

ASX ANNOUNCEMENT | ASX: CNR

13 October 2021

First Drill Results Extend Nickel Mineralisation at Musket

Highlights

- **First 3 diamond holes from the Fisher East Nickel Project have intersected:**
 - **14.94m @ 1.90% nickel from 366.15m in hole MFED083**
 - **4.94m @ 1.79% nickel from 559.77m in hole MFED084**
 - **5.81m @ 2.29% nickel from 584.35m in hole MFED088**
- **Mineralisation at Musket extended down dip by 100 metres**
- **DHEM anomalies define northern mineralisation trend for future follow-up drilling**

Cannon Resources Limited (**ASX: CNR**) ("**Cannon**" or "**the Company**") is pleased to announce that assay results from the first 3 holes from the current diamond drilling campaign at the Company's flagship Fisher East Nickel Project have returned significant zones of high grade nickel sulphides at Musket.

The drilling has intercepted substantial thicknesses of mineralisation on the northern margin of the main channel (MFED083 14.94m @ 1.90% Ni) and extended the mineralisation to approximately 100 metres below and down-plunge of the existing Musket resource. The targeted drilling of this program has been successful in defining the mineralisation trends and will facilitate ongoing drilling to grow the resource beyond the current limits.

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

Table 1: Diamond Drilling Assay Results

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

Cannon CEO, Steve Lynn commented:

"The diamond drilling results and DHEM modelling are an excellent and significant development at Musket and highlight our ability to predict mineralisation trends and grow the orebody. The assay results show that the mineralisation continues down-plunge at better than the average grade of the existing resource. The system is totally unconstrained at depth and laterally within the northern mineralisation trend. This current round of drilling confirms that significant resource growth can be expected with well targeted future drilling."

A total of four holes have been drilled at Musket (MFED083, MFED084, MFED088, MFED089), with assay result returned from three. DHEM (down-hole electromagnetics) has been completed on one hole only (MFED089), with the remainder pending survey completion.

Drillhole MFED089 intersected a narrow zone of mineralisation (assays pending) that indicates that the northern margin of the Musket channel continues through this area. A DHEM survey on the same hole has returned significant off-hole anomalies below the drillhole. EM plate models have been developed and are shown in Figure 1 below. The DHEM plate models indicate that significant exploration upside exists along the northern margin of the Musket mineralisation and future drilling will target these areas.

Cannon commenced a diamond drilling campaign at the Camelwood, Musket and Sabre prospects at the Fisher East Nickel Project on listing in August 2021. This program is ongoing and has now been extended from 4,000 metres to 6,300 metres, with assays pending for Camelwood and Sabre.

DHEM surveys are currently underway on existing holes from this program and are expected to be completed over the next 10 to 15 days.

Table 2: Logging for Hole MFED089 (Assays Pending)

Depth From	Depth To	Interval	Geology	Sulphide %
197.76	197.84	0.08	Hornfelsed felsic footwall with veined sulphides	20
197.84	197.89	0.05	Fine grained finger of chlorite altered dolerite with pyrite veining	5
197.89	197.94	0.05	Base of talc-carbonate altered komatiite. Strongly veined to semi massive weathered sulphides	28
197.94	198.1	0.16	Cumulate komatiite with veined sulphides	9
198.1	199.36	1.26	Talc-carbonate altered olivine cumulate with heavily disseminated sulphides	12

Note to Table 2:

Pentlandite is estimated to comprise 30-40% of overall sulphide mineral species logged.

