



NEWS RELEASE

SEARCH MINERALS INC. PROVIDES CORPORATE UPDATE AND CONVERTIBLE DEBENTURE FINANCING

Vancouver, B.C. December 21, 2016 – (TSXV: SMY) Search Minerals Inc. (“Search” or the “Company”) and its wholly-owned subsidiary, Alterra Resources Inc. (“Alterra”) are pleased to summarize our ongoing programs and present the Company’s plans for advancement for 2017. The Company’s goals for 2017 are:

1. Advancement of the FOXTROT Project as our first development in the Port Hope Simpson Critical Rare Earth Element (“CREE” - Nd, Eu, Tb, Dy, Y) District in SE Labrador including moving forward with the Environmental Assessment Application process with AllNorth Consultants,
2. Continue to seek strategic and offtake partners to further advance FOXTROT and develop the District,
3. Continue field work to increase the value of the Deepwater Fox and Fox Meadow discoveries and other prospects in the District,
4. Finalize the commercial application of the Company’s proprietary Direct Extraction metallurgy process with the completion of the demonstration plant, which will provide the Company with a mixed rare earth concentrate, to be provided to refineries for testing and further separation, and
5. Continue to raise investor and market awareness of Search Minerals with our recent investor communications specialists, Pilot Communications, and NAI Interactive.

Greg Andrews, President and CEO of Search Minerals stated:” I am very happy to report the progress Search has made with advancing the District with new discoveries (Deepwater Fox and Fox Meadow) and the near completion of the pilot plant. We continue to attract capital from our dedicated shareholders over the past 2 years during these difficult market conditions. Without the support of our shareholders and our partners, Atlantic Canada Opportunities Agency, Research & Development Corporation of Newfoundland and Labrador, and the NunatuKavut Community Council, Search would not have been able to advance our District, or construct and operate the pilot plant.”

Pilot Plant – Direct Extraction process update

The pilot plant testing of a bulk sample from the FOXTROT Project using our proprietary Direct Extraction process is nearing completion, with the final reporting expected in February 2017. (*Search News release-December 20, 2016 – Search Minerals provides Pilot Plant Program update*)

“We believe that the imminent completion of our pilot plant testing with the oxide concentrate to prove that our Direct Extraction process works and is cost effective, will substantially increase interest in our FOXTROT Project from investors and potential offtake partners,” said Andrews.



FOXTROT Project Environmental Application on Schedule

AllNorth has provided a draft of the Environmental Assessment Application for the FOXTROT Project for our review. We expect to meet our timeline to present this to the respective regulatory bodies involved in the assessment process by the end of January 2017.

Litigation Settlement

Search has reached a full and final settlement (the “Settlement”) of outstanding litigation between Stephen Keith and Alexandre Penha (the “Plaintiffs”), and Search Minerals Inc. and certain directors and officers of the Company. Pursuant to the Settlement all parties have agreed to file dismissals of all outstanding claims and counterclaims with no admissions of liability. The Company has agreed to pay \$120,000 towards the full and final settlement.

The Settlement was determined to be in the best interests of Search Minerals and its shareholders, as it ends the litigation process and associated future costs and allows Search to focus entirely on advancing its Critical Rare Earth District in SE Labrador without further unproductive distraction.

Convertible Debenture Financing

The Company announces a non-brokered unsecured convertible debenture private placement (the “Private Placement”) with a maturity date of one year from the date of issuance, bearing simple interest at a rate of 10% per annum, calculated and paid quarterly in arrears. The Debenture will be convertible into units (“Units”) at a conversion price of \$0.07 per Unit all in accordance with the terms set forth in the certificate representing the Debenture (the “Debenture Certificate”). Each Unit will be comprised of one common share of the Company (a “Share”) and one common share purchase warrant (a “Warrant”). Each Warrant will entitle the holder thereof to acquire one Share (a “Warrant Share”) at an exercise price of \$0.14 per Warrant Share for one year from the date of conversion of the Debenture. We expect to close this financing on or before December 31, 2016. The proceeds from this financing will be used for the payment of the Settlement.

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 SE Labrador. 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 “Deepwater Fox” and “Fox Meadow” as significant new CREE prospects very similar and in close proximity to the FOXTROT discovery. While the Company has identified more than 20 other prospects in the District, its primary objective remains development of FOXTROT by confirming proprietary direct extraction metallurgy processing technology at the pilot plant level (in progress) 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.

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

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SEDAR at www.sedar.com

About CREEs

Identified as Neodymium (Nd), Europium (Eu), Terbium (Tb), Dysprosium (Dy) and Yttrium (Y), this valuable subset of the complete series of seventeen rare earth elements is considered critical due to high demand and/or constrained domestic supply. Containing unique properties which enhance the performance of a range of innovative technologies, CREEs are essential components in the development of permanent magnets and a variety of other components used in renewable energy, green technology automobiles, medical devices, electronics and agricultural production.

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 to 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 future events or the Company’s future performance, business prospects or opportunities. 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, general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; and those additional risks set out in Search’s public documents filed on SEDAR at www.sedar.com. Although Search believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, Search disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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