

AuMEGA Metals Ltd

(Formerly known as Matador Mining Ltd)

ACN 612 912 393

Interim Report - 30 June 2024

Notice to the reader

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements have not been reviewed by the Company's auditors.

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Contents
30 June 2024

Condensed consolidated statement of profit or loss and other comprehensive income	2
Condensed consolidated statement of financial position	3
Condensed consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the financial statements	6

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2024

		Unaudited		Unaudited	
	Note	3 Months ended 30 June 2024 CAD\$	3 Months ended 30 June 2023 CAD \$	6 Months ended 30 June 2024 CAD \$	6 Months ended 30 June 2023 CAD \$
Other income	7	578,735	110,673	816,436	111,076
Expenses					
Administration expenses		(434,052)	(512,720)	(719,102)	(766,881)
Consultants and management expenses		(186,476)	(338,047)	(378,717)	(564,174)
Depreciation and amortisation		(34,493)	(35,107)	(68,661)	(70,635)
Share based payment expense	8	(361,833)	(199,666)	(558,570)	(262,099)
Business development costs		(79,348)	(56,964)	(157,057)	(183,225)
Loss before income tax expense		(517,467)	(1,031,831)	(1,065,671)	(1,735,938)
Income tax expense		(423,139)	(424,936)	(606,824)	(424,936)
Loss after income tax expense for the period attributable to the owners of AuMEGA Metals Ltd	11	(940,606)	(1,456,767)	(1,672,495)	(2,160,874)
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive loss for the period attributable to the owners of AuMEGA Metals Ltd		(940,606)	(1,456,767)	(1,672,495)	(2,160,874)
		Cents	Cents	Cents	Cents
Basic loss per share	15	(0.18)	(0.46)	(0.32)	(0.69)
Diluted loss per share	15	(0.18)	(0.46)	(0.32)	(0.69)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Condensed consolidated statement of financial position
As at 30 June 2024

		Unaudited	
		31	
	Note	30 June	December
		2024	2023
		CAD\$	CAD\$
Assets			
Current assets			
Cash and cash equivalents	9	6,227,862	8,951,529
Trade and other receivables		539,293	309,809
Other current assets		530,274	540,757
Total current assets		<u>7,297,429</u>	<u>9,802,095</u>
Non-current assets			
Property, plant and equipment		170,308	209,028
Right-of-use assets		98,572	114,136
Exploration and evaluation	10	46,290,473	43,514,245
Total non-current assets		<u>46,559,353</u>	<u>43,837,409</u>
Total assets		<u>53,856,782</u>	<u>53,639,504</u>
Liabilities			
Current liabilities			
Trade and other payables	11	1,998,510	1,597,659
Lease liabilities		34,290	22,829
Provisions		103,082	89,873
Total current liabilities		<u>2,135,882</u>	<u>1,710,361</u>
Non-current liabilities			
Lease liabilities		41,996	70,035
Deferred tax liabilities		7,434,636	6,827,812
Total non-current liabilities		<u>7,476,632</u>	<u>6,897,847</u>
Total liabilities		<u>9,612,514</u>	<u>8,608,208</u>
Net assets		<u>44,244,268</u>	<u>45,031,296</u>
Equity			
Issued capital	12	68,024,774	67,574,722
Reserves	13	944,430	543,095
Accumulated losses	14	(24,724,936)	(23,086,521)
Total equity		<u>44,244,268</u>	<u>45,031,296</u>
Going concern uncertainty (Note 3)			

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Condensed consolidated statement of changes in equity
For the period ended 30 June 2024

Unaudited	Issued capital CAD\$	Option Reserves CAD\$	Foreign currency translation reserve CAD\$	Accumulated losses CAD\$	Total equity CAD\$
Balance at 1 January 2023	60,674,189	1,381,655	(463,244)	(17,164,095)	44,428,505
Loss after income tax expense for the period	-	-	-	(2,160,874)	(2,160,874)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2,160,874)	(2,160,874)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	262,099	-	-	262,099
Exercise of Employee Share Scheme options	55,017	(55,017)	-	-	-
Balance at 30 June 2023	60,729,206	1,588,737	(463,244)	(19,324,969)	42,529,730

