

MATADOR MINING LIMITED

ABN 45 612 912 393

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2020



MATADOR MINING LIMITED
ABN 45 612 912 393

TABLE OF CONTENTS

Directors' Report.....	1
Auditor's Independence Declaration	7
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Changes in Equity.....	10
Condensed Consolidated Statement of Cash Flows	12
Notes to the Condensed Consolidated Financial Statements	13
Directors' Declaration	23
Independent Auditor's Report	24

MATADOR MINING LIMITED

ABN 45 612 912 393

DIRECTORS' REPORT

The Directors present their report together with the interim financial report of Matador Mining Limited and its subsidiaries ("Matador" or the "Group") for the half year ended 31 December 2020 and the independent auditor's review report thereon.

Directors

The names of the Directors in office at any time during or since the end of the half year are:

Mr Ian Murray – Executive Chairman

Mr Justin Osborne – Non-Executive Director

Mr Mick Wilkes – Non-Executive Director (appointed 20 July 2020)

Dr Nicole Adshead-Bell – Non-Executive Director (appointed 5 October 2020)

Mr Keith Bowes – Executive Director (resigned 28 September 2020)

Principal Activities

The principal activities of the Group are mining and mineral exploration. No significant change in the nature of these activities occurred during the half year.

Review of Operations

During the half year, Matador completed its 2020 exploration program at its Cape Ray Gold Project (the "Project") in Newfoundland, Canada, a Project located across 120 kilometres of continuous strike in a proven, yet under-explored multi-million ounce gold corridor. The centrepiece of work completed in 2020 was a diamond drilling program of 83 holes (including 5 geotech holes) for 10,561 metres.

The program was successful across all fronts, with the discovery of the Angus deposit, extensional drilling at Window Glass Hill as well as wide, high-grade intervals that should improve the Isle aux Morts deposit.

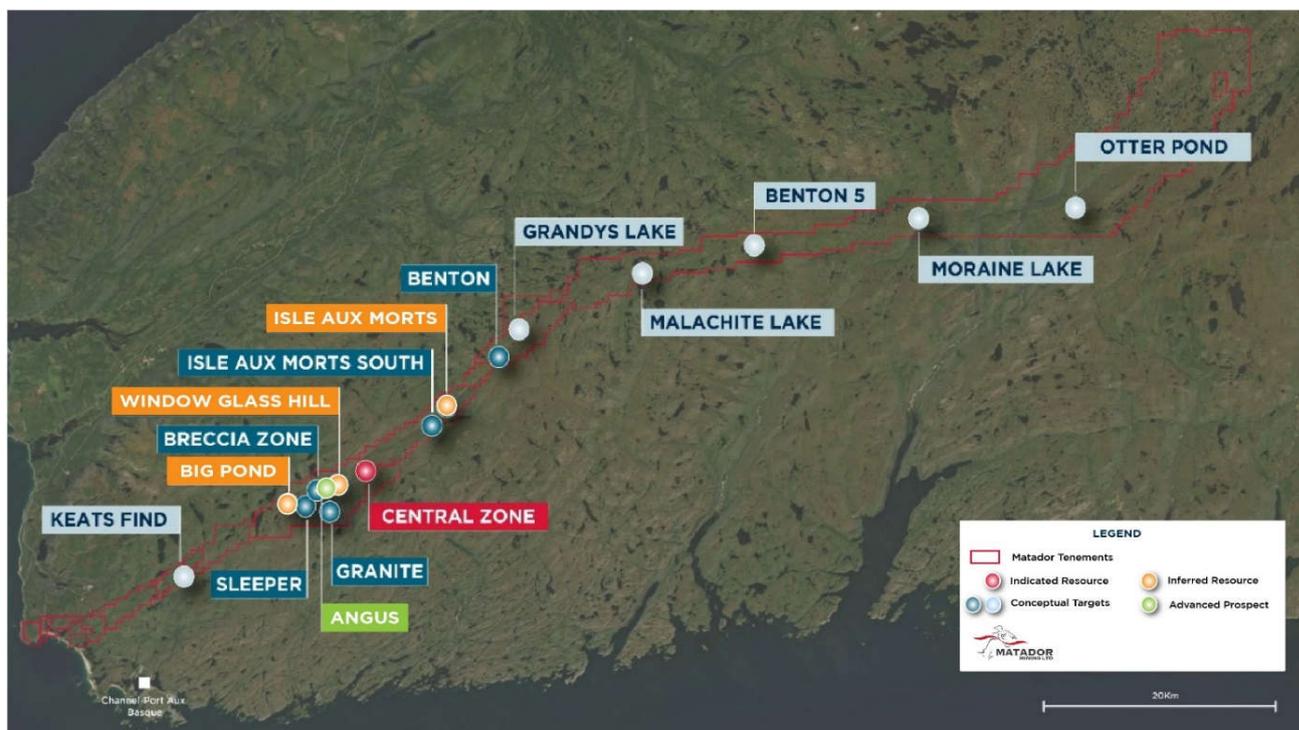


Figure 1: Cape Ray Gold Project and location of known deposits and conceptual targets

