



Half Year Report
31 December 2021

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Corporate Directory

Directors	Mr Ian Murray – Executive Chairman Dr Nicole Adshead-Bell – Non-executive Director Mr Justin Osborne – Non-executive Director Mr Mick Wilkes – Non-executive Director
Company secretaries	Ms Carol Marinkovich Mr Stuart McKenzie
Registered office	Level 20 140 St Georges Terrace Perth WA 6000 Tel: +61 8 6117 0478 Email: info@matadormining.com.au
Share registry	Automic Registry Services Level 5, 126 Philip Street Sydney NSW 2000 Tel: +61 2 9698 5414 / 1300 288 664 Email: hello@automic.com.au
Auditor	Ernst & Young 11 Mounts Bay Road Perth WA 6000 Tel: +61 8 9429 2222
Securities exchange listings	Australian Securities Exchange (ASX) – code MZZ OTCQX in the United States (OTC) – code MZZMF Frankfurt Stock Exchange (FSE) – code MA3
Website address	http://www.matadormining.com.au

Matador Mining Limited
ABN 45 612 912 393

The terms **the Group** and **Matador** are used in this report to refer to Matador Mining Limited and/or its subsidiaries.

All dollar figures are expressed in Australian dollars unless otherwise stated.

Directors' Report

The Directors submit their report for the half year ended 31 December 2021.

Directors

The names of the Directors in office at any time during this half year and up to the date of this report are:

Mr Ian Murray – Executive Chairman
 Mr Justin Osborne – Non-Executive Director
 Mr Mick Wilkes – Non-Executive Director
 Dr Nicole Adshead-Bell – Non-Executive Director

Principal Activities

The principal activity of the Group is mineral exploration. No significant change in the nature of this activity occurred during the half year.

Review of Operations

Following the successful exploration program in 2020, the Company commenced the largest exploration program in the history of the Cape Ray Gold Project in mid-2021. The key objectives of this program were to expand the known deposits and test and define new greenfield exploration targets across the Company's large but under-explored landholding within the highly prospective Cape Ray Shear Zone. The exploration program progressed well through to the end of December 2021 and after a short interval, exploration recently resumed as our winter drill program commenced.

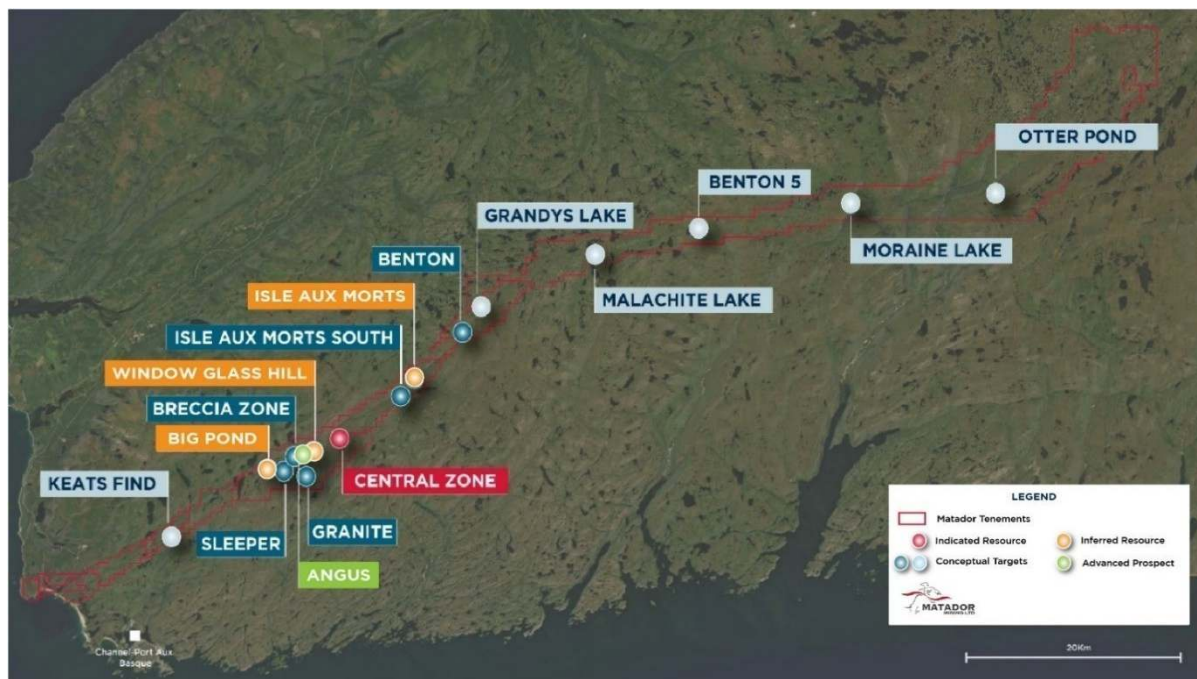


Figure 1: Cape Ray Gold Project and location of known deposits and conceptual targets

Directors' Report

Greenfields Exploration

Several promising greenfield targets have been identified from the Phase One heli-mag data completed in the June 2021 quarter.