Unaudited	Issued capital CAD\$	Option Reserves CAD\$	Foreign currency translation reserve CAD\$	Accumulated losses CAD\$	Total equity CAD\$
Balance at 1 January 2024	67,574,722	1,006,339	(463,244)	(23,086,521)	45,031,296
Loss after income tax expense for the period	-	-	-	(1,672,495)	(1,672,495)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,672,495)	(1,672,495)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	558,570	-	-	558,570
Expiry of Employee Share Scheme options	-	(34,080)	-	34,080	-
Issue of share capital	415,757	-	-	-	415,757
Share issue costs	(88,860)	-	-	-	(88,860)
Exercise of Employee Share Scheme options	123,155	(123,155)	-	-	-
Balance at 30 June 2024	68,024,774	1,407,674	(463,244)	(24,724,936)	44,244,268

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Condensed consolidated statement of cash flows
For the period ended 30 June 2024

	Unaudited		Unaudited	
	3 Months	3 Months	6 Months	6 Months
	ended 30	ended 30	ended 30	ended 30
	June 2024	June 2023	June 2024	June 2023
	CAD\$	CAD\$	CAD\$	CAD\$
Cash flows from operating activities				
Payments to suppliers and employees (inclusive of GST/HST)	(491,301)	(783,106)	(1,077,821)	(1,336,252)
Interest received	31,456	8,836	81,728	9,239
Interest and other finance costs paid	(4,106)	(855)	(4,790)	(2,227)
Other income	115,500	70,950	115,500	70,950
Net cash used in operating activities	(348,451)	(704,175)	(885,383)	(1,258,290)
Cash flows from investing activities				
Payments for property, plant and equipment	(1,876)	(2,445)	(14,376)	(2,445)
Payments for exploration and evaluation	(1,177,004)	(932,541)	(1,900,018)	(1,385,147)
Payments for security deposits	-	-	(22,900)	-
Proceeds from release of security deposits	-	84,991	38,400	66,298
Net cash used in investing activities	(1,178,880)	(849,995)	(1,898,894)	(1,321,294)
Cash flows from financing activities				
Proceeds for shares issued	-	-	153,284	-
Share issue transaction costs	-	-	(88,860)	-
Repayment of lease liabilities	(13,841)	(38,920)	(16,578)	(46,801)
Net cash from/(used in) financing activities	(13,841)	(38,920)	47,846	(46,801)
Net decrease in cash and cash equivalents	(1,541,172)	(1,593,090)	(2,736,431)	(2,626,385)
Cash and cash equivalents at the beginning of the financial period	7,691,658	7,210,837	8,951,529	8,326,388
Effects of exchange rate changes on cash and cash equivalents	77,376	(105,068)	12,764	(187,324)
Cash and cash equivalents at the end of the financial period	6,227,862	5,512,679	6,227,862	5,512,679

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 1. General information

AuMEGA Metals Ltd ("the Company") is a company limited by shares that is incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange under the symbol AAM and on the TSX Venture Exchange under the symbol AAM.

These interim financial statements ("financial statements") as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group") are presented in Canadian dollars (CAD\$), which is the presentation and functional currency of the Group. The consolidated annual financial statements of the Group as at and for the year ended 31 December 2023 are available upon request from the Company's registered office at 24 Hasler Road, Osborne Park WA 6017 Australia and at www.aumegametals.com.

A description of the nature of the consolidated entity's operations and its principal activities are included in the Management's Discussion and Analysis report, which is not part of the financial statements. The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 August 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 3. Going concern

The condensed consolidated interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss after tax for the six months of \$1,672,495 and an operating cash outflow of \$885,383 and net cash outflow (before financing activities) of \$2,784,277. 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 cashflow in line with available funds.

The directors have prepared a cashflow forecast, which indicates that the Group will have sufficient funds to meet all commitments and working capital requirements for the 12 month period from the date of signing this interim financial report. The directors are confident of the Group's ability to continue as a going concern and to raise additional funds as may be required. However, in the event that the Group is unable to raise additional capital, material uncertainty would exist that may cast doubt on the ability of the Group to continue as a going concern.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the condensed consolidated interim financial statements. The condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 4. Use of estimates and judgements

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgement made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as at and for the year ended 31 December 2023. Information about judgments related to going concern are disclosed in Note 3.

