

ASX ANNOUNCEMENT | ASX: CNR

22 October 2021

**Quarterly Activities Report
for the period ending 30 September 2021**

Highlights

- **Cannon Resources (ASX:CNR) listed on the ASX on 12 August 2021, following a successful IPO of \$6m**
- **Diamond drill rig mobilised to the Fisher East Nickel Project upon listing where it commenced a 4,000 metre drilling campaign targeting extensions to nickel mineralisation at the Camelwood, Musket and Sabre prospects.**
 - **Subsequent to the end of the Quarter, the first 3 diamond holes from Musket intersected:**
 - **14.94m @ 1.90% nickel from 366.15m in hole MFED083**
 - **4.94m @ 1.79% nickel from 559.77m in hole MFED084**
 - **5.81m @ 2.29% nickel from 584.35m in hole MFED088**
 - **Mineralisation at Musket extended down dip by 100 metres**
 - **DHEM anomalies define the northern mineralisation trend at Musket for future follow-up drilling**

Cannon Resources Limited (**ASX:CNR**) ("**Cannon**" or "**the Company**") is pleased to provide shareholders with an overview of quarterly activities to accompany the Appendix 5B for the period ending 30 September 2021 ("**Quarter**", "**Reporting Period**").

Commenting on the Quarter, Cannon CEO, Steve Lynn said: "We're delighted to provide an overview of Cannon's first quarter as a listed entity. Following a successful \$6m Initial Public Offering for 20 cents per share, our share price has performed strongly since listing. From an operational standpoint, during the Quarter we commenced a detailed exploration and drilling program across the Company's flagship Fisher East Project. Of the initial 4,000m campaign we received outstanding results that show that the mineralisation continues down-plunge at better than the average grade of the existing resource. We look forward to receiving more assays and updating the market on further results over the coming months."

Fisher East Project

Cannon Resources is a WA focused nickel explorer with combined JORC 2012 resources of 87 kT of contained nickel at its two flagship projects of Fisher East and Collurabbie (see Figure 1).



Figure 1: Project Location

During the Quarter, the Company's maiden exploration and drilling program commenced at its flagship Fisher East Nickel Project, located in the north-eastern Goldfields region of Western Australia.

Cannon commenced a 4,000-metre diamond drilling campaign immediately upon its successful listing on the ASX. The drill program is targeting extensions to nickel mineralisation at the Camelwood, Musket and Sabre prospects at the Fisher East Nickel Project.

Subsequent to the Reporting Period, the Company released initial results from the first three diamond holes from the Fisher East Nickel Project, which returned significant zones of high-grade nickel sulphides at Musket. Highlights from the program include:

- 14.94m @ 1.90% nickel from 366.15m in hole MFED083;
- 4.94m @ 1.79% nickel from 559.77m in hole MFED084; and
- 5.81m @ 2.29% nickel from 584.35m in hole MFED088.

The drilling intercepted substantial thicknesses of mineralisation on the northern margin of the main channel (MFED083 14.94m @ 1.90% Ni) and extended the mineralisation to approximately 100 metres below and down-plunge of the existing Musket resource.

The targeted drilling of this program has been successful in defining the mineralisation trends and will facilitate ongoing drilling to grow the resource beyond the current limits.

Importantly the Musket resource remains open down plunge and laterally to the north.



Figure 2: Musket long section showing mineralised intercepts of latest drilling and EM plate models incorporating survey data from holes MFED080, MFED079, MFED062, MFED059 and MFED089

Hole	From (m)	To (m)	Downhole Interval (m)	Estimated True width (m)	Ni%	Pt+Pd g/t	Co%	Prospect
MFED083	366.15	381.09	14.94	13.3	1.90	0.625	0.04	Musket
MFED084	559.77	560.0	4.94	4.2	1.79	0.474	0.03	Musket
MFED088	584.35	590.16	5.81	5.1	2.29	0.420	0.04	Musket
and	577.43	577.62	0.19	0.17	16.89	2.36	0.17	Musket

Table 1: Diamond Drilling Assay results

Following the results, the Company extended the drilling campaign from 4,000 metres to 6,300 metres, with assays pending for Camelwood and Sabre.



Figure 3: Drilling program commences at Fisher East

A DHEM (down hole electromagnetic) survey crew arrived on site in late September 2021 to survey the completed holes to date. The crew will be returning to the site at the conclusion of the drilling program to survey subsequently completed drill holes.

In addition, a 7,000 metre aircore drilling program commenced in mid-September and was still underway at Quarter end. Drilling targeted potential nickel-bearing channel locations along a 13 kilometre section of the basal ore-position contact between the Camelwood and Horatio prospects.

Corporate

On 12 August 2021, following a successful IPO raising \$6m, Cannon Resources (ASX:CNR) listed on the Australian Securities Exchange (ASX), with Canaccord Genuity (Australia) Limited and Taylor Collison acting as Joint Lead Managers to the raise. Since listing the Company's share price has increased from the IPO price of \$0.20 to \$0.425 as at 21 October 2021, with Cannon's market capitalisation now approximately \$32m.



