

Search Minerals Announces Guaranteed Rights Offering for \$624,372 and Further \$380,000 by Private Placement for Total Proceeds Up to \$1,004,372

written by Raj Shah | June 1, 2018

✘ May 31, 2018 ([Source](#)) – Search Minerals Inc. (“Search” or the “Company”) (TSXV:SMY), is pleased to announce financings of up to \$1,000,000 with a firm commitment for \$624,372. The Company is seeking to raise \$624,372 by way of a rights offering and up to \$380,000 by way of a private placement of flow-through and non-flow through securities.

Rights Offering

The Company will be offering rights to holders of its Common Shares at the close of business on the record date of June 7, 2018, on the basis of one right for each ten (10) Common Shares held (the “**Rights Offering**”). Each right will entitle the holder to subscribe for one unit of the Company (a “**Unit**”) upon payment of a subscription price of \$0.04 per Unit. Each Unit consists of one Common Share and one Common Share purchase warrant, with each whole warrant exercisable for one Common Share at a price of \$0.07 per Common Share for a period of twenty-four (24) months from the issuance date of the Units.

The rights will trade on the TSX Venture Exchange (“**TSXV**”) under the symbol SMY.RT. The Rights offering will expire at 2:00 p.m. (Vancouver time) on June 28, 2018 (the “**Expiry Time**”), after which time unexercised rights will be void and of no value.

Shareholders who fully exercise their rights will be entitled to subscribe for additional Units, if available as a result of unexercised rights prior to the Expiry Time, subject to certain limitations set out in the Company's Rights Offering circular.

Details of the Rights Offering will be set out in the Rights Offering notice and Rights Offering circular which will be available under the Company's profile at www.sedar.com. The Rights Offering notice and accompanying rights certificate will be mailed to each eligible shareholder of the Company as at the record date. Registered shareholders who wish to exercise their rights must forward the completed rights certificate, together with the applicable funds, to the rights agent, Computershare Investor Services Inc., on or before the Expiry Time. Shareholders who own their Common Shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary. Rights delivered to brokers, dealers or other intermediaries may not be delivered by those intermediaries to beneficial shareholders who are residents in a jurisdiction outside of Canada ("Ineligible Shareholders"). Intermediaries receiving rights that would otherwise be deliverable to Ineligible Shareholders may attempt to sell those Rights for the accounts of such Ineligible Shareholders and should deliver the proceeds of sale to such persons.

The Company currently has 156,092,857 Common Shares outstanding. A maximum of 15,609,285 Units will be issued under the Rights Offering. If all the rights issued are validly exercised, the offering will raise gross proceeds of approximately \$624,372, the net proceeds of which will be used for exploration, environmental studies, Deep Fox drill program and general working capital.

Standby Guarantee

In connection with the Rights Offering, the Company has entered into a standby guarantee agreement (the “**Standby Guarantee**”) with InCoR Holdings PLC (“**InCoR**”). Under the Standby Agreement, InCoR has agreed to subscribe for, and the Company has agreed to issue, all Units that are not otherwise purchased by the Company’s shareholders, up to the amount of \$624,371.43. The Standby Guarantee has been approved by the independent directors of the Company. As consideration for the Standby Guarantee, The Company will also grant InCoR compensation warrants (“**Compensation Warrants**”) entitling InCoR to acquire up to that number of Common Shares equal to 25% of the number of Units distributed pursuant to the Rights Offering, with each Compensation Warrant exercisable at \$0.07, to acquire one Common Share for a period of sixty (60) months from the date of the closing of the Rights Offering.

Concurrent Placements

Concurrently with the Rights Offering, the Company is conducting a private placement of up to an additional 4,000,000 non-flow-through units at \$0.05 per non-flow-through unit (each non-flow-through unit comprised of a Common Share and a warrant to acquire a Common Share for a period of 24 months at an exercise price of \$0.07) and up to 3,000,000 of flow-through units at \$0.06 per flow-through unit (each flow-through unit comprised of a flow-through Common Share and a warrant to acquire a Common Share for a period of 24 months at an exercise price of \$0.07) (together, the “**Concurrent Placements**”). Assuming the full subscription of the Concurrent Placements, the Company will raise additional gross proceeds of \$380,000.

Pursuant to the Rights Offering, the Company will raise gross proceeds of \$624,371 which, combined with the Concurrent Placements, would total aggregate gross proceeds to the Company of \$1,004,371.

A Control Person (as that term is defined under the policies of the TSX Venture Exchange) of the Company and certain directors and officers of the Company may acquire units pursuant to the Concurrent Placements.

Closing of the Offering is subject to a number of conditions, including receipt of all necessary corporate and regulatory approvals, including the approval of the TSX Venture Exchange. All securities issued in connection with the Concurrent Placements will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

Loan Agreements

In order to ensure that Search can meet its short-term capital requirements, InCoR has agreed to lend the Company up to \$ 200,000, which will allow the Company to continue its operations until the closing of the Rights Offering. The loans will be unsecured and mature on the earlier of the completion of the Rights Offering or July 10, 2018 and bear no interest. An aggregate of \$100,000 has already been advanced by InCoR to the Company.

The acquisition cost of any Units acquired by InCoR pursuant to the exercise of Rights, either under the Standby Guarantee or as holders of Rights, will be satisfied by the reduction of the amounts payable to InCoR under the loan agreements.

The loans constitute “related party transactions” within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions {“MI 61-101”) because funds have been provided by a “Control Person” of the Company. The Company is relying on the exemptions from the formal valuation and minority approval requirements in Sections 5.5.(c) and 5.7(1)(b) of MI 61-101, on the basis that the transaction

constitutes a distribution of securities for cash and the consideration received does not exceed \$2,500,000.

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 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 with the clearly demonstrated success of the proprietary processing technology at the pilot plant level and delineation of prospects that will ensure competitive-low cost production beyond the 14-year mine life contemplated in the preliminary economic assessment of FOXTROT completed in April 2016. 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 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

About neo-CREOs (Adamas Intelligence – December 2016)

We consider neodymium, praseodymium, and dysprosium to be neo-CREOs and they are vital to NdFeB magnets used widely in renewable power generation, electric mobility, and energy-efficient technologies. We consider terbium to be a neo-CREO because upon experiencing shortages of dysprosium, consumers in the magnet industry will rapidly consume available terbium supplies in its place for applications involving renewable power generation, electric mobility and energy efficient technologies. Lanthanum is considered a neo-CREO because it is widely used in catalytic converters and rechargeable batteries, and will be increasingly used as a thermal stabilizer by producers of poly-vinyl chloride (PVC) to minimize lead consumption and improve the energy efficiency of PVC and other processing equipment.

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Cautionary Statement Regarding “Forward-Looking” Information.

This news release includes certain “forward-looking information” and “forward-looking statements” (collectively “forward-looking statements”) within the meaning of applicable Canadian and United States securities legislation including the United States Private Securities Litigation Reform Act of 1995. All

statements, other than statements of historical fact, included herein, without limitation, statements relating the future operating or financial performance of the Company, are forward-looking statements.

Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. Forward-looking statements in this news release relate to, among other things, advancement of the Company's Foxtrot Project, environmental assessment results, results from public consultations, provincial studies and the completion of environmental studies. Actual future results may differ materially. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made and are based upon a number of assumptions and estimates that, while considered reasonable by the respective parties, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements and the parties have made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation, public consultations drastically change the Guidelines, the refusal of the provincial and federal government to cooperate during the assessment process and the results of the environmental assessment are not favourable to the

Company. Readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times. Except as required by law, the Company does not assume any obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.