



**CANNON**  
RESOURCES

**CANNON RESOURCES LIMITED**

**ABN 32 646 149 902**

**ANNUAL REPORT**  
**2022**

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## Corporate Directory

### Directors:

Mr Alex Passmore  
*Non-Executive Chairman*

Mr Richard Bevan  
*Non-Executive Director*

Mr Mark Stowell  
*Non-Executive Director*

### Company Secretary:

Mr Chris Hunt

### Bank:

Westpac Banking Corporation  
40 St George's Terrace  
Perth WA 6000

### Auditor:

Pitcher Partners BA&A Pty Ltd  
Level 11  
12-14 The Esplanade  
Perth WA 6000

Telephone: (08) 9322 2022  
Facsimile: (08) 9322 1262

### Solicitor:

Thomson Geer  
Level 27, Exchange Tower  
2 The Esplanade  
Perth WA 6000

Telephone: (08) 9404 9100  
Facsimile: (08) 9300 1338

### For shareholder information contact:

#### Share registry:

Automic Group  
Level 2  
267 St George's Terrace  
Perth WA 6000

Telephone: 1300 288 664

Email: [hello@automic.com.au](mailto:hello@automic.com.au)

#### Stock exchange:

ASX Limited

#### Company code:

CNR (Fully Paid Shares)

#### Capital structure:

|            |   |
|------------|---|
| 77,023,882 | Fully paid ordinary shares  |
| 8,553,130  | Fully paid ordinary shares, held in escrow until 12 August 2023                       |
| 2,250,000  | \$0.30, 30 June 2024 unlisted options, 2 holders, held in escrow until 12 August 2023 |
| 3,000,000  | \$0.30, 30 June 2024 unlisted options, 1 holder                                       |
| 9,517,877  | \$0.30, 30 June 2024 unlisted options, 898 holders                                    |

### For information on the Company contact:

#### Principal & registered office:

Level 2, 87 Colin Street  
West Perth WA 6005

Telephone: (08) 6383 9911

Facsimile: (08) 9322 6254

Email: [admin@cannonres.com.au](mailto:admin@cannonres.com.au)

Web: [www.cannonres.com.au](http://www.cannonres.com.au)

## Chairman's Review

Dear Shareholder,

I am pleased to present Cannon Resources Limited's ("Cannon" or "the Company") Annual Report for the year ended June 2022. This covers what was a busy period for your company.

Since its successful listing in August 2021 the Company has substantially increased the known resource inventory at the Fisher East nickel sulphide project. This project, which is located 145km northeast of Leinster in Western Australia, is emerging as one of the largest nickel sulphide projects not owned by a major mining company.

The Company's recent resource update (see ASX release 15 August 2022) outlined a project resource of 134.1kt of contained nickel metal at an average grade of 1.8% Ni. This resource is contained within four high grade deposits: Musket, Camelwood, Cannonball and Sabre. The latter deposit being a new discovery during the year. Upon its listing the Company had known nickel resources in the Fisher East belt of 78kt of contained nickel.

This resource growth has been driven by a successful and substantial exploration program, which has focussed on geochemistry-led delineation of high-grade nickel bearing zones within komatiite channels. We expect this growth to continue. In late July of this year, the Company reported that it had intersected strong nickel mineralisation 520m down plunge of the previously deepest known mineralisation at the Sabre deposit.

The exploration programs have been underpinned by funding from our successful IPO and a follow-on equity placement for \$4million late in 2021. We thank our shareholders for their ongoing support in our exploration endeavours.

In June we announced Board changes at the Company. Mr Mark Stowell joined the Board, while Mr Trevor Benson left the Board. Mark is a very experienced corporate finance and resource professional. He served as manager in the corporate division of Arthur Andersen and was subsequently involved in the establishment and management of a number of successful ventures as principal, including resource companies operating in Australia and internationally. I welcome Mark to the board and believe he brings a unique skill set as we move into the next phase of the company's evolution. I thank Trevor for his strong contribution to the Company, particularly as its inaugural chairman and for his oversight of a successful IPO.

Late in the year, the Company's Chief Executive Officer, Mr Steve Lynn, left the Company to focus on other business interests. The Company has commenced an executive search process (well advanced) for a Chief Executive Officer to lead the Company through its next stage of development.

In conclusion, 2022 is shaping up to be another busy and fruitful year for Cannon with a focus on resource growth and commercial studies into the future development of the project.



**Alex Passmore**  
Non-Executive Chairman

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## Review of Operations

Cannon Resources Limited (“Cannon”, the “Company”) and its consolidated entities (together the “Group”) is a Western Australia focused mineral resources exploration and development company with flagship nickel projects at Fisher East and Collurabbie which are situated in the North Eastern Goldfields of Western Australia, approximately 400km to the north east of Kalgoorlie.

### Highlights

- Listed on the ASX 12 August 2021
- Resource at Musket increased by 44% to 2.4Mt @ 1.9% Ni for 45.4Kt contained nickel
- Maiden resource at Sabre 1.8Mt @ 1.4% Ni for 24.5 Kt of contained nickel
- \$4 million placement (before costs) completed to sophisticated investors
- High grade massive nickel sulphide intersections at Sabre



Figure 1: Project Location Map

### Fisher East Project

The Fisher East Nickel Project is located approximately 430km north of Kalgoorlie, 223km north of Leonora and 145km northeast of Leinster in the North-Eastern Goldfields region. The project consists of eleven granted exploration licences covering a total of 330.6km<sup>2</sup>.

The project contains four nickel sulphide deposits consisting of Musket, Sabre, Camelwood and Cannonball. These deposits are typical Archean komatiite-associated deposits having affinities with Kambalda-style Type 1 contact ores.

The mineralisation identified to date consists of massive, matrix and disseminated nickel sulphides, with a combined JORC 2012 Mineral Resource estimate of 6.4Mt at 1.8% Ni for 116.3 Kt of contained Ni as at 30 June 2022. All deposits remain open at depth and along strike.

During the financial year, the Group progressed drilling at Fisher East which resulted in a significant increase to the Musket resource from 1.9 Mt @ 1.7% Ni for 31.6Kt of contained nickel to 2.4Mt @ 1.9% Ni for 45.4Kt contained nickel. PGE content was also estimated for the first time at Musket at 0.5 g/t (Pt + Pd). The resource remains open laterally, internally and down plunge (See Figure 2).

Drilling during the financial year at Sabre resulted in a maiden mineral resource of 1.8Mt @ 1.4% Ni for 24.5 Kt of contained nickel with the resource remaining open laterally, internally and down plunge, with drilling to a maximum depth of only 300 metres. Wide zones of massive nickel sulphide were also intersected at Sabre (See Figure 3).

Subsequent to the end of the financial year the Company’s Fisher East Resource increased to 134.1Kt of contained nickel due to a further significant increase in the Sabre resource of 72%, with the Sabre resource increasing to 2.9Mt @ 1.5% for 42.3Kt of contained nickel.

In addition, subsequent to the end of the financial year the Company intersected nickel mineralisation 520m down plunge at Sabre with drill results for MFED122 returning an intersection of 6.4m @ 1.3% Ni and 0.43 g/t (Pd + Pt) including 5.1m @ 1.5% Ni and a further zone of massive nickel sulphide of 0.5m @ 5.3% Ni. Sabre mineralisation is now interpreted to extend over 800 metres down plunge, with mineralisation remaining open laterally and down plunge.

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# Review of Operations

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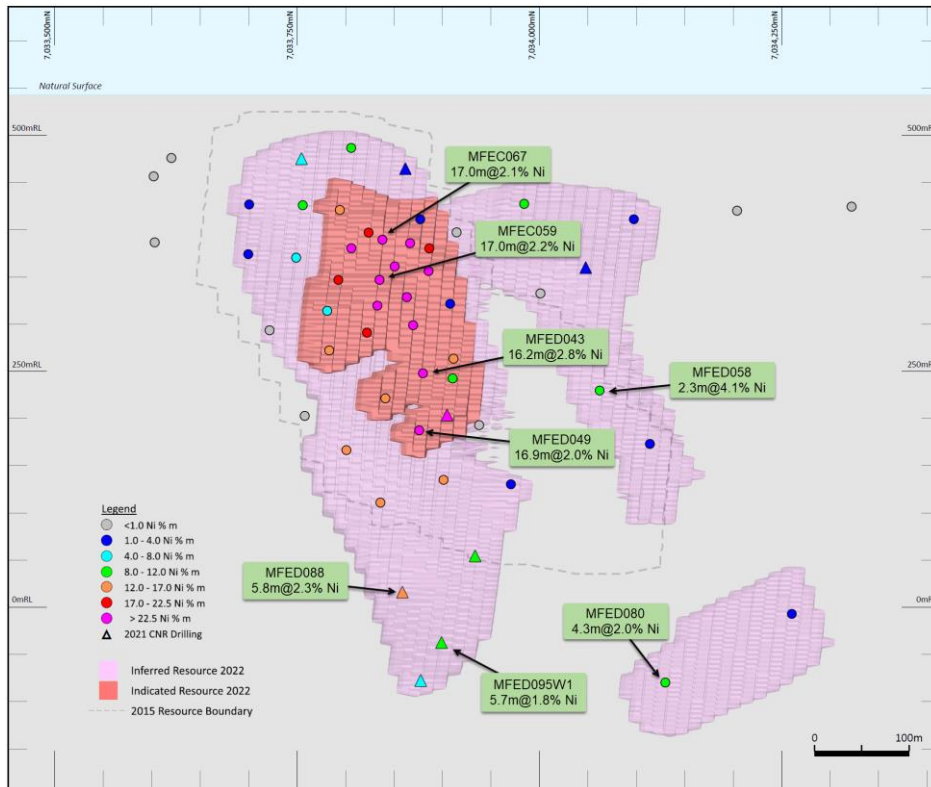


Figure 2: Musket Mineral Resource in long section.

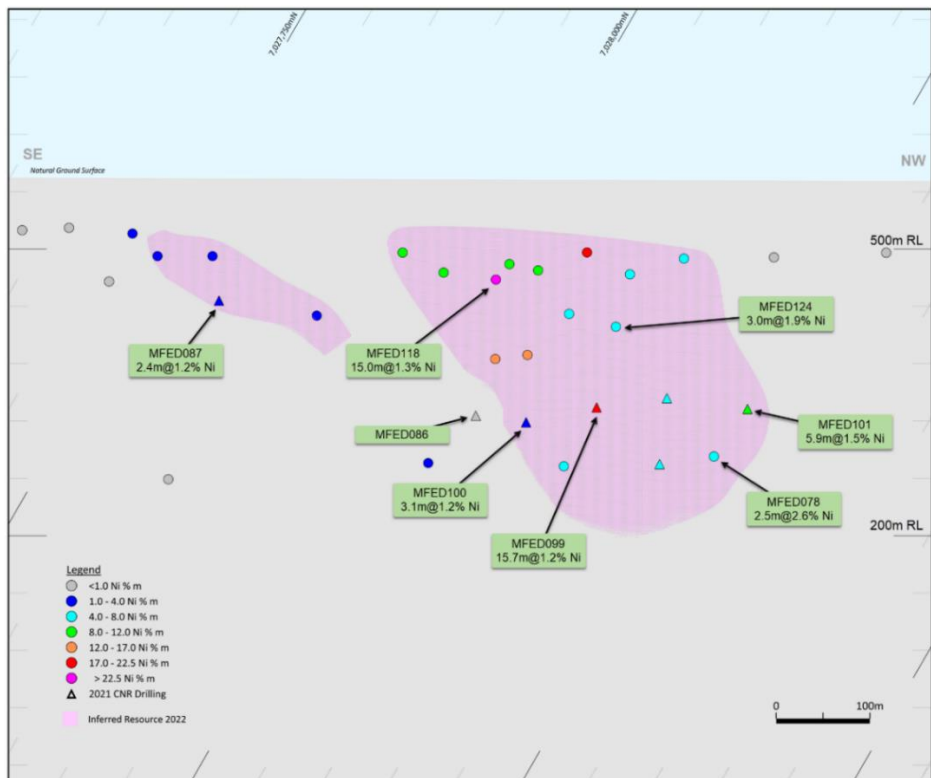


Figure 3: Sabre Mineral Resource in long section.

## Review of Operations

### Collurabbie Project

The Collurabbie Project, located approximately 430km to the north northeast of Kalgoorlie, 195km north of Laverton and 65km to the east of the Fisher East Nickel Project also lies within the North-Eastern Goldfields region. The project consists of three granted exploration licences covering a total of 147km<sup>2</sup>.

There are multiple anomalous Ni Cu Co PGE (plus Au & VMS base metals) historical drill intercepts within the sills, most yet to be adequately tested. The Group is compiling & re-processing the geophysical datasets with a view to drill test in financial year 2023. Collurabbie Project Geology is depicted in Figure 4.

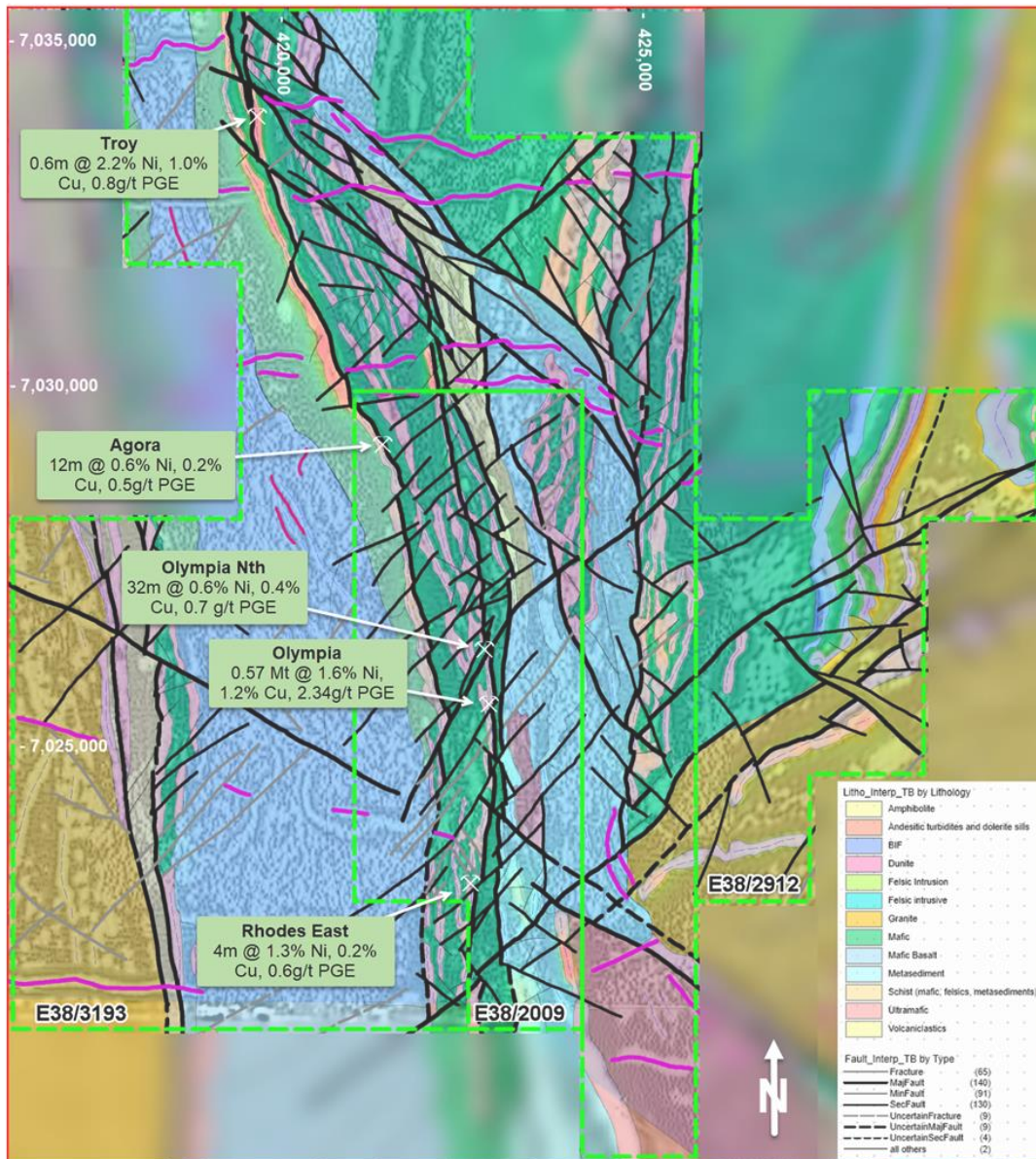


Figure 4: Collurabbie Project Geology

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## Review of Operations

### Mineral Resources

During the financial year, the Group announced significant increases to the mineral resource estimate at Fisher East, including a maiden resource estimate at Sabre.

| Fisher East |              |             |            |                    |
|-------------|--------------|-------------|------------|--------------------|
| Deposit     | Category     | Tonnes (Mt) | Grade Ni % | Contained Ni Metal |
| Camelwood   | Indicated    | 1.7         | 2.0        | 34.0               |
|             | Inferred     | 0.3         | 1.5        | 5.0                |
|             | <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     | 1.8         | 1.4        | 24.5               |
|             | <b>Total</b> | <b>1.8</b>  | <b>1.4</b> | <b>24.5</b>        |
| Total       | Indicated    | 2.8         | 2.1        | 60.0               |
|             | Inferred     | 3.6         | 1.6        | 56.2               |
|             | <b>Total</b> | <b>6.4</b>  | <b>1.8</b> | <b>116.3</b>       |

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

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## Review of Operations

### Mineral Resources Estimation Governance Statement

The Group has ensured that its mineral resources estimates are subject to appropriate levels of governance and internal controls.