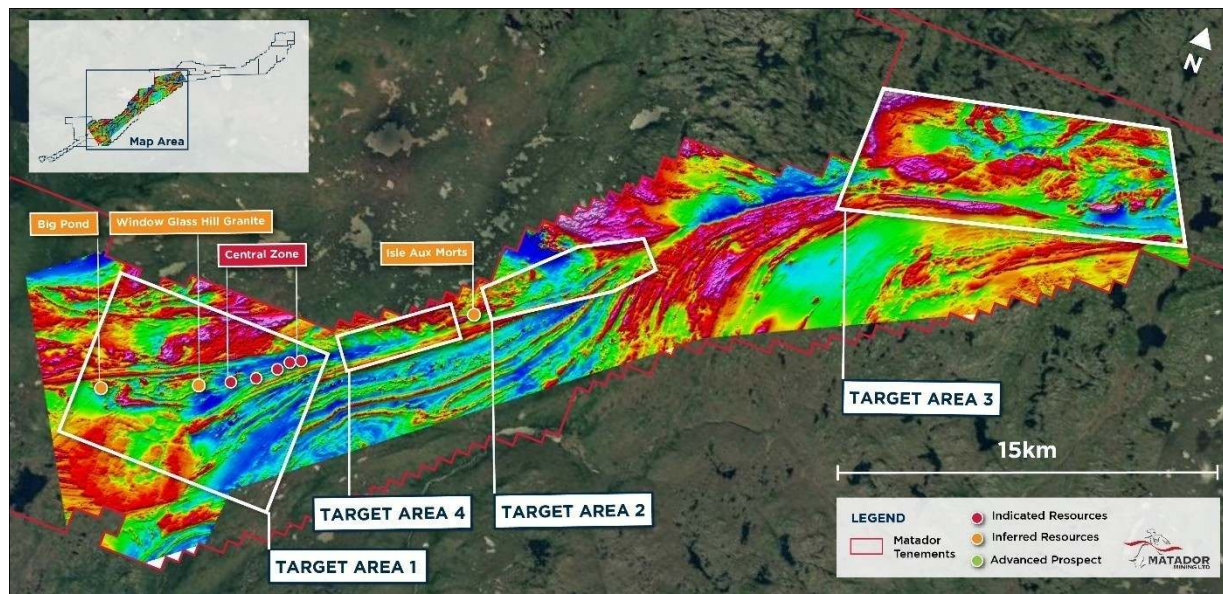


Figure 2: Phase One high resolution magnetics and preliminary greenfield targeting outcomes

Target Area One covers the majority of the existing Mineral Resources, with targets already identified at Window Glass Hill Granite (WGHG) and Big Pond.

Target Area Two at Benton covers a 5 kilometre-long target that hosts elevated rock chip gold anomalies in boulders with peak gold values up to 191g/t Au¹. The Benton program was designed to generate multiple, well constrained, diamond drilling targets scheduled for testing in the latter part of the summer and/or winter drilling programs. Most of the Benton target area is obscured by thin to moderate glacial till cover (0.5 - 10 metres). To test this requires a combination of power auger till and basement geochemistry sampling. Structural targeting using the new detailed magnetics has resulted in a step-change in the probability of success in the area. Historically, only four diamond drill holes were drilled into the 8km² Benton gold anomaly, immediately under the boulders which carried the high-grade rock chips. However, the Company believes the area requires systematic follow-up of the positive early-stage indications of gold mineralisation in historic datasets, with work underway to identify the original source of the transported high-grade boulders.

In Target Area Three Matador's backpack drill sampling crews commenced a broad first-pass surface till sampling program covering a large (44 km²) area of previously unexplored ground north of the Malachite Lake area. This target is located within the new claims pegged earlier this year and has been identified through analysis of the recent detailed magnetics.

WGHG Mineral System

In November 2021 assay results were received for 11 holes of an 18-hole diamond core program drilled to test strike extensions of the high-grade gold discovery at the Granite Margin Target, within the WGHG Mineral System south of the Window Glass Hill (WGH) Mineral Resource (Figure 3).

