

ASX ANNOUNCEMENT | ASX: CNR

21 October 2022

Quarterly Activities Report for the period ending 30 September 2022

Highlights

- **Delivered a 72% lift in Resource at Sabre, bringing the Total Fisher East Resources to 134.1 Kt Contained Nickel:**
 - **The JORC 2012 Mineral Resource for the Sabre deposit at Fisher East now stands at 2.9 Mt @ 1.5% Ni for 42.3 Kt contained nickel.**
 - **PGE also estimated for the first time at Sabre, with the Resource holding total PGE (Pd+Pt) grade of 0.4 g/t for 32,800 oz (Pd+Pt).**
- **Fisher East Project now contains 134,100 t of contained nickel at an average grade of 1.8% Ni across four deposits – Musket, Camelwood, Cannonball, and Sabre with mineralisation at each still open.**
- **Sabre Deep diamond drilling doubled the vertical extent of nickel mineralisation at the project:**
 - **MFED122 returned an intersection of 6.4m @ 1.3% Ni & 0.43 g/t (Pd+Pt) including 5.1m @ 1.5% Ni and a further zone of massive nickel sulphide of 0.5m @ 5.3% Ni.**

Cannon Resources Limited (**ASX:CNR**) ("**Cannon**" or "**the Company**") is pleased to provide an overview of quarterly activities for the period ending 30 September 2022 ("Quarter", "Reporting Period").

Commenting on the Quarter, Cannon Director, Richard Bevan, said:

"The September Quarter saw Cannon deliver a significant 72% increase in the Resource at Sabre, bringing the Total Fisher East Resource to 134.1 Kt of Contained Nickel. This was a major increase which reflects the significant achievement from the team. Cannon listed on the ASX just over a year ago and has since discovered 56.1 Kt of new nickel resources, solely at Fisher East. Sabre is proving to be a deposit of scale at up to 700 metres strike extent, with substantial further Resource growth likely as mineralisation is only defined down to 300 metres depth and remains open.

Earlier in the Quarter, deep diamond drilling at Sabre more than doubled the vertical extent of nickel mineralisation at the project. In particular, hole MFED122 intersected nickel sulphide mineralisation at 650 metres vertical depth from surface and beneath and down-plunge of the Sabre resource. Additionally, the search space remains open for further and thicker mineralised zones, and we are excited to test this area with DHEM at the earliest opportunity."

Nickel Mineralisation Extended at Sabre

During the Quarter, Cannon announced that a deep diamond hole has more than doubled the vertical extent of nickel mineralisation at the Sabre prospect. Specifically, Hole MFED122 intersected nickel sulphide mineralisation at 650 metres vertical depth from surface and beneath and down-plunge of the Sabre Resource.

MFED122 intersected 6.4m @ 1.3% Ni from 735.87m which included an internal zone of 5.1m @ 1.5% Ni from 737.21m. A further intercept of 0.51m @ 5.3% Ni from 745.17 was also recorded some 2.9m below the initial mineralised intercept.

Hole MFED122 was drilled to test the concept that nickel mineralisation within the Sabre channel continues well below the extent of the current resource. Cannon geologists were confident that the mineralisation and channel plunge were interpreted correctly and given the relatively shallow depth extent of the current resource drilling, a large step-out for a deep hole was considered. Therefore, MFED122 was drilled at twice the vertical depth and a massive 520 metres down the plunge from the deepest and closest mineralised holes.

Hole MFED122 intersected the komatiite contact within 3 metres of the predicted depth, demonstrating the predictable nature and solid foundation of our geological model. Strong komatiite hosted disseminated sulphide mineralisation was encountered on the basal contact. Assay data shows that nickel mineralisation is in line with the average grade of the existing resource at Sabre and highlights the potential for further resource expansion down plunge.

Additionally, a 0.5 metre zone of massive nickel sulphides grading at 5.3% Ni was intersected 2.9 metres stratigraphically above the basal disseminated mineralisation. This zone was interpreted to be structurally emplaced and remobilised. Again, this highlights the potential for structurally emplaced high-grade zones nearby that are similar in style to that along the northern margin of Sabre (recent holes MFED103, MFED105, MFED117 and MFED118). This style of target will be a priority for future drilling campaigns at Sabre.