The mineral resources reported for the Fisher East resources at Musket and Sabre have been estimated under the supervision of Mr. David Allmark who is a full-time employee of Rox Resources Limited and a Member of the AusIMM and AIG. Mr. Allmark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code (2012). The Group engaged RPMGlobal Pty Ltd (“RPM”) to audit the mineral resource estimates for Musket and Sabre. RPM reviewed all aspects of the resource model from data and QAQC results to statistical analysis and variography, block model coding and estimation and reporting of resource quantities and grades.

The mineral resources reported for Cannonball, Camelwood and Collurabbie nickel projects have been estimated by independent external consultants in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2012 Edition.

Competent Persons named by Cannon are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or of a “Recognised Professional Organisation”, as included in a list on the JORC and ASX websites.

### Competent Person Statements

#### Resource Statement

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

The Statement of Estimates of Mineral Resources for Sabre were reported by the Company in accordance with ASX Listing Rule 5.8 in the announcement released to the ASX on 5 April 2022. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

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

#### Exploration Results

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

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## Directors' Report

The Directors present their report on the Group consisting of the Parent entity, Cannon Resources Limited ("Cannon" or the "Company"), and the entities it controlled at the end of, or during, the year ended 30 June 2022 (the "financial year").

### Directors

The names and details of the Directors of the Company in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

### Names, Qualifications, Experience and Special Responsibilities

|   |   |
|---|---|
| <b>Name</b>   | <b>Mr Trevor Benson</b>   |
| <b>Title:</b>   | Non-Executive Chairman ( <i>Appointed 25 November 2020 : Resigned 28 June 2022</i> )  |
| <b>Qualifications:</b>  | B.Sc  |
| <b>Experience and expertise, and other current directorships:</b> | Mr Benson has extensive experience as an investment banker and has served on a number of ASX listed company boards as both Chairman and Director. He has specialised in cross border transactions within the natural resources sector across China, Africa and South East Asia, and has been an adviser to Chinese State-Owned Enterprises. His specialist activities include corporate funding solutions and off-take agreement negotiations within the natural resources domain. Mr Benson holds a Bachelor of Science Degree from the University of Western Australia. Mr Benson is currently the Non-Executive Chairman of Ionic Rare Earths Limited (ASX: IXR) and Evolution Energy Minerals Limited (ASX: EV1).   |
| <b>Former directorships in the last three years:</b>              | Walkabout Resources Limited (ASX: WKT)  |
| <b>Name</b>   | <b>Mr Alex Passmore</b>   |
| <b>Title:</b>   | Non-Executive Chairman ( <i>Appointed 25 November 2020 : Appointed Chairman 28 June 2022</i> )  |
| <b>Qualifications:</b>  | B.Sc (Hons), GradDipAppFin, GAICD   |
| <b>Experience and expertise, and other current directorships:</b> | Mr Passmore is a qualified geologist with extensive corporate experience. He holds a Bachelor of Science degree with First Class Honours in Geology from the University of Western Australia and a Graduate Diploma of Applied Finance from the Securities Institute of Australia. Mr Passmore is an experienced corporate executive and company director with recent appointments including Chief Executive Officer of Cockatoo Iron NL, Non-Executive Director of Aspire Mining Ltd, Non-Executive (and Executive) Director of Equator Resources Ltd/Cobalt One Ltd (which merged with TSX-listed First Cobalt Corp), and CEO of Draig Resources (now Bellevue Gold Ltd). Mr Passmore is currently the Managing Director of Rox Resources Limited (ASX: RXL), Non-Executive Director of Pearl Gull Iron Limited (ASX: PLG) and Blencowe Resources Limited (London Listed) |
| <b>Former directorships in the last three years:</b>              | Nil.  |

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## Directors' Report

|   |   |
|---|---|
| <b>Name</b>   | <b>Mr Richard Bevan</b>   |
| <b>Title:</b>   | Non-Executive Director ( <i>Appointed 21 February 2021</i> )  |
| <b>Qualifications:</b>  | BAppSc  |
| <b>Experience and expertise, and other current directorships:</b> | <p>Mr Bevan has experience as a Managing Director/Chief Executive Officer and non-executive Director/Chair for listed and unlisted companies. He brings experience in the execution and integration acquisitions, mergers and other major corporate transactions and has been involved in business areas as diverse as healthcare, construction and engineering, and information services. His roles within these businesses have included operational management, implementing organic growth strategies and acquisitions and assisting with capital raisings. Richard was previously the founding Managing Director of Cassini Resources Limited until it was acquired by OZ Minerals Limited via a Scheme of Arrangement in late 2020. Mr Bevan is a member of the Australian Institute of Company Directors.</p> <p>Mr Bevan is currently the Non-Executive Chairman of Killi Resources Ltd (ASX:KLI), Narryer Metals Limited (ASX:NYM) and TG Metals Limited (ASX:TG6).</p>                          |
| <b>Former directorships in the last three years:</b>              | Cassini Resources Ltd (ASX: CZI)<br>Empired Limited (ASX: EPD)  |
| <b>Name</b>   | <b>Mr Mark Stowell</b>  |
| <b>Title:</b>   | Non-Executive Director ( <i>Appointed 24 June 2022</i> )  |
| <b>Qualifications:</b>  | B.Com CA  |
| <b>Experience and expertise, and other current directorships:</b> | <p>Mr Stowell is a Chartered Accountant with over 20 years of corporate finance and resource business management experience. He served as manager in the corporate division of Arthur Andersen and was subsequently involved in the establishment and management of a number of successful ventures as principal, including resource companies operating in Australia and internationally.</p> <p>Mr Stowell was a founder of Anvil Mining Ltd (DRC) and on its Board for 7 years until 2000. He was also a founder and non-executive director of Incremental Petroleum Limited, an oil and gas producer with operations in Turkey and the USA until its takeover in 2009. Mr Stowell was Chairman and founder of Mawson West Ltd, a copper producer and explorer which completed an IPO on the Toronto Stock Exchange in one of the largest base metal IPO's of 2011.</p> <p>Mr Stowell is currently the Chairman of Southern Hemisphere Mining Limited (ASX: SUH) and Kula Gold Limited (ASX: KGD).</p> |
| <b>Former directorships in the last three years:</b>              | Nil   |

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## Directors' Report

### Executives

#### **Mr Stephen Lynn (Chief Executive Officer, appointed 30 March 2021, ended 2 September 2022) - BAppGeo, MEconGeo**

Mr Lynn is a geologist with over 25 years' experience in exploration and development of a range of commodities including nickel, gold, and base metals. He has worked extensively within Australia, South America and Russia, including 15 years in Western Australia previously for Great Central Mines, Gold Fields Limited and IGO Limited. He has played a key role in the discovery of both nickel and VMS style base metal deposits within Western Australia. Mr Lynn is a member of the Australian Institute of Geoscientists and holds Bachelor of Geology (App) and Master of Economic Geology degrees.

#### **Mr Chris Hunt (Company Secretary and Chief Financial Officer, appointed 2 September 2021) – B.Bus, FCPA, GAICD**

Mr Hunt is an experienced finance executive with over 25 years' experience predominately in the resources and construction industries. He had held senior finance roles for close to 15 years and has strong experience in feasibility studies, corporate financing, and mining operations. Mr Hunt's most recent resources experiences were as the Chief Financial Officer for BC Iron Limited, Crossland Resources Limited, FerrAus Limited, and Cliffs Natural Resources. He has also had significant experience as a Company Secretary for public listed mining companies. He holds a Bachelor of Business, is a Fellow CPA, a graduate from the Australian Institute of Company Directors and has completed a Graduate Diploma of Applied Finance from the Securities Institute of Australia.

#### **Mr Matthew Worner (Company Secretary, appointed 20 May 2021, resigned 1 September 2021)**

Mr Worner is a Corporate Advisor at Grange Consulting Group Pty Ltd, where he specialises in corporate advisory, company secretarial and financial management services. Mr Worner is a former lawyer, with a broad experience in IPOs, capital raisings, Listing Rules and Corporations Act issues. Mr Worner has held management, company secretarial and board positions with various ASX and AIM listed companies. Mr Worner was previously Company Secretary for Tap Oil Limited (ASX: TAP) and is currently a director of Talon Petroleum Limited (ASX: TPD).

#### **Ms Silfia Morton (Chief Financial Officer, appointed 20 May 2021, resigned 1 September 2021)**

Ms Morton is a corporate advisor at Grange Consulting Group Pty Ltd and specialises in financial management, financial reporting services, and risk compliance and management. She spent twelve years as senior audit manager at one of the leading international Audit Tax & Advisory firms where she was focused on engagements across the mining, technology and manufacturing sectors. She has experience in both the local and international markets and was responsible for managing the assurance and compliance requirements of a diversified group of large, medium, and small size companies in a range of industries. Ms Morton was previously joint Company Secretary and Chief Financial Officer for Ardiden Limited (ASX: ADV).



## Directors' Report

### Operating and Financial Review

Cannon Resources Limited is a public company limited by shares which is incorporated and domiciled in Australia.

#### Nature of Operations and Principal Activities

The principal activity of the Group during the financial year was mineral exploration.

#### Results from Operations and Financial Position

The Group incurred a net loss after tax for the year ended 30 June 2022 of \$6.7 million (2021: \$1.3 million). The loss includes exploration expenditure charged directly to the consolidated statement of comprehensive income of \$5.7 million (2021: nil) in accordance with the Group's ongoing accounting policy to expense such expenditure. Net cash outflows from operating activities were \$5.4 million (2021: \$0.5 million).

At 30 June 2022, the Group had cash on hand of \$3.3 million (2021: nil). The Directors believe the Group maintains a prudent capital structure and is in a robust position to continue progressing its projects.

#### Review of Operations

During the financial year, the Group was principally focussed on exploration at Fisher East and Collurabbie. For further information on these projects please refer to the Review of Operations within this Annual Report.

#### Employees

At 30 June 2022, the Group had 3 full-time employees (2021: 1 full-time employee).

#### Risk Management

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, including emerging risks, and also opportunities, are identified on a timely basis and the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is important for all Board members to be part of this process, and as such the Board has established a separate Audit and Risk committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan designed to meet stakeholders needs and manage business risk; and
- Implementation of Board approved budgets and Board monitoring of progress against those budgets.

## Directors' Report

### Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the financial year and the numbers of meetings attended by each Director were as follows:

|                            | Directors' Normal Meetings |              | Directors' Remuneration and Nomination Meetings |              | Directors' Risk and Audit Meetings |              |
|----------------------------|----------------------------|--------------|---|--------------|------------------------------------|--------------|
|                            | No. Eligible               | No. Attended | No. Eligible                                    | No. Attended | No. Eligible                       | No. Attended |
| Trevor Benson <sup>1</sup> | 8                          | 8            | -   | -            | 2                                  | 2            |
| Alex Passmore <sup>3</sup> | 9                          | 9            | -   | -            | 2                                  | 1            |
| Richard Bevan              | 9                          | 9            | -   | -            | 2                                  | 2            |
| Mark Stowell <sup>2</sup>  | 1                          | 1            | n/a   | n/a          | n/a                                | n/a          |

Notes:

1. Mr Benson resigned as a Non-Executive Director 28 June 2022.
2. Mr Stowell was appointed as a Non-Executive Director 24 June 2022.
3. Chair of the Remuneration and Nomination Committee and Risk and Audit Committee.

### Committee Membership

As at the date of this report, the Group does have separately constituted Risk & Audit, Nomination and Remuneration Committees, with the full Board residing on those Committees under specific charters.

### Significant Changes in State of Affairs

During the financial year, the following significant changes in state of affairs occurred:

- The Company listed on the ASX, 12 August 2021; and
- The Company completed an institutional placement for 10 million new fully paid ordinary shares at \$0.40 per share to raise \$4 million (before costs).

There were no other significant changes in the state of affairs of the Group during the year.

### Matters Subsequent to the End of the Financial Year

The following matters occurred post the end of the financial year:

- Chief Executive Officer, Mr Steve Lynn, left the Company to focus on other business interests; and
- The Fisher East Resource increased to 134.1Kt of contained nickel following a 72% increase in the resource at Sabre, with the Sabre resource increasing to 2.9Mt @1.5% Ni for 42.3Kt of contained nickel.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

### Environmental Issues

The Group carries out mineral exploration at its various projects which are subject to environmental regulations under both Commonwealth and State legislation. During the financial year, there has been no breach of these regulations.

### Likely Developments and Expected Results of Operations

The Group will continue to explore its mineral tenements, with particular focus on the Fisher East and Collurabbie Projects.

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## Directors' Report

### Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid an insurance premium to insure certain officers of the Company.

The Director and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the Directors and Officers in their capacity as officers of the Group. The total amount of insurance premium paid is confidential under the terms of the insurance policy.

### Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Pitcher Partners BA&A Pty Ltd ("Pitcher Partners"), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Pitcher Partners during or since the financial year.

### Share Options

At the date of the Directors' Report, the following unlisted options are exercisable:

| Options<br>(Number) | Exercise Price<br>(\$) | Expiry Date  |
|---------------------|------------------------|--------------|
| 5,250,000           | \$0.30                 | 30 June 2024 |
| 9,517,877           | \$0.30                 | 30 June 2024 |
| 14,767,877          |                        |              |

During the financial year, nil options were issued.

