



NEWS RELEASE

FOR IMMEDIATE RELEASE: JANUARY 27, 2014

SEARCH MINERALS ANNOUNCES REVERSE TAKEOVER ACQUISITION OF MINERAÇÃO SÃO FRANCISCO DE ASSIS LTDA.

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Toronto, Ontario, January 27, 2014 – Search Minerals Inc. (“**Search**” or the “**Company**”) (TSXV: SMY) is pleased to announce that it has entered into a definitive share purchase agreement dated January 22, 2014 (the “**Share Purchase Agreement**”) with Brasilis Kaduna Consultoria e Participações Ltda. (“**Kaduna**”) and MS Marpin Consultoria e Participações Ltda. (“**Marpin**” and, together with Kaduna, the “**Vendors**”), which sets forth the terms and conditions pursuant to which Search will acquire 100% of the issued and outstanding quotas of Mineração São Francisco de Assis Ltda. (“**MSFA**”) and which will result in a reverse take-over of Search by the Vendors (the “**Transaction**”).

Pursuant to the Share Purchase Agreement, Search will acquire 100% of the outstanding quotas of MSFA in exchange for an aggregate of 135,000,000 common shares of Search (the “**Search Shares**”) (on a pre-Consolidation basis) at a deemed price of \$0.055 per Search Share (on a pre-Consolidation basis) to be issued to the Vendors on the closing date. After giving effect to the Transaction, but without giving effect to the Private Placement (as described below), it is expected that the Vendors will hold approximately 61.3% of the issued and outstanding Search Shares; consequently, the Transaction constitutes a reverse take-over of Search pursuant to TSX Venture Exchange Policy 5.2 – *Change of Business and Reverse Takeovers*.

Stephen Keith, President and Chief Executive Officer of Search, commented: “We are very pleased to announce the signing of this definitive agreement. This acquisition demonstrates that Search is able to execute strategic transactions in difficult financial markets and this transaction is the first step towards the implementation of our business plan to become a consolidator of tin assets in Brazil. MSFA’s Mocambo Mine, soon to be part of Search, is a producing tin asset with multiple exploration and development targets, including prospective areas of tungsten mineralization. I believe that, in addition to the change of Search’s profile from pure exploration to producer, our shareholders will greatly benefit from the exposure to a suite of metals with compelling market fundamentals from a supply and demand perspective.”

While the Share Purchase Agreement was the product of arm’s length negotiations between Search and the Vendors, the Transaction is considered to be a transaction with a Non-Arm’s Length Party (as defined in the policies of the TSX Venture Exchange (the “**Exchange**”)) by virtue of the fact that Roberto Giannetti da Fonseca is a director of Search and also an officer of each of Kaduna and MSFA. Mr. Giannetti da Fonseca holds a very small (less than 1%) equity interest in Kaduna. Mr. Giannetti da Fonseca has recused himself from all board proceedings of Search at which the Share Purchase Agreement and the Transaction were considered and approved.

A special meeting of the holders of Search Shares (the “**Shareholder Meeting**”) is expected to be held in March 2014 to approve, among other matters, the Transaction. Additional information concerning the Shareholder Meeting will be included in the management information circular to be delivered to holders of Search Shares setting forth the business to be conducted at the Shareholder Meeting.

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About MSFA

MSFA is the sole owner and operator of the Mocambo tin mine (the “**Mocambo Mine**”), located about 30 km away from the city of São Félix do Xingu in the state of Pará, in Northern Brazil. The Mocambo Mine is accessible via paved roads and small aircrafts, with available flights out of the nearby cities of São Félix do Xingu and Marabá. The mine site is well equipped with excellent housing and facilities, an airstrip, and more than 30 km of local roads within the borders of the mine area. The mine was originally placed in production in 1984 by St. Joe Minerals; French company Rhone Poulenc took over in late 1987, and the mine operated until 1994. Production restarted in mid-2012 under the management of MSFA. Current installed capacity of the existing plant is 40,000m³ per month. Cumulative production since the restart of operations in July 2012 through to the end of October 2013 has been 441,419 kg SnO₂ (cassiterite), achieving peak production at a rate of approximately 40,000 kg (SnO₂) per month, with approximately 70% Sn in the concentrate. A second alluvial mining plant with similar capacity has recently been ordered, which should allow the doubling of current SnO₂ production rates.

