



ASX ANNOUNCEMENT | ASX: CNR

31 October 2022

CANNON RESOURCES RECOMMENDS ALL CASH TAKEOVER OFFER FROM KINTERRA BATTERY METALS MINING FUND

Highlights

- All cash offer of A\$0.45 per share
- 43% premium to Cannon's last closing price and 58% premium to 30-day VWAP
- The Offer has limited conditions, including a 50.1% minimum acceptance condition (on a fully diluted basis), and has support from major Cannon Shareholders
- Cannon's Board of Directors unanimously recommends that shareholders accept the Offer in the absence of a superior proposal

Overview of Transaction

Cannon Resources Limited ("**Cannon**") (ASX: CNR) is pleased to announce it has entered into a Bid Implementation Agreement ("**BIA**") with Kedalion Nickel Pty Ltd ("**Kinterra**"), a wholly owned subsidiary of critical minerals focussed private equity fund, Kinterra Battery Metals Mining Fund, LP.

Pursuant to the BIA, Kinterra will offer to acquire all the ordinary shares in Cannon including those issued upon exercise of options (each a "**Cannon Share**" and together the "**Cannon Shares**") via a unanimously recommended conditional off-market takeover offer of \$0.45 per share, less any dividends or distributions (the "**Offer**").

Offer Consideration

Under the terms of the Offer, each Cannon Shareholder will receive a cash offer of A\$0.45 for every Cannon Share held (the "**Offer Consideration**"), representing a:

- 43% premium to Cannon's last closing share price of \$0.315 on 28 October 2022
- 55% premium to Cannon's 5-day VWAP of \$0.290¹
- 58% premium to Cannon's 30-day VWAP of \$0.285¹

The Offer implies a fully diluted equity value for Cannon of approximately A\$45 million.²

¹ VWAP of Cannon Shares is calculated for the period up to and including the 28 October 2022

² Based on Cannon's 85,577,012 ordinary shares outstanding and 14,767,877 Cannon options.

Cannon's Board Recommendation

Cannon's Board of Directors unanimously recommends that Cannon Shareholders accept the Offer, in the absence of a superior proposal.

Cannon's Directors have confirmed their intention to accept the Offer, in the absence of a superior proposal and also intend to exercise their options and to accept the Offer for the resulting Cannon shares, in the absence of a superior proposal and subject to the Cannon shares being released from ASX escrow restrictions

Cannon Board Commentary

Cannon's Chairman, Alex Passmore commented:

"Kinterra's offer creates an excellent opportunity for Cannon shareholders to realise value for their investment whilst moving the asset to Kinterra who can take Fisher East to the next stages of development. Fisher East is at an inflection point and this transaction removes the risks and equity dilution associated with the next phase of intensive project development work."

Shareholder Support and Pre-Bid Acceptance

Kinterra has a relevant interest in 17.1 million Cannon Shares representing approximately 19.99% of all Cannon Shares on issue. Kinterra's relevant interest is as a result of certain Cannon Shareholders, including Cannon's largest shareholder, Ponderosa Investments WA Pty Ltd (15.5%), entering into Pre-Bid Acceptance Agreements with Kinterra to accept the Offer, subject to certain conditions. Further detail on the Pre-Bid Acceptance Agreements and the Cannon Shareholders who have entered into Pre-Bid Acceptance Agreements will be contained in Kinterra's substantial shareholder notice.

Reasons to Accept the Offer

- **Liquidity and certainty of value** – The 100% cash Offer Consideration provides Cannon Shareholders with certainty of value for their Cannon shares and the ability, upon satisfaction or waiver of the conditions, for all Cannon Shareholders (and optionholders who exercise their options) to realise that value in what is currently an illiquid company. In the last month, Cannon traded less than \$1 million on ASX, compared to this Offer value of \$45 million at a substantial premium to market.
- **Compelling premium** – Kinterra's \$0.45 cash Offer Consideration represents a 43% premium to Cannon's last closing share price and a 58% premium to Cannon's 30-day VWAP.
- **Support of Cannon Board and shareholders** – Cannon's Board of Directors have confirmed their intention to accept the Offer and unanimously recommends that Cannon Shareholders accept the Offer, in the absence of a superior proposal. Major Cannon shareholders

representing 19.99% of Cannon have entered Pre-Bid Acceptance Agreements with Kinterra to accept the offer.

- **Risk mitigation** – The proposed transaction mitigates the risks and uncertainties of remaining a Cannon Shareholder, including near-term capital requirements (and associated shareholder dilution) as well as project development and technical risk. This is particularly relevant given the current volatility in global markets.

Impact on Cannon option holders

Cannon option holders will be required to exercise their Cannon options and accept their Cannon Shares into Kinterra's Offer prior to the end of the Offer Period in order to receive the same A\$0.45 Offer Consideration as all Cannon Shareholders under the Offer (assuming the Offer becomes unconditional). For Cannon option holders, this represents a 50% premium to the \$0.30 exercise price of Cannon options.

Overview of Cannon

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

Cannon's flagship project, Fisher East, hosts four high grade nickel sulphide deposits all in close proximity to each other. These are the Musket, Camelwood, Cannonball, and Sabre nickel sulphide deposits. These deposits, all located on 100% Cannon tenements, have a combined JORC 2012 Mineral Resource containing 134,100 tonnes of nickel at an average grade of 1.8% nickel.

Refer to Cannon's past ASX announcements for further information.

Overview of Kinterra

Kinterra is a private equity firm focused on developing the critical minerals and downstream infrastructure necessary for the energy transition. The Kinterra team has significant sector-specific investment and technical expertise, which it applies to create and unlock value for all of its stakeholders. The firm is relationship driven and seeks to develop long-lasting partnerships. Kinterra is ideas-oriented and aims to execute with excellence, as it invests in the people and projects that will lead to a more sustainable tomorrow. The Kinterra team has extensive experience developing and permitting nickel sulphide ultramafic orebodies.

Interim Funding

To assist Cannon with its funding requirements during the Offer Period, Kinterra Battery Metals Mining Fund, LP has made an up to \$1,000,000 short term loan facility available to Cannon. Subject to certain conditions and should it require the funds, Cannon may draw on this facility at its discretion during the Offer Period.

Further detail on the funding arrangement, including repayment terms, will be included in the Target's Statement.

Bid Implementation Agreement and Conditions to the Offer

The BIA between Cannon and Kinterra (which is attached to this announcement in Appendix 1) contains certain terms customary for a transaction of this nature.

These terms include deal protection mechanisms including no shop, no talk and no due diligence restrictions as well as notification and matching rights in the event of a competing proposal. A break fee may also be payable in certain circumstances.

The Offer is subject to certain conditions, the complete list of which is set out in the BIA, and includes:

- 50.1% minimum acceptance condition (on a fully diluted basis);
- no material adverse changes, material occurrences or prescribed occurrences in relation to Cannon;
- no adverse regulatory intervention affecting Cannon;
- no breach of warranty by Cannon; and
- no dividends being declared by Cannon.

Timetable and Next Steps

Kinterra's Bidder's Statement and Cannon's Target's Statement, which will set out important information in relation to the Offer, are expected to be dispatched to Cannon Shareholders in early November 2022.

Advisors

Thomson Geer is acting as legal advisor to Cannon.

Taylor Collison is acting as financial advisor and Allen & Overy as legal advisor to Kinterra.

This ASX Announcement has been approved for release by the board of Cannon Resources Limited.

For further information, please contact:

CANNON RESOURCES LIMITED

Alex Passmore

Non-Executive Chairman

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Disclaimer

FORWARD LOOKING STATEMENTS

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

RESOURCE STATEMENT

The Statement of Estimates of Mineral Resources for Sabre were reported by Cannon in accordance with ASX Listing Rule 5.8 in the announcement released to the ASX on 15 August 2022. Cannon confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

The Statement of Estimates of Mineral Resources for Musket were reported by Cannon in accordance with ASX Listing Rule 5.8 in the announcements released to the ASX on 9 March 2022 and 24 March 2022. Cannon confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

The Statement of Estimates of Mineral Resources for Camelwood, Cannonball and Collurabbie were reported by Cannon in accordance with ASX Listing Rule 5.8 in its Prospectus dated 26 May 2021 released to the ASX on 10 August 2021. Cannon confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and, that all material assumptions and technical parameters underpinning the estimates in the Prospectus continue to apply and have not materially changed.



APPENDIX 1 – BID IMPLEMENTATION AGREEMENT

BID IMPLEMENTATION AGREEMENT

DATED 31 OCTOBER 2022

KEDALION NICKEL PTY LTD

AND

CANNON RESOURCES LIMITED

ALLEN & OVERY

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THIS AGREEMENT is made on 31 October 2022

BETWEEN:

- (1) **Kedalion Nickel Pty Ltd (ACN 663 451 170)** of Level 2, 22 Mount Street, Perth WA 6000 (**Bidder**);
and
- (2) **Cannon Resources Limited (ACN 646 149 902)** of Level 2, 87 Colin Street, West Perth WA 6005, Australia (**Cannon**).

BACKGROUND:

- (A) Bidder proposes to make an offer for all Cannon Shares by means of a Takeover Bid.
- (B) The Cannon Board is proposing to recommend the Takeover Bid in the absence of a Superior Proposal.
- (C) This agreement is entered into to record and give effect to the terms and conditions on which Bidder proposes to make the Takeover Bid.

IT IS AGREED as follows:

1. **INTERPRETATION**

1.1 **Definitions**

In this agreement:

Acceptable Confidentiality Agreement means a confidentiality agreement which contains obligations on the recipient of confidential information which are no less onerous as a whole than the obligations of Bidder under the Non-Disclosure Agreement;

Announcement Date means the date that the Bid Announcements are made;

ASIC means the Australian Securities and Investments Commission;

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this agreement and Cannon were the designated body;

ASX means ASX Limited (ABN 98 008 624 691) or the financial market known as the Australian Securities Exchange operated by it, as the context requires or permits;

ASX Listing Rules means the official listing rules of the ASX;

Authorisation means:

- (a) an approval, authorisation, consent, declaration, exemption, notarisation, licence, quota, permit or waiver, however described, and any condition attaching to it; and
- (b) in the context of anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of the period without that action being taken,

including any renewal, consolidation, replacement, extension or amendment of any of them;

Bid Announcements means the announcements to be released by Bidder and Cannon respectively on the Announcement Date in the form set out in Schedule 3;

Bidder Group means Bidder and its Related Entities (other than members of the Cannon Group);

Bidder Indemnified Persons means each member of the Bidder Group and each of their respective directors, officers and employees;

Bidder's Statement means the bidder's statement to be issued by Bidder to Cannon Shareholders in relation to the Offer and acceptance form(s) under sections 636 and 637 of the Corporations Act, and which includes the Offer;

Bid Terms means the terms and conditions of the Offer set out in Schedule 1;

Break Fee means \$450,000 (exclusive of any GST);

Business Day means a day that is not a Saturday, Sunday, bank holiday or public holiday in Perth, Australia or Toronto, Canada;

Cannon Board means the board of directors of Cannon;

Cannon Group means Cannon and its Subsidiaries;

Cannon Indemnified Persons means each member of the Cannon Group and each of their respective directors, officers and employees;

Cannon Optionholder means a person who is registered in the Option Register as the holder of one or more Options from time to time;

Cannon Share means a fully paid ordinary share issued in the capital of Cannon;

Cannon Shareholder means a person who is registered in the Register as the holder of one or more Cannon Shares from time to time;

Claim means in relation to a person, a demand, claim, action or proceeding made or brought by or against the person, however arising and whether present, unascertained, immediate, future or contingent;

Competing Proposal means a proposed transaction or arrangement pursuant to which a Third Party, would, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) directly or indirectly acquire or have a right to acquire:
 - (i) a Relevant Interest in 20% or more of Cannon Shares (including aggregating interests in securities that may convert into or be exchanged for such a Relevant Interest in Cannon Shares on the basis that such securities have been converted or exchanged) or otherwise acquire Control of Cannon, other than the exercise of Options on issue, and by their holders, in each case as at the date of this agreement; or
 - (ii) a legal, economic or other interest in all or any of the Mining Tenements (including for the avoidance of doubt a divestment, farm-in, joint venture, royalty or similar transaction (whether physical, synthetic, economic or derivative in nature) involving directly or indirectly an exploration permit held by the Cannon Group, whether or not such proposed transaction is subject to the approval of Cannon Shareholders);

- (b) enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 10% or more of Cannon Shares; or
- (c) otherwise acquire or merge with Cannon whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure or other synthetic merger or any other transaction or arrangement with similar effect;

Conditions means the defeating conditions of the Takeover Bid set out in item 4 of Schedule 1;

Control has the meaning given in section 50AA of the Corporations Act;

Control Date means the first Business Day on which the Offer is free of any defeating conditions and Bidder has a Relevant Interest in more than 50% of the Cannon Shares on a Fully Diluted Basis;

Corporations Act means the *Corporations Act 2001* (Cth);

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act as Bidder and Cannon agree in writing;

Data Room means the Project Launch: Cannon Resources web based data room hosted by Datasite as it stands at 7.00pm (Perth time) on the date 2 Business Days before the date of this agreement, and to which access was provided to Bidder on or around 28 October 2022;

Director means a director of Cannon;

Disclosed means fairly disclosed in the Due Diligence Material;

DMIRS means the Western Australian Department of Mines, Industry Regulation and Safety.

