



Trading Symbol: TSXV: BMC
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Head Office

247 Dill Road, RR 1
Windsor, NS, Canada, B0N 2T0

T (902) 472 3520
F (902) 472 3521

www.buchansminerals.com
contact@buchansminerals.com

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BUCHANS MINERALS SIGNS DEFINITIVE AGREEMENT WITH SG SPIRIT GOLD TO CREATE NEW BASE METAL COMPANY

Buchans Minerals Corporation (BMC-TSX-V) ("Buchans Minerals" or the "Company") is pleased to announce, that further to the Company's press release of December 13, 2011, Buchans Minerals has now entered into a definitive agreement (the "Agreement") with SG Spirit Gold Inc. (SG-TSX-V) ("SG Spirit Gold") with respect to the sale of 100% of the Buchans property, Tulks North property and Tulks Hill joint venture interest (collectively, the "Buchans Property") to SG Spirit Gold (the "Transaction"). The Buchans Property is inclusive of the Lundberg deposit, Daniels Pond deposit, and the Company's 49% interest in the Tulks Hill deposit, all of which are located near Buchans, Newfoundland. SG Spirit Gold has also signed a definitive agreement with Mountain Lake Resources Inc. (TSX-V: MOA) ("Mountain Lake") to acquire a 100% interest in the Bobby's Pond base metal deposit located approximately 10 kilometres northeast of the Daniels Pond deposit and approximately 20 kilometres southeast of the Lundberg deposit.

Following completion of the Transaction, SG Spirit Gold will be a fully financed, development and exploration base metals company whose primary objective will be the consolidation and advancement of a Buchans, Newfoundland centered base metal complex. SG Spirit Gold will have multiple VMS deposits hosting National Instrument 43-101 ("NI 43-101") defined resources and several advanced stage exploration projects, including the development stage Lundberg project and advanced exploration stage Daniels Pond, Tulks Hill and Bobby's Pond deposits. Upon completion of the Transaction, SG Spirit Gold intends to change its name to "Regiment Zinc Corp." to properly reflect its base metal focus.

SG Spirit Gold is led by The Exploration Group ("EGM"), a Vancouver-based mining services company established by Mr. Mark Morabito. EGM provides administrative, management, geological, regulatory, tax, corporate development and investor relations services to mining companies throughout North America. EGM specializes in identifying, funding, developing and managing resource-based opportunities, with a special interest on the junior mining sector. With an office that is fully Sarbanes-Oxley compliant, EGM is vertically integrated with in-house geology, legal and corporate finance departments. EGM is focused on enhancing value to its growing portfolio of noteworthy public mining companies, including SG Spirit Gold, Alderon Iron Ore Corp., Crosshair Energy Corporation, Excelsior Mining Corp, Logan Resources Ltd. and Ridgmont Iron Ore Corp.

Warren MacLeod, President & CEO of Buchans Minerals commented that *"We believe this is a great opportunity to partner with a strong team who has demonstrated their ability to finance and advance significant mineral development projects in Newfoundland & Labrador. This*

Transaction provides the appropriate vehicle to maximize the value of our base metal assets by combining them with Mountain Lake's Bobby's Pond deposit for a stronger consolidated Newfoundland base metal company. From a shareholder perspective, the Transaction also provides a visible means to value Buchans Minerals according to its equity interest in SG Spirit Gold and unlock the true value of these newly consolidated projects. This Transaction now opens the way for management to focus its efforts on developing the Company's other projects, including the Woodstock manganese project in western New Brunswick."

Agreement Details

The following are the highlights of the terms and conditions of the Agreement:

In consideration for the sale of 100% of the Property to SG Spirit Gold, upon closing, Buchans Minerals will receive:

- the number of common shares of SG Spirit Gold representing approximately 50% of the issued and outstanding capital of SG Spirit Gold, following completion of a \$12,500,000 Financing (the "Buchans Payment Shares");
- the number of share purchase warrants (each whole share purchase warrant, a "Warrant") representing 1/5th of the Buchans Payment Shares. Each Warrant will entitle Buchans Minerals to acquire one common share of SG Spirit Gold at an exercise price that is a 33% discount to the issue price of common shares issued pursuant to the Financing for a period of 36 months from the date of issuance;
- a one-time cash payment of \$2.0 million;
- the right to nominate up to 50% of the Board of Directors of SG Spirit Gold, subject to certain conditions; and
- the right to participate in future financings of SG Spirit Gold, subject to certain conditions.

