

Search Minerals Announces Positive Preliminary Economic Assessment of Foxtrot REE Project

VANCOUVER, May 1, 2012 /CNW/ - Search Minerals Inc. ("Search" or the "Company") (TSXV: SMY) is announcing positive results of the Preliminary Economic Assessment ("PEA") on its Foxtrot Rare Earth Element Project ("Foxtrot Project"). The PEA was prepared by Roscoe Postle Associates Inc. (RPA), and demonstrates that the Foxtrot Project has robust economics and excellent potential to become a profitable producer of Rare Earth Elements ("REE") outside of China. Highlights of the PEA are summarized below:

Operational Highlights:

- 4,000 tpd open pit operation
- Mine Life: 10 years
- Proposed production of 14.3 Mt, at a grade of 0.58% Total REE, based on the initial mineral resource estimate disclosed in February, 2012
- Processing by gravity, magnetic separation, and flotation concentration, followed by acid leaching, producing a mixed rare earth carbonate concentrate
- Average REE recovery of 79%
- Total Life-of-Mine production of 66 million kg of total REE, or 6,700 tonnes per year
- Life-of-Mine production includes 10.3 million kg of neodymium oxide (Nd₂O₃), and 1.4 million kg of dysprosium oxide (Dy₂O₃)

Financial Highlights:

- \$408 million pre-tax Net Present Value (NPV) (at a 10% discount rate)
- 29% pre-tax Internal Rate of Return (IRR)
- \$1.1 billion pre-tax, undiscounted cash flow
- \$3.0 billion total net revenue
- Pre-tax payback period of 2.8 years
- \$469 million initial capital cost
- \$96 per tonne average unit operating cost

Note: The PEA is preliminary in nature. It includes inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable their categorization as mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. There is no certainty that the PEA forecast will be realized.

The Foxtrot Project shows significant upside potential.

- Increased resources are expected from Phase III drilling results, extending mineralization at depth.
- Test work shows significant quantities of zirconium and niobium in the flotation concentrate - further work may identify a means of extracting them as saleable products.
- Several other REE-Zr-Y-Nb prospects, with similar geology and mineralization, occur in the Fox Harbour area; two of these, Fox Pond and Foxy Lady, exhibit similar grades of mineralization.

Jim Clucas, President of Search Minerals, stated "This is very encouraging and confirms the potential of Foxtrot to be a producing mine. We anticipate even more robust economics when the next PEA is released which will be based on the drilling to 450m."

PEA

Project Location

The Foxtrot Project is located in Labrador, approximately 36 km east southeast of Port Hope Simpson, and approximately 8 km west northwest of St. Lewis. The project is accessible by all-season road, and is near to port and airstrip facilities.

Geology and Mineral Resources

The Fox Harbour property contains three extensive east-west to northwest trending volcanic belts, extending upwards of 30 km in length, and 50 m to 500 m in width. These volcanic belts are interpreted to be bi-modal mafic and felsic volcanics, with intercalated volcanoclastic units.

The Fox Harbour bi-modal felsic and mafic volcanic package is host to REE-Zr-Y-Nb mineralization. The Foxtrot Project is the thickest currently identified occurrence of these volcanic rocks in the Fox Harbour area. Mineralization in the Foxtrot Project is largely allanite, zircon, and fergusonite.

Phase I and Phase II drilling targeted the Mt Belt, a zone of inter-layered bands of mafic and felsic volcanic rocks. All of the currently discovered mineralization with economic potential lies in the felsic bands of the Mt Belt.

The Central Area of the deposit is still open at depth - the recently-completed Phase III drilling program tested the area. Results were consistent with previous drilling, and will be incorporated into a mineral resource update.

There is also potential for the delineation of additional resources along strike, both east and west of the Central Area, and in other areas (e.g., Fox Pond and Foxy Lady Prospects) of the property.

On February 13, 2012 Search filed an independent NI 43-101 compliant Technical Report on the Foxtrot Project prepared by RPA. Indicated Mineral Resources are estimated to total 3.41 Mt at 0.89% total REE, and Inferred Mineral Resources are estimated to total 5.85 Mt at 0.80% total REE. The resource model in the Technical Report was used as the basis for proposed production described in the PEA.