Image 1: Cannon Chairman Trevor Benson and Cannon CEO Stephen Lynn ringing the ASX bell on 12 August 2021

Financial

As at 30 September 2021, the Company's cash balance was \$4.3m. Cash expenditure for the quarter was as follow:

- Exploration and evaluation \$0.4m;
- Administration and employee costs \$0.4m; and
- IPO and capital raising costs \$0.9m.

Payments to related parties of the entity and their associates totalled \$0.4m which consisted of the following:

- \$0.3m payments by Rox Resources on behalf of Cannon (relating to operating costs as disclosed in Item 1 of the Appendix 5B); and
- \$0.1m Non-Executive Director Fees.

A comparison of the use of funds as per the Cannon Prospectus (ASX: 10 August 2021) and actual use of funds since listing is provided below:

Use of Funds (\$m)	Prospectus Estimate (2 years after ASX Admission)	Actual Use From Listing until 30/09/21	Variance Under/ (Over)
Exploration expenditure - Fisher East Project	2.9	0.4	2.5
Exploration expenditure - Collurabbie Project	1.2	0.0	1.2
Working capital	1.2	0.4	0.8
Repayment of Rox expenses loan	0.3	0.4	(0.1)
Estimated costs of the offer (exc. amount paid by Rox)	0.4	0.5	(0.1)
Total	6.0	1.7	4.3

Use of funds variance explanations are outlined below:

- Exploration expenditure at Fisher East: \$2.5m favourable as a result of the Company listing in August 2021 and hence being less than 2 months into the 2 year Prospectus estimate;
- Exploration expenditure at Collurabbie: \$1.2m favourable as a result of the Company listing in August 2021 and hence being less than 2 months into the 2 year Prospectus estimate;
- Working Capital: \$0.8m favourable as a result of the Company listing in August 2021 and hence being less than 2 months into the 2 year Prospectus estimate;
- Repayment of Rox Expenses Loan: in-line with Prospectus estimate; and
- Estimated costs of the offer (exc. amount paid by Rox): in-line with Prospectus estimate.

Authorised for release to the ASX by the Board of Cannon Resources Limited.

*****ENDS*****

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About Cannon Resources

Cannon Resources is a West Australian focused nickel exploration company with two flagship projects, Fisher East and Collurabbie. Both Projects are located in the northern Goldfields region of Western Australia, approximately 200 km north-east of Leonora.

The Fisher East Project has the following JORC 2012 Mineral Resource estimate:

Deposit	Category	Tonnes (Mt)	Grade Ni %	Contained Metal Nickel (kt)
Camelwood	Indicated	1.7	2.0	34.0
	Inferred	0.3	1.5	5.0
	TOTAL	2.0	1.9	39.0
Cannonball	Indicated	0.24	2.9	7.0
	Inferred	0.02	1.9	0.3
	TOTAL	0.26	2.8	7.3
Musket	Indicated	1.8	1.7	30.0
	Inferred	0.1	1.5	1.6
	TOTAL	1.9	1.7	31.6
TOTAL	Indicated	3.7	1.9	71.0
	Inferred	0.5	1.5	7.0
	TOTAL	4.2	1.9	78.0

The Collurabbie Project has the following JORC 2012 Inferred Mineral Resource estimate:

Deposit	Category	Tonnes (kt)	Grade Ni %	Grade Cu %	Grade Co %	Grade Pd g/t	Grade Pt g/t
Olympia	Inferred	573	1.63	1.19	0.082	1.49	0.85

Competent Person Statements

Exploration Results

The information in this report that relates to Data and Exploration Results is based on information compiled and reviewed by Mr Stephen Lynn a Competent Person who is a Member of the Australian Institute Geoscientists (AIG) and Chief Executive Officer of Cannon Resources Limited. Mr Lynn has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lynn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where reference is made to previous releases of exploration results in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results included in those announcements continue to apply and have not materially changed.

The information in this report that relates to previous Exploration Results, was either prepared and first disclosed under the JORC Code 2004 or under the JORC Code 2012 and has been properly and extensively cross-referenced in the text to the date of the original announcement to the ASX. In the case of the 2004 JORC Code Exploration Results and Mineral Resources, they have not been updated to comply with the JORC Code 2012.

Resource Statement

Cannon refers to the public report regarding its mineral resource contained in its Prospectus dated 26 May 2021 which included the Competent Persons Statement and Table 1 of Appendix 5A (JORC Code). Cannon confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Rox Resources Limited planned exploration program(s) and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward looking statements.'

Mining Tenements

Project	Interest	Tenement Number	Interest Held at beginning of period	Interest Held at date of this report
Fisher East, WA	Application	E53/1218	0%	100%
	All Minerals	E53/1318	0%	100%
	All Minerals	E53/1716	0%	100%
	All Minerals	E53/1802	0%	100%
	All Minerals	E53/1884	0%	100%
	All Minerals	E53/1885	0%	100%
	All Minerals	E53/1886	0%	100%
	All Minerals	E53/1887	0%	100%
	All Minerals	E53/1950	0%	100%
	All Minerals	E53/2018	0%	100%
	All Minerals	E53/2090	0%	100%
Collurabbie, WA	Application	E38/2009	0%	100%
	All Minerals	E38/2912	0%	100%
	All Minerals	E38/3193	0%	100%