

**MATADOR MINING LTD
AND CONTROLLED ENTITIES**

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021**



**MATADOR MINING LTD
AND CONTROLLED ENTITIES**

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MATADOR MINING LTD AND CONTROLLED ENTITIES

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
Principal registered office in Australia	Level 1, Emerald House 1202 Hay Street West Perth WA 6005 Tel: +61 8 6117 0478 Email: info@matadormining.com.au
Share register	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	Hall Chadwick WA Audit Pty Ltd (change of name, previously Bentleys Audit & Corporate (WA) Pty Ltd) 283 Rokeby Road SUBIACO WA 6008 Tel: +61 8 9426 0666
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 ACN 612 912 393

The terms **the Company** 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.

MATADOR MINING LTD

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders

With the completion of our 2021 financial year, I reflect on what we have achieved over the past 12 months, and the challenges that we faced.

In the first half of 2020, we were exposed to the COVID-19 Pandemic, and specifically for us the uncertainty was regarding our exploration activities as well as access to our Cape Ray Gold Project (**Project**) in Newfoundland, Canada. With the support of our in-country exploration team (Silvertip Exploration Consultants), drilling company Major's Contracting Limited (**Major's**) and environmental consultant (Environmental Applications Group Inc.) we did kick off our exploration program and Project study activities in July 2020.

To ensure that we were funded for our 2020/2021 activities, with the support of our shareholders we raised \$8.7 million (before costs) using the Canadian flow through shares structure, issuing 21.4 million shares at a price of \$0.405 per share, a 44.5% premium to the 15-day VWAP. We believe we were the first ASX listed company to successfully fund the entire capital raising using this capital efficient approach, thereby minimising dilution for all shareholders.

We successfully completed the 2020 exploration program in late November 2020, drilling 10,768 metres of exploration diamond drilling, 1,528 metres of geotechnical and hydrogeological drilling, completing 42 holes of auger drilling and completing 385 line kilometres of close-spaced ground magnetics. In addition to this physical program, the exploration team, led by our new Exploration Manager (Warren Potma, appointed August 2020) reviewed the historical tenement data and identified 33 new exploration targets across our extensive 120 kilometres of strike length, with 10 prioritised for testing in 2021. Further information on this is included in the Review of Operations section of the Annual Report.

With the knowledge and experience we gained in 2020 we started the 2021 program earlier than previous years, in April 2021. The program for 2021 and into 2022 is the largest undertaken by Matador and includes two phases of detailed heli-magnetics, covering 80 strike kilometres of our Project, 45,000 metres of diamond drilling and >1,500 auger holes.

In parallel with our exploration activities, our Project study and environmental activities continued through the year, with the aim of positioning ourselves to submit our Environmental Assessment with both the provincial and federal environmental agencies in 2022, in line with the required timetable.

Further Project study activities have continued following the publication of the Scoping Study in 2020 which showed the Project has the potential for good metallurgical recoveries, high open pit grades and strong economics. Further work aimed at being ready for the next economic study phase is continuing with regard to metallurgical testwork, geotechnical drilling, groundwater assessment, tailings storage facilities and surface water management.

An Environmental, Social and Governance (**ESG**) strategy is being developed by the Company with the assistance of an expert consultant. We formed an ESG Board Committee to ensure that this critical part of our overall strategy remains a focus throughout all levels of the Company. The Company has already recognised and addressed several important ESG criteria including Board composition, environmental management and social engagement of which the last two are closely linked to the Environmental Assessment process.

We benefit in having a Project based in Newfoundland as the province is on track for 98% green hydro-electric power in the grid and are committed to net zero carbon emissions by 2050. In addition, power costs in Newfoundland are some of the lowest in the world at less than C\$0.10/kWh.

MATADOR MINING LTD

CHAIRMAN'S LETTER TO SHAREHOLDERS

To ensure we are fully funded for the 2021 and 2022 activities we completed our second successful Canadian flow through shares capital raising in June 2021 supported by two new North American based natural resources funds, Franklin Resources and CI Investments, as well as existing shareholders. We raised \$16 million through issuing 28.6 million shares at a share price of \$0.56 per share, a 28% premium over the prevailing market price, minimising dilution for existing shareholders.

Through this period, we renewed the board of directors with independent directors, with proven experience with exploration, development and operating gold companies combined with global capital markets expertise. In addition to Mr Justin Osborne who joined in June 2020, Mr Mick Wilkes joined in July 2020 and Dr Nicole Adshead-Bell in October 2020. Later, in June 2021 we appointed Newfoundland based, highly experienced and internationally regarded geologist, Mr Kerry Sparkes, as a Technical Advisor to the Board.

