

ABN: 16 635 842 143

Registered Office:

Level 2, 22 Mount Street,
Perth 6000

PO Box 7054,
Cloisters Square, Perth 6000

T: +61 8 6188 8181

E: info@cavalierresources.com.au

STATEMENT OF CONFIRMATIONS

Cavalier Resources Ltd (ACN 635 842 143) (**Company**) provides the following confirmations to satisfy conditions for the admission of the Company's securities to quotation on ASX.

Capitalised terms in this announcement have the same meaning given under the prospectus dated 4 April 2022 (**Prospectus**) unless the context otherwise requires.

Completion of Offer

The Company confirms that all conditions precedent to its initial public offer (**Offer**) under the Company's Prospectus have been satisfied. The Company has issued 25,000,000 Shares under the Offer to raise \$5,000,000 (the Minimum Subscription).

Completion of Issues

In addition to the Shares issued pursuant to the Offer, the Company confirms that it has also issued:

- (a) 4,000,000 Lead Manager Options; and
- (b) 4,000,000 Performance Rights.

Completion of Matrix Exploration Option Agreement

The Company confirms that the conditions precedent to the agreement between the Company and Matrix Exploration Pty Ltd have been satisfied and completion of the agreement, including the issue of 875,000 Shares.

Completion of Maximal Investments Option Agreement

The Company confirms that the conditions precedent to the agreement between the Company and Maximal Investments Pty Ltd have been satisfied and completion of the agreement, including the issue of 200,000 Shares.

Tenements and Exploration Activities

The Company confirms that, on completion of raising the Minimum Subscription under the Offer there are no legal, regulatory, statutory or contractual impediments to the Company entering its currently granted tenements and carrying out exploration activities, such that the Company will be able to spend its cash in accordance with its commitments.

Lead Manager Fees

The Company confirms that the fees to be paid Kerr Allan Financial Pty Ltd are:

- (a) a management fee of 2.0% of the total funds raised under the Offer (excluding any amount raised by Sanlam Private Wealth Pty Ltd); and
- (b) a placement fee of 4.0% of the total funds raised under the Offer (excluding any amount raised by Sanlam Private Wealth Pty Ltd); and
- (c) 4,000,000 Lead Manager Options.

Updated Statement of Commitments (based on the granted tenements and the Minimum Subscription being raised)

Funds available	Minimum Subscription (\$5,000,000)	Percentage of Funds
Existing cash reserves ¹	\$150,000	2.91%
Funds raised from the Offer	\$5,000,000	97.09%
Total	\$5,150,000	100%
Allocation of funds		
Exploration Expenditure WA ²	\$3,300,000	64.08%
Expenses of the Offer ³	\$552,000	10.72%
Administration costs ⁴	\$750,000	14.56%
Working capital ⁵	\$548,000	10.64%
Total	\$5,150,000	100%

Notes:

1. Refer to the Financial Information set out in Section 6 of the Prospectus for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer. Since 31 December 2021, the Company has expended approximately \$59,000 in progressing and preparing the Prospectus. A further approximate amount of \$79,000 has been expended on exploration and administration costs to date.
2. Refer to Section 5.3 of the Prospectus and the Independent Geologist's Report in Annexure A of the Prospectus for further details with respect to the Company's proposed exploration programmes at the Projects.
3. Refer to Section 10.9 of the Prospectus for further details.
4. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.
5. To the extent that:
 - a. the Company's exploration activities warrant further exploration activities; or
 - b. the Company is presented with additional acquisition opportunities,
6. the Company's working capital will fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the initial 2-year period following the Company's quotation on ASX.

Restricted Securities

The following securities are subject to ASX imposed escrow:

Class	Number	Restriction Period
Shares	11,552,750	24 months from the date of quotation
Options	4,000,000	24 months from the date of quotation
Performance Rights	4,000,000	24 months from the date of quotation
Shares	1,090,000	12 months from the date of issue

Capital Structure

Shares

Security	Number
Shares on issue at the date of the Prospectus	16,956,800
Shares issued pursuant to the Offer	25,000,000
Shares issued to Matrix Exploration Pty Ltd	875,000
Shares issued to Maximal Investments Pty Ltd	200,000
Total Shares on issue	43,031,800

Options

Security	Number
Options currently on issue	Nil
Options issued to the Joint Lead Managers	4,000,000
Total Options on issue	4,000,000

Performance Rights¹

Security	Number
Performance Rights currently on issue	Nil
Performance Rights issued to the Directors	4,000,000
Total Performance Rights on issue	4,000,000

Notes:

1. Refer to Section 10.4 of the Prospectus for the full terms of these Performance Rights.

The Performance Rights are being issued to the Directors as part of their respective remuneration packages, in order to link part of the remuneration payable to the Directors to specific performance milestones set out in Section 10.4(a) of the Prospectus. The Performance Rights are being issued to incentivise the Recipients and are not ordinary course of business remuneration securities.

