

# Search Minerals Enters Letter of Intent to Purchase 2.5% NSR on Properties Held in Their Critical Rare Earth District in SE Labrador

11.08.2021 | [GlobeNewswire](#)

VANCOUVER, Aug. 11, 2021 - [Search Minerals Inc.](#) (TSXV: SMY | OTCQB: SHCMF) ("Search" or the "Company") is pleased to announce that it has entered into a non-binding letter of intent ("LOI") to purchase a 2.5% Net Smelter Royalty ("NSR") from B&A Minerals Limited ("B&A") for 15,000,000 common shares in the share capital of the Company. The transaction will also include some property transfers between the interested parties. The 15,000,000 common shares will be restricted and released over 24 months, with 25% being released every 6 months following the signing of the definitive agreement. The parties will now start negotiating a definitive agreement for the proposed transactions which, once signed, will supersede the LOI.

## Net Smelter Royalty

B&A current holds a 3% NSR Royalty ("Royalty") over the licenses contained in a large portion of the Company's Critical Rare Earth Element District in SE Labrador. Upon closing of the transactions contemplated in the LOI, B&A will retain 0.5% NSR on the remaining consolidated 3 licenses including the Foxtrot project, along with our prospects of Fox Meadow, Silver Fox, Awesome Fox and up to 20 other prospects. The Company had the option to purchase 2% of the Royalty for \$2,000,000 as per the 2009 B&A Mining Option Agreement ("Option Agreement"). Pursuant to the terms of the LOI Search will exercise that right along with the purchase of an additional 0.5% of the Royalty.

Also, for greater certainty, the 2009 Mining Option Agreement between B&A and Search will, once the definitive agreement is signed, be fully discharged without any further existing or future contractual obligations.

## Property Transfers

As part of the Royalty purchase, B&A and Search have agreed to transfer some licenses between the interested parties. Please see attached map which shows the claims to be transferred to each applicable party.

B&A and associates will transfer the following Licenses which are in the proximity of the Company's Fox Meadow prospect: Fox Meadow area (027318M, 032539M, part of 027599M and part of 027429M) and Deep Fox area (027447M). These licenses will be included in the updated NSR registration and be subject to the existing 0.5% NSR. Search will grant B&A the quarry/gem rights on the above 4 licenses transferred in the Fox Meadow area only after Search has explored/developed those licenses in exchange for a 3% NSR or similar form of royalty.

Search will transfer license 024083M to B&A and receive a 0.5% NSR royalty. This license does not form any part of our Critical Rare Earth Element District.

Greg Andrews, President and CEO states: "We believe the reduction of the Royalty, will provide flexibility with our future discussions regarding offtake agreements and funding for the projects. Our immediate goal remains to advance our Critical Rare Earth Element District to production. This will require (a) advancing our DEEP FOX project to a measured and indicated resource, (b) provide engineering and economic studies such as Preliminary Economic Assessments ("PEA") and Feasibility Studies and (c) develop and submit an Environmental Assessment report to initiate the environmental and permitting process for DEEP FOX and FOXTROT. The reduction of the NSR will be included in the upcoming PEA."

## Corporate Developments:

On April 12, 2021, the Company put into effect a blackout on trading of the Company's shares for the management and board of directors of the Company and InCoR Holdings (the Company's controlling shareholder). This blackout is now lifted.

## 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.

For further information, please contact:

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## Cautionary Statement Regarding "Forward-Looking" Statements:

*Except for the statements of historical fact, this news release contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates and projections as at the date of this news release. "Forward-looking information" in this news release includes information about the Company's proposed exploration programs described herein, and other forward-looking information. Factors that could cause actual results to differ materially from those described in such forward-looking information include, but are not limited to, the inability to obtain the necessary resources to complete the exploration programs and poor exploration results.*

*The forward-looking information in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. In connection with the forward-looking information contained in this news release, the Company has made assumptions about the Company's financial condition and development plans do not change as a result of unforeseen events, and that the Company will receive all required regulatory approvals.*

*Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein. The Company does not assume any obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements, unless and until required by applicable securities laws. Additional information identifying risks and uncertainties is contained in the Company's filings with the Canadian securities regulators, which filings are available at [www.sedar.com](http://www.sedar.com).*

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/391296--Search-Minerals-Enters-Letter-of-Intent-to-Purchase-2.5Prozent-NSR-on-Properties-Held-in-Their-Critical-Rare-Ea>

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