



Trading Symbol: TSXV: BMC
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Trading symbol: **BMC.V**

BUCHANS MINERALS FILES IMPROVED POSITIVE PRELIMINARY ECONOMIC ASSESSMENT REPORT ON SEDAR

Buchans Minerals Corporation (BMC-TSX-V) ("Buchans Minerals" or the "Company") is pleased to announce that it has filed the positive Preliminary Economic Assessment Report ("PEA") on its 100% owned Lundberg base metal project on Sedar.com. The PEA is compliant with National Instrument 43-101 ("NI 43-101") and was completed by Wardrop Engineering, a Tetra Tech Company ("Wardrop"). The PEA is based on a 5,000 tonne per day open pit mining and milling operation over a 10 year mine life. The project's base case is forecast to provide a pre-tax internal rate of return ("IRR") of **43.94%** and a net present value ("NPV") at a 6% discount rate of **CDN\$217.8 million** at base case metal prices of 1.22 US\$/lb Zinc, 3.62 US\$/lb Copper, 1.10 US\$/lb Lead and 22.74 US\$/oz Silver. At metal prices 10% above base case, the IRR is **53%** and the NPV at a 6% discount rate is **CDN\$291.3 million**.

The improved IRR and NPV from that stated in the news release on June 29th, 2011 is due to Wardrop correcting an over statement in reagent consumption in the processing circuit and as a result lowering the processing costs from \$14.74 per tonne to \$12.53 per tonne.

Highlights:

- A pre-tax IRR of **43.94%** and an NPV at a 6% discount rate of **\$217.8 million** on total life of mine (LOM) cash-flow of **\$471.5 million**.
- Average operating costs for the first five years of the project are **\$24.53** per tonne on net revenue of **\$61.76** per tonne. This translates to a revenue to cost ratio of **2.5 to 1**. For the 10 year LOM the average operating costs are **\$23.79** per tonne on net revenue of **\$52.95** per tonne for a revenue to cost ratio of **2.2 to 1**.
- Payback for the project is estimated at 1.4 years on initial capital of \$119.6 million and sustaining capital over the life of mine of \$32.4 million for total capital expenditures of \$152.0 million. Capital estimates includes \$10.2 million indirect costs, \$3.8 million owners costs and \$19.1 million contingency.
- Average throughput of 5,000 tonnes per day, with an average stripping ratio over the life of mine of 3.06 to 1, producing separate zinc, copper and lead concentrates with silver credits in both the lead concentrate and to a lesser degree the copper concentrate.
- Average annual gross metal production in the concentrate is estimated to be **27.1 million** pounds of zinc (Zn), **5.5 million** pounds of copper (Cu), **16.3 million** pounds of lead (Pb) and **164.1 thousand** ounces of silver (Ag).

Technical Report & Original News Release:

The full PEA has been filed under the Company's profile on SEDAR at www.sedar.com and can also be downloaded on the Company's website at <http://www.buchansminerals.com>. The original news release announcing the PEA results was issued on June 29th, 2011 and can be viewed on both SEDAR and the Company's website.

Economics:

The PEA is based on Inferred Mineral Resources, which are not Mineral Reserves and do not have demonstrated economic viability. Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves and there is therefore no certainty that the conclusions of the PEA will be realized.

The key economic and operating input factors for the PEA are as follows:

