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NEWS RELEASE

Canaco Receives Initial Drill Results from Shark for the Galat Sufar Project

Vancouver, BC, January 21, 2013 – Canaco Resources Inc. (TSX-V: CAN) (“Canaco” or the “Company”) today received initial drill results from Shark Minerals Inc. (“Shark”) from the Galat Sufar project (the “Galat Sufar Project”) in Northern Sudan.

On December 17, 2012, Canaco announced it had entered into a binding agreement to acquire all of the outstanding common shares of Shark in exchange for common shares of Canaco, conditional upon, among other things, certain assets of Canaco being spun out to a new company to be held pro rata by current Canaco shareholders (the “Transaction”). For full details of the Transaction, refer to Canaco’s news release dated December 17, 2012, available on the Company’s website at www.canaco.ca. The Transaction is subject to, among other things, the approval of the TSX Venture Exchange, the approval of the Court for the spinout transaction and the favourable vote by Canaco shareholders at a special meeting called to approve it. The Company has scheduled its special meeting to be held on February 28, 2013 and it is expected that the Transaction will be completed shortly thereafter.

Exploration work to date in Block 14 has identified six exploration targets. Shark is earning a 70% interest in Block 14 through the payment of US\$9.5 million in staged acquisition payments. Of these, US\$3.5 million has been paid to date.

Shark completed a total of 2,116 metres of drilling in 15 holes at the Galat Sufar South target, on Block 14 in late 2012. This comprised two diamond core (DD) holes (355 metres) and 13 reverse circulation (RC) holes (1,561 metres). The table below shows highlighted results from this first drilling in the area:

Hole	Hole Type	From	To	Metres	Au g/t uncut	Au g/t cut to 10 g/t	Comments
GSDD001	DD	80	161	81	1.22	1.22	
GSDD002	DD	43	74	31	3.70	3.13	0-43m yet to be assayed
		77	98	21	1.36	1.36	
		136	148	12	0.80	0.80	
		161	174	13	1.74	1.74	
		210	222	12	1.64	1.64	
GSRC001	RC	26	85	59	2.67	2.67	
		94	120	26	2.48	2.48	Hole ends in grade
GSRC002	RC	5	21	16	5.02	3.59	
		42	49	7	1.17	1.17	
		54	95	41	2.30	2.30	

GSRC003	RC	0	10	10	4.61	4.24	
		27	36	9	5.42	4.13	
		101	120	19	13.6	6.39	Hole ends in grade
GSRC004	RC	68	77	9	1.21	1.21	
		86	121	35	1.42	1.42	Hole ends in grade
GSRC005	RC	21	25	4	1.02	1.02	
		29	38	9	0.68	0.68	
GSRC006	RC	18	25	7	13.18	6.99	
		110	120	10	2.77	2.61	Hole ends in grade
GSRC007	RC	8	15	7	2.64	2.64	
		68	78	10	1.13	1.13	
GSRC008	RC	12	18	6	1.92	1.92	
		81	99	18	0.86	0.86	
GSRC009	RC	4	8	4	0.49	0.49	
		11	16	5	2.01	2.01	
		19	24	5	6.63	6.63	
		77	84	7	1.92	1.92	
GSRC010	RC	23	34	11	0.65	0.65	
GSRC011	RC	0	35	35	3.65	3.60	
		47	51	4	0.56	0.56	
		57	72	15	3.27	3.03	
		76	79	3	1.40	1.40	
GSRC012	RC	0	63	63	2.39	2.03	
		66	84	18	0.76	0.76	
		89	94	5	2.61	2.61	
		99	106	7	0.84	0.84	
GSRC013	RC	0	16	16	1.85	1.85	
		97	101	4	0.93	0.93	

Note: Drilling results are quoted as downhole intersections. The geology of the prospect is not fully understood and the true width of the mineralisation is variable but is estimated to be between 40% and 90%. The reported intercepts for RC and diamond drilling were determined using a cut-off grade of 0.50g/t Au with a maximum of 3m internal dilution being incorporated into the intercept where appropriate. Intercepts have been reported both with and without the application of a 10g/t top cut.