MATADOR MINING LIMITED

ABN 45 612 912 393

DIRECTORS' REPORT

Angus Greenfield Discovery

As part of the 2020 exploration strategy, the Company increased its focus on the identification and testing of greenfield exploration targets. The first target was identified approximately one kilometre south-west from the Window Glass Hill deposit, following the reprocessing and reinterpretation of historic IP chargeability and surface rock chip geochemical data. Following this work a close-spaced ground magnetic survey was completed across this area.

The Company subsequently drilled this target, which resulted in the discovery of the Angus deposit, the first new gold discovery at the Cape Ray Gold Project in more than 20 years. Significant intercepts include:

- CRD 126 – 20 metres at 2.38 g/t Au (incl. 9 metres at 4.99 g/t Au) from 82 metres;
- CRD174 – 10 metres at 1.37 g/t Au (incl. 1 metre at 10.97 g/t Au);
- CRD171 – 7 metres at 2.02 g/t Au (within 30 metres at 0.74 g/t Au) from 19 metres and 3 metres at 0.67 g/t Au from 67 metres and 1 metre at 2.66 g/t Au from 92 metres;
- CRD172 – 7 metres at 1.27 g/t Au (within 11 metres at 0.9 g/t Au) from 98 metres and 7 metres at 1.12 g/t Au from 116 metres and 21 metres at 0.34 g/t Au from 71 metres; and
- CRD184 – 6 metres at 2.18 g/t Au (incl. 1 metre at 12.13 g/t Au) from 43 metres, 12 metres at 0.43 g/t Au from 3 metres, 15 metres at 0.47 g/t Au from 78 metres and 13 metres at 0.58 g/t Au from 114 metres.

In total, Angus delivered seven holes with >20 g.m (grams x metres) gold in hole (above a 0.2 g/t Au cut-off) across a 300 metre x 450 metre area. The deposit remains open in all directions and will be a high priority target during the 2021 exploration season.

Extensional and infill drilling at Isle aux Morts

Isle aux Morts is a satellite deposit located approximately eight kilometres north-east of Central Zone and hosts an existing Inferred Mineral Resource of 60,000 ounces at 2.4 g/t Au.

Drilling at Isle aux Morts during 2020 targeted resource definition drilling and potential extension at the deposit. Significant intercepts included:

- CRD162 – 18 metres at 10.96 g/t Au from 8 metres;
- CRD161 – 19 metres at 4.6 g/t Au, from 5.5 metres;
- CRD160 – 20 metres at 5.08 g/t Au from 8 metres; and
- CRD166 – 11 metres at 2.51 g/t Au from 7 metres.

Drilling at Isle Aux Morts was highly successful and exceeded expectations with multiple holes recording greater than 100 g.m (grams x metres) gold in hole. The standout being CRD162 which record 198 g.m, one of the best holes ever drilled at the Project. Drill results support the objective of the program of increasing the confidence level of the mineral resource, as well as improving the contained gold with the mineral resource area.

Extensional drilling at Window Glass Hill

Window Glass Hill is located approximately one kilometre from the Central Zone deposit and is the second largest deposit at the Cape Ray Gold Project with a current Inferred Resource of 232,000oz at 1.6g/t Au. The 2020 exploration strategy was to continue on from last years' success and test potential extensions to currently defined mineral resource area. Significant intercepts include:

- CRD150 – 15 metres at 1.01 g/t Au from 34 metres, and 6.7 metres at 1.51 g/t Au from 116 metres

MATADOR MINING LIMITED

ABN 45 612 912 393

DIRECTORS' REPORT

- CRD132 – 5 metres at 1.41 g/t Au from 93 metres; and
- CRD134 – 4.2 metres at 1.59 g/t Au from 53 metres.

The drilling successfully expanded the known mineralised area towards the south of the deposit with this area remaining open. An additional eight holes were drilled at Window Glass Hill (1,164 metres) during 2020 with assay results pending.

In addition, a deep drill hole (CRD 151) intersected four high-grade gold zones, including a newly discovered lode below the existing Mineral Resource, with significant intercepts from this hole including:

- 10.5 metres at 2.38 g/t Au from 58.5 metres;
- 1.1 metres at 5.0 g/t Au from 77.3 metres;
- 15.5 metres at 3.28 g/t Au from 118.5 metres; and
- 2.0 metres at 6.91 g/t Au from 154.1 metres (New high-grade zone).

