

Cancana Resources Corp. Enters Into Arrangement Agreement to Reorganize Structure

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VANCOUVER, Oct 3, 2016 - [Cancana Resources Corp.](#) (TSX VENTURE:CNY) (the "Company" or "Cancana") and its joint venture partner Meridian Mining N.V. (formerly, Ferrometals Holdings Cooperatief U.A.) ("Meridian"), together, are pleased to announce that they have entered into a definitive arrangement agreement (the "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 (the "Meridian Shares") pursuant to a statutory plan of arrangement (the "Arrangement") under the *Business Corporations Act* (British Columbia).

The intent of the Arrangement is to streamline the ownership structure of Cancana's and Meridian's joint venture exploration and development project, Brazil Manganese Corporation ("BMC"). Cancana securityholders, through their ownership of Meridian Shares, will continue to participate in the accretion of value associated with the operation and further development of the BMC project. The BMC project is expected to benefit both from improved access to financing for its development and operational synergies as a result of the unified ownership pursuant to the Arrangement.

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% 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% of the common shares of Cancana) will receive 0.4 Meridian Shares (the "Exchange Ratio"). Upon the completion of the Arrangement Meridian will hold 100% of the shares of BMC, and former Cancana shareholders will hold approximately 11.5% of the shares of Meridian which equates to an aggregate beneficial ownership interest of 11.5% of BMC. Currently Cancana holds 18.5% of BMC, and Cancana shareholders other than Meridian and its affiliates hold an aggregate beneficial ownership interest of approximately 9.6% of BMC. Consequently, as a result of the Arrangement Cancana shareholders will receive a premium of approximately 1.9% of BMC beyond what they would have received had the distribution of shares of Meridian mirrored the shareholdings in BMC.

Outstanding stock options of Cancana will be exchanged for Meridian Shares based on the in-the-money amount of such stock options. Upon completion of the Arrangement, the Meridian Shares are expected to assume Cancana's listing on the TSX Venture Exchange and Meridian will become a reporting issuer in Canada.

Cancana directors and officers and certain shareholders and optionholders, holding, in the aggregate 22.7% of the issued and outstanding Cancana common shares on a fully diluted basis and 40.1% of the issued and outstanding Cancana common shares which would be eligible to vote on the majority of the minority approval required by Multilateral Instrument 61-101, have entered into voting support agreements with Cancana and Meridian to agree to exercise outstanding stock options and vote in favour of the Arrangement.

Anthony Julien, President and CEO of Cancana, stated, "Following the announcement of the non-binding letter of intent to complete this reorganization on July 21, 2016, the value of the common shares of Cancana has increased approximately 82.6%, which reinforces the Company's view that this transaction will create value for Cancana shareholders by creating a more stable and financeable corporate structure. The merger sets the foundation for BMC to expand on its exploration and production of high grade manganese product as well as to accelerate the multi-commodity exploration program."

The Arrangement Agreement includes customary representations, warranties and covenants of each party. 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% 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.

The Company's board of directors (the "Board") formed a special committee of independent directors (the "Special Committee") to consider the Arrangement. Based in part on the recommendation of the Special Committee and on a fairness opinion from Blair Franklin Capital Partners Inc., which concluded that, subject to the assumptions, limitations and qualifications set out therein, the share consideration provided for in the Arrangement Agreement is fair to the Cancana shareholders (other than Meridian and its affiliates), from a financial point of view, and after consultation with its financial and legal advisors, the Board has determined that the Arrangement is fair to Cancana shareholders and in the best interests of Cancana, and has unanimously approved the Arrangement Agreement. Accordingly, the Board unanimously recommends that Cancana shareholders and optionholders vote in favour of the Arrangement.

The annual general and special meeting of Cancana shareholders and optionholders (the "Meeting") will be held on November 14, 2016. Cancana shareholders and optionholders of record as of the close of business on October 4, 2016 will be entitled to vote at the Meeting. Full details of the Arrangement will be included in the management information circular to be filed with regulatory authorities and mailed to Cancana shareholders and optionholders in accordance with applicable securities laws. Completion of the Arrangement is expected to occur in November 2016.

Cancana is being advised by Dentons Canada LLP and Loyens & Loeff. The Special Committee of the Board is being advised by Norton Rose Fulbright Canada LLP. Meridian and The Sentient Group are being advised by Johnson Winter & Slattery.

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 Rondônia, Brazil, with its joint venture partner Ferrometals BV ("Ferrometals"). 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 about Cancana and the BMC project can be found at cancanacorp.com, bmcorporation.com.br, and the public disclosure of Cancana that are available on SEDAR at www.sedar.com.

ABOUT MERIDIAN

Meridian 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 is a public limited company (*naamloze vennootschap*) incorporated under the laws of the Netherlands to hold, through its subsidiaries, an interest in the BMC project. 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. On or prior to the Arrangement becoming effective, Meridian will be structured as a *Societas Europaea*, having an official seat in Amsterdam, the Netherlands, in accordance with the Arrangement Agreement.

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 ferrometals.net.

CAUTIONARY STATEMENT REGARDING 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.

Contact

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