Item	Unit	Base Case
Exchange Rate	Value of CND\$	US\$0.988
Zinc resource grade	%	1.63
Copper resource grade	%	0.40
Lead resource grade	%	0.69
Silver resource grade	g/t	5.96
Zinc concentrate grade	%	53.04
Copper concentrate grade	%	24.08
Lead concentrate grade	%	73.92
Zinc process recovery	%	66.16
Copper process recovery	%	89.33
Lead process recovery	%	78.67
Metal Price - Zinc	US\$/lb	1.22
Metal Price – Copper	US\$/lb	3.62
Metal Price – Lead	US\$/lb	1.10
Metal Price - Silver	US\$/oz	22.74
Net Smelter Royalty	%	3
Operating Costs – Mining	CAN\$/tonne milled	9.23
Operating Costs – Processing	CAN\$/tonne milled	12.53
Operating Costs – G&A	CAN\$/tonne milled	2.03
Total Operating Costs	CAN\$/tonne milled	23.79
Total Capital	CAN\$ million	152.0
Life of Mine Cash Flow	CAN\$ million	471.5
Pre-Tax IRR	%	43.94
Pre-Tax NPV @ 6%	CAN\$ million	217.8
Pre-Tax NPV @ 8%	CAN\$ million	186.4
Life of Mine	Years	10
Payback Period	Years	1.4

Qualified Person:

Mike McLaughlin, P.Eng., is a project manager with Wardrop and is acting as a Qualified Person for the financial analysis.

Dan Gagnon, P.Eng. is an open pit mine engineering with Wardrop and is acting as Qualified Person for the open pit mine design and the associated estimated capital and operating cost for the open pit mine.

Daniel Coley, MBA, B.Sc., P.Eng., Senior Process Engineer with Wardrop, is acting as a Qualified Person and has reviewed and approved the results of the metallurgical test work conducted by SGS Canada for Buchans Minerals Corporation regarding the Lundberg deposit.

Peter Webster P.Geo. is President of Mercator Geological Services Limited and is acting as a Qualified Person for the Mineral Resource Estimate.

About Buchans Minerals:

Buchans Minerals is an Atlantic Canada based resource company that is primarily focused on exploring and developing mineral properties in New Brunswick and the historic Buchans mining camp in central Newfoundland, Canada.

Forward Looking Information:

This news release contains or refers to "forward looking information" within the meaning of applicable Canadian securities legislation. All statements in this release, other than statements of historical fact, which address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward looking information. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", "believes", "intends" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward looking information.

In particular, 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 its very nature, a Preliminary Economic Assessment is preliminary. The PEA includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the findings of the PEA will be realized. Wardrop's assumptions, estimates, expectations, analysis and opinions used in the PEA are based on the information available to Buchans Minerals and Wardrop as of the date of this news release. Wardrop's assumptions and estimates are based on experience and perceptions of trends, current conditions and expected development as well as other factors that Wardrop believes are relevant and reasonable in the circumstances, but which may prove to be incorrect. In particular, assumptions have been made regarding a number of variables that impact the Lundberg project and include, among other things, market prices for metals, exchange rates, inferred resource tonnages & grades, stripping ratios, processing techniques, through-put rates, flotation recoveries, concentrate grades, smelter charges, transportation charges, tailings disposal, waste rock disposal, site reclamation, equipment salvage, operating costs (including mining, processing & general administrative costs), capital costs and assumptions that all the necessary regulatory (including environmental) permits will be issued in respect of the project.

Readers are cautioned that the foregoing list is not exhaustive of all factors, variables and assumptions which may have been used. Buchans Minerals is subject to the specific risks

inherent in the mining business as well as general economic and business conditions. Buchans Minerals' actual results, programs and financial position could differ materially from those anticipated in such forward looking statements as a result of a number of factors, many of which are beyond the Company's control. These factors include, but are not necessarily limited to, results of the exploration activities and development of mineral properties, the interpretation of drilling results and other geological data, the uncertainties of resource estimations, receipt and security of mineral property titles, receipt of licenses required to conduct mining activities, country risks, project cost overruns or unanticipated costs and expenses, the availability of funds, fluctuations in metal prices, currency fluctuations, and general market and industry conditions. Although the Company believes the expectations expressed in the PEA and other forward looking statements are based on reasonable assumptions, there is no assurance that forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, such statements should not be in any way construed as guarantees of future performance as actual results or developments may differ materially from those forward looking statements and readers should not place undue reliance on this information. Buchans Minerals does not undertake to update any forward looking information, except as, and to the extent required by, applicable securities laws.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.