A summary of the agreements between the Company and the Directors are set out at Section 9.3 of the Prospectus.

Each of the Recipients will play a key role in executing the Company's business model (as set out in Sections 5.3 to 5.5 of the Prospectus), which is directly aligned with the performance milestones for the Performance Rights as follows:

- (a) as Directors, Mr Tuffin, Mr Matic and Mr Keers will be responsible for, among other things, directing the operations of the Company and providing recommendations of a strategic nature to board members.
- (b) as the Company's Executive Chairman, Mr Matic will also be responsible for, among other things, the management of the organisation and operations of the Company.
- (c) Details of the existing total remuneration packages of each of the Recipients are disclosed at Section 8.2 of the Prospectus.
- (d) On completion of the Offer, the Director's (and their associates) hold the following securities in the Company:

Board Member	Shareholder Details	Shares	Consideration	Performance Rights
Ranko Matic ¹	Consilium Corporate Pty Ltd	572,000	\$21,000	1,750,000
	Cataalna Pty Ltd ATF <Matic Super Fund>	2,500,000	\$500,000	Nil
	Matic Mining Pty Ltd	1,620,800	\$124,000	Nil
Daniel Tuffin ²	Tuffaco Pty Ltd	2,247,800	\$143,000	1,750,000
	Auralia Holdings No 2 Pty Ltd ATF <AH No 2 Unit Trust A/C>	478,800	\$28,000	Nil
Anthony Keers ³	Anthony Keers	250,000	\$25,000	500,000
	Stanna Keers	25,000	\$5,000	Nil
	Auralia Holdings No 2 Pty Ltd ATF <AH No 2 Unit Trust A/C>	478,800	\$28,000	Nil

Notes:

- Mr Matic's shares are held by Consilium Corporate Advisory Pty Ltd (an entity which Mr Matic is a director and shareholder of), Cataalna Pty Ltd ATF Matic Super Fund (an entity which Mr Matic is a director, beneficiary and shareholder of) and Matic Mining Pty Ltd (an entity which Mr Matic is a director and shareholder of).

2. Mr Tuffin's shares are held by Tuffaco Pty Ltd (an entity which Mr Tuffin is a director and shareholder of) and Auralia Holdings No 2 Pty Ltd <AH No 2 Unit Trust A/C> (an entity which Mr Tuffin is a director, shareholder and beneficiary of).
 3. 250,000 of these Shares are held individually and 25,000 are held by Ms Stanna Keers (the wife of Mr Keers). Mr Keers also has an interest in 728,800 Shares held in Auralia Holdings No 2 Pty Ltd <AH No 2 Unit Trust A/C> as Mr Keers is also a director, shareholder and beneficiary of Auralia Holdings.
- (j) The Performance Rights have been issued as part of the Directors' remuneration packages.
- (k) The Company considers it necessary and appropriate to further remunerate and incentivise the Directors to achieve the applicable performance milestones for the following reasons:
- (i) the issue of Performance Rights to the Recipients will further align the interests of the Directors with those of Shareholders;
 - (ii) the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - (iii) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors; and
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed.
- (l) The number of Performance Rights to be issued to each of the Directors (or their nominees) was determined by the Board following arm's length negotiations with each of the Recipients, and having regard to:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Directors; and
 - (iii) incentives to attract and retain the service of the Directors, who have the desired knowledge and expertise, while maintaining the Company's cash reserves.
- (m) The Board considers the number of Performance Rights to be appropriate and equitable for the following reasons:
- (i) the Performance Rights are consistent with ASX's policy regarding the base requirements for performance securities, which are detailed in section 9 of ASX Guidance Note 19;
 - (ii) the number of Shares into which the Performance Rights will convert if the milestones are achieved is fixed (one for one) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the milestones are achieved;
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- (iii) there is an appropriate link between the milestones and the purposes for which the Performance Rights are being issued and the conversion milestones are clearly articulated by reference to objective criteria;
- (iv) there is an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the milestones, which have been constructed so that satisfaction of the milestones will be consistent with increases in the value of Company's business;
- (v) the Performance Rights which are proposed to be issued represent a small proportion of the Company's issued capital upon listing (less than 10% of issued Share capital); and
- (vi) the Performance Rights have an expiry date by which the milestones are to be achieved and, if the milestones are not achieved by that date, the Performance Rights will lapse.
- (n) If the applicable milestones are met, the Performance Rights will convert into 4,000,000 Shares. This will have the following impact on the Company's capital structure:

	Offer (\$5,000,000)
Shares on issue on completion of the Offer	43,031,800
Performance Rights on issue	4,000,000
Shares on issue Post-Listing (post-conversion)	47,031,800

- (o) The full terms of the Performance Rights are disclosed at Section 10.4 of the Prospectus.