During the financial year, the following options were exercised by shareholders

| Options<br>(Number) | Exercise Price<br>(\$) | Expiry Date  |
|---------------------|------------------------|--------------|
| 463,441             | \$0.30                 | 30 June 2024 |

Since the end of the financial year, 18,332 shares have been issued as result of the conversion of options which have been exercised by shareholders with an exercise price of \$0.30 per option.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

### Auditor Independence and Non-Audit Services

Section 307C of the *Corporations Act 2001* requires the Group's Auditors to provide the Directors of Cannon Resources Limited with an Independence Declaration in relation to the audit of the full-year financial report. This report has been received and is attached to the Directors' Report at page 27.

### Non-Audit Services

During the financial year the entity's auditor, Pitcher Partners, provided the following non-audit services:

| Non-audit service              | Fees (\$)    |
|--------------------------------|--------------|
| Tax effect accounting services | 2,500        |
| <b>Total</b>                   | <b>2,500</b> |

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## Directors' Report

### Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, Key Management Personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including all Directors of the Company.

#### Details of Key Management Personnel

|                   |   |
|-------------------|---|
| Stephen Lynn      | Chief Executive Officer ( <i>appointed 30 March 2021, ended 2 September 2022</i> )            |
| Trevor Benson     | Non-Executive Chairman ( <i>appointed 25 November 2020, resigned 28 June 2022</i> )           |
| Alex Passmore     | Non-Executive Chairman ( <i>appointed 25 November 2020, appointed Chairman 28 June 2022</i> ) |
| Richard Bevan     | Non-Executive Director ( <i>appointed 21 February 2021</i> )                                  |
| Mark Stowell      | Non-Executive Director ( <i>appointed 24 June 2022</i> )                                      |
| Chris Hunt        | Company Secretary ( <i>appointed 2 September 2021</i> )                                       |
| Mr Matthew Worner | Company Secretary ( <i>appointed 20 May 2021, resigned 1 September 2021</i> )                 |
| Ms Silfia Morton  | Chief Financial Officer ( <i>appointed 20 May 2021, resigned 1 September 2021</i> )           |

Other than Mr Stephen Lynn who left the Company, 2 September 2022, there were no other changes of KMP after 30 June 2022 and before the date the financial report was authorised for issue.

#### Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises Mr Alex Passmore, Mr Richard Bevan and Mr Stowell. Mr Alex Passmore is the Chair of the Remuneration and Nomination Committee. The remuneration of any Non-Executive Director will be decided by the Board following the recommendation of the Remuneration and Nomination Committee, without the affected Non-Executive Director participating in that decision-making process.

The Remuneration and Nomination Committee reviews and approves the Group's remuneration policy in order to ensure that the Group is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Group's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Remuneration and Nomination Committee is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

#### Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director Remuneration is separate and distinct.

#### Non-Executive Director Remuneration

##### Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst keeping costs acceptable to shareholders.

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## Directors' Report

### Remuneration Report (Audited) (Continued)

#### Structure

The Constitution and the ASX Listing Rules provides that the Non-Executive Directors will be paid by way of remuneration for their services as Directors a sum not exceeding \$300,000 (plus superannuation) per annum as may be determined by the Directors prior to the first annual general meeting of the Company or pursuant to a resolution passed at a general meeting of the Company (subject to complying with the Listing Rules).

Each Non-Executive Director receives a fee for being a Director of the Company. The remuneration of Non-Executive Directors for the financial year ended 30 June 2022 is detailed later in this report.

#### Executive Remuneration

##### Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals; and
- ensure total remuneration is competitive by market standards.

##### Structure

In determining the level and make-up of executive remuneration the Board considered market conditions and remuneration paid to senior executives of companies similar in nature to Cannon Resources Limited.

Remuneration consists of the following key elements:

- Fixed Remuneration (including superannuation, where applicable)
- Variable Remuneration:
  - o short term incentive ("STI"); and
  - o long term incentive ("LTI").

#### Fixed Remuneration

##### Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

##### Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of all of the Directors is detailed later in this report.

## Directors' Report

### Remuneration Report (Audited) (Continued)

#### Variable Remuneration – Short Term Incentive (“STI”)

##### Objective

The objective of the STI program is to link the achievement of the Group’s operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve those operational targets and such that the cost to the Group is reasonable in the circumstances.

##### Structure

Actual STI payments granted to executives depend on the extent to which specific targets, set at the beginning of the review period, being a calendar year, are met. The targets generally consist of a number of Key Performance Indicators (“KPI’s”) covering both financial and non-financial, corporate and individual measures of performance. Typically included are measures such as contribution to exploration success, share price appreciation, risk management and cash flow sustainability. These measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long term value.

The Board has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPI’s, the Remuneration & Nomination Committee, determines the amount, if any, of the STI to be paid to each executive. This process usually occurs in the first quarter of the following financial year. Payments made are delivered as a cash or equity bonus in the first quarter of the following financial year.

##### STI bonus for 2022

For the financial year ended 30 June 2022, Mr Lynn was paid a bonus of \$100,000 in the form of cash and Company shares, which was determined by the Board subsequent to 30 June 2022. During the financial year ended 2021, 6,750,000 Incentive Options with exercise price of \$0.30 and an expiry date of 30 June 2024 were issued to Cannon’s Directors and Chief Executive Officer as part of their STI.

#### Variable Remuneration – Long Term Incentive (“LTI”)

##### Objective

The objective of the LTI plan is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth. The Company considers that shareholder wealth is measured by changes to the Company’s share price.

##### Structure

LTI grants to executives are delivered in the form of options. The options, when issued to executives, will not be exercisable for a price less than the then current market price of the Company’s shares. The grant of LTI’s is reviewed annually, though LTI’s may not be granted each year. Exercise price and performance hurdles, if any, are determined at the time of grant of the LTI.

To date no performance hurdles have been set on options issued to executives. The Company may impose time-based service conditions. The Company believes that as options are issued at not less than the current market price of the

## Directors' Report

### Remuneration Report (Audited) (Continued)

Company's shares there is an inherent performance hurdle on those options as the share price of the Company's shares must increase significantly before there is any benefit to the executive.

#### Executive Services Agreement

The Chief Executive Officer, Mr Stephen Lynn was employed under contract during financial year 2022 (ended 2 September 2022). The employment contract has no fixed term with key material terms under the contract being:

- Mr Lynn will receive a base salary of A\$290,000 per annum (exclusive of statutory superannuation), effective 1 July 2022. The salary will be reviewed annually by the Company.
- In addition, the Company may pay to Mr Lynn a performance-based bonus of up to 50% of Mr Lynn's base salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the key performance indicators of Mr Lynn and the Company, as the Company may set from time to time, and any other matter that the Board deems appropriate.
- Mr Lynn who, commenced on 30 March 2021, can terminate the Executive Services Agreement by giving the Company four weeks' written notice within the first six months of the Commencement Date or six months written notice to the Company thereafter.
- Should the Company no longer employ Mr Lynn, or in the event of diminution of duties, then the Company is deemed to have provided four weeks' notice of termination within the first six months of Commencement Date or six months' notice thereafter. Where the Company terminates, Mr Lynn may decide to take salary in lieu of notice of termination or combination of notice of termination and a payment in lieu of notice equivalent to the applicable notice period.

#### Services Agreements – Non-Executive Directors

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board's policies and terms, including compensation, relevant to the director, and among other things:

- the terms of the Directors appointment, including governance, compliance with the Company's Constitution, committee appointments, and re-election;
- the Directors' duties, including disclosure obligations, exercising powers, use of office, attendance at meetings and commitment levels;
- the fees payable, in line with shareholder approval, any other terms, timing of payments and entitlements to reimbursements;
- insurance and indemnity;
- disclosure obligations; and
- confidentiality.

| Name                             | Base Salary (ex-superannuation) |
|----------------------------------|---------------------------------|
| <b>Non-Executive:</b>            |                                 |
| <b>Trevor Benson<sup>1</sup></b> | \$60,000                        |
| <b>Alex Passmore<sup>2</sup></b> | \$45,000                        |
| <b>Richard Bevan</b>             | \$49,500                        |
| <b>Mark Stowell</b>              | \$45,000                        |

Notes:

1. Resigned as Chairman and from the Board on 28 June 2022.
2. Appointed Chairman from 28 June 2022.

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## Directors' Report

### Remuneration Report (Audited) (Continued)

#### Remuneration of Key Management Personnel

The remuneration tables below set out the remuneration information for the Directors and Executives, who are considered to be KMP of the Group.

| 2022                        | Salary & fees<br>\$ | STI bonus<br>\$ | Short-term        |             | Long-term   | Post-employment      | Total<br>\$    | Performance related |
|-----------------------------|---------------------|-----------------|-------------------|-------------|-------------|----------------------|----------------|---------------------|
|                             |                     |                 | SBP Options<br>\$ | Other<br>\$ | Other<br>\$ | Superannuation<br>\$ |                | %                   |
| <b>Directors</b>            |                     |                 |                   |             |             |                      |                |                     |
| Trevor Benson <sup>1</sup>  | 60,000              | -               | -                 | -           | -           | 6,000                | 66,000         | -                   |
| Alex Passmore               | 45,000              | -               | -                 | -           | -           | 4,500                | 49,500         | -                   |
| Richard Bevan <sup>2</sup>  | 49,500              | -               | -                 | -           | -           | -                    | 49,500         | -                   |
| Mark Stowell <sup>3</sup>   | 852                 | -               | -                 | -           | -           | 85                   | 937            | -                   |
| <b>Total Directors</b>      | <b>155,352</b>      | <b>-</b>        | <b>-</b>          | <b>-</b>    | <b>-</b>    | <b>10,585</b>        | <b>165,937</b> | <b>-</b>            |
| <b>Executives</b>           |                     |                 |                   |             |             |                      |                |                     |
| Steve Lynn                  | 260,000             | -               | -                 | -           | -           | 26,000               | 286,000        | -                   |
| Chris Hunt <sup>4</sup>     | -                   | -               | -                 | -           | -           | -                    | -              | -                   |
| Matthew Worner <sup>5</sup> | -                   | -               | -                 | -           | -           | -                    | -              | -                   |
| Silfia Morton <sup>5</sup>  | -                   | -               | -                 | -           | -           | -                    | -              | -                   |
| <b>Total Executives</b>     | <b>260,000</b>      | <b>-</b>        | <b>-</b>          | <b>-</b>    | <b>-</b>    | <b>26,000</b>        | <b>286,000</b> | <b>-</b>            |
| <b>Total KMP</b>            | <b>415,352</b>      | <b>-</b>        | <b>-</b>          | <b>-</b>    | <b>-</b>    | <b>36,585</b>        | <b>451,937</b> | <b>-</b>            |

Notes:

1. Mr Benson resigned as a Non-Executive Director 28 June 2022.
2. Mr Bevan is paid through Bayreef Investments Pty Ltd.
3. Mr Stowell was appointed as a Non-Executive Director 24 June 2022.
4. Mr Hunt commenced providing services, through Rox Resources Limited, on 2 September 2021. Mr Hunt has agreed under his contract with Rox Resources Limited to not receive remuneration for his role (see Related Party Note 25).
5. Mr Worner and Ms Morton are employed by Grange Consulting. Grange Consulting provided Corporate Financial and Secretarial Services to the Company which ended on 1 September 2021. Mr Worner and Ms Morton did not receive remuneration for their roles from the Company.

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## Directors' Report

### Remuneration Report (Audited) (Continued)

#### Remuneration of Key Management Personnel

| 2021                        | Salary & fees<br>\$ | STI bonus<br>\$ | Short-term        |             | Long-term   | Post-employment      | Total<br>\$    | Performance related |
|-----------------------------|---------------------|-----------------|-------------------|-------------|-------------|----------------------|----------------|---------------------|
|                             |                     |                 | SBP Options<br>\$ | Other<br>\$ | Other<br>\$ | Superannuation<br>\$ |                | %                   |
| <b>Directors</b>            |                     |                 |                   |             |             |                      |                |                     |
| Trevor Benson               | 21,699              | -               | 160,108           | -           | -           | 2,170                | 183,977        | -                   |
| Alex Passmore               | 18,370              | -               | 160,108           | -           | -           | 1,837                | 180,315        | -                   |
| Richard Bevan <sup>1</sup>  | 17,415              | -               | 80,054            | -           | -           | -                    | 97,469         | -                   |
| <b>Total Directors</b>      | <b>57,484</b>       | -               | <b>400,270</b>    | -           | -           | <b>4,007</b>         | <b>461,761</b> | -                   |
| <b>Executives</b>           |                     |                 |                   |             |             |                      |                |                     |
| Steve Lynn                  | 81,391              | -               | 320,216           | -           | -           | 6,175                | 407,782        | -                   |
| Matthew Worner <sup>2</sup> | -                   | -               | -                 | -           | -           | -                    | -              | -                   |
| Silfia Morton <sup>2</sup>  | -                   | -               | -                 | -           | -           | -                    | -              | -                   |
| <b>Total Executives</b>     | <b>81,391</b>       | -               | <b>320,216</b>    | -           | -           | <b>6,175</b>         | <b>407,782</b> | -                   |
| <b>Total KMP</b>            | <b>138,875</b>      | -               | <b>720,486</b>    | -           | -           | <b>10,182</b>        | <b>869,543</b> | -                   |

#### Notes:

1. Mr Bevan is paid through Bayreef Investments Pty Ltd.
2. Mr Worner and Ms Morton are employed by Grange Consulting. Grange Consulting provided Corporate Financial and Secretarial Services to the Company which ended on 1 September 2021. Mr Worner and Ms Morton did not receive remuneration for their roles from the Company.

#### Employee Share Scheme

An Employee Share Scheme (ESS) has been established where Cannon Resources Limited may, at the discretion of Directors, grant options over the ordinary shares of Cannon Resources Limited to Directors, Executives and employees of the Company. The plan is designed to provide long-term incentives for employees and to deliver long term shareholder returns.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any.

Options granted under the plan are unlisted and carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the Company with full dividend and voting rights.

## Directors' Report

### Remuneration Report (Audited) (Continued)

#### Compensation Options: Granted and Vested during the year

During the financial year, no options were issued to the KMP of the Group (2021: 6,750,000).

| 2021                       | Granted in 2021  |           |               |                  | Terms and conditions for each grant |             |                     |                    | Vested 2021      | Lapsed 2021 |                        |
|----------------------------|------------------|-----------|---------------|------------------|-------------------------------------|-------------|---------------------|--------------------|------------------|-------------|------------------------|
|                            | Number           | Date      | Fair value \$ | Total fair value | Exercise price \$                   | Expiry date | First exercise date | Last exercise date | Number           | %           | Lapsed during the year |
| <b>Directors</b>           |                  |           |               |                  |                                     |             |                     |                    |                  |             |                        |
| Trevor Benson <sup>1</sup> | 1,500,000        | 25 Jun 21 | 0.10674       | 160,108          | 0.30                                | 30 Jun 24   | 12 Aug 21           | 30 Jun 24          | 1,500,000        | 100         | -                      |
| Alex Passmore <sup>1</sup> | 1,500,000        | 25 Jun 21 | 0.10674       | 160,108          | 0.30                                | 30 Jun 24   | 12 Aug 21           | 30 Jun 24          | 1,500,000        | 100         | -                      |
| Richard Bevan <sup>1</sup> | 750,000          | 25 Jun 21 | 0.10674       | 80,054           | 0.30                                | 30 Jun 24   | 12 Aug 21           | 30 Jun 24          | 750,000          | 100         | -                      |
| <b>Executives</b>          |                  |           |               |                  |                                     |             |                     |                    |                  |             |                        |
| Steve Lynn                 | 3,000,000        | 25 Jun 21 | 0.10674       | 320,216          | 0.30                                | 30 Jun 24   | 12 Aug 21           | 30 Jun 24          | 3,000,000        | 100         | -                      |
| <b>Total</b>               | <b>6,750,000</b> |           |               | <b>720,486</b>   |                                     |             |                     |                    | <b>6,750,000</b> |             | <b>-</b>               |

Notes:

1. Subject to ASX escrow until 12 August 2023, being 2 years from Official Quotation on the ASX.

There was no exercise of options by any KMP during financial years 2022 or 2021.

