

# Cancana Announces Letter of Intent for Proposed Restructuring and Business Combination With Ferrometals

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VANCOUVER, Jul 21, 2016 - [Cancana Resources Corp.](#) (TSX VENTURE:CNY) (the "Company" or "Cancana") and its joint venture partner Ferrometals Holdings Cooperatief U.A. ("Ferrometals"), together (the "parties") are pleased to announce that they have entered into a non-binding Letter of Intent ("LOI") with respect to a proposed restructuring and business combination transaction ("Proposed Transaction").

It is contemplated that the Proposed Transaction will be implemented by way of a plan of arrangement under the British Columbia *Business Corporations Act*, pursuant to which Ferrometals will acquire all of the securities of Cancana in exchange for securities of Ferrometals after Ferrometals has converted its legal form to that of a *Societas Europaea*. Ferrometals would seek to assume Cancana's listing on the TSX-V exchange.

The parties' sole project is Brazil Manganese Corporation ("BMC"), the joint venture company owned by Ferrometals BV and Cancana. The Proposed Transaction is intended to unitize and streamline the ownership structure of BMC. It is contemplated that shareholders of Ferrometals and shareholders of Cancana will, after giving effect to the Proposed Transaction, hold shares of Ferrometals commensurate with their existing proportionate indirect shareholding interest in BMC. The final structure of the Proposed Transaction is subject to the mutual agreement of the parties, acting reasonably, following their receipt of final tax, corporate, securities law and financial advice.

Cancana's Chairman, Senator Trevor Eyton, said, "This transaction represents a great opportunity to position a merged group for more favourable market conditions. We believe that the combined group, holding 100% of BMC, will be able to deliver value to its shareholders and to more readily access finance going forward. Both the Cancana and Ferrometals shareholders will benefit from a unified ownership structure for BMC as we continue to be excited by the exploration and production upside at BMC".

The Proposed Transaction is subject to a number of conditions including, but not limited to: approval of the Proposed Transaction by the board of directors of Cancana and Ferrometals and shareholder approval, a formal agreement, customary due diligence, and approval of the TSX Venture Exchange, Canadian Securities Exchange and all other regulatory bodies having jurisdiction in connection with the Proposed Transaction.

The Company is targeting completion of the Proposed Transaction during October, 2016. The Transaction is a non-arm's length transaction for the purposes of TSX-V rules. The Board of Directors has formed a special committee comprising independent board members to review and provide recommendations to the Board on this transaction, which will include selecting and overseeing an external advisor who will provide a fairness opinion on the transaction.

The Company cautions that there is no guarantee that the LOI will result in a transaction or if a transaction is undertaken, as to its terms or timing.

## Joint Venture Status

As of the date of this news release, Ferrometals has contributed US\$27,550,000 and Cancana has contributed US\$7,500,000 to the Brazil Manganese Corp joint venture. Based on these contributions, Ferrometals owns approximately 78.6% and Cancana owns the remaining 21.4% of BMC.

On behalf of the Board of Directors of Cancana Resources Corp.

Anthony Julien, President  
CEO and Director

## ABOUT CANCANA

[Cancana Resources Corp.](#) is focused on exploring and developing the BMC manganese project in Brazil with its joint venture partner Ferrometals BV. The JV is employing a two-pronged strategy at BMC, where the primary objective is to advance the project to an initial resource and onward to feasibility, while also expanding current small-scale production to support those exploration activities. Further information can be found at [cancanacorp.com](http://cancanacorp.com), and [bmcorporation.com.br](http://bmcorporation.com.br).

## ABOUT FERROMETALS

Ferrometals BV is part of a privately held metals group, focusing on acquisition, exploration, development and mining activities. Further information can be found at [ferrometals.net](http://ferrometals.net).

## FORWARD-LOOKING STATEMENTS

*Some statements in this news release contain forward-looking information or forward-looking statements for the purposes of applicable securities laws. These statements include, among others, statements with respect to the Company's plans for exploration and development of the Brazil properties and potential mineralization. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such risk factors include, among others, failure to obtain regulatory approvals, failure to complete anticipated transactions, the timing and success of future exploration and development activities, exploration and development risks, title matters, inability to obtain any required third party consents, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices and one-time events. In making the forward-looking statements, the Company has applied several material assumptions including, but not limited to, the assumptions that: (1) the proposed exploration and development of mineral projects will proceed as planned; (2) market fundamentals will result in sustained metals and minerals prices and (3) any additional financing needed will be available on reasonable terms. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as otherwise required by applicable securities legislation.*

*The Company cautions that it has not completed any feasibility studies on any of BMC's mineral properties, and no mineral reserve estimate has been established. Because the Company production decision is not based upon a feasibility study of mineral reserves, the economic and technical viability of the property has not been established.*

## Contact

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