



Trading Symbol: TSXV: BMC
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BUCHANS ACQUIRES SURFACE RIGHTS OVER PORTION OF PLYMOUTH MANGANESE DEPOSIT

Buchans Minerals Corporation (TSXV: BMC) ("Buchans Minerals" or the "Company"), is pleased to announce the acquisition, through its wholly-owned subsidiary, Canadian Manganese Company Inc. ("CMC"), of property representing the surface rights over a portion of the Plymouth manganese deposit on the Company's Woodstock property in New Brunswick, Canada. The acquired property covers an area of 130 acres of forested land and was acquired from four vendors for aggregate consideration of \$380,000, an upfront bonus of \$10,000 and 40,000 warrants ("Warrants"). Each Warrant is exercisable into one common share of the Company at a price of \$0.10 for five years from the date of issuance. In addition, CMC has granted to the vendors, collectively, a one percent gross sales royalty upon commencement of commercial production on the acquired property. CMC retains certain rights to buyback half of the royalty. The transaction is subject to the approval of the TSX Venture Exchange. All securities issued will be subject to a hold period of four months and a day from the date of issuance. The Plymouth deposit is one of three deposits acquired by the Company in 2010 and located within the Company's 100% owned Woodstock Manganese mineral claims covering an area of 14,331.8 acres (5,800 hectares).

Project Overview

Based on historical work, these deposits potentially represent one of the largest undeveloped manganese resources in North America. In 1957, previous operators, Strategic Manganese Corporation, estimated a non-43-101 compliant, historic, uncategorized resource estimate of 51.2 million short tons (46.5 million tonnes) averaging 10.9% Mn (manganese) and 13.3% Fe (iron) for the Plymouth deposit. In addition, Strategic Manganese Corporation estimated the North Hartford deposit to contain 50 million short tons (45 million tonnes) grading 8% Mn and 12% Fe, and the South Hartford deposit to contain 50 million short tons grading 8% Mn and 12% Fe⁽¹⁾.

Buchans Minerals is evaluating the Plymouth deposit with a view to potentially producing electrolytic manganese metal ("EMM") by utilizing hydrometallurgical leaching technologies that are currently in common use throughout the EMM industry. To date Thibault & Associates Inc. of Fredericton, New Brunswick ("Thibault") has completed a comprehensive bench scale hydrometallurgical program on behalf of Buchans Minerals that successfully demonstrated that, at optimum leach conditions, leach recoveries averaging 96.6% (range of 94% to 98%) could be achieved using a single stage sulphuric acid leach (see May 3rd, 2012 news release). In addition, the leach solution purification portion of the test program resulted in the production of a high purity manganese sulphate electrolyte, which is expected to produce high grade EMM, based on Evan's Diagram predictions, at greater than 99.7% manganese content. Based on the results of

the bench scale test program and mass balance modeling of the proposed hydrometallurgical process, the overall recovery of manganese is expected to be approximately 90%.

Based on the bench scale test program results and with the use of many conventional unit operations in the design of the process block diagram, Thibault have established ore grinding requirements, estimated reagent consumption levels, developed block diagrams, established theoretical energy requirements and produced a dynamic economic model which simulates the process flowsheet and quantifies conceptual operating and capital costs. The model has proven invaluable in optimizing conditions that may maximize the predicted economics of the project. A treatment rate of 3,000 tpd producing about 100,000 tpa EMM over thirty years is currently being evaluated. Thibault have identified a number of additional process refinements that may further optimize the technical and economic viability of the hydrometallurgical process. Buchans Minerals intends to pursue such refinements in the near future.

Minco Evaluation

Following an announcement on April 30, 2012, Buchans Minerals has granted Minco plc. (“Minco”) the exclusive right, for a period of six months (ending October 31st, 2012), the right to conduct a full evaluation and due diligence on the Woodstock manganese property with a view to potentially entering into a joint-venture agreement with Buchans to develop the Woodstock manganese project. Minco has paid Buchans Minerals \$1 million for the exclusive six month option, which funds may be used during the option period primarily for the advancement of the Woodstock property.

Minco are currently reviewing the Company’s reports on the Woodstock property that include a Marketing report by the CPM Group, a hydrometallurgical report by Thibault and an economic evaluation report by Thibault. If during the exclusive Woodstock option period Minco elects to develop the Woodstock project, the form and terms of a joint-venture agreement will be negotiated between Minco and Buchans prior to the expiry of the Woodstock Option.

