



Quarterly Activities Report Quarter Ended 31 March 2020

Highlights

- **The Mineral Resource at the Cape Ray Project increased by 18% to 1.2Moz Au and 3.9Moz Ag (16.6Mt at 2.2g/t Au and 7g/t Ag).**
 - 55% of the Mineral Resource is classified in the Indicated category (650koz Au at 2.9 g/t Au).
 - The total discovery cost per ounce was US\$12/oz (\$18/oz).¹²⁵
 - Discovery rates were 14oz Au per meter drilled.
- **The major focus of the 2019 exploration program was Window Glass Hill (WGH), where the resource grew by 71% to 230koz Au (previously 134koz Au). The grade at WGH also increased by 34% to 1.6g/t Au (previously 1.2g/t Au).**
 - The discovery cost per oz at WGH was exceptionally low at a cost of US\$7/oz (A\$11/oz).¹²³
 - Discovery rate of 27oz Au per metre drilled.
 - 90% of the resource at WGH is less than 100m from surface.
- **The Scoping Study to assess the potential for high-grade open pit gold production has made significant progress.**
 - The Scoping Study is targeting high-grade, shallow gold mineralisation with processing through a conventional CIL facility.
 - Process design, plant capital and operating estimates, site layouts and infrastructure design have been completed.
 - Macro-economic conditions for gold remain extremely positive, with the Canadian dollar gold price trading near an all-time record high.

1. Total drilling costs for 2019 \$3m- inclusive of drilling, assays, contractors and personnel.

2. WGH - total meters drilled- 3,523m.

3. \$A\$:US exchange rate - 0.70.

4. PW - total meters drilled - 2,341.

5. total meter drilled 2019 exploration program - 12,632.

Matador Mining Limited (ASX: MZZ, MZZO) ("Matador" or the "Company") is pleased to provide its quarterly activities report for the Quarter ended 31 March 2020.

