

# Buchans Minerals announces terms of SG Spirit Gold financing and date for Special meeting of Buchans Minerals shareholders

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WINDSOR, NS, Feb. 8, 2012 /[CNW](#)/ - [Buchans Minerals Corporation](#) (TSXV: BMC) ("Buchans Minerals" or the "Company") wishes to provide an update on the progress of the transaction (the "Transaction") contemplated by the definitive agreement (the "Agreement") with SG Spirit Gold Inc. (SG-TSX-V) ("SG Spirit Gold") as previously disclosed in its press release of January 26th 2012 and to announce the date of the special meeting of shareholders of Buchans Minerals to approve the Transaction.

## Summary of Agreement:

Under the terms of the Agreement, SG Spirit Gold is required to raise a minimum of \$12.5 million ("Financing"). Upon completion of the Financing Buchans Minerals will sell its base metal assets to SG Spirit Gold, including the Lundberg deposit, Daniels Pond deposit and 49% interest in the Tulks Hill deposit (collectively, the "Buchans Property") in exchange for: (a) 50% of the issued and outstanding common shares of SG Spirit Gold ("SG Shares") on completion of the Financing and acquisition by SG Spirit Gold of the Bobby's Pond deposit from Mountain Lake Resources Inc.; (b) 50% representation on the SG Spirit Gold board; (c) a \$2 million cash payment to Buchans Minerals; and (d) warrants of SG Spirit Gold ("SG Warrants") at a discount to the Financing price. The Agreement is available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Upon completion of the Transaction, SG Spirit Gold intends to change its name to "Regiment Zinc Corp."

## SG Spirit Gold Financing:

On February 6th, 2012, SG Spirit Gold announced that they had engaged a syndicate of agents co-led by NCP Northland Capital Partners Inc. ("Northland") and Desjardins Securities Inc. (together with the other members of the syndicate), to place on a "best efforts" basis by way of private placement, subscription receipts of the Company (the "Subscription Receipts") at a price of \$0.75 per Subscription Receipt and flow-through subscription receipts of the Company (the "Flow-Through Subscription Receipts") at a price of \$0.85 per Flow-Through Subscription Receipt. Aggregate gross proceeds from the sale of the Subscription Receipts and the Flow-Through Subscription Receipts will be approximately \$12,500,000, with a maximum of \$7,000,000 from the sale of Flow-Through Subscription Receipts.

Upon satisfaction of certain conditions (as more fully described in SG Spirit Gold's news release of February 6, 2012), each Subscription Receipt and Flow-Through Subscription Receipt will entitle the holder to receive one unit of SG Spirit Gold (a "Unit") and one flow-through common share of SG Spirit Gold, respectively, without the payment of additional consideration and without further action. Each Unit will be comprised of one common share of SG Spirit Gold (a "SG Common Share") and one-half of one non-transferable common share purchase warrant of SG Spirit Gold (each whole warrant, a "SG Purchase Warrant"). Each SG Purchase Warrant will be exercisable into one additional SG Common Share at a price of \$1.25 for a period of 24 months from the closing date of the Financing. Each Flow-Through Subscription Receipt will entitle the holder to receive one flow-through common share of SG Spirit Gold. For additional details of the Financing, please refer to the SG Spirit Gold news release of February 6th, 2012.

## Shareholder Value:

Although the terms of the Agreement require SG Spirit Gold to raise a minimum of \$12.5 million (in which case Buchans Minerals will receive 50% of the issued and outstanding SG Shares), SG Spirit Gold has the right to raise up to \$15 million, in which case Buchans Minerals will receive approximately 47.60% of the issued and outstanding SG Shares upon completion of the Transaction. Buchans Minerals shareholdings in SG Spirit Gold on a fully diluted basis would be approximately 44.50% in the event SG raises \$12.5 million and 42.14% in the event SG raises \$15 million. As per the Financing terms announced by SG Spirit Gold on February 6th, 2012, it is anticipated that Buchans Minerals will receive on a non-diluted basis 31,431, 374 SG Shares and 6,286,275 SG Warrants at an exercise price of \$0.50 per SG Warrant. In addition Buchans

Minerals has the right to participate in future financings of SG in proportion to its shareholdings on a fully diluted basis and has the right to dividend out all or part of its SG Shares to Buchans Minerals shareholders.

Upon completion of the Transaction, it is expected that Buchans Minerals will have holdings in SG Spirit Gold with significant market value (including "in-the money" SG Warrants), in addition to cash (net of current liabilities) of approximately \$3.3 million as well as the Company's interest in the Long Range joint venture in Newfoundland and the Woodstock manganese project in New Brunswick.

Management of Buchans Minerals and the Board of Directors are confident that the Transaction and the partnership with SG Spirit Gold will provide for the continuing development and expansion of the Buchans base metal assets while avoiding dilution of Buchans Minerals shareholders. In addition, it will allow management to focus on the development of the Company's Woodstock manganese project as well as continued exploration of existing projects and generation of new exploration and development opportunities.

The Transaction will require Buchans Minerals shareholder approval at a Special Meeting to be held on March 14, 2012 (details are given below). Shareholders are encouraged to read the Circular that will be mailed no later than February 22, 2012. The Board of Directors encourages shareholders to vote in support of the transaction.

### **Special Meeting of Buchans Minerals Shareholders:**

The closing of the Transaction is determined by certain conditions being met as set out in the Agreement, including approval of the Transaction by shareholders of Buchans Minerals and SG Spirit Gold. The Special Meeting of shareholder Buchans Minerals ("Special Meeting") will be held on March 14th, 2012 at 10.00 a.m. (Halifax Time) at the offices of McInnes Cooper, 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, B3J 2V1. The Special Meeting will consider a special resolution approving the sale and transfer by Buchans Minerals of the Buchans Property, held by its wholly owned subsidiary, to SG Spirit Gold. A notice of Special Meeting, joint information circular of Buchans Minerals and SG ("Circular") and proxy material will be mailed to Buchans Minerals shareholders no later than February 22, 2012. SG Spirit Gold will also be having a shareholder meeting on March 14th, 2012 to vote for the approval of the Transaction, in addition to a vote for a consolidation of SG Spirit Gold outstanding common shares such that every two issued and outstanding common shares of SG Spirit Gold before consolidation will be consolidated into one common share of SG Spirit Gold share following the consolidation.

### **SG Post Transaction:**

Upon completion of the Transaction, SG Spirit Gold will be a base metals development and exploration base metals company focussed on the consolidation and advancement of a Buchans, Newfoundland centered base metal complex. SG Spirit Gold will own interests in multiple base metal deposits hosting National Instrument 43-101 compliant resources and several advanced stage exploration projects, including the development stage Lundberg project and several advanced exploration stage projects including the Daniels Pond, Tulks Hill and Bobby's Pond deposits.

### **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. The Company'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.

SG Spirit Gold is led by Forbes West, in association with Forbes & Manhattan. Forbes West, formerly known as the Exploration Group, is a Vancouver-based mining services company established by Mr. Mark Morabito. Forbes West provides administrative, management, geological, regulatory, tax, corporate development and

investor relations services to mining companies throughout North America. Forbes West 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, Forbes West is vertically integrated with in-house geology, legal and corporate finance departments. Forbes West 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 Ridgemont Iron Ore Corp.

#### **Cautionary Statement:**

Completion of the Transaction is subject to a number of conditions, including the TSX Venture Exchange acceptance and shareholder approval. The Transaction cannot close until the required regulatory and shareholder approvals are 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 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 TSX Venture 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 proposed 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: failure to execute the agreement with SG relating to the proposed Transaction, 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 in 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 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.*

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