There were no alterations to the terms and conditions of options granted as remuneration since their grant.

The Group's remuneration policy prohibits Directors and Executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements. To ensure compliance with this policy Directors and Executives are required to disclose all dealings in company securities, whether vested or not.

#### Other Transactions with Key Management personnel

During the financial year ended 30 June 2022, the Group had the following transactions with KMP:

- An amount of \$403,448 (30 June 2021: nil) was paid to LG Mining Pty Ltd, a company of which Mr Passmore is a Director, for the provision of labour hire services, specifically geologists and field assistants. An amount of \$17,352 was payable as at 30 June 2022 (30 June 2021: nil). The transactions were on an arms-length basis and utilised by the Company, on a discretionary basis, for recruitment and labour hire of predominantly field staff which are in high demand in the current tight labour market. Other recruitment and labour hire firms area also utilised by the Company as required and including when terms are offered on an equal basis. Mr Passmore does not receive any remuneration from LG Mining Pty Ltd.
- Mr Richard Bevan is a Director and shareholder of Bayreef Investments Pty Ltd, which received his share of Director fees, totalling \$49,500. An amount of \$4,125 was outstanding to Bayreef Investments Pty Ltd as at 30 June 2022.
- The Company entered into a Demerger Agreement with its ultimate holding company, Rox Resources Limited ("Rox") on 13 May 2021. On 10 August 2021 the Company successfully demerged and listed on the ASX and raised \$6,000,000 through the issue of 30 million shares. As at 30 June 2021 the Company had a loan payable of \$542,009 to Rox. The loan payable was related to all costs and expenses associated with the listing of the Company and operating costs up to the listing date. The loan was unsecured, non-interest bearing and repayable to Rox with 5 business days of completion of the Company's Initial Public Offering. The loan was repaid on 20 August 2021. Mr Alex Passmore is the Managing Director and Mr Chris Hunt is the Chief Financial Officer of Rox.

The Demerger Agreement included a provision for the Company to sub-lease office space from Rox at \$2,000 per month (amended as mutually agreed). The amount charged under the Demerger Agreement for the financial year 30 June 2022 for rent was \$22,000.

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## Directors' Report

### Remuneration Report (Audited) (Continued)

#### Other Transactions with Key Management personnel (continued)

- The Company entered into a Shared Services Agreement with Rox whereby Rox will provide Company Secretarial and Finance Services for \$8,000 per month (amended as mutually agreed). In addition, the Company can engage Rox to provide Geological services at a 10% mark-up on the cost. The Company Secretarial and Finance Services commenced on 1 September 2021. The amount charged under the Shared Services Agreement for the financial year 30 June 2022 was \$130,625. Mr Chris Hunt is the Chief Financial Officer and Company Secretary of Rox. Mr Hunt does not receive any remuneration from Cannon. There was a nil balance outstanding as at 30 June 2022.
- Rox funded \$103,375 of expenditure on behalf of Cannon. Mr Alex Passmore is the Managing Director and Mr Chris Hunt is the Chief Financial Officer of Rox. The balance outstanding to Rox as at 30 June 2022 was \$44,852.

All the amounts quoted above are excluding GST.

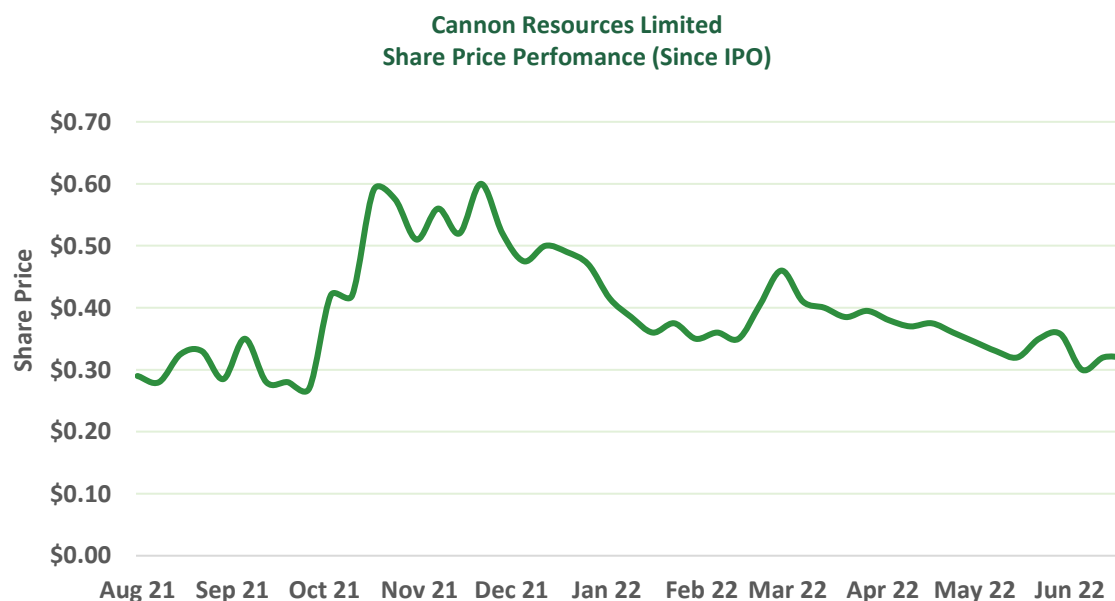
Refer to Note 25 for further detail on Related Party transactions.

#### Company's Performance

The Company's share price performance shown in the below graph is a reflection of the Group's performance since listing on the ASX, 12 August 2021.

The variable components of the Executives' remuneration including short-term and long-term incentives are indirectly linked to the Company's share price performance.

The table below sets out information about the Group's earnings and movements in shareholder value since listing in on 12 August 2021 up to 30 June 2022.



|                                       | 2022          | 2021     |
|---------------------------------------|---------------|----------|
| Net (loss)/profit after tax (\$m)     | <b>(6.67)</b> | (1.29)   |
| Basic (loss)/profit per share (cents) | <b>(8.42)</b> | (103.33) |
| Share price at year end (cents)       | <b>34.00</b>  | -        |
| Total dividends (cents per share)     | -             | -        |

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## Directors' Report

### Remuneration Report (Audited) (Continued)

#### Shareholdings of Key Management Personnel

The interests of KMP of the Group in shares at the end of the financial year 2022 and financial year 2021 are as follows:

|                             | Balance as<br>at 1 July<br>2021 | Granted as<br>Remuneration | Purchased        | Net<br>Change/<br>Other | Shares<br>Issued on<br>Exercise of<br>Options | Balance as<br>at 30 June<br>2022 |
|-----------------------------|---------------------------------|----------------------------|------------------|-------------------------|---|----------------------------------|
| <b>2022</b>                 |                                 |                            |                  |                         |   |                                  |
| Trevor Benson <sup>1</sup>  | -                               | -                          | 250,000          | (250,000) <sup>1</sup>  | -   | -                                |
| Alex Passmore <sup>2</sup>  | -                               | -                          | 300,000          | 569,345                 | -   | 869,345                          |
| Richard Bevan <sup>3</sup>  | -                               | -                          | 250,000          | -                       | -   | 250,000                          |
| Mark Stowell <sup>4</sup>   | -                               | -                          | -                | 62,665                  | -   | 62,665                           |
| Steve Lynn <sup>3</sup>     | -                               | -                          | 500,000          | -                       | -   | 500,000                          |
| Chris Hunt <sup>5</sup>     | -                               | -                          | 31,000           | 15,418                  | -   | 46,418                           |
| Matthew Worner <sup>6</sup> | -                               | -                          | -                | -                       | -   | -                                |
| Silfia Morton <sup>6</sup>  | -                               | -                          | -                | -                       | -   | -                                |
| <b>Total</b>                | -                               | -                          | <b>1,331,000</b> | <b>397,428</b>          | -   | <b>1,728,428</b>                 |

Notes:

1. Mr Benson purchased 250,000 shares as part of the Initial Public Offering. Mr Benson resigned as a director on 28 June 2022.
2. Mr Passmore purchased 250,000 shares as part of the Initial Public Offering and received 507,673 as part of the in-specie distribution from Rox Resources Limited.  
Mr Passmore, through Venus Corporation Pty Ltd <JAH Super Fund A/C>, purchased 50,000 shares as part of the Initial Public Offering and received 61,672 as part of the in-specie distribution from Rox Resources Limited.
3. Mr Bevan, through Richard Bevan and Sara Bevan atf Slush Fund Superannuation Plan Account, and Mr Lynn purchased their shares as part of the Initial Public Offering.
4. Mr Stowell, through Ascot Park Enterprises Pty Ltd, purchased his shares in the Company prior to his appointment on 24 June 2022
5. Mr Hunt purchased 31,000 shares as part of the Initial Public Offering and received 15,418 as part of the in-specie distribution from Rox Resources Limited.
6. Mr Worner and Ms Morton are employed by Grange Consulting. Grange Consulting provided Corporate Financial and Secretarial Services to the Company which ended on 1 September 2021.

|                | Balance as at<br>incorporation | Granted as<br>Remuneration | Purchased | Net<br>Change/<br>Other | Shares<br>Issued on<br>Exercise of<br>Options | Balance as<br>at 30 June<br>2021 |
|----------------|--------------------------------|----------------------------|-----------|-------------------------|---|----------------------------------|
| <b>2021</b>    |                                |                            |           |                         |   |                                  |
| Trevor Benson  | -                              | -                          | -         | -                       | -   | -                                |
| Alex Passmore  | -                              | -                          | -         | -                       | -   | -                                |
| Richard Bevan  | -                              | -                          | -         | -                       | -   | -                                |
| Steve Lynn     | -                              | -                          | -         | -                       | -   | -                                |
| Matthew Worner | -                              | -                          | -         | -                       | -   | -                                |
| Silfia Morton  | -                              | -                          | -         | -                       | -   | -                                |
| <b>Total</b>   | -                              | -                          | -         | -                       | -   | -                                |

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## Directors' Report

### Remuneration Report (Audited) (Continued)

#### Options holdings of Key Management Personnel

The options held by the KMP of the Group at the end of the financial year 2022 are as follows:

|                            | Balance as at<br>1 July 2021 | Granted as<br>Remuneration | Options<br>Exercised | Net Change /<br>Other <sup>1</sup> | Balance as at<br>30 June 2022 | Options<br>Vested<br>Not Yet<br>Exercised |
|----------------------------|------------------------------|----------------------------|----------------------|------------------------------------|-------------------------------|---|
| <b>2022</b>                |                              |                            |                      |                                    |                               |   |
| Trevor Benson <sup>2</sup> | 1,500,000                    | -                          | -                    | (1,500,000)                        | -                             | -   |
| Alex Passmore <sup>3</sup> | 1,500,000                    | -                          | -                    | 99,999                             | 1,599,999                     | 1,599,999                                 |
| Richard Bevan <sup>4</sup> | 750,000                      | -                          | -                    | 83,333                             | 833,333                       | 833,333                                   |
| Mark Stowell               | -                            | -                          | -                    | -                                  | -                             | -   |
| Steve Lynn                 | 3,000,000                    | -                          | -                    | 166,666                            | 3,166,666                     | 3,166,666                                 |
| Chris Hunt                 | -                            | -                          | -                    | 10,333                             | 10,333                        | 10,333                                    |
| Matthew Worner             | -                            | -                          | -                    | -                                  | -                             | -   |
| Silfia Morton              | -                            | -                          | -                    | -                                  | -                             | -   |
| <b>Total</b>               | <b>6,750,000</b>             | <b>-</b>                   | <b>-</b>             | <b>(1,139,669)</b>                 | <b>5,610,331</b>              | <b>5,610,331</b>                          |

*Notes:*

- Options issued based on shares purchased through the Initial Public Offering, 1 option for every 3 shares purchased
- Mr Benson was issued 83,333 free attaching options as part of the 250,000 shares acquired for cash through the Initial Public Offering. On his resignation on 28 June 2022, Mr Benson held an interest in 1,583,333 options.
- Mr Passmore was issued 83,333 free attaching options as part of the 250,000 shares acquired for cash through the Initial Public Offering and received 1,500,000 as part of Initial Public Offering.  
Mr Passmore, through Venus Corporation Pty Ltd <JAH Super Fund A/C>, was issued 16,666 free attaching options as part of the 50,000 shares acquired for cash through the Initial Public Offering
- Mr Bevan holds his options through Richard Bevan and Sara Bevan atf Slush Fund Superannuation Plan Account

### End of Remuneration Report

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## Directors' Report

### Other Related Party Transactions

During the financial year ended 30 June 2022, there were no other related party transactions other than as disclosed in the Remuneration Report.

Refer to Note 25 for further detail on Related Party transactions.

Signed in accordance with a resolution of the Directors.



**Alex Passmore**  
**Non-Executive Chairman**  
Perth, 28 September 2022

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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF CANNON RESOURCES LIMITED**

In relation to the independent audit for the year ended 30 June 2022, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

*Pitcher Partners BA&A Pty Ltd*

PITCHER PARTNERS BA&A PTY LTD



J C PALMER  
Executive Director  
Perth, 28 September 2022

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## Corporate Governance

### Corporate Governance Statement

Cannon Resources Limited ACN 646 149 902 ("the Company") has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained the reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <https://www.cannonres.com.au/corporate-2/corporate-governance/>.

#### Charters

- Board
- Risk and Audit Committee
- Remuneration and Nomination Committee

#### Policies and Procedures

- Corporate Code of Conduct
- Continuous Disclosure Policy
- Risk Management Policy
- Securities Trading Policy
- Diversity Policy
- Shareholder Communications Policy
- Whistleblower Policy
- Anti-Bribery and Anti-Corruption Policy
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Induction Program
- Process for Performance Evaluations

The Company reports below on whether it has followed each of the recommendations during the financial year 2022 (Reporting Period). The information in this statement is current at 27 September 2022. This statement was approved by a resolution of the Board on 28 September 2022.

## Corporate Governance

### Principle 1 – Lay solid foundations for management and oversight

#### Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and have documented this in its Board Charter, which is disclosed on the Company’s website at

<https://cannonres.com.au/corporate/corporate-governance/>

#### Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or recommending to shareholders a candidate for election as a Director and provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director.

The Company appointed Mr Mark Stowell to the board on 24 June 2022 and the checks referred to in the Company’s Policies and Procedures for the selection and (re)appointment of Directors were undertaken.

The Company provided shareholders with all material information in relation to the re-election of Mr Trevor Benson and Mr Richard Bevan as Directors at its 2021 Annual General Meeting.

#### Recommendation 1.3

The Company has a written agreement with each Director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with any of its Directors, and any other person or entity who is related party of any of its Directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

#### Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company’s Board Charter.

