

Market Announcements Office  
ASX Limited

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Our ref /0138643-0000003 SYO1: 2002544270.2

4 November 2022

Dear Sir/Madam

**Off-market takeover bid by Kedalion Nickel Pty Ltd for Cannon Resources Limited**

**Bidder's statement**

We act for Kedalion Nickel Pty Ltd ACN 663 451 170 (**Kedalion**).

We attach pursuant to item 5 of section 633(1) of the *Corporations Act 2001* (Cth), a copy of Kedalion's bidder's statement (**Bidder's Statement**) in relation to Kedalion's off-market takeover bid for all of the ordinary shares in Cannon Resources Limited ACN 646 149 902 (**Cannon**).

Kedalion has set 9.00 am (Sydney time) on 7 November 2022 as the time and date for determining the persons to whom information is to be sent in accordance with section 633(2) of the *Corporations Act 2001* (Cth) in relation to the takeover bid.

The Bidder's Statement was lodged with the Australian Securities & Investments Commission and Cannon today.

Yours faithfully



**Aaron Kenavan**  
Partner

Encl

## Bidder's Statement

# ACCEPT

## THE OFFER

by: Kedalion Nickel Pty Ltd ACN 663 451 170

to purchase: all of your ordinary shares in Cannon Resources Limited ACN 646 149 902

for a price of: \$0.45 cash per Cannon Share

**To accept the Offer you must follow the instructions in the manner described in this Bidder's Statement**

**The Offer closes at 7.00pm (Perth time) on 21 December 2022, unless extended**

**This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your financial, legal or other professional adviser as soon as possible.**

Financial Adviser

Legal Adviser



TAYLOR COLLISON

ALLEN & OVERY

## Important notices

### Purpose of this Bidder's Statement

This document is a bidder's statement issued by Kedalion Nickel Pty Ltd to shareholders in Cannon Resources Limited under Part 6.5 of the Corporations Act. This Bidder's Statement is dated 4 November 2022. This Bidder's Statement describes the terms of the Offer made by Kedalion and contains certain disclosures required by the Corporations Act. You should read this Bidder's Statement in its entirety before deciding whether or not to accept the Offer.

### Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Bidder's Statement have the defined meanings set out in section 12. Section 12 also contains rules of interpretation that apply to this Bidder's Statement.

### Investment decisions

This Bidder's Statement does not constitute financial product advice and has been prepared without reference to your individual investment objectives, financial situation or other circumstances. This Bidder's Statement should not be relied upon as the sole basis for any decision as to whether or not to accept the Offer and you should consider seeking independent financial, legal or other professional advice before making any such investment decision.

### Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. Forward looking statements may generally be identified by the use of forward looking verbs such as aim, anticipate, believe, estimate, expect, foresee, intend or plan, by words denoting uncertainty such as likely, may, potential or should, or by derived or similar words. Similarly, statements that describe the expectations, objectives, plans or targets of Kedalion or Cannon may be forward looking statements.

The assumptions and expectations on which forward looking statements are based are subject to a number of risks and uncertainties that could cause the actual outcomes, and the actual performance or results of Kedalion or Cannon to be materially

different from the outcomes, or the performance or results of Kedalion or Cannon, expressed in, or implied by, such statements. These risks and uncertainties include among other things, general economic conditions, changes in law, regulation or government policy, the impact of increased competition and certain other operational and financial risks and uncertainties associated with carrying on business in the industries in which Kedalion and Cannon operate. All forward looking statements should be read in light of such risks and uncertainties.

None of Kedalion and its officers, employees and advisers makes any representation or warranty that any outcome, performance, or result expressed in or implied by any forward looking statement in this Bidder's Statement will actually occur. You should treat all forward looking statements with caution and not place undue reliance on them.

Any forward looking statements in this Bidder's Statement reflect the assumptions and expectations of Kedalion as at the date of this Bidder's Statement. Except as required by law, Kedalion and its officers, employees and advisers disclaim any obligation to revise or update any forward looking statements after the date of this Bidder's Statement to reflect any change in the assumptions or expectations on which those statements are based.

### Information about Cannon

Kedalion has prepared the information on Cannon, Cannon securities and the Cannon Group contained in this Bidder's Statement from publicly available information. Kedalion has also had access to certain other non-public information concerning Cannon and its business and the opportunity to have limited discussions with Cannon in relation to its business. Kedalion may have access to further non-public information concerning Kedalion during the Offer Period. This information has not and will not be independently verified by Kedalion. Accordingly, subject to the Corporations Act, Kedalion makes no representation or warranty as to the accuracy or completeness of such information and assumes no responsibility for it.

Further information relating to Cannon, Cannon securities and the Cannon Group may be included in the Target's Statement which Cannon must provide in response to this Bidder's Statement.

**Role of ASIC**

A copy of this Bidder's Statement was lodged with ASIC on 4 November 2022. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

**Notices to persons outside Australia**

This Bidder's Statement has been prepared having regard to Australian disclosure requirements and Australian accounting standards. These disclosure requirements and accounting standards may be different from those in other countries.

The distribution of this Bidder's Statement in some countries may be restricted by law or regulation. If you receive this Bidder's Statement outside Australia you should inform yourself of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

If you are not an Australian resident taxpayer or are liable for tax outside Australia you should seek specific tax advice in relation to the Australian and overseas tax consequences of accepting the Offer.

**Privacy and personal information**

Kedalion has collected your personal information from the Cannon Registers for the purpose of making and promoting the Offer and, if the Offer are successful, for the purpose of administering acceptances of the Offer in respect of your Cannon Shares and to undertake to accomplish compulsory acquisition process contained in Chapter 6A of the Corporations Act. The Corporations Act requires the names and addresses of security holders to be held in a public register. The personal information collected includes the names and addresses of Cannon Shareholders and details of their holdings of Cannon Shares. This personal information may be disclosed to professional advisers, printers, mailing houses and other organisations providing services to Kedalion in connection with the Offer, to other members of Kinterra Group, and to ASIC and other regulatory authorities.

Individuals in respect of whom personal information is collected have certain rights to access that personal information. The registered office of Kedalion is located at Level 2, 22 Mount Street Perth, Western Australia 6000.

**Effect of rounding**

Certain amounts or figures in this Bidder's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these amounts or figures may differ from the amounts or figures set out in this Bidder's Statement.

**Diagrams and data in charts, graphs and tables**

Diagrams appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless otherwise indicated, all data contained in charts, graphs and tables is based on information current at the date of this Bidder's Statement.

**References to currency**

Unless otherwise indicated, all references to \$, A\$, dollars or cents in this Bidder's Statement are to Australian currency.

**References to time**

Unless otherwise indicated, all references to time in this Bidder's Statement are to the time in Perth, Australia.

**Websites**

Cannon maintains a website at <https://www.cannonres.com.au/>. Any references to this and any other websites are for information only and no material contained on any such website forms part of this Bidder's Statement.

**Further questions**

If you have any questions in relation to the Offer, please contact your broker or legal, financial or professional adviser. The Share Registrar can be contacted during business hours on 1300 101 594 (within Australia) and +61 2 8072 1412 (from outside of Australia).

**Date of this Bidder's Statement**

This Bidder's Statement is dated 4 November 2022.

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## Key dates

Announcement Date	31 October 2022
Date of this Bidder's Statement	4 November 2022
Offer Period for the Offer officially commences	[●]
Offer Period for the Offer ends (unless extended or withdrawn)	21 December 2022

## How to accept the Offer

You may only accept the Offer in respect of all of your Cannon Shares. Acceptances must be received before the end of the Offer Period. Depending on the nature of your holding, you may accept the Offer in the following ways:

<p><b>Issuer Sponsored Holdings (you have a Securityholder Reference Number starting with the letter I)</b></p>	<p><b>Online acceptance:</b> to accept the Offer online, visit <a href="https://investor.automic.com.au/#/signup">https://investor.automic.com.au/#/signup</a> and follow the instructions below:</p> <ol style="list-style-type: none"> <li>1. Select 'Cannon Resources Limited Takeover Offer' from the Company Name Field.</li> <li>2. Enter your Securityholder Reference Number (SRN).</li> <li>3. Enter your postcode or country of residence (if outside Australia).</li> <li>4. Tick the box "I'm not a robot" and then select "Next".</li> <li>5. Complete the prompts to set up your username and password.</li> </ol> <p>Once you are logged in, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the Offer closes; or</p> <p><b>Acceptance Form:</b> to accept the Offer using a physical acceptance form, complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form, and send it to the address set out on the form so it is received before the end of the Offer Period.</p>
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<p><b>CHESS Holdings (you have a Holder Identification Number starting with the letter X)</b></p>	<p>If your Cannon Shares are held in a CHESS Holding, to accept the Offer you must do one of the following:</p> <p><b>Online acceptance:</b> If you have an existing Automic Investor account visit <a href="https://investor.automic.com.au/#/home">https://investor.automic.com.au/#/home</a> and log in using your username and password, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the Offer closes. If you do not have an existing Automic Investor account visit <a href="https://investor.automic.com.au/#/signup">https://investor.automic.com.au/#/signup</a> and follow the instructions below:</p> <ol style="list-style-type: none"> <li>1. Select "Cannon Resources Limited Takeover Offer" from the Company Name Field.</li> <li>2. Enter your Holder Identification Number (HIN).</li> <li>3. Enter your postcode or country of residence (if outside Australia).</li> <li>4. Tick the box "I'm not a robot" and then select "Next".</li> <li>5. Complete the prompts to set up your username and password.</li> </ol> <p>Once you are logged in, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the Offer closes. For your online acceptance to be an effective acceptance of the Offer, it must be received in time for the Registry to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period;</p> <p><b>Contact your Controlling Participant:</b> instruct your Controlling Participant (usually your broker) to accept the Offer on your behalf before the end of the Offer Period; or</p> <p><b>Acceptance Form:</b> to accept the Offer using a physical acceptance form, complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form. This will authorise Kedalion to instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by Kedalion in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period,</p> <p>and you must comply with any other applicable ASX Settlement Operating Rules.</p>
<p><b>Controlling Participants</b></p>	<p>If you are a Participant, acceptance of the Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.</p>

**Postal and delivery addresses for completed Acceptance Forms**

<p><b>By post:</b></p>	<p>Automic Group GPO Box 5193 Sydney NSW 2001</p>
<p><b>By hand:</b></p>	<p>Automic Group Level 5, 126 Phillip Street Sydney NSW 2000</p>

**Payment**

If you accept the Offer and the Offer is or becomes unconditional, you will be paid on the earlier of:

- one month after you accept the Offer, or one month after the Conditions to the Offer (in section 11.7) have been satisfied or waived (whichever is the later); and
- 21 days after the close of the Offer Period.

You may also sell your Cannon Shares on-market, but by selling your Cannon Shares on-market you will not be entitled to the benefit of any price increase under the Offer (in the event that Kedalion determines to increase the Offer Price) and you may be charged brokerage fees (plus any applicable GST).

# 1. Kedalion's Letter to Cannon Shareholders

4 November 2022

Dear Cannon Shareholders,

On behalf of Kedalion Nickel Pty Ltd (**Kedalion**), it is our pleasure to present you with this 100% cash Offer to acquire all of your Cannon Shares at \$0.45 cash per share.

The Offer has been unanimously recommended by Cannon's Board of Directors, in the absence of a Superior Proposal and has the support of major Cannon Shareholders representing 19.86% of Cannon's Shares on issue.

Cannon's Directors have also confirmed their intention to accept the Offer, in the absence of a Superior Proposal and also intend to exercise their Cannon Options and to accept the Offer for the resulting Cannon Shares, in the absence of a Superior Proposal and subject to their Cannon Shares being released from ASX escrow restrictions.

## Our unanimously recommended Offer

The 100% cash Offer provides Cannon Shareholders with a compelling premium to the recent trading values of Cannon Shares prior to the announcement of the Offer, as well as a substantial uplift to Cannon's Initial Public Offer (IPO) price in August last year.

The Offer Price of \$0.45 per Cannon Share represents a:

- 43% premium to Cannon's last closing share price of \$0.315 on 28 October 2022, the last Trading Day before Announcement Date;
- 55% premium to Cannon's 5-day VWAP of \$0.290 up to 28 October 2022, the last Trading Day before Announcement Date;<sup>1</sup> and
- 58% premium to Cannon's 30-day VWAP of \$0.285 up to 28 October 2022, the last Trading Day before Announcement Date.<sup>1</sup>

## Why Cannon Shareholders should accept the Offer

This Offer provides a compelling premium to recent Cannon trading prices (as outlined above) and given the Offer consideration is 100% cash, the Offer provides all Cannon Shareholders with the opportunity, subject to satisfaction or waiver of the Conditions to the Offer, to crystallise their entire investment at a known and certain value. With Cannon being a relatively illiquid company, this is particularly important for Cannon Shareholders in volatile markets.

In addition, the Offer also mitigates the risks and uncertainties of remaining a Cannon Shareholder, including potential dilution associated with near-term capital requirements. As of 30 September 2022, Cannon had approximately \$1.1 million in cash. Kinterra Fund has provided a loan facility of up to \$1 million to assist Cannon (if required) with its funding requirements through the Offer Period.

Further detail on the Offer and reasons to accept it are outlined in this Bidder's Statement.

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<sup>1</sup> VWAP of Cannon Shares is calculated for the period up to and including the 28 October 2022. Trading data is provided by Iress. Iress is not required to consent, and has not consented to the use of such information or references in this Bidder's Statement.

## Cannon Shareholder Support

As at the date of this Bidder's Statement, Kedalion has a relevant interest in 19.86% of all Cannon Shares on issue as a result of certain Cannon Shareholders, including Cannon's largest shareholder, Ponderosa Investments WA Pty Ltd (15.4%), entering into Pre Acceptance Agreements with Kedalion.

## Impact on Cannon Optionholders

Cannon Optionholders who exercise their Cannon Options and accept the resulting Cannon Shares into this Offer prior to the end of the Offer Period will receive the same \$0.45 consideration as all Cannon Shareholders under the Offer (assuming the Offer becomes unconditional). For Cannon Optionholders, this represents a 50% premium to the \$0.30 exercise price of Cannon Options.

## Overview of Kinterra Group

Kedalion is indirectly wholly owned by the Kinterra Fund. Kinterra Fund is fund focused on developing the critical minerals and downstream infrastructure necessary for the energy transition. Kinterra Fund's asset manager and investment advisor is Kinterra Capital. Kinterra Capital's team has significant sector-specific investment and technical expertise, with particular experience developing and permitting nickel sulphide ultramafic orebodies, including completing permitting activities and a feasibility study at one of the world's largest undeveloped nickel sulphide projects located in Quebec, Canada. Kinterra Capital applies this expertise to create and unlock value for all of its stakeholders. The firm is relationship driven and seeks to develop long-lasting partnerships. Kinterra Capital 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.

## Further information

The Offer is subject to a number of conditions, including a 50.1% (on a Fully Diluted Basis) minimum acceptance condition, with further details of the Offer, including full terms and conditions, set out in this Bidder's Statement. We encourage all Cannon Shareholders to read this Bidder's Statement thoroughly and to promptly accept the Offer.

The Offer is open until 7pm (Perth time) on 21 December 2022, unless otherwise extended or withdrawn.

To accept the Offer, please follow the instructions set out in this Bidder's Statement.

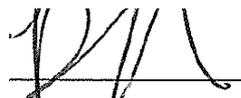
If you have any questions about the Offer, please contact the Offer Information Line during business hours on 1300 101 594 (from within Australia) or +61 2 8072 1412 (from outside Australia).