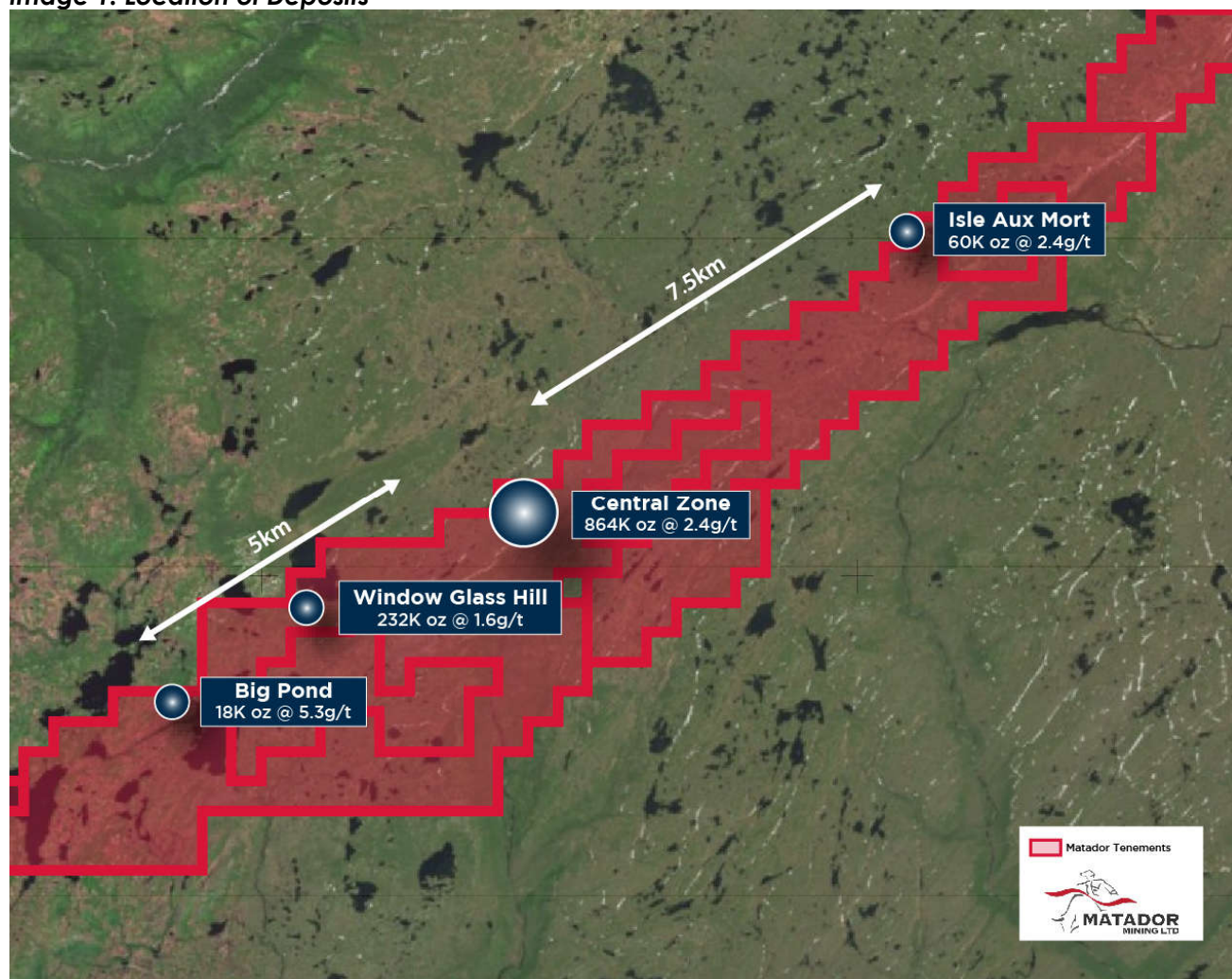
Gold resource increases to 1.2M ounces

The Company increased the resource at its Cape Ray Gold Project ("Cape Ray") to 1.2M oz Au and 3.9M oz Ag (16.6Mt at 2.2g/t Au and 7g/t Ag) as shown below in Table 1. This was an 18% increase in contained gold metal and follows a 12,632m drilling program carried out during the 2019 field season (ASX announcement 4 February 2020).

Table 1: CAPE RAY GOLD PROJECT, JORC 2012 Classified Resource Summary – Gold resource only

	Indicated			Inferred			Total		
	Mt	Au (g/t)	Moz (Au)	Mt	Au (g/t)	Moz (Au)	Mt	Au (g/t)	Moz (Au)
Central Zone	7.0	2.9	0.7	4.0	1.6	0.2	11.0	2.4	0.9
Isle Aux Mort	-	-	-	0.8	2.4	0.1	0.8	2.4	0.1
Big Pond	-	-	-	0.1	5.3	0.1	0.1	5.3	0.1
WGH	-	-	-	4.5	1.6	0.2	4.5	1.6	0.2
Total	7.0	2.9	0.7	9.6	1.7	0.5	16.6	2.2	1.2

Image 1: Location of Deposits



The increase in the Mineral Resource followed the largest drill program at Cape Ray in more than 30 years. Importantly, growth in the Mineral Resource has not been to the detriment of the resource grade, as the total average grade remains at just over 2.2g/t Au.

The success of the 2019 drilling program is highlighted in Table 2 below, which shows the cost per gold ounce discovered and gold ounces discovered per metre drilled. Both compare favorably to other gold exploration projects.

Table 2: CAPE RAY GOLD PROJECT, 2019 Drilling Program Metrics

	Increase in resource (oz Au)	Cost (US\$)	Cost per oz discovered	Meters drilled	Oz discovered per meter drilled
Window Glass Hill	96,000	US\$620,000	\$7 / oz	3,523	27 oz
PW Deposit	52,000	US\$410,000	\$8 / oz	2,341	22 oz
Total	178,000	US\$2,200,000	\$12 / oz	12,632	14 oz

Scoping Study update

Due to quarantine issues related to the COVID-19 pandemic, the Scoping Study has been delayed, however the majority of work relating to the Scoping Study has been completed. This includes process design, capital and operating cost estimates, infrastructure design and site layouts. In each of these areas, the environmental impacts have been taken into consideration and the design and engineering handled accordingly. The major outstanding piece of work is the mine design, scheduling and final economic analysis.

While the preliminary findings of the Scoping Study have to date been largely in line with expectations, certain opportunities to improve the Project's economic returns have already been identified. The Company may assess a limited number of such opportunities in the Scoping Study (depending on cost and timing considerations). Other opportunities are expected to be assessed in Options Studies which are likely to be completed prior to a Pre-Feasibility Study, which the Company expects to release in 2021.