Historical drilling conducted by the previous operator includes 1,684 drill holes, for a total of 10,390m drilled within the areas currently being mined. Additional exploration targets are located within the borders of MSFA’s mineral rights, including a large paleo-channel, as well as additional primary tin and tungsten (wolframite) targets on the Serra do Mocambo hill. Search commissioned an independent technical report on the Mocambo Mine to be prepared in conformity with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Additional information concerning the Mocambo Mine, including a summary of the key conclusions of the technical report, will be included in the management information circular to be prepared in connection with the Shareholder Meeting.

Financial Information Concerning MSFA

The following table sets out certain selected financial information regarding MSFA as at September 30, 2013 (unaudited). The selected information was prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

As at September 30, 2013

	Brazilian reais	Canadian dollars ⁽¹⁾
Total Assets	R\$6,600,000	\$3,057,780
Total Liabilities	R\$8,900,000	\$4,123,370
Shareholders’ Equity	R\$685,000	\$317,360.50

Note:

1. Based on Bank of Canada closing exchange rate of 1.00 BRL = 0.4633 CAD as at September 30, 2013.

Pursuant to the Share Purchase Agreement, Search has agreed to assume an aggregate of R\$4,588,000 (approximately CAD\$2,550,000) of indebtedness of MSFA, most of which is comprised of federal tax and social contribution refinancing payments that are payable over a 10-year period. It is a condition to the completion of the Transaction that all other indebtedness of MSFA will be repaid by the Vendors or capitalized prior to closing.

Information Concerning the Vendors

Kaduna is a limited liability company organized under the laws of Brazil. Rodrigo Pinheiro da Fonseca (a resident of Los Angeles, California, USA) and Ana Luiza Pinheiro da Fonseca (a resident of São Paulo, Brazil) are each the holder of

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45% of the outstanding quotas of Kaduna. No other person holds a controlling interest in, or otherwise exercises control or direction over, the outstanding securities of Kaduna.

Marpin is a limited liability company organized under the laws of Brazil. Marcelo Pinheiro da Fonseca (a resident of São Paulo, Brazil) and Flavia Fonseca Pfirrmann (a resident of Landau, Germany) are each the holder of 50% of the outstanding quotas of Marpin. No other person holds a controlling interest in, or otherwise exercises control or direction over, the outstanding securities of Marpin.

Private Placement

It is a condition to the completion of the Transaction that Search completes an equity financing to raise aggregate gross proceeds of at least CAD\$10,000,000 (the “**Private Placement**”). Terms of the Private Placement are currently being negotiated by Search and a syndicate of investment dealers. The Private Placement is expected to be completed concurrently with the closing of the Transaction. Additional information concerning the Private Placement will be announced by Search once an investment advisor has been formally engaged and the terms of the financing have been agreed.

The net proceeds from the Private Placement will be used to fund an exploration program and plant expansion at the Mocambo Mine, as well as for maintenance of the Company’s REE projects and for general working capital purposes.

Share Consolidation

In connection with the Transaction, and as a condition precedent to the completion thereof, the issued and outstanding Search Shares will be consolidated at an as yet undetermined ratio (the “**Consolidation**”). The purpose of the Consolidation is to reduce the number of Search Shares that will be outstanding following completion of the Transaction and the Financing in order to facilitate the Company’s ability to attract future financing and transactions and to increase the price of the Search Shares to a figure more appropriate for a listed company of Search’s size and nature. Additional information concerning the Consolidation, including the Consolidation ratio, will be provided in the management information circular to be prepared in connection with the Shareholder Meeting.