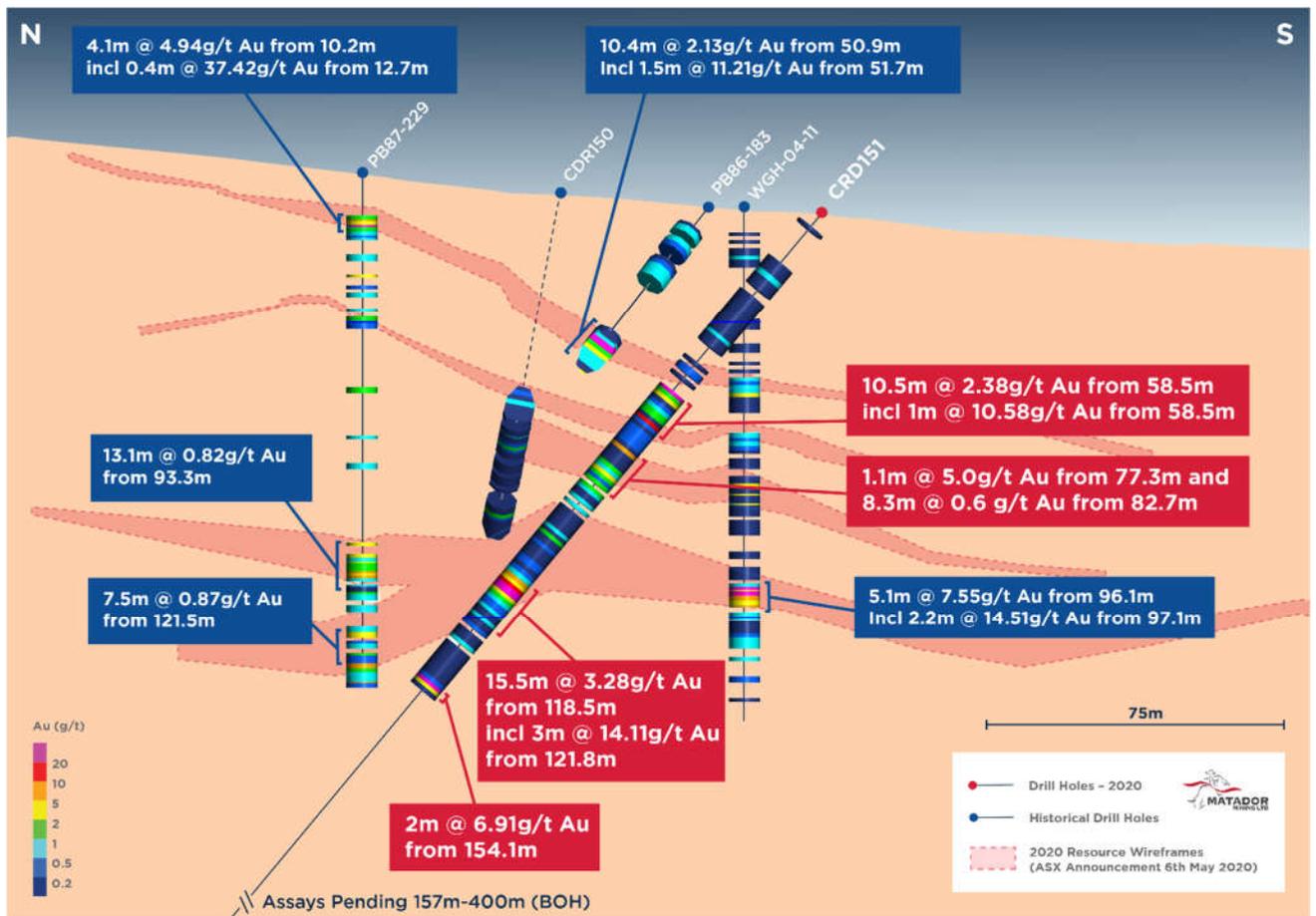


Figure 2: Window Glass Hill Cross Section parallel to CRD151

Window Glass Hill will be a priority target for the 2021 exploration season as drilling will continue to test extensions of the deposit as well as at depth.

MATADOR MINING LIMITED

ABN 45 612 912 393

DIRECTORS' REPORT

Greenfields Exploration Targeting

The Company identified 12 new high-priority exploration targets that, following additional groundwork, are expected to be drill tested in 2021. An additional 21 prioritised exploration targets have also been added to the Project pipeline (see Figure 3). The Company has developed a target generation “fingerprinting” methodology integrating structural, geochemical, and geophysical indicators to identify exploration targets. This approach was fundamental in the successful identification and drill testing of the Angus gold target and discovery.

