Search Minerals Announces DEEP FOX Resource Estimate: Second CREE Resource in SE Labrador, Canada

written by Raj Shah | October 2, 2019

October 1, 2019 (Source) – **Search Minerals Inc. ("Search" or the "Company") (TSXV: SMY)** and its wholly-owned subsidiary, **Alterra Resources Inc. ("Alterra")** are pleased to report the initial Mineral Resource estimate by Roscoe Postle Associates Inc. ("RPA") for the **DEEP FOX** Critical Rare Earth Element Deposit ("CREE") in SE Labrador. The new **DEEP FOX** resource and the Company's **FOXTROT** resource in combination begin to outline the emerging CREE District in SE Labrador. The two deposits are approximately 12 km apart.

HIGHLIGHTS OF THE DEEP FOX RESOURCE

- **2,329,000 tonnes Indicated Resource (≥C$140/t NSR cut-off value);**
- **3,902,000 tonnes Inferred Resource (≥C$140/t NSR cut-off value);**
- **Portion of Inferred Resource to be potentially upgraded to Indicated Resource category upon completion of DEEP FOX LIDAR survey results (in progress);**
- **Drilling and geological interpretation indicates the potential for additional Mineral Resources at the 150m and 200m elevations; Phase 3 drill program is required to realize this potential;**
- **Mineralization is open at depth (below 200m)**

Greg Andrews, President/CEO states: "We are very excited to

announce the DEEP FOX resource estimate. Our team has been able to obtain this initial resource with only 4507m of drilling, and we expect to continue to expand on the DEEP FOX resource with additional drilling in 2020. Should the future preliminary economic assessment support the inclusion of the DEEP FOX resource into a mine plan, we may be able to plan to mine and process both the DEEP FOX and FOXTROT resources, with the anticipation of an extended project mine life and increased production of rare earth elements. Search is poised to become a crucial player in the creation of a secure North American rare earth element supply chain."

DEEP FOX RESOURCE ESTIMATE

RPA estimated the **DEEP FOX** Mineral Resources using drill hole and surface channel data available as of September 26, 2019. Table 1 summarizes the pit constrained Mineral Resource estimate by classification and Table 2 outlines the sensitivities at various cut-off values. Mineral Reserves have not yet been estimated at the project. The primary rare earths listed are Praesodymium (Pr), Neodymium (Nd), and Dysprosium (Dy).

Table 1 Mineral Resource Estimate for the Deep Fox Project as of September 26, 2019

			Average Grade					
Classification	**Cut-off**	**Tonnage**	**Pr**	**Nd**	**Dy**	**Pr_6O_{11}**	**Nd_2O_3**	**Dy_2O_3**
	C$/t NSR	**000s**	**ppm**	**ppm**	**ppm**	**ppm**	**ppm**	**ppm**
Indicated	≥140	2,329	403	1,486	206	487	1,739	237
Inferred	≥140	3,902	357	1,323	181	432	1,548	208

Notes:

1. CIM (2014) definitions were followed for Mineral

Resources.

2. Mineral Resources were reported inside the pit shell at an NSR cut-off value of C$140/t.
3. NSR values were assigned to blocks using price and metallurgical recovery assumptions for each rare earth element; also accounting for separation and transportation charges and royalties for the mixed rare earth oxide (REO) product. A description of the inputs used to determine the NSR factors is shown in Table 3.
4. A minimum mining width of 2.0 m was used.
5. Bulk density is 2.81 t/m^3.
6. Numbers may not add due to rounding.

Table 2 Mineral Resource Sensitivities at Various Cut-off Values

			Average Grade					
Classification	**NSR Cut-off**	**Tonnage**	**Pr**	**Nd**	**Dy**	**Pr_6O_{11}**	**Nd_2O_3**	**Dy_2O_3**
	C$/t NSR	**000s**	**ppm**	**ppm**	**ppm**	**ppm**	**ppm**	**ppm**
Indicated	≥200	2,191	414	1,529	211	501	1,789	243
	≥180	2,245	410	1,513	209	496	1,771	241
	≥160	2,293	406	1,498	207	491	1,753	239
	≥140	**2,329**	**403**	**1,486**	**206**	**487**	**1,739**	**237**
Inferred	≥200	3,422	375	1,388	188	454	1,624	217
	≥180	3,681	366	1,356	184	443	1,586	212
	≥160	3,830	360	1,335	182	436	1,562	209
	≥140	**3,902**	**357**	**1,323**	**181**	**432**	**1,548**	**208**

Notes:

1. Base case highlighted with bold text.
2. See Table 1 for notes applicable to the estimate of Mineral Resources.

Table 3 Inputs Used to Calculate the NSR Factors

	Oxide Price	Element to Oxide Conversion Factor	Recoveries	NSR Factor
Element	**(US$/kg)**		**(%)**	**(C$/ppm)**
Praesodymium	90.00	1.21	88.7	0.11
Neodymium	80.00	1.17	89.0	0.10
Dysprosium	300.00	1.15	79.7	0.35

Notes:

1. An exchange rate of 1.30 (C$:US$) was used to convert oxide prices.
2. Transport charges of C$50.00/t product were assumed.
3. Off-site treatment charges of US$10.00/kg for Nd and Pr, and US$20.00/kg for Dy were used.
4. Recoveries to a mixed REO concentrate are based on test-work and a further recovery loss for separation has been assumed.