¹ ASX announcement 29 October 2020

Directors' Report

Standout holes intersected thick zones of gold mineralisation:

CRD212:

- 45 metres at 1.2 g/t Au from 33 metres (incl. 8 metres at 5.1 g/t Au)

CRD214:

- 19 metres at 4.2 g/t Au from 9 metres

CRD238:

- 14 metres at 1.2 g/t Au from 85 metres (incl. 1 meter at 9.7 g/t Au)

CRD240:

- 15 metres at 1.1 g/t Au from 9 metres (incl. 1 meter at 6.4 g/t Au)

CRD277:

- 32 metres at 2.6 g/t Au from 14 metres (incl. 2 meters at 28.9 g/t Au)

CRD279:

- 18 metres at 1.2 g/t Au from 146 metres (incl. 2 meters at 5.4 g/t Au)

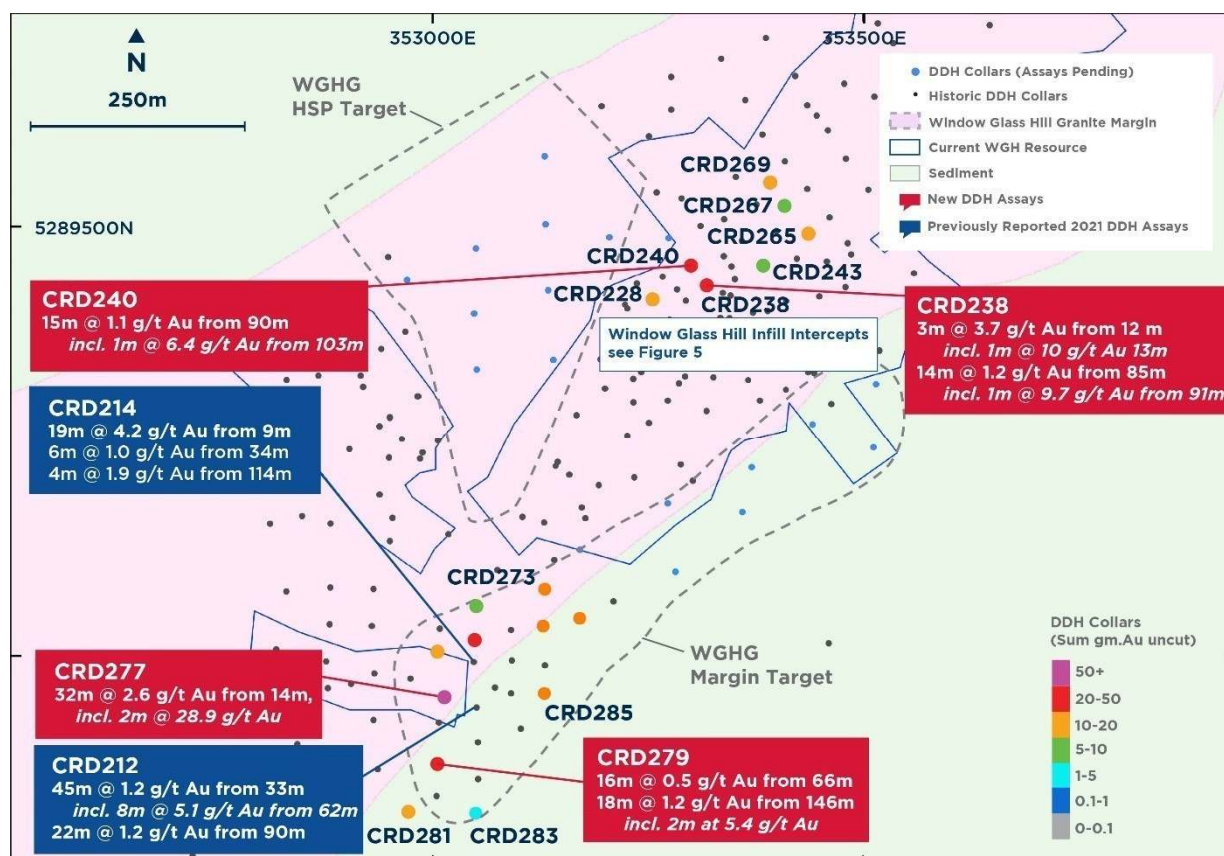


Figure 3: WGHG Margin Target – December 2021 Quarter drilling and significant intercepts

This drilling successfully extended the high-grade WGHG Margin Target mineralisation by at least 40 metres west and 75 metres south-west of the discovery holes.

Directors' Report

Big Pond

First pass diamond drilling of three out of six high priority anomalies at Big Pond, concurrent with the systematic power auger basement core sampling program, was completed during the period. While several diamond holes drilled late in the program were targeted based on new bottom of hole (auger geochemistry) assays, the majority were drilled into targets generated from historic surface geochemistry only, and structural targets interpreted from the new detailed magnetics.

Significantly, two of the first-pass greenfield diamond holes (CRD288 and CRD296) intersected notable gold mineralisation associated with the structural target interpreted from the magnetics data and will be prioritised for follow up. Most of the broad-spaced first pass-drill results failed to explain the significant surface geochemical anomalies, with drilling only partially testing three of the six high priority targets.

