



ACN: 635 842 143

ASX: CVR

Annual Report for the Year Ended
30 June 2022

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Corporate Directory

Directors

Ranko Matic	Executive Chairman
Daniel Tuffin	Executive Technical Director
Anthony Keers	Non-executive Director

Company Secretary

Damon Cox

Registered Office

Level 2, 22 Mount Street
Perth WA 6000
Telephone: +61 8 6188 8181

Solicitors Reporting on Title

Mining Access Legal
Unit 28, 168 Guildford Road
Maylands WA 6051

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Share Registry

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

Stock Listing Exchange

Australian Securities Exchange (ASX)
Code: CVR

Cavalier Resources Ltd
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on Cavalier Resources Ltd (referred to hereafter as the 'Company' or 'Cavalier') for the financial year ended 30 June 2022.

Directors

The following persons were directors of Cavalier Resources Ltd during the financial year up to the date of this report, unless otherwise stated:

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

Principal activities

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

Dividends

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

Review of operations

The loss for the Company after providing for income tax was \$294,134 (2021: \$39,219).

Highlights

- Cavalier commenced trading on the Australian Securities Exchange ('ASX') on 17 June 2022, following the completion of its \$5m Initial Public Offer ('IPO') containing three projects within proven gold and nickel regions in Western Australia, from a 101,000oz gold resource at the Crawford Gold Project in Leonora to untested walk-up targets at the Ella's Rock Nickel-Gold Project in Forrestania and the Hidden Jewel Gold Project north of Kalgoorlie
- Completed infill and extensional drilling on the existing Crawford Gold resource with 70 holes for a total amount of 4,181 metres drilled
- Completed a further northern exploration program of 21 holes for a total amount of 1,637 metres

Drilling at the Crawford Gold Project

The Company completed an extensive infill and extensional exploration drilling program consisting of 4,181 metres of reverse circulation (RC) drilling over the current 101,000oz gold Mineral Resource Estimate (MRE) at Crawford. Drilling activities began within just seven days of the Company listing on 17 June 2022.

Historical drilling at Crawford has returned high-grade results inside thick mineralised zones of near surface oxide material. The initial phase of this completed campaign looked to provide further confidence in the current MRE. It was paired with extensional drilling along strike and depth of the MRE to explore any potential to increase the size of the current 101,000oz gold resource.

In addition, 1,637 metres of exploration RC drilling was carried out investigating potential new targets on the northern end of the lease.



Figure 1: Reverse Circulation Rig Testing New Targets on the North of the Crawford Lease

Crawford is primarily an oxide hosted supergene style mineralised system which had been privately advanced towards a mining operation. This maiden RC campaign carried out by the Company initially drilled to test the current MRE (outlined in red in Figure 3). Once complete, the rig moved to extensional drilling along strike and depth to explore any potential to increase the size of the 101,000oz gold resource (see Table 1). Finally, the rig progressed to testing several northern exploration targets on the Crawford lease.

Sections of the previous drilling inside the MRE zone were completed on 10m spaced sections with 140 RC holes for 13,528m drilled and focussed on infilling the oxide zone with little drilling extending into material deeper than 70m. Thick zones of mineralisation close to the surface are open along strike and at depth; historical drilling results include:

- GC_20: 11m @ 2.17g/t Au from 16m;
- GC_14: 10m @ 3.38g/t Au (inc. 2m @ 12.4g/t Au) from 17m;
- GC_18: 18m @ 2.77g/t Au (inc. 3m @ 6.96g/t Au) from 27m;
- GC_39: 19m @ 1.64g/t Au (inc. 4m @ 3.23g/t Au) from 30m;
- GC_21: 15m @ 2.49g/t Au (inc. 3m @ 7.87g/t Au) from 35m;
- RKCRC007: 5m @ 6.60g/t Au from 38m;
- GC_46: 22m @ 2.98g/t Au (inc. 6m @ 5.39g/t Au) from 38m;
- RKCRC002: 12m @ 3.39g/t Au from 49m; and
- RKCRC15m @ 1.44g/t Au from 55m.

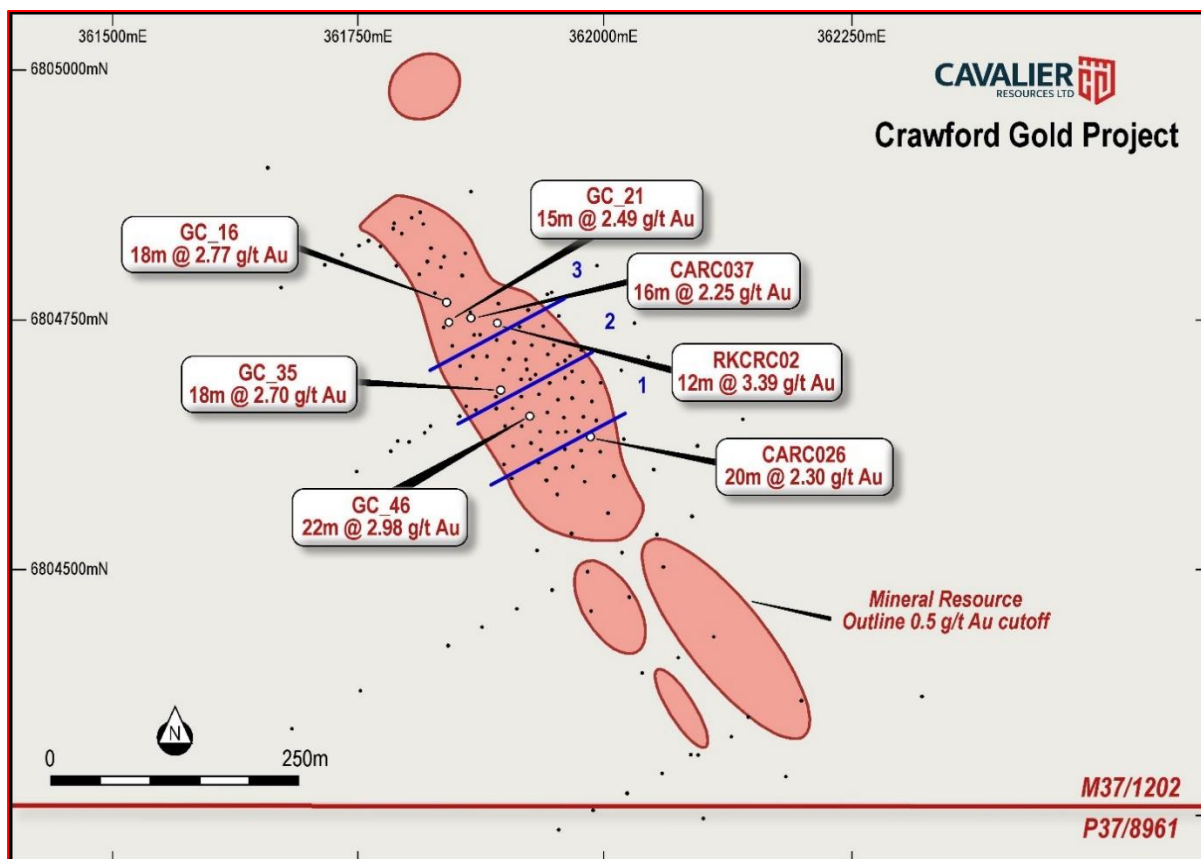


Figure 2: Historical Drilling of the Crawford Gold Project with the Current MRE Outlined in Red (at a 0.5g/t gold cut-off) and Numbered Cross Sections for Figures 4 to 6