The Company has focused on data mining of historical exploration information, combined with new greenfield exploration activity, through the 2020 program to increase the probability of success. This included completion of 323 line-kilometres of ground magnetic surveys, geological mapping, soil and rock chip sampling, and person portable drilling over 20 square kilometres of the tenement package.

Specialist structural geologists also supported the mapping and first pass rock chip/soil sampling program in the northern part of the Project. This approach is considered integral to the design and systematic geochemical sampling programs targeting new exploration areas.

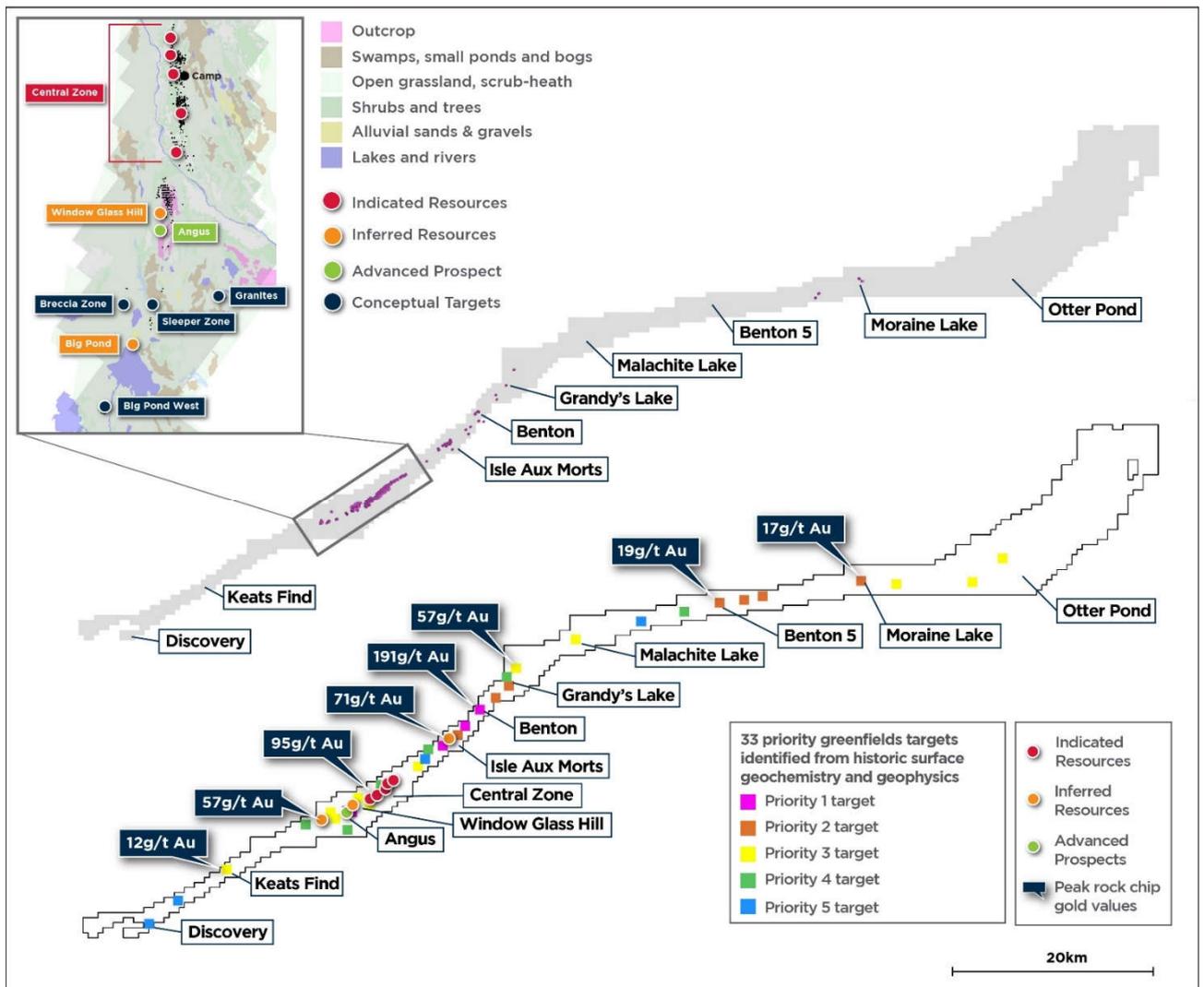


Figure 3. Location of the 33 prioritised greenfields exploration targets at the Cape Ray Gold Project

MATADOR MINING LIMITED

ABN 45 612 912 393

DIRECTORS' REPORT

Financial Results

The loss of the Group for the half year ended 31 December 2020 was \$1,505,581 (31 December 2019: \$1,471,936). During the half year, total expenses amounted to \$1,527,257 (31 December 2019: \$1,476,540) which included share-based payments expense of \$651,003 (31 December 2019: \$888,072) in relation to the issue of shares and options to Directors and consultants.

