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MATADOR MINING LIMITED

ABN 45 612 912 393

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2019



MATADOR MINING LIMITED
ABN 45 612 912 393

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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 subsidiary ("Matador" or the "Group") for the half year ended 31 December 2019 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:

- Grant Davey (Non-Executive Director)
- Keith Bowes (Executive Director, Technical)
- Adam Kiley (Executive Director, Corporate)

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

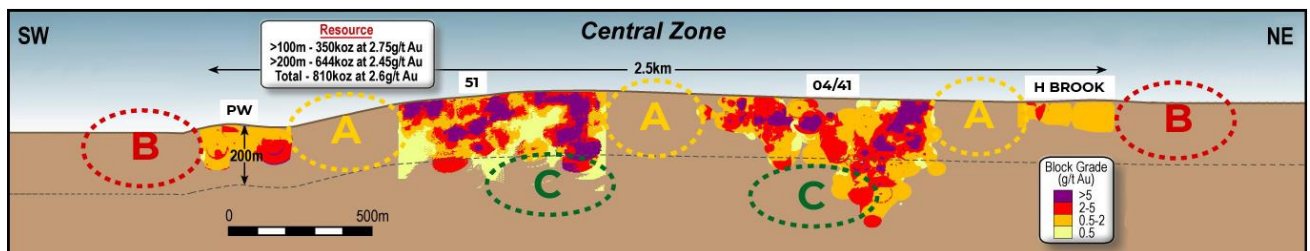
During the period, the Company completed a 12,600m exploration drilling program at its Cape Ray Gold Project, located in Newfoundland, Canada. The drilling focused primarily on two areas, the Central Zone and Window Glass.

Central Zone Drilling

At Central Zone, drilling targeted three key aspects, as shown in Image 1 below:

- Testing the "gaps" between known deposits;
- Testing potential extensions along strike; and
- High-grade potential, which remains open at depth.

Image 1: Exploration targets at Central Zone during 2019 drilling program



The 2019 exploration program sought to test "gaps" between known deposits, specifically around Central Zone. The strategy to test "gaps" between known deposits was based on the success of the 2018 drilling which showed the 04 and 41 deposits were in fact connected.

This drilling focused on the PW and 51 deposits towards the south of Central Zone and the area between the 04 and H Brook deposits, at the northern extension of Central Zone (see Image 2). Hole CRD071, which is located approximately 80m from the 04 deposit and 120m from the H Brook deposit intersected high-grade mineralisation (ASX announcement 17 October 2019):

- CRD071 - 5.4m at 4.3g/t Au (incl. 2.5m at 8.8 g/t) from 74m
- CRD071 - 0.3m at 6.2g/t Au from 61m

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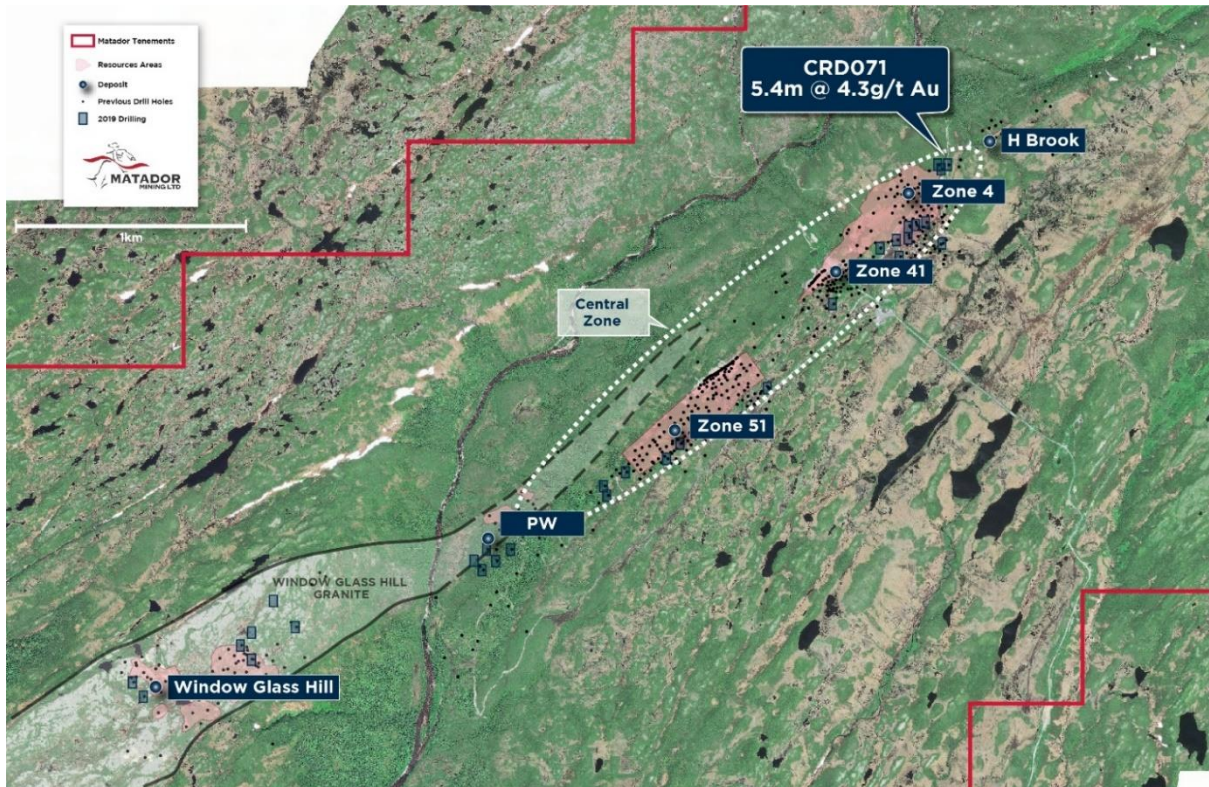
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- CRD071 - 1.05m at 1.0g/t Au from 94m

The high-grade intercept and the stacked nature of the mineralisation closely resembles the style of mineralisation seen at the 04 deposit.