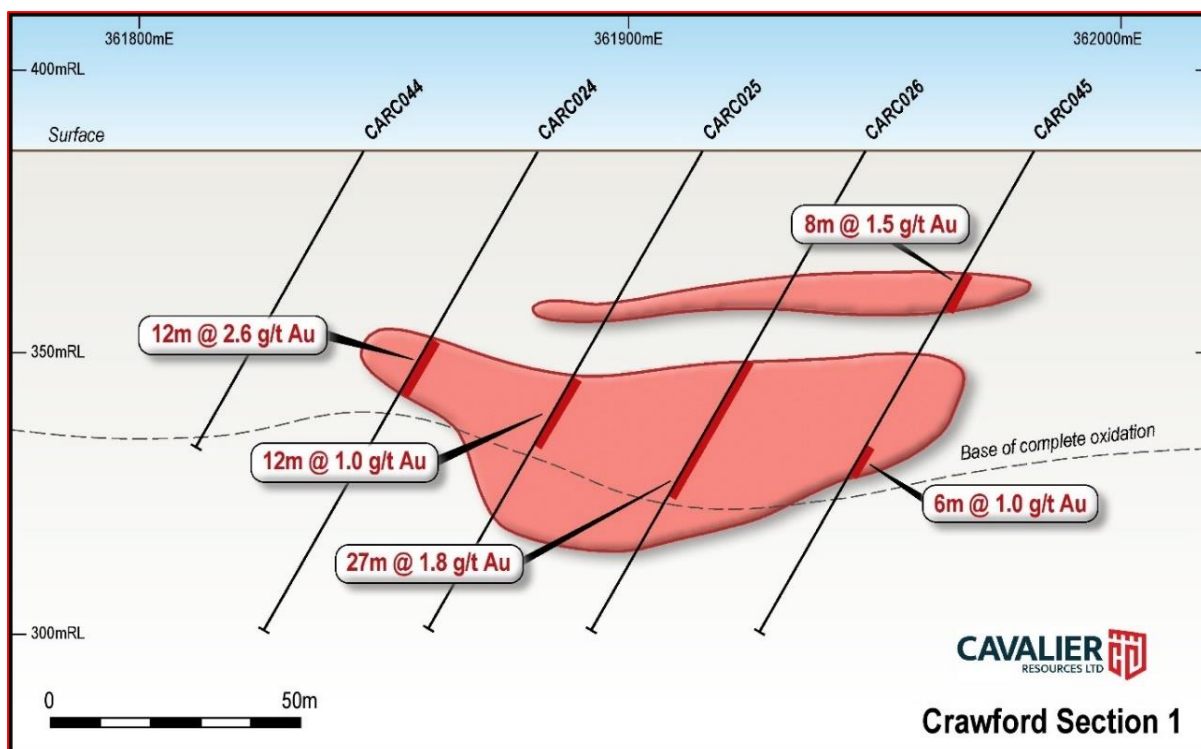


Figure 3: Crawford MRE (Outlined in Red) Cross Section 1 with Historical Intercepts

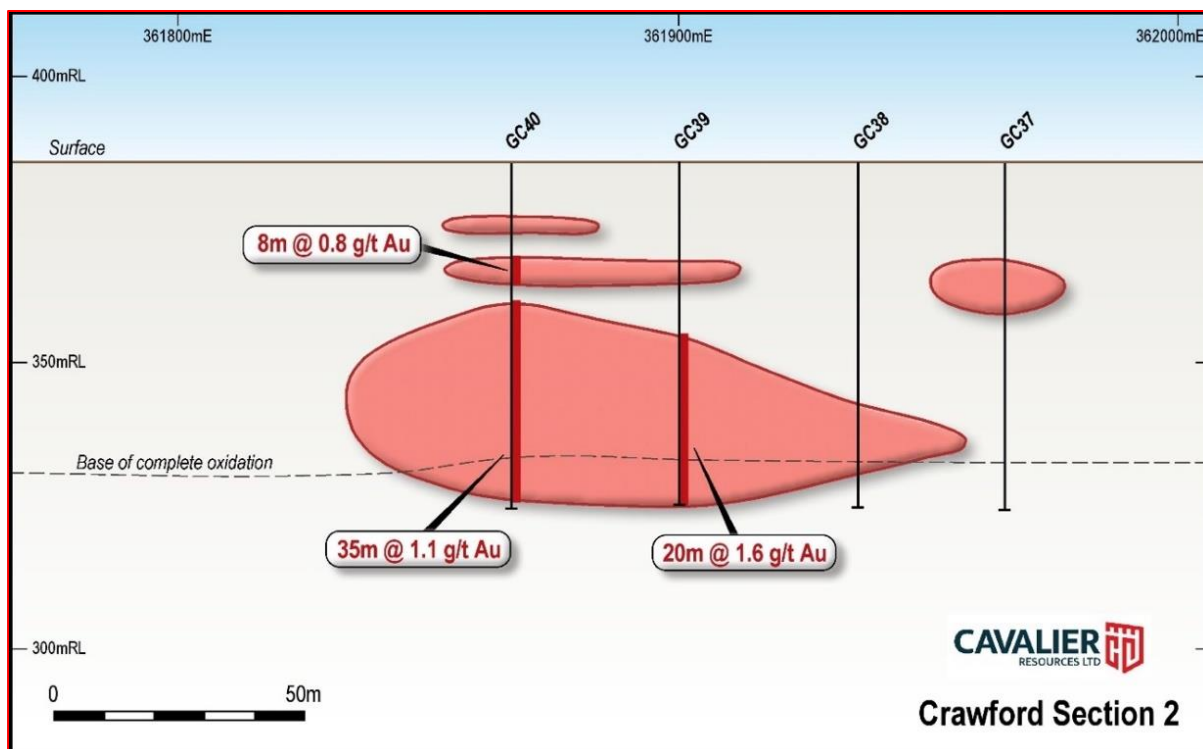


Figure 4: Crawford MRE (Outlined in Red) Cross Section 2 with Historical Intercepts