Simon Jackson, Director of Shark, commented: “These initial drill results from our first target at Block 14 have exceeded our expectations with all 15 drill holes intersecting gold mineralization. This early success supports our decision to invest in exploration in Sudan and demonstrates the potential of the Nubian Shield to host significant gold mineralization. Our belief is further strengthened by the numerous other targets that have been identified by our exploration team and confirmed by trenching. Our second phase drill program is now under way to test other targets and continue exploration at Galat Sufar South”.

The table below shows selected trench and chip channel results from the initial exploration target areas at Block 14.

Trench	Target	From	To	Metres	Au g/t	Au g/t cut to 10 g/t
14HC003RA	Galat Sufar South	8	48	40	1.70	1.70
14HC003RB	Galat Sufar South	0	14	14	0.78	0.78
14HC004	Galat Sufar South	30	82	52	2.12	2.12
14HC005	Galat Sufar South	14	24	10	9.60	7.08
	Galat Sufar South	84	92	8	2.16	2.16
14HC007	Galat Sufar South	22	44	22	6.83	4.87
	Galat Sufar South	60	88	28	2.21	2.05
14HC008	Galat Sufar South	12	46	34	4.45	4.34
	Galat Sufar South	56	80	24	1.23	1.23
14HC009	Galat Sufar South	22	30	8	4.13	3.70
	Galat Sufar South	56	66	10	0.93	0.93
14HC010	Galat Sufar South	72	100	28	1.93	1.93
	Galat Sufar South	110	120	10	0.45	0.45
14HC011	Galat Sufar South	8	20	12	0.97	0.97
14HC012	Galat Sufar South	4	20	16	2.19	2.19
	Galat Sufar South	26	52	26	1.39	1.39
14HC013	Galat Sufar South	44	48	4	4.04	4.04
14HC064	Galat Sufar South	24	34	10	1.82	1.82

	Galat Sufar South	56	66	10	0.89	0.89
	Galat Sufar South	160	168	8	1.63	1.63
14HC065B	Galat Sufar South	0	6	6	0.93	0.93
14HC065C	Galat Sufar South	24	42	18	2.02	1.66
14HC066A	Galat Sufar South	0	12	12	1.09	1.09
	Galat Sufar South	18	28	10	1.74	1.74
	Galat Sufar South	36	64	28	2.58	2.45
14HC066B	Galat Sufar South	2	16	14	6.02	5.89
14HC070	Galat Sufar South	54	64	10	1.04	1.04
14TR039A	Galat Sufar South	426	504	78	1.95	1.95
14TR039B	Galat Sufar South	12	32	20	1.80	1.80
14TR039C	Galat Sufar South	20	78	58	2.43	2.42
14TR039D	Galat Sufar South	8	22	14	0.59	0.59
14TR039E	Galat Sufar South	62	78	16	0.61	0.61
	Galat Sufar South	182	218	36	0.59	0.59
	Galat Sufar South	252	304	52	0.85	0.85
	Galat Sufar South	388	460	72	1.42	1.42
	Galat Sufar South	496	594	98	0.79	0.79
	Galat Sufar South	941	956	15	0.54	0.54
	Galat Sufar South	1008.5	1021	12.5	0.58	0.58
	Galat Sufar South	1036	1066	30	0.67	0.67
	Galat Sufar South	1083.5	1103.5	20	4.12	1.70
	Galat Sufar South	1196	1211	15	2.60	2.19
14TR040C	Galat Sufar South	24	34	10	0.49	0.49
14TR040D	Galat Sufar South	20	68	48	0.65	0.65
14TR040E	Galat Sufar South	0	20	20	1.57	1.57
	Galat Sufar South	120	162	42	0.87	0.87
14TR040F	Galat Sufar South	50	84	34	0.53	0.53