Table 3: Collar Details for Recent Drilling

Hole ID	Prospect	Drill Type	East	North	RL	Depth	Dip	Azi
MFED083	Musket	DD	356668	7033932	538	420.9	-72	270
MFED084	Musket	DD	356838.7	7033989.8	538.3	600.9	-71	270
MFED088	Musket	DD	356850.5	7033950.8	538.3	626.5	-72	260
MFED089	Musket	DD	356498.1	7034049.9	538.4	248.6	-72	273

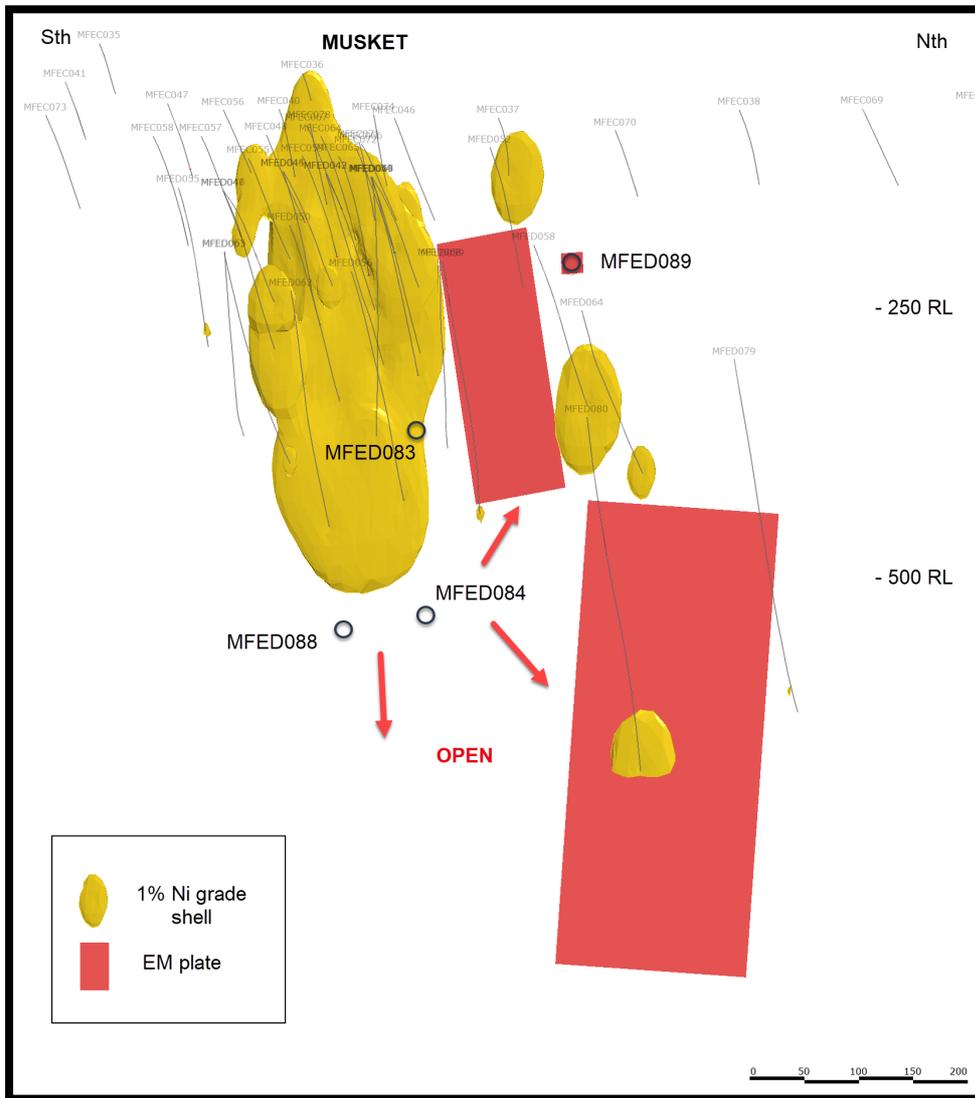


Figure 1: Musket long section showing mineralised intercepts of latest drilling and EM plate models incorporating survey data from holes MFED080, MFED079, MFED062, MFED059 and MFED089



Figure 2: Project location

This ASX announcement has been approved by the Board of Cannon Resources Limited.

