

Cavalier Resources Pty Ltd
(formerly Specrez Pty Ltd)

ACN 635 842 143

Financial Report for the year ended 30 June 2021

Cavalier Resources Pty Ltd
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on Cavalier Resources Pty Ltd (formerly Specrez Pty Ltd) (referred to hereafter as the 'Company') for the financial year ended 30 June 2021.

Directors

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

Ranko Matic
Daniel Tuffin
Anthony Keers (appointed 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 financial period. No dividend has been recommended.

Review of operations

The loss for the Company after providing for income tax was \$39,219 (2020: \$6,805).

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;

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial 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 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.

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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 entered into an option agreement with Aurum Fabri Pty Ltd ('Aurum Fabri'), by which the Company has acquired an option over tenement P24/5200 (which comprises the 'Pleasant Surprise Project'). The consideration payable to Aurum Fabri comprises;

- \$1,000 cash for the grant of the option; and
- \$10,000 cash on exercise of the option.

On 20 November 2021, the Company completed a share split on the basis that every ordinary share be divided into 220 ordinary shares. Share numbers shown in this financial report reflect their pre-share split numbers.

On 22 November 2021, the Company changed its name to Cavalier Resources Pty Ltd.

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.

There have been no other matters or circumstances that have arisen since 30 June 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name: Ranko Matic
Title: **Director**
Qualifications, experience and expertise: *B.Bus, CA*

Mr. Ranko Matic is a Chartered Accountant with over 30 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Ranko is a director of a chartered accounting firm and a corporate advisory company based in Perth, and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Through these positions, Ranko has been

involved in an advisory capacity to over 40 initial public offerings and other re-capitalisations and re-listings of ASX companies in the last 20 years. Ranko is currently a non-executive director of ASX listed companies Australian Gold & Copper Ltd and East Energy Resources Ltd. Mr Matic has also acted as Chief Financial Officer and Company Secretary for companies in the private and public listed sector and continues to hold various roles in this capacity with publicly listed companies.

Name:
Title:
Qualifications, experience
and expertise:

Daniel Tuffin
Director
BEng, BSc, DipPM, FAusIMM(CP), MAICD

Mr. Daniel Tuffin is the founder and MD of successful mine consulting firm Auralia Mining Consulting and is a hands-on mining engineer with over 20 years' experience. His career began in iron ore and gold projects in WA and later extended internationally. He's established many successful companies and mining projects, including co-founding private Kalgoorlie gold mining venture Rose Dam Resources, discovering and then privately co-developing the RDSW open pit, which to date has produced over 30koz of gold. As the co-founder of Roman Kings, he developed the WA Crawford and Gambier Lass North Projects, later vending them into the Kingwest IPO (ASX:KWR) for \$3.6m in scrip. He's also developed assets in the NT within his Montejinni Resources company prior to their vend into Tempest Minerals (ASX:TMR) for their IPO in 2017. He is currently the Managing Director of Panther Metals Limited (ASX:PNT) and Technical Director of Leonora gold float Mount Malcolm Mines NL (ASX:M2M).

Name:
Title:
Qualifications, experience
and expertise:

Anthony Keers
Non-Executive Director (appointed 24 November 2021)
BEng, DipPM, AusIMM(CP)

Mr. Anthony Keers holds a degree in Mining Engineering (Hons) from the University of Queensland, a Diploma in Project Management and is an AusIMM accredited Chartered Professional. Prior experience includes working as an underground engineer for Sons of Gwalia, a consultant mining engineer for AMC and LQS, and a business analyst for Gemcom. As a Director of Auralia Mining Consulting over the past 13 years, his expertise has varied both in commodity types and locations around the world, spanning all aspects of mine planning, scheduling and operations. This has formed a solid base of knowledge to draw from, carrying out Feasibility Studies and Reserve Estimation work for both ASX and TSX listed entities.

Company secretary

Damon Cox (appointed 24 November 2021)
Ranko Matic (since incorporation on 28 August 2019 to 24 November 2021)

Meetings of directors

There were no directors' meetings held during the financial period. The Company does not have a formally constituted audit committee or remuneration committee as the board considers that the Company's size and type of operation do not warrant such committees.