#### Recommendation 1.5

The Company has a Diversity Policy. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company’s progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company’s stage of development as an exploration company and the number of employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this time.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation as at the date of this statement are set out in the following table. “Senior executive” for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the Company’s financial standing. For the Reporting Period, this included the Chief Executive Officer, and Directors:

|  | Proportion of women |
|--|---------------------|
| Whole organisation (including the Board) | 0 out of 6 (0%)     |
| Senior executive positions               | 0 out of 2 (0%)     |
| Board                                    | 0 out of 3 (0%)     |

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## Corporate Governance

### Principle 1 – Lay solid foundations for management and oversight (continued)

#### Recommendation 1.6

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual Directors. The evaluations are undertaken in accordance with the Company's Process for Performance Evaluations, which is disclosed on the Company's website.

During the Reporting Period an evaluation of the Board, its committees, and individual Directors took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

#### Recommendation 1.7

The Chief Executive Officer is responsible for evaluating the performance of Senior Executives in accordance with the process disclosed in the Company's Process for Performance Evaluations.

The Chair is responsible for evaluating the Chief Executive Officer in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the financial year, an evaluation of the Chief Executive Officer took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

### Principle 2 – Structure the board to be effective and add value

#### Recommendation 2.1

The Board has established a separate Remuneration and Nomination Committee, with the full Board being members of the Committee.

The Company has adopted a Remuneration and Nomination Committee Charter, which describes the role, composition and responsibilities of the Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration and Nomination Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

Details of Director attendance at the Remuneration and Nomination Committee meetings, during the Reporting Period, are set out in a table in the Directors' Report on page 15.

#### Recommendation 2.2

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the Board's current composition. While the Company is at exploration stage, it does not wish to significantly increase the size of the Board and considers that the Board, which includes Directors with geological qualifications, exploration and mining industry experience, experience in the development and operation of mining projects in Australia and accounting and finance qualifications, is an appropriate mix of skills and expertise relevant to the Company. Notwithstanding the Board's current view that the composition of the Board is appropriate, as project acquisitions and development opportunities occur a review of the Board size and composition will be undertaken.

#### Recommendation 2.3

The Board considers the independence of Directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. The independent Directors of the Company are Mr Richard Bevan and Mr Mark Stowell who are both Non-Executive Directors. None of the Independent Directors of the Company have an interest position or relationship of the type described in Box 2.3.

The length of service of each Director is set out in the Directors' Report on page 10.

## Corporate Governance

### Principle 2 – Structure the board to be effective and add value (continued)

#### Recommendation 2.4

During the Reporting Period, the Board have two Directors who are independent, Mr Trevor Benson (resigned 28 June 2022), Mr Richard Bevan and Mr Mark Stowell (appointed 24 June 2022). The Board considered that the composition of the Board was adequate for the Company's size and operations and included an appropriate mix of skills and expertise relevant to the Company's business.

As noted above, a review of the Board's size and composition, including the balance of independence on the Board may be undertaken in accordance with the Remuneration and Nomination Committee Charter.

#### Recommendation 2.5

Given Mr Alex Passmore is also the Managing Director of Rox Resources Limited, a substantial shareholder of the Company, the Board considers that Mr Alex Passmore is not an independent Director. The Board has appointed Mr Passmore as the non-independent non-executive Chair of the Board. Accordingly, the Company does not follow Recommendation 2.5. However, the Board considers Mr Passmore to be the most appropriate Director to act as the Chair of the Board currently, given his experience and knowledge of the Company and its industry.

#### Recommendation 2.6

The Company has an induction program that it uses when new Directors join the Board and when new senior executives are appointed. The goal of the program is to assist new Directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity. The Company's Induction Program is disclosed on the Company's website.

The Remuneration and Nomination Committee regularly reviews whether the Directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Board considers what training or development should be undertaken to fill those gaps. In particular, the Board ensures that any Director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors also receive ongoing education on developments in accounting standards.



## Corporate Governance

### Principle 3 – Install a culture of acting lawfully, ethically and responsibly

#### Recommendation 3.1

The Company has articulated its values and disclosed them throughout its governance material, including its Code of Conduct which can be found on the Company website. The Company expects that its Board and Senior Executives will conduct themselves with integrity and honesty in accordance with the Code of Conduct. Directors, Executives and employees shall deal with the Company's customers, suppliers, competitors, shareholders and each other with honesty, fairness and integrity and observe the rule and spirit of the legal and regulatory environment in which the Company operates.

The Company aims to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community and to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

The Company complies with all legislative and common law requirements which affect its business wherever it operates. Currently the Company only operates in Australia, should it in the future have operations overseas, it shall comply with the relevant local laws as well as any applicable Australian laws. Any transgression from the applicable legal rules is to be reported to the Chief Executive Officer as soon as a person becomes aware of such a transgression.

#### Recommendation 3.2

The Company has established a Code of Conduct for its Directors, Senior Executives and employees, which is disclosed on the Company's website. Any breach of that code is reported to the Board at the next meeting of Directors.

#### Recommendation 3.3

The Company has adopted a Whistleblower Policy to encourage the raising of any concerns or reporting of instances of any violations (or suspected violations) of the Code of Conduct (or any potential breach of law or any other legal or ethical concern) without the fear of intimidation or reprisal. Any material incidents may be reported to the Supervisors or Senior Managers, the Director, Company Secretary, the Whistleblower Protection Officer appointed by the Company as well as the other person and bodies outlined in the Company's Whistleblower Policy.

#### Recommendation 3.4

The Company has established an Anti-Bribery and Anti-Corruption policy which is disclosed on the Company's website. Any breach of that policy is immediately reported to the Chief Executive Officer and Chairman of the Board of Directors.

## Corporate Governance

### Principle 4 – Safeguard the integrity of corporate reports

#### Recommendation 4.1

The Board has established a separate Risk and Audit Committee, with the full Board being members of the Committee.

The Company has adopted a Risk and Audit Committee Charter, which describes the role, composition and responsibilities of the Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Risk and Audit Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Details of Director attendance at the Risk and Audit Committee meetings, held during the Reporting Period, are set out in a table in the Directors' Report on page 15.

#### Recommendation 4.2

Before the Board approved the Company financial statements for the period ended 30 June 2022, it received from the Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively (Declaration).

The Board did not receive a Declaration for each of the quarters ending 30 September 2021, 31 December 2021, 31 March 2022 and 30 June 2022 because in the Board's view its quarterly reports are not financial statements to which the Declaration can be appropriately given.

#### Recommendation 4.3

Processes are in place to verify the integrity of the Company's periodic corporate reports released to the market that are not audited or reviewed by the external auditor. Examples of periodic corporate reports released by the Company include quarterly cash flow reports. The process to verify is includes circulation to Senior Executives and the Board for review prior to finalising and releasing to the market. The Company has adopted a Continuous Disclosure Policy which sets out how market announcements are prepared and released and has appointed the Company Secretary as the Continuous Disclosure officer who oversees the drafting of and approves the final release of announcements. The Company Secretary is responsible for satisfying themselves that the content of any announcement is accurate and not misleading and is supported by appropriate verification.

## Corporate Governance

### Principle 5 – Make timely and balanced disclosure

#### Recommendation 5.1

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

#### Recommendation 5.2

The Company Secretary circulates all material market announcements to the Board prior to release to ASX.

#### Recommendation 5.3

All new presentations are released to ASX Market Announcements Platform ahead of any presentation to investors.

### Principle 6 – Respect the rights of security holders

#### Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at <https://cannonres.com.au/corporate/corporate-governance/>

#### Recommendation 6.2

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Shareholder Communication Policy.

#### Recommendation 6.3

The Company has in place, a Shareholder Communication and Investor Relations Policy, which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders. The Company encourages shareholder attendance and participation at its meetings. The Chair of the meeting allows a reasonable opportunity for members to ask questions or make comments on the management of the Company.

#### Recommendation 6.4

All resolutions put to meetings of shareholders are decided by way of a poll.

#### Recommendation 6.5

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders, Shareholders not already receiving information electronically can elect to do so through the share registry, Automic Group at <https://www.automicgroup.com.au/>

## Corporate Governance

### Principle 7 – Recognise and manage risk

#### Recommendation 7.1

The Board has established a separate Risk and Audit Committee, with the full Board being members of the Committee.

Please refer to the disclosure above under Recommendation 4.1 in relation to the Risk and Audit Committee.

#### Recommendation 7.2

The Board reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board carried out these reviews during the Reporting Period.

#### Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

The Board also reviews the effectiveness of its governance, risk management and internal control processes in accordance with its Risk and Audit Committee Charter and Board Charter.

#### Recommendation 7.4

As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment. This impact will likely increase once the Company is in production. The Company takes care to ensure that its operations comply with any environmental laws applicable to it, including the conditions attaching to any of its tenements.

Except as identified above the Company has not identified any significant exposure to any environmental and/or social sustainability risks in this financial year.

However, the Company does have a material exposure to the following economic risks:

- Market risk - movements in commodity prices. The Company manages its exposure to market risk by monitoring market conditions and making decisions based on industry experience.
- Future capital risk - cost and availability of funds to meet the Company's business requirements. The Company manages this risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Board has adopted a Risk Management Policy and Risk Management Procedures. Under the Risk Management Policy, the Board oversees the processes by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and the risks that may have a material impact on the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risk and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse, evaluate, and treat those risks (including assigning a risk owner to each risk). Risks and their management are to be monitored and reviewed at least annually by senior management. The risk register is to be updated and a report submitted to the Chief Executive Officer. The Chief Executive Officer is to provide a risk report at least annually to the Board.

## Corporate Governance

### Principle 8 – Remunerate fairly and responsibly

#### Recommendation 8.1

The Board has established a separate Remuneration and Nomination Committee, with the full Board being members of the Committee.

The Company has a Remuneration and Nomination Committee Charter, which describes the role, composition and of the Committee. The Board deals with any conflicts of interest that may occur by ensuring that the Director with conflicting interests is not party to the relevant discussions. The Committee considers the level and composition of remuneration for Directors and Senior Executives and ensures that such remuneration is appropriate and not excessive, in accordance with the Remuneration and Nomination Committee Charter.

Details of Director at the Remuneration and Nomination Committee, held during the reporting period, are set out in a table in the Directors' Report on page 15.

#### Recommendation 8.2

Details of remuneration, including details of the Company's Non-Executive remuneration and Executive remuneration practices and the Company's policy on "clawback policy" regarding the lapsing of performance-based remuneration in the event of fraud or serious misconduct and the clawback of the performance-based remuneration in the event of a material misstatement in the Company's financial statements, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at page 17 of the Company's Annual Report for year ended 30 June 2022.

#### Recommendation 8.3

The Company's Securities Trading Policy includes a statement of the Company's policy that participations in the Company's equity-based remuneration schemes are prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

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**CANNON**  
RESOURCES

## **Consolidated Financial Statements**

**30 June 2022**

## Consolidated Statement of Financial Position

As at 30 June 2022

|  | Notes | 2022<br>(\$'000's) | 2021<br>(\$'000's) |
|--|-------|--------------------|--------------------|
| <b>Assets</b>                                      |       |                    |                    |
| <b>Current assets</b>                              |       |                    |                    |
| Cash and cash equivalents                          | 11    | 3,283              | -                  |
| Trade and other receivables                        | 12    | 53                 | -                  |
| <b>Total current assets</b>                        |       | <b>3,336</b>       | -                  |
| <b>Non-current assets</b>                          |       |                    |                    |
| Property, plant and equipment                      | 13    | 313                | 5                  |
| Capitalised exploration and evaluation expenditure | 14    | 9,000              | 9,000              |
| <b>Total non-current assets</b>                    |       | <b>9,313</b>       | 9,005              |
| <b>Total assets</b>                                |       | <b>12,649</b>      | 9,005              |
| <b>Liabilities</b>                                 |       |                    |                    |
| Trade and other payables                           | 15    | 1,318              | 76                 |
| Provisions   | 16    | 32                 | 7                  |
| Related party payables                             | 17    | 45                 | 542                |
| <b>Total current liabilities</b>                   |       | <b>1,395</b>       | 625                |
| <b>Total liabilities</b>                           |       | <b>1,395</b>       | 625                |
| <b>Net assets</b>                                  |       | <b>11,254</b>      | 8,380              |
| <b>Equity</b>                                      |       |                    |                    |
| Issued capital                                     | 18    | 18,483             | 8,945              |
| Reserves   | 19    | 720                | 720                |
| Accumulated losses                                 | 20    | (7,949)            | (1,285)            |
| <b>Total equity attributable to shareholders</b>   |       | <b>11,254</b>      | 8,380              |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

|   | Notes | June 2022<br>(\$000's) | Incorporation<br>to June 2021<br>(\$000's) |
|---|-------|------------------------|--|
| <b>Income</b>   |       |                        |  |
| Interest income   | 6     | 1                      | -  |
| <b>Expenses</b>   |       |                        |  |
| Corporate expenses  |       | (841)                  | (392)                                      |
| Salaries, wages and superannuation                                |       | (112)                  | (173)                                      |
| Exploration and evaluation expenditure                            |       | (5,694)                | -  |
| Share based payments  |       | -                      | (720)                                      |
| Depreciation and amortisation                                     |       | (18)                   | -  |
| <b>Loss before income tax</b>                                     |       | <b>(6,664)</b>         | <b>(1,285)</b>                             |
| Income tax expense  | 7     | -                      | -  |
| <b>Net loss after income tax</b>                                  |       | <b>(6,664)</b>         | <b>(1,285)</b>                             |
| <b>Other comprehensive income</b>                                 |       |                        |  |
| Other comprehensive income net of tax                             |       | -                      | -  |
| <b>Total comprehensive loss for the period</b>                    |       | <b>(6,664)</b>         | <b>(1,285)</b>                             |
| <b>Loss per share for the period attributable to shareholders</b> |       |                        |  |
|   |       | <b>Cents</b>           | <b>Cents</b>                               |
| Basic loss per share  | 8     | (8.42)                 | (103.33)                                   |
| Diluted loss per share  | 8     | (8.42)                 | (103.33)                                   |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



## Consolidated Statement of Cash Flows

For the year ended 30 June 2022

|   | Notes | June 2022<br>(\$000's) | Incorporation<br>to June 2021<br>(\$000's) |
|---|-------|------------------------|--|
| <b>Cash flows from operating activities</b>               |       |                        |  |
| Interest received   |       | 1                      | -  |
| Payments to suppliers and employees                       |       | (1,480)                | (482)                                      |
| Expenditure on mineral interests                          |       | (3,908)                | -  |
| <b>Net cash used in operating activities</b>              | 11    | <b>(5,387)</b>         | <b>(482)</b>                               |
| <b>Cash flows from investing activities</b>               |       |                        |  |
| Purchase of property, plant and equipment                 |       | (326)                  | (5)  |
| <b>Net cash used in investing activities</b>              |       | <b>(326)</b>           | <b>(5)</b>                                 |
| <b>Cash flows from financing activities</b>               |       |                        |  |
| Proceeds from issue of ordinary shares                    |       | 10,000                 | -  |
| Proceeds from exercise of options                         |       | 140                    | -  |
| Share issue costs   |       | (602)                  | (55)                                       |
| Funds loaned from Rox Resources Limited                   |       | 123                    | 542  |
| Funds repaid to Rox Resources Limited                     |       | (665)                  | -  |
| <b>Net cash provided by financing activities</b>          |       | <b>8,996</b>           | <b>487</b>                                 |
| Net increase in cash and cash equivalents                 |       | 3,283                  | -  |
| Cash and cash equivalents at the beginning of the period  |       | -                      | -  |
| <b>Cash and cash equivalents at the end of the period</b> | 11    | <b>3,283</b>           | <b>-</b>                                   |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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## Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

|   | Issued capital<br>(\$000's) | Reserves<br>(\$000's) | Accumulated<br>losses<br>(\$000's) | Total<br>(\$000's) |
|---|-----------------------------|-----------------------|------------------------------------|--------------------|
| <b>Balance as at incorporation</b>      | -                           | -                     | -                                  | -                  |
| Loss for the period                     | -                           | -                     | (1,285)                            | (1,285)            |
| Total comprehensive loss for the period | -                           | -                     | (1,285)                            | (1,285)            |
| <b>Transactions with shareholders</b>   |                             |                       |                                    |                    |
| Issue of share capital                  | 9,000                       | -                     | -                                  | 9,000              |
| Share issue costs                       | (55)                        | -                     | -                                  | (55)               |
| Exercise of options                     | -                           | -                     | -                                  | -                  |
| Share-based payments                    | -                           | 720                   | -                                  | 720                |
| <b>Balance as at 30 June 2021</b>       | <b>8,945</b>                | <b>720</b>            | <b>(1,285)</b>                     | <b>8,380</b>       |
| <b>Balance as at 1 July 2021</b>        | 8,945                       | 720                   | (1,285)                            | 8,380              |
| Loss for the period                     | -                           | -                     | (6,664)                            | (6,664)            |
| Total comprehensive loss for the period | -                           | -                     | (6,664)                            | (6,664)            |
| <b>Transactions with shareholders</b>   |                             |                       |                                    |                    |
| Issue of share capital                  | 10,000                      | -                     | -                                  | 10,000             |
| Share issue costs                       | (602)                       | -                     | -                                  | (602)              |
| Exercise of options                     | 140                         | -                     | -                                  | 140                |
| <b>Balance as at 30 June 2022</b>       | <b>18,483</b>               | <b>720</b>            | <b>(7,949)</b>                     | <b>11,254</b>      |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 1 - Corporate information

Cannon Resources Limited is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX). The consolidated financial statements of Cannon Resources Limited incorporate Cannon Resources Limited (the Parent) as well as its subsidiaries (collectively, the Group) as outlined in Note 27. The financial statements of the Group for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 28 September 2022.