Brownfields Exploration

The Brownfields exploration program is designed to expand the existing Mineral Resources within the Project area, as defined in the Cape Ray Gold Project Scoping Study². Focusing on targets close to the known deposits has the potential to deliver additional Mineral Resources for inclusion in future economic studies. The Company had notable diamond drilling success at WGHG during the period and identified new drill targets in the Big Pond area through interpretation of detailed magnetics and power auger geochemistry.

The WGHG is approximately 3 kilometres long and up to 800 metres wide. Interpretation of high resolution aeromagnetics and litho-geochemistry have extended the eastern extent of the WGHG by 3 kilometres. Less than 50% of the WGHG area, which contains the current WGH Mineral Resource of 232,000 ounces at 1.6g/t Au², has been tested by any diamond drilling.

The WGH Mineral Resource is one of the cornerstones of the Cape Ray Gold Project. The infill drilling confirms the presence of strong gold mineralisation from surface, with multiple stacked lodes within 120 vertical metres of surface delivering on the aim to improve the resource classification confidence and inventory.

Drilling was completed for 28 holes out of the 46 hole program designed to infill the broad-spaced WGH Mineral Resource drill pattern down to 40 metres x 40 metres (or closer) with the aim of upgrading a portion of the JORC Mineral Resource classification from Inferred to Indicated. The remaining 18 holes will be drilled during the 2022 summer drilling season. The grades and widths of significant intercepts so far reported are consistent with the existing wider-spaced drilling. This, combined with comparable vein orientations obtained from the orientated diamond core, reinforces our confidence in the geological model and the interpreted gold lode geometries, grade and continuity.

Environmental, Social and Governance (ESG)

The Company initiated an ESG development plan with the intention of establishing systems and processes to define, collect and report the necessary data to enable formal ESG assessment ratings in the future. The planned program will review relevant reporting standards to identify a framework that is most appropriate for the Company at its stage of development.

² ASX announcement 6 May 2020

Directors' Report

Environmental and Stakeholder Engagement

Environmental Assessment

The team continues to work on a number of fronts to ensure the environmental assessment and the Environmental Impact Statement (EIS) Report are completed in line with the revised time frame of September 2022 quarter.

Baseline studies are near complete with only geochemical characterisation of waste still ongoing. The focus is now on the desktop assessments and write-ups of the various chapters.

Financial Results

The loss of the Group for the half year ended 31 December 2021 was \$3,455,490 (31 December 2020: \$1,787,787). The loss has been reduced by a gain on the settlement of the flow through share liability of \$1,574,800, (31 December 2020: \$1,075,246) and total expenses of \$3,031,383 (31 December 2020: \$1,527,257), which included corporate advisory fees of \$660,000 (31 December 2020: \$nil) and share-based payments expense of \$847,923 (31 December 2020: \$651,003) in relation to the issue of shares and options to Directors and consultants.

Cash and cash equivalents amounted to \$11,441,605 as at 31 December 2021 (30 June 2021: \$22,015,560).

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "Ian Murray".

Ian Murray
Executive Chairman

Perth, 11 March 2022

Auditor's independence declaration to the directors of Matador Mining Limited

As lead auditor for the review of the half-year financial report of Matador Mining Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Matador Mining Limited and the entities it controlled during the financial year.



Ernst & Young



Pierre Dreyer
Partner
11 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 31 December 2021

	Note	31 Dec 2021	31 Dec 2020 (Restated)
		\$	\$
Other income	4	1,589,665	1,096,922
Expenses			
Administration expenses		(1,588,251)	(390,111)
Consultants and management expenses		(462,526)	(400,322)
Depreciation and amortisation expense		(44,920)	(15,304)
Share based payments expenses	9	(847,923)	(651,003)
Business development expenses		(87,763)	(70,517)
Total Expenses		(3,031,383)	(1,527,257)
Loss before income tax		(1,441,718)	(430,335)
Income tax expense		(2,013,772)	(1,357,452)
Loss for the half year		(3,455,490)	(1,787,787)
Other comprehensive income			
Items that can be reclassified subsequently to profit or loss			
Exchange rate differences on translating foreign operations	9	156,790	(884,544)
Total other comprehensive income for the half year, net of tax		156,790	(884,544)
Total comprehensive loss for the half year		(3,298,700)	(2,672,331)
 Loss for the half year attributable to:			
Members of Matador Mining Limited		(3,455,490)	(1,787,787)
 Total comprehensive loss for the half year attributable to:			
Members of Matador Mining Limited		(3,298,700)	(2,672,331)
		Cents	Cents
Basic and diluted loss per share		(1.62)	(1.24)

The accompanying notes form part of these financial statements.