Mining

Mining will be carried out using conventional truck and shovel open pit mining methods. Life of mine strip ratio averages 7.4:1. A combination of owner-operated and contractor mining fleets are proposed, to balance mining equipment requirements over the life of the operation. No pre-stripping is required, as the deposit daylight on surface.

Mining quantities consist of:

- A short ramp-up to full production in Year 1
- Production of 1,440,000 tonnes per year, or 4,000 tpd
- Waste mining averaging 12 Mt per year
- Contractor assistance with high waste mining requirements in Years 3-6

Production quantities total 14.3 Mt, at a grade of 0.58% total REE. This includes dilution of the mineralized felsic material with the intercalated mafic material in each block (assumed to be zero grade). As further work is completed on delineation of felsic vs. mafic interpretation, it is expected that this dilution can be reduced.

Processing and Recovery

The recovery flow sheet involves crushing, grinding and gravity concentration, followed by magnetic separation (to reject iron from the gravity concentrate) and flotation of the gravity tails. The overall recovery to concentrate is in the range of 80% to 85% for every element.

The combined concentrate will undergo acid baking and water leaching. Preliminary results indicate approximately 95% dissolution. The solutions from the water

leaching will then be subjected to (1) acid and iron removal, (2) purification of minor elements as necessary, and then (3) recovery of a mixed rare earth carbonate product.

Overall recovery is estimated to average 79%. Recoveries and production of individual REE are described in the following table:

TABLE 1 REE PRODUCTION

Element	Recovery	Average Annual Mine Life	
		Production (kg)	Total (kg)
Yttrium	80%	826,000	8,191,000
Lanthanum	82%	1,276,000	12,650,000
Cerium	79%	2,482,000	24,609,000
Praesodymium	82%	297,000	2,944,000
Neodymium	78%	1,046,000	10,368,000
Samarium	80%	194,000	1,925,000
Europium	80%	9,300	92,000
Gadolinium	79%	153,000	1,520,000
Terbium	78%	24,900	247,000
Dysprosium	77%	143,000	1,418,000
Holmium	78%	27,600	273,000
Erbium	78%	78,500	778,000
Thulium	78%	11,400	113,000
Ytterbium	78%	71,800	712,000
Lutetium	78%	10,700	107,000
Uranium	80%	23,400	232,000
Total Material Recovered		6,674,000	66,177,000

Note that the above table shows rare earth elements - to obtain the equivalent quantities of rare earth oxides, each element must be multiplied by a factor ranging from 1.14 to 1.27.

Test work shows significant quantities of zirconium and niobium in the flotation concentrate - further work may identify a means of extracting them as saleable products.

Revenue

Both recent prices and independent forecasts for rare earth oxide prices cover a very wide range. Search Minerals has chosen a conservative price set, as detailed in the table below. These prices may be representative of a time when a few rare earth projects outside of China will be in operation.

Revenue for the Foxtrot Project is dominated by dysprosium, neodymium, and terbium, elements that are projected to remain in supply deficit.

TABLE 2 REE REVENUE

Rare Earth Oxide	Price (\$/kg)	Net Revenue (%)
Yttrium	20	5%
Lanthanum	10	2%
Cerium	5	0%
Praesodymium	75	8%
Neodymium	75	28%
Samarium	9	0%
Europium	500	2%
Gadolinium	30	0%
Terbium	1,500	14%
Dysprosium	750	39%
Holmium	-	0%
Erbium	40	0%
Thulium	-	0%
Ytterbium	50	1%
Lutetium	-	0%
Uranium	-	0%
Total/Average	38	100%

No revenue has been included for Ho, Lu, and Tm, as the markets for these rare earths are very small, and there is no certainty that revenue can be realized. No revenue has been included for U, as the product grade is too low.

Third-party separation charges have been applied at a rate of \$5/kg for light rare earths (La, Ce, Pr, Nd, Sm) and Y, and at a rate of \$30/kg for heavy rare earths. These charges represent 15% of the gross revenue on the payable REE.

The price set used in the PEA averages \$38/kg payable rare earth oxide, net of separation charges.

Total net revenue is \$3.0 billion, averaging \$303 million per year. On a unit basis, net revenue is \$210 per tonne milled.