Cash and cash equivalents amounted to \$8,054,930 as at 31 December 2020 (30 June 2020: \$2,364,440).

Events Subsequent to the End of the Reporting Period

There are no other matters or circumstances have arisen since the end of the half year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 7.

No officer of the Group is or has been a partner/Director of any auditor of the Group.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Ian Murray
Executive Chairman

Dated this 16th day of March 2021, Perth

**Bentleys Audit & Corporate
(WA) Pty Ltd**

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the review of the financial statements of Matador Mining Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS NICOLOFF CA
Partner

Dated at Perth this 16th day of March 2021

MATADOR MINING LIMITED
ABN 45 612 912 393

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Other income		21,676	4,604
Administration expenses		(390,111)	(295,794)
Consultants & management expenses		(400,322)	(258,245)
Depreciation & amortisation expense		(15,304)	(9,401)
Share based payments expenses	6	(651,003)	(888,072)
Business development expenses		(70,517)	(25,028)
Loss before income tax		<u>(1,505,581)</u>	<u>(1,471,936)</u>
Income tax expense		-	-
Loss for the half year		<u>(1,505,581)</u>	<u>(1,471,936)</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Exchange rate differences on translating foreign operations	6	(884,544)	(55,632)
Total other comprehensive income for the half year, net of tax		<u>(884,544)</u>	<u>(55,632)</u>
Total comprehensive loss for the half year		<u>(2,390,125)</u>	<u>(1,527,568)</u>
Loss for the half year attributable to:			
Members of Matador Mining Limited		(1,505,581)	(1,471,936)
		<u>(1,505,581)</u>	<u>(1,471,936)</u>
Total comprehensive loss for the half year attributable to:			
Members of Matador Mining Limited		(2,390,125)	(1,527,568)
		<u>(2,390,125)</u>	<u>(1,527,568)</u>
		Cents	Cents
Basic and diluted loss per share		(1.04)	(1.79)

The accompanying notes form part of these financial statements.

MATADOR MINING LIMITED
ABN 45 612 912 393

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 Dec 2020	30 Jun 2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	8,054,930	2,364,440
Trade and other receivables		768,734	86,149
Other assets		58,953	74,884
TOTAL CURRENT ASSETS		8,882,617	2,525,473
NON-CURRENT ASSETS			
Exploration and evaluation costs	4	20,608,252	15,389,903
Property, plant and equipment		169,106	97,182
TOTAL NON-CURRENT ASSETS		20,777,358	15,487,085
TOTAL ASSETS		29,659,975	18,012,558
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		660,727	282,820
TOTAL LIABILITIES		660,727	282,820
NET ASSETS		28,999,248	17,729,738
EQUITY			
Contributed equity	5	38,413,815	25,350,578
Reserves	6	2,709,645	3,753,241
Transactions with minority shareholders		(4,175,958)	(4,175,958)
Accumulated losses		(7,948,254)	(7,198,123)
TOTAL EQUITY		28,999,248	17,729,738

The accompanying notes form part of these financial statements.

MATADOR MINING LIMITED

ABN 45 612 912 393

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Note	Contributed Equity	Option Reserve	Foreign Currency Translation	Accumulated Losses	Transactions with minority interest	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		25,350,578	3,762,983	(9,742)	(7,198,123)	(4,175,958)	17,729,738
Comprehensive income							
Currency translation differences		-	-	(884,544)	-	-	(884,544)
Loss for the half year		-	-	-	(1,505,581)	-	(1,505,581)
Total comprehensive income		-	-	(884,544)	(1,505,581)	-	(2,390,125)
Transactions with owners, in their capacity as owners							
Shares issued	5	8,678,571	-	-	-	-	8,678,571
Exercise of listed options	6	4,770,784	-	-	-	-	4,770,784
Exercise of employee share scheme options	6	54,604	(54,604)	-	-	-	-
Options issued	6	-	651,002	-	-	-	651,002
Expiry of options	6	-	(755,450)	-	755,450	-	-
Transaction costs		(440,722)	-	-	-	-	(440,722)
Balance at 31 December 2020		38,413,815	3,603,931	(894,286)	(7,948,254)	(4,175,958)	28,999,248

MATADOR MINING LIMITED
ABN 45 612 912 393

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Contributed Equity	Option Reserve	Foreign Currency Translation	Accumulated Losses	Transactions with minority interest	Total
Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	13,067,698	2,805,604	256	(4,734,639)	-	11,138,919
Comprehensive income						
Currency translation differences	-	-	(55,632)	-	-	(55,632)
Loss for the half year	-	-	-	(1,471,936)	-	(1,471,936)
Total comprehensive income	-	-	(55,632)	(1,471,936)	-	(1,527,568)
Transactions with owners, in their capacity as owners						
Shares issued	5 2,913,830	-	-	-	-	2,913,830
Transaction with minority interest	4,175,958	-	-	-	(4,175,958)	-
Exercise of options	110,000	-	-	-	-	110,000
Options issued	6 -	888,072	-	-	-	888,072
Balance at 31 December 2019	20,267,486	3,693,676	(55,376)	(6,206,575)	(4,175,958)	13,523,253

The accompanying notes form part of these financial statements.