MATADOR MINING LIMITED



Consolidated Statement of Financial Position as at 31 December 2021

	Note	31 Dec 2021	30 Jun 2021 (Restated)
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	5	11,441,605	22,015,560
Trade and other receivables		625,796	895,833
Other current assets		174,331	100,881
		<u>12,241,732</u>	<u>23,012,274</u>
Non-Current Assets			
Exploration and evaluation costs	6	36,327,466	27,515,171
Property, plant and equipment		375,923	223,154
		<u>36,703,389</u>	<u>27,738,325</u>
Total Assets		<u>48,945,121</u>	<u>50,750,599</u>
Liabilities			
Current Liabilities			
Funds received for shares to be issued		-	23,000
Trade and other payables	7	3,744,899	5,794,239
Provisions		51,111	26,124
		<u>3,796,010</u>	<u>5,843,363</u>
Non-Current Liabilities			
Deferred tax liabilities		4,236,947	2,223,175
Total Liabilities		<u>8,032,957</u>	<u>8,066,538</u>
Net Assets		<u>40,912,164</u>	<u>42,684,061</u>
Equity			
Contributed equity	8	53,372,317	51,901,167
Reserves	9	3,342,963	4,265,612
Accumulated losses		(15,803,116)	(13,482,718)
Total Equity		<u>40,912,164</u>	<u>42,684,061</u>

The accompanying notes form part of these financial statements.

MATADOR MINING LIMITED



Consolidated Statement of Changes in Equity for the six months ended 31 December 2021

	Note	Contributed Equity	Option Reserve	Foreign Currency Translation	Transaction with minority holders	Accumulated Losses	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		51,901,167	4,136,459	129,153	(4,175,958)	(9,703,685)	42,287,136
Restatements (Note 2.1)		-	-	-	4,175,958	(3,779,033)	396,925
Balance at 1 July 2021 (restated)		51,901,167	4,136,459	129,153	-	(13,482,718)	42,684,061
Comprehensive income							
Currency translation differences		-	-	156,790	-	-	156,790
Loss for the half year		-	-	-	-	(3,455,490)	(3,455,490)
Total comprehensive loss		-	-	156,790	-	(3,455,490)	(3,298,700)
Transactions with owners, in their capacity as owners							
Exercise of listed options	8	875,437	-	-	-	-	875,437
Share based payments to employees and consultants	9	-	847,923	-	-	-	847,923
Options expired	9	-	(1,135,092)	-	-	1,135,092	-
Exercise of employee share scheme options	9	792,270	(792,270)	-	-	-	-
Share issue costs	8	(196,557)	-	-	-	-	(196,557)
Balance at 31 December 2021		53,372,317	3,057,020	285,943	-	(15,803,116)	40,912,164

The accompanying notes form part of these financial statements

MATADOR MINING LIMITED



Consolidated Statement of Changes in Equity for the six months ended 31 December 2021

	Note	Contributed Equity	Option Reserve	Foreign Currency Translation	Transaction with minority holders	Accumulated Losses	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		25,350,578	3,762,982	(9,742)	(4,175,958)	(7,198,123)	17,729,737
Restatements (Note 2.1)		-	-	-	4,175,958	(2,487,908)	1,688,050
Balance at 1 July 2020 (restated)		25,350,578	3,762,982	(9,742)	-	(9,686,031)	19,417,787
Comprehensive income							
Currency translation differences		-	-	(884,544)	-	-	(884,544)
Loss for the half year (restated)		-	-	-	-	(1,787,787)	(1,787,787)
Total comprehensive loss		-	-	(884,544)	-	(1,787,787)	(2,672,331)
Transactions with owners, in their capacity as owners							
Shares issued	8	6,753,785	-	-	-	-	6,753,785
Exercise of listed options		4,769,434	-	-	-	-	4,769,434
Exercise of employee share scheme options	9	54,604	(54,604)	-	-	-	-
Share based payments to employees and consultants	9	-	651,003	-	-	-	651,003
Options expired	9	-	(755,450)	-	-	755,450	-
Share issue costs	8	(439,414)	-	-	-	-	(439,414)
Balance at 31 December 2020 (restated)		36,488,987	3,603,931	(894,286)	-	(10,718,368)	28,480,264

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the six months ended 31 December 2021

	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Operating activities			
Payments to suppliers and employees		(2,168,194)	(842,326)
Other income		2,184	22,095
Net cash flows used in operating activities		(2,166,010)	(820,231)
Investing activities			
Payments for exploration expenditure		(8,847,525)	(6,196,317)
Payments for the acquisition of property, plant, and equipment		(234,380)	(87,228)
Net cash flows used in investing activities		(9,081,905)	(6,283,545)
Financing activities			
Proceeds from issue of ordinary shares		-	8,460,374
Proceeds from the exercise of options		852,437	4,770,782
Share issue costs		(196,557)	(440,722)
Net cash flows from financing activities		655,880	12,790,434
Net (decrease)/increase in cash		(10,592,035)	5,686,658
Cash and cash equivalents at 1 July		22,015,560	2,364,440
Net foreign exchange rate difference		18,080	3,832
Cash and cash equivalents at 31 December	5	11,441,605	8,054,930

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. Corporate information

Matador Mining Limited is a for-profit entity limited by shares, incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange. The registered office is located at 140 St Georges Terrace, Perth, Western Australia. The Group is principally engaged in gold exploration in Newfoundland, Canada.