The nature of the operations and principal activities of the Group are described in the Directors Report.

## Note 2 - Significant accounting policies

### Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for certain financial investments that have been measured at fair value. The financial report is presented in Australian dollars.

As a result of the uncertainties inherent in business and other activities, certain items in a financial report cannot be measured with precision but can only be estimated. The estimation process involves best estimates based on the latest information available, which are set out in Note 4.

The Company was incorporated on 25 November 2020.

### Comparatives

Certain prior financial year amounts have been reclassified for consistency with the current financial year presentation.

As the Company was incorporated on 25 November 2020 the comparative period is from incorporation to 30 June 2021.

### Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the financial year period ended 30 June 2022 of \$6.7 million and experienced net cash outflows used in operating activities of \$5.4 million. As at 30 June 2022, the Group had net current assets of \$1.9 million.

The Directors believe there are sufficient funds to meet the Group's committed minimum expenditure requirements and as at the date of this report the Directors believe they can meet all liabilities as and when they fall due. The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 2 - Significant accounting policies (continued)

### Going concern (continued)

#### (a) Compliance statement

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### (b) Accounting standards issued but not yet effective

The Australian Accounting Standards Board (AASB) has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

#### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments**

- (i) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- (ii) AASB 3 – updates references to the Conceptual Framework for Financial Reporting;
- (iii) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- (iv) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
- (v) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making; and
- (vi) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

#### **AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 2 - Significant accounting policies (continued)

### (b) Accounting standards issued but not yet effective (continued)

#### **AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections**

AASB 2021-7a amends various standards, interpretations and other pronouncements for editorial corrections made by accounting standards boards since December 2017.

AASB 2021-7a mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

#### **AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

AASB 2021-5 amends AASB 112 Income Taxes to clarify the accounting for deferred tax transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary difference.

This amending standard mandatorily apply to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

#### **AASB 17: Insurance Contracts, AASB 2020-5: Amendments to Australian Accounting Standards – Insurance Contracts and AASB 2021-7b : Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections**

AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The key principles in AASB 17 include that an entity:

- (a) identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policy holder;
- (b) separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- (c) recognises and measures groups of insurance contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) an amount representing the unearned profit in the group of contracts (the contractual service margin); and

recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity recognises the loss immediately.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 2 - Significant accounting policies (continued)

### (b) Accounting standards issued but not yet effective (continued)

AASB 17, AASB 2020-5 and AASB 2021-7b mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

#### **AASB 2022-1: Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information**

AASB 2022-1 amends AASB 17 Insurance Contracts to provide insurers with a transition option relating to comparative information about financial assets presented on the initial application of AASB 17. The amendments relate to financial assets for which comparative information presented on initial application of AASB 17 and AASB 9 has not been restated for AASB 9.

Applying the transition option would permit an entity to present comparative information about such a financial asset as if the classification and measurement requirements of AASB 9 had been applied to that financial asset.

AASB 2022-1 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

#### **AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

AASB 2021-2 amends AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. The main amendments relate to:

- (a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;
- (c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (d) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and
- (e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 2 - Significant accounting policies (continued)

### (c) New Accounting standards applicable to 30 June 2022 year end

#### **AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2**

AASB 2020-4 amends AASB 4 Insurance Contracts, AASB 7 Financial Instruments: Disclosures, AASB 9: Financial Instruments, AASB 16: Leases and AASB 139 Financial Instruments: Recognition and Measurement to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities financial statements. As a result of the amendments, an entity:

- (a) will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- (b) will not have to discontinue hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- (c) will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

There is no material impact of this accounting standard on the financial statements of the Group.

#### **AASB 2021-3: Amendments to Australian Accounting Standards – Covid 19 Related Rent Concessions beyond 30 June 2021**

AASB 2021-3 amends AASB 16: Leases to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not modifications. The Standard extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

AASB 2021-3 mandatorily applies to annual reporting periods commencing on or after 1 April 2021 and is available for earlier application. It will be applied by the Group in the financial year commencing 1 July 2021.

There is no impact of this accounting standard on the financial statements of the Group.

### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cannon Resources Limited and the subsidiaries it controls (as outlined in Note 24).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 2 - Significant accounting policies (continued)

### (d) Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### (e) Summary of significant accounting policies

#### (i) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows comprise cash at bank and in hand and deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (ii) Capitalised exploration and evaluation expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

#### (iii) Trade and other payables

Trade payables and other payables are initially recognised at fair value and are subsequently carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Refer also to Note 2 (e)(xv) Financial instruments.

#### (iv) Issued capital

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the share proceeds received.

#### (v) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 2 - Significant accounting policies (continued)

#### (e) Summary of significant accounting policies

##### (v) Income tax (continued)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint operations, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint operations, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

##### (vi) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently carried at amortised cost less an allowance for impairment. Refer also to Note 2 (d)(xv) Financial instruments.

##### (vii) Property, plant and equipment

All classes of equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful life of the specific asset as follows:

| Asset     | 2022       | 2021       |
|-----------|------------|------------|
| Equipment | 3-10 years | 3-10 years |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 2 - Significant accounting policies (continued)

### (e) Summary of significant accounting policies

#### (vii) Property, plant and equipment (continued)

##### **Impairment**

The carrying values of property, plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying values of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

The recoverable amount of equipment is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

##### **Derecognition**

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the period the item is derecognised.

#### (viii) Employee benefits

Provision is made for the employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits expected to be settled within 12 months of the reporting date are measured at the nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national corporate bonds, which have terms to maturity approximating the terms of the related liability, are used.

#### (ix) Revenue recognition

##### **Interest revenue**

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### **Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

##### **Sale of Assets**

Revenue from the sale of assets is recognised when the significant risks and rewards of ownership of the assets have passed to the buyer, usually on delivery of the asset.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 2 - Significant accounting policies (continued)

#### (e) Summary of significant accounting policies

##### (x) Leases

##### **Leases of 12-months or less and leases of low value assets**

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

##### **Leases of 12-months or greater**

##### *Lease Asset*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

##### *Lease Liability*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down

##### (xi) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 2 - Significant accounting policies (continued)

#### (e) Summary of significant accounting policies (continued)

##### (xi) Goods and services tax (GST) (continued)

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

##### (xii) Earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit/loss from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends)
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses
- other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element

##### (xiii) Share based payment transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the grant date.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Rox Resources Limited ('market conditions').

The cost of equity-settled transactions is recognised in the Statement of Comprehensive Income, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance sheet date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 2 - Significant accounting policies (continued)

#### (e) Summary of significant accounting policies (continued)

##### (xiii) Share based payment transactions (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transactions a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share, unless the Group is loss making, then it is anti-dilutive as the inclusion of these options would reduce the loss per share.

##### (xiv) Provisions

###### Rehabilitation provision

The Group, where applicable, makes full provision for the future cost of rehabilitating drilling pads and the exploration camp.

##### (xv) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the date that the Group commits itself to either purchase or sale of assets.

###### Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

An instrument is a financial liability when an issuer is, or can be required, to deliver either cash or another financial asset (e.g. ordinary shares in the company) to the holder.

Where the Group has the choice of settling a financial instrument in cash or otherwise is contingent on the outcome of circumstances beyond the control of both the Group and the holder, the Group accounts for the instrument as a financial liability.

All financial liabilities are initially recognised at fair value. The Group's financial liabilities include trade payables and contingent consideration (compound financial liability).

###### Financial assets

Financial assets are initially recognised at fair value.

The Group applies the AASB 9 Financial Instruments ("AASB 9") simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 3 - Financial Risk Management and Policies

### Overview

This note presents information about the Group's exposure to each of the below risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- interest rate risk

### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk exposure arises principally from the Group's other financial assets, receivables, including receivables from related parties, security deposits and cash and cash equivalents.

#### Cash and cash equivalents

The Group's cash and cash equivalents are maintained in banks with credit ratings of AA as per Standard & Poor's as at year-end.

#### Trade and other receivables

As the Group operates in the mining exploration sector its receivables generally relate to GST receivable from the Australian Taxation Authority and the credit risk is assessed similar to other financial instruments under AASB 9 and the credit risk is low.

Presently, the Group undertakes exploration and evaluation activities in Australia. At the balance sheet date there were no significant concentrations of credit risk and none of the Group's receivables are past due or impaired (2021: Nil).

#### Exposure to credit risk

The carrying amount of the Group's financial assets represents the Group's maximum credit exposure. None of the Group's trade and other receivables are past due (2021: nil). As at 30 June 2022, the Group does not have any collective impairment on its other receivables (2021: nil).

#### Guarantees

At the date of this report there are no outstanding guarantees (2021: nil).

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows.

The Group's liquidity risk arises from other financial liabilities and trade and other payables, together comprising the Group's financial liabilities.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 3 - Financial Risk Management and Policies (continued)

#### Liquidity risk (continued)

Financial liabilities maturing profiles as follows:

| Maturity profiles  | 2022<br>(\$000's) | 2021<br>(\$000's) |
|--------------------|-------------------|-------------------|
| Less than 6 months | 1,351             | 542               |
| <b>Total</b>       | <b>1,351</b>      | <b>542</b>        |

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Equity risk

The Group considers its exposure to equity risk minimal and has not developed any policies or procedures to manage such risk.

The Group does not have an equity interest in any other companies apart from its wholly owned subsidiaries, see Note 24.

#### Currency risk

The Group considers that its exposure to currency risk is minimal and has not developed any policies or procedures to manage such risk.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

#### Exposure to currency risk

The Group's exposure to foreign currency risk at reporting date was nil (2021: nil).

#### Interest rate risk

The Group is exposed to interest rate risk. The Group considers that its exposure to interest risk is minimal, however it has a policy of monitoring interest rates offered by competing financial institutions to ensure it is aware of market trends and it receives competitive interest rates.

#### Profile

At the reporting date the Group's only exposure to interest rate risk is related to the balance of its cash and cash equivalents. The following table represents the Group's exposure to interest rate risk:

| Variable rate instruments | 2022<br>(\$000's) | 2021<br>(\$000's) |
|---------------------------|-------------------|-------------------|
| Cash and cash equivalents | 3,283             | nil               |

A change of 1% (2021: n/a) in variable interest rates would have increased or decreased the Group's equity and profit by \$33k (2021: n/a) and would have had the same effect on cash. The 1% sensitivity is based on reasonable possible movements over a financial year, after observation of a range of actual historical rate movement over the past five years.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 3 - Financial Risk Management and Policies (continued)

#### Fair values

#### Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

| Financial assets and liabilities      | Note | 2022                         |                         | 2021                         |                         |
|---------------------------------------|------|------------------------------|-------------------------|------------------------------|-------------------------|
|                                       |      | Carrying amount<br>(\$000's) | Fair value<br>(\$000's) | Carrying amount<br>(\$000's) | Fair value<br>(\$000's) |
| Cash and cash equivalents             | 11   | 3,283                        | 3,283                   | -                            | -                       |
| Trade and other receivables (current) | 12   | 53                           | 53                      | -                            | -                       |
| Trade payables                        | 15   | (1,306)                      | (1,306)                 | -                            | -                       |
| Related party payables                | 17   | (45)                         | (45)                    | (542)                        | (542)                   |
| <b>Total</b>                          |      | <b>1,985</b>                 | <b>1,985</b>            | <b>(542)</b>                 | <b>(542)</b>            |

The Directors consider the carrying amount of the financial instruments to be a reasonable approximation of their fair value on account of their short to medium-term maturity cycle.

#### Capital management

When managing capital, management's objective is to ensure that the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Group will raise equity through the issue of shares from time to time as the board sees fit to ensure it meets its objective of continuing as a going concern. The Group does not have any borrowings and has no current plans to obtain any debt facilities; as a result, the Group's total capital is defined as shareholders' equity, and at 30 June stood at:

|        | 2022<br>(\$000's) | 2021<br>(\$000's) |
|--------|-------------------|-------------------|
| Equity | 11,254            | 8,380             |

The Group is not subject to any externally imposed capital requirements.

### Note 4 – Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## Note 4 – Significant accounting judgements, estimates and assumptions (continued)

### Exploration and evaluation

The Group's accounting policy for exploration and evaluation is set out in Note 2(d)(ii) to the accounts. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, management conclude that they are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Consolidated Statement of Comprehensive Income.

### Share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes formula. For options issued in this and last financial year, the assumptions detailed as per Note 21 were used.

### Benefit from deferred tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

Potential future income tax benefits attributable to gross tax losses carried forward have not been brought to account at 30 June 2022 because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- (i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released; and
- (ii) the Group continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

## Note 5 – Segment information

### Identification of Reportable Segments

Operating segments that meet the quantitative criteria of AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to the users of the financial statements.

The Group operates within the mineral exploration industry within Australia.

The Group determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board of Directors currently receive Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards.

The Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income information received by the Board of Directors does not include any information by segment. The executive team manages each exploration activity of each exploration concession through review and approval of statutory expenditure requirements and other operational information. Based on this criterion, the Group has only one operating segment, being exploration, and the segment operations and results are the same as the Group results.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 6 – Income

|                        | 2022<br>(\$000's) | 2021<br>(\$000's) |
|------------------------|-------------------|-------------------|
| <b>Interest income</b> |                   |                   |
| Interest income        | 1                 | -                 |
| Total interest income  | <u>1</u>          | <u>-</u>          |

### Note 7 – Income tax expense

|  | 2022<br>(\$000's) | 2021<br>(\$000's) |
|--|-------------------|-------------------|
| <b>a) Components of income tax expense</b>                                     |                   |                   |
| Current income tax charge/(benefit)  | -                 | -                 |
| Deferred tax   | -                 | -                 |
| Income tax expense/(benefit) reported in the Statement of Comprehensive Income | <u>-</u>          | <u>-</u>          |
| <b>b) Prima facie tax payable</b>  |                   |                   |
| Accounting (loss)/profit before tax from continuing operations                 | <b>(6,664)</b>    | <b>(1,285)</b>    |
| At the Group's statutory income tax rate of 30% (26%: 2021)                    | <b>(1,999)</b>    | <b>(334)</b>      |
| Add/(less) tax effect of:  |                   |                   |
| Share based payments   | -                 | 187               |
| Entertainment  | <b>1</b>          | -                 |
| Non-deductible expenditure   | -                 | -                 |
| Deferred tax assets not brought to account                                     | <b>1,998</b>      | <b>147</b>        |
| Income tax expense/(benefit) reported in the Statement of Comprehensive Income | <u>-</u>          | <u>-</u>          |
| <b>c) Current tax liability</b>  |                   |                   |
| Current tax relates to the following:  |                   |                   |
| <i>Current tax liabilities/(assets)</i>  |                   |                   |
| Opening balance  | -                 | -                 |
| Income tax expense   | <u>-</u>          | <u>-</u>          |
| <b>d) Deferred tax</b>   |                   |                   |
| Deferred tax relates to the following:   |                   |                   |
| <i>Deferred tax assets balance comprises:</i>                                  |                   |                   |
| Accrual  | <b>3</b>          | 20                |
| Provision of annual leave  | <b>10</b>         | 2                 |
| Capital raising and business-related costs                                     | <b>219</b>        | 48                |
| Deferred tax assets not recognised   | <b>(2,365)</b>    | <b>(161)</b>      |
| Tax losses   | <b>2,133</b>      | 91                |
| Net deferred tax   | <u>-</u>          | <u>-</u>          |

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 7 – Income tax expense (continued)

|  | 2022<br>(\$000's) | 2021<br>(\$000's) |
|--|-------------------|-------------------|
| <b>e) Deferred income tax (revenue)/expenses included in income tax expense comprises:</b> |                   |                   |
| Decrease/(increase) in deferred tax assets   | (2,365)           | (161)             |
| (Decrease)/increase in deferred tax liabilities  | -                 | -                 |
| Offset against deferred tax asset not recognised   | <u>2,365</u>      | <u>161</u>        |
|  | <u>-</u>          | <u>-</u>          |
| <b>f) Deferred income tax related to items charged or credited directly to equity</b>      |                   |                   |
| Decrease/(increase) in deferred tax assets   | (181)             | (14)              |
| (Decrease)/increase in deferred tax liabilities  | -                 | -                 |
| Offset against deferred tax asset not recognised   | <u>181</u>        | <u>14</u>         |
|  | <u>-</u>          | <u>-</u>          |
| <b>g) Deferred tax assets not brought to account</b>                                       |                   |                   |
| Temporary differences  | 232               | 70                |
| Operating tax losses   | <u>2,133</u>      | <u>91</u>         |
| Net deferred tax   | <u>2,365</u>      | <u>161</u>        |

Potential future income tax benefits attributable to gross tax losses of \$2,133K (2021: \$91K) carried forward have not been brought to account at 30 June 2022 because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- (i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released
- (ii) the Group continues to comply with the conditions for deductibility imposed by the law
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses

Tax losses carried forward have no expiry date.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 8 – Earnings per share

|  | 2022               | 2021        |
|--|--------------------|-------------|
| <b>The following reflects the income and share data used in the calculation of basic and diluted earnings per share:</b> |                    |             |
| Net loss   | <b>(6,663,786)</b> | (1,285,628) |
| Weighted average number of ordinary shares used in calculating basic earnings per share                                  | <b>79,119,798</b>  | 1,244,241   |
| Effect of dilutive securities: Share options <sup>a</sup>  | -                  | -           |
| Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share                       | <b>79,119,798</b>  | 1,244,241   |
| Basic and Diluted profit/(loss) cents per share  | <b>(8.42)</b>      | (103.33)    |

<sup>a</sup>Share options are not dilutive as their inclusion would give rise to a reduced loss per share.

There was a total of 16,286,209 share options that were potentially dilutive to shares on issue at 30 June 2022 (2021: 6,750,000).

The above weighted average number of shares incorporates an adjustment to the calculation to incorporate the effects of bonus elements (if any) in relation to rights issues in the current and previous financial year.

#### Conversion, calls, subscriptions or issues after 30 June 2022

Since the end of the financial year, 113,570 new shares have been issued as follows:

- 18,332 shares have been issued as result of the conversion of options which have been exercised by shareholders with an exercise price of \$0.30 per option; and
- 95,238 new shares have been issued for services provided by Mr Steve Lynn.

### Note 9 – Director and Executive disclosures

#### (a) Details of Key Management Personnel

|                |  |
|----------------|--|
| Trevor Benson  | Non-Executive Chairman ( <i>appointed 18 February 2021, resigned 28 June 2022</i> )      |
| Alex Passmore  | Non-Executive Chairman ( <i>appointed 18 February 2021, Chairman from 28 June 2022</i> ) |
| Richard Bevan  | Non-Executive Director ( <i>appointed 21 February 2021</i> )                             |
| Mark Stowell   | Non-Executive Director ( <i>appointed 24 June 2022</i> )                                 |
| Steve Lynn     | Chief Executive Officer ( <i>appointed 30 March 2021, ended 2 September 2022</i> )       |
| Chris Hunt     | Company Secretary ( <i>appointed 2 September 2021</i> )                                  |
| Matthew Worner | Company Secretary ( <i>appointed 20 May 2021 : resigned 1 September 2021</i> )           |
| Silfia Morton  | Chief Financial Officer ( <i>appointed 20 May 2021 : resigned 1 September 2021</i> )     |

Other than Mr Stephen Lynn who left the Company, 2 September 2022, there were no other changes of KMP after 30 June 2022 and before the date the financial report was authorised for issue.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 9 – Director and Executive disclosures (continued)

#### (b) Compensation of Key Management Personnel by category

|                       | 2022<br>(\$'s) | 2021<br>(\$'s) |
|-----------------------|----------------|----------------|
| <b>Incentive plan</b> |                |                |
| Short-term            | 415,352        | 138,875        |
| Post-employment       | 36,585         | 10,182         |
| Share-based payments  | -              | 720,486        |
| <b>Total</b>          | <b>451,937</b> | <b>869,543</b> |

### Note 10 – Auditor's remuneration

|   | 2022<br>(\$'s) | 2021<br>(\$'s) |
|---|----------------|----------------|
| Auditing and reviewing the financial report | 37,923         | 15,000         |
| Income tax effect accounting                | 2,500          | -              |
| Independent Limited Assurance Report        | -              | 24,013         |
| <b>Total</b>                                | <b>40,423</b>  | <b>39,013</b>  |

### Note 11 – Cash and cash equivalents

|   | 2022<br>(\$000's) | 2021<br>(\$000's) |
|---|-------------------|-------------------|
| <b>Cash and cash equivalents</b>  | <b>3,283</b>      | -                 |
| Cash at bank earns interest at floating rates based on daily deposit rates          | 3,283             | -                 |
| <b>Reconciliation of net loss after income tax to net cash flow from operations</b> |                   |                   |
| Net loss after income tax   | (6,664)           | (1,285)           |
| <b>Adjustments to reconcile profit before tax to net operating cash flows</b>       |                   |                   |
| Depreciation and amortisation   | 18                | -                 |
| Share based payments  | -                 | 720               |
| <b>Changes in assets and liabilities</b>  |                   |                   |
| (Increase)/decrease in prepayments  | -                 | -                 |
| Increase/(decrease) in provisions   | 25                | 7                 |
| Increase/(decrease) in trade payables/accruals                                      | 1,287             | 76                |
| (Increase)/decrease in receivables  | (53)              | -                 |
| <b>Cash out-flow from operations</b>  | <b>(5,387)</b>    | <b>(482)</b>      |

The Group does not have any credit standby arrangements, used or unused loan facilities.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 12 – Trade and other receivables

|                       | 2022<br>(\$000's) | 2021<br>(\$000's) |
|-----------------------|-------------------|-------------------|
| <b>Current</b>        |                   |                   |
| Short-term lease bond | 4                 | -                 |
| GST Refund & Other    | 49                | -                 |
| <b>Total</b>          | <b>53</b>         | <b>-</b>          |

Receivables generally have 30-day terms and are unsecured.

### Note 13 – Property, plant and equipment

|  | 2022<br>(\$000's) | 2021<br>(\$000's) |
|--|-------------------|-------------------|
| Plant and equipment at cost                            | 331               | 5                 |
| Accumulated depreciation                               | (18)              | -                 |
| Total property, plant and equipment                    | <b>313</b>        | <b>5</b>          |
| Movement in property plant and equipment               |                   |                   |
| Balance as at 1 July, net of accumulated depreciation  | 5                 | -                 |
| Plant and equipment additions – at cost                | 326               | 5                 |
| Depreciation   | (18)              | -                 |
| Balance as at 30 June, net of accumulated depreciation | <b>313</b>        | <b>5</b>          |

### Note 14 – Capitalised exploration and evaluation expenditure

|  | 2022<br>(\$000's) | 2021<br>(\$000's) |
|--|-------------------|-------------------|
| <b>Areas of interest in exploration and evaluation phases:</b> |                   |                   |
| Balance at the beginning of the year                           | 9,000             | -                 |
| Acquisition of Fisher East and Collurabbie Projects (i)        | -                 | 9,000             |
| <b>Balance as at 30 June</b>                                   | <b>9,000</b>      | <b>9,000</b>      |

- (i) On 25 June 2021, Cannon issued 45,000,000 ordinary shares to Rox Resources Limited which was related to the transfer of tenement assets, Fisher East Nickel Project and Collurabbie Nickel Project from Rox Resources Limited as part of the demerger transaction.

The value of the Group's interest in carried forward exploration expenditure is dependent upon the continuance of the Group's rights to tenure of the areas of interest, the results of future exploration, and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 15 – Trade and other payables

|                | 2022<br>(\$000's) | 2021<br>(\$000's) |
|----------------|-------------------|-------------------|
| Trade payables | 1,318             | 76                |
| <b>Total</b>   | <b>1,318</b>      | <b>76</b>         |

Creditors are non-interest bearing and generally on 30-day terms.

### Note 16 – Provisions

|                                  | 2022<br>(\$000's) | 2021<br>(\$000's) |
|----------------------------------|-------------------|-------------------|
| Employee benefits – annual leave | 32                | 7                 |
| <b>Total</b>                     | <b>32</b>         | <b>7</b>          |

### Note 17 – Related party payables

|  | 2022<br>(\$000's) | 2021<br>(\$000's) |
|--|-------------------|-------------------|
| Related party payables – Rox Resources Limited | 45                | 542               |
| <b>Total</b>                                   | <b>45</b>         | <b>542</b>        |

Rox Resources Limited holds a 10.01% interest in Cannon Resources Limited, with Mr Alex Passmore the Managing Director of Rox Resources Limited.

Payables are non-interest bearing and generally on 30-day terms.

See Note 25 for further details.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 18 - Issued capital

|  |             |                             |                              | 2022<br>(\$000's)        | 2021<br>(\$000's)            |
|--|-------------|-----------------------------|------------------------------|--------------------------|------------------------------|
| <b>Issued and paid-up capital</b>      |             |                             |                              |                          |                              |
| Ordinary shares fully paid             |             |                             |                              | <b>18,483</b>            | 8,945                        |
| Movement in ordinary shares on issue   | Date        | 30 June<br>2022<br>(Number) | 30 June<br>2022<br>(\$000's) | 30 June 2021<br>(Number) | 30 June<br>2021<br>(\$000's) |
| <b>Ordinary shares</b>                 |             |                             |                              |                          |                              |
| Balance at beginning of period         |             | 45,000,001                  | 8,945                        | 1                        | -                            |
| Issue of shares (net of costs)         | 25 Jun 2021 | -                           | -                            | 45,000,000               | 8,945                        |
| Initial Public Offering (net of costs) | 30 Jul 2021 | 30,000,000                  | 5,662                        | -                        | -                            |
| Options exercised during the month     | 31 Oct 2021 | 80,451                      | 24                           | -                        | -                            |
| Placement (net of costs)               | 15 Nov 2021 | 10,000,000                  | 3,736                        | -                        | -                            |
| Options exercised during the month     | 30 Nov 2021 | 311,162                     | 93                           | -                        | -                            |
| Options exercised during the month     | 31 Dec 2021 | 17,331                      | 5                            | -                        | -                            |
| Options exercised during the month     | 31 Jan 2022 | 7,499                       | 2                            | -                        | -                            |
| Options exercised during the month     | 31 Mar 2022 | 35,332                      | 11                           | -                        | -                            |
| Options exercised during the month     | 31 May 2022 | 11,666                      | 4                            | -                        | -                            |
| Balance at end of period               |             | <b>85,463,442</b>           | <b>18,483</b>                | 45,000,001               | 8,945                        |

#### Terms and conditions of ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting on the Company.

As part of the Company's listing conditions 8,553,130 ordinary shares are held in escrow until 12 August 2023, being 24 months from the Official Quotation.

#### Unlisted free attaching options

As part of the Initial Public Offering, shareholders who subscribed for shares received one free attaching option for every three shares issued. The options have an exercise price of \$0.30 per share, no vesting conditions and an expiry date of 30 June 2024. As at 30 June 2022 the balance of unlisted options on issue was 9,536,209.

### Note 19 - Reserves

|   | 2022<br>(\$000's) | 2021<br>(\$000's) |
|---|-------------------|-------------------|
| <b>Share based payments reserve</b>       |                   |                   |
| Balance at the beginning of the period    | 720               | -                 |
| Options issued to Directors and employees | -                 | 720               |
| Closing Balance                           | <b>720</b>        | 720               |



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 20 - Accumulated losses

|  | 2022<br>(\$000's) | 2021<br>(\$000's) |
|--|-------------------|-------------------|
| Balance at the beginning of the year                         | (1,285)           | -                 |
| Net loss attributable to members of Cannon Resources Limited | (6,664)           | (1,285)           |
| <b>Balance at the end of the year</b>                        | <b>(7,949)</b>    | <b>(1,285)</b>    |

No dividends were paid during or since the financial year. There are no franking credits available (2021: nil).

### Note 21 - Share based payments: Directors and Employees

An Employee Share Scheme (ESS) has been established where Cannon Resources Limited may, at the discretion of Directors, grant options over the ordinary shares of Cannon Resources Limited to Directors, Executives and employees of the Company. The plan is designed to provide long-term incentives for employees and to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any.

Options granted under the plan are unlisted and carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the Company with full dividend and voting rights.

During the financial year nil options were issued pursuant to the ESS (2021; 6,750,000).

Set out below is a summary of options issued.

#### For the year ended 30 June 2022

| Grant date                              | Expiry date | Exercise price (cents) | Value per option at grant date (cents) | Balance of options at the start of the year | Options granted during the year | Options exercised during the year | Options lapsed during the year | Balance of options at the end of the year | Options vested and exercisable at the end of the year |
|---|-------------|------------------------|--|---|---------------------------------|-----------------------------------|--------------------------------|---|---|
| 25 Jun 21                               | 30 Jun 24   | 30.0                   | 10.7                                   | 6,750,000                                   | -                               | -                                 | -                              | 6,750,000                                 | 6,750,000   |
|   |             |                        |  | <b>6,750,000</b>                            | <b>-</b>                        | <b>-</b>                          | <b>-</b>                       | <b>6,750,000</b>                          | <b>6,750,000</b>                                      |
| Weighted average exercise price (cents) |             |                        |  | -   | 30.0                            | 30.0                              | 30.0                           | 30.0                                      | 30.0  |

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.0 years.