MATADOR MINING LIMITED
ABN 45 612 912 393

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(842,326)	(631,702)
Interest expense		-	(26,376)
Interest received		22,095	4,604
Net cash used in operating activities		<u>(820,231)</u>	<u>(653,474)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(6,196,317)	(2,872,670)
Payments for the acquisition of property, plant, and equipment		(87,228)	(5,207)
Net cash used in investing activities		<u>(6,283,545)</u>	<u>(2,877,877)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		8,460,374	1,393,411
Proceeds from the exercise of options		4,770,782	110,000
Repayment of borrowings		-	(250,000)
Transaction costs		(440,722)	-
Net cash generated from financing activities		<u>12,790,434</u>	<u>1,253,411</u>
Net increase / (decrease) in cash held		5,686,658	(2,277,940)
Opening cash and cash equivalents		2,364,440	2,956,176
Effects of exchange rate changes on cash and cash equivalents		3,832	(48,314)
Cash and cash equivalents at end of half year	2	<u>8,054,930</u>	<u>629,922</u>

The accompanying notes form part of these financial statements.

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The financial statements and notes represent those of Matador Mining Limited (“Company”) and controlled entities (“Group” or “Consolidated Entities”) for the half year reporting period ended 31 December 2020.

The financial statements were authorised for issue on 16th March 2021 by the Directors of Matador Mining Limited.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

This interim financial report for the half year reporting period ended 31 December 2020 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for ‘for-profit’ orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those disclosed in the Company’s 2020 Annual Financial Report for the financial year ended 30 June 2020 other than outlined below.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The Group incurred a loss for the period of \$1,505,581. As at 31 December 2020 the Group had cash assets of \$8,054,930 (30 June 2020: \$2,364,440) and a working capital surplus of \$8,221,890 (30 June 2020: \$2,242,653). The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cash flows in line with available funds.

The Directors have prepared a cash flow forecast, which indicates that the Company will require additional capital to meet its planned exploration program, all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Company has the ability to defer discretionary costs, including exploration programs, as and when required.
- The Company has cash reserves of \$8,054,930
- The Company currently has on issue 22,572,000 unlisted options expiring 2 July 2022 that have vested and have an exercise price of \$0.23 which is significantly lower than the current share price. If the share price remains above \$0.23, then the exercise of the options could raise up to \$5,191,675 before expiry.
- In particular, given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

New and amended standards adopted by the Company

The consolidated entity 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.

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

In the half year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods commencing on or after 1 July 2020. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to accounting policies.

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

(b) Impact of standards issued but not yet adopted by the entity

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

Accounting Policies

a. Accounting Principles

The financial statements incorporate all of the assets, liabilities and results of the Company and its subsidiaries.

b. Exploration and Evaluation Expenditure Assets

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 period in which the decision is made.

Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

c. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements, or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

d. Critical Accounting Estimates and Judgements

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

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key estimates

(i) *Impairment – general*

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Where impairment has been triggered, assets are written down to their recoverable amounts.

(ii) *Options value*

The options issued by the Group during the half year have been valued by the Directors using the Black-Scholes option pricing model based on the inputs shown at Note 6(c).

e. Share based payments

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the half year during which the option holder become unconditionally entitled to the options.

The fair value of the options at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the Share price at 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.

The fair value of the options granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

The fair value of these equity instruments does not necessarily relate to the actual value that may be received in future by the recipients.

f. Segment Reporting

Operating segments are now reported in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker, which has been identified by the Group as the Executive Chairman and other members of the board of Directors.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Group's sole activity was mineral exploration and resource development within Canada and Australia. The reportable segment information is shown at Note 8.

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 2: CASH AND CASH EQUIVALENTS

	31 Dec 2020	30 June 2020
	\$	\$
Cash at bank and on hand	8,054,930	2,364,440
	<u>8,054,930</u>	<u>2,364,440</u>

NOTE 3: FINANCIAL ASSETS

For all financial instruments held as at 31 December 2020, the carrying value approximates fair value.