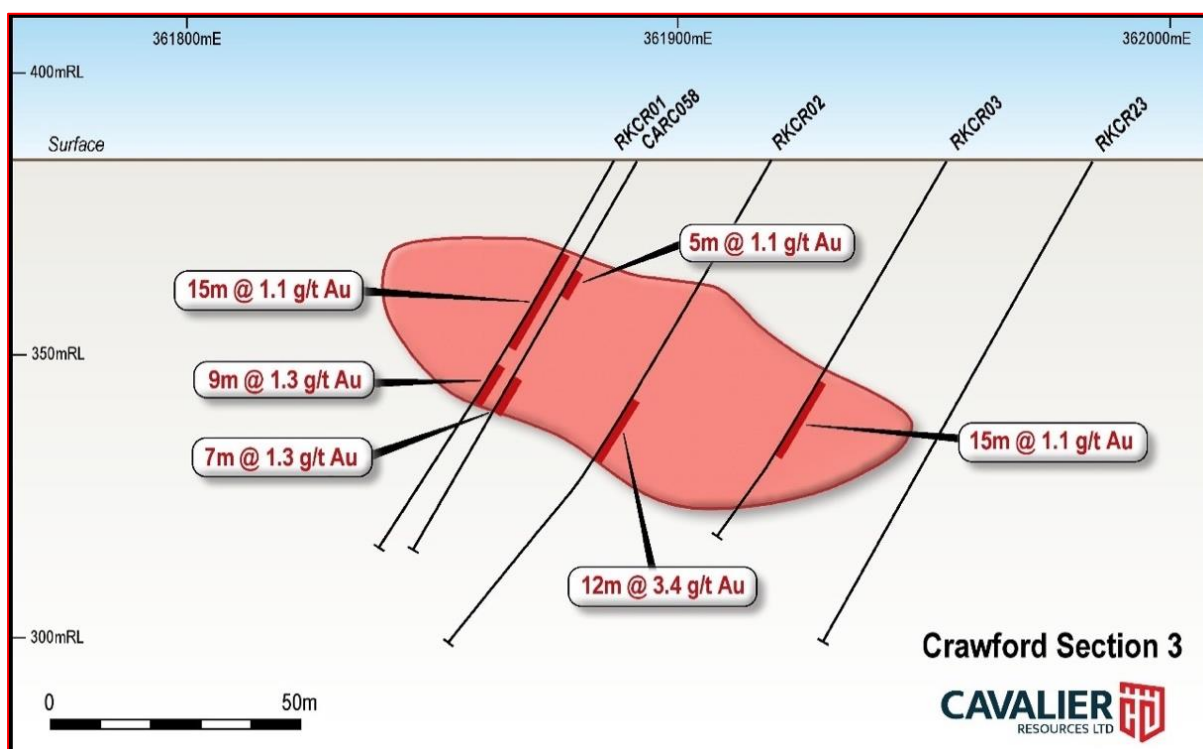


Figure 5: Crawford MRE (Outlined in Red) Cross Section 3 with Historical Intercepts

Table 1: Crawford Mineral Resource Estimate

	Indicated			Inferred			TOTAL		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
0.5g/t Au cut-off	856,000	1.1g/t	30,900	2,379,000	0.9g/t	70,000	3,235,000	1.0g/t	100,900
1.0g/t Au cut-off	351,000	1.7g/t	19,300	662,000	1.5g/t	32,200	1,013,000	1.6g/t	51,500

Previous Exploration Results and Mineral Resource Estimate

For further information on the previous exploration results and the Mineral Resource estimate, please refer to the Independent Geologist's Report in the Prospectus released to the ASX on 15 June 2022.

Competent Person Statement

The information that relates to Exploration Results is based upon information compiled by Mr Paddy Reidy, who is a director of Geomin Services Pty Ltd. Mr Reidy is a Member of the Australian Institute of Mining and Metallurgy. Mr Reidy has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012). Mr Reidy has 25 years of relevant experience in the Technical Assessments of Mineral Properties. Mr Reidy consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information that relates to the Mineral Resource estimate is based upon information compiled by Mr Richard Maddocks, who is a director of Auranmore Ltd. This information is extracted from the Prospectus released to the ASX on 15 June 2022 and available to view on the Cavalier Resources Limited website, www.cavalierresources.com.au or on the ASX website, www.asx.com.au under the ticker code CVR.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Significant changes in the state of affairs

On 14 January 2022, confirmation was received from ASIC that the Company had been converted to a public company and that the name of the Company was now Cavalier Resources Ltd (previously Cavalier Resources Pty Ltd).

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

Matters subsequent to the end of the financial period

There have been no matters or circumstances that have arisen since 30 June 2022 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:
Title:
Qualifications, experience
and expertise:

Ranko Matic
Executive Chairman
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. Mr. Matic is a director of a chartered accounting firm and a corporate advisory company based in Perth, Western Australia and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Through these positions Mr. Matic 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.

Mr. Matic is currently a director of ASX listed companies Lycaon Resources Limited (ASX:LYN) (appointed 10 February 2021) and Panther Metals Limited (ASX:PNT) (appointed 27 January 2021) and NASQAD listed company Locafy Limited (appointed 23 June 2022). Mr. Matic was a Non-Executive Director of ASX listed company Australian Gold and Copper Limited (ASX:AGC) (4 November 2020 to 12 August 2022), Non-Executive Director of Argosy Minerals Limited (ASX:AGY) (17 July 2014 to 3 September 2021) and Ragusa Minerals Limited (ASX:RAS) (23 March 2019 to 15 May 2020). Mr. Matic is a director of East Energy Resources Limited which was an ASX Listed Company up until 19 September 2022. Mr. Matic has acted as chief financial officer and company secretary for companies in both the private and public listed sectors and continues to hold various roles in this capacity with publicly listed companies.

Name:
Title:
Qualifications, experience
and expertise:

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

Mr. Daniel Tuffin is the co-founder and Chairman 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) (appointed 29 January 2021) and Non-Executive Technical Director of Leonora gold explorer Mount Malcolm Mines NL (ASX:M2M) (appointed 12 September 2020).

Cavalier Resources Ltd
Directors' report
30 June 2022

Name: Anthony Keers
Title: **Non-Executive Director** (appointed 24 November 2021)
Qualifications, experience and expertise: *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.

Mr. Keers held no other directorships in ASX listed companies in the last three years.

Security holding interests of Directors as at the date of this report

Directors	Ordinary shares	Performance rights	Options
Anthony Keers	1,003,800	500,000	-
Daniel Tuffin	3,136,600	1,750,000	-
Ranko Matic	5,192,800	1,750,000	-

Company secretaries

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 year; however, there were a number of decisions made via circular resolution. 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.

Remuneration report (audited)

The remuneration policy of Cavalier Resources Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of Cavalier Resources Ltd believes the remuneration policy is appropriate and effective in its ability to attract and retain high calibre executives and Directors to run and manage the Company.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

Non-executive Directors' remuneration

The Company's policy is to remunerate Non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for Non-executive Directors is not linked to individual performance. From time to time, the Company may grant performance rights to Non-executive Directors. The grant of performance rights is designed to recognise and reward efforts and provide Non-executive Directors with additional incentive to continue those efforts for the benefit of the Company. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive Directors is subject to approval by shareholders at a General Meeting.