Image 2: Plan view of Central Zone (ASX announcement 17 October 2019)



The second stage of the exploration drill program targeted shallower resource extensions, with the PW deposit, which is located at the southern extension of the flagship Central Zone, a key area for drilling around the current deposits.

Hole CRD052, which was drilled to the south of the existing resource intersected 16m @ 3.1g/t Au from 148.2m (ASX announcement 1 October 2019). This is the most significant intercept at the PW deposit to date and is located to the south and outside of the current resource boundary, with the potential to expand the resource endowment.

The mineralisation in hole CRD052 is associated within a broad shear zone with localised intense quartz veining, chalcopyrite and pyrite where extensive sulphide mineralisation has produced an intercept of 4m @ 10.7g/t Au (ASX announcement 1 October 2019).

The mineralisation associated with the shearing within the PW granites has been defined over a trend length of 380m with two mineralised positions interpreted (footwall and hanging wall). Whereas other deposits at Central Zone are hosted in a graphitic schist, the mineralisation at PW is interpreted to be hosted in the same granite body that hosts the Window Glass Hill mineralisation, located approximately 1km to the south-west. This presents a potential opportunity for further discoveries along this body.

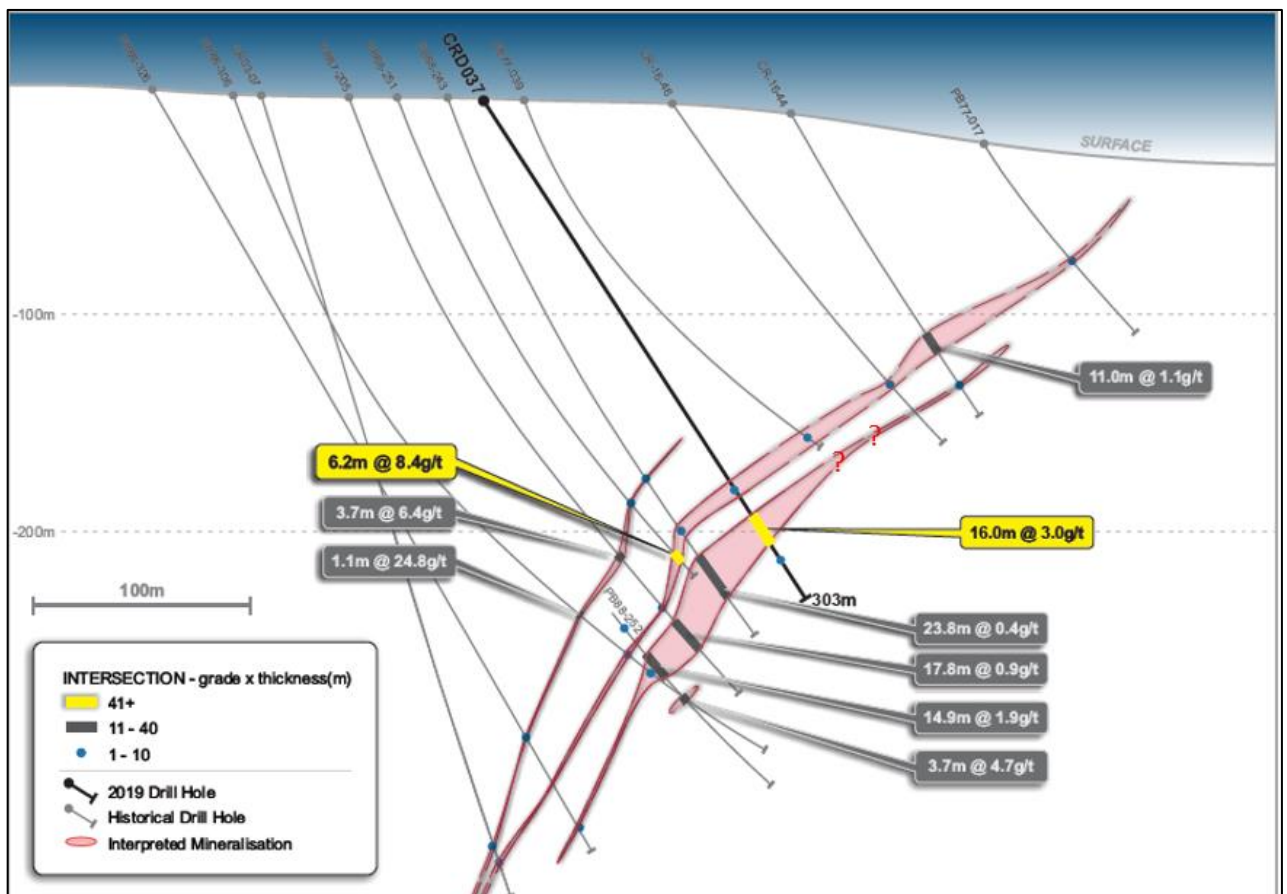
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The third aspect of drilling at Central Zone involved targeting high-grade extensions at depth, primarily at the O4 deposit, where key results included:

- CRD037 - 16m at 3.0g/t Au, from 229m, including 6m @ 5.0g/t Au from 239m (see Image 3)
- CRD035 - 7.2m at 2.2g/t, from 225m
- CRD036 - 0.5m at 2.2 g/t from 222.5m (hole lifted off target)
- CRD041 - 15m at 1.8g/t Au, from 222m, including 4m at 4.9/t Au from 233m
- CRD043 - 3m at 4.5 g/t Au, from 202.4m including 0.4m at 30g/t Au from 203.6m
- CRD038 - 2m at 2.2 g/t Au from 209m

Image 3: Cross Section Hole CRD 037



While these results were encouraging, in-line with the strategy of developing an open pit operation (ASX announcement 10 September 2019), future drilling is expected to focus on testing shallower targets.