Measurement of fair values

The Group has established a control framework with respect to the measurement of fair values. Estimates and underlying assumptions are reviewed on an ongoing basis. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group holds performance rights and options which rely on estimates and judgements to calculate a fair value for these financial instruments using the Black Scholes model and Monte Carlo model. These financial assets held at fair value fall within Level 3 of the fair value hierarchy.

Note 5. New accounting policies

Except as described below, the accounting policies applied in these interim consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the 12 months ended 31 December 2023. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

- i. Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023. The Group has not early adopted any other new or amended standards in preparing these consolidated financial statements as the impact of adoption was not significant to the Group's Consolidated Financial Statements.

Note 6. Operating segments

The operating segment information is the same information as provided throughout the consolidated financial statements and therefore not duplicated. The information reported to the Chief Operating Decision Maker ("CODM") is on at least a monthly basis.

The Company's operations are in one reportable business segment, being the exploration for gold. The Company operates in one geographical segment, being Canada.

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 7. Other income

	Unaudited		Unaudited	
	3 Months ended 30 June 2024	3 Months ended 30 June 2023	6 Months ended 30 June 2024	6 Months ended 30 June 2023
	CAD\$	CAD\$	CAD\$	CAD\$
Flow Through Premium Recognised	431,774	76,337	619,208	76,337
Government grants	115,500	-	115,500	-
Canadian Government incentives	-	25,500	-	25,500
Interest income	31,461	8,836	81,728	9,239
Other income	578,735	110,673	816,436	111,076

Note 8. Share based payments expense

	Unaudited		Unaudited	
	3 Months ended 30 June 2024	3 Months ended 30 June 2023	6 Months ended 30 June 2024	6 Months ended 30 June 2023
	CAD\$	CAD\$	CAD\$	CAD\$
Share based payments	361,833	199,666	558,570	262,099

Note 9. Cash and cash equivalents

	Unaudited	
	31 30 June 2024	31 December 2023
	CAD\$	CAD\$
<i>Current assets</i>		
Cash at bank	1,559,848	4,950,500
Cash on deposit	4,668,014	3,500,000
Cash - held in trust	-	501,029
	6,227,862	8,951,529

Note 10. Exploration and evaluation

	Unaudited	
	31 30 June 2024	31 December 2023
	CAD\$	CAD\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	46,290,473	43,514,245

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 10. Exploration and evaluation (continued)

Reconciliations

The Group's exploration assets are located on the island of Newfoundland in Canada. The Company has a significant tenement package predominately on the Cape Ray Shear Zone ("CRSZ"). Reconciliations of the written down values of the exploration assets located at Newfoundland the beginning and end of the current financial period are set out below:

	Unaudited	
	30 June 2024 CAD\$	31 Dec 2023 CAD\$
Balance at beginning of period	43,514,245	42,349,364
Additions	2,776,228	4,022,586
Write off of assets	-	(2,857,705)
Balance at end of period	<u>46,290,473</u>	<u>43,514,245</u>

Note 11. Trade and other payables

	Unaudited	
	30 June 2024 CAD\$	31 December 2023 CAD\$
<i>Current liabilities</i>		
Trade payables	997,312	35,063
Accrued expenses	477,345	173,728
Funds received for shares to be issued	-	262,472
Other payables	137,431	123,339
Flow through share premium liability	383,849	1,003,057
PAYG payable	2,573	-
	<u>1,998,510</u>	<u>1,597,659</u>

Note 12. Issued capital

	Unaudited			
	30 June 2024 Shares	31 December 2023 Shares	30 June 2024 CAD\$	31 December 2023 CAD\$
Ordinary shares - fully paid	<u>525,834,322</u>	<u>513,100,106</u>	<u>68,024,774</u>	<u>67,574,722</u>

