Search Minerals Closes Debenture Financing and Shares for Debt Transaction

written by Raj Shah | July 9, 2020

July 9, 2020 (Source) – **Search Minerals Inc. (TSXV: SMY)** ("**Search**" or the "**Company**") is pleased to announce that the Company closed its non-brokered secured convertible debenture ("**Debenture**") private placement (the "**Private Placement**") for gross proceeds of $500,000, as initially announced on June 10, 2020.

The Debenture has a maturity date of one year from the date of issuance and will bear simple interest at a rate of 15% per annum, calculated and paid semi-annually. The Debenture will be convertible into units ("**Units**") of the Company at a conversion price of $0.05 per Unit, in accordance with the terms set forth in the certificate representing the Debenture. Each Unit will be comprised of one common share of the Company (a "**Share**") and one common share purchase warrant (a "**Warrant**"), with each Warrant entitling the holder thereof to acquire one additional Share (a "**Warrant Share**") at an exercise price of $0.05 per Warrant Share for a period of five years from the date of conversion of the Debenture. The Debenture will be secured by a general security agreement over all of the Company's assets and a share pledge agreement pursuant to which the Company has pledged all the shares of its wholly owned subsidiary, Alterra Resources Inc.

Greg Andrews, President and CEO states: "The proceeds from the Private Placement allow Search to continue to advance our Critical Rare Earth District in SE Labrador. Our exploration team has been working in the area since early June 2020. An

extensive channel sample program at AWESOME FOX is nearing completion, and our team anticipates initiating similar programs on our SILVER FOX and FOX MEADOW prospects thereafter."

Additional Andrews adds; "Search continues to evaluate various proven and new REE separation technologies to complete our entrance into the North American rare earth supply chain through producing individual rare earth oxides. Using our proprietary Direct Extraction Process, we have the option to produce either a 58% REO mixed rare earth carbonate or a 99% REO mixed rare earth oxide concentrate as input to the separation plant."

In addition, the Company has closed a shares for debt transaction (the "**Shares for Debt Transaction**") to settle the interest payment due to InCoR Holdings PLC., as at May 31, 2020, in the amount of $69,308.22, with the issuance of 1,386,164 Shares, at a deemed price of $0.05 per Share. The Company decided to settle this debt with Shares in order to preserve its remaining cash for operations. 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**") because InCoR is 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.(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.

All securities issued pursuant to the Private Placement and Shares for Debt Transaction will be subject to a statutory hold period of four months from the date of issuance, in accordance with applicable securities legislation. Completion of the Private Placement and Shares for Debt Transaction is subject to the approval of the TSX Venture Exchange.

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 Critical Rare Earth Element ("CREE") District of South East Labrador. The Company controls a belt 63 km long and 2 km wide including its 100% interest in the **FOXTROT** and **DEEP FOX** Projects, which are road accessible and at tidewater. Exploration efforts have advanced **FOX MEADOW** and **SILVER FOX** as new CREE prospects very similar to and in close proximity to **FOXTROT** and **DEEP FOX**. The **FOXTROT** Project has a capital cost to bring the initial project into production ($152M CDN)[1], a short payback period and is scalable due to Search's proprietary processing technology.

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

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. 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, completion of the Private Placement and the Shares for Debt Transaction, and the Company's anticipated use of proceeds from the Private Placement. 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, the risk that the Company does not receive the approval of the TSX Venture Exchange for the Private Placement and the Shares for Debt Transaction and the inability to use the proceeds of the Private Placement as anticipated. 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.