Despite the difficult global economic environment, gold has been one of the few commodities to have seen improvement through 2020. The Company notes that the gold price in Canadian dollars (C\$) recently traded at an all-time high.

Given the Project remains focused on targeting higher grade ore earlier in the operating life, the current high gold price environment will likely improve the payback period.

Corporate

Capital Raising

On 17 February 2020, the Company announced that it had received commitments to raise \$5.1 million before costs (including commitments of \$270,000 from the Company's directors) through the placement of shares to institutional, professional and sophisticated investors at a price of \$0.20 per share ("**Placement**").

As at 31 March 2020, the Company had received proceeds of approximately \$4.7 million, which includes \$270,000 from directors, who subscribed for 1.35 million shares, the issue of which is subject to

the approval of Matador shareholders. A general meeting is expected to be held later in the June Quarter.

The Company is yet to receive proceeds of \$440,000 from one sophisticated investor who subscribed for 2,200,000 shares in the Placement. The Company has endeavored to work with this investor (who is also an existing shareholder) in a bid to ensure that all proceeds from the Placement are received, however has been left with no option other than to seek recovery of the unpaid proceeds through legal means.

Cash

As at 31 March 2020, the Company had cash and receivables of \$3.8 million. This includes \$270,000 in relation to directors' participation in the Placement, which is held in escrow pending shareholder approval of the issue of shares to directors.

Reference to previous ASX Announcements

In relation to the Mineral Resource estimate announced on 4 February 2020, Matador confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the announcement of 4 February 2020 continue to apply and have not materially changed.

About the Company

Matador Mining Limited (ASX: MZZ) is a gold exploration company with tenure covering 80km of continuous strike along the highly prospective, yet largely under-explored Cape Ray Shear in Newfoundland, Canada. Within the package is a 14km zone of drilled strike which hosts a JORC resource of 1.2Moz Au (16.7Mt at 2.2g/t Au) (see Table 1 below for a full summary of Resources) (ASX announcement 4 February 2020). The exploration opportunity at Cape Ray is extensive, with only a small portion of the 80km strike drilled, and high-grade gold occurrences observed along trend.

Table 4: CAPE RAY GOLD PROJECT, JORC 2012 Classified Resource Summary – Gold resource only

	Indicated			Inferred			Total		
	Mt	Au (g/t)	Moz (Au)	Mt	Au (g/t)	Moz (Au)	Mt	Au (g/t)	Moz (Au)
Central Zone	7.0	2.9	0.7	4.0	1.6	0.2	11.0	2.4	0.9
Isle Aux Mort	-	-	-	0.8	2.4	0.1	0.8	2.4	0.1
Big Pond	-	-	-	0.1	5.3	0.1	0.1	5.3	0.1
WGH	-	-	-	4.5	1.6	0.2	4.5	1.6	0.2
Total	7.0	2.9	0.7	9.6	1.7	0.5	16.6	2.2	1.2

Note: reported at 0.5 g/t Au cutoff grade

To learn more about the Company, please visit www.matadormining.com.au, or contact:

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Adam Kiley – Executive Director: +61 8 6117 0478

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Matador Mining Limited

ABN

45 612 912 393

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(82)	(299)
	(e) administration and corporate costs	(233)	(610)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	4
1.5	Interest and other costs of finance paid	-	(26)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (Business development activities)	-	(38)
1.9	Net cash from / (used in) operating activities	(315)	(969)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(8)
	(d) exploration & evaluation (if capitalised)	(922)	(3,849)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	3
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(922)	(3,854)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,687	6,190
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(193)	(193)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(250)
3.7	Transaction costs related to loans and borrowings	(22)	(22)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,472	5,725

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	630	2,956
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(315)	(969)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(922)	(3,854)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,472	5,725

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(38)	(31)
4.6	Cash and cash equivalents at end of period	3,827	3,827

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	610	630
5.2 Call deposits	3,217	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,827	630

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
176
568

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments to directors for director fees (March quarter: \$60,000).

Mr Grant Davey, who is a non-executive Director of the Company is a Director and shareholder of Matador Capital Pty Ltd (Matador Capital). The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space, a working capital facility, general office costs, bookkeeping services and technical exploration and geological staff to the Company. The services provided by Matador Capital are recovered from the Company on a cost-plus basis. (March quarter: \$685,000)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(315)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(922)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,237)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,827
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,827
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.1

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 9 April 2020

Authorised by: the Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.