The consolidated financial statements of Matador Mining Limited (Company) and its subsidiaries (collectively the Group) for the six months ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 11 March 2022.

2. Basis of preparation and changes to the Group's accounting policies

2.1. Basis of preparation

The interim consolidated financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard (AASB) 134 *Interim Financial Reporting*.

These interim consolidated financial statements do not include all notes of the type normally included in the annual financial statements. Accordingly, these consolidated financial statements are to be read in conjunction with the financial statements contained within the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the period ended 31 December 2021 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

The accounting policies are consistent with those disclosed in the 30 June 2021 financial statements and the comparative half-year period except for the impact of new or amended standards and interpretations effective 1 July 2021. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

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

The financial statements have been prepared on a historical cost basis, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements comprise the financial results of the Group for the period ended 31 December 2021. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date at which the Group ceases to have control.

The subsidiaries of the Group have the same reporting period and accounting policies as the parent company. All intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated in full.

The financial statements provide comparative information in respect of the previous period. Minor reclassifications of items in the financial statements of the previous period have been made in accordance with the classification of items in the financial statements of the current period.

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.

Notes to the Consolidated Financial Statements

Restatement of amounts related to transactions with minorities and accounting for flow through shares

During the half-year ended 31 December 2021, the Group reviewed the accounting for transactions with minority interests related to the acquisition of the Cape Ray project in the 2018 and 2020 financial years and the accounting for flow-through shares issued in the prior financial year.

Transactions with minority interests

The Group acquired an 80% interest in the Cape Ray Project (Cape Ray) in the 2018 financial year. In reviewing the initial accounting for this asset acquisition, the Group identified that it had only accounted for its 80% share in the exploration assets acquired, rather than recognising the full amount of the exploration assets acquired and the related minority interest. This resulted in an understatement of exploration assets and an equivalent understatement of the minority interests.

The Group subsequently acquired the remaining 20% interest in Cape Ray in the 2020 financial year but incorrectly recognised the full amount settled via the issue of shares in the Company for this minority interest as a debit to minority interests in the statement of financial position. As there were no longer any minorities following this equity transaction, it should have recognised an equity reserve, being the difference between the consideration paid for the minority interest and the adjusted carrying value of the minority interest (and subsequent transfer of this equity reserve to accumulated losses).

Accounting for flow-through shares

The Company issued flow-through shares in the 2021 financial year. A flow-through share agreement transfers the tax deductibility of qualifying resource exploration and evaluation expenditure to investors. A deferred tax liability is recognised for the amount of the tax reduction to be renounced to shareholders. On issuance, flow-through shares are divided into i) a flow-through share premium, equal to the premium investors paid for the flow-through feature, which was recognised as a liability, and ii) contributed equity. Upon eligible exploration and evaluation expenditure being incurred, the Company derecognised the equivalent portion of the liability and recognised it as other income.

In the prior half-year, the Company incorrectly calculated 1) the amount of eligible exploration and evaluation expenditure incurred and, accordingly, the amount of the premium recognised as other income, and 2) the deferred tax liability recognised for eligible exploration and evaluation expenditure to be renounced. This resulted in an understatement of other income (and related overstatement of other liabilities) as well as an understatement of the deferred tax liability.

As a result of the review of these transactions with minorities and flow-through shares, the balances recorded in the 1 July 2020 and 30 June 2021 statements of financial position and the results for the half-year ended 31 December 2020 have been restated as set out in the table below:

Notes to the Consolidated Financial Statements

	1 July 2020 previously disclosed \$	Transactions with minority shareholders \$	1 July 2020 Restated \$
Impact on consolidated statement of financial position			
Exploration and evaluation costs	15,389,903	1,688,050	17,077,953
Accumulated losses	7,198,123	2,487,908	9,686,031
Minority interest	4,175,958	(4,175,958)	-
Net assets	17,729,737	1,688,050	19,417,787