Pro-Forma Balance Sheet

The Company wishes to provide the following updated pro-forma balance sheet at Annexure 1 of this announcement based on the completion of raising the Minimum Subscription under the Offer.

Waiver Decision – ASX Listing Rule 1.1 Condition 12

The Company obtained a waiver from listing rule 1.1 condition 12 to the extent necessary to permit the Company to have on issue 4,000,000 Performance Rights with a nil exercise price.

ASX Listing Rule 6.1 Confirmations

ASX has confirmed that the 4,000,000 Performance Rights are appropriate and equitable for the purposes of ASX Listing Rule 6.1, on the following conditions:

- (a) the party or parties to whom the Performance Rights are to be issued and the number of Performance Rights to be issued to them or each of them.
 - (b) in respect of those Performance Rights proposed to be issued to the directors:
 - (i) details of the role (if any) the directors will play in meeting the respective performance milestones;
 - (ii) details of the existing total remuneration package of the directors;
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- (iii) if the directors or any of their associates hold securities in the entity, details of those securities and the consideration they paid or provided for those securities;
 - (iv) an explanation why it is considered necessary or appropriate to further remunerate or incentivise the directors to achieve the applicable performance milestone; and
 - (v) details of how the Company determined the number of Performance Rights to be issued to the directors and why it considers that number to be appropriate and equitable.
 - (c) The number of ordinary shares that the Performance Rights will convert into if the applicable performance milestone is met and the impact that will have on the entity's capital structure.
 - (d) The full terms of the Performance Rights including:
 - (i) the Performance Rights are not quoted;
 - (ii) the Performance Rights are not transferrable;
 - (iii) the Performance Rights do not confer any right to vote, except as otherwise required by law;
 - (iv) the Performance Rights do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues;
 - (v) the Performance Rights do not carry an entitlement to a dividend;
 - (vi) the Performance Rights do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise;
 - (vii) the Performance Rights do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company;
 - (viii) each of the Performance Rights are converted into one fully paid ordinary share on achievement of the milestone; and
 - (ix) if the relevant class of Performance Rights is not converted into a share by the relevant expiry date then all the Performance Rights of that class lapse.
 - (e) The Company makes an announcement immediately upon the satisfaction of the milestone, the conversion of any of the Performance Rights and the expiry of any of the Performance Rights.
 - (f) The terms and conditions of the Performance Rights, including without limitation the milestone that has to be satisfied before each Performance Rights converted into an ordinary share, are not to be changed without the prior approval of ASX and the Company's shareholders.
 - (g) Upon conversion of the Performance Rights into ordinary shares, the Company will apply to the ASX for quotation of the shares within the requisite time period.
 - (h) The Company discloses the following in each annual report, annual audited financial accounts, half-yearly report issued by the Company in respect of any
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period during which any of the Performance Rights remain on issue or were converted or cancelled:

- (i) the number of Performance Rights on issue during the relevant period;
- (ii) a summary of the terms and conditions of the Performance Rights, including without limitation the number of ordinary shares into which they are convertible and the relevant milestones;
- (iii) whether any of the Performance Rights were converted or cancelled during that period; and
- (iv) whether the milestone was met during the period.

For further information, please contact:

Damon Cox
Company Secretary

+61 8 6188 8181

info@cavalierresources.com.au

Annexure 1 – Pro-Forma Balance Sheet

	Reviewed as at	Pro Forma Adjustments	Pro Forma 31 December 2021
	31 December 2021	Minimum	Minimum
	\$	\$	\$
<u>Current Assets</u>			
Cash & Cash Equivalents	288,120	4,388,000	4,676,120
Prepayments	10,460	-	10,460
GST Receivable	3,526	-	3,526
Total Current Assets	302,106	4,388,000	4,690,106
<u>Non-Current Assets</u>			
Exploration & Evaluation Expenditure	615,814	275,000	890,814
Total Non-Current Assets	615,814	275,000	890,814
Total Assets	917,920	4,663,000	5,580,920
<u>Current Liabilities</u>			
Trade & Other Payables	36,846	-	36,846
Borrowings	1,100	-	1,100
Total Current Liabilities	37,946	-	37,946
Total Liabilities	37,946	-	37,946
Net Assets	879,974	4,663,000	5,542,974
<u>Equity</u>			
Issued Capital	942,000	4,265,400	5,207,400
Reserves	-	397,600	397,600
Accumulated Losses	(62,026)	-	(62,026)
Total Equity	879,974	4,663,000	5,542,974