We encourage you to accept the Offer as soon as possible for the reasons set out in this Bidder's Statement.

Yours sincerely,



Cheryl Brandon  
Director, Kedalion



Kamal Toor  
Director, Kedalion

## 2. Why you should Accept the Offer

1.	The Offer is unanimously recommended by Cannon Directors, in the absence of a Superior Proposal
2.	The Offer Price of \$0.45 per Cannon Share represents a compelling premium to recent and historical trading levels
3.	The Offer provides certainty of value for your relatively illiquid Cannon Shares
4.	The Offer has the support of key Cannon Shareholders, together holding 19.86% of the Cannon Shares on issue
5.	The Offer mitigates the risks and uncertainties of remaining a Cannon Shareholder, including near-term requirements for additional capital
6.	No Superior Proposal or alternative offer has emerged
7.	If the Offer is not successful, the Cannon Share price may fall
8.	Risk of being a minority in a more illiquid company

**Alternatively, you may wish to sell your Cannon Shares on-market, but you may be charged brokerage fees (plus any applicable GST). If you sell your Cannon Shares on-market you will not be entitled to the benefit of any price increase under the Offer, in the event that Kedalion determines to increase the Offer Price.**

**1. The Offer is unanimously recommended by Cannon Directors, in the absence of a Superior Proposal**

The Cannon Directors unanimously recommend that Cannon Shareholders accept the Offer, in the absence of a Superior Proposal.

Additionally, Cannon Directors who own or control Cannon Shares have confirmed that they intend to accept or procure the acceptances of the Offer in respect of the Cannon Shares that they own or control, in the absence of a Superior Proposal. They also intend to exercise their Cannon Options and to accept the Offer for the resulting Cannon Shares, in the absence of a Superior Proposal and subject to those Cannon shares being released from ASX escrow restrictions.

As at the date of this Bidder's Statement, the Cannon Directors collectively own or control:

- 1.18 million Cannon Shares, representing approximately 1.37% of all Cannon Shares on issue (excluding Cannon Options); and
- 2.43 million Cannon Options.

**2. The Offer Price of \$0.45 per Cannon Share represents a compelling premium to recent and historical trading levels**

The Offer Price of \$0.45 cash per Cannon Share represents a substantial and compelling premium to recent trading prices of Cannon Shares and also provides a significant uplift to Cannon's \$0.20 initial public offering price in August 2021.

The chart below illustrates the premium represented by the Offer Price relative to the historical trading prices of Cannon Shares on the ASX prior to the Announcement Date:



Source: Iress as at 28 October 2022 (being the last Trading Day prior to the Announcement Date).<sup>2</sup>

<sup>2</sup> Trading data is provided by Iress. Iress is not required to consent and has not consented to the use of such information or references in this Bidder's Statement.

In addition, Cannon Optionholders who exercise their Cannon Options and accept their Cannon Shares into the Offer prior to the end of the Offer Period will receive the same \$0.45 Offer consideration as all Cannon Shareholders under the Offer (assuming the Offer becomes unconditional). For Cannon Optionholders, this represents a 50% premium to the \$0.30 exercise price of Cannon Options.

### 3. The Offer provides certainty of value for your relatively illiquid Cannon Shares

In addition to the compelling premium provided by the Offer, an additional and important consideration is that the Offer provides all Cannon Shareholders with the ability to crystallise their investment at a known and certain cash value (assuming the Offer becomes unconditional), which is a significant benefit in volatile markets.

Historically, the liquidity in the trading of Cannon Shares has been relatively low. In the 6 months prior to the Announcement Date, the average daily turnover on ASX of Cannon Shares was approximately \$38,000 per day and the total traded value of Cannon Shares over that same time period was only approximately \$5 million.<sup>2</sup> This total traded value over the 6 months prior to Announcement Date is equivalent to less than 20% of Cannon's undiluted and approximate \$27 million market capitalisation prior to Announcement Date.

### 4. The Offer has the support of key Cannon Shareholders, together holding 19.86% of the Cannon Shares on issue

As at the date of this Bidder's Statement, Kedalion has a relevant interest in 17,106,844 Cannon Shares representing approximately 19.86% of all Cannon Shares on issue. Kedalion's relevant interest is as a result of certain Cannon Shareholders, including Cannon's largest shareholder, Ponderosa Investments WA Pty Ltd (15.4%), entering into Pre Acceptance Agreements with Kedalion to accept the Offer, subject to certain conditions. Further detail on the Pre Acceptance Agreements and the Cannon Shareholders who have entered into Pre Acceptance Agreements is contained in Section 10.2 and a summary table is provided below:

Investor Name	Number of Cannon Shares entered into Pre-Bid Acceptance Agreement	% of Cannon Shares
Ponderosa Investments WA Pty Ltd	13,257,355	15.39%
Kendali Pty Ltd	1,750,000	2.03%
Longreach 52 Pty Ltd	1,750,000	2.03%
Hammerhead Holdings Pty Ltd	349,489	0.41%
<b>Total</b>	<b>17,106,844</b>	<b>19.86%</b>

### 5. The Offer mitigates the risks and uncertainties of remaining a Cannon Shareholder, including near-term requirements for additional capital

The Offer, if it becomes unconditional, removes a number of risks associated with an investment in Cannon on a stand-alone basis. When considering whether to accept Kedalion's Offer, Cannon

Shareholders should give strong consideration to some of the key risks facing Cannon Shareholders should the Offer not be successful and Cannon continues on a stand-alone basis. These include:

- Cannon's cash position has reduced to approximately \$1.1 million as at 30 September 2022. To assist Cannon with its funding requirements during the Offer Period, Kinterra Fund has made an up to \$1 million short term loan facility available to Cannon (should it be required) subject to certain conditions. Should the Offer not result in Kedalion wholly owning Cannon, it is likely that Cannon will have a near term requirement to raise equity capital to fund its ongoing corporate overheads, working capital, any further exploration at Fisher East and the repayment of any funds drawn under the Loan Agreement (for further information on the Loan Agreement see Section 5.5);
- any near-term Cannon equity capital raise will most likely occur at a discount to Cannon's prevailing share price. In this regard, it is relevant to note that Cannon's five day volume weighted average share price prior to the Announcement Date of Kedalion's Offer was \$0.290 per share. As such, any material equity capital raise will likely result in significant dilution for existing Cannon Shareholders; and
- the general risks associated with an ASX listed, single asset, junior exploration company, particularly exploration risk, market volatility, commodity price risk and access to capital on acceptable terms.

By accepting the Offer, Cannon Shareholders will receive certain value and will no longer be exposed to these risks if the Offer becomes unconditional.

## **6. No Superior Proposal or alternative offer has emerged**

As at the date of this Bidder's Statement, Kedalion is not aware that any Superior Proposal exists.

In addition, the BIA prohibits Cannon soliciting any third party proposals during the term of the BIA and should Cannon Directors change their recommendation in response to an unsolicited proposal, Cannon may be obliged to pay a break fee of \$450,000 to Kedalion, as well as repay any amounts Cannon elects to draw under the up to \$1 million loan facility Kinterra Fund has made available to Cannon.

## **7. If the Offer is not successful, the Cannon Share Price may fall**

The Offer Price of \$0.45 cash per Cannon Share is approximately 43% above the last closing share price on ASX of Cannon Shares prior to the Announcement Date. Since the Announcement Date, Cannon's share price has increased 38.1% from its \$0.315 pre-Announcement Date closing share price to \$0.435 on 3 November 2022, being the last Trading Day prior to the date of this Bidder's Statement (see chart below).



Source: Iress as at 3 November 2022 (being the last Trading Day prior to the date of this Bidder's Statement).<sup>3</sup>

Should the Offer not be successful and no Superior Proposal emerges, the Cannon share price may decline, back potentially towards pre-Announcement Date levels and Cannon may need to raise significant equity capital at an even further discount, resulting in likely dilution of existing Cannon Shareholders.

**8. Risks of being a minority in a more illiquid company**

If you do not accept the Offer and Kedalion satisfies the 50.1% minimum acceptance condition (on a Fully Diluted Basis) but is not entitled to compulsorily acquire Cannon Shares it does not own, you will be a shareholder in a company controlled by Kedalion and which is likely to have lower liquidity on ASX than it did prior to the Announcement Date.

**3. Summary of the Offer**

This section provides a summary of the Offer and refers you to other sections of this Bidder's Statement where you will find more information on the subjects mentioned. This section does not provide all information that may be relevant. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer.

<p><b>What is this Bidder's Statement?</b></p>	<p>This Bidder's Statement was prepared by Kedalion for distribution to Cannon Shareholders and Cannon Optionholders. It contains information about the Offer and other information relevant to your decision whether to accept the Offer.</p>
<p><b>What is the Offer?</b></p>	<p>Kedalion is making an off-market, cash offer to acquire your Cannon Shares for \$0.45 per Cannon Share, on the terms set out in this Bidder's Statement.</p> <p>You may accept this Offer in respect of all of your Cannon Shares for cash consideration at the Offer Price in accordance with the instructions in this Bidder's Statement.</p>

<sup>3</sup> Trading data is provided by Iress. Iress is not required to consent and has not consented to the use of such information or references in this Bidder's Statement.

	You may only accept this Offer in respect of all of your Cannon Shares. This Offer extends to any Cannon Shares that are issued during the Offer Period as a result of the exercise of Cannon Options.
<b>Who is Kedalion?</b>	Kedalion was incorporated specifically for the purpose of acquiring an interest in Cannon Shares, including those pursuant to the Offer. It is wholly owned by Kinterra Fund, a private equity fund focused on developing the critical minerals and downstream infrastructure necessary for the energy transition.  For further information on Kedalion and the Kinterra Group, please see section 4.
<b>What choices do I have?</b>	As a Cannon Shareholder, you have the following choices: <ul style="list-style-type: none"> <li>• accept the Offer for all of your Cannon Shares and receive the all-cash offer consideration, subject to the Conditions being satisfied or waived;</li> <li>• sell your Cannon Shares on-market (unless you have previously accepted the Offer); or</li> <li>• do nothing.</li> </ul> As a Cannon Optionholder, you have the following choices: <ul style="list-style-type: none"> <li>• exercise your Cannon Options and have the choices set out above in respect of the Cannon Shares issued to you; or</li> <li>• do nothing.</li> </ul>
<b>When can I accept the Offer?</b>	You may accept the Offer during the Offer Period which commences on [●] and will finish at 7 pm (Perth time) 21 December 2022 unless the Offer Period is extended or withdrawn in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.
<b>How do I accept the Offer?</b>	<b>You may only accept the Offer in respect of all of your Cannon Shares.</b> Depending on the nature of your holding, you may accept the Offer in the following ways: <ul style="list-style-type: none"> <li>• <b>If you hold your Cannon Shares in an Issuer Sponsored Holding:</b> <ul style="list-style-type: none"> <li>○ Visit <a href="https://investor.automic.com.au/#/signup">https://investor.automic.com.au/#/signup</a> and follow the instructions below: <ol style="list-style-type: none"> <li>1. Select "Cannon Resources Limited Takeover Offer" from the Company Name Field.</li> <li>2. Enter your Securityholder Reference Number (SRN).</li> <li>3. Enter your postcode or country of residence (if outside Australia).</li> <li>4. Tick the box "I'm not a robot" and then select "Next".</li> <li>5. Complete the prompts to set up your username and password.</li> </ol> Once you are logged in, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the Offer closes; or</li> <li>○ complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form so it is received before the Offer closes.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• <b>If you hold your Cannon Shares in a CHESS Holding:</b> <ul style="list-style-type: none"> <li>○ If you have an existing Automic Investor account visit <a href="https://investor.automic.com.au/#/home">https://investor.automic.com.au/#/home</a> and log in using your username and password, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the Offer closes. If you do not have an existing Automic Investor account follow the instructions below:           <ol style="list-style-type: none"> <li>1. Select "Cannon Resources Limited Takeover Offer" from the Company Name Field.</li> <li>2. Enter your Holder Identification Number (HIN).</li> <li>3. Enter your postcode or country of residence (if outside Australia).</li> <li>4. Tick the box "I'm not a robot" and then select "Next".</li> <li>5. Complete the prompts to set up your username and password.</li> </ol> <p>Once you are logged in, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the Offer closes. For your online acceptance to be an effective acceptance of the Offer, it must be received in time for the Registry to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period; or</p> <li>○ complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form, so that it is received in sufficient time for your Controlling Participant to effect acceptance before the Offer closes or instruct your Controlling Participant (usually your broker) to accept the Offer on your behalf before the end of the Offer Period.</li> </li></ul> </li> <li>• <b>If you are a Participant</b>, acceptance of the Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.</li> </ul> <p>Full details on how to accept the Offer are set out in section 11.3 of this Bidder's Statement.</p> <p>If you accept the Offer, you agree not to sell your Cannon Shares to anyone else and you will not be able to sell your Cannon Shares on-market.</p>
<p><b>Can I sell my Cannon Shares on-market?</b></p>	<p>Yes, you may sell all, or some, of your Cannon Shares on-market during the Offer Period.</p> <p>If you sell your Cannon Shares on-market, you will not be entitled to the benefit of any price increase under the Offer, in the event that Kedalion determines to increase the Offer Price, and you may be charged brokerage fees (plus any applicable GST).</p>
<p><b>Can I sell part of my shareholding?</b></p>	<p>You cannot accept the Offer for only part of your Cannon shareholding, although you may sell some or all of your Cannon Shares on-market during the Offer Period and accept the Offer for the balance of your Cannon shareholding.</p>
<p><b>What will I receive if I accept the Offer?</b></p>	<p>The Offer is a full cash offer. If you accept the Offer and it becomes unconditional, you will receive the Offer Price of \$0.45 for each of your Cannon Shares.</p>
<p><b>If I accept the Offer, when will I be paid?</b></p>	<p>If you accept the Offer, and the Offer is or becomes unconditional, you will be paid on the earlier of:</p>

	<ul style="list-style-type: none"> <li>• one month after you accept the Offer, or one month after the Conditions have been satisfied or waived (whichever is the later); and</li> <li>• 21 days after the close of the Offer Period.</li> </ul>
<b>If I sell my Cannon Shares on-market, when will I be paid?</b>	<p>The usual rules for settlement of on-market transactions on the ASX will apply. This means that if you sell your Cannon Shares on-market, you will be paid on a T+2 basis (being within two Trading Days after the trade date of your acceptance).</p> <p>If you sell your Cannon Shares on-market, you will not be entitled to the benefit of any price increase under the Offer, in the event that Kedalion determines to increase the Offer Price, and you may be charged brokerage fees (plus any applicable GST).</p>
<b>Is the Offer subject to any conditions?</b>	<p>Yes. The Offer is subject to certain Conditions, which are set out in full in section 11.7. In summary, the Conditions to the Offer require that:</p> <ul style="list-style-type: none"> <li>• the Offer results in Kedalion having relevant interests in at least 50.1% of Cannon Shares (on a Fully Diluted Basis);</li> <li>• there are no “prescribed occurrences” affecting Cannon during the Offer Period (see section 11.7(b));</li> <li>• there are no “material occurrences” affecting Cannon during the Offer Period (see section 11.7(c));</li> <li>• there is no “material adverse change” affecting Cannon (see section 11.7(e));</li> <li>• no dividends or distributions are declared or paid; and</li> <li>• there is no breach of the BIA Warranties; and</li> <li>• there are no adverse regulatory actions which may be expected to restrain, impede or prohibit the Offer.</li> </ul>
<b>What happens if the Conditions of the Offer are not satisfied?</b>	<p>If the Offer closes with Conditions remaining unsatisfied or not waived, the Offer will lapse and acceptances will be void. This means that the Offer will not proceed and you will continue to hold your Cannon Shares. Refer to section 11.9 for further information about the satisfaction or waiver of Conditions.</p>
<b>Will I need to pay stamp duty or brokerage if I accept the Offer?</b>	<p>If your Cannon Shares are registered to an Issuer Sponsored Holding in your name and you deliver them directly to Kedalion, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.</p> <p>If your Cannon Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Cannon Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges (plus any applicable GST) in connection with acceptance of the Offer.</p> <p>You will not be obliged to pay stamp duty if you accept the Offer or if you sell your Cannon Shares on-market.</p>