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 12. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	CAD\$
Balance	1 January 2024	513,100,106		67,574,722
Ordinary shares issued (a)	4/01/2024	11,527,375	CAD\$0.04	415,757
Options exercised	5/02/2024	33,600	CAD\$0.43	14,314
Options exercised	24/05/2024	17,787	CAD\$0.28	5,052
Options exercised	24/05/2024	33,600	CAD\$0.43	14,314
Options exercised	12/06/2024	45,000	CAD\$0.28	12,780
Options exercised	12/06/2024	45,150	CAD\$0.43	19,234
Options exercised	12/06/2024	71,698	CAD\$0.03	2,223
Options exercised	12/06/2024	392,365	CAD\$0.03	12,163
Options exercised	12/06/2024	41,492	CAD\$0.03	1,286
Options exercised	12/06/2024	227,063	CAD\$0.03	7,039
Options exercised	28/06/2024	12,250	CAD\$0.14	1,666
Options exercised	28/06/2024	61,250	CAD\$0.43	26,093
Options exercised	28/06/2024	34,853	CAD\$0.03	1,080
Options exercised	28/06/2024	190,733	CAD\$0.03	5,911
Share issue costs				(88,860)
Balance	30 June 2024	<u>525,834,322</u>		<u>68,024,774</u>

(a) Issued: During the six-month period ended 30 June 2024

On January 4, 2024, the Company completed a private placement (the **Private Placement**) of 11,527,375 common shares in the capital of the Company, consisting of:

- I. 11,527,375 non-flow-through common shares at a price of \$0.04 per Share.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back (30 June 2023: nil).

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 13. Reserves

	Unaudited	
	30 June	31
	2024	December
	CAD\$	2023
		CAD\$
Foreign currency reserve	(463,244)	(463,244)
Options reserve	1,407,674	1,006,339
	<u>944,430</u>	<u>543,095</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Canadian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Option reserve

The option reserve records items recognised as expenses on the valuation of share options.

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Unaudited	Foreign currency translation reserve CAD\$	Options reserve CAD\$	Total CAD\$
Balance at 1 January 2023	(463,244)	1,381,655	918,411
Share based payments	-	262,099	262,099
Options exercised	-	(55,017)	(55,017)
Balance at 30 June 2023	<u>(463,244)</u>	<u>1,588,737</u>	<u>1,125,493</u>
Balance at 1 January 2024	(463,244)	1,006,339	543,095
Share based payments – Issued during FY24	-	311,283	311,283
Share based payments – Issued prior FY24	-	247,287	247,287
Options expired	-	(34,080)	(34,080)
Options exercised	-	(123,155)	(123,155)
Balance at 30 June 2024	<u>(463,244)</u>	<u>1,407,674</u>	<u>944,430</u>

Fair value for incentive options granted during the current financial year has been determined by using the Black-Scholes option pricing model.

The valuation model inputs used to determine the fair value at the grant date, are as follows;

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 13. Reserves (continued)

2022 & 2023 STIP options issued during the period ended 30 June 2024

	2022 STIP options tranche one	2023 STIP options tranche two
Fair value of option	\$0.03	\$0.03
Exercise price	nil	nil
Grant date	5/02/2024	5/02/2024
Vesting date	5/02/2024	5/02/2024
Expiry date	31/12/2028	31/12/2028
Number of options	166,167	1,194,715
Expense during the period ended 30 June 2024	\$5,151	\$37,036
Expected volatility (%)	70.00%	70.00%
Risk-free interest rate (%)	3.83%	3.83%
Expected life of options (years)	1	1
Model used	Black-Scholes	Black-Scholes

2024 STIP options issued during the period ended 30 June 2024

	STIP options tranche one	STIP options tranche two
Fair value of option	\$0.05	\$0.03
Exercise price	nil	nil
Grant date	1/01/2024	5/02/2024
Vesting date	31/12/2024	31/12/2024
Expiry date	31/12/2029	31/12/2029
Number of options	6,765,446	7,857,387
Expense during the period ended 30 June 2024	\$78,901	\$53,883
Expected volatility (%)	70.00%	70.00%
Risk-free interest rate (%)	3.83%	3.83%
Expected life of options (years)	2	2
Model used	Black-Scholes	Black-Scholes

Vesting Conditions – STIP Options (2022, 2023 & 2024)

The vesting conditions include:

- Relative share price performance: AuMEGA share price performance relative to the Company's peer group;
- Strengthen Balance Sheet: Finance ongoing needs of business;
- Advance Canadian Listing: Increased mineral resource base;
- Health & Safety and Environment: Demonstrate robust health, safety and environmental practices and performance;
- Finance & Execution: Operate efficiently and effectively within the financial and operational parameters approved; and
- Deliver Operational Success: Advance multiple projects through the Matador Pipeline within approved Budget constraints.

