. (TSXV: SMY) ("**Search**" or the "**Company**") is pleased to announce, further to its news release dated November 12, 2020 (the "**Initial News Release**"), that the Company has completed its previously announced shares for debt transaction and loan extension.

The Company has issued an aggregate of 3,815,060 Shares at a price of $0.05 per Share in settlement of outstanding debt of approximately $190,753 (the "**Shares for Debt Transaction**"), owing to certain arm's length and non-arm's length parties (together, the "**Creditors**"). The Company decided to settle the outstanding debt with the issuance of Shares in order to preserve its remaining cash for operations and the settlement of other obligations.

The issuance of Shares to certain Creditors pursuant to the Shares for Debt Transaction constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special* Transactions ("**MI 61-101**") as certain Creditors are related parties of the Company. The Company is relying on the exemptions from the formal valuation and minority approval requirements in Sections 5.5.(a) and 5.7(1)(a) of MI 61-101, on the basis that the fair market value of the transactions does not exceed 25% of the Company's market capitalization. The

Company did not file a material change report more than 21 days before the expected closing of the Shares for Debt Transaction, as required by MI 61-101, since the details of the Shares for Debt Transaction were not settled until shortly prior to the closing of the transaction and the Company wished to close on an expedited basis for sound business reasons.

Further to the Initial News Release, the Company extended the maturity date of an unsecured loan of $200,000 (the "**Loan**") with an arm's length party, for a period of one year from the original maturity date of the Loan (the "**Loan Extension**"). In consideration for agreeing to the Loan Extension, the Company cancelled and reissued 4,000,000 common share purchase warrants (the "**Bonus Warrants**") to the lender. Each Bonus Warrant is exercisable into one Share for a period of one year from the date of issuance at a price of $0.05 per Bonus Warrant.

All securities issued in connection with the Shares for Debt Transaction and the Loan Extension are subject to a four-month hold period, which will expire on the date that is four months and one day from the date of issue.

About Search Minerals Inc.

Led by a proven management team and board of directors, Search is focused on finding and developing Critical Rare Earths Elements (CREE), Zirconium (Zr) and Hafnium (Hf) resources within the emerging Port Hope Simpson – St. Lewis CREE District of South East Labrador. The Company controls a belt 63 km long and 2 km wide and is road accessible, on tidewater, and located within 3 local communities. Search has completed a preliminary economic assessment report for **FOXTROT**, and a resource estimate for **DEEP FOX**.

Search is also working on three exploration prospects along the belt which include: **FOX MEADOW, SILVER FOX** and **AWESOME FOX**.

Search has continued to optimize our patented Direct Extraction Process technology with the generous support from the Department of Tourism, Culture, Industry and Innovation, Government of Newfoundland and Labrador, and from the Atlantic Canada Opportunity Agency. The Company has completed two pilot plant operations and produced highly purified mixed rare earth carbonate concentrate and mixed REO concentrate for separation and refining.

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