Executive remuneration

Executive pay and reward consists of a base salary and performance incentives. Long term performance incentives may include performance rights granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of performance rights is designed to recognise and reward efforts and provide additional incentive and may be subject to the successful completion of performance hurdles.

Company performance and link to remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors, and executives. Currently, this is facilitated through the issue of performance rights to executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. Refer below for details of Directors and executives interests in performance rights at year-end.

Company performance, shareholder wealth and Directors' and executives' remuneration

The remuneration policy has been tailored to increase the positive relationship between shareholders' investment objectives and Directors and executives' performance. Currently, this is facilitated through the issue of performance rights to executives to encourage the alignment of personal and shareholder interests.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the Company's key management personnel are set out in the below table. Note that there was no remuneration paid to key management personnel relating to the year ended 30 June 2021.

	Short-term benefits			Post-emp benefits Super- annuation	Share-based payments Performance Rights	Total	Performance- related
	Cash salary and fees	Other	Non- Cash				
2022	\$	\$	\$	\$	\$	\$	%
Non-Exec Directors							
Anthony Keers ¹	19,638	-	-	2,062	9,835	31,535	31%
Executive Directors							
Daniel Tuffin ²	1,909	-	-	200	34,425	36,534	94%
Ranko Matic ³	2,333	-	-	-	34,425	36,758	94%
	23,880	-	-	2,262	78,685	104,827	75%

1. Anthony Keers is the Managing Director of Auralia Mining Consulting Pty Ltd (Auralia). Auralia invoiced \$6,952 in relation to geology consulting works performed during 2022.
2. Daniel Tuffin is the Chairman of Auralia Mining Consulting Pty Ltd (Auralia). Auralia invoiced \$6,952 in relation to geology consulting works performed during 2022. Daniel Tuffin is also the sole Director and a shareholder of Tuffagold Pty Ltd (Tuffagold). Tuffagold invoiced \$16,500 in relation to technical and management services performed during 2022.
3. Ranko Matic is a Director and shareholder of Consilium Corporate Pty Ltd (Consilium). Consilium invoiced \$77,384 in relation to directorship, corporate secretarial and accounting services performed during 2022.

Service agreements

The employment conditions of the Executive Technical Director, Mr Daniel Tuffin, are formalised in an executive service agreement, commencing 17 June 2022. The agreement continues until a party terminates it by giving notice. Under the terms of the agreement:

- Mr Tuffin will receive a base salary of \$163,637 per annum (exclusive of statutory superannuation).
- Mr Tuffin, or the Company, may terminate the agreement, without cause, by giving three months' notice. The Company can also terminate the agreement summarily and without notice or compensation in circumstances of serious misconduct or breach by the Executive.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as compensation during the year ended 30 June 2022 (2021: nil).

Shareholdings

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Other ¹	Balance at the end of the year
2022					
<i>Ordinary shares</i>					
Anthony Keers	1,040	-	775,000	227,760	1,003,800
Daniel Tuffin	7,280	-	1,535,000	1,594,320	3,136,600
Ranko Matic	6,240	-	3,820,000	1,366,560	5,192,800
	14,560	-	6,130,000	3,188,640	9,333,200

1. On 20 November 2021, the Company completed a share split on the basis that every ordinary share be divided into 220 ordinary shares. The "other movement" represents the impact of this share split.

	Balance at the start of the year	Received as part of remuneration	Additions	Other	Balance at the end of the year
2021					
<i>Ordinary shares</i>					
Anthony Keers	-	-	1,040	-	1,040
Daniel Tuffin	6,000	-	1,280	-	7,280
Ranko Matic	1,000	-	5,240	-	6,240
	7,000	-	7,560	-	14,560

Options

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2022 was nil (2021: nil).

Performance rights

The number of performance rights granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2022 was 4,000,000 (2021: nil). Refer to note 12(b) for details of the valuation of these rights, including valuation assumptions made.

Cavalier Resources Ltd
Directors' report
30 June 2022

Performance right holdings

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

2022	Balance at the start of the year	Received as part of remuneration	Additions	Other	Balance at the end of the year
<i>Performance rights</i>					
Anthony Keers	-	500,000	-	-	500,000
Daniel Tuffin	-	1,750,000	-	-	1,750,000
Ranko Matic	-	1,750,000	-	-	1,750,000
	-	4,000,000	-	-	4,000,000

Other transactions with key management personnel and their related parties

During the year, payments of \$4,771 were made to Consilium Corporate Pty Ltd (a director-related entity of Ranko Matic) for corporate secretarial and accounting services. The balance of trade payables owing to Consilium Corporate Pty Ltd as at 30 June 2022 was \$72,613 (total invoiced: \$77,384). All transactions were made on normal commercial terms and conditions and at market rates.

During the year, payments of \$1,452 were made to Auralia Mining Consulting Pty Ltd (a director-related entity of Daniel Tuffin and Anthony Keers) ('Auralia') for geology consulting services. The balance of trade payables owing to Auralia as at 30 June 2022 was \$5,500 (total invoiced: \$6,952). Additionally, the Company has signed an agreement with Auralia for the provision of office premises at a rate of \$2,000 per month.

During the year, there were no payments made to Tuffagold Pty Ltd (a director-related entity of Daniel Tuffin) ('Tuffagold') for technical and management services. The balance of trade payable owing to Tuffagold as at 30 June 2022 was \$16,500 (total invoiced: \$16,500).

All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Shares under option

There were 4,000,000 ordinary shares under option at the date of this report (2021: nil).

Shares issued on the exercise of options

There were no ordinary shares that were issued during the financial year 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 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.

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 remain in office, as per section 327A of the *Corporations Act 2001*.

Non-audit services

During the year, HLB Mann Judd (WA Partnership) were paid \$8,000 for the preparation of an independent limited assurance report for inclusion in the Prospectus. No other amounts were paid or payable to the auditor for non-audit services provided during the year ended 30 June 2022.

The Board of Directors has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied the provision of non-audit services by the auditor, as set out above, did not compromise the independent requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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
Executive Chairman
29 September 2022
Perth

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Cavalier Resources Ltd for the year ended 30 June 2022, 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
29 September 2022



N G Neill
Partner

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

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

Cavalier Resources Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Other income		969	-
		<u>969</u>	<u>-</u>
Administration expenses		(131,121)	(35,219)
Audit fees		(21,120)	(4,000)
Director fees		(26,142)	-
Legal expenses		(30,040)	-
Pre-tenure exploration expenditure		(7,995)	-
Share-based payment expenses	12	(78,685)	-
Loss before income tax		<u>(294,134)</u>	<u>(39,219)</u>
Income tax expense	4	-	-
Loss after income tax expense for the year		<u>(294,134)</u>	<u>(39,219)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(294,134)</u>	<u>(39,219)</u>
Basic and diluted loss per share (cents per share) for loss attributable to ordinary equity holders of the Company	21	(1.75)	(0.28)

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

Cavalier Resources Ltd
Statement of financial position
As at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	20	4,404,078	115,613
Prepayments	5	48,391	363
Trade and other receivables	6	42,674	4,887
Total current assets		4,495,143	120,863
Non-current assets			
Exploration and evaluation expenditure	7	1,103,600	558,679
Total non-current assets		1,103,600	558,679
Total assets		5,598,743	679,542
Liabilities			
Current liabilities			
Trade and other payables	8	367,894	82,466
Borrowings	9	1,100	1,100
Total current liabilities		368,994	83,566
Total liabilities		368,994	83,566
Net assets		5,229,749	595,976
Equity			
Issued capital	10	5,074,822	642,000
Reserves	11	495,085	-
Accumulated losses		(340,158)	(46,024)
Total equity		5,229,749	595,976

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

Cavalier Resources Ltd
Statement of changes in equity
For the year ended 30 June 2022

	Notes	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
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	10	622,000	-	-	622,000
Balance at 30 June 2021		642,000	-	(46,024)	595,976
Balance at 1 July 2021		642,000	-	(46,024)	595,976
Loss after income tax expense for the year		-	-	(294,134)	(294,134)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive loss for the year		-	-	(294,134)	(294,134)
Transactions with owners in their capacity as owners:					
Contributions of equity	10	5,300,000	-	-	5,300,000
Share issue costs	10	(1,082,178)	416,400	-	(665,778)
Share based payments	12	215,000	78,685	-	293,685
Balance at 30 June 2022		5,074,822	495,085	(340,158)	5,229,749

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

Cavalier Resources Ltd
Statement of cash flows
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flow from operating activities			
Payments to suppliers and employees		(128,269)	(902)
Interest received		969	-
Net cash used in operating activities	20	<u>(127,300)</u>	<u>(902)</u>
Cash flow from investing activities			
Purchase of exploration and evaluation assets		(50,000)	(243,178)
Payments for exploration and evaluation expenditure		(168,457)	(272,307)
Net cash used in investing activities		<u>(218,457)</u>	<u>(515,485)</u>
Cash flow from financing activities			
Proceeds from issue of shares, net of costs		4,634,222	622,000
Net cash from financing activities		<u>4,634,222</u>	<u>622,000</u>
Net increase in cash and cash equivalents		4,288,465	105,613
Cash and cash equivalents at the beginning of the year		115,613	10,000
Cash and cash equivalents at the end of the year		<u>4,404,078</u>	<u>115,613</u>

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

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.

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').

Cavalier Resources Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. On 14 January 2022, confirmation was received from ASIC that the Company had been converted to a public company and that the name of the Company was now Cavalier Resources Ltd (previously Cavalier Resources Pty Ltd).

The functional and presentation currency of Cavalier Resources Ltd is Australian Dollars.

Historical cost convention

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

Comparative figures

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures. The current period relates to the twelve months ended 30 June 2022, with the prior comparative period being the twelve months ended 30 June 2021.

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

None of the new or amended Accounting Standards and Interpretations have had a material impact on the Company.

New accounting standards and interpretations not yet effective

There are no other standards that are not yet effective that would be expected to have a material impact on the Company in the current or future reporting periods.

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.

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.

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.

Equity-based payments

Equity-based compensation benefits can be provided to suppliers and employees.

The fair value of equity instruments granted (including shares, performance rights and options) is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at the grant date and recognised over the period the recipient becomes unconditionally entitled to the options or rights.

The fair value at the grant date is independently determined using an option-pricing model that takes into account the exercise price, the term of the option or right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option or right, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option or right.

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.

Earnings/loss per share

(i) Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit/loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings/loss per share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date, are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, the experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled compensation benefits are provided to employees. Equity-settled transactions are awards of shares, performance rights, or options over shares, that are provided to employees in exchange for the rendering of services.

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.

Note 2. Critical accounting estimates and judgements

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, estimates, and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Company will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through the successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with suppliers and 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 either the Hoadleys Hybrid ESO or Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 12 for the assumptions used within the fair value pricing models for share-based payments granted in the current year.

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

Note 3. Segment Information

The Company has identified its operating segments based on the internal reports reviewed and used by the Board of Directors (chief operating decision makers) to assess performance and determine the allocation of resources.

The Company operates as a single segment which is mineral exploration and in a single geographical location, Australia.

Note 4. Income tax expense

	2022 \$	2021 \$
Loss before income tax expense	(294,134)	(39,219)
Tax at the Australian tax rate of 25% (2021: 26%)	(73,534)	(10,197)
Amounts not deductible/(taxable) in calculating taxable income	27,070	6,600
Tax effect of exploration expenditure	(136,230)	(79,430)
Tax effect of temporary differences	(20,661)	3,790
Tax effect of deferred tax asset not brought to account	203,355	79,237
Income tax expense	-	-
Unused tax losses for which no deferred tax asset has been recognised	1,117,030	303,613
Potential tax benefit at the Australian tax rate 25% (2021: 26%)	279,257	78,939

Note 5. Prepayments

	2022 \$	2021 \$
Prepayments	48,391	363
	48,391	363

Note 6. Trade and other receivables

	2022 \$	2021 \$
GST receivable	42,674	4,887
	42,674	4,887

Note 7. Exploration and evaluation expenditure

	2022 \$	2021 \$
Exploration and evaluation expenditure – at cost	1,103,600	558,679
Carrying amount at beginning of the year	538,679	-
Acquisitions during the year (a)	295,000	243,178
Transferred from other non-current assets (b)	-	10,000
Capitalised mineral exploration and evaluation expenditure	269,921	305,501
Carrying amount at the end of the year	1,103,600	558,679

a) Ella's Rock Nickel-Gold Project

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 Nickel-Gold Project'). The consideration payable to Matrix comprised of;

- \$15,000 cash for the grant of the option; and
- On exercise of the option:
 - \$50,000 cash; and
 - 875,000 shares at a deemed issue price of \$0.20 each (\$175,000).

Leonora Gold Project

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 'Leonora Gold Project'). The consideration payable to Maximal comprised of;

- \$5,000 cash for the grant of the option; and
- On exercise of the option:
 - \$10,000 cash; and
 - 200,000 shares at a deemed issue price of \$0.20 each (\$40,000).

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;

- \$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.

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. During the year, 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 payable to Roman Kings. As the Company has now pursued 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.

Note 8. Trade and other payables

	2022 \$	2021 \$
Trade payables	155,274	57,107
Accrued expenses	212,620	25,359
	<u>367,894</u>	<u>82,466</u>

Note 9. Borrowings

	2022 \$	2021 \$
Loan – Aurum Fabri Pty Ltd	1,100	1,100
	<u>1,100</u>	<u>1,100</u>

As at 30 June 2022, the Company had an outstanding loan balance with Aurum Fabri Pty Ltd of \$1,100 (2021: \$1,100). The amount is unsecured, non-interest bearing and is repayable on demand.

Note 10. Issued capital

	2022 Shares	2022 \$	2021 Shares	2021 \$
Ordinary shares – fully paid	43,031,800	5,074,822	63,440	642,000

Movements in ordinary share capital

	No. of shares	Issue price \$	Amount \$
1 July 2020 – Opening Balance	11,000		20,000
23 July 2020 – Shares issued under placement	30,000	10.00	300,000
9 October 2020 – Shares issued under placement	20,000	10.00	200,000
30 June 2021 – Shares issued under placement	2,440	50.00	122,000
30 June 2021 – Closing Balance	<u>63,440</u>		<u>642,000</u>
1 July 2021 – Opening Balance	63,440		642,000
20 November 2021 – Share split (a)	13,893,360	-	-
14 December 2021 – Shares issued under placement	3,000,000	0.10	300,000
14 June 2022 – Shares issued for asset acquisition (b)	875,000	0.20	175,000
14 June 2022 – Shares issued for asset acquisition (c)	200,000	0.20	40,000
14 June 2022 – Shares issued under Initial Public Offering	25,000,000	0.20	5,000,000
Less Share Issue Costs			(1,082,178)
30 June 2022 – Closing Balance	<u>43,031,800</u>		<u>5,074,822</u>

- 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).
- On 14 June 2022, the Company issued 875,000 ordinary shares at a deemed issue price of \$0.20 each to Matrix Exploration Pty Ltd as part consideration for the Ella's Rock Nickel-Gold Project (refer to Note 7(a)).
- On 14 June 2022, the Company issued 200,000 ordinary shares at a deemed issue price of \$0.20 each to Maximal Investments Pty Ltd as part consideration for the Leonora Gold Project (refer to Note 7(a)).

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.

Note 11: Reserves

	2022 \$	2021 \$
Option reserve (a)	416,400	-
Share-based payment reserve (b)	78,685	-
	<u>495,085</u>	<u>-</u>

a) Option reserve

The option reserve is used to recognise the fair value of options issued.

	2022 \$	2021 \$
Balance at the beginning of the year	-	-
Options issued for share issue costs (i)	416,400	-
Balance at the end of the year	<u>416,400</u>	<u>-</u>

i) Refer to Note 12(a) for details of share-based payments made during the year.

b) Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of equity instruments issued as share-based payments.

	2022 \$	2021 \$
Balance at the beginning of the year	-	-
Share-based payment expense (i)	78,685	-
Balance at the end of the year	<u>78,685</u>	<u>-</u>

i) Refer to Note 12(b) for details on share-based payments made during the year.

Note 12: Share-based payments

Below are details of share-based payments made during the year ended 30 June 2022. There were no share-based payments made during the prior year.

a) Options issued as share issue costs

On 14 June 2022, 4,000,000 options exercisable at \$0.30 with an expiry date of 14 June 2026 were issued to a broker in lieu of cash for capital raising services provided. The options vest immediately. The value of the options was capitalised to share issue costs. The fair value of the services could not be reliably measured and therefore, a Black-Scholes Option Pricing model was used to determine the value of the options issued during the year.

The inputs have been detailed below:

Input	Broker Options
Number of options	4,000,000
Grant date	14 June 2022
Expiry date (years)	4
Underlying share price	\$0.20
Exercise price	\$0.30
Volatility	80.00%
Risk free rate	3.72%
Dividend yield	0.00%
Value per option	\$0.1041
Total fair value of options	\$416,400

The weighted average remaining contractual life of options outstanding at the end of the year is 3.96 years.

b) *Performance rights issued to Directors as an incentive*

On 10 January 2022, 4,000,000 performance rights were granted to Directors as an incentive for services provided and will be expensed in the Statement of Profit or Loss and Other Comprehensive Income over the vesting period. The fair value of the services could not be reliably measured and therefore, a Hoadleys Hybrid ESO model was used to determine the value of the performance rights ('PRs') issued during the year.

The inputs have been detailed below:

Input	Director PRs
Number of rights	4,000,000
Grant date	10 January 2022
Expiry date (years)	4.00
Underlying share price	\$0.20
Exercise price	\$nil
Performance vesting share price	\$0.30
Volatility	80.00%
Risk free rate	1.06%
Dividend yield	0.00%
Value per right	\$0.1859
Total fair value of rights	\$743,600
Share-based payment expense recognised for the year ended 30 June 2022	\$78,685

The performance rights will vest on achieving a volume-weighted average share price of \$0.30 or more over 20 consecutive trading days.

The weighted average remaining contractual life of performance rights outstanding at the end of the year is 3.96 years.

c) *Shares issued for acquisition for exploration and evaluation assets*

As disclosed in note 7(a), during the year, the Company issued 875,000 fully paid ordinary shares to Matrix Exploration Pty Ltd and 200,000 fully paid ordinary shares to Maximal Investments Pty Ltd as consideration for the acquisition of exploration licences. The shares were issued at \$0.20 per share, with a fair value of \$215,000.

Note 13. Financial instruments

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The policy's objective is to support the delivery of the Company's financial targets while protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Company uses different methods to measure and manage various types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk; liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees on policies for managing each of these risks as summarised below.

Primary responsibility for identifying and controlling financial risks rests with the Board. The Board reviews and agrees on policies for managing each of the risks identified below, including interest rate risk, credit allowances and cash flow forecast projections.

(a) Interest rate risk

The Company is therefore not materially exposed to interest rate risk.

(b) Credit risk

Credit risk arises from the financial assets of the Company, which comprise deposits with banks and trade and other receivables. The Company's exposure to credit risk arises from the potential default of the counterparty, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Company's maximum exposure to credit risk in relation to those assets.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Company's policy to securities it trades and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Company does not have significant exposure to bad debts.

There are no significant concentrations of credit risk within the Company.

(c) Liquidity risk

Liquidity risk arises from the Company's financial liabilities and the Company's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through the ability to raise further equity or through related party entities. Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding through the management of its cash resources. The Company has no material financial liabilities at the year-end other than normal trade and other payables incurred in the general course of business.

Maturity analysis of financial assets and liabilities based on management's expectations

Trade payables and other financial liabilities mainly originate from financing assets used in our ongoing operations. These assets are considered in the Company's overall liquidity risk. To monitor existing financial assets and liabilities and enable an effective controlling of future risks, the Company has established comprehensive risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

	Weighted average effective interest rate %	<6 months \$	6-12 months \$	1-5 years \$	>5 years \$	Total \$
2022						
Cash and cash equivalents	0.29	4,404,078	-	-	-	4,404,078
Prepayments	-	48,391	-	-	-	48,391
Trade and other receivables	-	42,674	-	-	-	42,674
		4,495,143	-	-	-	4,495,143
Trade and other payables	-	(367,894)	-	-	-	(367,894)
Borrowings	-	(1,100)	-	-	-	(1,100)
		(368,994)	-	-	-	(368,994)
Net maturity		4,126,149	-	-	-	4,126,149

	Weighted average effective interest rate %	<6 months \$	6-12 months \$	1-5 years \$	>5 years \$	Total \$
2021						
Cash and cash equivalents	-	115,613	-	-	-	115,613
Prepayments	-	363	-	-	-	363
Trade and other receivables	-	4,887	-	-	-	4,887
		120,863	-	-	-	120,863
Trade and other payables	-	(82,466)	-	-	-	(82,466)
Borrowings	-	(1,100)	-	-	-	(1,100)
		(83,566)	-	-	-	(83,566)
Net maturity		(37,297)	-	-	-	(37,297)

(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 14. 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 \$104,827 (2021: nil).

	2022 \$	2021 \$
Short-term benefits	23,880	-
Post-employment benefits	2,262	-
Share-based payments	78,685	-
	<u>104,827</u>	<u>-</u>

Note 15. Contingent assets

There were no contingent assets as at 30 June 2022 (2021: nil).

Note 16. Contingent liabilities

As per the executed tenement sale agreement with Roman Kings (refer to Note 7), 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. The first advance royalty payment of \$100,000 was paid on 12 July 2022.

There were no other contingent liabilities as at 30 June 2022 (2021: \$200,000).

Note 17. Commitments

In order to maintain current rights of tenure, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the relevant State Governments. These obligations are not provided for in the financial report and are payable as follows:

	2022 \$	2021 \$
Less than one year	272,380	161,380
Between one and five years	712,960	-
Greater than five years	89,100	-
	<u>1,074,440</u>	<u>161,380</u>

The above represents commitments over the tenure of the tenements held by the Company.

Note 18. Related party transactions

During the year, payments of \$4,771 were made to Consilium Corporate Pty Ltd (a director-related entity of Ranko Matic) for corporate secretarial and accounting services. The balance of trade payables owing to Consilium Corporate Pty Ltd as at 30 June 2022 was \$72,613 (total invoiced: \$77,384). All transactions were made on normal commercial terms and conditions and at market rates.

During the year, payments of \$1,452 were made to Auralia Mining Consulting Pty Ltd (a director-related entity of Daniel Tuffin and Anthony Keers) ('Auralia') for geology consulting services. The balance of trade payables owing to Auralia as at 30 June 2022 was \$5,500 (total invoiced: \$6,952). Additionally, the Company has signed an agreement with Auralia for the provision of office premises at a rate of \$2,000 per month.

During the year, there were no payments made to Tuffagold Pty Ltd (a director-related entity of Daniel Tuffin) ('Tuffagold') for technical and management services. The balance of trade payable owing to Tuffagold as at 30 June 2022 was \$16,500 (total invoiced: \$16,500).

As at 30 June 2022, the Company had an outstanding loan balance of \$1,100 to Aurum Fabri Pty Ltd, a related party to Daniel Tuffin (2021: \$1,100). The amount related to initial set up costs of the Company.

All transactions were made on normal commercial terms and conditions and at market rates. There were no other transactions with related parties of the Company during the year.

Note 19. Remuneration of auditors

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

	2022 \$	2021 \$
<i>Audit services – HLB Mann Judd (WA Partnership)</i>		
Audit or review of the financial statements	21,000	4,000
<i>Non-audit services – HLB Mann Judd (WA Partnership)</i>		
Preparation of independent limited assurance report for inclusion in the Prospectus	8,000	-

Note 20. Cash flow information

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2022 \$	2021 \$
Cash and cash equivalents	4,404,078	115,613

(b) Reconciliation of loss after income tax to net cash from operating activities

	2022 \$	2021 \$
Loss after income tax expense for the year	(294,134)	(39,219)
<u>Non-cash items</u>		
Share-based payments	78,685	-
<u>Changes in assets and liabilities</u>		
Increase in trade and other payables	145,624	39,186
(Increase) in prepayments	(48,028)	(364)
(Increase) in trade and other receivables	(9,447)	(505)
Net cash used in operating activities	<u>(127,300)</u>	<u>(902)</u>

Non-cash investing and financing activities

During the year, as disclosed in Note 7(a), during the year, the Company issued 875,000 fully paid ordinary shares to Matrix Exploration Pty Ltd and 200,000 fully paid ordinary shares to Maximal Investments Pty Ltd as consideration for the acquisition of exploration licences. The shares were issued at \$0.20 per share, with a fair value of \$215,000.

During the year, 4,000,000 options exercisable at \$0.30 with an expiry date of 14 June 2026 were issued to a broker in lieu of cash for capital raising services provided, with a fair value of \$416,400, as disclosed in Note 12.

There were no other non-cash investing and financing activities during the year.

Note 21. Loss per share

	2022 \$	2021 \$
a) Reconciliation of earnings/loss to profit or loss: Loss used to calculate basic and diluted EPS	(294,134)	(39,219)
	Number	Number
b) Weighted average number of ordinary shares used as the denominator in calculating basic EPS (<i>1 for 220 share split applied retrospectively</i>)	16,806,868	9,409,184
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	16,806,868	9,409,184
	cents	cents
c) Basic and diluted loss per share	(1.75)	(0.28)

Note 22. Events after the reporting period

No matters or circumstances have arisen since 30 June 2022 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.

Cavalier Resources Ltd
Directors' declaration
30 June 2022

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 2022 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
Executive Chairman
29 September 2022
Perth

INDEPENDENT AUDITOR'S REPORT

To the members of Cavalier Resources Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cavalier Resources Ltd ("the Company") which comprises the statement of financial position as at 30 June 2022, 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 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 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.

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
<p>Share-based payments Refer to Note 12</p> <p>The Company has various share-based payment arrangements in place in relation to directors and advisors including options and performance rights accounted for under AASB 2 <i>Share-based Payment</i>.</p> <p>Accounting for share-based payments is a focus area as these transactions require management judgement involving estimates that have a degree of uncertainty in accordance with AASB 2.</p> <p>Judgement is required when determining the grant date and the key inputs in the pricing models used in the valuation of share-based payments.</p>	<p>We performed audit procedures to verify the key inputs and ensure recognition of the expense in accordance with AASB 2, as well as the allocation across vesting periods where relevant, and our procedures included but were not limited to:</p> <ul style="list-style-type: none"> - Obtaining an understanding of the key terms and conditions of the share-based payment arrangements by inspecting relevant agreements; - Recomputing the estimated fair value of the options using the Black-Scholes pricing model, including assessing the inputs used in the Company's valuation model; - Recomputing the estimated fair value of the performance rights using the Hoadley Model, including assessing the inputs used in the Company's valuation model; and - Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment of share-based payments in the financial report, including the significant judgments involved, and the accounting policy adopted.
<p>Acquisitions of exploration and evaluation assets Refer to Note 7</p> <p>During the year, the Company completed the acquisition of two tenements from Maximal Investments Pty Ltd and Matrix Exploration Pty Ltd.</p> <p>These transactions were accounted for as asset acquisitions with the consideration comprising cash and shares.</p> <p>The acquisitions were considered to be a key audit area as it is important to the users' understanding of the financial statements as a whole and was an area which involved considerable audit effort and communication with those charged with governance.</p>	<p>We performed audit procedures to verify the accuracy of the total tenement acquisition costs including the valuation of shares issued as part consideration, and our procedures included but were not limited to:</p> <ul style="list-style-type: none"> - Reviewing the accounting and disclosures for the acquisitions of exploration assets during the year and checked that all relevant disclosures have been included in the financial report; - Ensuring that the consideration had been correctly determined; - Ensuring that the transaction was appropriately characterised as an asset acquisition as opposed to a business combination; and - Review of the purchase agreements and gaining an understanding of the key clauses used by management in determining the total acquisition costs for the tenements.

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 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 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.

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 the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Cavalier Resources Ltd for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

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.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2022



N G Neill
Partner

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 20 September 2022.

(a) Corporate Governance Statement

The Company's 2022 Corporate Governance Statement has been released as a separate document and is located on our website at www.cavalierresources.com.au/about-us/corporate-governance/

(b) Distribution of Fully Paid Ordinary Shares

Analysis of number of shareholders by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	7	1,883	0.00%
1,001 – 5,000	13	50,150	0.12%
5,001 – 10,000	146	1,438,623	3.34%
10,001 – 100,000	168	5,895,329	13.70%
100,001 and above	46	35,645,815	82.84%
Total	380	43,031,800	100.00%

Unmarketable Parcels

Minimum \$500.00 parcel at \$0.175 per unit is 11 holders.

(c) Twenty Largest Shareholders

The names of the twenty largest holders of quoted ordinary shares are:

Rank	Name	Units	% of Units
1	PG MINING PTY LTD <PG MINING A/C>	10,380,800	24.12%
2	CATAALNA PTY LTD <MATIC SUPER FUND A/C>	3,000,000	6.97%
3	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	1,990,394	4.63%
4	TUFFACO PTY LTD <THE TUFFIN FAMILY A/C>	1,872,800	4.35%
5	MATIC MINING PTY LTD	1,620,800	3.77%
6	MICALE CONSULTING PTY LTD <THE MICALE FAMILY A/C>	1,500,000	3.49%
7	PANTHER TRADING PTY LTD <PANTHER A/C>	1,500,000	3.49%
8	TRIBAL MINING PTY LTD <TRIBAL MINING A/C>	1,171,500	2.72%
9	BRIGHT DRAGON PTY LTD <SUPER FUND A/C>	1,080,250	2.51%
10	MATRIX EXPLORATION PTY LTD	875,000	2.03%
11	AURALIA HOLDINGS NO 2 PTY LTD <AH NO 2 UNIT A/C>	728,800	1.69%
12	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	679,974	1.58%
13	MICALE CONSULTING PTY LTD <THE MICALE FAMILY A/C>	630,000	1.46%
14	MR PETER JAMES YOUNG & MRS MARIE OLIVE YOUNG <YOUNG SUPER FUND A/C>	605,897	1.41%
15	CONSILIUM CORPORATE ADVISORY PTY LTD	572,000	1.33%
16	PANTHER METALS LTD	500,000	1.16%
17	TRUSTEE FOR NADKARNI SUPERANNUATION FUND	500,000	1.16%
18	THE TRUSTEE FOR NADKARNI SUPERANNUATION FUND	500,000	1.16%
19	MR STACEY RADFORD	500,000	1.16%
20	WILLIAM ALAN OLIVER & BRYONY NICOLLE NORMAN OLIVER <MAXIMILLIAN INVESTMENT A/C>	457,600	1.06%
Total		30,665,815	71.26%

(d) Substantial Shareholders

The names of substantial shareholders and the number of equity securities as disclosed in their most recent substantial shareholder notices received by the Company are:

Holder Name	Shares
PG Mining Pty Ltd	10,380,800
Ranko Matic	5,192,800
Daniel Tuffin	2,976,600

(e) Voting Rights

On a show of hands, holders of ordinary shares have one vote. On a poll, holders of fully paid ordinary shares have one vote per share, whilst holders of partly paid shares have such number of votes equivalent to the proportion paid up in respect of their shares.

(f) Unlisted Options Expiring 14 June 2026

Analysis of number of shareholders by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	Nil	Nil	0.00%
1,001 – 5,000	Nil	Nil	0.00%
5,001 – 10,000	Nil	Nil	0.00%
10,001 – 100,000	1	50,000	1.25%
100,001 and above	5	3,950,000	98.75%
Total	6	4,000,000	100.00%

Performance Squared Pty Ltd holds 2,230,000 of these unlisted options. The unlisted options do not have voting rights.

(g) Unlisted Performance Rights

The total number of performance rights currently on issue is 4,000,000. The performance rights were issued to the three (3) Directors as set out in the Directors' report. The performance rights expire on 17 June 2026. The performance rights do not have voting rights.

(h) Securities Subject to Voluntary Escrow

The following equity securities are subject to voluntary escrow:

- 15,000 fully paid ordinary shares until 14 December 2022
- 1,075,000 fully paid ordinary shares until 14 June 2023
- 11,552,750 fully paid ordinary shares until 17 June 2024
- 4,000,000 unlisted options until 17 June 2024
- 4,000,000 performance rights until 17 June 2024

(i) On Market Buy Back

There is no current on market buy back of Cavalier Resources Limited shares.

(j) First Annual Report After Admission

The Company confirms that the cash raised has been used consistently with its business objectives.

(k) Schedule of Tenements

Project	Tenement	Status	Registered Holder / Applicant	Percentage Ownership
Leonora Gold Project	E37/893	Granted	Cavalier Resources Limited	100%
• Gambier Lass North	E37/1421	Granted	Maximal Investments Pty Ltd	100%
	E37/1422	Granted	Maximal Investments Pty Ltd	100%
	E37/1423	Granted	Maximal Investments Pty Ltd	100%
	E37/1424	Granted	Maximal Investments Pty Ltd	100%
Leonora Gold Project	M37/1202	Granted	Cavalier Resources Limited	100%
• Crawford	P37/8901	Granted	Cavalier Resources Limited	100%
	P37/9475	Granted	Cavalier Resources Limited	100%
	P37/9476	Granted	Cavalier Resources Limited	100%
	P37/9447	Application	Cavalier Resources Limited	100%
	P37/9448	Application	Cavalier Resources Limited	100%
	P37/9449	Application	Cavalier Resources Limited	100%
	L37/251	Application	Cavalier Resources Limited	100%
Hidden Jewel Gold Project	E24/232	Application	Cavalier Resources Limited	100%
	E24/237	Application	Cavalier Resources Limited	100%
	P24/5568	Application	Cavalier Resources Limited	100%
Ella's Rock Nickel-Gold Project	E74/662	Granted	Matrix Exploration Pty Ltd	100%
	E74/717	Granted	Cavalier Resources Limited	100%
	E74/718	Granted	Cavalier Resources Limited	100%
	E77/2998	Application	Cavalier Resources Limited	100%