Hole	From (m)	To (m)	Downhole Interval (m)	Estimated True width (m)	Ni%	Pd+Pt g/t	Co%	Prospect
MFED122	735.87	742.29	6.42	n/a	1.3	0.43	0.03	Sabre
including	737.21	742.29	5.08	n/a	1.5	0.48	0.04	Sabre
and	745.17	745.68	0.51	n/a	5.3	0.60	0.10	Sabre

Table 1: MFED122 Assay Results.

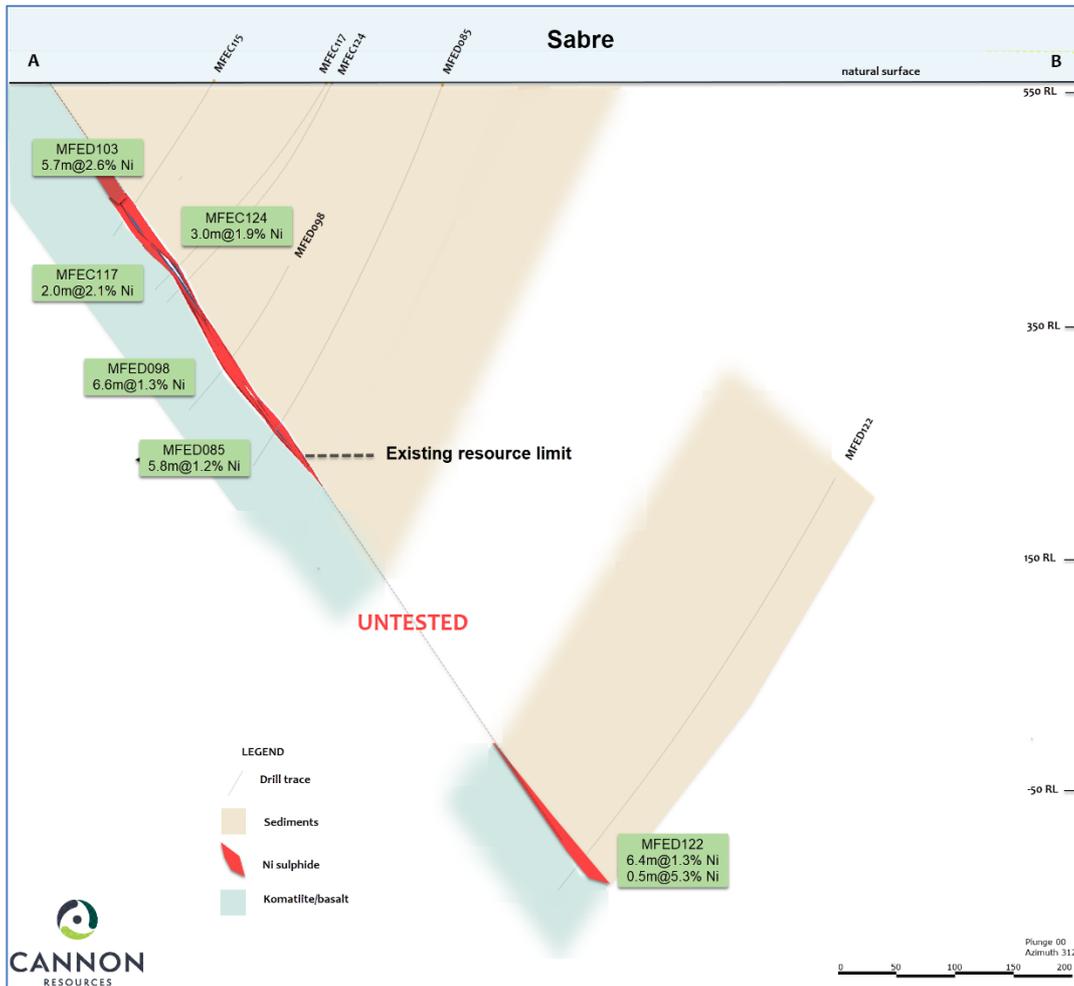


Figure 2: Sabre oblique section A-B along the interpreted mineralisation plunge.

Hole ID	Prospect	Drill Type	East	North	RL	Depth	Dip	Azi
MFED122	Sabre	DD	359372.4	7028760.9	556.5	797.2	-70.5	228

Table 2: Collar Detail for Drillhole MFED122.