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 13. Reserves (continued)

2023 LTIP options issued during the period ended 30 June 2024

	LTIP options tranche one	LTIP options tranche two	LTIP options tranche one
Fair value of option	\$0.01	\$0.01	\$0.01
Exercise price	\$0.12	\$0.12	\$0.12
Grant date	5/02/2024	5/02/2024	5/02/2024
Vesting date	1/01/2024	1/01/2025	1/01/2026
Expiry date	1/01/2030	1/01/2030	1/01/2030
Number of options	619,765	619,765	619,765
Expense during the period ended 30 June 2024	\$8,354	\$3,685	\$1,752
Expected volatility (%)	70.00%	70.00%	70.00%
Risk-free interest rate (%)	3.83%	3.83%	3.83%
Expected life of options (years)	1	2	3
Model used	Black-Scholes	Black-Scholes	Black-Scholes

Vesting Conditions – LTIP Options (2023 & 2024)

The incentive options vest as to 33.3% on the first anniversary of the date of appointment of the relevant appointment, 33.3% on the second anniversary of the date of appointment and 33.3% on the third anniversary of the date of appointment.

2023 LTIP performance rights issued during the period ended 30 June 2024

	LTIP performance rights tranche one	LTIP performance rights tranche two
Fair value of performance right	\$0.08	\$0.03
Exercise price	nil	nil
Grant date	15/12/2023	5/02/2024
Vesting date	31/12/2025	31/12/2025
Expiry date	31/12/2030	31/12/2030
Number of performance rights	1,299,887	506,945
Expense during the period ended 30 June 2024	\$26,282	\$3,210
Expected volatility (%)	70.00%	70.00%
Risk-free interest rate (%)	3.99%	3.60%
Expected life of performance rights (years)	2	2
Model used	Monte Carlo	Monte Carlo

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 13. Reserves (continued)

2024 LTIP options issued during the period ended 30 June 2024

	LTIP options tranche one	LTIP options tranche two	LTIP options tranche three
Fair value of option	\$0.02	\$0.02	\$0.02
Exercise price	\$0.04	\$0.04	\$0.04
Grant date	5/02/2024	5/02/2024	5/02/2024
Vesting date	1/01/2025	1/01/2026	1/01/2027
Expiry date	1/01/2031	1/01/2031	1/01/2031
Number of options	3,235,994	3,235,994	3,235,994
Expense during the period ended 30 June 2024	\$30,442	\$15,186	\$10,121
Expected volatility (%)	70.00%	70.00%	70.00%
Risk-free interest rate (%)	3.83%	3.83%	3.83%
Expected life of options (years)	1	2	3
Model used	Black-Scholes	Black-Scholes	Black-Scholes

- (i) The LTIP options vest as to 33.3% on the first anniversary of the date of appointment of the relevant appointment, 33.3% on the second anniversary of the date of appointment and 33.3% on the third anniversary of the date of appointment.

2024 LTIP performance rights issued during the period ended 30 June 2024

	LTIP performance rights tranche one	LTIP performance rights tranche two
Fair value of performance right	\$0.09	\$0.04
Exercise price	nil	nil
Grant date	15/12/2023	5/02/2024
Vesting date	31/12/2026	31/12/2026
Expiry date	31/12/2031	31/12/2031
Number of performance rights	1,909,007	1,268,204
Expense during the period ended 30 June 2024	\$30,867	\$6,413
Expected volatility (%)	70.00%	70.00%
Risk-free interest rate (%)	3.99%	3.60%
Expected life of performance rights (years)	3	3
Model used	Monte Carlo	Monte Carlo

Vesting Conditions – LTIP Performance Rights (2023 & 2024)

The vesting conditions include:

- Relative share price performance: AuMEGA share price performance relative to the Company's peer group over a three year period; and
- Health & Safety and Environment: Demonstrate robust health, safety and environmental practices and performance over a three year period.

Total share-based payment expense recognised during the year was \$558,570 (30 June 2023: \$262,099).

