

Cancana Closes C\$1.5 Million Private Placement, Amends Term Sheet With The Sentient Group and Appoints A New CFO

25.02.2014 | [Marketwired](#)

TORONTO, Feb 25, 2014 - [Cancana Resources Corp.](#) (TSX VENTURE:CNY) (the "Company" or "Cancana") has closed a non-brokered private placement of Units, agreed to certain non-material amendments to the previously announced binding term sheet with The Sentient Group and appointed Jonathan Richards as CFO of Cancana.

Cancana is pleased to announce that, effective February 24, 2014, it has closed a non-brokered private placement offering (the "Offering") for aggregate gross proceeds of approximately C\$1,500,000. The Company issued an aggregate of 7,142,857 units (each a "Unit"), at a price of C\$0.21 per Unit. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of C\$0.27 until February 24, 2016.

In connection with the Offering, the Company paid an aggregate amount of C\$78,518 in cash finder's fees to certain eligible arm's length persons and issued 123,149 non-transferable finder's warrants (the "Finder Warrants") to certain eligible arm's length persons. Each Finder Warrant is exercisable into a Unit at an exercise price of C\$0.21 per Unit for a period of twenty-four (24) months from the closing of the Offering.

All securities issued pursuant to the Offering, including the Common Shares and Warrants comprising the Units and the Common Shares underlying the Warrants, the Finder Warrants, and the securities underlying the Finder Warrants, are subject to a four (4) month and one (1) day statutory hold commencing from closing of the Offering. The Offering is subject to TSX Venture Exchange ("TSXV") acceptance of requisite regulatory filings. The proceeds raised from the Offering will be used for general working capital.

Andrew Male, President and CEO of Cancana, commented: "The closing of this tranche of the private placement continues to validate the market's view of our business strategy and the future prospects of our operations in Brazil. Cancana has continued to develop Valdirão, the Company's green-field project, since early November 2013 and the progress being made and knowledge we are gaining from this activity continues to be exciting."

Amendments to Binding Term Sheet with The Sentient Group

Cancana also announces that, further to its press release of December 20, 2013 (the "December Release"), immediately prior to the closing of the Offering it entered into an amended and restated binding term sheet (the "Amended Agreement") with Ferrometals BV ("Ferrometals"), a special purpose vehicle established by The Sentient Group, amending the term sheet announced in the December Release (the "Original Agreement") in connection with the acquisition of Rio Madeira Comercio Importacao E Exportacao De Minerios, ("Rio Madeira") by Cancana and Ferrometals, the operation of Rio Madeira as a 50/50 joint venture between Cancana and Ferrometals and the proposed financings of Cancana by Ferrometals.

Specifically, the Amended Agreement provides for certain non-material amendments (as set out below) to reflect the fact that the acquisition of Rio Madeira has been completed by Ferrometals and that Ferrometals will increase its aggregate investment in Cancana in light of Cancana not pursuing certain previously-disclosed financings.

Pursuant to the Amended Agreement, Ferrometals shall invest an aggregate of approximately C\$7,225,137 in Cancana (the "Financings"), being an increase from the aggregate investment of approximately C\$5,950,000 as contemplated in the Original Agreement and as disclosed in the December Release, and Cancana shall no longer be proceeding with the 3rd party Debenture Financing disclosed in the December Release, nor with the C\$1 million financing share exchange arrangement with Global Resources Investment Trust previously disclosed in the Company's news release dated October 10, 2013. The terms of the Financings shall now consist of the following:

1. Ferrometals has purchased 1,190,476 Units of the 7,142,857 Units of Cancana issued in the Offering

disclosed above, at a price of C\$0.21 per Unit for gross proceeds of approximately C\$250,000 to Cancana.

2. Ferrometals will purchase 4,167,180 units (the "2nd Tranche Units") of Cancana at a price of C\$0.27 per 2nd Tranche Unit for gross proceeds of C\$1,125,138.50 to Cancana. The 2nd Tranche Units to be issued to Ferrometals will form part of a non-brokered private placement offering (the "Second Tranche Offering") of up to 6,393,106 2nd Tranche Units for aggregate gross proceeds of C\$1,726,138.50 to Cancana. Each 2nd Tranche Unit shall consist of one Common Share and one Common Share purchase warrant (a "2nd Tranche Warrant"), with each 2nd Tranche Warrant exercisable into one Common Share at a price of C\$0.34 per Common Share for a period of two (2) years from the date of issuance. The Second Tranche Offering is expected to close on or before March 6, 2014.