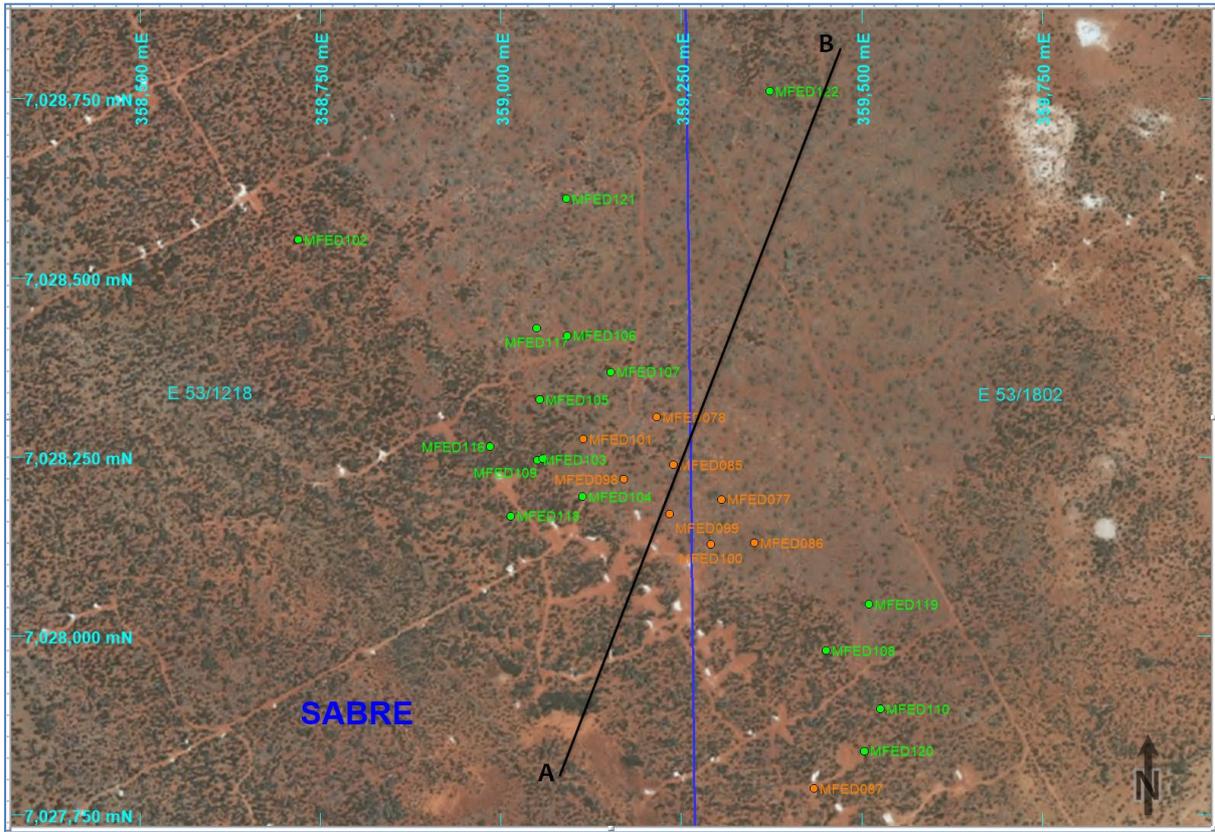


Figure 3: Sabre location with Cannon diamond drilling and A-B cross section location (green 2022 drill program; orange 2021 drill program).

Updated Sabre Resource Delivers 72% Lift

During the Reporting Period, Cannon announced that a Mineral Resource update has been completed for the Sabre prospect at the Company's Fisher East Nickel Project.

The Sabre Mineral Resource now stands at **2.9 Mt @ 1.5% Ni & 0.4 g/t (Pd + Pt) for 42.3 Kt** of contained nickel and **32,800 oz (Pd+Pt)** at a cut-off grade of 0.9% Ni (JORC 2012). The Resource has been audited by RPMGlobal.

The Fisher East Project now has a total of 134,100 tonnes of contained nickel at an average grade of 1.8% Ni in four high-grade sulphide JORC 2012 resources at Musket, Camelwood, Cannonball and Sabre.

Sabre scale and exploration upside

The updated Sabre Resource incorporates all recent diamond drill holes completed by Cannon in the period March to June 2022, and importantly includes the newly discovered high-grade massive sulphide zone along the northern channel margin as drilled in holes MFED103, MFED105, MFED117 and MFED118.