Shares under option

There were no shares of Cavalier Resources Pty Ltd under option at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Cavalier Resources Pty Ltd that were issued during the financial period and up to the date of this report on the exercise of options granted.

Indemnity and insurance of officers

During the financial year, the Company maintained an insurance policy which indemnifies the Directors and Officers of Cavalier Resources Pty Ltd in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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.

Auditor

HLB Mann Judd (WA Partnership) were appointed on 9 December 2021, and remains in office, as per section 327A of the *Corporations Act 2001*.

Non-audit services

No amounts were paid or payable to the auditor for non-audit services provided during the year ended 30 June 2021.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Ranko Matic
Director
22 December 2021
Perth

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Cavalier Resources Pty Ltd for the year ended 30 June 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
22 December 2021



N G Neill
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Cavalier Resources Pty Ltd

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General information

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

Cavalier Resources Pty Ltd 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 22 December 2021. The directors have the power to amend and reissue the financial statements.

Cavalier Resources Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Expenses			
Audit fees		(4,000)	(4,000)
Other expenses		(35,219)	(2,805)
Loss before income tax		(39,219)	(6,805)
Income tax expense	2	-	-
Loss after income tax expense for the year		(39,219)	(6,805)
Other comprehensive income		-	-
Total comprehensive loss for the year		(39,219)	(6,805)
Basic and diluted loss per share (dollars per share) for loss attributable to ordinary equity holders of the Company	15	(0.00)	(0.01)

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

Cavalier Resources Pty Ltd
Statement of financial position
As at 30 June 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents		115,613	10,000
Prepayment		363	-
Trade and other receivables		4,887	-
Total current assets		120,863	10,000
Non-current assets			
Exploration and evaluation expenditure	3	558,679	-
Other non-current assets		-	10,000
Total non-current assets		558,679	10,000
Total assets		679,542	20,000
Liabilities			
Current liabilities			
Trade and other payables	4	82,466	5,705
Borrowings	5	1,100	1,100
Total current liabilities		83,566	6,805
Total liabilities		83,566	6,805
Net assets		595,976	13,195
Equity			
Issued capital	6	642,000	20,000
Accumulated losses		(46,024)	(6,805)
Total equity		595,976	13,195

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

Cavalier Resources Pty Ltd
Statement of changes in equity
For the year ended 30 June 2021

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 28 August 2019		-	-	-
Loss after income tax expense for the period		-	(6,805)	(6,805)
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive loss for the period		-	(6,805)	(6,805)
Transactions with owners in their capacity as owners:				
Contributions of equity	6	20,000	-	20,000
Balance at 30 June 2020		20,000	(6,805)	13,195
Balance at 1 July 2020		20,000	(6,805)	13,195
Loss after income tax expense for the year		-	(39,219)	(39,219)
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive loss for the year		-	(39,219)	(39,219)
Transactions with owners in their capacity as owners:				
Contributions of equity	6	622,000	-	622,000
Balance at 30 June 2021		642,000	(46,024)	(595,976)

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

Cavalier Resources Pty Ltd
Statement of cash flows
For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flow from operating activities			
Payments to suppliers and employees		(902)	-
Net cash used in operating activities	14	<u>(902)</u>	<u>-</u>
Cash flow from investing activities			
Purchase of exploration and evaluation assets		(243,178)	-
Payments for exploration and evaluation expenditure		(272,307)	-
Net cash used in investing activities		<u>(515,485)</u>	<u>-</u>
Cash flow from financing activities			
Proceeds from issue of shares		622,000	10,000
Net cash received from financing activities		<u>622,000</u>	<u>10,000</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		10,000	-
Cash and cash equivalents at the end of the year		<u>115,613</u>	<u>10,000</u>

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

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Reporting entity

The financial report comprises the financial statements of Cavalier Resources Pty Ltd (the 'Company') for the year ended 30 June 2021.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

In the opinion of the directors, there have been no other significant estimates or judgements used in the preparation of this financial report.

Comparative figures

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures. The current period relates to the 12 months ended 30 June 2021, with the prior comparative period being the period 28 August 2019 (incorporation) to 30 June 2020.