In this transition, we thank the retired directors, Mr Adam Kiley, Mr Grant Davey and Mr Keith Bowes, who were instrumental in securing the Project in 2018 and overseeing the exploration activities, the Project studies and the delivery of the Scoping Study in May 2020.

As we begin the 2022 financial year, we are well funded with \$22 million in cash, two diamond drill rigs active at the Project, Phase 1 of the detailed heli-mag program completed and already highlighting untested targets, and three auger rigs rapidly completing first phase detailed geochemical drilling through the shallow transported cover. The exploration strategy is sound and funded, with the aim of maximizing the economic gold ounces through discovery.

On behalf of the Matador Board, I would like to thank the Newfoundland and Labrador government, the Town councils of Port aux Basques and Isle aux Morts, and the Miawpukek and Qalipu First Nations Groups for the interest and assistance they have shown and provided to the Project. We would also like to thank our in-country contractors and advisors, Silvertip Exploration Consultants, Major's, Environmental Applications Group Inc. and Mr Kerry Sparkes.

Personally, I would like to thank my fellow Board members for the guidance you have provided to me, and I would like to thank the Matador management team and advisors for their dedication and focus on delivering on what must be one of the most promising gold exploration projects globally.

Finally, the Board would like to thank all shareholders for your continued support. This is an exciting time for your company, and we look forward to keeping you updated as we continue our progress at Cape Ray.

Yours faithfully



IAN MURRAY
Executive Chairman

MATADOR MINING LTD

REVIEW OF OPERATIONS

Cape Ray Gold Project – Overview

The Cape Ray Gold Project (**Cape Ray** or the **Project**) covers approximately 120 kilometres of strike along the highly prospective, yet under explored Cape Ray Shear Zone (CRSZ) located in Newfoundland, Canada. The Project hosts a current resource of 837,000oz Au at 2g/t Au, across four deposits, all of which are within 15 kilometres of strike.

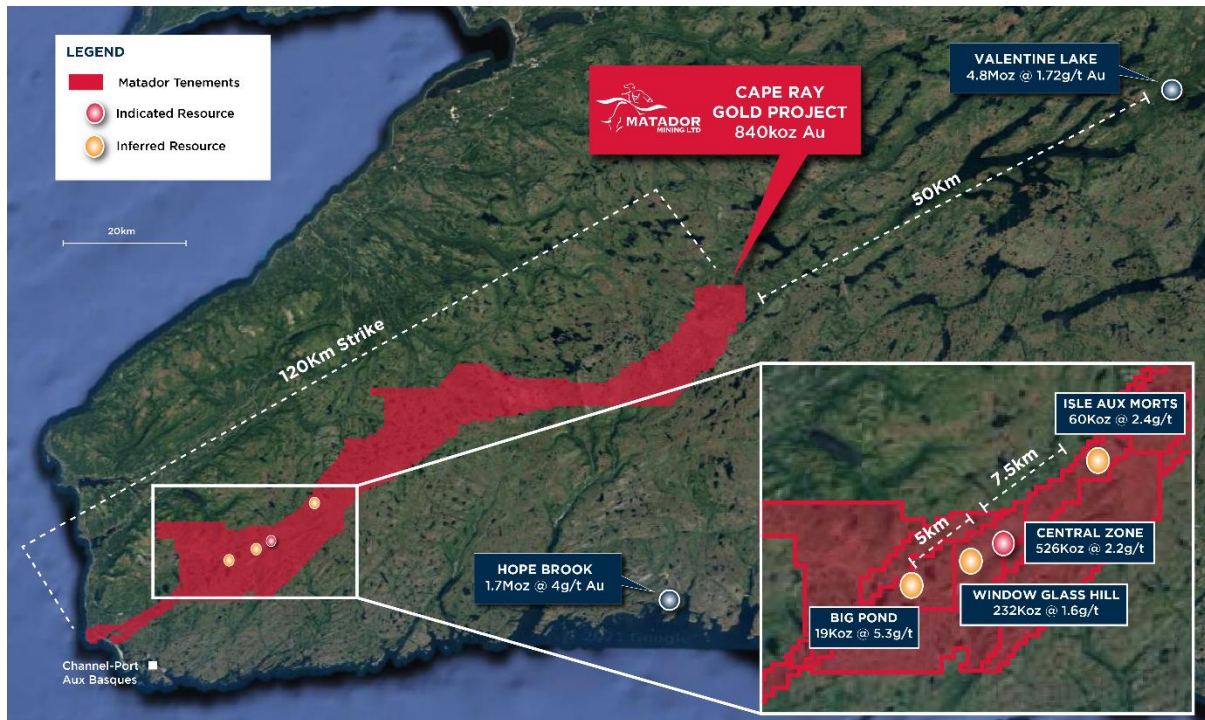


Image 1: location of deposits at the Cape Ray Gold Project

Despite a reduced exploration season through the 2020 northern hemisphere summer due to COVID-19 pandemic related restrictions, Matador completed a highly successful exploration program. Highlights of the 2020 field season are outlined below, with some of the significant drill intercepts shown in Image 1:

- Best intercept drilled by Matador at Cape Ray:
 - 18 metres at 11.0 g/t Au from 7 metres (197g.m Au) (CRD162 – Isle aux Morts)
- New drilling supports shallow, open pit mining potential:
 - 80% of all gold contained in significant intercepts is < 80 vertical metres from surface
- Excellent success rate, hitting mineralisation in drilling:
 - 75 holes drilled (10,768m), 76% of which reported significant intercepts (>0.5g/t Au cut off)
- First major greenfield exploration program in more than 20 years:
 - Successfully implemented power auger drill program.

MATADOR MINING LTD

REVIEW OF OPERATIONS

Best drilled intersections	2018	2019	2020
Significant Intercepts (metres at # g/t Au)	1.6m at 24.4g/t Au from 128.2m (CRD001)	15.8m at 3.2g/t Au from 148.2m (CRD052)	18m at 11g/t Au from 7m (CRD162)
Highest gram x metre Intercept (# g.m Au)	38 (CRD001)	49 (CRD052)	197 (CRD162)
Max single Au Assay Value (metres at # g/t Au)	0.82m at 45.0g/t Au from 129m (CRD001)	0.3m at 60.1g/t Au from 67.4m (CRD058)	1m at 79.9g/t Au from 17m (CRD162)

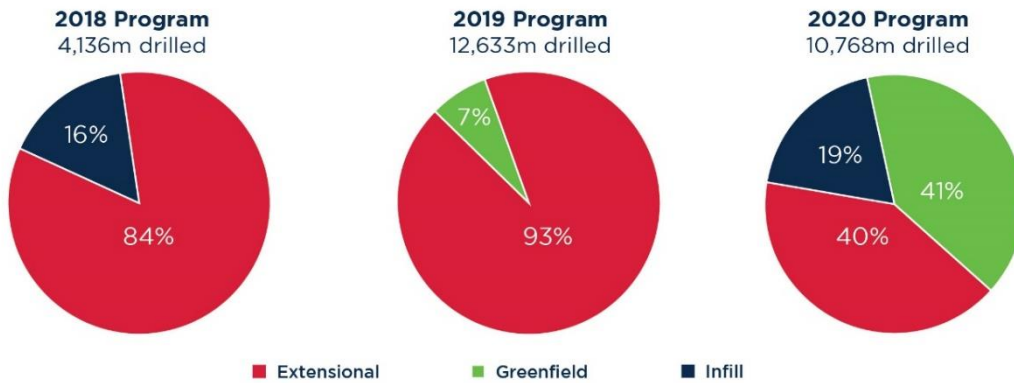


Table 1: 2020 drilling program statistics (compared to key metrics from 2018 and 2019)¹

During 2020, the Company also increased its focus on greenfield exploration, as highlighted in Table 1 above. This also saw the Company identify an initial 33 greenfield targets across the Project area. Identification of these targets is important to ensure the Company has a strong pipeline of future exploration targets. Image 2 below highlights each of the targets and their stage of development.