<b>What are the tax consequences if I accept the Offer?</b>	A general summary of some Australian tax consequences of the Offer is set out in section 9. However, the tax consequences of accepting the Offer will depend on your own individual circumstances and you should consult your financial, legal or other professional adviser about the tax implications of accepting the Offer.
<b>What happens if I do not accept the Offer?</b>	<p>If you do not accept the Offer and choose not to sell your Cannon Shares on-market, you will remain a Cannon Shareholder and will not be paid the cash consideration under the Offer.</p> <p>However, if Kedalion becomes entitled to compulsorily acquire your Cannon Shares, it intends to do so. If Kedalion obtains sufficient acceptances from other Cannon Shareholders you will be paid on the same terms as under the Offer at the end of the compulsory acquisition process. Kedalion will also compulsorily acquire Cannon Options if it becomes entitled to do so.</p> <p>In the circumstances set out in sections 7.2 and 7.3, Kedalion would seek to remove Cannon from the Official List of the ASX.</p> <p>Information on Kedalion's intentions with respect to Cannon and its business is set out in section 7.</p>
<b>How is Kedalion funding the Offer?</b>	Kedalion has an unconditional funding agreement in place with its parent company, Terranu, which in turn has an unconditional funding agreement in place with Kinterra Fund. Kinterra Fund has funding commitments from various institutional investors that it will draw on to fund the consideration payable by Kedalion under the Offer.
<b>Can I withdraw my acceptance?</b>	You cannot withdraw your acceptance of the Offer unless a withdrawal right arises under the Corporations Act.
<b>Can the Offer Period be extended?</b>	Yes, the Offer Period may be extended at the election of Kedalion and as required under the Corporations Act. Any extension will be announced to the ASX.
<b>What if I am a foreign shareholder?</b>	Foreign Cannon Shareholders will be paid the same cash consideration as stipulated under the Offer. You will be paid in Australian dollars by cheque drawn on an Australian bank branch. However, an amount may be withheld to address CGT Withholding Obligations in relation to foreign Cannon Shareholders or as permitted by the terms of the Offer.
<b>Where can I get further information?</b>	If you have any questions in relation to the Offer, please contact your broker or legal, financial or professional adviser. You can also call the Offer Information Line during business hours (Sydney time) on 1300 101 594 (from within Australia) or +61 2 8072 1412 (from outside Australia).

## 4. Information about Kedalion and Kinterra Group

### 4.1 Overview of Kedalion and Kinterra Group

Kedalion is a limited liability company incorporated specifically for the purpose of acquiring an interest in Cannon Shares, including those pursuant to the Offer. Kedalion is a wholly owned subsidiary of Terranu Transition Metals Pty Ltd, which in turn is a wholly owned subsidiary of a critical minerals private equity fund, Kinterra Battery Metals Mining Fund, LP (the **Kinterra Fund**).

Below is a structure diagram setting out the relationship between Kedalion and Kinterra Fund.



### 4.2 Directors

As at the date of this Bidder's Statement, the directors of Kedalion are:

- Cheryl Brandon – Cheryl Brandon is the Co-Founder and Co-Managing Partner of Kinterra Capital. Ms. Brandon helps to oversee all aspects of investment origination, capital deployment, risk management, portfolio construction, value creation and investment monetization. Ms. Brandon serves on Kinterra Capital's Investment Committee and Valuation Committee. Prior to founding Kinterra Capital, Ms. Brandon co-founded a US\$2 billion private equity platform focused on the natural resources sector and she has over 18 years of experience managing capital on behalf of Tier-1 global institutions. Ms. Brandon was recognised as Top 40 Under 40 in Canada in 2021 and received the Distinguished Graduate Award from the Goodman School of Business. She recently completed the Rotman Institute of Corporate Directors designation and completed an M.Sc. at Columbia University in New York. Ms. Brandon is a Chartered Financial Analyst Charter Holder and member of the Toronto Society of Financial Analysts and serves on the Canadian Women in Private Equity Association board.
- Kamal Toor – Kamal Toor is the Co-Founder and Co-Managing Partner of Kinterra Capital. Mr. Toor helps to oversee all aspects of Kinterra Capital's investment business, including strategic ideation, transaction structuring and execution, value creation and investment monetization. Mr. Toor also helps to shape the strategic direction of the firm and is responsible for general management oversight. Mr. Toor serves on Kinterra Capital's Investment Committee and Valuation Committee. Mr. Toor has deep transactional experience across a variety of complex transaction structures, including M&A, bankruptcies, hostile bids and proxy battles. Prior to founding Kinterra Capital, Mr. Toor co-founded a US\$2 billion private equity

platform focused on the natural resources sector and he has spent more than a decade in senior leadership roles in institutional asset management. Previously, Mr. Toor also practiced corporate law at Allen & Overy LLP, a global “magic circle” firm. In addition to holding an undergraduate business degree and multiple law degrees, Mr. Toor also holds an MBA from Cornell University.

- Andrea Betti – Andrea Betti is a co-founder of Consilium Corporate. Andrea focuses on ASX listed clients, ensuring all corporate legal and financial requirements are met from a company secretarial and compliance perspective. Her clients range from large private clients, publicly listed companies to companies wishing to list on the Australian Securities Exchange. Andrea’s unique mix of experience and education makes her a valuable asset to Kedalion. Her knowledge and understanding of the mining & exploration industry provides her with the insight to offer Kedalion expert guidance and support.

### 4.3 Additional information about Kinterra Group

#### Kinterra Fund

Kinterra GP Corp. serves as the general partner of Kinterra Fund. Kinterra Fund is a private equity fund focused on developing the critical minerals and downstream infrastructure necessary for the energy transition. Kinterra Fund’s investment objective is to seek capital appreciation primarily by investing in, acquiring and/or developing, critical minerals, downstream infrastructure and related opportunities and resources, in North America, Australia and certain other stable jurisdictions. Critical minerals of interest include nickel, copper, lithium, carbon, graphite, manganese and cobalt, among others (**Critical Minerals**).

Kinterra Fund invests principally in high-quality development stage and late-stage production-focused Critical Minerals assets that (i) are in jurisdictions that offer regulatory and geopolitical stability; (ii) are in need of value creation programs; and (iii) have the potential to become fully permitted; (collectively, the **Target Investments**).

Kinterra Fund has committed capital from sophisticated and institutional investors along with access to additional co-investment funds on a discretionary basis

#### Kinterra Capital

Kinterra Capital serves as investment advisor to Kinterra Fund and advises Kinterra GP Corp. in the overall management and supervision of Kinterra Fund’s investments including, without limitation, originating, acquiring, providing asset management services for and the monetizing of the investments.

Kinterra Capital’s team has sector-specific investment and technical expertise with developing and permitting nickel sulphide ultramafic orebodies. Kinterra Capital aims to apply this expertise to create and unlock value for all of its stakeholders. The firm is relationship driven and seeks to develop long-lasting partnerships.

Members of the Kinterra Capital team have worked on a wide variety of mining assets over their time in the mining industry, across mine types, jurisdictions, and technical disciplines, in precious, base and battery metals. From a technical perspective, members of the Kinterra Capital team have, among other examples, designed flowsheets for complex orebodies, led engineering for large-scale open pit and underground mines, executed complex construction projects in furtherance of permitting initiatives, engaged in collaborative programs alongside local communities, and designed and executed exploration strategies and large-scale drilling programs. Members of the Kinterra Capital team also have experience evaluating, transacting on and monetizing mining assets.

Kinterra Capital leverages its technical, financial and transaction structuring experience to identify, and advise Kinterra Fund on strategies to create value from investments. In implementing its investment strategies, Kinterra Capital (i) analyses specific market conditions for potential investment opportunities, (ii) investigates and conducts due diligence with respect to proposed opportunities and potential investment partners, (iii) negotiates investment terms, analyses potential exit options and pursues strategies to increase the value of the portfolio companies post-investment, and (iv) advises Kinterra Fund in relation to the realization of investments.

## 5. Information about Cannon and the Cannon Group

### 5.1 Disclaimer

Kedalion has prepared the information about Cannon and the Cannon Group contained in this Bidder's Statement from publicly available information. This information has not been and will not be independently verified by Kedalion. Accordingly, Kedalion makes no representation or warranty as to the accuracy or completeness of such information and assumes no responsibility for it. The information on Cannon in this Bidder's Statement should not be considered comprehensive.

The Corporations Act requires the Cannon Directors to provide a Target's Statement to Cannon Shareholders in response to this Bidder's Statement. Further information relating to Cannon and the Cannon Group may be included in the Target's Statement. In addition to the Bidder's Statement, you should read the Target's Statement before deciding whether to accept the Offer.

### 5.2 Overview of Cannon

Cannon (ASX: CNR) is an Australia based, ASX listed nickel exploration and development company, focused on its two flagship projects, the Fisher East Nickel Project and the Collurabbie Project, both located in Western Australia.

Cannon owns 100% of the Fisher East Nickel Project and 100% of the Collurabbie Project, both of which are in the northern Goldfields of Western Australia. Further details are set out in section 5.3.



Figure 1: Cannon's project locations

Source: <https://www.cannonres.com.au/projects/>

### 5.3 Cannon's principal activities

Cannon's current activities are focused on the exploration and development of nickel assets in Western Australia. Since the company's IPO in August 2021, Cannon has conducted successful exploration work at its assets which has significantly increased the JORC compliant nickel resource.

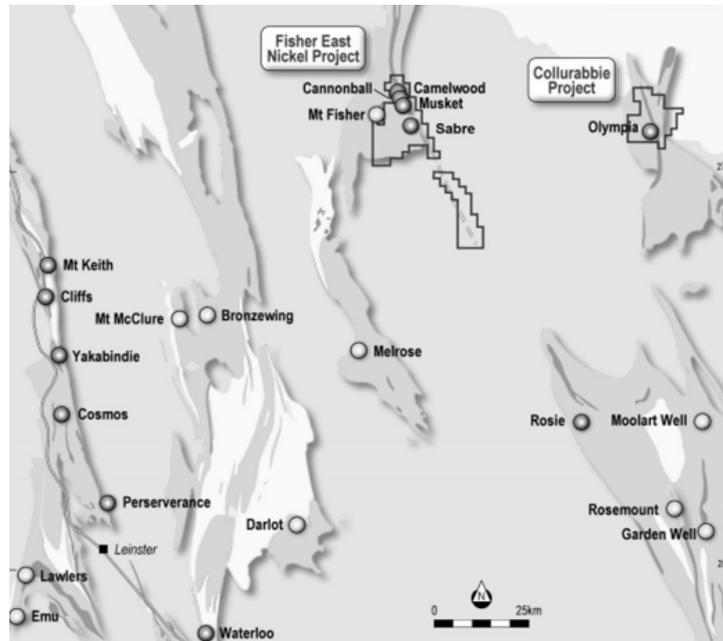


Figure 2: Cannon's project portfolio

Source: Cannon Quarterly Activities Report June 2022 – Figure 5

#### a) Fisher East Nickel Project – Western Australia (100% Cannon)

Cannon's Fisher East Nickel Project is located approximately 430 km north of Kalgoorlie and consists of eleven granted exploration licences covering a total of 330.6 km<sup>2</sup>. The project has a combined JORC resource of 134.1 kt contained nickel at an average grade of 1.8%.

The project comprises four nickel sulphide deposits, Musket, Cannonball and Camelwood, Sabre, each of which are typical Archean komatiite-associated deposits having affinities with Kambalda-style Type 1 contract ores.

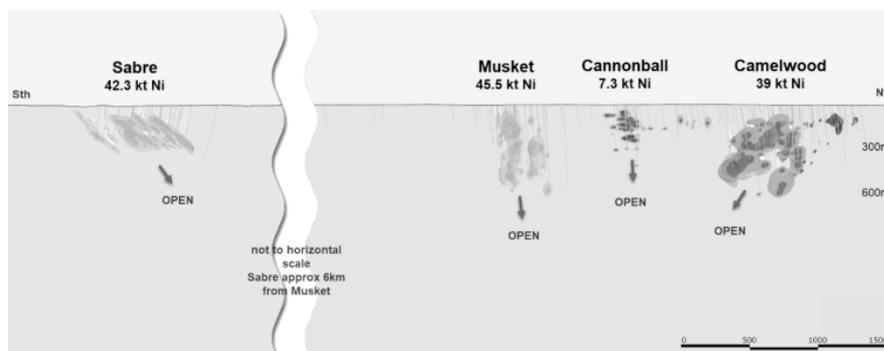


Figure 3: Fisher East nickel project deposits

Source: Cannon Quarterly Activities Report September 2022 – Figure 5

### Camelwood Deposit

The mineralisation at the Camelwood deposit, which has 39.0 kt contained nickel, extends over several hundred metres along the basal contact. The deposit has a typical sequence of massive sulphides stratigraphically overlain by matrix and disseminated sulphides.

### Cannonball Deposit

The mineralisation at Cannonball is variable, with zones of stringers, disseminated and blebby sulphides over thicknesses of 1m to 5m. Cannonball has 7.3 kt contained nickel at 2.8% Ni.

### Musket Deposit

In March 2022, Cannon increased the Musket resource to 2.4 Mt at 1.9% Ni for 45.4 kt contained nickel.

### Sabre Deposit

In August 2022, Cannon announced a 72% increase to the Sabre deposit resource, taking the deposit to 2.9 Mt at a grade of 1.5% for 42.3 kt contained nickel. Sabre mineralisation is interpreted to extend over 800 metres down plunge.

### JORC Resources

The project has a combined 134.1 kt contained nickel at an average grade of 1.8%. To date, the mineralisation consists of massive, matrix and disseminated nickel sulphides. The project's JORC 2012 Mineral Resource Estimate is shown below.

Deposit	Category	Tonnes (mt)	Grade (Ni %)	Resource (kt Ni)
Camelwood	Indicated	1.7	2.0	34.0
	Inferred	0.3	1.5	5.0
	<b>Total</b>	<b>2.0</b>	<b>2.0</b>	<b>39.0</b>
Cannonball	Indicated	0.24	2.9	7.0
	Inferred	0.02	1.9	0.3
	<b>Total</b>	<b>0.26</b>	<b>2.8</b>	<b>7.3</b>
Musket	Indicated	0.9	2.1	19.0
	Inferred	1.5	1.8	26.4
	<b>Total</b>	<b>2.4</b>	<b>1.9</b>	<b>45.5</b>
Sabre	Inferred	2.9	1.5	42.3
	<b>Total</b>	<b>2.9</b>	<b>1.5</b>	<b>42.3</b>
<b>Total</b>	<b>Indicated</b>	<b>2.8</b>	<b>2.1</b>	<b>60.0</b>
	<b>Inferred</b>	<b>4.7</b>	<b>1.6</b>	<b>74.0</b>
	<b>Total</b>	<b>7.5</b>	<b>1.8</b>	<b>134.1</b>

Cut-off grades: Camelwood, Cannonball 1.0% Ni; Musket, Sabre 0.9% Ni. Values may not sum due to rounding. Source: CNR Announcement 29/07/2022 – Fisher East Resource Increased to 134.1 kt contained nickel – Table 2

#### b) Collurabbie Project – Western Australia (100% Cannon)

Cannon's Collurabbie Project, which has a JORC resource of 9.34 kt contained nickel, is located approximately 430 km north northeast of Kalgoorlie and 65 km east of the Fisher East Nickel Project. The project comprises three granted exploration licences and covers a total of 147 km<sup>2</sup>.