Due Diligence Material means:

- (a) the documents provided by Cannon to Bidder (including the written responses to any requests by Bidder for further information) in the Data Room before 9.00 am on 28 October 2022, the index of which documents is agreed and exchanged between the parties on the date of this agreement; and
- (b) the written information provided by Cannon or its Representatives to Bidder or its Representatives, including the data downloaded by Gregor Bennett onto Henry Lole's laptop on 19 October 2022;

Duty means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and any penalty, fine, interest or additional charge payable in relation to any such duty or charge;

End Date means the termination of this agreement;

Encumbrance means any mortgage, fixed or floating charge, pledge, lien, option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement, hypothec, or other third party interest of any kind, and any agreement to create any of the foregoing and includes a PPS Security Interest other than a Permitted Encumbrance;

Exclusivity Period means the period starting on the date of this agreement and ending on the first to occur of:

- (a) the termination of this agreement;
- (b) the end of the Offer Period; and
- (c) the date that is six months after the date of this agreement;

Fully Diluted Basis means all Cannon Shares to which the Offer relates including:

- (a) any new Cannon Shares issued during the Offer Period on exercise or vesting of Options, on issue as at the Register Date; or
- (b) any new Cannon Shares that are able to be issued (whether subject to vesting or satisfaction of a condition or otherwise) during the Offer Period on exercise or vesting of Options, on issue as at the Register Date;

and shall be calculated assuming each Option in which Bidder has a Relevant Interest (including as a result of acceptance of the Options Offer) has been exercised and Bidder has a Relevant Interest in Cannon Shares that would be issued as a result of exercise;

Government Agency means any government, any department, office or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity and includes ASX and ASIC;

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition);

Loan Agreement means the loan agreement for the provision of an unsecured loan of up to \$1,000,000 (less the proceeds from any exercise of Options after the date of this agreement) from Kinterra Battery Metals Mining Fund, LP, the parent entity of the Bidder, to Cannon in the form attached to this agreement in Annexure A or on terms resulting from the process in clause 6.5(b);

Material Adverse Change means one or more events, matters, changes or circumstances, including any litigation or dispute, which (individually or when aggregated) have or could reasonably be expected to have, a material adverse effect on:

- (a) the business, financial or trading position, assets or liabilities (contingent or otherwise), operations, economic feasibility, profitability or prospects of the Cannon Group (taken as a whole); or
- (b) the Projects,

including any one or more events, matters, changes or circumstances that have had, or could reasonably be expected to have, the effect of:

- (c) decreasing either Project's JORC Code compliant mineral resources by 20% or more from the position publicly disclosed by Cannon prior to the date of this agreement,
- (d) diminishing the value of the consolidated net assets of the Cannon Group as set out in the balance sheet for the financial year ended 30 June 2022 by 20% or more but not including any diminution in value resulting from the expenditure of cash assets in the ordinary course of business as permitted by this agreement; or

- (e) resulting in the termination or loss of, or reduction in Cannon's interest in, any of the Mining Tenements,

other than:

- (f) any event, matter, change or circumstance Disclosed to Bidder before the date of this agreement (including the implementation of any future matters included in budgets, business plans or other future planning or strategy documents, in accordance with those documents);
- (g) a Permitted Transaction;
- (h) any event, matter, change or circumstance fairly disclosed in public filings by a member of the Cannon Group to ASX or ASIC before the date of this agreement;
- (i) any event, matter, change or circumstance resulting from the change of control of Cannon contemplated by the Takeover Bid;
- (j) anything required or permitted to be done or not done under this agreement, the Takeover Bid or the transactions contemplated by them;
- (k) any event, matter, change or circumstance in or resulting from:
 - (i) economic, business, regulatory or political conditions in general;
 - (ii) credit, financial, securities or currency markets in general (including any reduction in market indices or the market price of Cannon Shares provided that this does not exclude anything that would otherwise be a Material Adverse Change that causes a change in market price of Cannon Shares);
 - (iii) any change effecting the mining industry generally (including fluctuations in commodity prices),any change in law, taxation, accounting standards, interest rates or exchange rates; or
- (l) anything done with the prior written consent of the Bidder;

Material Contract means a contract or commitment (a) disclosed in the Data Room; (b) requiring total payments by, or providing revenue to, the Cannon Group in excess of \$100,000 per annum or (c) is otherwise material to the Cannon Group;

Material Occurrence means the occurrence of any of the following events, other than with the prior written consent of the Bidder:

- (a) Cannon or a Subsidiary of Cannon acquiring, offering to acquire, agreeing to acquire or announcing an intention to acquire, one or more shares, companies, businesses, properties or assets (including any exploration or mining permit), or an interest therein, other than in the ordinary course of business, the total consideration for which, or the value of which, either individually exceeds \$100,000 or in aggregate exceeds \$250,000;
- (b) Cannon or a Subsidiary of Cannon disposing of, offering to dispose of, agreeing to dispose of or announcing an intention to dispose of, one or more shares, companies, businesses, properties or assets (including any exploration or mining permit) or an interest therein, other than in the ordinary course of business, for an amount, or for which the book value (as recorded in Cannon's statement of financial position as at 30 June 2022) is, either individually greater than \$100,000 or in aggregate, greater than \$250,000;

- (c) Cannon or a Subsidiary of Cannon entering into, offering to enter into, or announcing an intention to enter into:
 - (i) any agreement, lease, joint venture, partnership, management agreement, arrangement or commitment which would require expenditure other than in the ordinary course of business, or the foregoing of revenue, by any member(s) of the Cannon Group of an amount or value which, exceeds either \$100,000 (for each separate agreement, lease, joint venture, partnership, management agreement, arrangement or commitment) or \$250,000 in aggregate;
 - (ii) any swap, futures contract, forward commitment or other derivative transaction;
 - (iii) any agreement or transaction which is outside the ordinary course of business, including any agreement in relation to or a transaction with a related party or any agreement or commitment which is likely to restrain Cannon's business or lead to a Material Adverse Change;
- (d) Cannon making any change to its constitution or convening a meeting to consider a resolution to change a constitution of any member of the Cannon Group or passing any special resolution, other than amendments which are being proposed at Cannon's 2022 annual general meeting to allow the holding of virtual shareholder meetings;
- (e) Cannon or a Subsidiary of Cannon entering, or agreeing to enter, into any contract or consultancy agreement for the appointment of, or otherwise engaging, a director, chief executive officer, manager, employee, contractor or adviser (other than replacing a contractor who ceases to act as a contractor with another contractor on materially similar terms);
- (f) Cannon or a Subsidiary of Cannon (A) varying, or agreeing to vary any existing contract with any director, employee or consultant, including making or agreeing to make any change in the basis or amount of remuneration or compensation, (B) paying or agreeing to pay any bonus (whether or not that constitutes a variation of any existing contract) to any director, employee or consultant, except:
 - (i) as required by law; or
 - (ii) lawfully in accordance with any non-discretionary contractual entitlement existing as at the date of this agreement that fairly disclosed in the Due Diligence Material;
- (g) Cannon implementing or agreeing to implement any scheme of arrangement or compromise (including one for a reconstruction or amalgamation of any members of the Cannon Group), or any analogous procedure, scheme or arrangement in any jurisdiction;
- (h) other than in the ordinary course of ordinary business, Cannon or a Subsidiary of Cannon granting or agreeing to grant, any Encumbrances over a material part of its assets;
- (i) Cannon or a subsidiary of Cannon incurring, other than in the ordinary course of ordinary business, any new indebtedness;
- (j) Cannon or a Subsidiary of Cannon granting or issuing, or agreeing to grant or issue, any Options or any other rights to be issued a Cannon Share, or a commitment to so grant or issue is given;
- (k) Cannon failing to:
 - (i) maintain the good standing of the Mining Tenements;

- (ii) diligently and reasonably expeditiously prosecute any applications for mining tenements; or
- (iii) comply with any applicable laws, Authorisations and any lawful direction of a Government Agency which may be applicable to the activities on the Mining Tenements;
- (l) Cannon terminating (other than for cause) a Director, employee or consultant;
- (m) Cannon accelerating the rights of any of its Directors, employees or consultants to benefits of any kind;
- (n) Cannon paying a Director or executive a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement and a copy of which has previously been provided to the Bidder, including by way of being included in the Due Diligence Material;
- (o) Cannon failing to comply in all material respects with the Material Contracts to which it is a party; or
- (p) Cannon failing to make all reasonable efforts to preserve its relationships with any Government Agency, any applicable native title holders or claimants and others with whom they have material business dealings,

other than in the case of paragraphs (c), (e), (i):

- (q) a Permitted Transaction;

Mining Tenements means the mining tenements set out in the definition of Projects and includes extension, renewal, conversion or substitution of any of those mining tenements;

Non-Disclosure Agreement means the non-disclosure agreement between Bidder and Cannon dated 22 September 2022;

Offer means the offer by Bidder to acquire each Cannon Share (including to the extent permitted by the Corporations Act any Cannon Shares which may be issued on exercise of Options) together with all Rights attaching to such Cannon Shares under the Takeover Bid on terms and conditions no less favourable to Cannon Shareholders than the Bid Terms;

Offer Period means the period during which the Offer is open for acceptance;

Offer Price has the meaning given in item 3 of Schedule 1;

Option means an option to subscribe for a Cannon Share, which as at the date of this agreement comprises:

- (a) 9,517,877 options exercisable at \$0.30 and expiring on 30 June 2024; and
- (b) 5,250,000 options as follows:
 - (i) 3,000,000 options exercisable at \$0.30 and expiring on 4 December 2022; and
 - (ii) 2,250,000 incentive options exercisable at \$0.30, under ASX-imposed escrow until 12 August 2023 and expiring on 30 June 2024,

all of which are exercisable without any vesting or other conditions to exercise;

Permitted Encumbrance means any Encumbrance in relation to any property of a Cannon Group member that is:

- (a) registered against the Mining Tenements and which is capable of being identified by conducting a search of the mining tenement register maintained by DMIRS on 28 October 2022;
- (b) registered against a Cannon Group member and recorded in the public records maintained by the Registrar (as defined in section 10 of the PPSA), 3 Business Days before the date of this agreement;
- (c) a lien arising by operation of law and in the ordinary course of trading;
- (d) a retention of title arrangement provided that such arrangement was entered into in the ordinary course of business;
- (e) a purchase money security interest (as defined in section 14 of the PPSA) which relates to the deferred purchase price of any asset or service provided in the ordinary course of trading;
- (f) a netting, set-off or similar arrangement or any combination of them entered into in the ordinary course for the purpose of netting debit and credit balances; or
- (g) an interest in personal property that would not be an Encumbrance but for section 12(3) of the PPSA;

Permitted Transaction means any of the following:

- (a) Cannon engaging a financial adviser, independent expert (including any technical expert), or changing legal advisers, to assist with the Takeover Bid or any Competing Proposal and complying with the terms of such engagement, including the payment of fees, provided that such engagements are for cash consideration only and the consideration payable to financial adviser(s) or independent expert (including any technical expert) does not exceed \$300,000 in aggregate, confers on the adviser no rights of any kind in relation any transaction other than the Takeover Bid or a Competing Proposal, and is otherwise on market terms for such an appointment by a company the size and nature of Cannon; or
- (b) either:
 - (i) Cannon obtaining an unsecured loan for an amount of up to \$1,000,000 (less proceeds from any exercise of Options after the date of this agreement from a third party on terms materially similar to (or more favourable to the company) the terms of Annexure A (including as to interest rate, fees and prepayments) (and drawing down on that loan) (**Third Party Loan**) provided that clause 6.5(b) has been complied with; or
 - (ii) Cannon entering into the Loan Agreement (and drawing down on that loan).