Window Glass Hill Drilling

Unlike Central Zone, where mineralisation is hosted along the Cape Ray Shear Zone or its secondary structures, mineralisation at Window Glass Hill is hosted within a large granitic intrusion. Drilling at Window Glass Hill,

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where 30 drill holes for 3,540m at an average depth of 118m were completed, targeted shallow lateral extensions of the existing resource. Highlights from drilling at Window Glass Hill included:

- CRD105 – 5m at 3.5g/t Au from 77m (ASX announcement 17th December 2019)
- CRD103 – 3.8m at 3.2g/t Au from 4m (ASX announcement 17th December 2019)
- CRD091 – 29m at 1.9g/t Au from 64m (ASX announcement 19th November 2019)
- CRD087 – 21m at 1.3g/t Au from 38m (ASX announcement 19th November 2019)
- CRD058 – 22.8m at 1.1g/t Au from 58m (ASX announcement 17th October 2019)

The Company had significant success with this strategy, growing the mineralised footprint from approximately 500m to more than 1.2km, while mineralisation remains open. Importantly, the average depth of this new mineralisation was between 40m to 70m from surface. Image 4 shows the strike and depth of the Window Glass Hill mineralisation (ASX announcement 17th December 2019).

Image 4: Current resource and interpreted mineralisation at Window Glass Hill

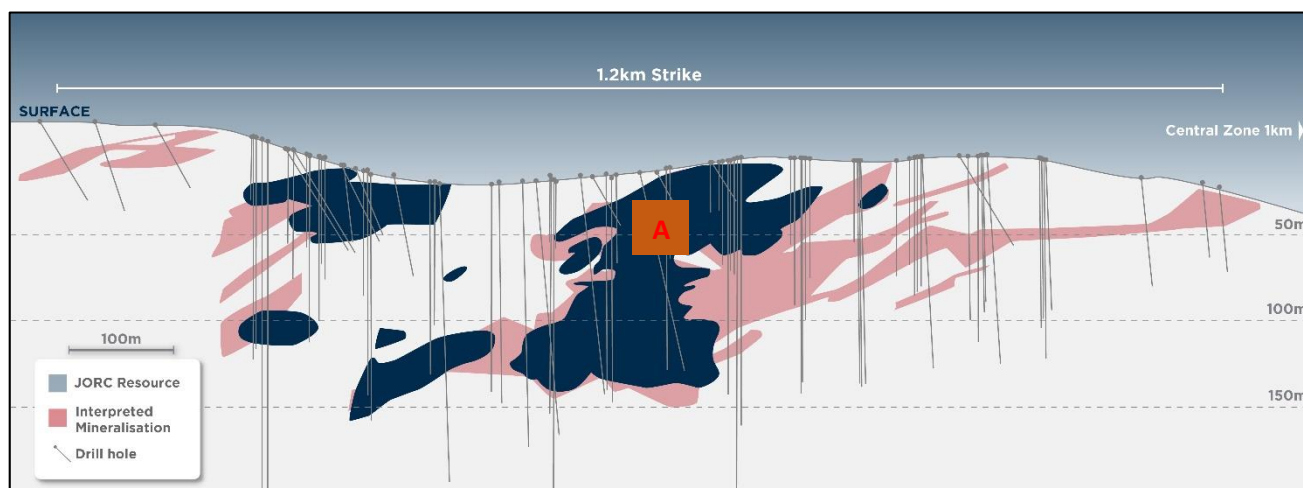


Image 4 also highlights the stacked nature of the Window Glass Hill deposit, where continuous narrower vein sets are visible from surface (i.e. the outcrops at the northern and central zones) but which can 'blow out' into broad mineralised zones such as in region 'A' indicated in Image 2. This is interpreted to be related to shearing between the northern and central vein regions. Similar 'blow out' regions will be the target for the 2020 exploration program, with already mapped out vein sets (Image 5) in the Central and Southern shear targets providing strong indicators for step out exploration.

In addition, five vein sets or second order splays were identified over the Window Glass Hill deposit which also had high-grade rock chips over these areas. These shears and the rock chip grades are highlighted below, with their location in Image 5 (ASX announcement 6 December 2019). These include:

- Northern Shear Target – 15.0 g/t, 17.8g/t and 15.4g/t over a 150m strike;
- Central Shear Target – 26.5 g/t, 21.2 g/t and 16.8 g/t over 200m;
- Southern Shear Target – 33.3 g/t, 7.1 g/t and 5.1 g/t Au;
- Central Shear 1 – 47.8 g/t, 19.16g/t and 10.4g/t over 150m of strike; and