NOTE 4: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2020	30 June 2020
	\$	\$
Opening balance	15,389,903	9,990,300
Tenement acquisition costs	-	16,536
Capitalised exploration expenditure	5,218,349	5,383,067
	<u>20,608,252</u>	<u>15,389,903</u>

The balance carried forward represents the expenditure on projects which are in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

NOTE 5: CONTRIBUTED EQUITY

(a) Share capital

	31 Dec 2020	30 June 2020
	\$	\$
Fully paid ordinary share capital	38,413,815	25,350,578
Total share capital	<u>38,413,815</u>	<u>25,350,578</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the Company's shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 5: CONTRIBUTED EQUITY (continued)

(b) Movements in ordinary share capital:

2020

Date	Details	Number of shares	Issue Price	\$
30 Jun 2019	Balance as at 30 June 2019	67,104,167		13,067,698
2 Jul 2019	Placement	16,466,667	0.16	2,647,292
5 Jul 2019	Shares issued to retire related party debt	1,562,500	0.16	250,000
15 Jul 2019	Acquisition of minority shareholders project level shareholding	13,470,834	0.31	4,175,958
19 Sep 2019	Acquisition of the Antler tenements	54,641	0.30	16,536
14 Oct 2019	Exercise of options	250,000	0.20	50,000
10 Dec 2019	Exercise of options	300,000	0.20	60,000
26 Feb 2020	Placement	21,484,622	0.20	4,296,925
27 Feb 2020	Placement	300,000	0.20	60,000
3 Mar 2020	Placement	200,000	0.20	40,000
18 May 2020	Issue of cleansing prospectus shares	100	0.20	20
18 May 2020	Placement	2,817,000	0.20	563,400
2 Jun 2020	Exercise of options	30,000	0.20	6,000
12 Jun 2020	Exercise of options	312,500	0.23	71,875
30 Jun 2020	Exercise of options	50,001	0.20	10,000
30 Jun 2020	Transfer fair value of options	-	-	936
	Less: Transaction costs	-	-	(236,062)
30 Jun 2020	Funds received for shares to be issued ²	-		270,000
30 June 2020	Balance as at 30 June 2020	124,403,032		25,350,578
Various ¹	Exercise of options	6,652,600	0.23	1,530,098
Various ¹	Exercise of options	15,203,412	0.20	3,040,686
1 Jul 2020	Issue of shares to Directors ²	2,350,000	0.20	200,000
8 July 2020	Flow through share placement	21,428,571	0.41	8,678,571

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 5: CONTRIBUTED EQUITY (continued)

(b) Movements in ordinary share capital:

2020

Date	Details	Number of shares	Issue Price	\$
26 Aug 2020	Conversion of employee shares scheme options	7,952	0.31	2,465
2 Sept 2020	Conversion of employee share scheme options	87,782	0.29	25,662
23 Sept 2020	Conversion of employee share scheme options	85,410	0.31	26,477
	Less: Transaction costs	-		(440,722)
31 Dec 2020	Balance as at 31 December 2020	170,218,759		38,413,815

¹ Shares were issued on the conversion of options on 28 occasions during the half year and have been consolidated in one line above.

² Of the 2,350,000 shares issued to Directors, payment for 1,350,000 of those shares was received prior to 30 June 2020.

NOTE 6: RESERVES

	31 Dec 2020	30 June 2020
	\$	\$
(a) Reserves		
Options Reserve	3,603,931	3,762,983
Foreign Currency Translation Reserve (FCTR)	(894,286)	(9,742)
	<u>2,709,645</u>	<u>3,753,241</u>

Movements in Options Reserve:

Opening balance of Options Reserve	3,762,983	2,805,604
Share based payments to Key Management Personnel	347,000	112,434
Share based payments to employees and consultants issued under the employee share scheme	304,002	872,088
Employee share scheme options exercised	(54,604)	-
Options expired	(755,450)	(26,208)
Transfer of fair value to contributed	-	(935)
Closing balance of Options Reserve	<u>3,603,931</u>	<u>3,762,983</u>

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 6: RESERVES (continued)

	31 Dec 2020	30 June 2020
	\$	\$
Movements in FCTR:		
Opening balance of FCTR	(9,742)	256
Foreign currency losses on translation of subsidiaries	(884,544)	(9,998)
Closing balance of FCTR	(894,286)	(9,742)

(b) Nature and purpose of reserves

Option reserve

The options reserve recognises the grant date fair value of options issued to shareholders but not exercised.

Foreign currency translation reserve (FCTR)

The foreign currency translation reserve records exchange rate differences on translating foreign operations.

(c) Share based payments – related parties

During the half year ended 31 December 2020 the following options were issued to Directors and Officers of the Company as short-term and long-term incentives under the Company's Employee Securities and Incentive Plan, which was most recently approved at the Company's annual general meeting held on 18 November 2020.