Prescribed Occurrence means the occurrence of any of the following events:

- (a) Cannon converting all or any of the Cannon Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Cannon or a subsidiary of Cannon resolving to reduce its share capital in any way;

- (c) Cannon or a subsidiary of Cannon entering into a buyback agreement or resolving to approve the terms of a buyback agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) Cannon or a subsidiary of Cannon making an issue of Cannon Shares (other than Cannon Shares issued as a result of the exercise or vesting of Options that are in existence as at the date of this agreement) or granting an option over Cannon Shares or agreeing or committing to make such an issue or grant such an option;
- (e) Cannon or a subsidiary of Cannon issuing, or agreeing to issue, convertible notes;
- (f) Cannon or a subsidiary of Cannon disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) Cannon or a subsidiary of Cannon charging, or agreeing to charge, the whole, or a substantial part, of its business or property as security for any new indebtedness;
- (h) Cannon or a subsidiary of Cannon resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of Cannon or of a subsidiary of Cannon;
- (j) the making of an order by a court for the winding up of Cannon or of a subsidiary of Cannon;
- (k) an administrator of Cannon or of a subsidiary of Cannon being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Cannon or a subsidiary of Cannon executing a deed of company arrangement; or
- (m) the appointment of a receiver or a receiver and manager in relation to the whole, or a substantial part, of the property of Cannon or of a subsidiary of Cannon;

Projects means the Cannon Group’s projects known as ‘Fisher East Nickel Project’ and ‘Collurabbie Project’ in the North Eastern Goldfields of Western Australia and are comprised by the following mining tenements:

Project	Status	Tenement Number
Fisher East, WA	Live	E53/1218
	Live	E53/1318
	Live	E53/1716
	Live	E53/1802
	Live	E53/1884
	Live	E53/1885
	Live	E53/1886
	Live	E53/1887
	Live	E53/1950
	Live	E53/2018
	Live	E53/2090

	Live	E53/2200
	Live	E53/2144
	Live	E53/2145
Collurabbie, WA	Live	E38/2009
	Live	E38/2912
	Live	E38/3193

PPS Security Interest means a security interest that is subject to the PPSA;

PPSA means the Personal Property Securities Act 2009 (Cth);

Register Date means the date set by Bidder under sections 633(2) to (4) inclusive of the Corporations Act in relation to the Takeover Bid;

Register means the register of Cannon Shares maintained by Automatic Registry Services Limited on behalf of Cannon;

Related Entity means:

- (a) in respect of Bidder, an entity that:
 - (i) directly or indirectly Controls Bidder;
 - (ii) is Controlled directly or indirectly by Bidder;
 - (iii) is under the Control of another entity that also Controls Bidder;
 - (iv) is, or is formed, subject to, or the subject of, the terms of an investment management agreement (or similar document) under which the company providing the investment management services is Kinterra Capital Corp or an entity Controlled by it; or
 - (v) a limited partnership of which the general partner is Kinterra Capital GP Corp. or an entity Controlled by it,

and for the purposes of this definition, Kinterra Capital Corp is deemed to Control Bidder, and

- (b) in respect of Cannon, an entity that is under the Control of Cannon;

Relevant Interest has the meaning given in the Corporations Act as if sections 609(6) and 609(7) were omitted;

Relevant Person has the meaning given in clause 7.5;

Representative means:

- (a) in relation to Cannon, a member of the Cannon Group, any Director, officer or employee of any member of the Cannon Group, and any financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to any member of the Cannon Group in relation to the Takeover Bid; and
- (b) in relation to Bidder, a member of the Bidder Group, any director, officer or employee of any member of the Bidder Group, and any financial adviser, accounting adviser, auditor, legal

adviser, agent or technical or other expert adviser or consultant to any member of the Bidder Group in relation to the Takeover Bid;

Rights means all accretions, rights or benefits of whatever kind attaching to or directly or indirectly attaching to or arising from the Cannon Shares arising on or after the date of this agreement including all rights to receive dividends, to receive or subscribe for shares, notes or other securities and all other distributions or entitlements declared, paid, made or issued by Cannon after that date, but excluding any franking credits attached to a distribution;

Subsidiary has the meaning given in the Corporations Act;

Superior Proposal means a bona fide, written Competing Proposal which in the determination of the Directors acting in good faith:

- (a) is reasonably capable of being completed within a reasonable timeframe and in accordance with its terms, including its conditions precedent, and any other factors they consider relevant; and
- (b) having regard to all its terms and conditions and the matters referred to in paragraph (a), is more favourable to Cannon Shareholders as a whole than the Offer;

Takeover Bid means the off-market takeover bid to be made by Bidder for all Cannon Shares under Chapter 6 of the Corporations Act which bid will incorporate the Offer, subject to the Conditions and otherwise in accordance with the terms of this agreement;

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001 (Cth)*;

Target's Statement means the target's statement to be issued by Cannon to Cannon Shareholders in relation to the Offer in accordance with section 638 of the Corporations Act;

Third Party means a person other than the Bidder or its Related Entities;

Timetable means the indicative timetable set out in Schedule 2, or such other timetable as the parties agree in writing;

Transaction means the acquisition by Bidder of Cannon Shares through acceptances of the Offer; and

Unacceptable Circumstances has the meaning given in section 657A of the Corporations Act.

1.2 Reasonable endeavours

Except as otherwise expressly provided in this agreement, any provision of this agreement which requires a party to use reasonable endeavours or all reasonable endeavours, or to take all steps reasonably necessary, to procure that something is performed or occurs, does not impose any obligation to:

- (a) commence any legal action or proceeding against any person;
- (b) procure absolutely that that thing is done or happen;
- (c) pay any money or provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person or Government Agency (other than its Representatives for the provision of services) except for the payment of any applicable fee for the lodgement or filing of any relevant application with any Government Agency.

1.3 Fairly disclosed

A reference to a matter, information or circumstances being ‘fairly disclosed’ (or similar expression) means disclosed to a sufficient extent, and in sufficient detail, so as to enable a Bidder to identify the nature and scope of the relevant matter, event or circumstance.

1.4 Things required to be done other than on a Business Day

Unless otherwise indicated, if the day on which any act, matter or thing is to be is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.5 Other rules of interpretation

In this agreement:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
 - (i) that legislation as amended, extended or applied by or under any other legislation made before or after signature of this agreement;
 - (ii) any legislation which that legislation re-enacts with or without modification; and
 - (iii) any subordinate legislation made before or after signature of this agreement under that legislation, including (where applicable) that legislation as amended, extended or applied as described in clause 1.5(a)(i), or under any legislation which it re-enacts as described in clause 1.5(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;
- (d) a reference to a clause, schedule or annex is a reference to a clause, schedule or annex of or to this agreement (and the schedules and annexes form part of this agreement);
- (e) subject to clause 15.2, references to a party to this agreement include the successors or assigns (immediate or otherwise) of that party;
- (f) a reference to any instrument or document includes any variation or replacement of it;
- (g) unless otherwise indicated, a reference to any time is, a reference to that time in Perth, Australia;
- (h) a reference to \$, A\$ or dollars is to Australian currency;
- (i) singular words include the plural and vice versa;
- (j) a word of any gender includes the corresponding words of any other gender;
- (k) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (l) general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words, and the expressions

“including”, “includes” and “include” have the meaning as if followed by “without limitation”;

- (m) nothing is to be construed adversely to a party just because that party put forward this agreement or the relevant part of this agreement;
- (n) the headings do not affect interpretation.

2. AGREEMENT TO PROPOSE AND IMPLEMENT TAKEOVER BID

2.1 Agreement to make Offer

Bidder agrees to:

- (a) make Offers pursuant to the Takeover Bid on terms and conditions no less favourable to Cannon Shareholders than the Bid Terms; and
- (b) without limiting clause 2.1(a), publicly announce a proposal to make Offers under the Takeover Bid in accordance with clause 2.2.

2.2 Release of Bid Announcements

Immediately after both parties have executed this agreement, the Bidder and Cannon will each issue their respective Bid Announcements to the ASX market announcements platform concerning the Takeover Bid.

2.3 Compliance with Timetable

- (a) Each party agrees to use reasonable endeavours to implement the Takeover Bid in accordance with the Timetable.
- (b) Cannon agrees, and represents and warrants that all of the Directors have agreed, for the purposes of Item 6 of section 633(1) of the Corporations Act, that the Bidder's Statement may, if Bidder so determines, be dispatched to Cannon Shareholders on any date that is earlier than the date for sending under Item 6 of section 633(1) of the Corporations Act.

2.4 Satisfaction of Conditions

- (a) Each of Cannon and Bidder must reasonably consult and co-operate with the other party in relation to satisfaction of the Conditions.
- (b) To the extent that it is within its power to do so, each party must use reasonable endeavours to procure that nothing occurs that will, or is likely to, cause any Condition to be breached or will or is likely to prevent a Condition from being satisfied.
- (c) Cannon must, to the extent it is within its control, use reasonable endeavours to procure that the Conditions in items 4(b) (*No prescribed occurrences*), 4(c) (*No material occurrences*), 4(d) (*No dividends*), 4(e), (*No material adverse change*), 4(f) (*No breach of warranty*) and 4(f) (*No material intervention*) are not breached.

2.5 Communication and waiver

- (a) If a party becomes aware that any Condition has been satisfied, it must promptly notify the other party in writing of that fact.

- (b) If Cannon or Bidder becomes aware that a Condition has been breached or is not able to be satisfied or becomes aware of the occurrence of any fact, matter or circumstance which will or is likely to cause any Condition to be breached, or which will or is likely to prevent any Condition from being satisfied or cause satisfaction of it to be unreasonably delayed, then it must promptly notify the other party of that fact, matter or circumstance, providing all material information that is within its actual knowledge relating to the event.
- (c) If Bidder gives a notice that it will not waive a breach or non-satisfaction of a Condition, either party may terminate this agreement, subject to clause 12.4 and clause 8, without any liability to the other party because of that termination.

2.6 Acknowledgments

The parties acknowledge and agree that nothing in this agreement:

- (a) limits the rights of Bidder under Part 6.7 of the Corporations Act; or
- (b) will oblige Bidder or any subsidiary of Bidder to comply with clause 2.1 if, prior to making any Offer, Bidder is made aware that a Condition cannot be fulfilled.

2.7 Options

- (a) Bidder acknowledges that certain outstanding Options may best exercised in accordance with their terms during the Offer Period, resulting in:
 - (i) up to a maximum of 14,767,877 additional Cannon Shares being issued during the Offer Period which Cannon Shares will upon issue be subject to the Takeover Bid; and
 - (ii) Bidder paying up to a maximum aggregate amount of 14,767,877 multiplied by the Offer Price under the Share Offer if all those Options are exercised.
- (b) Bidder does not propose to make an offer for the Options, but if it decides it wishes to do so the parties agree to act in good faith to agree a mechanism to do so.

2.8 Restricted securities

Cannon must procure the removal of all holding locks applying to any restricted securities at the earliest time permitted under ASX Listing Rule 9.5.

3. BIDDER'S STATEMENT AND OFFER

3.1 Preparation of Bidder's Statement

- (a) Bidder must within a reasonable time (and in the case of the Bidder's Statement not later than 3 Business Days) prior to lodgement of the Bidder's Statement or any supplementary bidder's statement with ASIC, provide an advanced and reasonably complete draft of the Bidder's Statement or supplementary bidder's statement (as applicable) to Cannon for review and consider in good faith the comments of Cannon when finalising such document.
- (b) Cannon must provide on a timely basis any assistance and information that is reasonably requested by Bidder to enable Bidder to prepare and finalise the Bidder's Statement or any supplementary bidder's statement.
- (c) Despite any comments or assistance provided by Cannon:

- (i) the Bidder's Statement or any supplementary bidder's statement will be the sole responsibility of Bidder which will make the final determination as to the form and content of the Bidder's Statement or supplementary bidder's statement; and
 - (ii) none of the Cannon Indemnified Persons assumes any responsibility for the accuracy or completeness of the Bidder's Statement or any supplementary bidder's statement.
- (d) If requested by Bidder, Cannon must co-operate with and support Bidder with any application to ASIC for a modification to allow for the electronic dispatch of the Bidder's Statement or any supplementary bidder's statement to Cannon Shareholders, and if such modification is obtained, must electronically dispatch such documents to Cannon Shareholders (to the extent permitted by the modification) when requested by the Bidder.

3.2 Information regarding Cannon Shareholders

- (a) Cannon agrees to, as soon as reasonably possible (and in event within 2 Business Days), provide to Bidder all information about Cannon Shareholders as required by section 641(1) of the Corporations Act, as at the Register Date and in a form reasonably requested by the Bidder.
- (b) Cannon must give all necessary directions to the Cannon share registry to ensure that any information that the Bidder reasonably requests in relation to the Register, including any CHES sub-register and any issuer-sponsored sub-register, is promptly provided to the Bidder and, where requested by the Bidder, Cannon must procure that such information is made available in such electronic form as is reasonably requested by the Bidder other than information that the Cannon share registry is prohibited from providing by law or by the operating rules of any financial market or clearing and settlement facility.
- (c) Cannon agrees to comply promptly with any request of Bidder acting reasonably to give directions under Part 6C.2 of the Corporations Act and provide copies of any responses to Bidder on request, provided that Bidder reimburses reasonable out-of pocket expenses incurred by Cannon in doing so.

3.3 Bidder's rights to extend or vary Offer

Bidder may exercise any rights under the Corporations Act in respect of any Offers or Bidder's Statement including to extend or vary any Offer or declare the Offer free of defeating conditions provided that the revised Offer terms and conditions are not less favourable to Cannon Shareholders than the Bid Terms.

4. TARGET'S STATEMENT AND RECOMMENDATION

4.1 Target's Statement

- (a) Cannon must within a reasonable time (and in the case of the Target's Statement in any event not later than 3 Business Days) prior to lodgement of the Target's Statement or any supplementary target's statement with ASIC, provide an advanced and reasonably complete draft of the Target's Statement or any supplementary target's statement (as applicable) to Bidder for review and consider in good faith the comments of Bidder when finalising such document.
- (b) Bidder must provide on a timely basis any assistance and information that is reasonably requested by Cannon to enable Cannon to prepare and finalise the Target's Statement and any supplementary target's statement.
- (c) Despite any comments or assistance provided by Bidder:

- (i) the Target's Statement and any supplementary target's statement will be the sole responsibility of Cannon which will make the final determination as to the form and content of the Target's Statement and supplementary target's statement; and
 - (ii) none of the Bidder Indemnified Persons assumes any responsibility for the accuracy or completeness of the Target's Statement or any supplementary target's statements.
- (d) If requested by Bidder, Cannon agrees to use its best endeavours to arrange despatch of the Target's Statement to Cannon Shareholders together with the Bidder's Statement to be sent by Bidder. If for any reason the Target's Statement is not despatched together with the Bidder's Statement, then Cannon undertakes to despatch the Target's Statement to Cannon Shareholders as soon as practicable (and in any event no later than 14 days) after the date that the Bidder's Statement in respect of the Offer was dispatched to Shareholders.