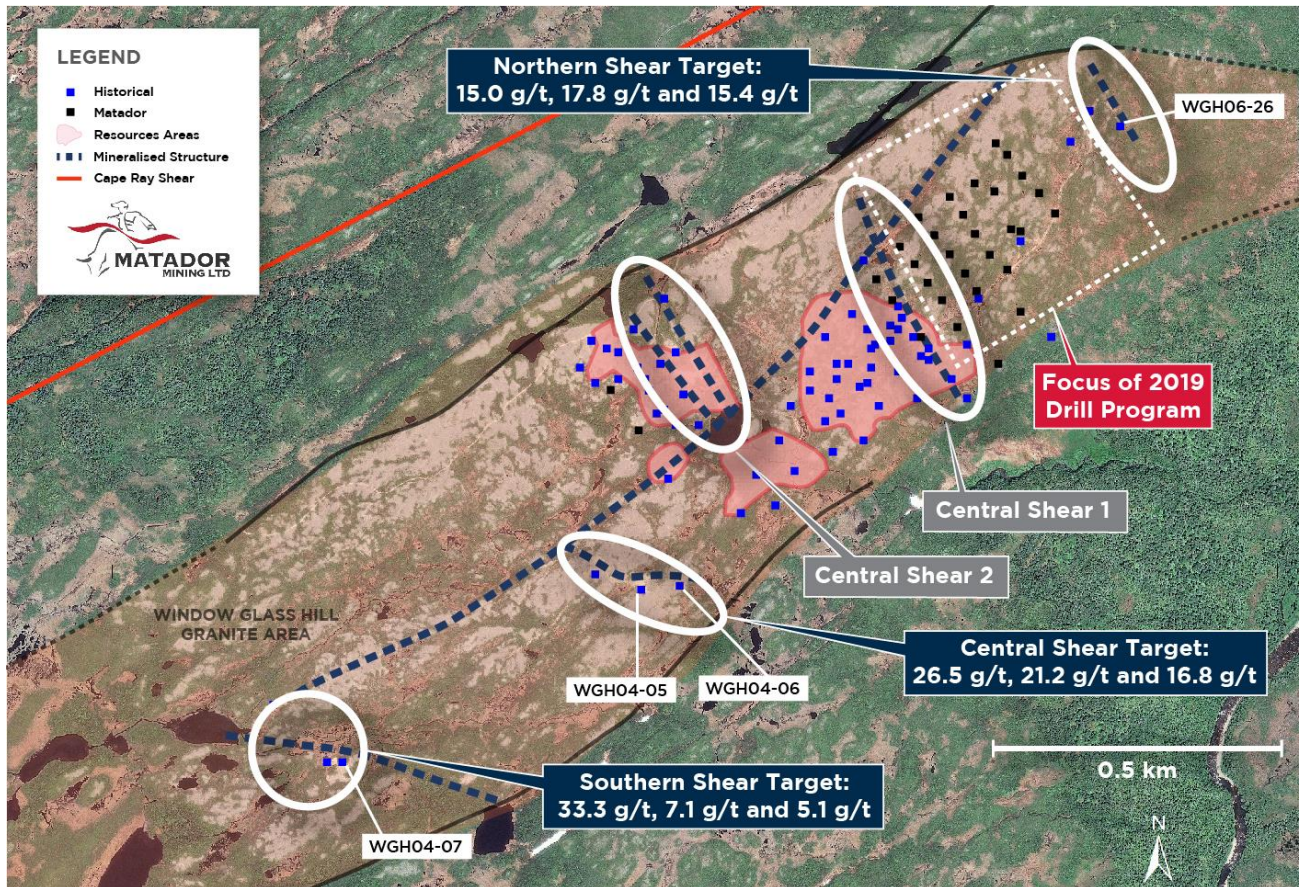
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- Central Shear 2 – 32.9 g/t, 30.7g/t and 26.6 g/t over 300m of strike.

Image 5: Structural mapping, rock chips and historical drilling



Central Shear 1 and Central Shear 2 have been drilled and are located over the existing resource or areas at which the Company has already had exploration success this season. Drilling over the other shears has been limited to only 8 holes. These results however, combined with our knowledge of the style of mineralisation highlight the potential for additional shallow plunging vein systems at these targets similar to those encountered in the known resource region.

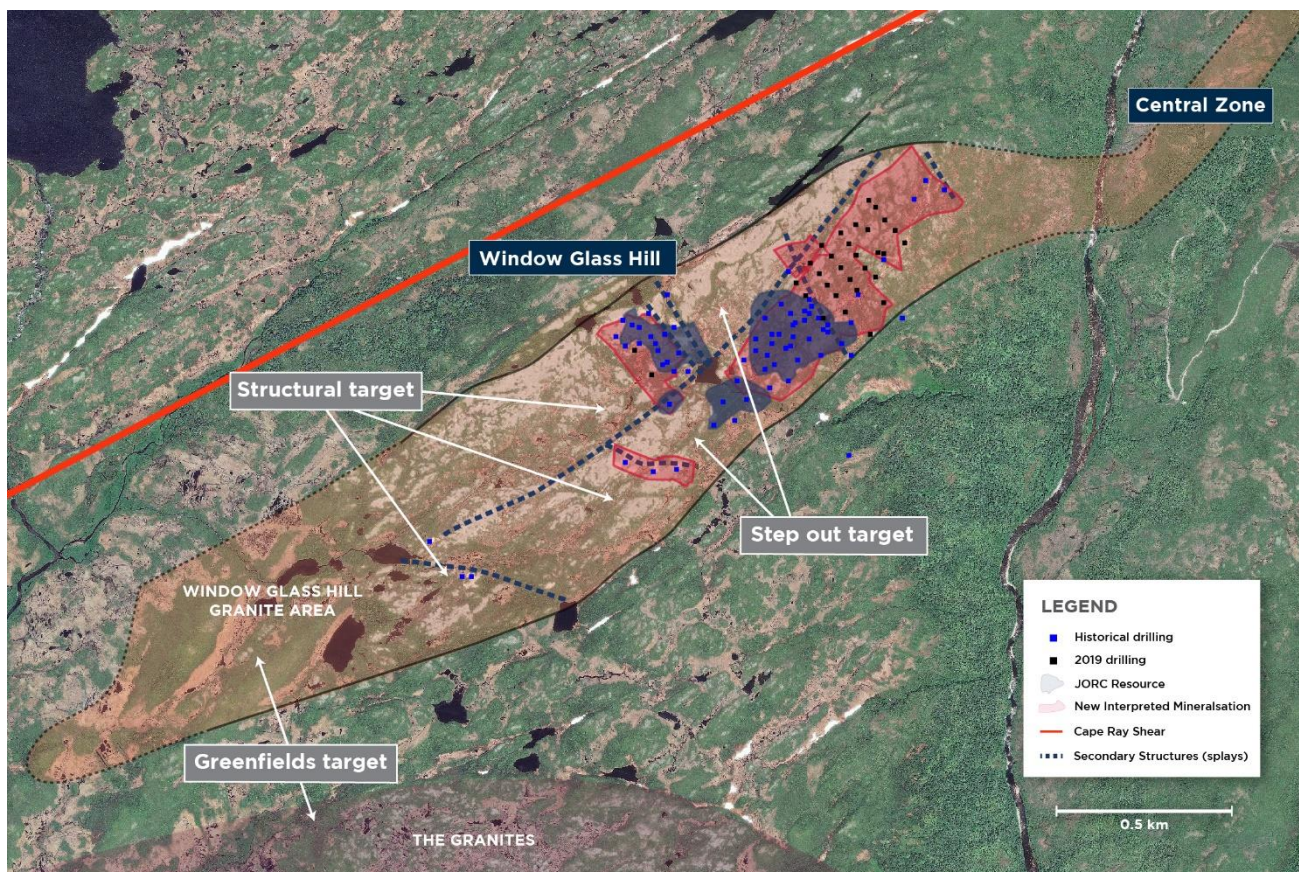
Key drilling intercepts include (ASX announcement 30 January 2019):