Air core drilling in 2004 and 2005 led to the discovery of nickel, copper, and platinum group element mineralisation within the regolith profile at the project. Deeper reserve circulation and diamond drilling beneath the anomalies in 2005 confirmed the presence of massive nickel, copper, and platinum group element sulphides at the Olympia prospect.

The geology comprises a north-northwest striking greenstone sequence known as the Gerry Well Greenstone Belt. The greenstone sequence consists of felsic, mafic, ultramafic, and sedimentary units.

There are multiple nickel, copper, cobalt and platinum group element anomalous historical drill intercepts within the sills, most of which have not yet been adequately tested. Cannon is compiling geophysical datasets with a view to completing subsequent drilling and testing.

### JORC Resource

A JORC 2012 Mineral Resource was estimated at Olympia in 2017 – the details of which can be found below.

Deposit	Category	Tonnes (mt)	Grade (Ni %)	Grade (Cu %)	Grade (Co %)	Grade (Pd g/t)	Grade (Pt g/t)
Olympia	Inferred	0.573	1.63	1.19	0.08	1.49	0.85
<b>Total</b>	<b>Inferred</b>	<b>0.573</b>	<b>1.63</b>	<b>1.19</b>	<b>0.08</b>	<b>1.49</b>	<b>0.85</b>

Cut-off grade: Olympia 1.0% Ni.

Source: Cannon Prospectus – Section 2.4. Collurabbie Project

## 5.4 Historical financial information

For details of Cannon's financial status, please refer to Cannon's FY22 Full Year Report and Cannon's FY22 Half Year Report, which are available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) or on Cannon's website ([www.cannonres.com.au](http://www.cannonres.com.au)).

## 5.5 Funding Status and Kinterra Loan Agreement

As detailed in Cannon's September quarterly cash flow report, Cannon had \$1.137 million cash and cash equivalents at the end of the 30 September 2022 quarter. Cannon has indicated to Kedalion that it may require additional funding during the Offer Period. As a result, Kinterra Fund has entered into a loan agreement (**Loan Agreement**) with Cannon. Under the Loan Agreement, Cannon can, subject to limited conditions including evidence Cannon is not in breach of the BIA and no event of default has occurred under the Loan Agreement, borrow up to \$1 million for the purpose of meeting agreed budgeted expenses. The maximum amount of the loan is reduced by the amount of funds received by Cannon on exercise of Cannon Options (and if already drawn must be repaid out of such receipts). The loan is unsecured and is repayable at the earlier of:

- 30 days after the earlier of:
  - Cannon becomes wholly owned by Kedalion;
  - the BIA is terminated; or
  - the Offer Period ends, or
- a Third Party acquires control of Cannon; or
- 270 days after the date of the first advance; or

- on demand if an event of default occurs.

The Loan Agreement contains other provisions typical of an agreement of its nature. The full terms of the Loan Agreement are contained in Cannon's announcement of the proposed Offer made on 31 October 2021, which can be accessed at Cannon's website ([www.cannonres.com.au](http://www.cannonres.com.au)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

## 5.6 Cannon Directors

As at the date of this Bidder's Statement, the Cannon Directors are:

- Mr Alex Passmore – Non-Executive Chairman;
- Mr Mark Stowell – Non-Executive Director; and
- Mr Richard Bevan – Non-Executive Director.

Profiles of Cannon's board and management team are available on Cannon's website at [www.cannonres.com.au/corporate/board-management](http://www.cannonres.com.au/corporate/board-management).

## 5.7 Publicly available information about the Cannon Group

Cannon is a company listed on the ASX and is therefore subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. As such, Cannon is required to lodge various documents with the ASX and ASIC.

Further information (including copies of its financial statements and annual reports) is available at [www.cannonres.com.au](http://www.cannonres.com.au) and from the ASX.

## 6. Information on Cannon securities

### 6.1 Disclaimer

Kedalion has prepared the information about Cannon securities contained in this Bidder's Statement from publicly available information. Kedalion has also had access to certain other non-public information concerning Cannon and its business and the opportunity to have limited discussions with Cannon in relation to its business. Kedalion may have access to further non-public information concerning Kedalion during the Offer Period. This information has not and will not be independently verified by Kedalion. Accordingly, Kedalion makes no representation or warranty as to the accuracy or completeness of such information and assumes no responsibility for it.

### 6.2 Securities on issue

Based on documents lodged by Cannon with the ASX before the date of this Bidder's Statement (including the Cannon Target's Statement), Cannon has the following securities on issue as at the date of this Bidder's Statement:

Type	Number
Cannon Shares	86,133,999
Attaching Options expiring 30 June 2024	8,960,890
Incentive Options expiring 30 June 2024	2,250,000
Incentive options expiring 2 December 2022	3,000,000

### 6.3 Substantial holders in Cannon's Shares

Based on publicly available information in relation to Cannon, there are the following substantial holders of Cannon Shares:

Substantial holder	Cannon Shares in which person has a relevant interest	% of Cannon Shares
Ponderosa Investments (WA) Pty Ltd <The Ponderosa Investment A/C>	13,257,355	15.39
Rox Resources Limited	8,553,130*	9.93
Hawke's Point (RRL) L.P.	4,845,667	5.63

\* Rox Resources Limited's Cannon Shares are escrowed until 12 August 2023.

## 6.4 Cannon Options

There are three classes of Cannon Options on issue as at the date of this Bidder's Statement. No offer is being made for any Cannon Options. The Offer extends to Cannon Shares that are issued upon the exercise of Cannon Options during the period from the Register Date to the end of the Offer Period. The holders of Cannon Options wishing to accept the Offer will need to exercise their Cannon Options, subject to their terms, and then accept the Offer for the resulting Cannon Shares before the end of the Offer Period.

If not all the Cannon Options are exercised and Kedalion is entitled to do so, Kedalion intends to seek to compulsorily acquire or cancel any outstanding Cannon Options pursuant to Part 6A.2 of the Corporations Act, although it reserves its right not to do so.

## 6.5 Restricted securities

The following securities are subject to escrow arrangements imposed pursuant to the ASX Listing Rule 9.

Security class	Number of securities	Holder
Cannon Shares	8,553,130	Rox Resources Ltd
Incentive Options	2,250,000	Directors of Cannon

The effect of the escrow arrangements is that holders of those securities cannot accept the Offer in respect of those Cannon Shares (or Cannon Shares issued upon exercise of the Cannon Options) until holders of at least half of the Cannon Shares that are not subject to ASX-imposed escrow arrangements have accepted the Offer.

Cannon has agreed in the BIA to lift the holding locks associated with the escrow arrangements at the earliest possible time permitted under ASX Listing Rule 9.5.

## 6.6 Kedalion's interests in Cannon securities

As at the date of this Bidder's Statement and immediately before the first Offer was sent:

- Kedalion had a relevant interest in 17,106,844 Cannon Shares. This arises from the Pre-Acceptance Agreements entered into with four of Cannon's largest shareholders pursuant to which they agree to accept the Offer subject to certain conditions and which are described in section 10.2; and
- Kedalion's voting power in Cannon is 19.86%.

## 6.7 Acquisition of Cannon Shares by Kedalion and its associates

Neither Kedalion nor any of its associates has provided or agreed to provide consideration for Cannon Shares under any purchase or agreement during the four months before the date of this Bidder's Statement and immediately before the first Offer was sent, except pursuant to the Pre-Acceptance Agreements described in section 10.2.

## 6.8 No collateral benefits or escalation agreements

Except as set out in this Bidder's Statement, neither Kedalion nor any of its associates has, during the period of four months ending on the day immediately before the date of the Offer, given, offered

or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate of that person, to accept the Offer or dispose of Cannon Shares, which benefit was not offered to all Cannon Shareholders under the Offer.

Neither Kedalion nor any of its associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

## 7. Kedalion's intentions

### 7.1 Introduction

This section 7 sets out the intentions of Kedalion relating to:

- the continuation of the business of Cannon;
- any major changes to the business of Cannon including any redeployment of the fixed assets of Cannon;
- the future employment of the present employees of Cannon and the future appointment of the Cannon Directors; and
- the compulsory acquisition of Cannon Shares and Cannon Options, and the removal of Cannon from the official list of the ASX.

The intentions of Kedalion described in this section 7 reflect the current intentions of Kinterra Fund as the ultimate parent entity of Kedalion.

**Important qualifications and disclaimers regarding the intentions contained in section 7 are set out in section 7.5 and it is important to read this section 7 in that context.**

### 7.2 Intentions if Cannon becomes a wholly owned subsidiary

Without limiting the comments in section 7.1, this section 7.2 describes the intentions of Kedalion if at the end of the Offer Period, Kedalion:

- receives valid acceptances of at least 75% (by number) of the Cannon Shares not held by Kedalion and its associates; and
- acquires a relevant interest in at least 90% (by number) of the Cannon Shares then on issue.

#### (a) **Compulsory acquisition of Cannon Shares and removal from official list**

If Kedalion becomes entitled to compulsorily acquire outstanding Cannon Shares and/or Cannon Options under Part 6A.1 or Part 6A.2 of the Corporations Act, Kedalion presently intends to proceed with compulsory acquisition of those securities.

In circumstances where Kedalion becomes entitled to compulsorily acquire outstanding Cannon Shares, Kedalion intends to procure that Cannon is removed from the official list of the ASX.

#### (b) **Cannon Board**

Kedalion intends to replace all members of the Cannon Board with its own nominees. The identity of such nominee directors has not yet been finally determined, but it is expected they will be predominantly drawn from the current directors and management of Kinterra Group.

#### (c) **General review**

After the Offer Period, Kedalion intends to undertake development work, permitting work and additional studies to determine the optimal development of the Key Cannon Projects (**Project Review**). The Project Review includes:

- reviewing the Key Cannon Projects' existing deposits and priorities to assess their technical prospects, costs to maintain, expenditure commitments and overall commercial justification;
- undertaking various economic studies on project development options to inform any ultimate permitting and development decisions by Kedalion;
- reviewing the options available to utilise the assets and equipment of Cannon, including potential relocations or reconfiguration of equipment; and
- progressing the Key Cannon Projects towards a development decision once all required studies and permits have been completed to Kedalion standards and reported into Kedalion's directors.

As work under the Project Review is undertaken, Kedalion will determine the level and type of financial and other resources necessary to support it.

(d) **Impact on employees**

Kedalion understands that Cannon presently undertakes its activities utilising a small number of employees as well as consultants and contractors. As part of the Project Review, Kedalion intends to evaluate the future operation and management requirements of Cannon. Kedalion has no present intention to terminate the employment of any Cannon employees but subject to the review result, adjustments to Cannon's existing workforce arrangements may be required. Should any redundancies or other changes to their employment arrangements occur, the relevant employees will be treated in accordance with their contractual and other legal entitlements

**7.3 Intentions for Cannon if Kedalion acquires 50.1% or more of Cannon Shares**

This section 7.3 sets out Kedalion's intentions if Kedalion has voting power in Cannon of 50.1% or more at the close of the Offer to gain effective control of Cannon, but without becoming entitled to compulsorily acquire the remaining Cannon Shares.

The ability of Kedalion to implement the intentions set out in this section 7.3 will be subject to the legal obligations of Cannon Directors (including any nominees of Kedalion) to have regard to the interests of Cannon and all Cannon Shareholders, the requirements of the Corporations Act and (provided Cannon remains listed) the ASX Listing Rules relating to transactions between related parties. The Shareholder Protections may limit or modify the implementation of the intentions outlined below. As a result of those requirements, the approval of minority Cannon Shareholders may be required for the implementation of some of the intentions outlined below.

(a) **Cannon Board**

Subject to the Corporations Act and Cannon's constitution, Kedalion intends to seek to replace some of the members of the Cannon Board. Those replacements may result in Kedalion nominees constituting at least a majority of the members of the Cannon Board. No decision has been made at this stage about the identity of the proposed nominees to the Cannon Board or which current Cannon Directors would be removed.

Kedalion would consider (but not necessarily comply with) the recommendations in the ASX Corporate Governance Principles and Recommendations when determining the composition of the Cannon Board.

**(b) Listing on the ASX**

Kedalion intends, subject to satisfying the relevant preconditions, to remove Cannon from the official list of the ASX.

In relation to the removal of Cannon from the official list of the ASX, ASX guidance indicates that the usual conditions that the ASX would expect to be satisfied in order for it to approve the removal of Cannon from the official list in the context of a successful takeover bid include:

- at the end of the Offer, Kedalion (and its related bodies corporate) owns or controls at least 75% of the Cannon Shares and the Offer has remained open for at least two weeks after Kedalion attained ownership or control of at least 75% of the Cannon Shares; and
- the number of Cannon shareholders (other than Kedalion and its related bodies corporate) having holdings with a value of at least \$500 is fewer than 150,

and in such case, the ASX will not usually require Kedalion to obtain Cannon shareholder approval for Cannon's removal from the official list of the ASX.

In addition, the ASX may approve an application for Cannon to be removed from the official list of the ASX with shareholder approval by special resolution and, where such removal is sought later than 12 month after the close of the Offer, Kedalion would be entitled to vote on the resolution approving the removal.

If Cannon is removed from the official list of the ASX, there may be risks related to remaining as a minority shareholder in Cannon. These include reduced or non-existent liquidity if shareholders wish to sell their Cannon Shares.

**(c) Project Review and employees**

If Kedalion controls Cannon following the close of the Offer, Kedalion, through its nominees on the Cannon Board, would propose that Cannon pursue the Project Review with a similar impact on employees as is outlined in section 7.2(c) (to the extent appropriate). Kedalion intends, subject to the approval of the Cannon Board and to applicable laws, to participate in the Project Review.

**(d) Funding arrangements**

Directors would need to decide at the time funds are required the most appropriate method of raising capital to fund Cannon's operations. While Cannon is not in the production stage (including when the Loan Agreement becomes repayable), Kedalion would anticipate that funding would most likely be way of equity raising and that subject to market conditions at the time, the information then known about Cannon and the Key Cannon Projects and proposed use of funds, Kedalion would likely wish to provide further equity capital to Cannon, however it is not obliged to do so.

**(e) Further acquisition of Cannon Shares**

Kedalion may, after conclusion of the Offer, acquire further Cannon Shares in accordance with the Corporations Act. In particular, Kedalion may acquire additional Cannon Shares under item 9 of section 611 of the Corporations Act, which would permit Kedalion and its associates to acquire up to 3% of Cannon Shares every six months. Kedalion has not yet decided whether it will acquire further Cannon Shares under these provisions or by any other means permitted under the Corporations Act.

**(f) Compulsory acquisition at a later time**

If Kedalion becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act as a result of acquiring additional Cannon Shares in accordance with section 7.3(e), it may exercise those rights.

**7.4 Intentions for Cannon if Kedalion acquires less than 50.1% of Cannon Shares**

If Kedalion has less than 50.1% voting power in Cannon at the close of the Offer, it will not have a controlling interest in Cannon.