The above options remain vested and exercisable at the end of 30 June 2022.

#### For the year ended 30 June 2021

| Grant date                              | Expiry date | Exercise price (cents) | Value per option at grant date (cents) | Balance of options at the start of the year | Options granted during the year | Options exercised during the year | Options lapsed during the year | Balance of options at the end of the year | Options vested and exercisable at the end of the year |
|---|-------------|------------------------|--|---|---------------------------------|-----------------------------------|--------------------------------|---|---|
| 25 Jun 21                               | 30 Jun 24   | 30.0                   | 10.7                                   | 6,750,000                                   | 6,750,000                       | -                                 | -                              | 6,750,000                                 | 6,750,000   |
|   |             |                        |  | <b>6,750,000</b>                            | <b>6,750,000</b>                | <b>-</b>                          | <b>-</b>                       | <b>6,750,000</b>                          | <b>6,750,000</b>                                      |
| Weighted average exercise price (cents) |             |                        |  | -   | 30.0                            | 30.0                              | 30.0                           | 30.0                                      | 30.0  |

The weighted average remaining contractual life of share options outstanding at the end of the year was 3.0 years.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 21 - Share based payments: Directors and Employees (continued)

#### Fair value of options granted under ESS

The fair value for options issued under the ESS was calculated using the Black-Scholes valuation methodology using the following parameters.

|   | 2021      |
|---|-----------|
| Weighted average exercise price (cents)         | 30.0      |
| Weighted average life of the option             | 3 years   |
| Weighted average underlying share price (cents) | 20.0      |
| Expected share price volatility                 | 100%      |
| Risk-free interest rate                         | 0.10%     |
| Number of options issued                        | 6,750,000 |
| Fair value per option (cents)                   | 10.7      |

### Note 22 - Expenditure commitments

#### (a) Exploration commitments

The Group has entered into certain obligations to perform minimum work on mineral tenements held. The Group is required to meet tenement minimum expenditure requirement which are set out below. These may be varied or deferred on application and are expenditures expected to be met in the normal course of business.

|   | 2022<br>(\$000's) | 2021<br>(\$000's) |
|---|-------------------|-------------------|
| No later than one year                            | 613               | 596               |
| Later than one year and not later than five years | -                 | 373               |
| <b>Total</b>                                      | <b>613</b>        | <b>969</b>        |

### Note 23 - Contingent liabilities

At the financial reporting date there are no contingent liabilities. Royalties exist over a number of tenements held by the Company and become payable upon the receipt of revenue from mining activities.

### Note 24 - Events after the balance sheet date

The following matters occurred post the end of the financial year:

- Chief Executive Officer, Mr Steve Lynn, left the Company to focus on other business interests; and
- The Fisher East Resource increased to 134.1Kt of contained nickel following a 72% increase in the resource at Sabre, with the Sabre resource increasing to 2.9Mt @1.5% Ni for 42.3Kt of contained nickel.

No matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 25 - Related party transactions

During the financial year ended 30 June 2022, the Group had the following transactions with KMP:

- An amount of \$403,448 (30 June 2021: nil) was paid to LG Mining Pty Ltd, a company of which Mr Passmore is a Director, for the provision of labour hire services, specifically geologists and field assistants. An amount of \$17,352 was payable as at 30 June 2022 (30 June 2021: nil). The transactions were on an arms-length basis and utilised by the Company, on a discretionary basis, for recruitment and labour hire of predominantly field staff which are in high demand in the current tight labour market. Other recruitment and labour hire firms are also utilised by the Company as required and including when terms are offered on an equal basis. Mr Passmore does not receive any remuneration from LG Mining Pty Ltd.
- Mr Richard Bevan is a Director and shareholder of Bayreef Investments Pty Ltd, which received his share of Director fees, totalling \$49,500. An amount of \$4,125 was outstanding to Bayreef Investments Pty Ltd as at 30 June 2022.

The Company entered into a Demerger Agreement with its ultimate holding company, Rox Resources Limited ("Rox") on 13 May 2021. On 10 August 2021 the Company successfully demerged and listed on the ASX and raised \$6,000,000 through the issue of 30 million shares. As at 30 June 2021 the Company had a loan payable of \$542,009 to Rox. The loan payable was related to all costs and expenses associated with the listing of the Company and operating costs up to the listing date. The loan was unsecured, non-interest bearing and repayable to Rox with 5 business days of completion of the Company's Initial Public Offering. The loan was repaid on 20 August 2021. Mr Alex Passmore is the Managing Director and Mr Chris Hunt is the Chief Financial Officer of Rox.

The Demerger Agreement included a provision for the Company to sub-lease office space from Rox at \$2,000 per month (amended as mutually agreed). The amount charged under the Demerger Agreement for the financial year 30 June 2022 for rent was \$22,000.

- The Company entered into a Shared Services Agreement with Rox whereby Rox will provide Company Secretarial and Finance Services for \$8,000 per month (amended as mutually agreed). In addition, the Company can engage Rox to provide Geological services at a 10% mark-up on the cost. The Company Secretarial and Finance Services commenced on 1 September 2021. The amount charged under the Shared Services Agreement for the financial year 30 June 2022 was \$130,625. Mr Chris Hunt is the Chief Financial Officer and Company Secretary of Rox. Mr Hunt does not receive any remuneration from Cannon. There was a nil balance outstanding as at 30 June 2022.
- Rox funded \$103,375 of expenditure on behalf of Cannon. Mr Alex Passmore is the Managing Director and Mr Chris Hunt is the Chief Financial Officer of Rox. The balance outstanding to Rox as at 30 June 2022 was \$44,852.

All the amounts quoted above are excluding GST.

There were no other significant changes to the related party arrangements of the Group during the financial year ended 30 June 2022.

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## Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

### Note 26 - Information relating to Cannon Resources Limited (the Parent)

|   | 2022<br>(\$000's) | 2021<br>(\$000's) |
|---|-------------------|-------------------|
| Current assets  | 3,336             | -                 |
| <b>Total assets</b>                                   | <b>12,649</b>     | 9,005             |
| Current liabilities                                   | (1,395)           | (625)             |
| <b>Total liabilities</b>                              | <b>(1,395)</b>    | (625)             |
| Contributed equity                                    | 18,483            | 8,945             |
| Reserves  | 720               | 720               |
| Accumulated losses                                    | (7,949)           | (1,285)           |
| <b>Net assets</b>                                     | <b>11,254</b>     | 8,380             |
| <br>  |                   |                   |
| <b>Income/(loss) of the Parent entity</b>             | <b>(6,664)</b>    | (1,285)           |
| <br>  |                   |                   |
| <b>Total comprehensive income/(loss) for the year</b> | <b>(6,664)</b>    | (1,285)           |

The Parent entity has contractual obligations for exploration commitments of \$613K at balance date (2021: \$969K).

### Note 27 - Group information

#### Information about subsidiaries

| Entity                     | Principal activities | Country of incorporation | % Equity interest |      |
|----------------------------|----------------------|--------------------------|-------------------|------|
|                            |                      |                          | 2022              | 2021 |
| Cannon Fisher East Pty Ltd | Mineral exploration  | Australia                | 100               | -    |
| Cannon Collurabbie Pty Ltd | Mineral exploration  | Australia                | 100               | -    |

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## Directors' Declaration

### For the year ended 30 June 2022

In accordance with a resolution of the Directors of Cannon Resources Limited, I state that:

- (1) In the opinion of the Directors':
- (a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the year ended on that date; and
    - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
  - (c) Subject to the matters set out in Note 2, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
  - (d) This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2022.



**Alex Passmore**  
**Non-Executive Chairman**  
Perth, Western Australia  
Date: 28 September 2022

CANNON RESOURCES LIMITED  
ABN 32 646 149 902

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CANNON RESOURCES LIMITED

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Cannon Resources Limited (the "Company") and the entities it controlled (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CANNON RESOURCES LIMITED  
ABN 32 646 149 902**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CANNON RESOURCES LIMITED**

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| <b>Key Audit Matter</b>   | <b>How our audit addressed the key audit matter</b>   |
|---|---|
| <p>Carrying Value of exploration and evaluation assets<br/><i>Refer to Note 14</i></p> <p>As disclosed in Note 14 of the financial report, as at 30 June 2022, the Group held capitalised exploration and evaluation assets of \$9,000,000.</p> <p>The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount.</p> <p>The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of management judgments including but not limited to:</p> <ul style="list-style-type: none"> <li>• Whether the Group has tenure of the tenements;</li> <li>• Whether the Group has sufficient funds to meet the tenement minimum expenditure requirements;</li> <li>• Whether there is sufficient information for a decision to be made that the area of interest is not commercially viable; and</li> <li>• Whether the valuation methodology to determine the value of the tenements are appropriately selected by the Group.</li> </ul> | <p>Our procedures included, amongst others:</p> <p>Obtaining an understanding of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment indicators.</p> <p>Examining the Group's right to explore in the relevant areas of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure and whether the minimum expenditure of the tenements have been met.</p> <p>Evaluating the appropriateness of the valuation methodology selected by the Group to determine the value of the tenements.</p> <p>Considering and reviewing the Group's intention and capacity to carry out significant exploration and evaluation activity, including but not limited to the minimum expenditure requirements, in the relevant are of interest, including assessing the Group's cash-flow forecast models, discussions with management and directors as to the intentions and strategy of the Group.</p> <p>Reviewing management's evaluation and judgement as to whether the exploration activities within each relevant area of interest have reached a stage where the commercial viability of extracting the resource could be determined.</p> <p>Assessing the adequacy of the disclosures in the financial report.</p> |

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**CANNON RESOURCES LIMITED**  
**ABN 32 646 149 902**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**CANNON RESOURCES LIMITED**

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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**CANNON RESOURCES LIMITED  
ABN 32 646 149 902**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CANNON RESOURCES LIMITED**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Remuneration Report**

##### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Cannon Resources Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

CANNON RESOURCES LIMITED  
ABN 32 646 149 902

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CANNON RESOURCES LIMITED

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Pitcher Partners BA&A Pty Ltd*

PITCHER PARTNERS BA&A PTY LTD



J C PALMER  
Executive Director  
Perth, 28 September 2022

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## Schedule of Mining Tenements

as at 27 September 2022

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

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## Other Information

as at 27 September 2022

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Financial Report is set out below.

### Top 20 shareholders - Ordinary Shares

| No. | Shareholder  | Shares held       | % of issued capital |
|-----|--|-------------------|---------------------|
| 1   | Ponderosa Investments WA Pty Ltd <The Ponderosa Investment A/C>              | <b>13,257,355</b> | 15.49%              |
| 2   | Rox Resources Limited  | <b>8,553,130</b>  | 9.99%               |
| 3   | Citicorp Nominees Pty Limited  | <b>6,044,049</b>  | 7.06%               |
| 4   | HSBC Custody Nominees (Australia) Limited                                    | <b>2,639,838</b>  | 3.08%               |
| 5   | BNP Paribas Noms Pty Ltd <Global Markets DRP>                                | <b>2,603,330</b>  | 3.04%               |
| 6   | Kendali Pty Ltd  | <b>1,750,000</b>  | 2.04%               |
| 6   | Longreach 52 Pty Ltd   | <b>1,750,000</b>  | 2.04%               |
| 7   | Loktor Holdings Pty Ltd <Taybird A/C>  | <b>1,244,298</b>  | 1.45%               |
| 8   | Mr Mark John Bahen & Mrs Margaret Patricia Bahen <Superannuation Account>    | <b>1,000,000</b>  | 1.17%               |
| 9   | Mr Stephen Paul Baxter & Mrs Sarah-May Baxter                                | <b>979,462</b>    | 1.14%               |
| 10  | Ocean View WA Pty Ltd  | <b>834,252</b>    | 0.97%               |
| 11  | Mr Alex Jordan <The Jordan A/C>  | <b>801,843</b>    | 0.94%               |
| 12  | Mr Alexander Ross Passmore   | <b>757,673</b>    | 0.89%               |
| 13  | Mr Mark John Bahen & Mrs Margaret Patricia Bahen <MJ Bahen Super Fund A/C>   | <b>654,117</b>    | 0.76%               |
| 14  | BNP Paribas Noms Pty Ltd <DRP>   | <b>560,543</b>    | 0.66%               |
| 15  | Hammerhead Holdings Pty Ltd <HHH S/F A/C>                                    | <b>500,000</b>    | 0.58%               |
| 15  | Cleland Projects Pty Ltd <CT A/C>  | <b>500,000</b>    | 0.58%               |
| 15  | Mr Stephen Francis Lynn  | <b>500,000</b>    | 0.58%               |
| 15  | Troca Entreprises Pty Ltd <Coulson Super A/C>                                | <b>500,000</b>    | 0.58%               |
| 16  | Bushwood Nominees Pty Ltd  | <b>350,000</b>    | 0.41%               |
| 17  | C G Heath Pty Ltd <C Heath Staff Super Fund A/C>                             | <b>326,639</b>    | 0.38%               |
| 18  | Ayers Capital Pty Ltd  | <b>322,243</b>    | 0.38%               |
| 19  | Mr Gregory James Blight & Mr Stephen Maxwell Blight <Gregory Blight S/F A/C> | <b>319,598</b>    | 0.37%               |
| 20  | Sand in a Glass Pty Ltd  | <b>306,158</b>    | 0.36%               |
|     | <b>Total</b>   | <b>47,054,528</b> | <b>54.99%</b>       |

### Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2011 are:

| Shareholder   | Shares held | % of issued capital |
|---|-------------|---------------------|
| Ponderosa Investments WA Pty Ltd <The Ponderosa Investment A/C> | 13,257,355  | 15.49%              |
| Rox Resources Limited   | 8,553,130   | 9.99%               |
| Hawke's Point (RRL) L.P.  | 4,845,667   | 5.66%               |

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## Other Information

as at 27 September 2022

### Distribution of Shareholders Number

| Size of shareholding | Number of holders | Number of shares  | % of issued capital |
|----------------------|-------------------|-------------------|---------------------|
| 1 – 1,000            | 54                | 29,075            | 0.03                |
| 1,001 – 5,000        | 746               | 2,397,339         | 2.80                |
| 5,001 – 10,000       | 407               | 3,050,603         | 3.56                |
| 10,001 – 100,000     | 778               | 22,873,953        | 26.73               |
| 100,001 Over         | 88                | 57,226,042        | 66.87               |
| <b>Total</b>         | <b>2,073</b>      | <b>85,577,012</b> | <b>100.00</b>       |

There is a total of 85,577,012 fully paid ordinary shares on issue, all of which are listed on the ASX. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### Unmarketable Parcels

There were 133 shareholders holding 148,482 shares, which is less than a marketable parcel of shares in the Company at \$0.27 per share.

### Restricted Securities

| ASX Code | Type of Security   | No. of Holders | No. of securities |
|----------|--|----------------|-------------------|
| CNRAA    | Escrowed ordinary fully paid shares to be held in escrow until 12 August 2023, being 24 months from the date of commencement of official quotation.                      | 1              | 8,553,130         |
| CNRAB    | Options exercisable at \$0.30 on or before 30 June 2024, to be held in escrow until 12 August 2023, being 24 months from the date of commencement of official quotation. | 2              | 2,250,000         |

There are no other restricted securities.

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