Search Minerals Receives $1.5m of Debentures Conversion, Announces Shares for Debt and Loan Extension

written by Raj Shah | November 12, 2020

November 12, 2020 (Source) – **Search Minerals Inc. (TSXV: SMY)** ("**Search**" or the "**Company**"), is pleased to announce that InCoR Holdings Limited ("**InCoR**") has agreed to convert its convertible debenture of the Company (the "**InCoR Debenture**") in the principal amount of $1,000,000, as of November 11, 2020. Additionally, Springhill Investments Ltd. ("**Springhill**") has agreed to convert its convertible debenture of the Company (the "**Springhill Debenture**") in the principal amount of $500,000, as of November 11, 2020.

Each of the InCor Debenture and Springhill Debenture (together, the "**Debentures**") is convertible into units of the Company ("**Units**"), at a price of $0.05 per Unit. Each Unit consists of one common share of the Company (a "**Share**") and one common share purchase warrant (a "**Warrant**"). Each Warrant is exercisable into one Share at a deemed price of $0.05 per Warrant, for a period of five years from the date of conversion. As a result of the conversion of the Debentures, the Company will issue a total of 20,000,000 Units to InCoR, in accordance with the terms of the InCor Debenture and a total of 10,000,000 Units to Springhill, in accordance with the terms of the Springhill Debenture.

The Company has also agreed to issue 3,800,000 Shares at a price of $0.05 per Share in settlement of outstanding debt of approximately $190,000 (the "**Shares for Debt Transaction**"), owing to certain arm's length and non-arm's length parties

(together, the "**Creditors**").

Greg Andrews, President/CEO states: "We appreciate the support that InCoR and Springhill are providing Search with their early conversion of these debentures. These conversions strengthen our balance sheet with the elimination of these liabilities, and interest costs associated with the debentures. In addition, we thank certain creditors for their shares for debt transactions, which helps preserve our current cash position."

The conversion of the InCor Debenture 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. Additionally, the issuance of Shares to certain Creditors pursuant to the Shares for Debt Transaction constitutes a "related party transaction" within the meaning of 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 further announces that it has agreed to extend the maturity date of an unsecured loan of $200,000 (the "**Loan**") with an arm's length party, which was originally announced on November 15, 2019. The Loan will be extended (the "**Loan Extension**") for a period of one year from the original maturity date of the Loan, and will be repayable at any time without penalty and will bear interest at a rate of 10% per annum, paid quarterly. In consideration for agreeing to the Loan Extension, the Company will cancel and reissue 4,000,000 common share purchase warrants (the "**Bonus Warrants**") to the lender as of the date of the Loan Extension. Each Bonus Warrant will be

exercisable into one Share for a period of one year from the date of issuance at a price of $0.05 per Bonus Warrant. No finders' fees or commissions were paid in connection with the Loan Extension.

The Shares for Debt Transaction, the Loan Extension and the issuance of the Bonus Warrants are subject to TSX Venture Exchange approval. Additionally, all securities issued pursuant to the conversion of the Debentures, the Loan and the 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.

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. We have 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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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.

Cautionary Statement Regarding "Forward-Looking" Statements:

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 Shares for Debt Transaction or completion of the Loan Extension and issuance of the Bonus Warrants. 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 Shares for Debt Transaction, the Loan Extension and the issuance of the Bonus Warrants.

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.