**(a) Cannon Board**

Kedalion intends to (subject to the formal requirements of the Corporations Act and of the Cannon constitution) seek representation on the Cannon Board. The proportion of Kedalion nominees sought may be at least in line with its voting power in Cannon. The identity of such nominee directors has not yet been finally determined.

**(b) Active minority Cannon Shareholder**

For so long as it remains a Cannon Shareholder, Kedalion intends to remain actively involved as a shareholder, aiming to influence the Cannon Board to act consistently with the intentions of Kedalion set out in section 7.3(c) to (d) above, to the greatest extent that is permitted by law.

**(c) Further acquisition of Cannon Shares**

Kedalion may, after conclusion of the Offer, acquire further Cannon Shares in accordance with the Corporations Act. In particular, Kedalion may acquire additional Cannon Shares under item 9 of section 611 of the Corporations Act, which would permit Kedalion and its associates to acquire up to 3% of Cannon Shares every six months. Kedalion has not yet decided whether it will acquire further Cannon Shares under these provisions or by any other means permitted under the Corporations Act.

**7.5 Qualifications and limitations on ability to implement intentions**

The ability of Kedalion to implement the intentions set out in section 7.3 and section 7.4 will be subject to:

- the legal obligations of Cannon Directors to act in the best interests of Cannon and all Cannon Shareholders; and
- the requirements of the Corporations Act and, while Cannon remains listed, the ASX Listing Rules dealing with transactions between related parties.

These obligations and requirements may limit Kedalion's ability to implement the intentions described in section 7.3 and section 7.4 or may require the approval of Cannon Shareholders (other than Kedalion) in order to implement these intentions.

The intentions set out in this section 7 of this Bidder's Statement represent the current intentions of Kedalion as at the date of this Bidder's Statement formed on the basis of facts and information concerning Cannon and its business which are known to Kedalion at the time of preparing this Bidder's Statement.

Accordingly, it is important to recognise that the statements set out in this section 7 of this Bidder's Statement are statements of current intention only, which may vary as new information becomes

available or circumstances change. Final decisions will only be reached in light of all material facts and circumstances. The statements in this section 7 of this Bidder's Statement should be read in this context. Any changes in Kedalion's intentions will be disclosed to the extent and in the manner required by law.

The Offer is subject to minimum acceptance condition of 50.1% (on a Fully Diluted Basis). The intentions in section 7.4 could only be relevant if Kedalion chooses to waive the Offers from the minimum acceptance condition. Kedalion presently has no intention to waive that condition but reserves the right to do so in its unfettered discretion, subject to the Corporations Act. The implementation of Kedalion's intentions in the event that Kedalion has a relevant interest in less than 100% of Cannon Shares will be subject to the level of voting power Kedalion has in Cannon and the Corporations Act (including, without limitation, those provisions intended for the protection of minority shareholders), the ASX Listing Rules, Cannon's constitution and the statutory and fiduciary obligations of the Cannon Directors at that time to act in the best interests of Cannon and all Cannon Shareholders (**Shareholder Protections**). The extent of Kedalion's ultimate shareholding in Cannon (at the close of the Offer) will determine the regulatory requirements for, and other practical matters associated with, implementing Kedalion's intentions. By way of illustration:

- If Kedalion acquires 50% or less of Cannon Shares, it may not be in a position to solely determine the outcome of ordinary resolutions (in respect of which it is entitled to vote) and so, for example, it may not be in a position to control the composition of the Cannon Board. This means that Kedalion's ability to undertake a detailed review of Cannon and its assets and liabilities may be limited, and (assuming it is able to undertake any such review) its ability to realise the proposed outcomes of that strategic review may be similarly constrained.
- If Kedalion acquires more than 50% of Cannon Shares (but less than 90%), it will be able to solely determine the outcome of ordinary resolutions (in respect of which it is entitled to vote) and will be in a position to control the composition of the Cannon Board. However, in these circumstances, the Shareholder Protections will continue to apply and again may constrain Kedalion's ability to realise the proposed outcomes of the strategic review.
- If Kedalion acquires at least 75% of Cannon Shares (but again less than 90%), it will also be able to determine alone the outcome of special resolutions (in respect of which it is entitled to vote). Such special resolutions could involve amendments to the Cannon constitution or a change to company type. However, again, the Shareholder Protections will continue to apply.
- If during, or at the end of, the Offer Period:
  - Kedalion and its associates together have relevant interests in at least 90% (by number) of all the Cannon Shares; and
  - Kedalion and its associates have acquired at least 75% (by number) of the Cannon Shares for which the Offer are made under the Offer (whether the acquisition happened under the Offer or otherwise),

Kedalion will be entitled under Part 6A.1 of the Corporations Act to compulsorily acquire all outstanding Cannon Shares and presently intends to do so. Following completion of such compulsory acquisition process, subject to the subsequent exercise of any Cannon Options, Cannon would be a wholly owned subsidiary of Kedalion and Kedalion would be entitled to exercise its rights as the sole shareholder of Cannon. However, in circumstances where a Cannon Shareholder or Cannon Shareholders held more than 10% in aggregate of all the Cannon Shares, that compulsory acquisition would not be

possible. As at the date of this Bidder's Statement, Ponderosa Investments (WA) Pty Ltd has a voting power of 15.15% and Rox Resources Limited has voting power of 9.99%, so each are individually effectively capable of blocking compulsory acquisition if they choose not to accept the Offer (subject to the potential exercise of the Cannon Options). However, Ponderosa Investments (WA) Pty Ltd has agreed to accept the offer on the terms described in section 6.7.

Kedalion will be entitled under Part 6A.2 of the Corporations Act to compulsorily acquire all outstanding Cannon Options if its voting power in Cannon is at least 90% and Kedalion holds, either alone or with a related body corporate, full beneficial interests in at least 90% by value of all the securities in Cannon (being the Cannon Shares and Cannon Options). Under the Part 6A.2 process, Cannon holders of securities being compulsorily acquired under Part 6A.2 have a right to object and if holders of at least 10% of the securities being compulsorily acquired under Part 6A.2 object, Kedalion would require court approval to complete the compulsory acquisition of Cannon Options.

Kedalion's ability, therefore, to achieve some of its intentions, including those intentions concerning project development and financing arrangements, might not be able to be realised, either at all or without the approval of Cannon Shareholders in general meeting.

As a result of the Shareholder Protections, Kedalion and its associates may also be excluded from voting on certain resolutions in general meeting, and any nominee directors appointed by Kedalion may potentially be precluded from voting at Cannon Board meetings, to the extent of any conflict of interest or material personal interest. Further, in circumstances where a minority shareholder maintains a "blocking stake" or other substantial holding in Cannon which provides them with a significant proportion of the Cannon Shares which are not held by Kedalion, then that shareholder's ability to determine the outcome of any such resolutions put to Cannon Shareholders in general meeting may be disproportionate to its holding (for example, where that shareholder's holding in Cannon is such that they alone could determine whether a resolution is passed or not, in circumstances where Kedalion and its associates are excluded from voting on that resolution).

## **7.6 Other intentions**

Other than as set out in this section 7, it is Kedalion's present intention to procure that Cannon will:

- generally continue its business in substantially the same manner as at the date of this Bidder's Statement;
- not make any major changes to its business or redeploy any of its fixed assets; and
- continue the employment of its present employees.

## **8. Sources of consideration**

### **8.1 Total cash required**

The maximum amount of cash that Kedalion would be required to pay under the Offer if acceptances are received in respect of all Cannon Shares on issue as at the date of this Bidder's Statement is approximately \$38,760,000 million.

In addition, if all Cannon Options on issue on the date of this Bidder's Statement are converted or vest into Cannon Shares, an additional amount of up to approximately \$6,395,000 million would be payable.

### **8.2 Sources of cash consideration**

Kedalion has an unconditional funding agreement in place with its parent company Terranu, which in turn has an unconditional funding agreement in place with Kinterra Fund. These funds can be drawn on short notice and will be provided by way of equity unless agreed otherwise.

Kinterra Fund has undrawn funding commitments from various institutional and sophisticated investors of substance that it will draw on to fund, through the funding agreements described above, the consideration payable by Kedalion under the Offer. These commitments are not subject to any conditions or other arrangements that will impact Kinterra Fund's ability to procure all cash amounts required by Kedalion to fund the Offer and pay associated costs, and Kinterra Fund's undrawn commitments from its investors is well in excess of the maximum consideration payable under the Offer.

### **8.3 Reasonable basis for belief**

On the basis of the arrangements and disclosures described in this section 8, Kedalion believes that it has reasonable grounds for holding the view, and holds the view, that it will be able to provide the consideration required to satisfy its payment obligations under the Offer, as well as its costs associated with the Offer as and when they are under the terms of the Offer.

The Offer is not subject to any funding defeating conditions.

## 9. Australian taxation summary

### 9.1 Disclaimer

The information contained in this tax summary is of a general nature only. It is not intended to be either legal or tax advice and will not address all of the tax issues that may be relevant to you if you dispose of your Cannon Shares. You should obtain independent tax advice relevant to your own particular facts and circumstances including the Australian taxation consequences of accepting the Offer.

If you are not resident in Australia for income tax purposes or are liable for tax outside Australia, you should also take into account the tax consequences that arise in your country of tax residence or other relevant country as well as under Australian law.

This is a summary of the key Australian income tax, capital gains tax, GST and stamp duty implications that may arise for you if you sell your Cannon Shares to Kedalion under the Offer. This summary is based on the Australian tax laws and relevant administrative practices that are currently in force as at the date of this Bidder's Statement.

This taxation summary is relevant only to those Cannon Shareholders who are individuals, complying superannuation entities, trusts, partnerships and companies that hold their shares on capital account. This summary does not address the tax consequences of exercising Cannon Options and holders of Cannon Options should seek independent tax advice.

It is not relevant to you, and you should seek independent tax advice, if:

- you acquired your Cannon Shares under an employee share or option scheme;
- you are subject to rules that deem you to have acquired your Cannon Shares or Cannon Options before 20 September 1985;
- you are under a legal disability;
- you acquired or hold your Cannon Shares in the course of carrying on a business or for the purpose of resale at a profit (for example, you are in the business of trading or investment or you are a bank or an insurance company) or you are subject to the taxation of financial arrangements provisions in Division 230 of the Income Tax Assessment Act 1997 in respect of your Cannon Shares;
- you are an entity subject to special taxation rules, including the Investment Manager Regime, or the Taxation of Financial Arrangement rules, or you are a tax exempt organisation or superannuation fund with accounts in a tax-free pension phase;
- you are or have been a temporary Australian resident;
- you are not resident in Australia for income tax purposes but have held your Cannon Shares at any time in carrying on business at or through a permanent establishment in Australia; or
- you are not resident in Australia for income tax purposes and you and your associates held 10% or greater interest in Cannon either at the time of your CGT event or throughout a 12 month period in the 24 months before your CGT event.

## 9.2 Disposal of your Cannon Shares

### (a) Australian tax resident Cannon Shareholders

#### General

If you accept the Offer and your Cannon Shares are transferred to Kedalion, this will be a CGT event for Australian capital gains tax purposes. In this event, the disposal of your Cannon Shares will have capital gains tax implications for you.

#### Time of CGT event

The time of your CGT event will be one of the following times:

- if you accept the Offer, your disposal should take place on the date of that acceptance; or
- if you do not accept the Offer and your Cannon Shares are compulsorily acquired (as described in section 7.2(a)), your disposal should take place on the date Kedalion becomes the owner of your Cannon Shares.

#### Capital gain or capital loss

You may make a capital gain or capital loss on the disposal of your Cannon Shares to Kedalion depending on the total consideration that you receive for the disposal of your Cannon Shares and the CGT cost base or reduced cost base of your Cannon Shares. You will have a capital gain from the disposal of your Cannon Shares if the Offer Price exceeds the cost base in your Cannon Shares. You will have a capital loss if the Offer Price is less than the reduced cost base of your Cannon Shares.

Generally, and subject to the comment in the paragraph below, the cost base or reduced cost base of your Cannon Shares for capital gains tax purposes will include, among other things, the amount paid to acquire your Cannon Shares and any incidental costs.

If you are subject to rules that deem you to have acquired your Cannon Shares before 21 September 1999, in calculating a capital gain, the cost base of your Cannon Shares may be increased for indexation based on the Consumer Price Index movement from your date of acquisition to 30 September 1999. Alternatively, if you are entitled to, you may choose to claim the CGT discount to reduce your capital gain (discussed below).

If you make a capital gain from the disposal of your Cannon Shares, that capital gain will be combined with any other capital gains you have made for the income year, then the total will be applied against any current year or carried forward capital losses (before taking into account the CGT discount (discussed below)).

#### CGT discount

You may be entitled to CGT discount treatment to reduce the amount of the capital gain included in your assessable income from disposal of your Cannon Shares. Where CGT discount treatment applies to you, any capital gain from Cannon Shares (after application of capital losses as discussed above) will be reduced by 50% (if you are an individual or a trust) or 33 $\frac{1}{3}$ % (if you are a complying superannuation entity) if you held Cannon Shares for more than 12 months (excluding the dates of acquisition and disposal). Any resulting net capital gain will be included in your assessable income for the income year. Any resulting net capital loss will be carried forward and may be applied against any future assessable capital gains (before taking into account the CGT discount, if applicable).

If you make a capital loss from the disposal of your Cannon Shares, that capital loss may only be offset against your assessable capital gains (before taking into account the CGT discount, if applicable). Any excess capital loss may be applied against your future assessable capital gains (again before taking into account the CGT discount, if applicable).

The CGT discount will not apply to Cannon Shareholders that are companies, and it also does not apply to Cannon Shares that have been owned, or are deemed to be owned, for less than the relevant 12 month period.

**(b) Cannon Shareholders not resident in Australia for income tax purposes**

If you are not resident in Australia for income tax purposes, you should generally not have to pay Australian income tax on any capital gain arising on the disposal of your Cannon Shares, unless both of the following requirements are satisfied:

- you and your associates had a 10% or greater interest in Cannon either at the time of that disposal or for at least 12 months during the 24 months before that disposal; and
- 50% or more of the value of Cannon is represented by real property in Australia (Principal Asset Test). Cannon Shares would generally pass this test if the market value of Cannon's direct and indirect interests in Australian land is more than the market value of other assets at the time of the CGT event. For these purposes, "land" includes Cannon's leases and mining rights.

If either element is absent, any capital gain realised on the disposal of your Cannon Shares should not be subject to income tax in Australia.

Where both elements are satisfied, the Cannon Shares are "indirect Australian real property interests". Non-resident Cannon Shareholders will be required to lodge an Australian tax return reporting the disposal of indirect Australian real property interests and pay tax on the net capital gain. A non-resident Cannon Shareholder who is subject to tax on the disposal of their Cannon Shares may be eligible to apply a CGT discount to part of their gain if they are subject to rules that deem them to have acquired their Cannon Shares on or before 8 May 2012. Otherwise, the CGT discount is not available for non-resident Cannon Shareholders.

### **9.3 GST and stamp duty**

No Australian stamp duty or GST is payable by you on the sale of your Cannon Shares to Kedalion pursuant to the Offer. You may be charged GST on incidental costs incurred in acquiring or disposing of your Cannon Shares. You may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent professional advice in relation to your own particular circumstances.

## 10. Additional information

### 10.1 Bid implementation agreement

On 31 October 2022, Kedalion and Cannon entered into the BIA. This document sets out the agreed basis on which Kedalion will make the Offer and the respective obligations of Kedalion and Cannon in relation to the Offer.

The BIA was released to ASX on 31 October 2022 and a copy is available from the ASX website at ([www.asx.com.au](http://www.asx.com.au)) and the Cannon website ([www.cannonres.com.au](http://www.cannonres.com.au)).