4.2 Directors' recommendation

Cannon must use its best endeavours to procure that each Director, and represents and warrants to Bidder that each Director has informed it that:

- (a) they will publicly recommend that Cannon Shareholders accept the Offer in respect of all their Cannon Shares including those they hold as a result of exercising any Options;
- (b) once the Offer has become unconditional, they will recommend that Cannon Optionholders exercise their Options and accept the Offer in respect of the resulting Cannon Shares;
- (c) they intend to accept, or procure the acceptance of, the Offer in respect of each Cannon Share that he holds or has control over the disposal of, subject to the satisfaction of the conditions for the release of the ASX escrow pursuant to ASX Listing Rule 9.5; and
- (d) they intend to exercise or procure the exercise of all Options that he holds or has control over and to accept the Offer in respect of the resulting Cannon Shares, subject to the satisfaction of the conditions for the release of the ASX escrow pursuant to ASX Listing Rule 9.5.

subject in each case to there being no Superior Proposal.

4.3 Joint Promotion of Takeover Bid

During the Offer Period, Cannon will provide reasonable cooperation to the Bidder in promoting the Takeover Bid to Shareholders and Optionholders including procuring that directors and senior executives participate in efforts reasonably requested by the Bidder to promote the merits of the Takeover Bid to Cannon Shareholders and Cannon Optionholders subject to:

- (a) there being no Superior Proposal; and
- (b) the requested cooperation not unreasonably affecting such person's day to day involvement in the management of the Cannon Group.

4.4 Change or withdrawal of recommendation

- (a) Cannon undertakes to Bidder to use its reasonable endeavours to procure that no Director changes or withdraws the recommendations referred to in clause 4.2 once made and does not make any public statement which would suggest that the Offers made under the Takeover Bid are no longer recommended unless the Cannon Board determine that a Competing Proposal constitutes a Superior Proposal.

- (b) Before the Cannon Board withdraws or changes its recommendation under clause 4.4(a) due to a Superior Proposal Cannon must comply with its obligations under clause 7.5.

5. CANNON BOARD TRANSITION

- (a) Subject to clause 5(b), as soon as practicable following the Control Date, Cannon must:
 - (i) procure the appointment to the Cannon Board and the board of each subsidiary of Cannon of such persons Bidder nominates, subject to those persons having provided a consent to act as directors of the relevant company or companies and not being disqualified from acting as a director; and
 - (ii) unless otherwise requested by Bidder in writing, procure that each member of the Cannon Board and the board of each subsidiary of Cannon, other than those appointed in accordance with clause 5(a)(i), resigns as a director of Cannon or the relevant subsidiary of Cannon, provided that Bidder agrees that a minimum of two existing directors on each of the Cannon Board and the board of each subsidiary of Cannon (each such director being independent of Bidder) will remain on the Cannon Board and the board of each subsidiary of Cannon until at least the end of the Offer Period.
- (b) On and from the date that Bidder acquires relevant interest in 90% or more of all Cannon Shares, Cannon must procure that each member of the Cannon Board and the board of each subsidiary of Cannon, other than those appointed in accordance with clause 5(a)(i), resigns as a director of Cannon or the relevant subsidiary of Cannon.

6. CONDUCT PENDING COMPLETION

6.1 Conduct of business

- (a) From the date on which this agreement is executed until the end of the Offer Period, Cannon will:
 - (i) conduct the business and operations of the Cannon Group in the usual and ordinary course consistent with the manner in which the business and operations were conducted in the 12 months prior to the date of this agreement;
 - (ii) take reasonable steps to preserve and maintain the value of its business and assets; and
 - (iii) not take or allow any action, or omit to take or allow any action, that will or is likely to breach or prevent the satisfaction of any Condition or would have breached or prevented the satisfaction of a Condition had the Offers not been freed from that Condition.
- (b) Nothing in clause 6.1(a) restricts the ability of any member of the Cannon Group to undertake an act which:
 - (i) is a Permitted Transaction;
 - (ii) is required or expressly permitted by this agreement;
 - (iii) is required by law or by an order of a court or Government Agency;
 - (iv) is reasonably required to respond to any emergency or disaster; or

- (v) has been consented in writing by Bidder (that consent not to be unreasonably withheld or delayed).

6.2 Access

- (a) From the date of this agreement to the Control Date, Cannon must:
 - (i) use reasonable endeavours to respond to any reasonable requests for information from Bidder to assist it in complying with its obligations under this agreement or as otherwise agreed between the parties; and
 - (ii) not alter the contents of, and continue to give Bidder access to, the Data Room on no more restricted basis than exists prior to the date of this agreement.
- (b) From the Control Date (or such earlier date as the parties agree in writing) until the end of the Exclusivity Period, Cannon must use reasonable endeavours to procure that, where requested, Bidder is provided with reasonable access to information, premises and senior executives of the Cannon Group.
- (c) Neither clause 6.2(a) nor 6.2(b) imposes any obligation on Cannon to the extent that the provision of such information or access:
 - (i) is prohibited by law or any confidentiality obligations owed to third parties;
 - (ii) would or may reasonably compromise legal professional privilege of a Cannon Group member over the information;
 - (iii) would in the opinion of Cannon acting reasonably cause undue disruption to the business of the Cannon Group;
 - (iv) prior to the Control Date, relates to the Cannon Board's consideration of the Takeover Bid; or
 - (v) relates or may relate to a Competing Proposal.

6.3 Technical development

As soon as practicable following the Control Date, a senior representative of Cannon will liaise with an appointed Bidder representative weekly and at other times as reasonably requested by the Bidder to discuss technical matters and the development of the Projects.

6.4 Change of control rights

As soon as practicable after the date of this agreement, Bidder and Cannon must seek to identify any change of control or similar provision in material contracts (if any) to which any entity within the Cannon Group is a party which may be triggered by the Takeover Bid. In respect of these material contracts, the parties agree as follows:

- (a) Cannon must, as soon as practicable, apply to the counterparties to these contracts for consent to the change of control of Cannon in relation to the Takeover Bid.
- (b) Cannon must use reasonable endeavours to obtain the consents referred to in clause 6.4(a) as expeditiously as possible.

- (c) Bidder must provide any assistance (including providing factual information regarding Bidder and attending relevant meetings) reasonably requested by Cannon for the purposes of Cannon complying with its obligations under this clause 6.4;
- (d) Cannon must not, without the prior written consent of Bidder which must not be unreasonably withheld or delayed, incur any costs other than reasonable travel and legal expenses in connection with performing its obligations under this clause.

6.5 Cannon Funding

- (a) Cannon and the Bidder acknowledge that the Loan Agreement in the form attached in Annexure A has been signed by the parties thereto on or about the date of this agreement.
- (b) If Cannon wishes to enter into a Third Party Loan, it must before doing so give Bidder a copy of the proposed loan agreement at least 5 Business Days before entering into the Third Party Loan. If within 5 Business Days after receiving the proposed loan agreement Bidder or Kinterra Battery Metals Mining Fund, LP offers to enter into a loan agreement with Cannon on substantially the same terms as the Third Party Loan, Cannon must not enter into the Third Party Loan and any such Third Party Loan will not be a Permitted Transaction.

7. EXCLUSIVITY

7.1 Cannon warranty and undertakings

- (a) Cannon warrants that as at the date of this agreement it has, and any member of the Cannon Group or any of their respective Representatives have, ceased any existing discussions or negotiations with any party that are intended or hoped to, or which may reasonably be expected to, lead to a Competing Proposal.
- (b) During the Exclusivity Period, Cannon must:
 - (i) at all times ensure that any electronic data room access granted to any third party prior to the date of this agreement in connection with, or that was provided with the intention or hope of leading to, a Competing Proposal is withdrawn; and
 - (ii) subject to clause 7.3, not grant any waivers or agree to any amendments under any confidentiality agreements entered into in connection with, or that was entered into with the intention or hope of leading to, a Competing Proposal.

7.2 No solicitation

During the Exclusivity Period, Cannon must not, and must ensure that each of its Representatives (each a **Relevant Person**) do not, except with the prior written consent of Bidder:

- (a) **(no shop)** directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations, or discussions with any Third Party in relation to, or that are intended or hoped to, or could reasonably be expected to, lead to a Competing Proposal or communicate any intention to do any of those things;
- (b) **(no talk)** subject to clause 7.3, continue, negotiate, accept or enter into, approve or recommend, participate in negotiations or discussions with, or enter into any agreement, arrangement or understanding with any Third Party in relation to, or that are intended or hoped to, or could reasonably be expected to lead to, a Competing Proposal, even if:

- (i) the Competing Proposal was not directly or indirectly solicited, initiated, or encouraged by a Relevant Person; or
- (ii) the Competing Proposal has been publicly announced; or
- (c) **(no due diligence)** subject to clause 7.3, make available to any Third Party or permit any Third Party to receive any non-public information relating to any member of the Cannon Group, in connection with, or that is intended or hoped to assist, that Third Party submitting, formulating, developing, assessing or finalising a Competing Proposal.

7.3 Exceptions

Clauses 7.2(b) and 7.2(c) (**no talk** and **no due diligence**) and 7.1(b)(ii) do not apply to the extent they would require Cannon or a Relevant Person to do or refrain from doing anything with respect to a Competing Proposal or an offer or expression of interest that could reasonably be expected to lead to a Competing Proposal (a **Potential Competing Proposal**) where:

- (a) the Cannon Board acting in good faith determines that the Competing Proposal or Potential Competing Proposal is or may reasonably be expected to lead to a Superior Proposal; and
- (b) the Cannon Board acting in good faith determines (after taking advice from its external legal advisers) that failing to respond to that Competing Proposal or Potential Competing Proposal would be reasonably likely to constitute a breach of the fiduciary or statutory duties owed by the Cannon Board.

7.4 Notification to Bidder

- (a) Subject to clause 7.4(b), during the Exclusivity Period, Cannon must promptly notify Bidder in writing if Cannon or any of its Representatives is approached directly or indirectly by any person to engage in any activity that would breach or otherwise be inconsistent with clause 7.2(b) or 7.2(c).
- (b) A notification given under clause 7.4(a) must be accompanied by a summary of all material terms and conditions of the actual, proposed or potential Competing Proposal including the proposed transaction timetable (excluding the identity of the Third Party making the approach if that information is confidential and the Cannon Board acting in good faith determines, after taking advice from its external legal advisers, that complying with the obligation would constitute or would be likely to constitute a breach of the fiduciary or statutory duties owed by the Cannon Board).
- (c) Any material change to the terms notified pursuant to clause 7.4 a proposal or potential Competing Proposal, including any incomplete or non-binding proposal or expression of interest becoming complete, capable of acceptance or binding on the Third Party, will be taken to constitute a new approach in respect of which Cannon must separately comply with its obligations under this clause 7.4 and 7.5.

7.5 Opportunity to match

- (a) If Cannon receives a Competing Proposal and as a result the Cannon Board proposes to either:
 - (i) change its recommendation in favour of the Takeover Bid or publicly recommend a Competing Proposal or make any public statement, or take any other action, to the effect that the Offer is no longer recommended; or

- (ii) approve or recommend entry into any agreement, commitment, arrangement or understanding to implement the Competing Proposal with the person who has made the applicable Competing Proposal (**Rival Acquirer**),

Cannon must ensure that no member of the Cannon Board does so:

- (iii) unless the Cannon Board considers that the Competing Proposal is bona fide; and
 - (iv) until each of the following has occurred:
 - (A) the Directors (or a majority of the Directors) have made the determination contemplated by clause 7.5(a)(ii) in respect of that Competing Proposal;
 - (B) Cannon has given Bidder written notice (**Relevant Notice**) of the Directors' proposal to take the action referred to in clause 7.5(a)(i) or 7.5(a)(ii) (subject to Bidder's rights under clause 7.5(b)); and
 - (C) Cannon has given Bidder a summary of all material terms and conditions of the Competing Proposal, including the proposed transaction timetable and details of the Third Party making the approach (except that Cannon may withhold the identity of the Rival Acquirer from disclosure if the Board, acting in good faith determines, after taking advice from its external legal advisers, that giving those details to the Bidder would constitute or would be likely to constitute a breach of the fiduciary or statutory duties owed by the Cannon Board).
- (b) If Cannon gives Bidder notice in writing under clause 7.5(a), Bidder will have the right but not the obligation at any time during the 5 Business Days following the receipt of the Relevant Notice to amend the terms and conditions of the Takeover Bid (**Counter Proposal**) and, if Bidder does so, the Cannon Board must review the Counter Proposal in good faith. If the Cannon Board (or a majority of the Directors) determine that the Counter Proposal would be equivalent to, or more favourable to Cannon Shareholders than the Competing Proposal (having regard to all aspects of the Counter Proposal and the Competing Proposal), Cannon and Bidder must use their respective best endeavours to:
- (i) agree any amendments to this agreement that are reasonably necessary to reflect the Counter Proposal, including a requirement that the Cannon Board recommends to Cannon Shareholders that they accept the Counter Proposal subject to there being no Superior Proposal; and
 - (ii) enter into an amending agreement for this agreement to give effect to any amendments agreed under clause 7.5(b)(i);

in each case as soon as reasonably practicable.