Capital Costs

The estimated initial capital cost has been developed to include all mining, processing, infrastructure, tailings and indirect capital costs. The capital cost estimate includes a contingency of \$103 million (30% of direct and indirect capital costs).

TABLE 3 INITIAL CAPITAL COST ESTIMATE

Capital Cost Item	Cost (\$ millions)
Mining	36.7
Processing	138.4
Tailings	29.1
Surface Infrastructure	41.0
Indirects/Owners	98.1
Contingency (30%)	103.0
Working Capital	23.1
Total Capital Cost	469.4

Sustaining capital, totalling \$25 million, consists of mine, process, and infrastructure equipment replacement, tailings expansion, progressive environmental rehabilitation, mine closure costs, and recovery of working capital.

Operating Cost

The Life-of-Mine operating costs have been estimated for each of the three main areas: mining, processing, and general and administration. Table 4 summarizes the average Life-of-Mine operating unit costs.

TABLE 4 OPERATING COST ESTIMATE

Operating Costs Item	Cost (\$/t milled)
Mining by Owner/Contractor	36
Processing - Concentration & Leaching	52
General and Administration	8
Total Operating Costs	96

Preliminary Economic Assessment

Financial evaluation of the Foxtrot Project was carried using a cash flow model, on a pre-tax basis. Estimates are based on constant Q1 2012 dollar basis, with no provision for escalation. Results are provided in the following table:

TABLE 5 PEA FINANCIAL RESULTS

	Value (\$ millions)
Gross Revenue	\$ 3,539
Separation Charges	\$ 534
Net Revenue	\$ 3,005
Total Operating Cost	\$ 1,374
Operating Cash Flow	\$ 1,631
Initial Capital Cost	\$ 469
Sustaining Capital	\$ 25
Pre-Tax Cash Flow	\$ 1,137
Pre-Tax IRR	28.5%
Payback Period	2.8 years
Net Present Value	
10% discount rate	\$ 408
8% discount rate	\$ 504
5% discount rate	\$ 686

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Qualified Person:

The technical and economic information relating to the PEA contained in this press release has been reviewed and approved by Jason Cox, P.Eng., Director of Mine Engineering for RPA, an independent qualified person under NI 43-101. The PEA technical report will be filed on SEDAR in due course.

Scientific and technical information contained in this press release which is not based on the PEA has been reviewed and approved by Dr. Randy Miller, Ph.D., P.Geo, the Company's Vice President Exploration and Qualified Person for the purposes of NI 43-101. The Company will endeavour to meet high standards of integrity, transparency, and consistency in reporting technical content, including geological and assay (e.g., REE) data.

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 of the adequacy or accuracy of this release.

About Search Minerals

Search Minerals Inc. (TSX:SMY) is a TSX Venture Exchange listed company, headquartered in Vancouver, B.C. Search is the discoverer of the Port Hope Simpson REE District, a highly prospective light and heavy REE belt located in southeast Labrador where the company controls a dominant land position in a belt 135km long and up to 12km wide. In addition, Search has a number of other mineral prospects in its portfolio located in Newfoundland and Labrador, including a number of claims in the Strange Lake Complex, where Quest Rare Minerals has an earn-in agreement with the Company; and at the Red Wine Complex, where Great Western Minerals Group has a Joint Venture with the Company.

Furthermore, Search Minerals is the owner of patents relating to the Starved Acid Leaching Technology ("SALT"), a process with the potential to economically recover nickel and cobalt from known deposits currently considered sub economic.

Search Minerals is led by a management team and Board of Directors with a proven track record in the mining industry. The Company has experienced geological and metallurgical teams led by Dr. Randy Miller and Dr. David Dreisinger respectively.

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

Cautionary Statements

This news release contains forward-looking statements that are not historical facts, including future plans and objectives of the Company, potential mineralization, reserve and resource determination, price assumptions, cash flow forecasts, projected capital and operating costs, metal or mineral recoveries, mine life and production rates, and other assumptions used in preliminary economic assessments. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include those 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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For further information:

Jim Clucas
T: 604-688-6180
President & Chief Executive Officer
E: jimclucas@searchminerals.ca

CO: Search Minerals Inc.

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