3. As disclosed in the December Release, Ferrometals will purchase 8,500,000 units, (the "3rd Tranche Unit"), of Cancana at a price of C\$0.20 per 3rd Tranche Unit. Each 3rd Tranche Unit shall consist of one Common Share and one Common Share purchase warrant (a "3rd Tranche Warrant"), for aggregate gross proceeds of C\$1.7 million (the "3rd Tranche Offering"). Each 3rd Tranche Warrant shall be exercisable into one Common Share at a price of C\$0.25 per Common Share and shall be exercisable for a period of 2 years from the date of issuance. As discussed above, Cancana will no longer be proceeding with the Debenture Financing, which is being replaced with the Offering and the 2nd Tranche Offering, and accordingly, the "Interim Financing" (as defined and as disclosed in the December Release) will not no longer be completed in advance of the closing of the 3rd Tranche Offering, with the entire 3rd Tranche Offering being completed following the receipt of required regulatory and shareholder approvals.

4. As disclosed in the December Release, Ferrometals will purchase a secured convertible note, (the "Convertible Note"), to be issued by Cancana for a purchase price of US\$4.15 million (approximately C\$4.25). The Convertible Note will have a term of 3 years and bear interest at a rate of 8% per annum, which interest shall be capitalized for the first 2 years. The principal and any capitalized interest shall be convertible, in whole or in part, into Common Shares at a price of C\$0.20 per Common Share at the option of Ferrometals.

Pursuant to the terms of the Amended Agreement, Ferrometals will continue to have the board nomination rights as disclosed in the December 2013 release, with such rights to take effect after closing of the 3rd Tranche Offering and the issuance of the Convertible Note. All other terms of the Original Agreement, except those specifically outlined herein, remain materially unchanged in the Amended Agreement.

The 2nd Tranche Offering remains subject to receipt of all required regulatory approvals, including TSXV acceptance of requisite regulatory filings. The 3rd Tranche Offering, the issuance of the Convertible Note as well as the Cancana Rio Acquisition and the MLB Transfer (each as defined in the December Release) continue to be subject to regulatory approval and the approval of the shareholders of Cancana at a meeting to be held on April 14, 2014.

Appointment of CFO

Cancana is pleased to announce the appointment of Jonathan Richards to the position of Chief Financial Officer of the Company, effective February 24, 2014.

Jonathan Richards was previously an audit manager at a premier Canadian chartered accountant firm where he specialized in the mining industry. He acquired significant accounting experience working with mineral exploration and development companies in Canada and throughout the world. Mr. Richards completed a bachelor's degree in management studies with first-class honors from the University of Waikato, New Zealand, and gained his membership of the New Zealand Institute of Chartered Accountants in 2005 while working for a Big 4 accounting firm and subsequently joined the Institute of Chartered Accountants of British Columbia. In addition to his audit experience, Mr. Richards has experience working as the chief financial officer for other public mineral exploration and development companies listed on the TSX and TSXV.

About Cancana

Cancana is an exploration stage company that has transitioned into production with assets in Brazil and Canada. The Company has been seeking projects that expand its resource base and provide for near term production and revenue. All available resource reports and information on the Company's properties are located on the Company website: www.cancanacorp.com

For further information about Cancana, please visit the Company's website.

Issued on behalf of the Board of Directors of [Cancana Resources Corp.](#)

Andrew Male
President, CEO and Director

This press release contains forward-looking information under Canadian securities legislation. forward-looking information includes, but is not limited to, statements with respect to completion of the Financings, the development potential and timetable of the Rio Madeira project and Cancana's other assets in Brazil and Canada; Cancana's ability to raise additional funds necessary; the future price of manganese, the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production, development and exploration; costs of future activities; capital and operating expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Cancana to be materially different from those expressed or implied by such forward-looking statements, including but not limited to those risks described in the annual information form of Cancana and in its public documents filed on SEDAR from time to time. Although management of Cancana has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Cancana does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

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<https://www.rohstoff-welt.de/news/167233--Cancana-Closes-C1.5-Million-Private-Placement-Amends-Term-Sheet-With-The-Sentient-Group-and-Appoints-A-N>

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