

Cavalier Resources Limited

ACN 635 842 143

**Interim Financial Report for the half-year ended
31 December 2021**

Cavalier Resources Limited
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on Cavalier Resources Limited (referred to hereafter as the 'Company') for the financial half-year ended 31 December 2021 (the 'period' or 'half-year').

Directors

The following persons were directors of Cavalier Resources Limited from incorporation up to the date of this report, unless otherwise stated:

Ranko Matic
Daniel Tuffin
Anthony Keers (appointed 24 November 2021)

Company Secretary

Damon Cox (appointed 24 November 2021)
Ranko Matic (resigned 24 November 2021)

Principal activities

During the period, the Company's principal activities included mineral exploration.

Dividends

No dividends were paid or declared during the period. No dividend has been recommended.

Review of operations

The loss for the Company after providing for income tax for the period was \$16,002 (31 December 2020: \$20,339).

On 1 July 2021, the Company confirmed, as per the conditions of the Tenement Sale Agreement dated 22 July 2020, that it had made the Decision to Mine in respect of Minerals located within the Joint Venture Tenements. Therefore, the deferred consideration was not paid to Roman Kings. As the Company is now pursuing an IPO strategy, as an ASX listed entity the Company will be required to carry out additional future work around the tenements concerned to better define a JORC-Compliant Ore Reserve resulting from a Pre-Feasibility Study in order to commence mining operations.

On 27 October 2021, the Company entered into an option agreement with Matrix Exploration Pty Ltd ('Matrix'), by which the Company has acquired an option over tenement E74/662 (which comprises the 'Ella's Rock Project'). The consideration payable to Matrix comprises;

- \$15,000 cash for the grant of the option; and
- On exercise of the option:
 - Pay Matrix \$50,000 cash; and
 - Issue Matrix 875,000 shares at a deemed issue price of \$0.20 each.

On 27 October 2021, the Company entered into an option agreement with Maximal Investments Pty Ltd ('Maximal'), by which the Company has acquired an option over tenements E37/1421, E37/1422, E37/1423 and E37/1424 (which comprises the 'Gidgie Gold Project'). The consideration payable to Maximal comprises;

- \$5,000 cash for the grant of the option; and
- On exercise of the option:
 - Pay Maximal \$10,000 cash; and
 - Issue Matrix 200,000 shares at a deemed issue price of \$0.20 each.

On 14 December 2021, the Company raised \$300,000 in additional seed capital upon the issue of 3,000,000 fully paid ordinary shares at a price of \$0.10 per share.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the period.

Matters subsequent to the end of the period

The impact of the Coronavirus ('COVID-19') pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 14 January 2022, confirmation was received from ASIC that the Company has been converted to a public company and that the name of the Company is now Cavalier Resources Limited.

There have been no other matters or circumstances that have arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Ranko Matic
Director
4 February 2022
Perth

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Cavalier Resources Limited (formerly Cavalier Resources Pty Ltd) for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
4 February 2022



N G Neill
Partner

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Cavalier Resources Limited

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General information

The financial statements cover Cavalier Resources Limited. The financial statements are presented in Australian dollars, which is Cavalier Resources Limited's functional and presentation currency.

Cavalier Resources Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Level 1, 51 Colin Street
West Perth, Western Australia 6005

Its principal place of business is:

Level 2, 22 Mount Street
Perth, Western Australia 6005

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 February 2022. The directors have the power to amend and reissue the financial statements.

Cavalier Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Expenses			
Audit fees		(4,000)	-
Legal fees		(6,308)	(15,736)
Other expenses		(5,694)	(4,603)
Loss before income tax		(16,002)	(20,339)
Income tax expense		-	-
Loss after income tax expense for the period		(16,002)	(20,339)
Other comprehensive income		-	-
Total comprehensive loss for the period		(16,002)	(20,339)
Basic and diluted loss per share (cents per share) for the loss attributable to ordinary equity holders of the Company		(0.11)	(0.20)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Cavalier Resources Limited
Statement of financial position
As at 31 December 2021

	Notes	31 December 2021 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents		288,120	115,613
Prepayment		10,460	363
Trade and other receivables		3,526	4,887
Total current assets		302,106	120,863
Non-current assets			
Exploration and evaluation expenditure	3	615,814	558,679
Total non-current assets		615,814	558,679
Total assets		917,920	679,542
Liabilities			
Current liabilities			
Trade and other payables		36,846	82,466
Borrowings		1,100	1,100
Total current liabilities		37,946	83,566
Total liabilities		37,946	83,566
Net assets		879,974	595,976
Equity			
Issued capital	4	942,000	642,000
Accumulated losses		(62,026)	(46,024)
Total equity		879,974	595,976

The above statement of financial position should be read in conjunction with the accompanying notes

Cavalier Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2021

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020		20,000	(6,805)	13,195
Loss after income tax expense for the period		-	(20,339)	(20,339)
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive loss for the period		-	(20,339)	(20,339)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of costs	4	500,000	-	500,000
Balance at 31 December 2020		520,000	(27,144)	492,856
Balance at 1 July 2021		642,000	(46,024)	595,976
Loss after income tax expense for the period		-	(16,002)	(16,002)
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive loss for the period		-	(16,002)	(16,002)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of costs	4	300,000	-	300,000
Balance at 31 December 2021		942,000	(62,026)	879,974

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cavalier Resources Limited
Statement of cash flows
For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Cash flow from operating activities			
Payments to suppliers and employees		(37,307)	(3,924)
Net cash used in operating activities		(37,307)	(3,924)
Cash flow from investing activities			
Purchase of exploration and evaluation assets		-	(225,000)
Payments for exploration and evaluation expenditure		(90,186)	(155,822)
Net cash used in investing activities		(90,186)	(380,822)
Cash flow from financing activities			
Proceeds from issue of shares, net of costs		300,000	500,000
Net cash received from financing activities		300,000	500,000
Net increase in cash and cash equivalents		172,507	115,254
Cash and cash equivalents at the beginning of the period		115,613	10,000
Cash and cash equivalents at the end of the period		288,120	125,254

The above statement of cash flows should be read in conjunction with the accompanying notes

Cavalier Resources Limited
Notes to the financial statements
For the half-year ended 31 December 2021

Note 1. Basis of preparation

These financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021.