Electrolytic Manganese Metal Market: ⁽²⁾⁽³⁾

The EMM market began to significantly expand in 2000 when stainless steel production in China began to make use of EMM as a replacement for nickel with great success. Since 2002 development of chrome-manganese stainless steel production has been swift, dramatically increasing demand for manganese and accelerating development of the EMM industry, particularly in China. Worldwide demand rose from 250,000 tonnes in 2002 to over 1,532,000 tonnes in 2011, a 513% increase in 9 years, with China supplying 97% of demand, primarily from low grade manganese carbonate ores. The average manganese content of Chinese carbonate ores currently being treated is 14% and declining at a rate of 1% manganese every two years. ⁽³⁾ EMM world demand is forecast to steadily rise from over 1,532,000 tonnes in 2011 to almost 2,839,000 tonnes in 2021 (an average increase of nearly 131,000 tpa) with the price predicted to increase from \$1.53/lb to \$2.30/lb over the same period⁽²⁾. Mineralogical examination and sulphuric acid leach tests have shown that the manganese contained in the Plymouth deposit 2011 drill core composite sample occurs primarily as manganese carbonate.

There are currently a number of factors affecting the Chinese EMM industry that highlight an opportunity for the launch of foreign EMM production outside of China. These include diminishing tonnage and grade of Chinese manganese carbonate deposits, high electricity costs (\$0.08/kwh) and erratic supply, high average mining costs (\$86/t ore average) due to narrow vein underground ore sources and open pit ore sources with high stripping ratios and increasing

environmental standards that are unattainable by the vast majority of small processors in China. The Shanghai Metals Market identify in their "China Manganese Industry Chain Analysis Annual Report for 2010" that they believe production of Chinese carbonate ores will face increased restrictions of production for the reasons identified above.

References:

- (1) Historic resource estimates from an article written by K.O.J. Sidwell, 1957: The Woodstock, N.B., Iron-Manganese Deposits. Transactions of the Canadian Institute of Mining and Metallurgy, volume LX, 1957, pages 231-236. The article reports; the Plymouth resource estimate was compiled from data acquired from a total of 17,388 feet (5,300 metres) of drilling; the North Hartford resource estimate was compiled from data acquired from a total of 13 drill holes totaling 5,381 feet (1,640 metres) of drilling as well as gravimetric geophysical data, and; the South Hartford resource estimate was compiled from data acquired from a total of 9 drill holes (footage undisclosed) as well as gravimetric geophysical data.
- (2) Manganese Market Outlook, February 2012, CPM Group, New York, USA.
- (3) China Manganese Industry Chain Analysis for 2010 and for 2011-2012, Shanghai Metals Market.

Qualified Persons and Quality Assurance and Quality Control:

J. Dean Thibault, P. Eng., Senior Process Chemical Engineer and Principal of Thibault & Associates Inc., of Fredericton, New Brunswick, is acting as a Qualified Person in compliance with National Instrument 43-101, with respect to the metallurgical bench scale test program information contained in this release and has reviewed the contents for accuracy.

Paul Moore, MSc, PGeo (NL), Vice-President Exploration for Buchans Minerals Corporation, is acting as a Qualified Person in compliance with National Instrument 43-101 with respect to the geological technical information contained in this release and has reviewed and approved the contents for accuracy. Much of the geological information contained herein is, however, historical in nature and relies entirely on data provided by other sources which have not and cannot be independently verified at this time. As such, the historical resource data discussed herein should not be relied upon, but are presented as an indication of the exploration potential of the mineralization described.

About Buchans Minerals

Buchans Minerals is an Atlantic Canada based resource company that has three main assets that include its base metal properties near Buchans in Central Newfoundland, its manganese property located near Woodstock in New Brunswick and its 50% owned gold & copper Long Range Property in central Newfoundland.

Forward Looking Statements

Information set forth in this news release may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about the potential of the Woodstock project, are forward-looking statements. In addition, all statements in this news release that address estimated resource quantities, grades and contained metals, possible future mining, and exploration and development activities are forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; the absence of dividends; competition; dilution; the volatility of our common share price and volume and the additional risks identified the management discussion and analysis section of our interim and most recent annual financial statement or other reports and filings with the TSX Venture Exchange (the "Exchange") and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and Buchans Minerals undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements.

Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release, and no securities regulatory authority has either approved or disapproved of the contents of this release.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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