7.6 Equal access to information

- (a) During the Exclusivity Period Cannon must not provide any non-public information to a person in connection with or with the hope or intention or which is reasonably likely to directly or indirectly encourage a Competing Proposal unless:
 - (i) that person has entered into an Acceptable Confidentiality Agreement; and
 - (ii) any material non-public information provided to that person is also provided to Bidder (unless the information has already been provided to Bidder or its Representatives).

7.7 Normal provision of information

Nothing in this clause 7 prevents Cannon or any Relevant Person from:

- (a) providing information to other Representatives;
- (b) providing information required to be provided by law, a court or any Government Agency;
- (c) providing information to its auditors and suppliers acting in that capacity in the ordinary course of business;
- (d) providing information required to be provided by law, including to satisfy its obligations of disclosure under the ASX Listing Rules or to any Government Agency; or
- (e) making presentations to brokers, analysts and other third parties in the ordinary course of business and containing no non-public information.

7.8 Acknowledgement

The parties acknowledge and agree that Bidder has required Cannon to agree, as fundamental terms, to the undertakings set out in this clause in consideration of Bidder entering into this agreement and incurring significant costs in doing so. In the absence of obtaining these undertakings from Cannon, Bidder would not have entered into this agreement.

8. BREAK FEE

8.1 Cannon undertaking to pay Break Fee

- (a) Subject to clause 8.5, Cannon must pay Bidder the Break Fee without withholding or set off if:
 - (i) a Competing Proposal is publicly announced before the end of the Offer Period and, within 9 months after the End Date the person making the Competing Proposal (whether alone or together with one or more Associates), completes in all material respects a transaction of the kind referred to in the definition of Competing Proposal;
 - (ii) at any time before the end of the Exclusivity Period, any Director fails to make or makes and then changes, qualifies or withdraws a recommendation to Cannon Shareholders to accept the Offer made under the Takeover Bid for all Cannon Shares, other than because:
 - (A) Bidder is in material breach of a Bidder warranty or any other material obligation under this agreement and the cure periods specified in clause 12.2(a) have expired; or
 - (B) a Condition is breached or has become incapable of being satisfied and the Bidder has stated it will not waive that breach or free the Offer from that Condition (as applicable), other than where the non-satisfaction of the Condition is solely or primarily due to, or a material cause is, an act (or failure to act) of Cannon or any member of the Cannon Group in breach of Cannon's obligations under clause 2.4.
 - (iii) Cannon is in material breach of a Cannon warranty or any other material obligation under this agreement (without limitation, clause 4 (*Target's Statement and Recommendation*), clause 6.1 (*Conduct of Business*) and clause 7 (*Exclusivity*)) are

deemed to be material obligations), and the cure periods specified in clause 12.1(a) have expired and the Bidder has terminated this agreement pursuant to clause 12.1(a); or

- (iv) the happening of a Prescribed Occurrence or Material Occurrence which was not consented to by Bidder or has not been waived by Bidder.

8.2 Payment of Break Fee

Cannon must pay the Break Fee to Bidder within the later of:

- (a) if due to the occurrence of the event referred to in clause 8.1(a)(i) or 8.1(a)(ii) or an event in clause 8.1(a)(iii) or 8.1(a)(iv) that was designed or intended to frustrate the Takeover Bid, 30 days of receipt of the demand in writing from Bidder and 5 Business Days after the end of the Exclusivity Period; and
- (b) if due to the occurrence of any of the events referred to in clause 8.1 that are not addressed by clause 8.2(a), 45 days of receipt of the demand in writing from Bidder and 5 Business Days after the end of the Exclusivity Period.

8.3 Refund of Break Fee

Despite the occurrence of any of the events referred to in clause 8.1(a), the Break Fee will not be payable if Bidder becomes the holder of more than 50% of Cannon Shares on a Fully Diluted Basis as a result of the Takeover Bid or exercise of Options, and in such circumstances the Bidder must refund the Break Fee if it has been paid. The Break fee is only payable to the Bidder once.

8.4 Basis of Break Fee

- (a) The Break Fee has been calculated to reimburse Bidder for costs including the following:
 - (i) advisory costs, legal costs, funding costs, costs of management and directors' time;
 - (ii) out of pocket expenses incurred in implementing the Takeover Bid;
 - (iii) reasonable opportunity costs incurred in pursuing the Takeover Bid or in not pursuing other alternative transactions or strategic initiatives; and
 - (iv) damage to reputation associated with a failed transaction and the implication of those damages,

in each case incurred as a result of it having entered into this agreement, making announcements required by this agreement or pursuing the Takeover Bid.

- (b) The Break Fee is a genuine pre estimate of the costs and losses which Bidder is expected to incur in connection with the Takeover Bid and it is not a pre-condition to Bidder being paid the Break Fee that it has actually incurred those costs or losses or that it be able to prove that it has done so.
- (c) Cannon acknowledges and agrees that:
 - (i) the Break Fee is reasonable in the context of the Takeover Bid;
 - (ii) benefits will flow to Cannon and its shareholders from Bidder making the Takeover Bid; and

(iii) entering into this agreement is necessary to induce Bidder to make the Takeover Bid.

8.5 Compliance with law

If:

- (a) it is found by the Takeovers Panel or a court that all or any part of the payment required to be made under clause 8.1 is unlawful, involves a breach of directors' duties or constitutes Unacceptable Circumstances and the period for lodging an application for review or a notice of appeal (as applicable) has expired without that application or notice having been lodged; or
- (b) an application for review or a notice of appeal is lodged with the Takeovers Panel or a Court within the prescribed period, and it is found by the review panel or the appeal Court that all or any part of the payment required to be made under clause 8.1 is unlawful, involves a breach of directors' duties or constitutes Unacceptable Circumstances,

(Disputed Amount) then:

- (c) the undertaking in clause 8.1 does not apply to the extent of the Disputed Amount; and
- (d) Bidder must refund any Disputed Amount paid to it.

8.6 Limitation of Cannon's liability

Notwithstanding any other provision of this agreement:

- (a) the maximum liability of Cannon to the Bidder for breach of this agreement is \$450,000, other than in the case of conduct that is a deliberate breach of the agreement or is designed or intended to frustrate the Takeover Bid; and
- (b) a payment of the Break Fee by Cannon in accordance with this clause 8 represents the sole and absolute liability of Cannon for the acts or events that caused the obligation to pay the Break Fee other than in the case of conduct designed or intended to frustrate the Takeover Bid.

9. WARRANTIES

9.1 Mutual warranties

Each party warrants to the other party that each of the following statements is true and accurate as at the date of this agreement:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to execute, deliver and to perform its obligations under this agreement, and has taken all necessary corporate action to authorise such execution, delivery and the performance of such obligations;
- (c) its obligations under this agreement are legal, valid and binding obligations enforceable in accordance with their terms;
- (d) the execution and delivery by it of this agreement do not and will not conflict with or constitute a default under any provision of:
 - (i) its constitution; or

- (ii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound;
- (e) no resolutions have been passed and no other step has been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets, and no regulatory action of any nature has been taken, which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement; and
- (f) it is not aware of any act, omission, event or fact that would result in one or more of the Conditions being triggered, except as disclosed by a party to the other party in writing prior to the signing of this agreement.

9.2 Cannon warranties

- (a) Cannon warrants to Bidder that as at the date of this agreement each of the following statements is true and accurate:
 - (i) all information which has been disclosed by Cannon under its obligations (including continuous and periodic disclosure obligations as well as documents pursuant to which it was spun out and listed) under the Corporations Act and the ASX Listing Rules was true and correct at the time it was disclosed in all material respects;
 - (ii) it not in breach in any material respect of its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules;
 - (iii) other than information about the proposed Takeover Bid and discussions with the Bidder, Cannon is not withholding from the market any information pursuant to Listing Rule 3.1A that is not included in the Due Diligence Material;
 - (iv) there are:
 - (A) 85,577,012 Cannon Shares, of which 8,553,130 Cannon Shares held by Rox Resources Ltd are subject to ASX-imposed escrow until 12 August 2023; and
 - (B) the Options are the only options,

on issue and there are no other shares or other equity securities (including convertible securities) or other instruments which are convertible into securities in Cannon nor has it offered or agreed to issue any such shares, securities, options or other instruments to any third party;
 - (v) a completed and accurate set of the terms and conditions of the Options is contained in the Due Diligence Material;
 - (vi) there is no Encumbrance over all or any of its assets, other than Permitted Encumbrances;
 - (vii) Cannon is the sole legal and beneficial owner of all rights, title and interest in and to the Projects;
 - (viii) the Mining Tenements are in good standing under applicable law and all work required to be performed and filed in respect thereof has been performed and filed, all Taxes, rentals, fees, expenditures and other payments in respect thereof have been paid or incurred, all filings in respect thereof have been made and all other obligations

of Cannon arising from or under the Mining Tenements have been performed or complied with;

- (ix) Cannon has all mining tenements, permits, and licenses from any landowners, non-governmental organization, community, community group, native title holders and claimants and other applicable Aboriginal peoples and groups and applicable Regulatory Authorities permitting and authorising Cannon to undertake activities that it has approval to undertake on or in respect of the Mining Tenements on the Projects as at the date of this agreement;;
 - (x) no litigation, arbitration, mediation, conciliation or administrative proceeds are taking place, pending or to its knowledge, threatened which, if adversely decided could reasonably be expected to give rise to a liability of \$250,000 or more or otherwise materially adversely affect Cannon or any of its exploration permits;
 - (xi) it has complied in all material respects with all applicable laws and regulations, has all Authorisations required to conduct its business and no regulatory action has been taken which would prevent, inhibit or otherwise have an adverse effect on it and so far as it is aware there is no investigation, inquiry or audit by any Government Agency in relation to it or its business or assets;
 - (xii) the Due Diligence Material was prepared in good faith and with reasonable care and skill and as at the date of this agreement is accurate in all material respects, and the information as a whole is not misleading in any material respect whether by inclusion of misleading information or omission of material information or both;
 - (xiii) Cannon's financial statements for the full year ended 30 June 2022:
 - (A) were prepared in good faith and in accordance with applicable laws and generally accepted accounting principles in Australia; and
 - (B) give a true and fair view of the financial position and performance of the Cannon Group; and
 - (xiv) following the end of the Offer Period Cannon will have no obligations (including tail obligations) to any financial or other advisers in relation to any transaction other than:
 - (A) the Takeover Bid; and
 - (B) engagements of advisers in the ordinary course of business for the day-to-day operations of Cannon, including auditors, tax advisers and tenement advisers; and
 - (xv) each Director has agreed with Cannon that they will resign as contemplated by clause 5.
- (b) The warranties provided under clause 9.2(a) are qualified by (and Cannon will not be taken to be in breach of them to the extent so qualified) matters:
- (i) which were prior to the date of this agreement Disclosed in the Due Diligence Material or fairly disclosed in public filings by Cannon or a member of the Cannon Group to ASX or ASIC; or
 - (ii) which were within in the actual knowledge of Bidder prior to the date of this agreement.

9.3 Bidder warranties

Bidder warrants to Cannon that each of the following statements is true and accurate:

- (a) it will have available to it sufficient cash amounts to enable it to perform its obligations to pay the total cash consideration payable to Cannon Shareholders under the Takeover Bid in accordance with its terms and conditions and within the timing requirements of the Corporations Act;
- (b) no approvals or notifications are required to be obtained by Bidder under any applicable law or regulation where the failure to obtain such approval or make such notification will prevent Bidder from performing its obligations under this agreement and the Offer;
- (c) as at the date of this agreement and on each day up to and including the end of the Offer Period it will comply during the Offer Period with its obligations under the Corporations Act in respect of the Takeover Bid in all material respects; and
- (d) other than as disclosed to Cannon, no Bidder Group member has any agreement, arrangement or understanding with any director or employee of Cannon relating in any way to the Takeover Bid or operations of the Cannon after the date on which the Bidder becomes the registered holder of more than 50% of the Cannon Shares on a Fully Diluted Basis.

10. RELEASES

10.1 Release of Cannon Indemnified Persons

- (a) Bidder waives and releases all rights and Claims which it may have against any Cannon Indemnified Person (other than Cannon) as at the date of this agreement and from time to time in connection with:
 - (i) any breach of any warranties of Cannon or any member of the Cannon Group in this agreement or any breach of covenant given by Cannon in the agreement (other than clause 5); or
 - (ii) any disclosure containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where such Cannon Indemnified Party has engaged in fraud or wilful or reckless misconduct or knowingly misled Bidder.