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 14. Accumulated losses

	Unaudited	
	30 June	31 December
	2024	2023
	CAD\$	CAD\$
Accumulated losses at the beginning of the financial period	(23,086,521)	(17,164,095)
Loss after income tax expense for the period	(1,672,495)	(6,630,286)
Transfer to options reserve	34,080	707,860
Accumulated losses at the end of the financial period	<u>(24,724,936)</u>	<u>(23,086,521)</u>

Note 15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 16. Commitments

(a) Exploration minimum expenditure

The consolidated entity must meet tenement expenditure commitments to maintain its tenements in good standing. These commitments are not provided for in the financial statements and are as follows:

	Unaudited	
	30 June	31 December
	2024	2023
	CAD\$	CAD\$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,409,883	791,285
One to five years	193,368	528,333
More than five years	570,268	267,391
	<u>2,173,519</u>	<u>1,587,009</u>

(b) Flow-through Financing

Historically, the Company has entered into flow-through private placements ("FT Placements") to fund exploration activities, the most recent being the 2023 FT Placements. Canadian tax rules require the Company to spend flow-through funds on "Canadian exploration expenses" (as defined in the Income Tax Act (Canada)) by the end of the calendar year following the year in which they were raised.

The Company indemnified the subscribers of flow-through shares from any tax consequences should the Company, notwithstanding its plans, fail to meet its commitments under the flow-through subscription agreements. In 2023, the Company completed a Flow-Through Offering for \$4.279 million, thus committing to spend this amount by December 31, 2024 on "Canadian exploration expenses" which qualify as "flow-through mining expenditures", as these terms are defined in the Income Tax Act (Canada) ("Resource Expenditures").

The premium on the \$4.279 million Flow-Through Offering amounted to \$1.003 million. At June 30, 2024, the Company has expended approximately \$2.167 million of the 2023 FT Private Placement amount of \$4.279 million on Resource Expenditures. The Company has until December 31, 2024 to spend the remaining outstanding balance of approximately \$2.112 million on Resource Expenditures.

AuMEGA Metals Ltd
(Formerly known as Matador Mining Ltd)
Notes to the financial statements
30 June 2024

Note 16. Commitments (continued)

The Company may be subject to interest on flow-through proceeds ("Part XII.6 tax") renounced under the look-back rules in respect of prior years, and penalties, in accordance with regulations in the Income Tax Act (Canada), if it is determined that flow-through proceeds were not properly or timely spent on Canadian exploration expenses. Any Part XII.6 tax is expensed as incurred, as an operating expense.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 18. Loss per share

	Unaudited		Unaudited	
	3 Months	3 Months	6 Months	6 Months
	ended 30	ended 30	ended 30	ended 30
	June 2024	June 2023	June 2024	June 2023
	CAD\$	CAD\$	CAD\$	CAD\$
Loss after income tax attributable to the owners of AuMEGA Metals Ltd	(940,606)	(1,456,767)	(1,672,495)	(2,160,874)
	Number	Number	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	524,851,293	315,234,241	518,782,538	315,210,834
Weighted average number of ordinary shares used in calculating diluted loss per share	524,851,293	315,234,241	518,782,538	315,210,834
	Cents	Cents	Cents	Cents
Basic loss per share	(0.18)	(0.46)	(0.32)	(0.69)
Diluted loss per share	(0.18)	(0.46)	(0.32)	(0.69)

Note 19. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the six-month period ended 30 June 2024.

Note 20. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, and trade and other payables. The fair value of the financial instruments approximates their carrying values, unless otherwise noted. The Company's risk exposures and the impact on the Company's financial instruments are summarised below:

a) Credit risk

The Company's credit risk is mainly attributable to its liquid financial assets: cash and cash equivalents. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Company's maximum exposure to credit risk is \$6,227,862 which is the carrying value of the Company's cash and cash equivalents at 30 June 2023.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at 30 June 2024, the Company had available a cash and cash equivalents balance of \$6,227,862 (31 December 2023 - \$8,951,529) to settle current liabilities of \$2,135,882 (31 December 2023 - \$1,710,361).

c) Foreign exchange risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at 30 June 2024, the Company is exposed to currency risk as some transactions and balances are denominated in Australian dollars. As at 30 June 2024, a 10% change of the Canadian dollar relative to the Australian dollar would have net financial impact of approximately \$167,785 (31 December 2023 - \$310,621). The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.