

Cancana Resources Corp. JV Reports Continued Production Expansion; First International Sales Contracts

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- Newly commissioned dry screen supports record quarterly production of 13,445 t
- International exports of high-quality manganese oxide product commencing
- Preparations for installation of pilot plant continue

VANCOUVER, Nov 1, 2016 - [Cancana Resources Corp.](#) (TSX VENTURE:CNY) (the "Company" or "Cancana") and its joint venture partner Ferrometals BV, together today announced continued production growth from the Brazil Manganese Corporation ("BMC") Project.

"We continue to execute on our strategic plan to install and build infrastructure that will support expanded production in the near term," said Anthony Julien, President and CEO of Cancana. "BMC previously established a strong domestic customer base for its premium product, but we are now preparing our first shipments for international export as a growing list of customers begins to recognize the value of our high grade ore. All of this is taking place against a backdrop of strengthening fundamentals in manganese pricing."

BMC EXPANDS INTO NEW MARKETS WITH INCREASED PRODUCTION

The Cancana JV achieved a new quarterly production record of 13,445 tonnes of manganese oxide mineral product in the third quarter of 2016. The new production figure represents almost double the output compared to the equivalent period in 2015. Production for the first nine months of 2016 of 21,176 tonnes already exceeds the 2015 annual production total of 17,037 tonnes. For the period from January 1, 2016 through October 31, 2016 production totalled 26,259 tonnes.

The increased production follows the successful commissioning of a new dry screen established at the Ademir Califórnia Prospect, which has supported an increase in weekly production rates (averaging 1,037 tonnes since installation at the end of June). 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). The dry screen supports an increase in production capacity to approximately 30,000 tonnes for 2016, based on expected utilisation into the wet season transition.

Preparations continue for installation of the pilot plant, with all imported equipment now in Brazil and civil works bidding under review. The pilot plant will introduce more efficient jigging and improved water utilisation, along with the ability to crush and process harder breccia ore types beyond the capability of the current wash plants.

During the third quarter of 2016, BMC sold 6,622 tonnes of manganese mineral product, reaching a total of 20,088 tonnes delivered for the nine month period to September 30, 2016. For the period from January 1, 2016 through October 31, 2016 sales totalled 25,660 tonnes, with negotiated commitments for an additional 10,507 tonnes, bringing the total for sold and committed sales to date of 36,167 tonnes. The sales team continues to target speciality applications in the battery, fertilizer, welding and steel industries, which recognize a premium for the high quality of BMC's product. The expanded production is allowing BMC to develop new relationships with international customers, with its first order being prepared for export from Porto Velho in October. Initial sales contracts are for placement to Chinese and Korean customers.

CIF Tianjin pricing for 44% manganese was \$1.86 per dmtu as of January 4, 2016 and was US\$7.38 per dmtu as of October 21, 2016 (source: [www.metalbulletin.com](#)).

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 is focused on exploring and developing the BMC manganese project in Brazil with its joint venture partner Ferrometals BV, a wholly owned subsidiary of Meridian Mining SE ("Meridian"). 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](#).

Cancana and Meridian have entered into a definitive arrangement agreement, pursuant to which Meridian and Cancana will complete a reorganization transaction whereby Meridian will acquire all of the issued and outstanding common shares of Cancana in exchange for shares of Meridian pursuant to a statutory plan of arrangement under the Business Corporations Act (British Columbia).

Ownership of Meridian upon completion of the arrangement will be commensurate with the proportional beneficial interest in BMC as currently held by Cancana shareholders and Meridian, but with a 20-per-cent premium for Cancana shareholders. Subject to the terms set out in the arrangement agreement, Cancana common shareholders (other than Meridian and its affiliates, which currently hold approximately 47.2 per cent of the common shares of Cancana) will receive 0.4 Meridian share. Upon the completion of the arrangement Meridian will hold 100 per cent of the shares of BMC. Refer to the news release dated October 3, 2016 for additional information.

The completion of the arrangement is subject to customary conditions, including receipt of all necessary court, securityholder and regulatory approvals. The arrangement will require the approval of 66-2/3 per cent of the votes cast by Cancana shareholders and optionholders voting together, and by the majority of Cancana's minority shareholders as considered to be required by Multilateral Instrument 61-101.

ABOUT MERIDIAN

Meridian (formerly, Ferrametals Holdings Cooperatief UA) is wholly-owned by Sentient Global Resources Fund IV, Limited Partnership, which is part of The Sentient Group, a privately-held metals group, focusing on acquisition, exploration, development and mining activities. Meridian has been focused on the BMC project but intends expand into other projects and become a multi project metals group, focused on acquisition, exploration, development and mining activities.

Ferrometals currently holds 38,612,010 Cancana common shares, representing approximately 47.17% of the issued and outstanding common shares of Cancana. Ferrometals is a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands, and is a wholly-owned subsidiary of Meridian.

Further information can be found at [ferrametals.net](#).

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. Production tonnage reported for the third quarter includes 8,661 tonnes confirmed by weighbridge records, with the remaining 4,784 tonnes reported in interim stockpile reports at the Rio Madeira and Jaburi Plants. Tonnages are reconciled during shipping.

Stockpile grades are monitored by a channel sampling program, with samples currently being sent for analysis via lithium borate fusion XRF techniques at an accredited laboratory (ALS Minerals, Vancouver, Canada). Results for the full quarter ended September 30, 2016 are pending. Q2 production grades included 3,306 tonnes at 52.0% Mn (Califórnia, Orlando, Gabrech, Claudio, Adesvaldo, V nio production sources), and the remaining material from the Lucas breccia vein trial mining (1,987 t at 34.1% Mn; unbeneficated).

FORWARD-LOOKING STATEMENTS

Some statements in this news release contain forward-looking information or forward-looking statements for the purposes of applicable securities laws. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipate", "intends", or variations of similar words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will", or "occur". These statements include, among others, statements with respect to the proposed Arrangement, the anticipated benefits of the Arrangement to the Company and its securityholders, the completion of the Arrangement and the anticipating timing thereof, filing and mailing of the Company's management information circular, the timing of the Meeting, the receipt of court, securityholder and regulatory approval required for completion of the Arrangement, the board and management team of Meridian following completion of the Arrangement, the listing of Meridian Shares on the TSX Venture Exchange, and Meridian's plans for the combined business following the Arrangement.

These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors, which may be beyond the Company's control and 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 receipt of the approvals required for completion of the Arrangement, the satisfaction of other conditions which are typical for transactions of this nature, which if not waived or satisfied in accordance with their terms and conditions, may result in the termination of the Arrangement Agreement, and fluctuation in foreign exchange rates. The foregoing list of risk factors is not exhaustive. Additional information on these and other risks that could affect completion of the Arrangement will be set forth in the Company's management information circular in respect of the Meeting to approve the Arrangement, among other things, which will be available on SEDAR at www.sedar.com. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The actual results, performance or achievement of the Company could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. The Company 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 required by applicable securities laws.

Completion of the Arrangement is subject to a number of conditions, including TSX Venture Exchange acceptance and disinterested shareholder approval as described in this news release. The Arrangement cannot close until the required shareholder approval is obtained. There can be no assurance that the Arrangement will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the Company's management information circular to be prepared in connection with the Arrangement, any information released or received with respect to the Arrangement may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed Arrangement and has neither approved nor disapproved the contents of this news release. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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