- Northern Shear Target – 4.5m at 3.1 (from 1.5m) and 2.4m at 1.53m (from 11.1m) in WGH06-26;
- Central Shear Target – 7.9m at 0.7g/t (from 9.5m) and 2.2m at 2.8g/t (from 27.6m) in WGH04-06 and 1.5m at 1.2g/t Au (from 13.5m) in WGH04-05; and
- Southern Shear Target – 2.5m at 2.6g/t Au (from 24.4m) in WGH04-07.

The Company has identified three key areas at Window Glass Hill aimed at delivering further resource growth, with further exploration testing expected in 2020. These targets and their locations are highlighted in Image 6 below.

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Image 6: exploration targets for 2020



- 1) Two “step out” drill targets identified from interpreted mineralisation extensions. The northern extents of the Central Shear 2, combined with recent drill results has highlighted the potential for further resource growth in these areas. The Company had good success with the strategy this season.
- 2) Three brownfield targets have been identified through structural mapping (second order splays), high-grade rock chips and historical drill results. Exploration will initially include additional mapping and sampling prior to reconnaissance drilling later in the season. The Company is confident in the potential of these targets, given the similarities to the current resource surface geology.
- 3) Untested greenfield potential. The Window Glass Hill granite contains the Window Glass Hill deposit and the PW deposit (located on the southern extension of Central Zone). Outside of the interpreted mineralised area, which stretches for approximately 2km of potential strike, only three drill holes on the southern portion of this granite unit have been drilled.

Regional Exploration Program

The Cape Ray shear is regarded as one of the more prospective, yet under explored gold regions in North America. The Company consolidated approximately 80km of continuous strike across the Southern portion of the shear earlier this year, the first time this ground has been under the ownership of a single company. The majority of drilling at the Project is within a strike of 5km, between the Central Zone and Window Glass Hill deposits.

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To identify targets for the 2019 regional exploration program, the Company considered a range of factors, including analysis of structural data, geophysics, rock geochemistry, pathfinder geochemical elements and regional mapping. The Company also reviewed all historical rock chip samples and found numerous high-grade samples along the 80km of strike. These results included the following:

- 191g/t Au and 59.0 g/t Au at Benton (11.5km north of Central Zone)
- 11.6 g/t Au at Keats Find (16.8km south of Central Zone)
- 56.9g/t Au at Grandy's Find (16km north of Central Zone)
- 18.7 g/t Au at Benton 5 (39km north of Central Zone)
- 41.9 g/t Au at Isle Aux Morts (7.5km North of Central Zone)

The key targets for the 2019 regional exploration program and their location are outlined below (Image 7).

- **The Granites** – located 3km south-west of Central Zone. This area was selected as it is the continuation of the Central zone structure and was major focus of the regional program during 2019, with 998 samples taken over a 9.8km² area.
- **Isle aux Morts** – targeting extensions around the existing resource (60koz at 2.4g/t Au, see ASX announcement 30 January 2019) where numerous high-grade rock chips and drilling indicate strong potential for further discoveries. During 2019, 134 samples were taken, with trenching and IP planned in 2020 before further drilling.
- **The Gap** – located 20km from Central Zone and within the tenements acquired from Antler Gold Inc. Very limited historical exploration has been carried out, however high-grade rock chips have been recorded. To assist in the generation of regional targets, 422 reconnaissance soil samples were taken this year.
- **Benton** – located 12km north of Central Zone, reconnaissance drilling was undertaken in the vicinity of high-grade rock chips from both the 2018 program and historical programs (up to 191g/t Au). Additional mapping and potentially IP is planned for 2020.
- **Keats Find** – located 17km south of Central Zone, this area has been historically poorly explored, in part due to a lack of outcrop and steep terrain. Despite this, rock chip samples of up to 12g/t Au have been recorded. This area will be a major regional target in 2020.

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Image 7: Significant rock chip samples and regional targets for 2019 exploration program



Financial Results

The loss of the Group for the period ended 31 December 2019 was \$1,471,936 (31 December 2018: \$2,664,795). During the half year, total expenses amounted to \$1,476,540 (31 December 2018: \$2,695,530) which included share-based payments expense of \$888,072 (31 December 2018: \$2,022,050) in relation to the issue of shares and options to directors and consultants.

Cash and cash equivalents amounted to \$629,922 as at 31 December 2019 (30 June 2019: \$2,956,176).

Events Subsequent to the End of the Reporting Period

The following events occurred subsequent to 31 December 2019:

- Following completion of the drilling program, in February 2020, an updated mineral resource estimate that delivered an 18% increase in contained gold metal, as shown in the table below (ASX announcement 4 February 2020).