The Mineral Resource estimation was based on 22 drill holes and 30 surface channels, totalling 4,507 m of drilling and 889 m of channel sampling. The wireframes were modelled in Leapfrog Geo 4.5.1 software with the interpretation constrained using a minimum NSR value of C$140/t and a minimum mining width of 2.0 m. The **DEEP FOX** deposit comprises three resource wireframes: Hanging Wall Zone (HW), Footwall Zone (FW), and Deep Zone (DZ). Narrow intercepts were expanded to achieve a minimum thickness where required, and assays below the minimum NSR modelling value were included to maintain continuity. Assays were composited using nominal two metre lengths within resource wireframes. Evaluation of raw assay grade values prior to compositing indicated that high-grade values did not require

capping.

Block modelling and grade estimation were completed using the Leapfrog Geo EDGE module. The grade was estimated using Ordinary Kriging (OK) with variable orientations in a single pass. For the FW and HW zones, blocks were estimated using a maximum of eight samples, a single sample minimum, and a limit of two samples per drill hole. For the DZ, the drill hole sample restriction was removed. The grades were estimated into a whole block model with 5 metre x 2.5 metre x 5 metre sized blocks using majority rules for resource domain flagging. Resources were reported inside a resource pit shell generated with Whittle software. The DZ was not captured within the shell, and is therefore not included in the Mineral Resource statement. Mineral Resource classification is based on the sample spacing as well as the Qualified Person's level of confidence in the geological knowledge and input information.

Figure 1: 3-D View of the Deep Fox Mineral Resource Block Classification and Resource Pit

Figure 1 is available at https://www.globenewswire.com/NewsRoom/AttachmentNg/4d07e58f-69a6-44a1-be73-107cc38fc117

POTENTIAL TO UPGRADE RESOURCE CLASSIFICATION AND INCREASE THE SIZE OF THE RESOURCE

The current resource estimate classifies a majority of the Mineral Resource as Inferred. Inspection of Figure 1, a 3-D view of the **DEEP FOX** Mineral Resource block classification, reveals that most of the Inferred Resource occurs at both shallow and deep depths. Completion of a LIDAR topographic survey of the surface of the **DEEP FOX** project and integration with the resource model will potentially result in upgrading a significant portion of the shallow Inferred Mineral Resource to

Indicated Mineral Resources. The LIDAR survey of the **DEEP FOX** project is currently being carried out and results are expected in the near future.

The **DEEP FOX** resource is currently open at depth, below the 200m level. Phases 1 & 2 drill programs at Deep Fox have focused on mineralization at the 50m and 100m depths. A planned Phase 3 drill program is designed to target the resource at the 150m and 200m levels.

Qualified Person:

Katharine Masun, P.Geo., Senior Geologist of RPA, and Qualified Person (as defined by National Instrument 43-101) has prepared and takes responsibility for the Deep Fox Mineral Resource estimate.

Randy Miller, Ph.D., P.Geo, is the Company's Vice President, Exploration, and Qualified Person (as defined by National Instrument 43-101) has supervised the preparation of and approved the technical information used in the resource estimate. The company will endeavor to meet high standards of integrity, transparency, and consistency in reporting technical content, including geological and assay (e.g., REE) data.

About Search Minerals Inc.

Led by a proven management team and board of directors, Search is focused on finding and developing resources within the emerging Port Hope Simpson Critical Rare Earth Element ("**CREE**") District of South East Labrador (the "**District**"). The Company controls a belt 70 km long and 8 km wide including its 100% interest in the FOXTROT Project, which is road accessible and at tidewater. Exploration efforts have advanced "Deep Fox" and "Fox Meadow" as significant new CREE prospects very similar to and in close proximity to the original FOXTROT discovery. While the

Company has identified more than 20 other prospects in the District, its primary objective remains development of FOXTROT. The FOXTROT Project has a low capital cost to bring the initial project into production ($152 M), a short payback period and is scalable due to Search's proprietary processing technology.

The FOXTROT preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. The preliminary economic assessment includes the results of an economic analysis of mineral resources. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

All material information on the Company may be found on its website at www.searchminerals.ca and on SEDAR at www.sedar.com

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