- (b) This clause is subject to any restriction or limitation in the Corporations Act and will be read down accordingly.
- (c) Cannon receives and holds the benefit of this clause to the extent it relates to each Cannon Indemnified Person as trustee for each of them.

10.2 Release of Bidder Indemnified Persons

- (a) Cannon waives and releases all rights and Claims which it may have against any Bidder Indemnified Person (other than Bidder) as at the date of this agreement and from time to time in connection with:

- (i) any breach of any warranties of Bidder or any member of the Bidder Group in this agreement or any breach of covenant given by Bidder in the agreement; or
- (ii) any disclosure containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where such Bidder Indemnified Party has engaged in fraud or wilful or reckless misconduct.

- (b) This clause is subject to any restriction or limitation in the Corporations Act and will be read down accordingly.
- (c) Bidder receives and holds the benefit of this clause to the extent it relates to each Bidder Indemnified Person as trustee for each of them.

10.3 Deed of indemnity and insurance

- (a) Bidder agrees that Cannon is entitled prior to the Control Date to take out run-off insurance cover with a reputable insurer, on terms that are no less advantageous to each person who is a director or officer of Cannon or any of its Related Bodies Corporate than the coverage provided under the existing D&O policies of the Cannon Group, insuring each applicable Cannon Indemnified Person for a period of seven years after the Control Date, to the maximum extent permitted by law, against all liabilities incurred by the Cannon Indemnified Person in the course of his or her service as a director or officer of any member of the Cannon Group, provided that the total cost to Cannon of such insurance is not more than \$165,000.
- (b) Subject to the Bidder acquiring a majority of Cannon Shares and the Bid becoming unconditional, the Bidder undertakes in favour of Cannon and each other person who is a Cannon Indemnified Party that it will to the extent permitted by law and while it owns a majority of Cannon Shares:
 - (i) for a period of 7 years from the Control Date (or until it ceases to hold a majority of Cannon Shares), ensure that to the extent permitted by law the constitutions of Cannon and each other Cannon Group Member continues to contain such rules as are contained in those constitutions as at the date of this agreement that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a Cannon Group Member;
 - (ii) use its reasonable endeavours to not do anything, and must use its reasonable endeavours to procure that no other member of the Bidder Group or Cannon Group, following the Control Date, knowingly does anything, which prejudices any insurance cover taken out under clause 10.3(a) or 10.3(b), as applicable.
- (c) Cannon receives and holds the benefit of clause 10.3(b), to the extent it relates to the other Cannon Indemnified Persons, as trustees for them.

11. ANNOUNCEMENTS AND CONFIDENTIALITY

11.1 Announcements

As soon as reasonably practicable after the execution of this agreement, Cannon and Bidder must each issue their respective Bid Announcements in the form set out in Schedule 3.

11.2 Other announcements

- (a) Subject to 11.2(b), each party must use reasonable endeavours to consult with the other party prior to making any public announcements (other than the Bid Announcements and the initial Bidder's Statement and Target's Statement) in connection with the Offer (including any supplementary or replacement Bidder's Statement or Target's Statement) and take into account in good faith comments provided by the other party in finalising the public announcement.
- (b) The parties will not be required to comply with clause 11.2(a):
 - (i) during any period when a majority of the Directors are publicly recommending a Superior Proposal; or
 - (ii) to the extent that compliance would, in the reasonable opinion of the party, be likely to result in that party breaching the ASX Listing Rules or any applicable law.

11.3 Permitted announcements

Nothing in clause 11.2 prevents any announcement being made:

- (a) with the written consent of Bidder and Cannon, which must not be unreasonably withheld or delayed; or
- (b) to the extent required by law, ASX Listing Rules or any court of competent jurisdiction or any Government Agency, but if any party is so required to make any such announcement, it must promptly notify the other party, where reasonably practicable and lawful to do so, before the announcement is made and must cooperate with the other party regarding the timing and content of such announcement or any action which the other party may reasonably elect to take to challenge the validity of such requirement.

11.4 Confidentiality

- (a) Cannon releases Bidder from its obligation of confidentiality owed to Cannon under the Non-Disclosure Agreement to the extent necessary for the Bidder to make the Takeover Bid and acquiring Cannon Shares and Options.
- (b) Cannon permits Bidder to approach shareholders of Bidder during the term of this agreement.
- (c) Bidder releases Cannon from its obligation of confidentiality owed to Bidder under the Non-Disclosure Agreement to the extent necessary for the Cannon to respond to the Takeover Bid.
- (d) Each party acknowledges and agrees that, except as otherwise provided in this clause 11.4 it continues to be bound by the Confidentiality Agreement.

12. TERMINATION

12.1 Termination by Bidder

Bidder may terminate this agreement by giving notice in writing to Cannon if:

- (a) Cannon is in material breach of a Cannon warranty or any other material obligation under this agreement (without limitation, clause 4 (*Target's Statement and Recommendation*), clause 6.1 (*Conduct of Business*) and clause 7 (*Exclusivity*) are deemed to be material obligations) provided that Bidder has given written notice to Cannon setting out the relevant circumstances

and stating an intention to terminate the agreement, the relevant breach continues to exist 10 Business Days after the date on which this notice is given;

- (b) in the circumstance set out in clause 2.5(c);
- (c) a Prescribed Occurrence or Material Occurrence occurs; or
- (d) any Director fails to make the recommendation referred to in clause 4.2(a) or to give the undertaking referred to in clause 4.2(c) or changes, qualifies or withdraws that recommendation or undertaking once made.

12.2 Termination by Cannon

Cannon may terminate this agreement by giving notice in writing to Bidder at any time after the date on which the Offer is announced and before the end of the Offer Period if:

- (a) Bidder is in material breach of a Bidder warranty or any other material obligation under this agreement provided that Cannon has given written notice to Bidder setting out the relevant circumstances and stating an intention to terminate the agreement, the relevant breach continues to exist 10 Business Days after the date on which this notice is given;
- (b) in the circumstance set out in clause 2.5(c); or
- (c) a Superior Proposal is publicly announced provided that Cannon has not breached its obligations under clause 7 before that public announcement.

12.3 Mutual agreement and reciprocal termination rights

- (a) This agreement may be terminated by written agreement between the Bidder and Cannon.
- (b) This agreement may also be terminated by either the Bidder or Cannon by written notice to the other if:
 - (i) a Court or Government Agency issues an order, decree or ruling or takes an action which permanently restrains or prohibits the Offer and that order, decree, ruling or action is final and cannot be appealed or reviewed;
 - (ii) Bidder withdraws the Offer (with the consent of ASIC) or informs Cannon in writing that it will not proceed with the Offer for any reason including non satisfaction of a Condition; or
 - (iii) the Offer Period ends without the Conditions being satisfied or waived.

12.4 Effect of termination

If this agreement is terminated under clause 12.1, 12.2 or 12.3:

- (a) each party will be released from its obligations under this agreement, except that this clause 12.4, and clauses 8, 10, 11.4(d), 13, 14, 15.4, 15.5 and 16, which will survive termination and remain in force;
- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this agreement: and

- (c) in all other respects, all future obligations of the parties under this agreement will immediately terminate and be of no further force and effect including any further obligations in respect of the takeover Bid.

12.5 No other termination

Not party may terminate or rescind this agreement except as permitted under clause 12.1, 12.2 or 12.3.

13. NOTICES

13.1 Manner of giving notice

Any notice or other communication to be given under this agreement must be in writing (which includes email) and may be delivered or sent by post or email to the party to be served as follows:

- (a) to Cannon at:

Address: Level 2, 87 Colin Street, West Perth, WA 6005

Email: chris.hunt@cannonres.com.au
For the attention of: Mr Chris Hunt, Company Secretary

- (b) to the Bidder at:

Address: 199 Bay Street, Suite 5050, Toronto, Ontario, Canada M5L 1E2

Email: notifications@kinterracapital.com
For the attention of: Cheryl Brandon, Co-Managing Partner

or at any such other address or email address notified for this purpose to the other parties under this clause. Any notice or other communication sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).

13.2 When notice given

Any notice or other communication is deemed to have been given:

- (a) if delivered, on the date of delivery; or
- (b) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
- (c) if sent by e-mail, upon the generation of a receipt notice by the recipient's server or, if such notice is not so generated, upon delivery to the recipient's server,

but if the notice or other communication would otherwise be taken to be received after 5.00 pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00 am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

13.3 Proof of service

In proving service of a notice or other communication, it is sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted either by

prepaid post or by prepaid airmail or that the e-mail was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's e-mail system, as the case may be.

13.4 Documents relating to legal proceedings

This clause 13.1 does not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this agreement.

14. GST

- (a) In this clause 14, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that legislation.
- (b) If a party makes a supply under or in connection with this deed in respect of which GST is payable, the consideration for the supply but for the application of this clause 14(b) (**GST exclusive consideration**) is increased by an amount (**Additional GST amount**) equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- (c) If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by the amount equal to any input tax credit the other party, or the representative member of the GST group of which the other party is a member, is entitled to with respect to the loss, cost or expense, and then increased in accordance with clause 14(b) if such amount is consideration for a taxable supply made under or in connection with this deed.
- (d) A party need not make a payment of the Additional GST amount until it receives a tax invoice or adjustment note (as appropriate) for the supply to which the payment relates.

15. GENERAL

15.1 Amendments

This agreement may only be amended in writing and where such amendment is signed by all the parties.

15.2 Assignments

None of the rights or obligations of a party under this agreement may be assigned or transferred without the prior written consent of the other party.

15.3 Consents and approvals

Except as otherwise expressly provided in this agreement a party may give or withhold its consent to or approval of any matter referred to in this agreement in its absolute discretion. A party that gives its consent to or approval of any matter referred to in this agreement is not taken to have made any warranty or representation as to any matter or circumstance connected with the subject matter of that consent or approval.

15.4 Costs

Except as otherwise expressly provided in this agreement, each party must pay the costs and expenses incurred by it in connection with entering into and performing its obligations under this agreement.

15.5 Duty

Bidder is liable for and must pay all Duty on or relating to this agreement, the Takeover Bid and any transfer of the Cannon Shares.

15.6 Entire agreement

This agreement contains the entire agreement between the parties relating to the Transaction and supersedes all previous agreements, whether oral or in writing, between the parties relating to the Transactions except for the Non-Disclosure Agreement.

15.7 Execution in counterparts

This agreement may be executed in counterparts, which taken together must constitute one and the same agreement, and any party (including any duly authorised representative of a party) may enter into this agreement by executing a counterpart. Electronic signatures are taken to be valid and binding to the same extent as original signatures.

15.8 Exercise and waiver of rights

The rights of each party under this agreement:

- (a) may be exercised as often as necessary;
- (b) except as otherwise expressly provided by this agreement, are cumulative and not exclusive of rights and remedies provided by law; and
- (c) may be waived only in writing and specifically,

and delay in exercising or non-exercise of any such right is not a waiver of that right.

15.9 Further assurance

Each party undertakes, at the request, cost and expense of the other party, to sign all documents and to do all other acts, which may be necessary to give full effect to this agreement.

15.10 No reliance

Each party acknowledges that in agreeing to enter into this agreement it has not relied on any express or implied representation, warranty, collateral contract or other assurance made by or on behalf of the other party before the entering into of this agreement. To the maximum extent permitted by law, each party waives all rights and remedies which, but for this clause 15.10 might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance including all rights and remedies under Part 7.10 of the Corporations Act, Part 2 Division 2 of the Australian Securities and Investments Act 2001(Cth), section 18, Schedule 2 (Australian Consumer Law) of the Competition and Consumer Act 2010 (Cth) or any corresponding or equivalent provision of any legislation having effect in any relevant jurisdiction.

15.11 Severability

The provisions contained in each clause of this agreement are enforceable independently of each other clause of this agreement and the validity and enforceability of any clause of this agreement will not be affected by the invalidity or unenforceability of any other clause.

16. GOVERNING LAW AND JURISDICTION

16.1 Governing law

This agreement and any non-contractual obligations arising out of or in connection with it is governed by the law applying in Western Australia, Australia.

16.2 Jurisdiction

The courts having jurisdiction in Western Australia, Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with this agreement) and each party irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia, Australia.

THIS AGREEMENT has been executed by the parties on the date stated at the beginning of this agreement.