Option series	Grant date	Vesting date	No. of options	Total expense recognized
Ian Murray – STI	18/11/2020	1/07/2021	536,000	28,042
Ian Murray – LTI	18/11/2020	1/07/2023	1,018,000	8,365
Keith Bowes – STI	21/08/2020	1/07/2021	193,000	27,078
Keith Bowes – LTI	21/08/2020	1/07/2023	322,000	9,059
Justin Osborne (\$0.63 exercise price)	18/11/2020	18/11/2020	300,000	50,100
Justin Osborne (zero price options)	18/11/2020	18/11/2023	180,000	2,580
Mick Wilkes (\$0.63 exercise price)	18/11/2020	18/11/2020	300,000	50,100
Mick Wilkes (zero price options)	18/11/2020	18/11/2023	180,000	2,580
Nicole Adshead-Bell (\$0.63 exercise price)	18/11/2020	18/11/2020	300,000	50,100
Nicole Adshead-Bell (zero price options)	18/11/2020	18/11/2023	180,000	2,580
Total			3,509,000	230,584

During the half year ended 31 December 2020, the following options, were issued and recorded in the Option Reserve. The options have been valued by the Directors using the Black-Scholes option pricing model based on the following:

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 6: RESERVES (continued)

	Ian Murray - STI	Ian Murray - LTI	ESS - STI	ESS - LTI	Directors (\$0.63)	Directors (\$0.00)	
Underlying value of the security	\$0.37	\$0.37	\$0.45	\$0.45	\$0.37	\$0.37	\$0.31
Exercise price	Nil	Nil	Nil	Nil	\$0.63	Nil	\$0.50
Valuation date	18/11/20	18/11/20	21/08/20	21/08/20	18/11/20	18/11/20	15/7/19
Vesting date	1/07/21	1/07/23	1/07/21	1/07/23	18/11/20	18/11/23	15/7/19
Expiry date	1/07/23	1/07/25	1/07/23	1/07/25	18/11/23	18/11/23	1/7/22
Risk free rate	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.96%
Volatility	100%	100%	100%	100%	92%	100%	85%
Life of Options in years	2.62	4.62	3.00	5.00	3.00	3.00	3
Number of Options	536,000	1,018,00	1,420,000	1,560,000	900,000	540,000	1,250,000
Valuation per Option	\$0.37	\$0.37	\$0.45	\$0.45	\$0.17	\$0.37	\$0.13
Amount expensed during the half year	\$28,042	\$8,365	\$183,731	\$43,886	\$150,300	\$7,740	\$166,541

Vesting conditions – STI

The vesting conditions include:

- Occupational Health, Safety and Environment (OHSE) – zero significant OHSE events;
- Exploration – delineation of new targets, new discovery and an increase in the Mineral Resource;
- Corporate – increase in the percentage of institutional shareholders and target high quality investors; and
- Project – community engagement, positive baseline study reports and additional resources included in the internal mine plan.

Each of the vesting criteria has a weighting that reflects the target’s importance to the strategy of the Company and to shareholder value.

Vesting conditions – LTI

The vesting conditions include:

- Exploration – increase to Mineral Resources and Ore Reserves;
- Corporate – share price growth in real terms and share price growth against peers; and
- Project – progression and completion of Environmental Impact Statement, development studies and environmental and social governance.

NOTE 7: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has no contingent liabilities or contingent assets at the date of this report.

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 8: SEGMENT REPORTING

The segment information provided to the Board of Directors for the reportable segments for the half year ended 31 December 2020 is as follows:

	Operating Profit/(Loss)		Total Assets		Total Liabilities	
	31/12/2020	31/12/2019	31/12/2020	30/06/2020	31/12/2020	30/6/2020
	\$	\$	\$	\$	\$	\$
Gold (Canada)	-	-	24,117,973	15,435,311	-	-
Corporate	(1,505,581)	(1,471,936)	5,542,002	2,577,247	(660,727)	(282,820)
	(1,505,581)	(1,471,936)	29,659,975	18,012,558	(660,727)	(282,820)

NOTE 9: EVENTS AFTER THE REPORTING PERIOD

There were no matters or circumstances that have arisen since the end of the half year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

MATADOR MINING LIMITED
ABN 45 612 912 393

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Matador Mining Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 22, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Ian Murry
Executive Chairman

Dated this 16th day of March 2021, Perth

Independent Auditor's Review Report

To the Members of Matador Mining Limited

Conclusion

We have reviewed the accompanying half-year financial report of Matador Mining Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Matador Mining Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Matador Mining Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a loss of \$1,505,581 during the half year ended 31 December 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Matador Mining Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



BENTLEYS
Chartered Accountants



CHRIS NICOLOFF CA
Partner

Dated at Perth this 16th day of March 2021