Search Minerals Announces Secured Loan Terms

written by Raj Shah | March 6, 2023

March 6, 2023 (Source) – **Search Minerals Inc.** (“**Search**” or the “**Company**”) **(TSXV: SMY)**, is pleased to announce that that it has entered into a term sheet with InCoR Holdings Limited (“**InCor**” or the “**Lender**”) dated March 6, 2023, pursuant to which InCor will provide a secured term loan (the “**Loan**”) to the Company in the principal amount of $2.5 million (the “**Principal**”).

The Loan will have a 2-year term and will bear interest at a rate of 22.5% per annum, compounded annually. The Loan will be secured by a general security agreement between the parties. The Company may pay back the Principal plus accrued and unpaid interest on the Loan to the Lender at anytime after the one-year anniversary of the Loan.

Subject to approval of the TSX Venture Exchange (the “**TSXV**”), the Company will also issue to the Lender such number of bonus common shares in the capital of the Company (the “**Bonus Shares**”) equal to $500,000, being 20% of the Principal, with pricing of the Bonus Shares to be based on the market price of the Company’s common shares following TSXV approval.

No commission or finder’s fee were paid in connection with the Loan. All bonus securities are subject to a hold period of four months and one day from the date of issuance.

The Company intends to use the majority of the proceeds of the Loan for part of the construction costs of a demonstration plant for rare earth extraction and recovery in connection with the Company’s Deep Fox and Foxtrot projects and the remaining portion for working capital requirements.

Multilateral Instrument 61-101

The Loan and the issuance of the Bonus Shares is a "related party transaction" under Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") as InCor is an insider of the Company, currently owning 95,678,905 common shares of the Company, representing approximately 23% of the issued and outstanding shares of the Company. The Company has relied on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 on the basis that the transactions did not exceed 25% of the fair market value of the Company's market capitalization. Each of David Dreisinger, George Molyviatis and Jocelyn Bennett, as non-independent directors of the Company, abstained from voting on the resolutions of the board of directors of the Company approving the Loan and issuance of the Bonus Shares. The Company did not file a material change report more than 21 days before the expected closing of the Loan as the terms of the Loan were not settled until shortly prior to closing and the Company and the parties wished to close the Loan on an expedited basis for sound business reasons.

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. Search controls two deposits (Foxtrot and Deep Fox), two drill ready prospects (Fox Meadow and Silver Fox) and numerous other REE prospects, including Fox Valley, Foxy Lady and Awesome Fox, along a 64 km long belt forming a REE District in Labrador. Search has completed a preliminary economic assessment report for DEEPFOX and FOXTROT. 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 Hydrometallurgy Direct Extraction Process technology with the support from the Department of Industry, Energy and Technology, Government of Newfoundland and Labrador, and from the Atlantic Canada Opportunity Agency. We have completed two pilot plant operations and produced highly purified mixed rare earth carbonate concentrate and mixed REO concentrate for separation and refining. We also recognize the continued support by the Government of Newfoundland and Labrador for its Junior Exploration Program. Search Minerals was selected to participate in the Government of Canada Accelerated Growth Service ("AGS") initiative, which supports high growth companies. AGS, as a 'one-stop shop' model, provides Search with coordinated access to Government of Canada resources as Search continues to move quickly to production and contribute to the establishment of a stable and secure rare earth element North American and European supply chain.

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

For further information, please contact:

Leo Power
Chairman of the Board
Tel: 709-682-3543
E-mail: leopower@searchminerals.ca

Dr. David Dreisinger
Director and Vice President of Metallurgy
Tel: 604-613-4434
Email: david.dreisinger@searchminerals.ca

This news release shall not constitute an offer to sell or

solicitation of an offer to buy the securities of the Company. There shall be no offer or sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification of such securities under the laws of any such jurisdiction.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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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.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur, including, without limitation, statements regarding the Company's anticipated use of proceeds of the Loan and the timing for the issuance of the Bonus Shares. In making the forward-looking statements in this news release, the Company has applied certain factors and assumptions that the Company believes are reasonable, including that the Company will use the

proceeds of the Loan as anticipated by management, and that the timing and issuance of the Bonus Shares will be intended by the Company. However, the forward-looking statements in this news release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements, including without limitation: any delay in obtaining TSXV approval for the issuance of the Bonus Shares, and that the Company may not use the proceeds of the Loan as intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statement, forward-looking information or financial out-look that are incorporated by reference herein, except in accordance with applicable securities laws.