A summary of the key elements of the BIA is set out below.

- (a) Kedalion has agreed to offer \$0.45 (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) for every Cannon Share.
- (b) The Kedalion is required to make the Offer on no less favourable to Cannon Shareholders than those agreed (which are reflected in the Offer terms).
- (c) Cannon has represented and warranted that, amongst other things:
  - i. it has complied in all material respects with all applicable laws and regulations, including continuous disclosure obligations and obligations to hold Authorisations to conduct its business.
  - ii. Information disclosed to Kedalion is accurate in all material respects, including that the securities it has disclosed are the only securities on issue;
  - iii. Cannon is the sole legal and beneficial owner of all rights, title and interest in and to the Key Cannon Projects and its assets are unencumbered;
  - iv. the Mining Tenements are in good standing under applicable law and Cannon has all of the mining tenements, permits and licenses permitting and authorising Cannon to undertake activities on the Key Cannon Projects;
  - v. no litigation or other proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided could materially adversely affect Cannon or any of its exploration permits; and
  - vi. each Director has agreed with Cannon that they will resign as contemplated by the BIA.
- (d) Cannon has agreed to conduct the business in the ordinary course until the end of the Offer Period, and not to undertake acts that prevent any Condition from being satisfied or which cause a Condition to be breached. This obligation is subject to exceptions typical for a transaction of this nature.
- (e) In addition, Cannon has agreed to certain exclusivity arrangements until the earlier of the date on which the Offer Period ends, the date the BIA is validly terminated, or the date which is six months after the date of the BIA ("Exclusivity Period"). The BIA contains no shop, no talk and no due diligence restrictions on Cannon during the Exclusivity Period, some of which are subject to fiduciary exceptions as is typical for transactions of this nature.
- (f) The BIA also confers a matching right on Kedalion, under which Cannon must provide notice to Kedalion of a 'Competing Proposal' (as defined in the BIA) and allow Kedalion the right to match that

proposal. A break fee of \$450,000 (being approximately 1% of the value of the consideration offered under the Offer) is payable by Cannon to Kedalion in certain circumstances, including (non-exhaustively) if any Cannon Director changes or qualifies their recommendation of the Offer (except in limited circumstances), Cannon is in material breach of a warranty or other material obligation in the BIA, or a "prescribed occurrence" (the condition in section 11.7(b)) or "material occurrence" (the condition in section 11.7(c)) occurs without Kedalion's consent.

## 10.2 Pre-Acceptance Agreements

On 30 October 2022, Kedalion entered into a Pre-Acceptance Agreement with the following shareholders and Cannon Shares:

Shareholder	Number of Cannon Shares
Ponderosa Investments WA Pty Ltd	13,257,355
Longreach 52 Pty Ltd	1,750,000
Kendali Pty Ltd	1,750,000
Hammerhead Holdings Pty Ltd	349,489
Total	17,106,844

Full copies of the Pre-Acceptance Agreements are attached to Kedalion's notice of becoming a substantial holder in Cannon lodged with ASX on 1 November 2022 which can be accessed on the ASX website ([www.asx.com.au](http://www.asx.com.au)).

The Pre-Acceptance Agreements require the relevant shareholders to accept the Offer in respect of the relevant Cannon Shares within 5 Business Days after Kedalion dispatches this Bidder's Statement to Cannon Shareholders, unless the relevant Pre-Acceptance Agreement is terminated prior to that time. A Pre-Acceptance Agreement can be terminated if, prior to the relevant shareholder accepting the Offer, a bidder's statement or explanatory statement for a superior proposal (as defined in the Pre-Acceptance Agreements) has been released to ASX and Kedalion does not improve or announce an intention to improve the consideration under the Offer to be at least equal to the superior proposal, and the relevant shareholder has not breached the Pre-Acceptance Agreement at that time.

## 10.3 Conditions to Offer

### (a) Status of conditions

As at the date of this Bidder's Statement, Kedalion is not aware of any matter, fact or circumstance that would, or is likely to, result in the non-fulfilment of any of the conditions to the Offer as set out in section 11.7 .

### (b) Effect of breach of Conditions

Under the terms of the Offer and the Corporations Act, all of the Conditions of the Offer can be waived by Kedalion at any time before the end of the Offer Period. If an event occurs which prevents a Condition from being fulfilled, Kedalion does not intend to make a decision as to whether it will rely on such non-fulfilment or waive the Condition until the date for giving notice as to the status of

Conditions for the Offer under section 630(3) of the Corporations Act. If Kedalion wishes to waive any Condition, then under section 650F of the Corporations Act that waiver must be announced to ASX. If any Condition of the Offer is not fulfilled and Kedalion does not waive that Condition, any contracts arising from acceptance of the Offer will become void at the end of the Offer Period.

#### 10.4 Date for determining holders of Cannon Shares

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

#### 10.5 Documents lodged with ASIC or given to the ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 13/521, the persons making those statements are not required to consent to, and have not consented to, the inclusion of those statements, or of statements based on those statements, in this Bidder's Statement. In addition to the documents specified as a source document elsewhere in this Bidder's Statement, these are: BIA, Cannon Prospectus, Cannon Quarterly Cash Flow September 2022, most recent substantial holder notices by each substantial holder in Cannon, Cannon 2022 Annual Report, Cannon Quarterly Activities Report September 2022, Cannon Announcement – Fisher East Resource Increase and most recent Cannon Appendix 2A. If you or a Cannon Shareholder would like to receive a copy of any of those documents during the Offer Period free of charge, please email [takeovers@automicgroup.com.au](mailto:takeovers@automicgroup.com.au) and it will be provided to you within two Business Days.

#### 10.6 Consents to be named

Each of the parties in the table below:

- has consented and has not, before the date of this Bidder's Statement, withdrawn its consent, to being named in this Bidder's Statement in the form and context in which they are named;
- has not caused or authorised the issue of this Bidder's Statement;
- does not make nor purport to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Bidder's Statement.

Consenting Party	Role
Allen & Overy	Legal adviser to Kedalion
Taylor Collison	Broker and financial adviser to Kedalion
Automic Registry Service Limited	Share Registrar for the Offer
Cannon and each Cannon Director	Target
Kinterra Fund	Ultimate shareholder of Kedalion
Kinterra Capital	Investment advisor to Kinterra Fund

Kinterra GP Corp.	General partner of Kinterra Fund
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## 10.7 Official statements

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Bidder's Statement contains security price trading data sourced from IRESS Limited without its consent.

## 10.8 No other regulatory or other approvals

There are no regulatory approvals that Kedalion is required to obtain before acquiring Cannon Shares under the Offer.

## 10.9 Agreements with Cannon Directors

Except as referred to above or elsewhere in this Bidder's Statement, there are no agreements or arrangements made between Kedalion and Cannon Directors in connection with the Offer.

## 10.10 Consent to early despatch

The Cannon Directors have consented to Kedalion sending this Bidder's Statement to Cannon Shareholders earlier than would otherwise be permitted under the Corporations Act.

## 10.11 Due diligence

Kedalion was given access by Cannon to certain information concerning Cannon and its Subsidiaries which has not been disclosed publicly. This information allowed Kedalion to confirm information which has been publicly disclosed by Cannon.

None of the information to which Kedalion was given access, was, in the opinion of Kedalion, information that, if it was generally available, a reasonable person would expect the information to have a material effect on the price or value of Cannon Shares or, except as disclosed in the Bidder's Statement, would otherwise be material to the decision by a Cannon Shareholder whether or not to accept the Offer.

## 10.12 No other material information

Except as disclosed in this Bidder's Statement, there is no information known to Kedalion and that is material to the making of the decision by a Cannon Shareholder whether or not to accept the Offer that has not previously been disclosed to Cannon Shareholders.

## 11. Details of the Offer

### 11.1 Offer

- (a) Kedalion offers to acquire all of your Cannon Shares on and subject to the terms and conditions set out in this section 11 of this Bidder's Statement.
- (b) The consideration under the Offer is \$0.45 in cash for each Cannon Share, subject to clause 11.6.
- (c) By accepting this Offer, you undertake to transfer to Kedalion not only your Accepted Cannon Shares, but also all Rights attached to those Cannon Shares (see section 11.5(b)(vi) and section 11.6(c)).
- (d) This Offer is being made to:
  - (i) each person registered as the holder of Cannon Shares in the Cannon Register on the Register Date;
  - (ii) holders of securities that come to be Cannon Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date (including Cannon Options); and
  - (iii) any person who becomes registered as the holder of your Cannon Shares during the Offer Period.
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Cannon Shares, then:
  - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Cannon Shares;
  - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Cannon Shares you hold to which the Offer relates; and
  - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (f) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Cannon Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please email [takeovers@automicgroup.com.au](mailto:takeovers@automicgroup.com.au).
- (g) If your Cannon Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (h) The Offer is dated [●] November 2022.

## 11.2 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the Announcement Date and ending at 7.00pm (Perth, Western Australia Time) on the later of:
- (i) 21 December 2022; or
  - (ii) any date to which the Offer Period is extended.
- (b) Kedalion reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Offer Period, either of the following events occurs:
- (i) the Offer is varied to improve the consideration offered; or
  - (ii) the voting power of Kedalion in Cannon increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

## 11.3 How to accept this Offer

### (a) General

- (i) Subject to section 11.1(e) and section 11.1(f), you may accept this Offer in respect of all of your Cannon Shares but for no more or less.
- (ii) You may accept this Offer at any time during the Offer Period.

### (b) Cannon Shares held in your name on Cannon's Issuer Sponsored Subregister

To accept this Offer for Cannon Shares held in your name on Cannon's Issuer Sponsored Subregister (in which case your Securityholder Reference Number will start with an "I"), you must either:

- (i) accept online by visiting <https://investor.automic.com.au/#/signup> and follow the instructions below:
  - (A) Select 'Cannon Resources Limited Takeover Offer' from the Company Name Field.
  - (B) Enter your Securityholder Reference Number (SRN).
  - (C) Enter your postcode or country of residence (if outside Australia).
  - (D) Tick the box "I'm not a robot" and then select "Next".
  - (E) Complete the prompts to set up your username and password.

Once you are logged in, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the end of the Offer Period; or

- (ii) accept using the Acceptance Form by:

- (A) completing and signing the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (B) ensuring that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

(c) **Cannon Shares held in your name in a CHESS Holding**

To accept this Offer for Cannon Shares held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') you must do one of the following:

- (i) If you want to accept online, and have an existing Automic Investor account, visit <https://investor.automic.com.au/#/home> and log in using your username and password, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the Offer closes. If you do not have an existing Automic Investor account visit <https://investor.automic.com.au/#/signup> and follow the instructions below:
  - (A) Select "Cannon Resources Limited Takeover Offer" from the Company Name Field .
  - (B) Enter your Holder Identification Number (HIN).
  - (C) Enter your postcode or country of residence (if outside Australia).
  - (D) Tick the box "I'm not a robot" and then select "Next".
  - (E) Complete the prompts to set up your username and password.

Once you are logged in, select "Offers" from the left menu bar and follow the prompts to submit your acceptance of the Offer before the Offer closes. For your online acceptance to be an effective acceptance of the Offer, it must be received in time for the Registry to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period.

Neither Kedalion nor the Registry will be responsible should your Controlling Participant not acknowledge and confirm your acceptance before the end of the Offer Period, after which time your submission will be deemed invalid;

- (ii) If you are not a Participant, you should instruct your Controlling Participant (this is normally your broker) to initiate acceptance of this Offer on your behalf in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period;
- (iii) If you are a Participant, you should initiate acceptance of this Offer in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (iv) Alternatively, you may sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received at the address given on the Acceptance Form in sufficient time for it to be acted upon by your Controlling Participant before the end of the Offer Period, at the address shown on the Acceptance Form.

You must comply with any other applicable ASX Settlement Operating Rules.

(d) **Cannon Shares of which you are entitled to be registered as holder**

To accept this Offer for Cannon Shares which are not held in your name, but of which you are entitled to be registered as holder, you must either:

- (i) use the Acceptance Form:
  - (A) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
  - (B) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period at the address shown in the Acceptance Form, or
- (ii) accept online using the instructions set out above in section 11.3(b)(i) or 11.3(c)(i) and ensure you submit your acceptance of the Offer before the Offer closes.

(e) **Acceptance Form and other documents**

- (i) The Acceptance Form forms part of the Offer.
- (ii) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Kedalion at the address shown on the Acceptance Form before the end of the Offer Period. You may only return your Acceptance Form by facsimile with the prior approval of Kedalion.
- (iii) When using the Acceptance Form to accept this Offer in respect of Cannon Shares in a CHES Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by Kedalion in time for Kedalion to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iv) The postage and transmission of the Acceptance Form and other documents is at your own risk.

(f) **Online acceptances**

When using the online facility available at <https://investor.automic.com.au> to accept the Offer:

- (i) for your acceptance to be valid you must ensure that your acceptance is submitted before the end of the Offer Period. Neither Kedalion nor the Registry accept any responsibility or liability for any website outages, delays or access failure that may occur, and which may delay or impede your ability to access <https://investor.automic.com.au> or submit an acceptance online; and
- (ii) in respect of any Cannon Shares in a CHES holding, you must ensure that the acceptance is submitted in time for Kedalion to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf in accordance with rule 14.14 of the ASX

Settlement Operating Rules before the end of the Offer Period. There may not be sufficient time to do so for any online acceptances submitted by you if you accept the Offer online too close to the end of the Offer Period. Neither Kedalion nor the Registry will be responsible should your Controlling Participant not acknowledge and confirm your acceptance before the end of the Offer Period, after which time, your submission will be deemed invalid.

Your use of <https://investor.automic.com.au> to accept the Offer is at your own risk.

#### **11.4 Validity of acceptances**

- (a) Subject to this section 11.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 11.3.
- (b) Kedalion will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Kedalion is not required to communicate with you prior to or after making this determination. The determination of Kedalion will be final and binding on all parties.
- (c) Notwithstanding sections 11.3(b), 11.3(c), 11.3(d) and 11.3(e), Kedalion may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your Accepted Cannon Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Kedalion.
- (d) Kedalion will provide the consideration to you in accordance with section 11.6, in respect of any part of an acceptance determined by Kedalion to be valid.