SCHEDULE 1

SHARE BID TERMS

1.	Offer	<p>Bidder will offer to acquire all Cannon Shares.</p> <p>Subject to section 653B(1)(b) of the Corporations Act, Cannon Shareholders may only elect to accept the Offer in respect of all of their Cannon Shares.</p>
2.	Cannon Shares	<p>The Offer will extend to all Cannon Shares on issue before the end of the Offer Period including all new Cannon Shares that are issued on or before the end of the Offer Period under or as a result of the exercise or vesting of Options in existence as at the Register Date.</p>
3.	Offer Price	<p>\$0.45 per Cannon Share less the amount or value of any Rights attaching to or arising from Cannon Shares which are declared or paid by Cannon after the Announcement Date.</p>
4.	Conditions	<p>(a) (Minimum acceptance) During or before the end of the Offer Period, the Bidder has a Relevant Interest in more than 50.1% of all Cannon Shares on a Fully Diluted Basis.</p> <p>(b) (No Prescribed Occurrences) Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs. This condition may be separated into two conditions: one covering matters in section 652C of the Corporations Act and the other covering the balance.</p> <p>(c) (No Material Occurrences) Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Occurrence occurs.</p> <p>(d) (No dividends) Between the Announcement Date and the end of the Offer Period (each inclusive), Cannon does not declare, determine as payable or pay a distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).</p> <p>(e) (No Material Adverse Change) Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs.</p> <p>(f) (No breach of warranty) Between the Announcement Date and the end of the Offer Period (each inclusive), there is no breach of any Cannon warranty and no event, matter or circumstance occurs or becomes known to Bidder that would cause or is reasonably likely to cause any Cannon warranty to be untrue.</p>

		<p>(g) (No-regulatory intervention) Between the Announcement Date and the end of the Offer Period (each inclusive), no action or investigation is threatened or commenced by any Government Agency against Cannon or any of its Related Entities.</p>
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SCHEDULE 2
INDICATIVE TIMETABLE

Event	Date
Bidder and Cannon issue their respective Bid Announcements	31 October 2022
Bidder's Statement lodged with ASIC, Cannon and ASX	7 November 2022
Target's Statement lodged with ASIC, Bidder and ASX	9 November 2022
Notice to Cannon and ASIC that Bidder's Statement (incorporating the Offer) has been sent to Cannon Shareholders	10 November 2022
Offer period commences	10 November 2022
Target's Statement dispatched to Cannon shareholders	11/14 November 2022
Offer Period closes (subject to right to extend)	21 December 2022

SCHEDULE 3
BID ANNOUNCEMENTS

EXECUTION PAGE

Executed by Kedalion Nickel Pty Ltd (ACN 663 451 170) in accordance with section 127 of the Corporations Act 2001 (Cth):

[Signature "Andrea Simone Betti"]

Signature of sole director

Name: **Andrea Simone Betti**
Title:

Executed by Cannon Resources Limited in accordance with section 127 of the Corporations Act 2001 (Cth):

[Signature "Alex Passmore"]

Signature of director

Name: **Alex Passmore**
Title:

[Signature "Chris Hunt"]

Signature of company secretary

Name: **Chris Hunt**
Title:

ANNEXURE A – LOAN AGREEMENT

LOAN AGREEMENT

DATED _____ **2022**

A\$1,000,000

CREDIT FACILITY

for

CANNON RESOURCES LTD

as Borrower

and

KINTERRA BATTERY METALS MINING FUND, LP

as Lender

LOAN AGREEMENT

THIS AGREEMENT is dated _____ 2022 and is made

BETWEEN:

- (1) **Kinterra Battery Metals Mining Fund, LP**, a Cayman Islands Exempted Limited Partnership (the **Lender**); and
- (2) **Cannon Resources Limited** (ABN 32 646 149 902) of Level 2, 87 Colin Street, West Perth WA 6005, Australia (the **Borrower**).

IT IS AGREED as follows:

1. **Definitions:** Capitalised terms used in this Agreement and not defined elsewhere have the meaning given in Schedule 2 of this Agreement. Schedule 2 also contains rules of construction.
2. **Loans:** Subject to this Agreement, the Lender will make available to the Borrower a loan facility (the **Loan Facility**) to be utilised by way of advances (the **Advances**) denominated in Australian Dollars.
3. **Amount:**
 - (a) The maximum aggregate amount of the Advances shall be limited to A\$1,000,000 (the **Commitment**).
 - (b) The Lender is not obliged to make an Advance if, as a result, in aggregate, it would exceed the Commitment.
 - (c) The Commitment will be cancelled in full on the Final Maturity Date.
4. **Purpose:** Advances may only be used for the short-term funding requirements of the Borrower where there is a shortfall of available cash as set out in the Approved Budget, and any other use that the Lender expressly approves in writing (the **Approved Purpose**).
5. **Conditions precedent to First Advance:** The Lender is not obliged to provide an Advance unless it has received (or waived receipt of) the following documents and other evidence in form and substance satisfactory to it:
 - (a) a counterpart of this Agreement duly executed by the Borrower;
 - (b) an extract of a resolution of the board of directors of the Borrower approving the terms of this Agreement and authorising a person or persons to sign and/or despatch this Agreement and all notices and other documents to be signed or despatched by it under or in connection with this Agreement together with a duly executed certified copy of a power of attorney (if relevant);
 - (c) evidence that an amount equal to the first Advance is required for the Purpose specified in Clause 4 as set out in the Approved Budget; and
 - (d) evidence that the Borrower is not in breach of the Bid Implementation Agreement.
6. **Conditions precedent to each Advance:** The making of each Advance is subject to:
 - (a) receipt by the Lender of a Drawdown Notice from the Borrower satisfying the requirements of Clause 7; and
 - (b) the condition that no Event of Default is outstanding or would result from the Advance.

7. **Request for Advance:** The Borrower may, by not less than 3 Business Days' notice in writing to the Lender (a **Drawdown Notice**), request an Advance from the Lender.
- (a) A Drawdown Notice must specify the following:
 - (i) the Approved Purpose for which the funds will be applied;
 - (ii) the amount of the requested Advance, provided that each Advance must not be greater than A\$500,000;
 - (iii) the drawing date; and
 - (iv) the disbursement instructions.
 - (b) If the Borrower requests an Advance and the conditions set out in this Agreement have been satisfied (or waived by the Lender), the Lender must make the requested Advance available to the Borrower on the drawing date stated in the Drawdown Notice issued in accordance with this Clause.
 - (c) Each Advance will be provided by the Lender to the Borrower by way of electronic funds transfer to an Australian bank account nominated by the Borrower in writing.
8. **Repayment:**
- (a) The Borrower must repay each outstanding Advance in full on the Final Maturity Date.
 - (b) The Borrower may prepay any Advance at anytime in the minimum amounts of A\$250,000 or cancel the Commitment in whole or in part on 5 Business Days' irrevocable prior notice.
 - (c) All repayments or prepayments under this Agreement must be made with accrued interest on the amount prepaid. No premium or penalty is payable in respect of any prepayment.
 - (d) All cash payments by the Borrower to the Lender under this Agreement must be paid in Australian Dollars by electronic funds transfer into bank accounts nominated by the Lender in writing.
 - (e) The Commitment will reduce by the amount of any Advance which is repaid and accordingly subject to this Agreement any Advance which is repaid may not be reborrowed.
 - (f) The Borrower must apply any and all proceeds received by the Borrower from each and every exercise of any options over any shares in the issued capital of the Borrower (**Option Proceeds**) towards repayment of any outstanding Advances within 5 Business Days of receipt of such proceeds, provided that such payments from the Borrower to the Lender are only required to be made on the earlier of (i) each time that the amount of any Option Proceeds received equals or exceeds \$50,000; or (ii) by not later than 30 days after receipt of any Option Proceeds. If at the time of receipt of any Option Proceeds by the Borrower the total Commitment has not been fully drawn and the amount of the outstanding Advances is zero or is less than the amount of the Option Proceeds then the undrawn Commitment shall be reduced by the amount by which the Option Proceeds exceeds the outstanding Advances.
9. **Unpaid Amounts:** If the Borrower does not pay or repay any amount that is due for payment or repayment in accordance with this Agreement (**Unpaid Amount**), interest shall accrue on the Unpaid Amount on a daily basis at the Interest Rate plus 2% per annum from the date when such Unpaid Amount was due to have been paid until the date that it is paid. Such interest shall be compounded monthly. The Borrower must pay such interest immediately on demand from the Lender.

10. **Interest:**
 - (a) Interest on each Advance will be calculated at the Interest Rate.
 - (b) Accrued interest on each Advance is payable on the last day of its Interest Period. Interest is payable in the currency of the Advance.
11. **Interest Periods:**
 - (a) Each Advance has successive Interest Periods.
 - (b) Each Interest Period for an Advance will start on its drawing date or on the expiry of its preceding Interest Period. If an Interest Period would otherwise overrun the Final Maturity Date, it will be shortened so that it ends on the Final Maturity Date.
 - (c) The Lender and the Borrower may enter into such other arrangements as they may agree for the adjustment of Interest Periods and the consolidation and/or splitting of Advances.
12. **Payments:**
 - (a) All payments by the Borrower are to be made for value on the due date to the account designated by the Lender from time to time.
 - (b) Payments by the Borrower must be made without set-off or counterclaim and without any deduction, other than any deduction or withholding required by law.
 - (c) If any payment is scheduled to be made on a day which is not a Business Day, then the payment must be made on the following Business Day (if it is in the same calendar month) or the preceding Business Day (if it is not).
 - (d) A repayment of the whole or part of an Advance must be made in the currency in which that Advance is denominated on its due date.
 - (e) Each payment of interest must be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
13. **Representations and warranties:** The Borrower represents and warrants for the benefit of the Lender that:
 - (a) it is validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation;
 - (b) it has full power and capacity to enter into and perform its obligations under this Agreement;
 - (c) this Agreement constitutes legal, valid, binding and enforceable obligations of the Borrower in accordance with the its terms;
 - (d) all necessary authorisations, qualifications, consents and approvals for the execution, delivery and performance by it of this Agreement in accordance with its terms have been obtained or will be obtained when required;
 - (e) its execution, delivery and performance of this Agreement complies with its constitution and does not constitute a breach of any law or obligation, or cause a default under any agreement by which it is bound;
 - (f) no Event of Insolvency is continuing in respect of it;

- (g) it enters into and performs this Agreement on its own account and not as trustee for or nominee of any other person; and
- (h) no Event of Default or event which, with the giving of notice or lapse of time or both, would be an Event of Default and, having occurred, is continuing to subsist;
- (i) other than previously disclosed to the Lender in reasonable detail prior to this Agreement, no litigation or administrative or other proceedings before, or of, any Governmental Agency have been initiated or, to the knowledge of the Borrower, threatened against the Borrower or any of the Borrower's assets which would or might constitute a Material Adverse Event;
- (j) when entering into this Agreement it relied exclusively on:
 - (i) the terms expressly contained in this Agreement;
 - (ii) its own inspections, investigations, skill and judgement; and
 - (iii) opinions and advice obtained by it,

and did not rely on any statements, inducements, undertakings, representations or advice given or made, whether orally or in writing, by or on behalf of any other party, including without limitation by any officer, employee, agent or adviser of any other party.

- 14. **Deemed repetition:** The representations and warranties set out in clause 13 will survive the execution of this Agreement and will be deemed to be repeated on the date on which funds are advanced by the Lender to the Borrower under this Agreement, and on the date of payment of other moneys by the Borrower to the Lender under this Agreement.
- 15. **Undertakings:** From the date of this Agreement until the date on which the Outstanding Amount has been repaid in full and all other amounts outstanding under this Agreement have been paid in full, the Borrower must:
 - (a) not use or apply existing cash reserves (excluding funds under the Loan Facility) for any purpose other than in accordance with the Approved Budget, unless the Lender agrees otherwise in writing;
 - (b) endeavour to carry on and conduct their respective businesses in a proper and efficient manner, in accordance with all applicable laws and regulations;
 - (c) not transfer, assign or otherwise dispose of any legal or beneficial interest in any of its assets other than:
 - (i) disposals of obsolete, worn out or redundant assets;
 - (ii) disposals where the asset is replaced with a comparable asset and for a similar purpose; or
 - (iii) disposals in the ordinary course of business and on arm's length terms;
 - (d) not incur or permit to remain any Financial Indebtedness, other than Financial Indebtedness incurred under this Agreement or permitted under the Bid Implementation Agreement;
 - (e) not create or permit to subsist any Encumbrance over any of its assets or enter into arrangement having a similar effect, other than any lien arising by operation of law and in the ordinary course of trading or existing at the date the Bid Implementation Agreement was entered into;

- (f) notify the Lender immediately if:
 - (i) any Event of Default or Material Adverse Event occurs; or
 - (ii) any event occurs which, with the giving of notice or the lapse of time or both, would become a Event of Default or a Material Adverse Event, of which the Borrower becomes aware which either would, or might, in the Lender's reasonable opinion, adversely affect the ability of the Borrower to fully and promptly to perform its obligations under this Agreement;
- (g) keep accurate books of accounts in relation to its business and make those books of accounts available for inspection by the Lender on reasonable notice;
- (h) comply with the mandatory requirements of a Governmental Agency applicable to them; and
- (i) pay when due all Taxes assessed, levied or imposed on them or their assets.

16. **Event of Default:** If an Event of Default occurs then the Lender may by notice to the Borrower:

- (a) cancel the Commitment whereupon it shall immediately be cancelled; and
- (b) declare that all of the amounts outstanding under this Agreement are immediately due and payable to the Lender whereupon those amounts shall become immediately due and payable; and/or
- (c) declare that all or part of the amounts outstanding under this Agreement are payable on demand, whereupon they shall immediately become payable on demand by the Lender.