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.

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowances for expected credit losses. Trade and other receivables are generally due for settlement within 120 days.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is the date that the Company 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, payable or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Financial instruments (continued)

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 Company 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 Company and the holder, the Company accounts for the instrument as a financial liability.

All financial liabilities are initially recognised at fair value. The Company's financial liabilities include trade and other payables and borrowings.

Financial assets

Financial assets are initially recognised at fair value.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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 \$39,219 and had net cash outflows from operating activities of \$902 for the year ended 30 June 2021. As at that date, the Company had net current assets of \$37,297.

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 after consideration of the following factors:

- The Company obtained \$300,000 additional working capital through the issue of equity during December 2021;
- the Company is pursuing an initial public offering to the Official List of the Australian Securities Exchange ('ASX') to raise funding to continue commercialisation of the business;
- in accordance with the *Corporations Act 2001*, the Company has plans to raise further working capital through the issue of equity during the financial year end 30 June 2022; and
- the Company continues to keep costs at a minimum in order to conserve cash reserves.

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Note 2. Income tax expense

	2021	2020
	\$	\$
Loss before income tax expense	(39,219)	(6,805)
Tax at the Australian tax rate of 26% (2020: 27.5%)	(10,197)	(1,871)
Amounts not deductible/(taxable) in calculating taxable income	6,600	771
Tax effect of exploration expenditure	(79,430)	-
Tax effect of temporary differences	3,790	1,415
Tax effect of deferred tax asset not brought to account	79,237	(315)
Income tax expense	-	-
Potential tax benefit relating to unused tax losses for which no deferred tax asset has been recognised	303,613	(1,144)

Note 3. Exploration and evaluation expenditure

	2021	2020
	\$	\$
Exploration and evaluation expenditure – at cost	558,679	-
Carrying amount at beginning of the year	-	-
Acquisitions during the year (a)	243,178	-
Transferred from other non-current assets (b)	10,000	-
Capitalised mineral exploration and evaluation expenditure	305,501	-
Carrying amount at the end of the year	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 30 June 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.

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Note 3. Exploration and evaluation expenditure (continued)

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 prior period, 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.

Note 4. Trade and other payables

	2021 \$	2020 \$
Trade payables	57,107	-
Accrued expenses	25,359	5,705
	<u>82,466</u>	<u>5,705</u>

Note 5. Borrowings

	2021 \$	2020 \$
Loan – Aurum Fabri Pty Ltd	1,100	1,100
	<u>1,100</u>	<u>1,100</u>

As at 30 June 2021, the Company had an outstanding loan balance with Aurum Fabri Pty Ltd of \$1,100 (2020: \$1,100). The amount is unsecured, non-interest bearing and is repayable on demand.

Note 6. Issued capital

	2021 Shares	2021 \$	2020 Shares	2020 \$
Ordinary shares – fully paid	63,440	642,000	11,000	20,000

Movements in ordinary share capital

	No. of shares	Issue price	\$
At the 28 August 2019 (date of incorporation)	-	-	-
Shares issued 29 April 2020	10,000	\$1.00	10,000
Shares issued 1 May 2020	1,000	\$10.00	10,000
As at 30 June 2020	<u>11,000</u>		<u>20,000</u>
As at 1 July 2020	11,000		20,000
Shares issued 23 July 2020	30,000	\$10.00	300,000
Shares issued 9 October 2020	20,000	\$10.00	200,000
Shares issued 30 June 2021	2,440	\$50.00	122,000
As at 30 June 2021	<u>63,440</u>		<u>642,000</u>

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Note 6. Issued capital (continued)

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.

Subsequent event – 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 (2020: 2,420,000).

Note 7. Financial instruments

The Company's principal financial instruments comprise cash and short-term deposits. The Company has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Company's activities expose it to a variety of financial risks, including, credit risk, liquidity risk, foreign exchange risk and cash flow interest rate risk. The Company is not exposed to price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

(a) Market risk

(i) Interest rate risk

The Company is not materially exposed to interest rate risk.