#### **11.5 The effect of acceptance**

- (a) Once you have accepted the Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Accepted Cannon Shares from the Offer or otherwise dispose of your Accepted Cannon Shares, except as follows:
  - (i) if, by the relevant times specified in section 11.5(b) the conditions in section 11.7 have not all been fulfilled or freed, this Offer will automatically terminate and your Accepted Cannon Shares will be released to you; or
  - (ii) if the Offer Period is varied in a way that postpones for more than one month the time when Kedalion must pay the consideration under the Offer and, at the time, this Offer is subject to one or more of the conditions in section 11.7, you may be able to withdraw your acceptance and your Accepted Cannon Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
  - (iii) The relevant times for the purposes of section 11.5(a) are in relation to all conditions in section 11.7, the end of the Offer Period.
- (b) By completing, signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 11.3, you will be deemed to have:
  - (i) accepted this Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in section 11.7 being fulfilled or freed agreed to transfer to Kedalion, your Accepted Cannon Shares, subject to section 11.1(e) and section 11.1(f));

- (ii) represented and warranted to Kedalion, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Accepted Cannon Shares (including any Rights) to Kedalion is registered, that all your Accepted Cannon Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your Accepted Cannon Shares (including any Rights) to Kedalion, and that you have paid to Cannon all amounts which at the time of acceptance have fallen due for payment to Cannon in respect of your Accepted Cannon Shares;
- (iii) irrevocably authorised Kedalion (and any director, secretary, nominee or agent of Kedalion) to alter the Acceptance Form on your behalf by inserting correct details relating to your Accepted Cannon Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Kedalion to make it an effective acceptance of this Offer or to enable registration of your Accepted Cannon Shares in the name of Kedalion;
- (iv) if you signed the Acceptance Form in respect of Cannon Shares which are held in a CHES Holding, irrevocably authorised Kedalion (or any director, secretary, nominee or agent of Kedalion) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of your Accepted Cannon Shares in accordance with rule 14.14 of the ASX Settlement Operating Rules;
- (v) if you signed the Acceptance Form in respect of Cannon Shares which are held in a CHES Holding, irrevocably authorised Kedalion (or any director, secretary, nominee or agent of Kedalion) to give any other instructions in relation to your Accepted Cannon Shares to your Controlling Participant, as determined by Kedalion acting in its own interests as a beneficial owner and intended registered holder of those Cannon Shares;
- (vi) irrevocably authorised and directed Cannon to pay to Kedalion, or to account to Kedalion for, all Rights in respect of your Accepted Cannon Shares, subject, if this Offer is withdrawn, to Kedalion accounting to you for any such Rights received by Kedalion;
- (vii) irrevocably authorised Kedalion to notify Cannon on your behalf that your place of address for the purpose of serving notices upon you in respect of your Accepted Cannon Shares is the address specified by Kedalion in the notification;
- (viii) with immediate effect or with effect from the time at which all Conditions have been fulfilled or waived (if they have not been fulfilled or waived at the time of your acceptance):
  - (A) irrevocably appointed Kedalion (and any director, secretary or nominee of Kedalion) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your Accepted Cannon Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of Cannon and to request Cannon to register, in the name of Kedalion or its nominee, your Accepted Cannon Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
  - (B) agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of

Cannon or to exercise or purport to exercise any of the powers and rights conferred on Kedalion (and its directors, secretaries and nominees) in section 11.5(b)(viii)(A);

- (C) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 11.5(b)(viii)(A), the attorney will be entitled to act in the interests of Kedalion as the beneficial owner and intended registered holder of your Accepted Cannon Shares; and
  - (D) agreed to do all such acts, matters and things that Kedalion may require to give effect to the matters the subject of this section 11.5(b)(including the execution of a written form of proxy to the same effect as this section 11.5(b) which complies in all respects with the requirements of the constitution of Cannon) if requested by Kedalion;
- (ix) agreed to indemnify Kedalion in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of your Accepted Cannon Shares to Kedalion being registered by Cannon without production of your Holder Identification Number or your Securityholder Reference Number for your Accepted Cannon Shares;
  - (x) represented and warranted to Kedalion that, unless you have notified it in accordance with section 11.1(f), your Accepted Cannon Shares do not consist of separate parcels of Cannon Shares;
  - (xi) irrevocably authorised Kedalion (and any nominee) to transmit a message in accordance with rule 14.17 of the ASX Settlement Operating Rules to transfer your Accepted Cannon Shares to the Takeover Transferee Holding of Kedalion, regardless of whether it has paid the consideration due to you under this Offer; and
  - (xii) agreed, subject to the conditions of this Offer in section 11.7 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Kedalion may consider necessary or desirable to convey your Accepted Cannon Shares registered in your name and Rights to Kedalion.

The undertakings and authorities referred to in section 11.5(b) will remain in force after you receive the consideration for your Accepted Cannon Shares and after Kedalion becomes registered as the holder of your Accepted Cannon Shares.

## **11.6 Payment of consideration**

- (a) Subject to sections 11.4(b) and 11.6(b) and the Corporations Act, Kedalion will provide the consideration due to you for your Accepted Cannon Shares within the earlier of:
  - (i) one month after your acceptance of the Offer or 21 days after the close of the Offer Period or if at the time of your acceptance the Offer is subject to any Condition, one month after the Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):

- (i) if that document is given with your Acceptance Form, Kedalion will provide the consideration in accordance with section 11.6(a);
- (ii) if that document is given after you return your Acceptance Form and before the end of the Offer Period and while the Offer is still subject to one or more Conditions, Kedalion will provide the consideration in accordance with section 11.6(a) by the earlier of:
  - (A) one month after the Offer becomes unconditional; and
  - (B) 21 days after the end of the Offer Period;
- (iii) If that document is given after you return your Acceptance Form and before the end of the Offer Period, and at a time the Offer is not subject to any Conditions, Kedalion will provide the consideration in accordance with section 11.6(a) by the earlier of:
  - (A) one month after the Offer becomes unconditional; and
  - (B) 21 days after the end of the Offer Period;
- (iv) if that document is given after the end of the Offer Period, Kedalion will provide the consideration within 21 days after that document is given:
  - (A) within 21 days after Kedalion receives those documents; or
  - (B) if the Offer is still subject to a Condition, within 21 days after that Condition is satisfied.
- (c) If you accept this Offer, Kedalion is entitled to all Rights in respect of your Accepted Cannon Shares. Kedalion may require you to provide all documents necessary to vest title to those Rights in Kedalion, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Kedalion, or if you have received the benefit of those Rights, Kedalion will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Kedalion) of those Rights.
- (d) Payment of any cash amount to which you are entitled under the Offer will be made in the following manner:
  - (i) if you have nominated account details acceptable to Kedalion in your Acceptance Form or online acceptance and these are provided to Kedalion, payment will be made electronically to that account;
  - (ii) if you have not nominated account details as contemplated by paragraph 11.6(d)(i) above, you will be paid by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address shown either, at the discretion of Kedalion, on your Acceptance Form or the Cannon Register; and
  - (iii) if your Cannon Shares are held in a joint name, any cheque issued will be in the name of the joint holders and forwarded to the address that appears in the Cannon Register.
- (e) Under no circumstances will interest be paid on the consideration to which you are entitled, regardless of any delay in providing the consideration or any extension of the Offer.
- (f) If any amount (the withholding amount) is required, under any Australian law or by any Government Agency, to be:

- (i) withheld from any consideration otherwise payable to you under this Offer and paid to a Government Agency; or
- (ii) retained by Kedalion out of any consideration otherwise payable to you under this Offer,

the payment or retention by Kedalion of the withholding amount (as applicable) will constitute full discharge of Kedalion's obligation to pay the consideration to you to the extent of the withholding amount.

- (g) If at the time you accept the Offer or the time payment of the Offer Price due to you, any of the following:
  - (i) *Banking (Foreign) Exchange Regulations 1959* (Cth);
  - (ii) *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);
  - (iii) *Autonomous Sanctions Act 2011* (Cth); or
  - (iv) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Department of Foreign Affairs and Trade, the ATO or any other government authority be obtained before you receive any consideration for your Accepted Cannon Shares, or would make it unlawful for Kedalion to provide any consideration to you for your Accepted Cannon Shares, you will not be entitled to receive any consideration for your Accepted Cannon Shares until all requisite authorities, clearances or approvals have been received by Kedalion.

- (h) The Offer Price you are paid will be reduced by the amount or value of any Rights attaching to your Cannon Shares, on or after the Announcement Date, which Kedalion does not receive.

## 11.7 Conditions to the Offer

Subject to section 11.8, 11.9, 11.10, 11.11 and 11.12, this Offer and any contract that results from your acceptance of this Offer is subject to the following conditions.

### (a) Minimum acceptance

During or before the end of the Offer Period, Kedalion has a Relevant Interest in the number of Cannon Shares that represents more than 50.1% of all Cannon Shares on a Fully Diluted Basis.

### (b) No prescribed occurrences during the Offer Period

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following events occur:

- i. Cannon converting all or any of the Cannon Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- ii. Cannon or a subsidiary of Cannon resolving to reduce its share capital in any way;
- iii. 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;
- iv. Cannon or a subsidiary of Cannon making an issue of shares (other than Cannon Shares issued as a result of the exercise or vesting of Cannon Options that are in existence as at the date of

- the BIA) or granting an option over shares or agreeing or committing to make such an issue or grant such an option;
- v. Cannon or a subsidiary of Cannon issuing, or agreeing to issue, convertible notes;
  - vi. Cannon or a subsidiary of Cannon disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
  - vii. 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;
  - viii. Cannon or a subsidiary of Cannon resolving that it be wound up;
  - ix. the appointment of a liquidator or provisional liquidator of Cannon or of a subsidiary of Cannon;
  - x. the making of an order by a court for the winding up of Cannon or of a subsidiary of Cannon;
  - xi. an administrator of Cannon or of a subsidiary of Cannon being appointed under section 436A, 436B or 436C of the Corporations Act;
  - xii. Cannon or a subsidiary of Cannon executing a deed of company arrangement; or
  - xiii. 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;

(c) **No material occurrences during the Offer Period**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following events occur other than with the prior written consent of Kedalion:

- i. 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;
- ii. 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;
- iii. Cannon or a Subsidiary of Cannon entering into, offering to enter into, or announcing an intention to enter into:
  - A. 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;
  - B. any swap, futures contract, forward commitment or other derivative transaction;
  - C. 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 as contemplated by the condition in subsection 11.7(e);
- iv. 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;
- v. 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);
  - vi. 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:
    - A. as required by law; or
    - B. lawfully in accordance with any non-discretionary contractual entitlement existing as at the date of the BIA that is fairly disclosed in the Due Diligence Material;
  - vii. 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;
  - viii. 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;
  - ix. Cannon or a Subsidiary of Cannon incurring, other than in the ordinary course of ordinary business, any new indebtedness;
  - x. Cannon or a Subsidiary of Cannon granting or issuing, or agreeing to grant or issue, any Cannon Options or any other rights to be issued a Cannon Share, or a commitment to so grant or issue is given;
  - xi. Cannon failing to:
    - A. maintain the good standing of the Mining Tenements;
    - B. diligently and reasonably expeditiously prosecute any applications for mining tenements; or
    - C. 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;
  - xii. Cannon terminating (other than for cause) a Cannon Director, employee or consultant;
  - xiii. Cannon accelerating the rights of any Cannon Directors, employees or consultants to benefits of any kind;
  - xiv. Cannon paying a Cannon Director or executive a termination payment, other than as provided for in an existing employment contract in place as at the date of the BIA and a copy of which has previously been provided to the Kedalion, including by way of being included in the Due Diligence Material;
  - xv. Cannon failing to comply in all material respects with the Material Contracts to which it is a party; or
  - xvi. 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 iii, v, ix:

xvii. a Permitted Transaction.

(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).

(e) **No material adverse change**

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no one or more events, matters, changes or circumstances (including any litigation or dispute), which (individually or when aggregated) have or could be reasonably expected to have a material adverse effect on:

- i. 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
- ii. the Key Cannon Projects,

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

- iii. decreasing either Key Cannon Project's JORC Code compliant mineral resources by 20% or more from the position publicly disclosed by Cannon prior to the date of the BIA;
- iv. 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 the terms of the BIA; or
- v. resulting in the termination or loss of, or reduction in Cannon's interest, in any of the Mining Tenements,

other than:

- vi. any event, matter, change or circumstance disclosed to Kedalion before the date of the BIA (including the implementation of any future matters included in budgets, business plans or other future planning or strategy documents, in accordance with those documents);
- vii. a Permitted Transaction;
- viii. 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 the BIA;
- ix. any event, matter, change or circumstance resulting from the change of control of Cannon contemplated by the Takeover Bid;
- x. anything required or permitted to be done or not done under the BIA, the Takeover Bid or the transactions contemplated by them;
- xi. any event, matter, change or circumstance in or resulting from:
  - A. economic, business, regulatory or political conditions in general;
  - B. 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 trigger this condition in section 11.7(e)) that causes a change in market price of Cannon Shares);

- C. any change effecting the mining industry generally (including fluctuations in commodity prices),
- xii. any change in law, taxation, accounting standards, interest rates or exchange rates; or
- xiii anything done with the prior written consent of Kedalion.

**(f) No breach of BIA Warranties**

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no breach of any of the BIA Warranties and no event, matter or circumstance occurs or becomes known to Kedalion that would cause or is reasonably likely to cause any BIA Warranty to be untrue.

**(g) No regulatory action**

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.

**11.8 Nature and benefits of conditions**

Each Condition in section 11.7 is a condition subsequent. The non-fulfilment of the Condition will have the consequences set out in section 11.9(b).

Subject to the Corporations Act, Kedalion alone is entitled to the benefit of the Conditions in section 11.7, or to rely on any non-fulfilment of any of them.

Kedalion will waive any breach of the Conditions in sections 11.7(c) and 11.7(e) to the extent it arises from an event to which Kedalion gives its prior written consent.

**11.9 Freeing the Offer from the defeating condition**

- (a) Kedalion may free this Offer, and any contract resulting from its acceptance, from the Conditions in section 11.7, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Cannon and to the ASX declaring this Offer to be free from the Conditions, in accordance with section 650F of the Corporations Act. This notice may be given not less than seven (7) days before the end of the Offer Period.
- (b) If, at the end of the Offer Period, any of the Conditions in section 11.7 have not been fulfilled and Kedalion has not declared the Offer (or it has not become) free from the Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

**11.10 Notice on status of conditions**

The date for giving the notice on the status of the Conditions required by section 630(1) of the Corporations Act is 13 December 2022 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

**11.11 Withdrawal of this Offer**

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Kedalion will give notice of the withdrawal to the ASX and to Cannon and will comply with any other conditions imposed by ASIC.

- (b) If, at the time this Offer is withdrawn, one or more of the Conditions in section 11.7 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the Conditions in section 11.7, all contracts arising from its acceptance will become void (whether or not the event referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to section 11.8 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

### **11.12 Variation of this Offer**

Kedalion may vary this Offer in accordance with the Corporations Act.

### **11.13 Stamp duty and brokerage**

- (a) Kedalion will pay any stamp duty payable on the Offer.
- (b) As long as your Accepted Cannon Shares are registered in your name in an Issuer Sponsored Holding and you deliver them directly to Kedalion, you will not incur any brokerage charges in connection with your acceptance of this Offer.
- (c) If your Accepted Cannon Shares are in a CHESS Holding or you hold your Cannon Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

### **11.14 Governing laws**

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Western Australia.