The updated Resource extends over a strike length of 670 metres and to a vertical depth of approximately 300 metres and remains open along strike and down plunge.

The Resource update included an estimate of the PGE content for the first time at 0.4 g/t combined palladium and platinum (Pd+Pt) for a total of 32,800 oz, which of a similar tenor to the grade at Musket at 0.5 g/t (Pd+Pt).

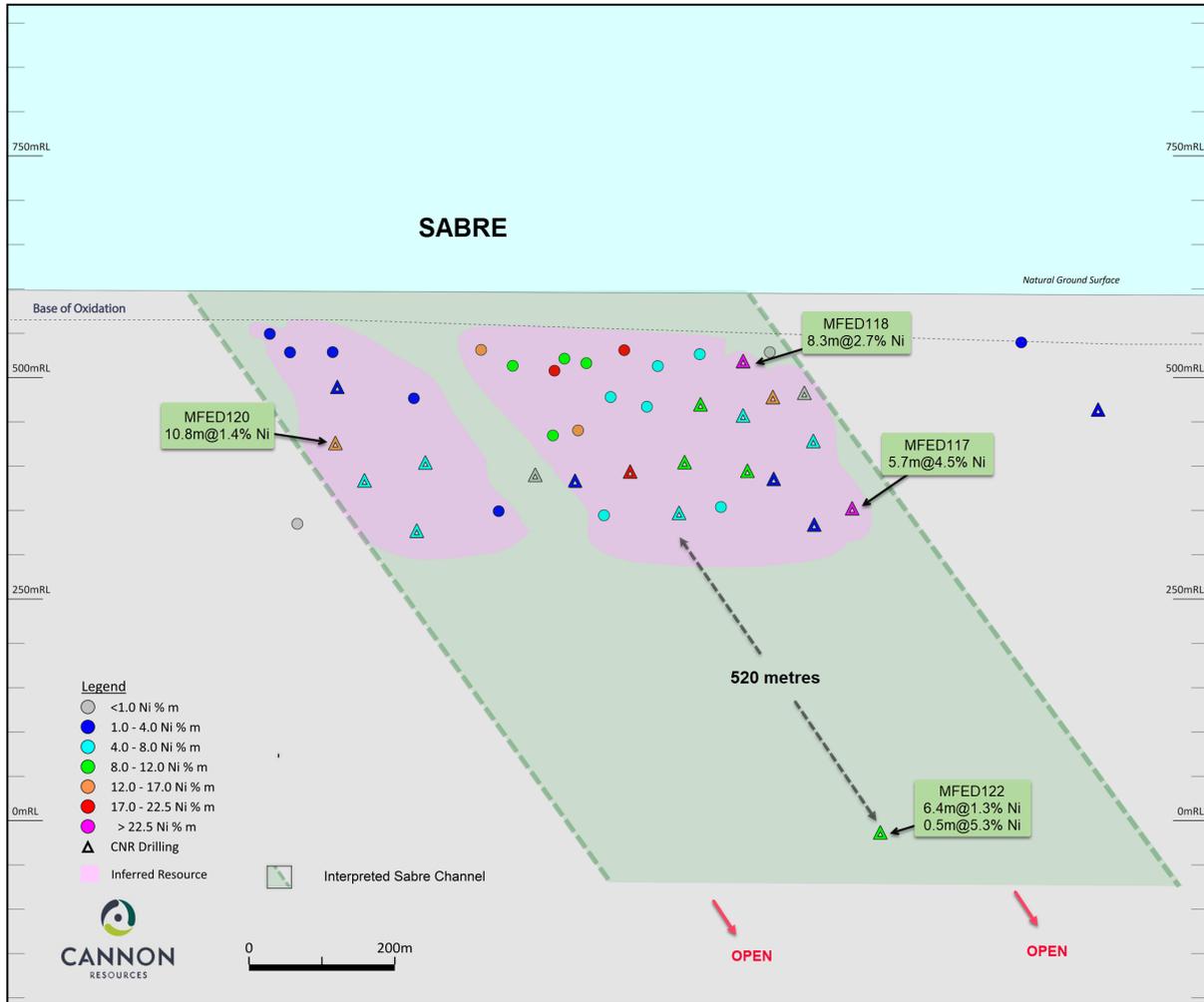


Figure 4: Sabre Mineral Resource in long section. Section shows 2022 Inferred Resource, all drilling pierce points, selected significant intercepts plus all Cannon drilling.