The principal accounting policies adopted are consistent with those of the previous financial report.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company has not commenced trading and incurred a loss after income tax of \$16,002 and had net cash outflows from operating activities of \$37,307 for the period ended 31 December 2021. As at that date, the Company had net current assets of \$264,160.

The directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Note 3. Exploration and evaluation expenditure

	Dec 2021 \$	June 2021 \$
Exploration and evaluation expenditure – at cost	615,814	558,679
Carrying amount at beginning of the period	558,679	-
Acquisitions during the period (a)	-	243,178
Transferred from other non-current assets (b)	-	10,000
Capitalised mineral exploration and evaluation expenditure	57,135	305,501
Carrying amount at the end of the period	615,814	558,679

a) Crawford Project

On 22 July 2020, the Company executed a tenement sale agreement with Messina Resources Limited ('Messina') to acquire Messina's 15% beneficial interest in M37/1202 and E37/893 (together 'Joint Venture Tenements') for cash consideration of \$45,000.

On 22 July 2020, the Company executed a tenement sale agreement with Roman Kings Pty Ltd ('Roman Kings') to acquire Roman Kings' 85% beneficial interest in the Joint Venture Tenements for consideration comprising of;

- o \$10,000 cash deposit;
- o \$180,000 cash consideration;
- o \$100,000 deferred consideration, if a Decision to Mine is not made before 21 July 2021,
- o Advance royalty payments of \$100,000 on 21 July 2022 and 21 July 2023, if Mining Operations have not commenced before those dates; and
- o 1.75% Net Smelter Returns Royalty.

Stamp duty on the two transactions was also capitalised, totalling \$18,178.

Upon acquisition, management assessed the likelihood of deferred consideration to be 0%, as such no value was attributed to the deferred consideration as at 31 December 2021. Subsequent to year end, on 1 July 2021, the Company confirmed, as per the conditions of the Tenement Sale Agreement dated 22 July 2020, that it had made the Decision to Mine in respect of Minerals located within the Joint Venture Tenements.

Therefore, the deferred consideration was not paid to Roman Kings. As the Company is now pursuing an IPO strategy, as an ASX listed entity the Company will be required to carry out additional future work around the tenements concerned to better define a JORC-Compliant Ore Reserve resulting from a Pre-Feasibility Study in order to commence mining operations.

- b) During the year ended 30 June 2020, the Company paid a \$10,000 non-refundable exclusivity fee to Kingwest Resources Limited. On 22 July 2020, upon execution of the tenement sale agreement with Roman Kings, the amount was transferred to exploration and evaluation expenditure.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploration or, alternatively, sale of the respective areas.

Cavalier Resources Limited
Notes to the financial statements
For the half-year ended 31 December 2021

Note 4. Issued capital

	Dec 2021 Shares	Dec 2021 \$	June 2021 Shares	June 2021 \$
Ordinary shares – fully paid	16,956,800	942,000	63,440	642,000

Movements in ordinary share capital

	No. of shares	Issue price	\$
As at 1 July 2021	63,440		642,000
1 to 220 share split completed on 20 November 2021	13,893,360		-
Shares issued 14 December 2021	3,000,000	\$0.10	300,000
As at 31 December 2021	16,956,800		942,000

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share split

On 20 November 2021, the Company completed a share split on the basis that every ordinary share be divided into 220 ordinary shares. If the share split was applied retrospectively, as at 30 June 2021, the number of shares on issue would have been 13,956,800.

Note 5. Loss per share

	Dec 2021 \$	Dec 2020 \$
a) Reconciliation of earnings to profit or loss:		
Loss used to calculate basic and diluted EPS	(16,002)	(20,339)
	Number	Number
b) Weighted average number of ordinary shares used as the denominator in calculating basic EPS (<i>post 1 for 220 share split</i>)	14,233,974	10,239,565
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the half-year used in calculating dilutive EPS	14,233,974	10,239,565
	cents	cents
c) Basic and diluted loss per share	(0.11)	(0.20)

Note 6. Contingent liabilities

As per the executed tenement sale agreement with Roman Kings (refer to Note 3), contingent liabilities exist, being advance royalty payments of \$100,000 on 21 July 2022 and 21 July 2023, if Mining Operations have not commenced before those dates.

There were no other contingent liabilities as at 31 December 2021.

Note 7. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 14 January 2022, confirmation was received from ASIC that the Company has been converted to a public company and that the name of the Company is now Cavalier Resources Limited.

No other matters or circumstances have arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the Company's state of affairs in future financial years.

Cavalier Resources Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Ranko Matic
Director
4 February 2022
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cavalier Resources Limited (formerly Cavalier Resources Pty Ltd)

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Cavalier Resources Limited ("the company") which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Company.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cavalier Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the Cavalier Resources Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
4 February 2022

Norman Neill

N G Neill
Partner