## 12. Definitions and interpretation

### 12.1 Definitions

In this Bidder's Statement, unless the context requires otherwise:

**Acceptance Form** means the acceptance form in respect of the Offer enclosed with this Bidder's Statement;

**Accepted Cannon Shares** means the number of your Cannon Shares in respect of which you have accepted the Offer;

**Announcement Date** means 31 October 2022;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited or the Australian Securities Exchange, as the context requires;

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

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement Pty Ltd ACN 008 504 532 which govern the electronic transfer, settlement and registration of securities in Australia through the Clearing House Electronic Subregister System;

**ATO** means the Australian Tax Office;

**Attaching Option** means the 8,960,890 options described as attaching options and issued to persons pursuant to section 10.2 of the Cannon prospectus lodged with ASIC on 26 May 2021;

**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;

**BIA** means the bid implementation agreement between Cannon and Kedalion dated 31 October 2022;

**BIA Warranties** means the warranties provided by Cannon in clause 9.2 of the BIA;

**Bidder's Statement** means this document;

**Business Day** means a day which is a business day within the meaning of the ASX Listing Rules, and a date on which banks are open for general business in Perth;

**Cannon** means Cannon Resources Limited ACN 646 149 902;

**Cannon Board** means the board of directors of Cannon;

**Cannon Directors** means the directors of Cannon;

**Cannon Group** means Cannon and each of its Subsidiaries;

**Cannon Option** means an option to subscribe for Cannon Shares, comprised of Incentive Options and Attaching Options;

**Cannon Optionholder** means each person registered in the Cannon Register as a holder of Cannon Options as at the Register Date;

**Cannon Register** means the share register or option register (as the context requires);

**Cannon Shareholder** means a person registered in the Cannon Register as a holder of Cannon Shares;

**Cannon Shares** means fully paid ordinary shares issued in the capital of Cannon;

**CGT** means capital gains tax;

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd, which provides for the electronic transfer, settlement and registration of securities in Australia;

**CHESS Holding** means a holding of Cannon Shares on the CHESS Subregister of Cannon;

**CHESS Subregister** has the meaning given in the ASX Settlement Operating Rules;

**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 Cannon Options on issue, and by their holders, in each case as at the date of the BIA; 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;

**Condition** means each condition to the Offer in section 11.7.

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

**Controlling Participant** has the meaning given in the ASX Settlement Operating Rules;

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

**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 the BIA, and to which access was provided to Kedalion on or around 28 October 2022;

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

**Due Diligence Material** means:

- (a) the documents provided by Cannon to Kedalion (including the written responses to any requests by Kedalion 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 Kedalion or its Representatives, including the data downloaded by Gregor Bennett onto Henry Lole's laptop on 19 October 2022;

**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;

**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 Cannon 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 Cannon Options, on issue as at the Register Date;

and for the avoidance of doubt, shall be calculated assuming each Cannon Option has been exercised.

**Government Agency** means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local in Australia, including (without limitation) any self-regulatory organisation established under a statute or otherwise discharging substantially public or regulatory functions, and in particular, ASX and ASIC;

**GST** has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

**Holder Identification Number** means the number used to identify a Cannon Shareholder on the CHES Subregister of Cannon;

**Incentive Option** means the 2,250,000 options described as incentive options in section 10.3 of the Cannon prospectus lodged with ASIC on 26 May 2021, and described in section 6.2 of this Bidder's Statement;

**Issuer Sponsored Holding** means a holding of Cannon Shares on the Issuer Sponsored Subregister of Cannon;

**Issuer Sponsored Subregister** has the meaning given in the ASX Settlement Operating Rules;

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

**Kedalion** means Kedalion Nickel Pty Ltd ACN 663 451 170;

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

**Key Cannon Projects** means 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:

Key Cannon 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

**Kinterra Fund** means Kinterra Battery Metals Mining Fund, LP, a Cayman Islands Exempted Limited Partnership;

**Kinterra Capital** means Kinterra Capital Corp., in its capacity as investment advisor to Kinterra Fund;

**Kinterra GP Corp.** means Kinterra Capital GP Corp., a Cayman Islands exempted company that services as the general partner of Kinterra Fund;

**Kinterra Group** means Kinterra Fund, Kinterra GP Corp., Kinterra Capital and the funds and entities managed, controlled or advised by Kinterra Capital;

**Loan Agreement** means the loan agreement entered into between Kinterra Fund and Cannon as outlined in section 5.5;

**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;

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

**Offer** means the offer to acquire Cannon Shares as set out in section 11 of this Bidder's Statement;

**Offer Period** means the period during which the Offer will remain open for acceptance;

**Offer Price** means \$0.45 for each Cannon Share, subject to the terms of the Offer;

**Participant** has the meaning given in the ASX Settlement Operating Rules;

**Permitted Encumbrance** means any encumbrance in relation to any property of a Cannon Group member:

- (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 the BIA;
- (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:

- (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 Cannon Options after the date of the BIA) from a third party on terms materially similar to (or more favourable to the company) the terms of Annexure A to the BIA (including as to interest rate, fees and prepayments) (and drawing down on that loan) provided that clause 6.5(b) of the BIA has been complied with; or
  - ii. Cannon entering into the Loan Agreement (and drawing down on that loan);

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

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

**Pre-Acceptance Agreements** means the agreements between Kedalion and each of Ponderosa Investments WA Pty Ltd, Longreach 52 Pty Ltd, Kendali Pty Ltd and Hammerhead Holdings Pty Ltd as further described in section 10.2;

**Register** means the register of shareholders and/or optionholders (as applicable) of Cannon maintained by or on behalf of Cannon in accordance with the Corporations Act;

**Register Date** means the date set by the Kedalion under section 633(2) of the Corporations Act, being 9.00am (Sydney time) on 7 November 2022;

**Registry** means Automic Registry Service Limited;

**Related Entity** means:

- in respect of Kedalion, an entity or person that:
  - Controls Kedalion;
  - is under the Control of Kedalion; or
  - is under the Control of another entity or person that also Controls Kedalion;
  - 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 or an entity Controlled by it,

and for the purposes of this definition, Kinterra Capital is deemed to Control Kedalion;  
and
- 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;

**Representatives** means:

- (a) in relation to Cannon, a member of the Cannon Group, any Cannon 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 Kedalion, a member of the Kedalion Group, any director, officer or employee of any member of the Kedalion Group, and any financial adviser, accounting adviser, auditor, legal 11 adviser, agent or technical or other expert adviser or consultant to any member of the Kedalion 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;

**Shareholder Protections** has the meaning given in section 7.5 of this Bidder's Statement;

**Securityholder Reference Number** means the number allocated by Cannon to identify a Cannon Shareholder on the Issuer Sponsored Subregister of Cannon;

**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 made by Kedalion for all Cannon Shares under Chapter 6 of the Corporations Act, to which this Bidder's Statement relates;

**Target's Statement** means the statement given by Cannon under Part 6.5 of the Corporations Act relating to the Offer;

**Taylor Collison** means Taylor Collison Limited ACN 008 172 450;

**Terranu** means Terranu Transition Metals Pty Ltd ACN 663 445 387;

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

**Trading Day** has the meaning given in the ASX Listing Rules;

**VWAP** means the volume-weighted average price;

## 12.2 Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- any reference, express or implied, to any legislation in any jurisdiction includes:

- that legislation as amended, extended or applied by or under any other legislation made before or after the date of this Bidder's Statement;
  - any legislation which that legislation re-enacts with or without modification; and
  - any subordinate legislation made before or after the date of this Bidder's Statement under that legislation, including (where applicable) that legislation as amended, extended or applied as described in the sub-paragraphs above, or under any legislation which it re-enacts as described in the sub-paragraphs above;
- references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
  - references to an individual or a natural person include his estate and personal representatives, successors or assigns;
  - a reference to a section or annex is a reference to a section of or annex to this Bidder's Statement (and the annexes form part of this Bidder's Statement);
  - a reference to any instrument or document includes any variation or replacement of it;
  - a reference to you is to a person to whom the Offer is made or is taken to be made;
  - unless otherwise indicated, a reference to any time is a reference to that time in Perth, Australia;
  - unless otherwise indicated, a reference to \$, A\$, dollars or cents is to Australian currency;
  - singular words include the plural and vice versa;
  - a word of any gender includes the corresponding words of any other gender;
  - if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
  - a term that is defined in the Corporations Act and is not otherwise defined in this Bidder's Statement has the meaning given to it in the Corporations Act (and where any such term has a special meaning for the purposes of Chapter 6 or 6A of the Corporations Act has that special meaning);
  - 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 headings do not affect interpretation.

### **13. Approval of the Bidder's Statement**

This Bidder's Statement has been approved by a resolution passed by the directors of Kedalion Nickel Pty Ltd in accordance with s637(1) of the Corporations Act.

Dated: 4 November 2022

Signed for and on behalf of Kedalion Nickel Pty Ltd:



---

Andrea Simone Betti  
Director

## **Corporate directory**

### **Financial adviser**

Taylor Collison Limited

Level 16, 211 Victoria Square  
Adelaide SA 5000

Level 10, 151 Macquarie Street  
Sydney NSW 2000

### **Legal adviser**

Allen & Overy

Level 25  
85 Castlereagh Street  
Sydney NSW 2000

Level 12  
2 The Esplanade  
Perth WA 6000

### **Share Registrar**

Automic Registry Service Limited  
Level 5, 191 St Georges Tce

Perth, WA 6000



**By E-Mail:**  
[Takeovers@AutomicGroup.com.au](mailto:Takeovers@AutomicGroup.com.au)



**By Mail**  
Automic Group  
GPO Box 5193  
Sydney NSW 2001



**For all enquiries:**  
Phone:  
(within Australia) 1300 101 594  
(outside Australia) +61 2 8072 1412

«Registration\_Details\_Line\_1»  
«Registration\_Details\_Line\_2»  
«Registration\_Details\_Line\_3»  
«Registration\_Details\_Line\_4»  
«Registration\_Details\_Line\_5»  
«Registration\_Details\_Line\_6»

## ACCEPTANCE FORM – ISSUER SPONSORED HOLDERS



**Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Perth Time) on the last day of the Offer Period, being 21 December 2022 (unless extended by Kedalion).**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer (**Offer**) by Kedalion Nickel Pty Ltd ACN 663 451 170 (**Kedalion or Bidder**) to purchase all of your fully paid ordinary shares (**Shares**) in Cannon Resources Limited ACN 646 149 902 (**Cannon**), the terms of which are set out in the Bidder's Statement dated **XX MONTH** 2022.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

### Step 1: Registration Name & Offer Details

Your consideration will be paid to the name(s) as they appear on the Cannon register (**Register**), as provided to Kedalion. The current address recorded on Kedalion's copy of the Register is printed above and overleaf. If you have recently bought or sold Cannon Shares your holding may differ from that shown. If you have already sold all your Cannon Shares, do not complete or return this form.

### Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer all of your Cannon Shares. The consideration applicable is that set out in the Bidder's Statement.

By completing, signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 11.3 of the Bidder's Statement, you will be deemed to have as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Accepted Cannon Shares (including any Rights) to Kedalion is registered, that all your Accepted Cannon Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your Accepted Cannon Shares (including any Rights) to Kedalion, and that you have paid to Cannon all amounts which at the time of acceptance have fallen due for payment to Cannon in respect of your Accepted Cannon Shares.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.

**Power of Attorney:** Where signing under a Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

- a sole director and a company secretary OR a sole director (if no company secretary exists), OR
- two directors, OR
- a director and a company secretary.

**Overseas Companies:** Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory but will assist us if we need to contact you.

**If you have any queries about the terms of the offer or how to accept, please call the Kedalion Nickel Offer Information Line (Monday to Friday, between 9.00am and 5.00pm (Sydney Time) on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia).**

**Turn over to complete the form**

# Offer Acceptance Form

FULL CASH TAKEOVER OFFER FOR ALL SHARES IN CANNON RESOURCES LIMITED

## STEP 1 Registration Name & Offer Details

«Registration\_Details\_Line\_1»  
«Registration\_Details\_Line\_2»  
«Registration\_Details\_Line\_3»  
«Registration\_Details\_Line\_4»  
«Registration\_Details\_Line\_5»  
«Registration\_Details\_Line\_6»

[BARCODE]

Securityholder Reference Number (SRN):  
«SRN»

For your security keep your SRN confidential.

Number of Cannon Resources Limited (Cannon) shares held as at 7:00pm (AEDT) on XX MONTH 2022 (Register Date)

«CannonShares»

By accepting the Offer, you are accepting the Offer for all of your Cannon Shares as recorded by Kedalion as being held by you at the date your acceptance is processed (even if different to the number stated above).

## STEP 2 Accept the Offer

### Option A: Online Acceptance (Recommended)

To accept the Offer online, visit <https://investor.automic.com.au/#/signup> on your browser and follow the instructions below:

1. Select "Cannon Resources Limited Takeover Offer" from the Company Name Field
2. Enter your Securityholder Reference Number (SRN) as shown on the top of this letter
3. Enter your postcode OR country of residence (only if outside Australia)
4. Tick the box "I'm not a robot" and then select "Next"
5. Complete the prompts to set up your username and password details

Once you are logged in, select "Offers" from the left menu bar and follow the prompts.

### Option B: Paper Acceptance

This section must be completed if you are NOT accepting the Offer online. Please complete section below and return by email or postal delivery.

If you correctly sign and return this form you will be deemed to have accepted the Offer for all of your Cannon Shares stated below. The consideration applicable is that set out in the Bidder's Statement.

### Signatory of Securityholder(s)

I/We accept the Offer made by Kedalion for all my/our Cannon Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer my/our Cannon Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/ Sole

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name:

Contact Daytime Telephone:

Date

 /  / 

## STEP 3 Payment Instructions (for Cannon shareholders who chose Option B in Step 2)

Please provide your bank details below so that Automic can make the payment to your account. If you do not provide your bank details, or Kedalion otherwise decides, payment will be made via Cheque. Note that all payments will be made in Australian dollars.

BSB

Account Number

Name of Australian Bank / Financial Institution

Name in which account is held (e.g.: John Smith)

### Privacy Notice

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – [www.automic.com.au](http://www.automic.com.au)



**By E-Mail:**  
[Takeovers@AutomicGroup.com.au](mailto:Takeovers@AutomicGroup.com.au)



**To Your Controlling Participant:**  
Return this from directly to your stockbroker



**By Mail:**  
Automic Group  
GPO Box 5193  
Sydney NSW 2001



**For all enquiries:**  
Phone:  
(within Australia) 1300 101 594  
(outside Australia) +61 2 8072 1412

«Registration\_Details\_Line\_1»  
«Registration\_Details\_Line\_2»  
«Registration\_Details\_Line\_3»  
«Registration\_Details\_Line\_4»  
«Registration\_Details\_Line\_5»  
«Registration\_Details\_Line\_6»

## ACCEPTANCE FORM – CHESS SPONSORED HOLDERS



**Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Perth Time) on the last day of the Offer Period, being 21 December 2022 (unless extended by Kedalion).**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer (**Offer**) by Kedalion Nickel Pty Ltd ACN 663 451 170 (**Kedalion or Bidder**) to purchase all of your fully paid ordinary shares (**Shares**) in Cannon Resources Limited ACN 646 149 902 (**Cannon**), the terms of which are set out in the Bidder's Statement dated **XX MONTH** 2022.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

### Step 1: Registration Name & Offer Details

Your consideration will be paid to the name(s) as they appear on the Cannon register (**Register**), as provided to Kedalion. The current address recorded on Kedalion's copy of the Register is printed above and overleaf. If you have recently bought or sold Cannon Shares your holding may differ from that shown. If you have already sold all your Cannon Shares, do not complete or return this form.

### Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for all of your Cannon Shares. The consideration applicable is that set out in the Bidder's Statement.

As your Cannon fully paid ordinary shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want Kedalion to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Kedalion and Automic to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By completing, signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 11.3 of the Bidder's Statement, you will be deemed to have as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Accepted Cannon Shares (including any Rights) to Kedalion is registered, that all your Accepted Cannon Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your Accepted Cannon Shares (including any Rights) to Kedalion, and that you have paid to Cannon all amounts which at the time of acceptance have fallen due for payment to Cannon in respect of your Accepted Cannon Shares.

You should allow sufficient time for your Controlling Participant or Kedalion to initiate the acceptance of the Offer on your behalf. Neither Kedalion nor Automic will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.

**Power of Attorney (POA):** Where signing under a Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

- a sole director and a company secretary OR a sole director (if no company secretary exists), OR
- two directors, OR
- a director and a company secretary.

**Overseas Companies:** Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory but will assist us if we need to contact you.

**If you have any queries about the terms of the offer or how to accept, please call the Kedalion Nickel Offer Information Line (Monday to Friday, between 9.00am and 5.00pm (Sydney Time) on 1300 101 594 (within Australia) and +61 2 8072 1412 (outside Australia).**

**Turn over to complete the form**