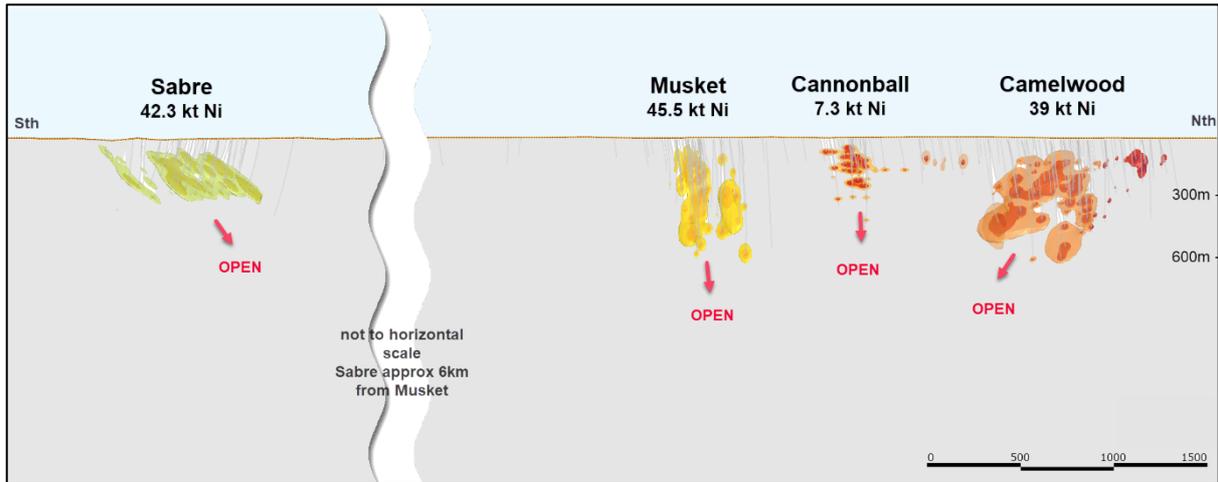


Figure 5: Sabre – Musket – Cannonball – Camelwood deposits in long section
All deposits are located on same stratigraphic contact, all subcrop at the surface
and all remain open at depth and laterally along strike.

Ni Cut-off Grade (%)	Material	Quantity (Mt)	Grade		Bulk Density (t/m ³)	Contained Metal	
			Ni (%)	PGE (Pd + Pt) (g/t)		Nickel Metal (kt)	PGE Metal (Pd+Pt) (oz)
Inferred Mineral Resource							
0.9	Oxide	-	-	-	-	-	-
	Transitional	0.20	1.2	0.3	3.1	2.8	2,300
	Fresh	2.6	1.5	0.4	3.2	39.5	30,500
	Total Inferred	2.9	1.5	0.4	3.2	42.3	32,800
Total		2.9	1.5	0.4	3.2	42.3	32,800

Table 3: Sabre Mineral Resource August 2022.

Fisher East				
Deposit	Category	Tonnes (Mt)	Grade Ni %	Contained Ni Metal
Camelwood	Indicated	1.7	2.0	34.0
	Inferred	0.3	1.5	5.0
	Total	2.0	2.0	39.0
Cannonball	Indicated	0.24	2.9	7.0
	Inferred	0.02	1.9	0.3
	Total	0.26	2.8	7.3
Musket	Indicated	0.9	2.1	19.0
	Inferred	1.5	1.8	26.4
	Total	2.4	1.9	45.5
Sabre	Inferred	2.9	1.5	42.3
	Total	2.9	1.5	42.3
Total	Indicated	2.8	2.1	60.0
	Inferred	4.7	1.6	74.0
	Total	7.5	1.8	134.1

Note: Cut-off grades: Camelwood, Cannonball 1.0% Ni; Musket, Sabre 0.9% Ni. Values may not sum due to rounding.

Table 4: Total Fisher East Mineral Resource.

Corporate

During the quarter Mr Steve Lynn, Chief Executive Officer of Cannon, left the Company to focus on other business interests. The Company commenced an executive search process for a Chief Executive Officer to lead the Company through its next stage of development.

