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CPM GROUP PROVIDE ROBUST OUTLOOK FOR ELECTROLYTIC MANGANESE METAL MARKET AND IDENTIFY OPPORTUNITIES FOR NEW PRODUCERS OUTSIDE CHINA

Buchans Minerals Corporation (BMC-TSX-V) ("Buchans Minerals" or the "Company") is pleased to announce that it has received a comprehensive manganese market outlook report from the CPM Group ("CPM") that identifies strengthening future demand and prices for electrolytic manganese metal ("EMM"). Of particular note, **CPM identifies that opportunities are opening up for new EMM producers outside of China due to increased Chinese regulatory pressure, falling Chinese ore grades, and rising production costs.** The report's executive summary is available on the Buchans Mineral website with highlights identified below:

Electrolytic manganese metal:

EMM is employed in a wide range of applications, including 200-series stainless steels used for mostly consumer applications, other steels, non-ferrous alloys in the canning industry, electronic components, and specialty chemical applications. The widespread use of EMM in steel-related applications is reflected in the breakdown of EMM demand. Nearly 74% of EMM demand is derived from the steel sector. Specialty alloys such as aluminum alloys account for 12% of global demand, while other end-uses, including electronics and chemicals, account for the remaining 14%. EMM demand is largely driven by fluctuations in Chinese steel production. China accounts for over 87% of global EMM demand, with the steel sector accounting for nearly 82% of domestic consumption.

Strong Demand:

- 539% growth from 2001 – 2010
- 85.3% forecast growth from 2011–2021
- 220,000 tonnes EMM in 2001 (actual)
- 1,406,101 tonnes in 2010 (actual)
- 2,838,938 tonnes by 2021 (forecast)

Strong Pricing:

- 111.3% real growth from 2001 – 2010 *
- 50.3% forecast real growth from 2011–2021*
- \$0.65/lb real EMM price in 2001 (actual) *
- \$1.38/lb real EMM price in 2010 (actual) *
- \$2.30/lb EMM in 2021 (forecast)

** Real prices & growth are inflation adjusted (US CPI) so they are in constants dollars (2011)*

Constrained Chinese Supply:

China is the world's largest manganese miner and EMM producer, with EMM output estimated at 1.38 million tonnes, or roughly 97.9% of global supply in 2010. Ore reserves in China account

for roughly 7% of global reserves. However, Chinese manganese ore grades are low and production grades have been falling by 0.5% to 1.0% per year. China is becoming increasingly dependent on overseas ore supplies. Despite pressure from the Chinese central government for consolidation in the industry, the manganese mining sector remains highly fragmented with roughly 600 manganese mining companies and approximately 200 EMM producers. In 2010, the average operating costs of the fragmented Chinese EMM industry were estimated to range between US\$0.81 and US\$0.99 per pound, with higher costs for production from lower grade ores. When selling to overseas markets, Chinese producers must pay the 17% VAT on most input costs and a 20% export tax, increasing all-in costs to US\$1.10 and US\$1.32 per pound. To meet long term strategic plans, the Chinese government will continue to promote industry concentration by eliminating small EMM producers with outdated technologies. Chinese industry participants expect that regulators will target small EMM producers with a single production line of less than 5,000 tonnes in annual capacity during the current five year plan. **Increased regulatory pressure, falling Chinese ore grades and rising production costs are opening up new opportunities for producers outside China.**

Developing the Woodstock manganese property:

Having recognized the window of opportunity within the EMM market, Buchans Minerals acquired a 100% interest in the 5,800 hectare Woodstock Manganese property in New Brunswick, Canada that is host to three zones of sediment-hosted-manganese and iron mineralization, including the historic Plymouth deposit. Based on historical work, these deposits are potentially one of the largest undeveloped manganese resources in North America. Previous operators, Strategic Manganese Corporation, in 1957 estimated a non-43-101 compliant, historic, uncategoryed resource estimate, for the Plymouth deposit of *51.2 million tons (46.5 million tonnes) averaging 10.9% Mn (manganese) and 13.3% Fe (iron). 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.

Encouraged by successful hydrometallurgical tests carried out by the Federal and Provincial Governments in 1985. Buchans Minerals recently completed a five hole drill program on the Plymouth deposit in 2011 to confirm grades and thicknesses of the deposit, and to provide fresh samples for hydrometallurgical tests. In late 2011, Thibault & Associates Inc. initiated a hydrometallurgical program on behalf of Buchans Minerals to identify a successful hydrometallurgical flowsheet to produce high purity manganese products including electrolytic manganese metal, electrolytic manganese dioxide and manganese carbonate.

The first phase of the program was successful in identifying the leach qualities of the deposit with sulphuric acid leach recoveries of up to 89% and reducing leach recoveries as high as 96% (see news release of November 28th, 2011). Given the strong foundation of these results, the company has now expanded the hydrometallurgical program to focus on optimizing the leach circuit, precipitating out impurities and finally purifying the pregnant leach solutions to ultimately produce a range of high purity manganese products. It should also be noted that the five drill holes that were completed on the Plymouth deposit returned assays that not only confirmed historical grades of approximately 11% manganese (news releases of September 7th & 26th, 2011), but also confirmed the anticipated width and extent of the mineralization in that portion of the Plymouth deposit.

The goals for 2012 will include completing the hydrometallurgical program, updating our in-house economic model for the production of electrolytic manganese metal, attracting an investment partner and initiating a preliminary economic assessment.

Warren MacLeod, President and CEO of Buchans Minerals stated that **“Given the strong EMM pricing and demand forecast by CPM from 2011 to 2021, coupled with the difficulties encountered by the Chinese in consolidating their fragmented EMM industry, the Company is looking forward to continuing the development of its Woodstock manganese property located in New Brunswick, Canada.”**

** historic resource estimate 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, p.231-236. The article reports the resource is compiled from data acquired from a total of 17,388 feet (5,300 metres) of drilling.*

*** historic resource estimates (North Hartford and South Hartford deposits) 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, p.231-236. The article reports 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. The article reports 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.*

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 50/50 gold & copper joint venture with Benton Resources on the Long Range property in central Newfoundland. The Company has recently announced that it will transfer its base metal assets into SG Spirit Gold Inc. in a reverse take-over transaction subject to SG raising \$12.5 million and shareholder approval (view news release of January 26th, 2012 for details). Following the SG transaction, the Company will focus the majority of its efforts on developing the Woodstock manganese property in New Brunswick.

About CPM Group (www.cpmgroup.com):

CPM Group is the world’s premier commodities research and consulting company. The firm’s primary focus is on precious, industrial, and specialty metals, in addition to undertaking research and analysis across all commodities markets. In the ferroalloy industry CPM Group has developed a top-rated expertise in molybdenum, vanadium, manganese and chromium, as well as other minor metals. CPM Group provides a suite of research and consulting services related to the financial management of commodities exposure, including fundamental market research and analysis, consulting and advisory services, commodities management and asset management services, and corporate finance advisory. Founded in 1986, CPM Group is known for its research and analysis of the metals markets, its overall economic analysis of commodities markets, and its expertise in financial engineering, using derivatives to structure optimized positions for commercial hedgers and institutional and high net worth individual investors.”

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 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. 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.

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