For further information

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About Cannon Resources

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

Fisher East contains the Camelwood, Cannonball and Musket nickel sulphide deposits with a combined JORC 2012 Mineral Resource of 4.2Mt grading 1.9% Ni reported at 1.0% Ni cut-off (Indicated Mineral Resource: 3.7Mt grading 1.9% Ni, Inferred Mineral Resource: 0.5Mt grading 1.5% Ni) comprising massive and disseminated nickel sulphide mineralisation, and containing 78,000 tonnes of nickel.

Collurabbie contains a JORC 2012 Inferred Mineral Resource of 573,000t grading 1.63% Ni, 1.19% Cu, 0.082% Co, 1.49g/t Pd, 0.85g/t Pt at Olympia.

Competent Person Statements

Exploration Results

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

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

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

Resource Statement

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

Forward-Looking Statements

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

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (e.g., cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where ‘industry standard’ work has been done this would be relatively simple (e.g., ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g., submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • All holes are diamond core drilling. Drilling has been used to obtain high quality samples that were logged for lithological, structural, geotechnical, density and other attributes. • The diamond core was cut in half with half core sampled. The samples lengths ranged from 0.1m to 1.2m to within geological boundaries. • Samples were dried, crushed and pulverised to -75um and split to produce a nominal 200g sub sample. The samples were analysed for Au, Pd, Pt using a 25g Lead collection fire assay with analysis by Inductively Coupled Plasma Optical Emission Spectrometry (ICPOES). • 48 multi-element analysis was completed using a four-acid digest on a 0.2g prepared sample using ICP-MS. • Representivity has been ensured by monitoring core recovery to minimize sample loss. • Sampling was carried out under industry and QAQC best practice
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • A DDH1 diamond drilling rig was used to complete the program. Holes are drilled with PQ3, HQ3 and NQ2 diameter, with all core recovered. Where possible, the core was oriented using Reflex Act III orientation tools.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> 	<ul style="list-style-type: none"> • DDH1 records from and to depths and core interval recovered as the hole is drilled. Field technicians then independently measure and meter mark core and reconcile with drillers blocks. These data are transcribed

	<ul style="list-style-type: none"> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<p>to core blocks and stored with the drill samples. Both a digital and a photographic record of these data is stored by the Company. These are noted on core blocks at the end of each core run. Intervals are confirmed by on site Company geologists during the logging process. Core recovery is logged by the onsite geologist. No material core loss is reported in the sampled intervals</p>
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Qualitative logging of DD core included lithology, mineralogy, mineralisation, structural, weathering, colour and other features of the samples. • Quantitative logging has been completed for geotechnical purposes. • All DD core ore has been photographed dry and wet • The total lengths of all drill holes have been logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • DD core was subsampled over lengths ranging from 0.1m to 1.2m Core sawn and half-core taken. All subsamples were collected from the same side of the core. • The sample preparation of DD core involved oven drying (4-6 hrs at 95C), coarse crushing in a jaw-crusher to 100% passing 10 mm, then pulverisation of the entire crushed sample in LM5 grinding mills to a particle size distribution of 85% passing 75 microns and collection of a 200 gram sub-sample. • QC procedures involve insertion of certified reference materials, blanks.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools,</i> 	<ul style="list-style-type: none"> • Laboratory assaying techniques are 4 acid digest for multi-element and fire assay for Au & PGE. Both techniques are considered a total digest.

	<p><i>spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> • <i>Nature of quality control procedures adopted (e.g., standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • No geophysical tools were used to determine any element concentrations. • The laboratory sample preparation checks for particle size distribution compliance as part of routine internal quality procedures to ensure the target particle size distribution of 85% passing 75 microns is achieved in the pulverisation stage. • CRMs and blanks are inserted routinely at a rate of 1:40 samples. Laboratory quality control processes include the use of internal lab standards using certified reference materials (CRMs), blanks, and duplicates. • CRMs used to monitor accuracy have expected values ranging from low to high grade, and the CRMs were inserted randomly into the routine sample stream to the laboratory. • The results of the CRMs confirm that the laboratory sample assay values have good accuracy and results of blank assays indicate that any potential sample cross contamination has been minimised.
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Two or more Company geologists have inspected the core. Photos of all core have been collected. Significant intersections were checked by the Competent Person. • No twinned holes were completed. • The logging has been validated by onsite geology staff and compiled onto a SQL database server by an independent Database Administrator. • Assay data are imported directly from digital assay files and are merged in the database with sample information. Data is backed up regularly in off-site secure servers. • No geophysical or XRF results are

