

# **CAVALRY CAPITAL CORP.**

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

# CAVALRY CAPITAL CORP.

Management Discussion & Analysis  
For the year ended September 30, 2023

---

## 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 29, 2024 and should be read in conjunction with the audited financial statements and related notes thereto of the Company for the year ended September 30, 2023, 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, 2023	Year ended September 30, 2022
Net loss	\$ (87,430)	\$ (115,534)
Loss per share	(0.01)	(0.03)
Total assets	318,856	391,137

## CAVALRY CAPITAL CORP.

Management Discussion & Analysis  
For the year ended September 30, 2023

---

### 4. Results of Operations

*Years ended September 30, 2023 and 2022*

During the year ended September 30, 2023, the Company reported a net loss of \$87,430, or \$0.01 per share, as compared to a net loss of \$115,534, or \$0.03 per share, during the year ended September 30, 2022, a decrease in loss of \$28,104.

The decrease in net loss was primarily due to there being \$nil share-based payment expense for the period (2022 - \$50,568), lower transfer agency and filing fees of \$24,139 (2022 - \$45,997) and higher interest income of \$11,408 (2022 - \$2,432), offset by increased professional fees primarily incurred in connection with the proposed transaction with Home Run (see 10. below) of \$72,801 (2022 - \$18,500).

### 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, 2023	\$	(36,732)	\$	0.01
June 30, 2023		(28,685)		—
March 31, 2023		(17,079)		—
December 31, 2022		(4,934)		—
September 30, 2022		(38,724)		0.01
June 30, 2022		(89,029)		0.02
March 31, 2022		(2,311)		—
December 31, 2021		(6,291)		—

During the quarter ended September 30, 2023, the company incurred ongoing professional fees of \$6,500, legal fees of \$9,826 in connection with the Transaction with Home Run, transfer agent and filing fees of \$12,175, accrued audit fees of \$10,000 as well as \$329 for general corporate matters and earned interest income of \$2,734.

During the quarter ended June 30, 2023, the Company incurred ongoing professional fees of \$6,300, \$19,112 in professional and legal fees in connection with the Transaction with Home Run, transfer agent and filing fees of \$1,564, accrued auditor review fees of \$4,000, as well as \$642 for general corporate matters and earned interest income of \$2,933.

During the quarters ended March 31, 2023 and December 31, 2022, the Company incurred ongoing professional, transfer agent, Exchange listing and other filing fees as well as costs for general corporate matters.

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

## **CAVALRY CAPITAL CORP.**

Management Discussion & Analysis  
For the year ended September 30, 2023

---

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.

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.

### **6. Liquidity and Capital Resources**

The Company reported a cash position of \$318,856 at September 30, 2022, compared to cash of \$391,137 at September 30, 2022. The Company reported working capital of \$291,759 at September 30, 2023 compared to a working capital position of \$379,189 at September 30, 2022, representing an decrease in working capital of \$87,430 as a result of operating 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, 2023 were primarily related to professional and regulatory filing fees incurred in connection with the Company's proposed transaction with Home Run, audit and general and administrative costs.

Current assets excluding cash as at September 30, 2023 were \$nil (\$28nil – 2022).

Current liabilities as at September 30, 2023 consisted of trade payables and accrued liabilities of \$27,097 (\$11,948 - 2022).

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, 2023, had an accumulated deficit of \$210,662.

#### *Operating activities*

For the year ended September 30, 2023, the Company's operating activities used cash of \$72,281 (\$53,124 - 2022).

#### *Financing activities*

For the year ended September 30, 2023, the Company received \$nil (\$347,353 - 2022) net cash from the issuance of shares during the period.

## **CAVALRY CAPITAL CORP.**

Management Discussion & Analysis  
For the year ended September 30, 2023

---

### *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 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

## CAVALRY CAPITAL CORP.

Management Discussion & Analysis  
For the year ended September 30, 2023

---

Company raising equity financing in a timely manner and by maintaining adequate cash in excess of anticipated needs.

### 9. Transactions with Related Parties

During the year ended September 30, 2023, the Company incurred the following expenses with an officer of the Company:

Nature		2023
Key management	Professional fees	\$ 24,000

As at September 30, 2023, there were no amounts due to or from related parties.

### 10. Proposed Transactions

On April 21, 2023, the Company announced it had entered into a letter of intent dated April 18, 2023, to enter into a business combination (the "Transaction") with Home Run Oil & Gas Inc. ("Home Run"). It is expected that upon completion of the Transaction, the combined entity will: meet the listing requirements for a Tier 2 oil and gas issuer under the policies of the Exchange; and constitute the Company's Qualifying Transaction.

On July 11, 2023, the Company announced it had entered into a definitive amalgamation agreement dated June 30, 2023 with Home Run, pursuant to which, among other things: (a) Home Run will amalgamate with 2515862 Alberta Ltd., a wholly-owned subsidiary of the Company incorporated pursuant to the laws of Province of Alberta for the purposes of the Qualifying Transaction; (b) all of the outstanding common shares of Home Run (each, a "Home Run Share") will be cancelled and, in consideration therefor, holders will receive common shares of Cavalry (each, a "Cavalry Share") on the basis of 2.4157 Cavalry Shares, at a deemed price of \$0.10 per share, for each Home Run Share previously held; and (c) the amalgamated corporation will be a wholly-owned subsidiary of the Company.

The Company announced on September 6, 2023 the Transaction had been terminated by mutual agreement. Management continues to evaluate other potential transactions to complete a Qualifying Transaction.

### 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 year ended September 30, 2023 to which this MD&A relates.

## **CAVALRY CAPITAL CORP.**

Management Discussion & Analysis  
For the year ended September 30, 2023

---

### **13. Disclosure of Outstanding Share Data**

#### *Common Shares*

As at January 29, 2024, 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 29, 2024 the Company has 613,938 shares reserved for issuance upon the exercise of officer and directors' options.

#### *Share Purchase Warrants*

As at January 29, 2024 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.sedarplus.ca](http://www.sedarplus.ca).