In addition, SG Spirit Gold will be required to incur cumulative expenditures of at least \$7.5 million in connection with the development of the Property within a period of 24 months from the date of the Agreement.

Transaction Update

As was previously announced, in conjunction with, or prior to the closing of the Transaction, SG Spirit Gold will complete a brokered private placement (the "Financing") of subscription receipts of SG Spirit Gold ("Subscription Receipts") and flow-through subscription receipts ("FT Subscription Receipts") for gross proceeds of at least \$12,500,000. Each Subscription Receipt will be exercisable for one unit of SG Spirit Gold ("Unit") upon satisfaction of all conditions to the Transaction. Each Unit will consist of one common share of SG Spirit Gold and one half of one common share purchase warrant exercisable for 24 months. Each FT Subscription Receipt will be exercisable for one flow-through common share of SG Spirit Gold upon satisfaction of all conditions to the Transaction. Each flow-through common share will consist of one common share which qualifies as a "flow-through share" for purposes of the *Income Tax Act* (Canada). SG Spirit Gold expects to announce definitive terms for the Financing in February 2012.

Full details of the Transaction will be included in the Management Information Circular to be filed with the regulatory authorities and mailed to Buchans Minerals' shareholders in accordance with applicable securities laws. It is anticipated that a special meeting of shareholders of

Buchans Minerals to approve the Transaction will be held in March 2012. The Transaction is being conducted entirely at arm's length.

Completion of the Transaction is subject to a number of conditions, including TSX Venture Exchange (the "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 SG Spirit Gold should be considered highly speculative.

The 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.

About Buchans Minerals:

Buchans Minerals is an Atlantic Canada based resource company that has been focused on exploring and developing base metal properties in the historic Buchans mining camp in central Newfoundland, Canada. Should shareholders approve the Transaction, the Company's focus will shift to exploration and development of its other projects, including its 100% owned Woodstock manganese project in western New Brunswick, Canada.

About SG Spirit Gold:

SG Spirit Gold is a Vancouver-based resource company in the business of acquiring and advancing Canadian mineral properties prospective for precious metals and base metals. SG Spirit Gold's management team and Board have extensive experience and success in the resource industry. Upon completion of the Transaction, SG Spirit Gold intends to change its name to Regiment Zinc Corp. to properly reflect its base metal focus.

About the Exploration Group

The Exploration Group ("EGM") is a Canadian company that provides administrative, management, geological, regulatory, tax, corporate development and investor relations services to mining companies throughout North America. EGM specializes in identifying, funding, developing and managing resource-based opportunities, with a special interest on the junior mining sector. With an office that is fully Sarbanes-Oxley compliant, EGM is vertically integrated with in-house geology, legal and corporate finance departments. EGM is focused on enhancing value to its growing portfolio of noteworthy public mining companies including SG Spirit Gold Inc., Alderon Iron Ore Corp., Crosshair Energy Corporation, Excelsior Mining Corp, Logan Resources Ltd. and Ridgmont Iron Ore Corp.

Cautionary Statement:

Completion of the Transaction is subject to a number of conditions, including the 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. The Exchange has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.

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 terms of the Transaction, the Financing and the potential of the Buchans Property, 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 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:

Buchans Minerals Corporation.

Warren MacLeod, President & CEO

Ph: (902) 472-3520

Windsor, Nova Scotia

www.buchansminerals.com

SG Spirit Gold

Adrian Bray, President & CEO

Ph: (604) 681-8030

Vancouver, British Columbia

www.sgspiritgold.ca