17. **Costs and expenses:**

- (a) The Borrower must pay or reimburse on demand all costs and expenses incurred by the Lender, in relation to:
 - (i) the payment of Taxes on this Agreement;
 - (ii) a variation of this Agreement to which the Lender agrees, as requested by the Borrower;
 - (iii) releasing any person from any obligations under this Agreement; and
 - (iv) giving a consent or approval or waiving a requirement in relation to this Agreement, including legal costs and expenses (on a full indemnity basis) and any professional consultants' fees.
- (b) Subject to clause 17(a), each party will bear its own costs in relation to the negotiation, preparation, execution, delivery and completion (as applicable) of this Agreement.

18. **Tax Gross-up:**

- (a) The Borrower must pay an amount that the Borrower owes to the Lender in full without any deduction on account of any Taxes present or future.
- (b) If the Borrower is compelled by law to deduct or withhold any Taxes from an amount payable by it to the Lender under this Agreement, the Borrower must pay to the Lender a further sum

so that the Lender receives the full amount payable (calculated on a net basis as if that deduction or withholding had not been made).

19. **Stamp Duty:** The Borrower must pay all Stamp Duty which is payable in relation to this Agreement (including in relation to the execution, delivery, performance, release, discharge, amendment or enforcement of this Agreement).

20. **GST:**

(a) If GST is or will be imposed on a supply made under or relation to this Agreement by the Lender, the Lender may, to the extent that the consideration otherwise provided for that supply is not stated to include an amount in relation to GST on the supply:

(i) increase the consideration otherwise provided for that supply under this Agreement by the amount of that GST; or

(ii) otherwise recover from the recipient of the supply the amount of that GST.

(b) The Lender must issue a tax invoice to the recipient of the supply within 5 Business Days after payment to the Lender of the GST inclusive consideration for that supply.

Words and phrases which are defined in the GST Law, when used in this clause 20, have the meanings given to them in the GST Law

21. **Calculations:**

(a) All interest is calculated on the basis of a 365 day year and on the actual number of days elapsed.

(b) The accounts kept by the Lender are prima facie evidence of the amounts owing to the Lender under this Agreement. Any certificate or determination by the Lender of a rate or amount under this Agreement is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

22. **Set-off:**

(a) The Lender may (but is not obliged to) set off any obligation due and payable by the Borrower under this Agreement against any moneys held by the Lender for the Borrower's account at any office of the Lender anywhere and in any currency.

(b) The Lender may effect any currency exchanges which are appropriate to implement such set-off.

23. **Illegality and impossibility:**

(a) If, at the date of this Agreement or anytime thereafter:

(i) any order of any court of competent jurisdiction; or

(ii) any change in, extension of, or application of, any applicable law; or

(iii) the official interpretation of any applicable law by any Governmental Agency charged with the administration of that law,

makes it unlawful, or impossible (in the Lender's opinion, acting reasonably) for the Lender to give effect to or maintain its obligations under this Agreement, the Lender may, by notice

to the Borrower, declare that the Lender's obligation to provide or to maintain the Loan Facility is terminated with immediate effect.

- (b) If any funds under the Loan Facility have been provided to the Borrower when the Lender has given a notice to the Borrower under clause 23(a), the Borrower must, within the lesser of 15 Business Days of receiving that notice and the period of any maximum grace period allowed by any relevant law for compliance by the Lender with its obligations, pay the Outstanding Amount without premium or penalty.

24. **No requirement for notice:**

- (a) The Lender is not required to give any notice of its rights under this Agreement to any debtor, creditor or member of the Borrower, or to any other person.
- (b) The Lender is not liable for any omission by the Lender or its representatives to give any notice in relation to this Agreement.

25. **Lender not liable for losses:** The Lender is not answerable for any involuntary losses or irregularities which may occur in, or by, the exercise or non-exercise of any of the powers, rights or remedies conferred on the Lender by this Agreement.

26. **Discretion on consent:** In any case where, under or pursuant to this Agreement, the doing or execution of any act, matter or thing by the Borrower is dependent upon the consent or approval of the Lender, such consent or approval may be given conditionally or unconditionally or may be withheld by the Lender in its absolute and unfettered discretion, unless this Agreement expressly provides otherwise.

27. **Risk:** Whenever the Borrower is obliged or required under this Agreement to do or effect any act, matter or thing, then the doing of such act, matter or thing will, unless this Agreement expressly provides otherwise, be at the sole risk and expense of the Borrower.

28. **Severability:** If any provision of this Agreement is prohibited or unenforceable in any jurisdiction, the prohibition or unenforceability will not invalidate the remaining provisions of this Agreement or affect the validity or enforceability of such provisions in any other jurisdiction.

29. **Variations:** The parties can vary this Agreement only if the variation is in writing and signed by or on behalf of each party

30. **Transfers:** A party may not assign or transfer any of its rights or obligations under this Agreement without the consent of the other party.

31. **Waivers:**

- (a) No failure or delay by the Lender in exercising any right, power or privilege under this Agreement will operate as a waiver or prejudice any other or further exercise by the Lender of any of its rights or remedies under this Agreement.
- (b) The rights and remedies under this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

32. **Notices:**

- (a) Any communications in connection with this Agreement must be given in writing and may be given in person, by post and e-mail or any other electronic communication. An electronic communication will be treated as being in writing. A notice will be deemed to be given:

- (i) if by letter, when delivered personally or on actual receipt; and
- (ii) if by e-mail or other electronic communication, when received in legible form.

However, a notice given in accordance with the above, but received on a non-working day or after 4.00 p.m. in the place of receipt, will only be deemed to be given on the next working day in that place.

- (b) The address, and e-mail address of each party to this Agreement for all notices or demands under or in connection with this Agreement are:
 - (i) for the Borrower, those specified in Schedule 1;
 - (ii) for the Lender, those notified in writing before the date of this Agreement to the Borrower,

or in each case any other notified for this purpose by that party to the other party by not less than 5 Business Days' notice.

33. **Counterparts:** This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

34. **Law and Jurisdiction:**

- (a) This Agreement is governed by the law applying in New South Wales.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of the courts of New South Wales and the courts competent to determine appeals from those courts with respect to any proceedings that may at any time be brought in relation to this Agreement.
- (c) Each party irrevocably waives any objection it may now or in the future have to the venue of any proceedings and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, where that venue falls within paragraph (b) above.

Each of the attorneys executing this Agreement states that the attorney has no notice of the revocation of the Power of Attorney appointing that attorney.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

BORROWER'S NOTICE DETAILS

Name	Notice Details
Cannon Resources Limited (ABN 32 646 149 902)	Level 2, 87 Colin Street, West Perth WA 6005, Australia +61 8 6383 9911 Attention: Company Secretary, Chris Hunt Email: chris.hunt@cannonres.com.au

SCHEDULE 2

DEFINITIONS AND CONSTRUCTION

In this Agreement:

Approved Budget means the budget of the Borrower approved by the Lender on or about the date of this Agreement for expenses to be incurred by the Borrower up to and including April 2023, in the form set out in the Annexure to this Agreement.

Advances has the meaning given in clause 2.

Agreement means this agreement and any other document designated as such by the Lender and the Borrower (together with any other document amending, varying, supplementing or replacing this Agreement).

Approved Purpose has the meaning given in clause 4.

Australian Dollars and **A\$** means the lawful currency of Australia.

Bid Implementation Agreement means the bid implementation agreement dated on or about the date of this Agreement between an affiliate of the Lender and Cannon Resources Limited (ABN 32 646 149 902).

Business Day has the meaning given to that term in the Bid Implementation Agreement.

Commitment has the meaning given in clause 3(a).

Control means:

- (a) "control" as defined in section 50AA of the Corporations Act; or
- (b) the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise.

Encumbrance means any one or more of the following, whether registered or unregistered, statutory, legal or equitable:

- (a) a security interest within the meaning of that term under the *Personal Property Securities Act 2009* (Cth);
- (b) any security for payment of money, performance of obligations or protection against default;
- (c) a mortgage, bill of sale, charge, lien, pledge, notarial bond, trust, power or retention of title arrangement, right of set-off, assignment of income, garnishee order or monetary claim, or a flawed deposit arrangement; or
- (d) a royalty, caveat, right of access, pre-emptive right, lease, licence, profit à prendre, judgement debt, or other interest.

Event of Default means:

- (a) the Borrower does not pay on time any amount payable by it under this Agreement in the manner required in this Agreement within 5 Business Days of such amount being due;

- (b) a representation or warranty given by the Borrower under this Agreement is or becomes incorrect, false or misleading when made or regarded as made or repeated by the Borrower under this Agreement and, if the matter giving rise to the misrepresentation or breach of warranty is capable of remedy, that matter is not remedied within 15 Business Days of receipt of notice from the Lender requiring such remedy;
- (c) the Borrower fails to perform or observe any other undertaking, agreement or obligation under this Agreement and, if that failure is capable of remedy, does not remedy the failure within 15 Business Days or receipt of notice from the Lender requiring such remedy; or
- (d) an Event of Insolvency occurs in respect of the Borrower.

Event of Insolvency means, in respect of a party, the occurrence of any one or more of the following events:

- (a) an application is made to a court for an order, or an order is made, that it be wound up, declared bankrupt or that a provisional liquidator or receiver or receiver and manager be appointed (unless in the case of an application it is dismissed, stayed, withdrawn or set aside within 15 Business Days of it being commenced);
- (b) a liquidator or provisional liquidator is appointed;
- (c) an administrator is appointed to it under section 436A, 436B or 436C of the Corporations Act;
- (d) a Controller (as defined in section 9 of the Corporations Act) is appointed to it or any of its assets;
- (e) it enters into an arrangement or composition with one or more of its creditors, or an assignment for the benefit of one or more of its creditors, in each case other than to carry out a reconstruction or amalgamation while solvent;
- (f) it proposes a winding-up, dissolution or reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;
- (g) it is insolvent as disclosed in its accounts or otherwise, states that it is insolvent, is presumed to be insolvent under an applicable law (including under section 459C(2) or 585 of the Corporations Act) or otherwise is, or states that it is, unable to pay all its debts as and when they become due and payable;
- (h) it is taken to have failed to comply with a statutory demand as a result of section 459F(1) of the Corporations Act;
- (i) a notice is issued under section 601AA or 601AB of the Corporations Act and not withdrawn or dismissed within 21 Business Days;
- (j) a writ of execution is levied against it or a material part of its property which is not dismissed within 21 Business Days;
- (k) anything analogous, or having a substantially similar effect, to any of the events or circumstances in paragraphs (a) to (i) above occurs in relation to it under the laws of any other jurisdiction; or
- (l) it ceases to carry on business or threatens to do so.

Final Maturity Date means the earlier to occur of:

- (a) the date which is 30 days after the date on which the Borrower becomes a wholly-owned subsidiary of an affiliate of the Lender;
- (b) a person other than the Lender and its controlled entities coming to hold 50% or more of the issued shares in the Borrower or otherwise acquires Control of the Borrower;
- (c) the date which is 30 days after the Bid Implementation Agreement is terminated;
- (d) the date which is 30 days after the Offer is closed; and
- (e) the date which is 270 days following the date of the first Advance.

Financial Indebtedness means any indebtedness for or in respect of moneys borrowed and any debit balance at any financial institution, or any other amount raised pursuant to a transaction having the commercial effect of a borrowing.

Governmental Agency means a government or governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency, body or entity, whether federal, state or local.

GST means goods and services tax levied under the GST Law.

GST Law has the meaning given to that term in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Interest Period means:

- (a) The period commencing on and from the date of the first Advance until the first date that is 31 March, 30 June, 30 September or 31 December thereafter; and
- (b) Each subsequent 3 month period commencing on the last day of the immediately preceding Interest Period provided that the final Interest Period will be shortened so that it ends on the Final Maturity Date.

Interest Rate means 8.00% per annum.

Loan Facility has the meaning given in clause 2.

Material Adverse Event has the meaning given to that term in the Bid Implementation Agreement.

Offer has the meaning given to that term in the Bid Implementation Agreement.

Outstanding Amount means, at any time, the aggregate of the following:

- (a) the unpaid balance of funds advanced by the Lender under the Loan Facility;
- (b) all accrued but unpaid Interest; and
- (a) all other amounts that the Borrower is required to pay to the Lender under this Agreement.

Stamp Duty means any stamp duty, transfer duty, landholder duty, transaction duty, loan duty, mortgage duty, instrument duty or other duty of a like kind.

Tax means any tax, levy, charge, impost, fee, Stamp Duty, deduction, GST, compulsory loan or withholding, which is assessed, levied, imposed or collected by any Governmental Agency, and

includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in relation to any of the above.

Transaction has the meaning given to that term in the Bid Implementation Agreement.

In this Agreement a reference to a time is to Sydney time.

Clauses 1.4 and 1.5 of the Bid Implementation Agreement are incorporated in this Agreement as if each reference therein to “this agreement” was a reference to this Agreement.

ANNEX 1

APPROVED BUDGET

SIGNATORIES

Lender

KINTERRA BATTERY METALS MINING FUND, LP

By: Kinterra Capital GP Corp., its general partner

By: _____

Name: _____

Title: _____

Borrower

Executed by Cannon Resources Limited in
accordance with section 127 of the Corporations Act
2001 (Cth):

Signature of director

Name:

Title:

Signature of company secretary

Name:

Title: