

CAVALRY CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

CAVALRY CAPITAL CORP.

Management Discussion & Analysis

For the year ended September 30, 2022

1. Date

This Management's Discussion and Analysis ("MD&A") of Cavalry Capital Corp. ("Cavalry" or the "Company") has been prepared by management as of January 30, 2023 and should be read in conjunction with the audited financial statements and related notes thereto of the Company for the year ended September 30, 2022, which were prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

2. Overall Performance

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on March 19, 2021, under the name 1295342 B.C. Ltd. and changed its name on August 21, 2021 to Cavalry Capital Corp.

The Company completed its initial public offering ("IPO") on May 4, 2022 and is a Capital Pool Company pursuant to the policies of the TSX Venture Exchange (the "Exchange"). The Company is in the development stage and its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction, as defined by the policies of the Exchange. Such a transaction will be subject to shareholder and regulatory approval.

3. Selected Financial Information

	Year ended September 30, 2022	Year ended September 30, 2021
Net loss	\$ (115,534)	\$ (7,698)
Loss per share	(0.03)	0.00
Total assets	391,137	124,993

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4. Results of Operations

Years ended September 30, 2022 and 2021

During the year ended September 30, 2022, the Company reported a net loss of \$115,534, or \$0.03 per share, as compared to a net loss of \$7,698, or \$0.00 per share, during the year ended September 30, 2021, an increase of \$115,534.

The increase in net loss was primarily due to transfer agency and filing fees incurred the completion of the Company's IPO of \$45,997, non-cash charges in connection with the issuance of stock options to certain directors and officers of the Company of \$50,568, and professional fees related to the company becoming a reporting issuer of \$18,500.

Three months ended September 30, 2022 and 2021

During the three months ended September 30, 2022, the Company reported a net loss of \$38,724, or \$0.01 per share, as compares to a net loss of \$1,204, or \$0.00 per share, during the three months ended September 30, 2021, an increase of \$37,521.

The increase in net loss was primarily due to transfer agency and filing fees of \$24,225 not incurred in the prior period, as well as professional fees incurred as a result of the Company becoming a reporting issuer of \$12,500

5. Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the eight last reported quarters.

Quarter ended		Loss		Loss per share
September 30, 2022	\$	(36,687)	\$	—
June 30, 2022		(70,245)		0.01
March 31, 2022		(2,311)		—
December 31, 2021		(6,291)		—
September 30, 2021		(7,698)		—
June 30, 2021		—		—
March 31, 2021		—		—
December 31, 2020		—		—

During the quarter ended September 30, 2022, the company incurred ongoing professional fees of \$6,000, transfer agent and filing fees of \$24,225, accrued audit fees of \$6,500 as well as \$1,999 for general corporate matters and earned interest income of \$2,038.

During the quarter ended June 30, 2022, the Company incurred ongoing professional fees of \$3,500, transfer agent and filing fees relating to its IPO of \$15,265, \$50,568 in non-cash expenses relating to the issuance of stock options to its directors and officers, as well as \$710 for general corporate matters and earned interest income of \$297.

During the quarter ended March 31, 2022, the Company incurred ongoing professional, transfer agent and filing fees relating to its prospectus filing and general corporate matters.

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During the quarter ended December 31, 2021, the Company incurred auditor review fees of \$2,000, as well as \$4,228 for filing, regulatory and transfer agency fees relating to its prospectus filing.

During the quarter ended September 30, 2021, the Company incurred audit fees of \$6,500, as well as \$703 for filing, regulatory and transfer agency fees and general corporate matters.

6. Liquidity and Capital Resources

The Company reported a cash position of \$391,137 at September 30, 2022, compared to cash of \$96,908 at September 30, 2021. The Company reported working capital of \$379,188 at September 30, 2022 compared to a working capital position of \$117,302 at September 30, 2021, representing an increase in working capital of \$261,886 as a result of operating and financing activities.

On May 4, 2022, the Company completed its IPO and issued 3,962,500 common shares at \$0.10 per share for gross proceeds of \$396,250.

PI Financial Corp. acted as lead agent for the IPO (the "Agent"). The Company incurred issuance costs of \$69,397 to the Agent and issued 396,250 Agent's warrants exercisable at of \$0.10 per common share for a period of 60 months from the date of the closing of the IPO.

On May 4, 2022, the Company granted 613,938 incentive stock options to its officers and directors exercisable at a price of \$0.05 per common share for a period of five years from the date of the closing of the IPO.

Cash expenditures during the year ended September 30, 2022 were primarily related to professional and regulatory filing fees incurred in connection with the Company's audit, IPO and general and administrative costs.

Current assets excluding cash as at September 30, 2022 were \$nil (\$28,025 – 2021).

Current liabilities as at September 30, 2022 consisted of trade payables and accrued liabilities of \$11,948 (\$7,631 – 2021).

The continuing operations of the Company are dependent upon its ability to evaluate and complete a Qualifying Transaction. To date, the Company has not generated any revenues, has incurred losses since its inception and, at September 30, 2022, had an accumulated deficit of \$123,232.

Operating activities

For the year ended September 30, 2022, the Company's operating activities used cash of \$53,122.

Financing activities

For the year ended September 30, 2022, the Company received \$347,353 net cash from the issuance of shares during the period.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists

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of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments, when required, considering certain economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

7. Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

8. Financial Instruments & Risk Management

Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Risk and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining adequate cash in excess of anticipated needs.

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9. Transactions with Related Parties

During the year ended September 30, 2022, the Company incurred the following expenses with an officer of the Company:

	Nature		2022
Key management	Professional fees	\$	9,500

As at September 30, 2022, there were no amounts due to or from related parties.

10. Proposed Transactions

None.

11. Accounting Standards Issued But Not Yet Effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

12. Additional Disclosure for Venture Issuers Without Significant Revenue

An analysis of material components of the Company's general and administrative expenses is disclosed in the audited financial statements for the years ended September 30, 2022 and 2021 to which this MD&A relates.

13. Disclosure of Outstanding Share Data

Common Shares

As at January 30, 2022, the Company has authorized an unlimited number of common shares without par value and has 6,462,500 common shares issued and outstanding.

Incentive Stock Options

As at January 30, the Company has 613,938 shares reserved for issuance upon the exercise of officer and directors' options.

Share Purchase Warrants

As at January 30, the Company has 396,250 share purchase warrants outstanding.

14. Additional Information

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.