14TR030A	Galat Sufar North	300	308	8	0.51	0.51
	Galat Sufar North	268	274	6	0.55	0.55
14TR033	Galat Sufar North	64	70	6	1.82	1.82
14TR042	Galat Sufar North	398	408	10	10.66	6.84
		418	434	16	6.29	5.64
14HC015	Area 3	32	38	6	1.19	1.19
14HC017	Area 3	42	58	16	2.32	2.32
14HC024	Area 5	20	54	34	0.77	0.77
14HC027	Area 5	18	22	4	3.85	3.85
14HC028	Area 5	20	86	66	0.46	0.46
14HC030	Area 5	48	58	10	0.73	0.73
14HC031	Area 5	74	84	10	1.19	
14HC032	Area 5	44	56	12	1.19	1.19
14HC033	Area 5	42	48	6	0.90	0.90
14HC034	Area 5	18	28	10	2.42	2.42
14HC035	Area 5	10	18	8	0.57	0.57
14HC001	Mussieye	4	28	24	2.26	2.26
14HC002	Mussieye	8	12	4	3.15	3.15
14HC069	Mussieye	37	61	24	2.23	2.23
	Mussieye	71	97	26	0.99	0.99

Note: Results are quoted for selected trench (TR) and chip channel traverses (HC), the latter being used in areas of outcrop. The reported intercepts were determined using a cut-off grade of 0.20g/t Au and may contain sections of internal dilution. Intercepts have been reported both with and without the application of a 10g/t top cut.

Quality Control

The technical contents of this news release have been reviewed and approved by Stuart Mills, BSc., MSc, a Qualified Person pursuant to National Instrument 43-101. Mr. Mills is the Sudan Manager of Shark and a Member of the Institute of Materials, Minerals and Mining. Samples are prepared and analyzed by fire assay using a 50 gram charge at the ALS Chemex facility at Rosia Montana in Romania in compliance with industry standards. Field duplicate samples are taken and blanks and standards are added to every batch submitted.

About Shark

Shark is a privately held, British Columbia incorporated resource company engaged in the acquisition and exploration of mineral properties in East Africa. Shark was founded and is managed by the former executives of

Red Back Mining Inc. Shark is currently focused on exploring the Galat Sufar Project, a 20,020 square kilometre land package in northern Sudan near the border with Egypt that forms part of the Arabian-Nubian Shield.

About Canaco

Canaco is a Vancouver-based mineral exploration company focused on advanced exploration projects in Africa. The Company has \$90 million cash and no debt. Canaco's shares trade on the TSX Venture Exchange under the symbol CAN.

Additional information about Canaco including news releases, interim financial statements and other public documents can be viewed at the Company's website www.canaco.ca or at www.sedar.com.

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Cautionary Statement Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "plan", "expect", "intend", "estimate", "forecast", "project", "budget", "schedule", "may", "will", "could", "might", "should" or variations of such words or similar words or expressions or statements that certain events "may" or "will" occur. Forward-looking statements in this news release include, but are not limited to, statements relating to completion of the Transaction and the expected timing; and the plans of Canaco following the Transaction, including exploration activities, in the Galat Sufar Project. Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of the Company's projections and estimates; interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; actual results of current exploration activities; government regulation; political or economic developments; environmental risks; insurance risks; capital expenditures; operating or technical difficulties in connection with development activities; personnel relations; the speculative nature of strategic metal exploration and development including the risks of diminishing quantities of grades of reserves; contests over title to properties; and changes in project parameters as plans continue to be refined. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the price of gold; the demand for gold; the ability to carry on exploration and development activities; the timely receipt of any required approvals; the ability to obtain qualified personnel, equipment and services in a timely and cost-efficient manner; the ability to operate in a safe, efficient and effective manner; the expected timing, costs, and results of the PEA; the expected burn rate; the regulatory framework regarding environmental matters, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Neither the Company nor Shark undertakes any obligation to update forward-looking information if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. Accordingly, readers should not place undue reliance on forward-looking information contained herein, except in accordance with applicable securities laws.

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.