		used in exploration results reported. There has been no adjustment to the assay data.
<i>Location of data points</i>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Hole collars were recorded using DGPS. Accuracy is expected to be better than 30 cm for both easting and northings. The azimuth of the drill collars was determined with north seeking gyro on board the drill rig. A clinometer was used to check the dip of the hole at the collar. • Downhole surveying was conducted with an Axis Champ Gyro. Measurements were collected approximately every 18m or less during the drilling of the hole. • The grid system is MGA_GDA94 (zone 51)
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The diamond drill program has been designed to intersect mineralisation within targeted zones that vary across the 3 ore systems drilled. • No resource calculations are included using the new drill data • Samples have been selected from lengths of core as considered geologically necessary but within geological units.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Drilling is approximately perpendicular to the strike of the mineralisation and intersecting at an angle in most cases greater than 70 degrees.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Samples are bagged, numbered, recorded in digital files, collected and then securely stored on site until dispatch to the lab. The company transports and delivers the samples directly to the Laboratory in Kalgoorlie. A sample reconciliation advice is sent by the laboratories to

		<p>the company on receipt of the samples.</p> <ul style="list-style-type: none"> Sample preparation is completed in Kalgoorlie then the samples are transported to Perth for analysis using the laboratories standard chain of custody procedure.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Apart from standard data review and QAQC monitoring, no sampling audits have been completed

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> All drilling is located on the following tenements: E53/1318; E53/1802; E53/1218; E53/1716 All tenements are held 100% by Cannon Resources Limited The tenements are currently in good standing with no known operational impediments
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Nickel mineralisation at Camelwood, Musket and Sabre was previously identified and drilled over the period 2012 – 2017 by Rox Resources Limited.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The geological setting is Archaean basal channelised komatiite hosted mineralisation, bounded by hangingwall basaltic rocks and footwall felsic metasediments. Mineralisation is mostly situated at the (eastern) basal ultramafic - felsic contact. The rocks are strongly talc-carbonate altered. Metamorphism is mid-upper Greenschist. The deposit is analogous to Kambalda type 1 basal nickel sulphide deposits.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level 	<ul style="list-style-type: none"> Refer to drill results Table/s and the Notes attached thereto.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g., cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • All reported assay intervals have been length weighted. No top cuts have been applied. A lower cut-off of 1% is generally applied with up to 2m of internal dilution allowed, except where early exploration holes at a new prospect are reported based on their geological significance. See Notes to Table/s. • High grade massive or semi-massive sulphide intervals internal to broader zones of mineralisation are reported as included intervals. See Table/s. • No metal equivalent values are reported
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g., 'down hole length, true width not known'). 	<ul style="list-style-type: none"> • The mineralisation is east dipping at 55-70 degree throughout the deposits. Drillhole azimuths were generally planned at 240-270 degrees and holes generally inclined at -60 to -70 degrees west (but see Table in text). In general, true widths are likely to be 80-90% of drilled width; but each hole will need to be specified separately and these values determined on an individual basis.
Diagrams	<ul style="list-style-type: none"> • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and 	<ul style="list-style-type: none"> • Refer to Figures and Table in the text.

Criteria	JORC Code explanation	Commentary
	<i>appropriate sectional views.</i>	
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> Comprehensive reporting of all exploration results is included, including high, low and unmineralised samples
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> Refer to text, figures and tables as required
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g., tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Further work (RC and diamond drilling) is justified to infill known mineralisation and to locate extensions to mineralisation both at depth and along strike.