	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

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- The Company received commitments to raise \$5.1 million (before costs) through the placement of approximately 24.2 million shares at \$0.20 per share to professional and sophisticated investors (the "Placement"). The Placement includes commitments from directors for \$270,000 of shares, the issue of which will be subject to approval of Matador shareholders at its next general meeting. As at the date of this report, the Company had received proceeds of approximately \$4.4 million, with a general meeting expected to be held during the June Quarter at which approval of the \$270,000 of directors' commitments will be considered by shareholders.

Other than the above, no other matters or circumstances have arisen since the end of the half-year 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.

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DIRECTORS' REPORT (continued)

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 11.

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.

A handwritten signature in black ink, appearing to read 'KGB', followed by a long horizontal line extending to the right.

Keith Bowes
Executive Director

Dated this 13th day of March 2020, Perth

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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 period ended 31 December 2019, 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 13th day of March 2020

MATADOR MINING LIMITED
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Note	31 Dec 2019	31 Dec 2018
		\$	\$
Revenue		4,604	30,735
Administration expenses		(295,794)	(329,538)
Consultants & management expenses		(258,245)	(276,363)
Depreciation & amortisation		(9,401)	(4,862)
Share based payments expense		(888,072)	(2,022,050)
Business development		(25,028)	-
Exploration expenses		-	(62,717)
Loss before income tax		<u>(1,471,936)</u>	<u>(2,664,795)</u>
Income tax expense		-	-
Loss for the half year		<u>(1,471,936)</u>	<u>(2,664,795)</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Exchange rate differences on translating foreign operations		(55,632)	(43,902)
Total other comprehensive income for the half year, net of tax		<u>(55,632)</u>	<u>(43,902)</u>
Total comprehensive loss for the half year		<u>(1,527,568)</u>	<u>(2,708,697)</u>
Loss for the half year attributable to:			
Non-controlling interest		-	(10,222)
Members of Matador Mining Limited		<u>(1,471,936)</u>	<u>(2,654,573)</u>
		<u>(1,471,936)</u>	<u>(2,664,795)</u>
Total comprehensive loss for the half year attributable to:			
Non-controlling interest		-	(10,120)
Members of Matador Mining Limited		<u>(1,527,568)</u>	<u>(2,698,577)</u>
		<u>(1,527,568)</u>	<u>(2,708,697)</u>
		\$	\$
Basic and diluted loss per share		(0.02)	(0.05)

The accompanying notes form part of these financial statements.

MATADOR MINING LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 Dec 2019	30 Jun 2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	629,922	2,956,176
Trade and other receivables		359,100	352,179
Other assets		57,872	61,780
TOTAL CURRENT ASSETS		1,046,894	3,370,135
NON-CURRENT ASSETS			
Exploration and evaluation costs	4	14,474,832	9,990,300
Property, plant and equipment		65,261	69,455
TOTAL NON-CURRENT ASSETS		14,540,093	10,059,755
TOTAL ASSETS		15,586,987	13,429,890
LIABILITIES			
CURRENT LIABILITIES			
Funds received for shares to be issued		-	1,253,882
Trade and other payables		2,063,734	510,713
Borrowings	5	-	526,376
TOTAL LIABILITIES		2,063,734	2,290,971
NET ASSETS		13,523,253	11,138,919
EQUITY			
Contributed equity	6	20,267,486	13,067,698
Reserves	7	3,638,300	2,805,860
Transactions with minority shareholders	8	(4,175,958)	-
Accumulated losses		(6,206,575)	(4,734,639)
TOTAL EQUITY		13,523,253	11,138,919

The accompanying notes form part of these financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Contributed Equity	Option Reserve	Foreign Currency Translation	Accumulated Losses	Non-controlling Interest	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	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	-	888,072	-	-	-	-	888,072
Transaction costs	-	-	-	-	-	-	-
Balance at 31 December 2019	20,267,486	3,693,676	(55,376)	(6,206,575)	-	(4,175,958)	13,523,253

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Note	Contributed Equity	Option Reserve	Foreign Currency Translation	Accumulate d Losses	Non- controlling Interest	Transactions with minority interests	Total
Balance at 1 July 2018		8,328,517	186,144	-	(1,413,038)	-		7,101,623
Comprehensive income								
Currency translation differences		-	-	(44,004)	-	102		(43,902)
Loss for the half year		-	-	-	(2,654,573)	(10,222)		(2,664,795)
Total comprehensive loss		-	-	(44,004)	(2,654,573)	(10,120)		(2,708,697)
Transactions with owners, in their capacity as owners								
Shares issued		2,636,500	-	-	-	-		2,636,500
Options issued	7	-	2,387,750	-	-	-		2,387,750
Transaction costs		(12,655)	-	-	-	-		(12,655)
Balance at 31 December 2018		10,952,362	2,573,894	(44,004)	(4,067,611)	(10,120)		9,404,521

The accompanying notes form part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(631,702)	(452,519)
Interest expense		(26,376)	-
Interest received		4,604	20,535
Net cash used in operating activities		(653,474)	(431,984)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(2,872,670)	(1,838,052)
Payments for acquisition of mining tenements		-	(3,400,000)
Payments for the acquisition of PP&E		(5,207)	-
Proceeds from sale of mining tenements		-	10,000
Security deposit		-	-
Net cash used in investing activities		(2,877,877)	(5,228,052)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		1,393,411	-
Proceeds from the exercise of options		110,000	-
Repayment of borrowings		(250,000)	-
Transaction costs		-	(12,654)
Net cash generated from financing activities		1,253,411	(12,654)
Net decrease in cash held		(2,277,940)	(5,672,690)
Opening cash and cash equivalents		2,956,176	6,707,076
Effects of exchange rate changes on cash and cash equivalents		(48,314)	-
Cash and cash equivalents at end of half year	2	629,922	1,034,386

The accompanying notes form part of these financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

The financial statements and notes represent those of Matador Mining Limited (“Company”) and controlled entity (“Group” or “Consolidated Entity”) for the half year reporting period ended 31 December 2019.