	30 June 2021 previously disclosed \$	Transactions with minority shareholders \$	Flow through shares \$	30 June 2021 Restated \$
Impact on consolidated statement of financial position				
Exploration and evaluation costs	25,827,121	1,688,050	-	27,515,171
Flow through share premium liability	(4,023,344)	-	392,449	(3,630,895)
Deferred tax liability	(539,601)	-	(1,683,574)	(2,223,175)
Accumulated losses	9,703,685	2,487,908	1,291,125	13,482,718
Minority interest	4,175,958	(4,175,958)	-	-
Net assets	42,287,136	1,688,050	(1,291,125)	42,684,061

	31 December 2020 half-year previously disclosed \$	Transactions with minority shareholders \$	Flow through shares \$	31 December 2020 half-year Restated \$
Impact on consolidated statement of profit or loss and other comprehensive income				
Settlement of flow through liability	-	-	(1,075,246)	(1,075,246)
Income tax expense	-	-	1,357,452	1,357,452
Net loss after tax	(1,505,581)	-	(282,206)	(1,787,787)
Basic and diluted loss per share	(1.04)	-	(0.20)	(1.24)

Notes to the Consolidated Financial Statements

Segment Reporting

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

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Group's activities were mineral exploration and resource development within Canada and corporate. The reportable segment information is shown at Note 3.

3. Segment reporting

For management purposes, the Group is organised into two segments, exploration in Canada and corporate activities.

	Operating Loss		Total Assets		Total Liabilities	
	31/12/2021	30/06/2021	31/12/2021	30/06/2021	31/12/2021	30/06/2021
	\$	\$	\$	\$	\$	\$
Cape Ray Project	(9,475)	1,233,264	23,684,181	35,068,694	(14,643)	-
Corporate	(3,446,015)	(6,146,007)	25,260,940	15,681,905	(8,018,314)	(8,066,538)
	(3,455,490)	(4,912,743)	48,945,121	50,750,599	(8,032,957)	(8,066,538)

4. Other income

	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Interest received		1,015	-
Settlement of flow through liability	2.1	1,574,800	1,075,246
Other		13,850	21,676
		1,589,665	1,096,922

5. Cash

	31 Dec 2021	30 June 2021
	\$	\$
Cash at bank and on hand	11,441,605	22,015,560

Notes to the Consolidated Financial Statements

6. Exploration and evaluation assets

	31 Dec 2021	30 June 2021
	\$	\$
Opening balance	27,515,171	17,077,953
Tenement acquisition costs	16,536	-
Capitalised exploration expenditure	8,795,759	10,437,218
	<u>36,327,466</u>	<u>27,515,171</u>

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 Consolidated 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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.

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.

7. Trade and other payables

	31 Dec 2021	30 June 2021
	\$	(Restated) \$
Trade creditors	1,241,756	1,408,649
Accrued expenses	395,921	652,385
PAYG payable	51,126	102,310
Flow through share premium liability	2,056,096	3,630,895
	<u>3,744,899</u>	<u>5,794,239</u>

Notes to the Consolidated Financial Statements

8. Contributed equity

(a) Share capital

	31 Dec 2021	30 June 2021
	\$	\$
Fully paid ordinary share capital	53,372,317	51,901,167

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

(b) Movements in ordinary share capital:

2020

Date	Details	Number of shares	Issue Price	\$
1 July 2020	Balance	124,403,032		25,350,578
Various	Issue of shares on exercise of options	15,210,000	0.230	3,498,300
Various	Issue of shares on exercise of options	15,208,412	0.200	3,041,681
1 Jul 2020	Issue of shares to Directors	2,350,000	0.200	200,000
8 July 2020	Flow through share placement	21,428,671	0.405	8,678,613
	Flow through share premium			(1,924,828)
26 Aug 2020	Issue of shares on exercise of ESS options	7,952	0.310	2,465
2 Sept 2020	Issue of shares on exercise of ESS options	82,782	0.310	25,662
23 Sept 2020	Issue of shares on exercise of ESS options	85,410	0.310	26,477
20 Jan 2021	Issue of shares on exercise of ESS options	44,550	0.310	13,810
22 Jan 2021	Issue of shares on exercise of ESS options	66,000	0.232	15,312
22 Jan 2021	Issue of shares on exercise of ESS options	342,000	0.310	106,020
30 Mar 2021	Issue of shares on exercise of ESS options	63,000	0.310	19,530
30 Apr 2021	Issue of shares on exercise of ESS options	1,000,000	0.270	270,000
30 Apr 2021	Issue of shares on exercise of ESS options	144,000	0.310	44,640
15 Jun 2021	Issue of shares on exercise of ESS options	757,009	0.535	405,000
30 Jun 2021	Flow through share placement	28,584,783	0.563	16,085,839
	Transaction costs	-		(439,414)
	Flow through share premium	-		(3,518,518)
30 June 2021	Balance as at 30 June 2021	209,777,601		51,901,167

Notes to the Consolidated Financial Statements

(b) Movements in ordinary share capital:

2020

Date	Details	Number of shares	Issue Price	\$
2 July 2021	Issue of shares on exercise of options	100,000	0.230	23,000
6 Aug 2021	Issue of shares on exercise of options	31,250	0.230	7,187
13 Aug 2021	Issue of shares on exercise of ESS options	711,000	0.445	316,395
20 Aug 2021	Issue of shares on exercise of options	562,500	0.230	129,375
20 Aug 2021	Issue of shares on exercise of ESS options	91,575	0.310	28,388
20 Aug 2021	Issue of shares on exercise of ESS options	60,000	0.365	21,900
27 Aug 2021	Issue of shares on exercise of options	1,562,500	0.230	359,375
27 Aug 2021	Issue of shares on exercise of ESS options	60,000	0.365	21,900
1 Sept 2021	Issue of shares on exercise of options	1,000,000	0.230	230,000
3 Sept 2021	Issue of shares on exercise of ESS options	129,000	0.445	57,405
20 Sept 2021	Issue of shares on exercise of ESS options	28,571	0.415	11,857
25 Oct 2021	Issue of shares on exercise of options	150,000	0.230	34,500
26 Oct 2021	Issue of shares on exercise of ESS options	300,000	0.445	133,500
19 Nov 2021	Issue of shares on exercise of ESS options	5,000	0.445	2,225
26 Nov 2021	Issue of shares on exercise of options	400,000	0.230	92,000
29 Nov 2021	Issue of shares on exercise of ESS options	1,000,000	0.199	198,700
	Transaction costs	-		(196,557)
31 Dec 2021		215,968,997		53,372,317

Notes to the Consolidated Financial Statements

9. Reserves

	31 Dec 2021	30 June 2021
	\$	\$
(a) Reserves		
Options Reserve	3,057,020	4,136,459
Foreign Currency Translation Reserve (FCTR)	285,943	129,153
	<u>3,342,963</u>	<u>4,265,612</u>

Movements in Options Reserve:

Opening balance of Options Reserve	4,136,459	3,762,983
Share based payments expense - Key Management Personnel	316,639	743,643
Share based payments expense - employees and consultants	531,284	1,674,807
Options expired	(1,135,092)	(1,116,057)
Transfer of fair value to contributed equity	(792,270)	(928,917)
Closing balance of Options Reserve	<u>3,057,020</u>	<u>4,136,459</u>

Movements in FCTR:

Opening balance	129,153	(9,742)
Foreign currency losses on translation of subsidiaries	156,790	138,895
Closing balance	<u>285,943</u>	<u>129,153</u>

(b) Nature and purpose of reserves

Option reserve

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

Foreign currency translation reserve (FCTR)

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

(c) Share based payments – related parties

During the half year ended 31 December 2021 unlisted options were issued to Directors and senior management of the Company under the Company's Employee Securities and Incentive Plan. The fair value of the options is estimated using a Black-Scholes model that considers factors such as the option's exercise price, the volatility of the underlying security, the risk-free interest rate, the market price of the underlying security at grant date, historical and expected dividends, the expected life of the option and the probability of fulfilling the required hurdles.

Name	Type	Grant date	Vesting date	No. of options	Total expense recognised
Chris Bath	STI	02/07/2021	13/08/2021	28,571	11,857
Chris Bath	STI	01/07/2021	30/06/2022	143,000	23,150
Carol Marinkovich	STI	01/07/2021	30/06/2022	124,000	20,074
Chris Bath	LTI	01/07/2021	30/06/2024	229,000	10,123
Carol Marinkovich	LTI	01/07/2021	30/06/2024	165,000	7,294
Ian Murray (zero price options)		01/07/2021	30/06/2022	1,287,000	183,542
Total				1,976,571	256,040

Notes to the Consolidated Financial Statements

10. Financial assets

For all financial instruments held as at 31 December 2021, the carrying value approximates fair value.

11. Commitments

The Group 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

	31 Dec 2021	30 June 2021
	\$	\$
Not later than one year	412,086	286,600
After one year but less than five years	274,985	177,000
	<u>687,071</u>	<u>463,600</u>

12. Contingent liabilities and contingent assets

The Group has no contingent liabilities or contingent assets at the date of this report (2021: None).

13. Events after the reporting period

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

DIRECTORS' DECLARATION

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

In the opinion of the directors:

1. the financial statements and notes of the Company and its subsidiaries (the "Group") are in accordance with the Corporations Act 2001 including:
 - (a) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001: and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

A handwritten signature in black ink, appearing to read "Ian Murray", with a large, stylized loop at the end.

Ian Murray
Executive Chairman

Perth, 11 March 2022

Independent auditor's review report to the members of Matador Mining Limited

Conclusion

We have reviewed the accompanying half-year financial report of Matador Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Ernst & Young



Pierre Dreyer

Partner

Perth

11 March 2022