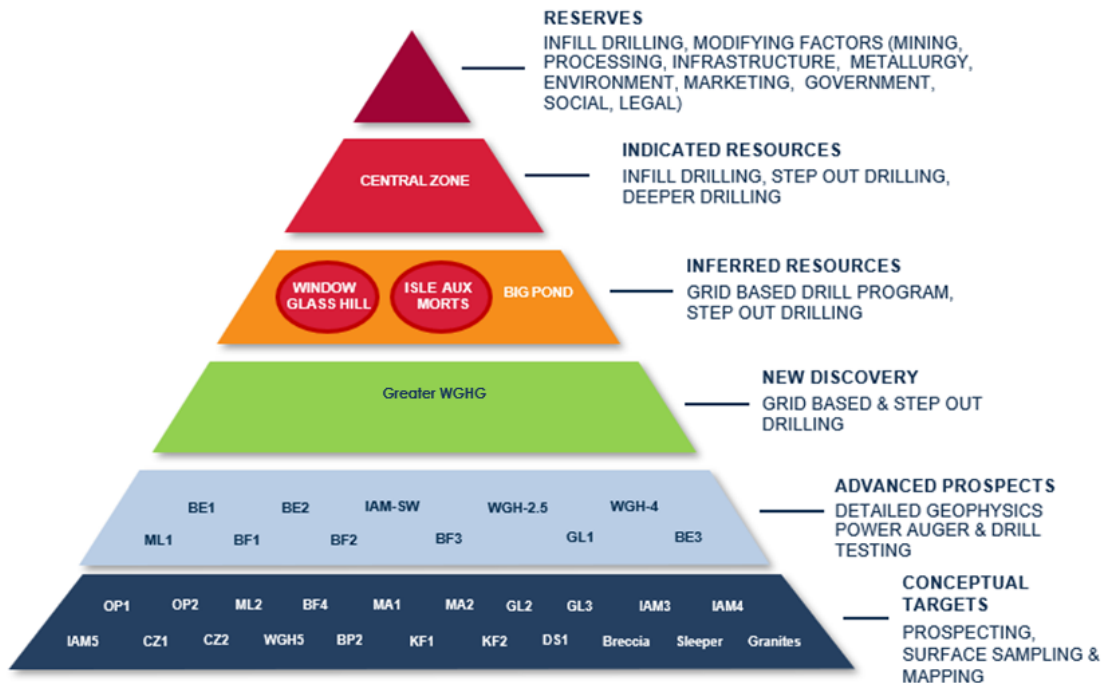


Image 2: Exploration targets and their stage of development

¹ Au g.m = Au grams x metres for each individual assay interval. Sum Au g.m = the weighted sum of the Au g.m intervals within a single Significant Intercept, or within combined Significant Intercept intervals.

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REVIEW OF OPERATIONS

2021/22 Exploration Strategy

The 2020 Scoping Study (*ASX announcement 6 May 2020*) highlighted that Cape Ray has a strong economic foundation with low estimated All-In-Sustaining-Costs (US\$776/oz Au), strong IRR (51% post Tax) and rapid payback (1.75 year).

These strong outputs were driven by the Project's high grade, yet shallow gold mineralisation, (forecast average head grade of 2.6g/t Au during the first four years of production – averaging 88,000oz Au per annum) that ranks the Project as one of the highest grade, undeveloped open pit projects globally.

However, prior to commencing a Pre-Feasibility Study, the Company identified the requirement to grow the mineral resource further to ensure the initial seven year mine life assumed in the Scoping Study is increased. To achieve this, the Company believes a blend of expansion drilling around known deposits as well as greenfield exploration to test the extensive, yet under explored Project area is the optimal strategy. The Company therefore outlined the most expansive exploration program for the 2021/22 season, including:

- 45,000 metres of diamond drilling;
- Four power auger drill rigs; and
- 80 kilometre Heli-Magnetics program.

45,000 metres diamond drilling

The diamond drilling program will be the largest to be completed since the Company's inception, with at least two diamond drill rigs active, covering both brownfield expansion drilling and greenfield exploration.



Image 3: Exploration drilling at the Cape Ray Gold Project

The brownfield program will initially target the Window Glass Hill Granite, which has excellent potential to contribute to additional mineral resource growth. With approximately three kilometres of prospective geology associated with shears and faults wrapping and deforming, the Window Glass Hill Granite. This area has been identified as containing multiple priority drill targets. Brownfield drilling will also target the Isle Aux Morts deposit, following the success achieved in 2020, that included 18 metres at 11g/t Au from 7 metres and 20 metres at 5.1 g/t Au from 8 metres.

MATADOR MINING LTD

REVIEW OF OPERATIONS

The greenfield exploration drill program will be the largest undertaken by the Company. Thirty-three targets were identified, all of which have been ranked by priority from one to five, as shown in Image 4.

Diamond drilling will initially focus on Priority One through to Priority Three targets, with exploration success having the potential to materially change the size and scope of the exploration program during the season.

