

Search Minerals provides corporate update & update on proposed acquisition of MSFA

TORONTO, May 1, 2014 /CNW/ - Search Minerals Inc. ("**Search**" or the "**Company**") (TSXV: SMY) is pleased to provide a corporate update on the Company's activities during the first quarter of 2014 and on the proposed acquisition by the Company of Mineração São Francisco de Assis Ltda. ("**MSFA**").

Search's activities over the past several months have focused on the following critical activities:

- The proposed acquisition (the "**Acquisition**") of MSFA, to allow Search to become a producing mining company with cash flow in 2014;
- Metallurgical testwork on the Foxtrot Rare Earth Element ("**REE**") project; and
- Seeking alternatives for financing of the MSFA Acquisition and the Company as a whole.

Stephen Keith, President and CEO of Search, commented on progress made in the last quarter: "Although this process has taken longer than anticipated, Search remains optimistic about the MSFA Acquisition and the new strategic direction the Company is taking. As a shareholder, I recognize the inconvenience of the halt, but, that being said, Search operates in the public markets, and the time required to properly complete this sort of Acquisition and to fund a Company of our size is not entirely within our control.

"We are pleased to be able to announce that the Information Circular for the shareholder vote is nearing completion and that the MSFA Acquisition remains on track. We have been actively marketing a financing in order to allow the Company to grow. In the meantime, and in addition to the MSFA Acquisition, Search has now developed a pipeline of projects and assets that we are reviewing in order to become a significant tin developer and producer, with over ten assets being currently considered.

"Finally, we are pleased with the progress made in the past few months with the metallurgical work on the Foxtrot REE minerals. Results are encouraging, and we anticipate being able to publish updates on these tests in the near future. We strongly believe that, when the Company starts trading once again, Search will be much stronger and poised for growth."

MSFA TRANSACTION

As the Acquisition may result in a reverse take-over of Search by Brasilis Kaduna Consultoria e Participações Ltda. and MS Marpin Consultoria e Participações Ltda., the current owners of MSFA (together, the "**Vendors**"), trading of Search shares remain halted in accordance with TSX Venture Exchange Policy 5.2. The halt will remain in place until the TSX Venture Exchange (the "**TSXV**") is able to complete a review of certain documentation relating to the proposed Acquisition (see "*Search Minerals Announces Reverse Takeover Acquisition of Mineração São Francisco de Assis Ltda.*," January 27, 2014). Search and the Vendors are working diligently to provide the required documentation and complete the steps necessary to permit a resumption of trading. Although Search's management acknowledges the inconvenience to shareholders of the Company, management strongly believes that the Acquisition, if completed, will deliver great value to Search shareholders.

INFORMATION CIRCULAR

A special meeting of the holders of Search Shares (the "**Shareholder Meeting**") is expected to be called in the coming weeks to approve, among other matters, the Acquisition. Additional information concerning the Shareholder Meeting will be included in the management information circular (the "**Information Circular**") to be delivered to holders of Search Shares setting forth the business to be conducted at the Shareholder Meeting. The Information Circular will include information including, but not limited to, audited financial statements of MSFA for the last three years; the terms of the definitive agreement providing the terms and conditions of the Acquisition; and the terms of the concurrent financing to be conducted in connection with the Acquisition.

FINANCING

It is a condition to the completion of the Acquisition that a financing be completed to raise aggregate gross proceeds of at least C\$10,000,000 (the "**Financing**"). Terms of the Financing are currently being negotiated by Search and potential investors. The Company has been actively marketing the Financing in North America, Brazil and Europe. Lead orders are in place, and the Company expects that the terms of the financing will be announced soon with the Financing to be completed concurrently with the closing of the Acquisition.

The net proceeds from the Financing 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.

REE METALLURGICAL TESTING UPDATE

In early 2014, the Company commenced work on its project, the *Development of Innovative Technologies for the Recovery and Refining of Rare Earth Elements ("REE") from Ore Mined in Labrador* (the "**Project**"). As previously announced (see "*Search Minerals Announces C\$225,000 in R&D Funding for Metallurgical Testing in Labrador*," January 21, 2014), Search is receiving research and development investments C\$112,500 towards the project from each of the Research & Development Corporation ("**RDC**") and from the Atlantic Canada Opportunities Agency ("**ACOA**"), and the Company is contributing an additional C\$75,000 in working capital.

The objective of the Project is to evaluate the effectiveness and compare the commercial feasibility of a variety of innovative metallurgical processes to separate and refine rare earth elements ("**REE**") from minerals with the specific characteristics of that identified at the Company's Foxtrot Project ("**Foxtrot**") in the Port Hope Simpson Rare Earth Element District in SE Labrador. Search intends to maximize refining and processing in Labrador with minimal environmental impact.

SGS Canada Inc. ("**SGS**") has been engaged to perform testing on mineral samples containing REE taken from the Company's Foxtrot Project located near Port Hope Simpson, Labrador. SGS is examining innovative methods to isolate REE from the specific matrix of minerals. The current separation process involves crushing and grinding of minerals, followed by gravity separation, flotation and magnetic separation to produce a concentrate containing the REE materials. The concentrate is then subjected to acid baking at 200 degrees Celsius, water leaching, purification of the leachate, and precipitation of REE oxalate. The process options under investigation with SGS Canada will be designed to reduce complexity and cost of REE recovery from Foxtrot mineralization.

Work on the Project has been progressing well, with favourable results. The Company anticipates being able to publicly release preliminary results in the coming weeks.

REE EXPLORATION UPDATE

Pending successful completion of the Financing, Search is planning an exploration program for the 2014 field season to further map and sample Foxtrot-like mineralization throughout the Fox Harbour volcanic belt (see "*Search Minerals Announces Ten New Foxtrot-like REE Prospects in 64 km-long Mineralized Belt in SE Labrador*", October, 30, 2013) and to prioritize targets for a small exploration drilling program. The aim of this program is to discover/document additional Foxtrot-like deposits in close proximity to the Foxtrot Deposit, and to add to the Foxtrot resource (currently 9.3 million tonnes Indicated at 189 ppm Dy, and 5.2 million tonnes Inferred at 176 ppm Dy (see "*Search Minerals Phase III Drilling Increases Foxtrot REE Project Resource Estimate by 55% of Similar Grade*," November 1, 2012).

Reader Advisory

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

Investors are cautioned that, except as disclosed in the Information Circular to be prepared in connection with the Shareholder Meeting, any information released

or received with respect to the Acquisition 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 Acquisition and has neither approved nor disapproved the contents of this press release.

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 southeast Labrador, where the Company controls a dominant land position in a belt 70 km long and up to 8 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.

Qualified Person:

Dr. Randy Miller, Ph.D., P.Geol, is the Company's Vice President, Exploration, and is the Qualified Person (as defined by National Instrument 43-101) who has supervised the preparation of 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.

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 Acquisition; the Company's objectives, goals or future plans; the receipt of the requisite approvals with respect to the Acquisition; the completion of the Financing; and the business and operations of the Company following the completion of the Acquisition. 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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