Financial

As at 30 September 2022, the Company's cash balance was \$1.1m, a decrease of \$2.2m from the previous quarter, represented as follows:

- Exploration and evaluation costs (\$1.7m); and
- Administration and employee costs (\$0.5m)

Payments to related parties of the entity and their associates totalled \$70k which consisted of the following:

- \$28k to Rox Resources Limited for rent and Finance and Company Secretarial Services (relating to operating costs as disclosed in Item 1 of the Appendix 5B); and
- \$42k Non-Executive Director Fees.

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

Use of Funds (\$m)	Prospectus Estimate (2 years after ASX Admission)	Actual Use From Listing until 30/09/22	Variance Under/ (Over)
Exploration expenditure - Fisher East Project	2.9	5.8	(2.9)
Exploration expenditure - Collurabbie Project	1.2	0.4	0.8
Working capital	1.2	1.6	(0.4)
Repayment of Rox expenses loan	0.3	0.4	(0.1)
Estimated costs of the offer (exc. amount paid by Rox)	0.4	0.5	(0.1)
Total	6.0	8.7	(2.7)

Use of funds variance explanations are outlined below:

- Exploration expenditure at Fisher East: \$2.9m unfavourable as a result of the Company raising additional funds in October 2021 to expand and accelerate its drilling program at Fisher East;
- Exploration expenditure at Collurabbie: \$0.8m favourable as a result of the Company listing in August 2021 and hence being less than 14 months into the 2 year Prospectus estimate;
- Working Capital: \$0.4m unfavourable as a result of the Company raising additional funds in October 2021 to expand and accelerate its drilling program at Fisher East;
- Repayment of Rox Expenses Loan: in-line with Prospectus estimate; and
- Estimated costs of the offer (exc. amount paid by Rox): in-line with Prospectus estimate.

*****ENDS*****

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About Cannon Resources Limited

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

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, with a combined JORC 2012 Mineral Resource containing 134,100 tonnes of nickel at an average grade of 1.8% Ni. The deposits are Kambalda style komatiite hosted massive and disseminated nickel sulphide mineralisation. All deposits are located on 100% Cannon tenements.

Individually the four resources consist of:

Musket	2.4 Mt @ 1.9% Ni for 45.5 Kt Ni (0.9% Ni cut-off)
Camelwood	2.0 Mt @ 2.0% Ni for 39.0 Kt Ni (1.0% Ni cut-off)
Cannonball	0.26 Mt @ 2.8% Ni for 7.3 Kt Ni (1.0% Ni cut-off)
Sabre	2.9 Mt @ 1.5% Ni for 42.3 Kt (0.9% Ni cut-off)

Collurabbie contains a JORC 2012 Inferred Mineral Resource of 573,000t grading 1.63% Ni, 1.19% Cu, 0.082% Co, 1.49g/t Pd, 0.85g/t Pt at Olympia. This deposit is intrusive magmatic style and is composed of massive and disseminated nickel sulphide mineralisation. Olympia is located on 100% Cannon tenements.

Competent Person Statements

Exploration Results

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

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

The information in this report that relates to previous Exploration Results was prepared and first disclosed under the JORC Code 2012 and has been properly and extensively cross-referenced in the text to the date of the original announcement to the ASX.

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.

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 facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward looking statements.

Mining Tenements

Project	Interest	Tenement Number	Interest Held at beginning of period	Interest Held at date of this report
Fisher East, WA	All Minerals (excluding Gold)	E53/1218	100%	100%
	All Minerals	E53/1318	100%	100%
	All Minerals	E53/1716	100%	100%
	All Minerals	E53/1802	100%	100%
	All Minerals	E53/1884	100%	100%
	All Minerals	E53/1885	100%	100%
	All Minerals	E53/1886	100%	100%
	All Minerals	E53/1887	100%	100%
	All Minerals	E53/1950	100%	100%
	All Minerals	E53/2018	100%	100%
	All Minerals	E53/2090	100%	100%
	All Minerals	E53/2200	0%	100%
	All Minerals	E53/2144	0%	100%
	All Minerals	E53/2145	0%	100%
Collurabbie, WA	All Minerals	E38/2009	100%	100%
	All Minerals	E38/2912	100%	100%
	All Minerals	E38/3193	100%	100%