Directors and Senior Management of Search Following Completion of the Transaction

Pursuant to the Share Purchase Agreement, the board of directors of Search is to be reconstituted at the closing of the Transaction so as to be comprised of five individuals, two of whom will be nominated by the Vendors. Search and the Vendors are currently considering candidates for board membership, and a further announcement will be made once the proposed members of the board have been determined. The election of the proposed directors will also be among the items of business to be considered at the Shareholder Meeting. The Company expects that the existing executive officers of Search will continue in their current roles following completion of the Transaction.

Significant Conditions to Closing

The completion of the Transaction is subject to a number of conditions precedent including, but not limited to: (i) the approval of the Transaction by the holders of Search Shares at the Shareholder Meeting; (ii) the receipt by Search of a satisfactory technical report on the Mocambo Mine and the acceptance of same by the Exchange; (iii) the completion of the Private Placement; (iv) the completion of the Consolidation; (v) the completion of satisfactory due diligence by Search; (vi) the approval of the Transaction by the Exchange, including the listing of the Search Shares to be issued as consideration to the Vendors pursuant to the Share Purchase Agreement; (vii) the absence of any material change or

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change in a material fact which might reasonably be expected to have a material adverse effect on the financial or operation conditions or the assets of either of Search or MSFA; and (viii) certain other conditions customary in a transaction of this nature.

Sponsorship

Sponsorship of a new listing in the context of a reverse takeover is required by the Exchange unless exempt in accordance with Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements* (“**Policy 2.2**”). Search is currently reviewing the requirements for sponsorship and may apply for an exemption from the sponsorship requirements under subsection 3.4(a)(ii) of Policy 2.2; however, there is no assurance that Search will ultimately obtain this exemption. Search intends to include any additional information regarding sponsorship in a subsequent press release.

Reader Advisory

Completion of the Transaction is subject to a number of conditions, including Exchange acceptance and shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Search should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

Update on CMR Acquisition

Search will no longer be proceeding with the acquisition of the Arara tin project from Carlos Mena Resources Ltda. (“**CMR**”) at this time. While Search remains interested in the project, the Company was unable to agree to terms of the acquisition with the current owners. Search is continuing to explore additional acquisition opportunities and may in the future revisit the potential acquisition of the Arara project.

Update on Trading Halt

Trading in the Search Shares remains halted in accordance with Exchange Policy 5.2. Search is continuing to work with the Vendors and the Exchange to deliver the required documentation and complete the steps necessary to permit a resumption of trading.

About Search Minerals:

Search Minerals Inc. (TSXV: SMY) is a TSX Venture Exchange listed company focused on creating value through finding and developing mineral assets with growing demand and constrained or restricted supply, and with increasing use in innovative technologies. The Company is actively pursuing opportunities and partnerships in critical metals, including, but not limited to, tin, tungsten, dysprosium and neodymium, prioritizing projects that can be partnered, funded and developed in a relatively short period of time, in strategic, friendly jurisdictions.

Search is the discoverer of the Port Hope Simpson REE District, a highly prospective light and heavy REE belt located in

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southeast Labrador, where the Company controls a dominant land position in a belt 135 km long and up to 12 km wide. In addition, Search holds a number of additional mineral prospects in Newfoundland and Labrador in its portfolio, including claims in the Strange Lake Complex (where Quest Rare Minerals has a Joint Venture with Search); and at the Red Wine Complex (where Great Western Minerals Group has a Joint Venture with Search).

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

Mr. Donald Hains, P. Geo., is the Qualified Person (as defined by National Instrument 43-101) who has reviewed this news release and approved the technical information reported herein.

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.

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Cautionary Statement Regarding Forward-Looking Information:

This news release includes certain “forward-looking statements” under applicable Canadian securities legislation that are not historical facts. 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. Forward-looking statements in this news release include, but are not limited to, statements with respect to the terms and conditions of the proposed Transaction; the Company’s objectives, goals or future plans; the receipt of the requisite approvals with respect to the Transaction and the Consolidation; the completion of the Private Placement; and the business and operations of the Company following the completion of the Transaction. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in Search’s public documents filed on SEDAR at www.sedar.com; and other matters discussed in this news release. 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 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, MSFA and the Vendors disclaim 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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