(b) Credit risk

The Company does not have significant concentrations of credit risk. Credit risk is managed by the Board of Directors and arises from cash and cash equivalents as well as credit exposure including outstanding receivables.

All cash balances are held in Australia.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in the market interest rates relate primarily to cash assets.

The Directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Note 7. Financial instruments (continued)

The financial liabilities the Company had a reporting date were other payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise of trade and other payables. As at 30 June 2021, all financial liabilities are contractually maturing within 60 days.

(d) Foreign exchange risk

The Company is not exposed to any foreign exchange risk.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the reporting date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Note 8. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Company for the year was nil (2020: nil).

Note 9. Contingent assets

There were no contingent assets as at 30 June 2021 (2020: nil).

Note 10. 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 30 June 2021 (2020: nil).

Note 11. Commitments

There were no capital or lease commitments as at 30 June 2021 (2020: nil).

Note 12. Related party transactions

As at 30 June 2021, the Company had an outstanding loan balance of \$1,100 to Aurum Fabri Pty Ltd, a related party to Daniel Tuffin (2020: \$1,100). The amount related to initial set up costs of the Company.

There were no other transactions with related parties of the Company during the year.

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Note 13. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by HLB Mann Judd (WA Partnership), the auditor of the Company:

	2021	2020
	\$	\$
<i>Audit services – HLB Mann Judd (WA Partnership)</i>		
Audit or review of the financial statements	4,000	4,000

There were no fees paid or payable for the period ended 30 June 2021 for:

- non-audit services provided by the auditor of the Company;
- audit or non-audit services provided by any network firms of the Company's auditor; or
- audit services provided by any unrelated firms.

Note 14. Reconciliation of loss after income tax to net cash from operating activities

	2021	2020
	\$	\$
Loss after income tax expense for the period	(39,219)	(6,805)
Increase in trade and other payables	39,186	5,705
Increase in borrowings	-	1,100
(Increase) in prepayments	(364)	-
(Increase) in trade and other receivables	(505)	-
Net cash from operating activities	<u>(902)</u>	<u>-</u>

Non-cash investing and financing activities

During the prior period, the payment of a \$10,000 exclusivity fee, capitalised within other non-current assets was paid for directly by a shareholder, in lieu of share funds to the Company.

Note 15. Loss per share

	2021	2020
	\$	\$
a) Reconciliation of earnings to profit or loss:		
Loss used to calculate basic and diluted EPS	<u>(39,219)</u>	<u>(6,805)</u>
	Number	Number
b) Weighted average number of ordinary shares used as the denominator in calculating basic EPS (<i>post subsequent to year-end 1 for 220 share split</i>)	9,409,184	511,071
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>9,409,184</u>	<u>511,071</u>
	\$	\$
c) Basic and diluted loss per share	(0.00)	(0.01)

Cavalier Resources Pty Ltd
Notes to the financial statements
For the year ended 30 June 2021

Note 16. 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 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 entered into an option agreement with Aurum Fabri Pty Ltd ('Aurum Fabri'), by which the Company has acquired an option over tenement P24/5200 (which comprises the 'Pleasant Surprise Project'). The consideration payable to Aurum Fabri comprises;

- \$1,000 cash for the grant of the option; and
- \$10,000 cash on exercise of the option.

On 20 November 2021, the Company completed a share split on the basis that every ordinary share be divided into 220 ordinary shares. Share numbers shown in this financial report reflect their pre-share split numbers.

On 22 November 2021, the Company changed its name to Cavalier Resources Pty Ltd.

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.

No other matters or circumstances have arisen since 30 June 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 Pty Ltd
Directors' declaration
30 June 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial period 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 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Ranko Matic
Director
22 December 2021
Perth

INDEPENDENT AUDITOR'S REPORT

To the members of Cavalier Resources Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cavalier Resources Pty Ltd ("the Company") which comprises the statement of financial position as at 30 June 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 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 Company's financial position as at 30 June 2021 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 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* ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's financial report for the year ended 30 June 2021, 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.

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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 Company 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 Company or to cease operations, or have 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 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 Company's internal control.
- 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 Company'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 Company 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.

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, related safeguards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
22 December 2021



N G Neill
Partner