

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 30, 2016) -

- Newly commissioned dry screen achieving record BMC production of high quality manganese mineral product.
 - Average production of 1,016t per week over nine weeks since installation.
 - Quarterly production of 7,477t to date, already exceeding the previous record.
- Improvements to provide BMC with 30kt production capacity in 2016.

[Cancana Resources Corp.](#) (TSX VENTURE:CNY) (the "Company" or "Cancana") and its joint venture partner Ferrometals BV, together today provided an update on production enhancements on Brazil Manganese Corporation ("BMC") Project Area.

"The successful commissioning of the new dry screen has enabled us to meet our target of expanding production capacity," said Anthony Julien, President and CEO of Cancana. "This is an important development, as our marketing team has identified opportunities for domestic and export sales contracts of up to 50,000t for our high-quality manganese oxide product. The increased capacity coupled with progressive sales of our 2015 and 2016 inventory has allowed us to accelerate sales plans, ahead of further plant improvements scheduled to commence in the fourth quarter on the Jaburi Plant."

BMC ON TARGET FOR INCREASED PRODUCTION AND SALES

The Cancana JV has successfully commissioned a new dry screen, which has allowed the operation to achieve new production records.

BMC's second dry screen was ordered following the success of the dry screen commissioned in 2015. The new dry screen was set up for operation at the Ademir California Prospect at the end of June and has completed a commissioning phase, during which operational output of final washed product has averaged 1,016t per week over a nine-week period.

The dry screen operates by removing the <5mm soil fraction at the site of the colluvial extraction, allowing more concentrated feed to be trucked to the operation's wash plants, resulting in higher output and lower transportation costs. BMC's original screen has recently been set-up for field operation at the Tumelero Prospect.

The screen has set a new operational benchmark, with the prior weekly record being 726t in 2015. The production of 7,477t in the current quarter to date has already exceeded the previous record of 6,976t in the third quarter of 2015, with six weeks of operation still to come. The dry screens provide for production capacity of approximately 30,000t in 2016, based on expected utilisation through the transition into the wet season that happens around November. BMC is continuing with preparation and lodgement of extraction permits (Guias) to trial a variety of colluvial occurrences throughout the project area.

The sales and marketing team have continued to provide trial samples and product data to a variety of domestic and international manganese customers. The group is targeting speciality applications for the battery, fertilizer, welding and steel industries, where users understand the value of BMC's high quality product. The expanded production capacity places BMC on track to accelerate sales ahead of the 50ktpa upgrade of the Jaburi Plant, with work on the installation of a new jigging circuit and crushing facilities expected to commence in the fourth quarter.

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

Anthony Julien, President, CEO and Director

QUALIFIED PERSON

The technical information about the Company's activities has been prepared under the supervision of and verified by Dr. Adrian McArthur (B.Sc. Hons, PhD. FAusIMM), a consultant to Brazil Manganese Corporation, who is a "qualified person" within the meaning of National Instrument 43-101.

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 and 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.

JOINT VENTURE STATUS

As of the date of this news release, Ferrometals has contributed US\$30,050,000 and Cancana has contributed US\$7,500,000 to the Brazil Manganese Corp joint venture. Based on these contributions, Ferrometals owns approximately 80.03% and Cancana owns the remaining 19.97% of BMC. The companies have entered into a non-binding Letter of Intent with respect to a proposed restructuring and business combination transaction into a combined entity (TSX release of July 21st, 2016).

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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

NOTES

Stockpile tonnages are currently monitored by an independent weighbridge service, with trucks weighed upon arrival and departure in the township of Espigao d'Oeste. Stockpile grades are monitored by a channel sampling program on individual truckloads of manganese oxide it is delivered to a centralised storage facility. Samples have been sent for analysis via lithium borate fusion XRF techniques an accredited laboratory, ALS Minerals, Vancouver, Canada, with results for the full quarter to date pending.

Contact

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