The financial statements were authorised for issue on 13th March 2020 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 2019 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 2019 annual financial report for the financial year ended 30 June 2019 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.

As at 31 December 2019 the Consolidated entity had cash assets of \$629,922 (30 June 2019: \$2,956,176) and a working capital deficit of \$1,016,840 (30 June 2019: surplus \$1,079,164).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to below, the directors are satisfied that the going concern basis of preparation is appropriate given the:

- The Company has the ability to defer discretionary costs as and when required.
- As disclosed in Note 11, The Company received commitments to raise \$5.1 million (before costs) through the placement of approximately 24.2 million shares at \$0.20 per share to professional and sophisticated investors (the "Placement"). The Placement includes commitments from directors for \$270,000 of shares, the issue of which will be subject to approval of Matador shareholders at its next general meeting.
- 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.

Based on these factors, the directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

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.

In the half year ended 31 December 2019, 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 2018. 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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases – (Effective date 1 July 2019)

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

MATADOR MINING LIMITED
ABN 45 612 912 393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management has considered significant contracts, such as those for drilling, and believes the Company does not hold any contracts that constitute leases under the standard. The Company does not have any material leases with a term of 12 months or longer.

(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 Matador Mining Limited and its subsidiary.

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.

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) *Options value*

The options issued by the Group during the half year (refer Note 7) have been valued by the Directors using the Black-Scholes option pricing model based on the inputs shown at Note 7.

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 period 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 Managing Director 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 10.

NOTE 2: CASH AND CASH EQUIVALENTS

	31 Dec 2019	30 June 2019
	\$	\$
Cash at bank and on hand	629,922	2,956,176
	<hr/>	<hr/>
	629,922	2,956,176

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 3: FINANCIAL ASSETS

For all financial instruments held as at 31 December 2019, the carrying value approximates fair value.

NOTE 4: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2019	30 June 2019
	\$	\$
Opening balance	9,990,300	-
Tenement acquisition costs	16,536	6,752,200
Capitalised exploration expenditure	4,467,996	3,238,100
	<u>14,474,832</u>	<u>9,990,300</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: BORROWINGS

	31 Dec 2019	30 June 2019
	\$	\$
Principle amount	-	500,000
Capitalised accrued interest	-	26,376
	<u>-</u>	<u>526,376</u>

During the previous financial year the Company borrowed \$500,000 from Davey Management Pty Ltd (**Davey Management**). Non-Executive Director Mr. Grant Davey is the shareholder and Director of Davey Management. The loan was on arm's length terms. On the 5 July 2019 the Company repaid this loan via a payment of \$276,376 in cash and the issue of 1,562,500 shares at a price of \$0.16 with a total value of \$250,000.

NOTE 6: CONTRIBUTED EQUITY

(a) Share capital

	31 Dec 2019	30 June 2019
	\$	\$
Fully paid ordinary shares	20,267,486	13,067,698
Total share capital	<u>20,267,486</u>	<u>13,067,698</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 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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 6: CONTRIBUTED EQUITY (continued)

(b) Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price	\$
1 July 2018	Opening balance	44,850,001		8,328,517
3 July 2018	Shares issued in consideration for the project right for the acquisition of the Cape Ray Gold Project	8,000,000	\$0.29	2,280,000
6 July 2018	Shares issued in consideration for the project right for the acquisition of the Cape Ray Gold Project	833,000	\$0.37	306,500
6 July 2018	Issue of shares to corporate advisor	200,000	\$0.25	50,000
8 April 2019	Placement of Shares	13,220,833	\$0.16	2,115,333
	Less: Transaction costs	-		(12,652)
30 June 2019	Closing balance	67,104,167		13,067,698
2 July 2019	Placement of shares	16,466,667	\$0.16	2,198,667
2 July 2019	Excess shareholder subscriptions to be returned	-	-	12,626
5 July 2019	Shares issued to retire related party debt	1,562,500	\$0.16	250,000
15 July 2019	Acquisition of minority shareholders project level shareholding	13,470,834	\$0.31	4,175,959
19 September 2019	Acquisition of the Antler tenements	54,641	\$0.30	16,536
14 October 2019	Exercise of options	250,000	\$0.20	50,000
10 December 2019	Exercise of options	300,000	\$0.20	60,000
31 December 2019	Balance as at 31 December 2019	99,208,809		20,267,486

NOTE 7: RESERVES

	31 Dec 2019	30 June 2019
	\$	\$
(a) Reserves		
Options Reserve	3,693,676	2,805,860
Foreign Currency Translation Reserve	(55,376)	-
	<u>3,638,300</u>	<u>2,805,860</u>

Movements in Options Reserve:

Opening balance of Options Reserve	2,805,604	186,144
Share based payments for Cape Ray acquisition	-	384,700
Share based payments issued under the employee share scheme	159,567	2,234,760
Options issued to corporate advisor	728,505	-
Closing balance of Options Reserve	<u>3,693,676</u>	<u>2,805,604</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 7: RESERVES (continued)

(b) Nature and purpose of reserves – options

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

(c) Share based payments – related parties

During the half year ended 31 December 2019, 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 approved by Shareholders on 29th November 2017.

Option series	Grant date	Vesting date	No. of options	Total expense recognized
Adam Kiley (STI)	15/7/19	1/7/20	192,000	23,147
Adam Kiley (LTI)	15/7/19	1/7/22	198,000	7,766
Adam Kiley (LTI share price conditions)	15/7/19	1/7/22	66,000	2,392
Keith Bowes (STI)	15/7/19	1/7/20	192,000	23,147
Keith Bowes (LTI)	15/7/19	1/7/22	198,000	7,766
Keith Bowes (LTI share price conditions)	15/7/19	1/7/22	66,000	2,392
Total			912,000	66,608

During the half year ended 31 December 2019, the following options, were issued and recorded in the reserve. The options have been valued by the Directors using the Black-Scholes option pricing model based on the following:

	ESS STI 2020	ESS LTI	ESS LTI share price conditions	Corporate advisor Tranche 1	Corporate advisor Tranche 2	Corporate advisor Tranche 3	Corporate advisor Tranche 4
Underlying value of the security	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
Exercise price	Nil	Nil	Nil	\$0.35	\$0.40	\$0.45	\$0.50
Valuation date	15/7/19	15/7/19	15/7/19	15/7/19	15/7/19	15/7/19	15/7/19
Vesting date	15/7/20	15/7/22	15/7/22	15/7/19	15/7/19	15/7/19	15/7/19
Expiry date	15/7/22	15/7/24	15/7/24	1/7/22	1/7/22	1/7/22	1/7/22
Risk free rate	1%	1.08%	1.09%	0.96%	0.96%	0.96%	0.96%
Volatility	100%	100%	100%	85%	85%	85%	85%
Life of Options in years	3	5	5	3	3	3	3
Number of Options	987,337	790,208	263,403	1,250,000	1,250,000	1,250,000	1,250,000
Valuation per Option	\$0.31	\$0.31	\$0.23	\$0.16	\$0.15	\$0.14	\$0.13
Amount expensed during the period	\$119,030	\$30,992	\$9,545	\$198,992	\$186,853	\$176,119	\$166,541

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 7: RESERVES (continued)

Vesting conditions – STI

The vesting conditions include:

- Completion of drilling program on time and on budget;
- Successful resources upgrade;
- Ensuring the company is adequately funded; and
- Identification, drilling and additional ounces from new targets in 2020.

Vesting conditions – LTI

The vesting conditions for the STI's include:

- Completion of permit assessment and submitted to regulators;
- Completion of scoping study that demonstrates economic viability of the Cape Ray Gold Project; and
- New targets identified to support a material increase in Mineral Resource.

Vesting conditions – LTI (share price conditions)

The vesting conditions include:

- Less than 40 cents: Nil
- Between 40 cents and 50 cents: 50% of objective achieved
- Between 50 cents and 60 cents: 75% of objective achieved
- Above 60 cents: 100% of objective achieved

NOTE 8: TRANSACTIONS WITH MINORITY SHAREHOLDERS

	31 Dec 2019	30 June 2019
	\$	\$
Transaction with Maple Mining Pty Ltd	4,175,958	-
	4,175,958	-

On 5 April 2018, the Company entered into an agreement to acquire the Cape Ray Gold Project ("Cape Ray Project" or "Project"). On 3 July 2018, the Company completed the acquisition of the Project.

At the commencement of the reporting period the Company held the Project through a subsidiary, Matador Canada Pty Ltd ("Matador Canada"). The Company held an 80% interest in Matador Canada, with the remaining 20% held by Maple Mining Pty Ltd ("Maple Mining"), an entity controlled by Mr Grant Davey, Non-Executive Director.

On 9 July 2019 the Company issued 13,470,834 Shares to Maple Mining as consideration for the acquisition of the remaining 20% interest in Matador Canada ("Acquisition"). Following completion of the Acquisition, the Company increased its interest in the Project to 100%, and Matador Canada will become a wholly owned subsidiary of the Company.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 9: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 10: SEGMENT REPORTING

The segment information provided to the Board of Directors for the reportable segments for the half year ended 31 December 2019 is as follows:

	Operating Profit/(Loss)		Total Assets		Total Liabilities	
	31/12/2019	31/12/2018	31/12/2019	30/06/2019	31/12/2019	30/6/2019
	\$	\$	\$	\$	\$	\$
Copper and Gold (Western Australia)	-	7,529	-	-	-	-
Gold (Canada)	-	(63,116)	14,474,832	9,990,300	(37,626)	(75,623)
Corporate	(1,471,936)	(2,609,208)	1,112,155	3,439,590	(2,026,108)	(2,215,348)
	(1,471,936)	(2,664,795)	15,586,986	13,429,890	(2,063,734)	(2,290,971)

NOTE 11: EVENTS AFTER THE REPORTING PERIOD

The following events occurred subsequent to 31 December 2019:

- Following completion of the drilling program, in February 2020, an updated mineral resource estimate that delivered an 18% increase in contained gold metal, as shown in the table below (ASX announcement 4 February 2020).

	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

- The Company received commitments to raise \$5.1 million (before costs) through the placement of approximately 24.2 million shares at \$0.20 per share to professional and sophisticated investors (the "Placement"). The Placement includes commitments from directors for \$270,000 of shares, the issue of which will be subject to approval of Matador shareholders at its next general meeting. As at the date of this report, the Company had received proceeds of approximately \$4.4 million, with a general meeting expected to be held during the June Quarter at which approval of the \$270,000 of directors' commitments will be considered by shareholders.

Other than the above, no other matters or circumstances have arisen since the end of the half-year 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
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 11: OTHER RELATED PARTY TRANSACTIONS

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, general office costs, bookkeeping services, short term working capital 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. At 31 December 2019 creditors included an amount of \$460,542 that was outstanding under this arrangement.

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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 12 to 26, 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 2019 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.



Keith Bowes
Executive Director

Dated this 13th day of March 2020, Perth

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Independent Auditor's Review Report

To the Members of Matador Mining Limited

We have reviewed the accompanying 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 2019, the condensed consolidated statement of profit or loss and other 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 statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2019 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*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



BENTLEYS
Chartered Accountants



CHRIS NICOLOFF CA
Partner

Dated at Perth this 13th day of March 2020

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