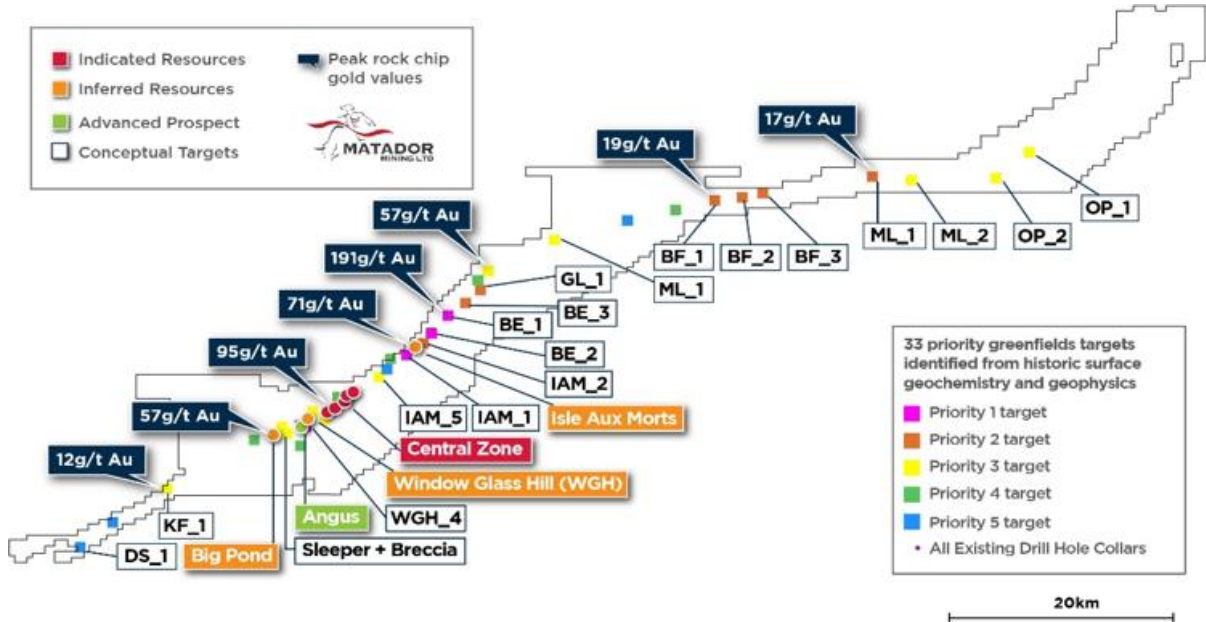


Image 4: Location of 33 priority greenfield targets and high-grade rock chip along Cape Ray Shear 80 kilometre high resolution magnetics program

All known deposits at the Project are related to key shear zones, cross faults and granite intrusions, which become visible through the use of detailed magnetics. The Company completed an extensive ground magnetic program during 2020 that clearly identified a number of previously unknown structures between the Big Pond and Window Glass Hill deposits. Following the success of this program, the Company expanded and accelerated its magnetics program through a two phase 30 metre spaced Heli Mag program covering approximately 80 kilometres of strike along the Cape Ray Shear, as shown in Image 5 below.

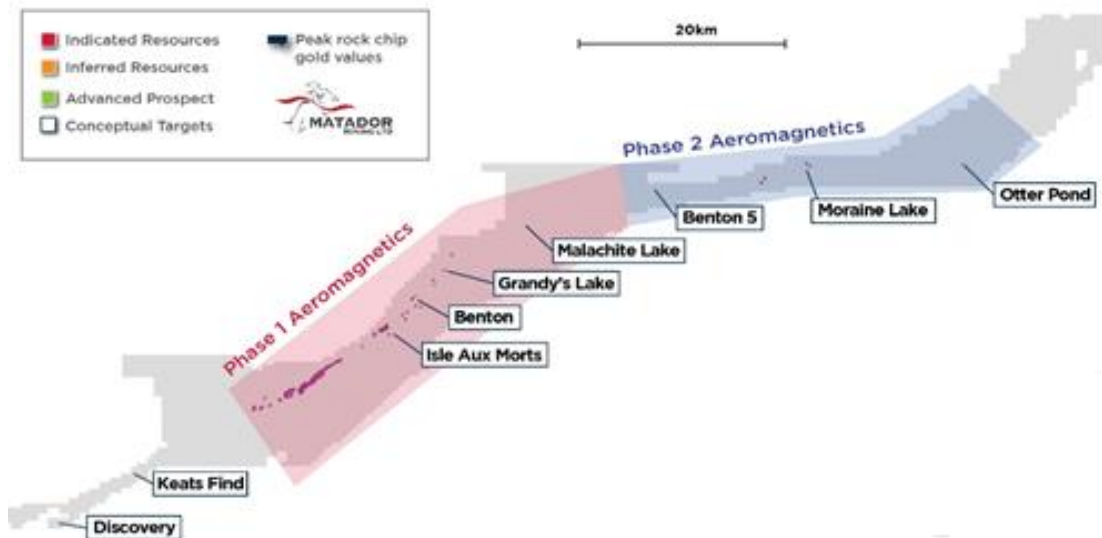


Image 5: Heli Mag program along Cape Ray Shear

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REVIEW OF OPERATIONS

Phase One of this program, covering 40 kilometres of strike, was completed by mid-2021, and preliminary analysis has already identified a number of large previously unrecognized and untested structures.

Three target areas are highlighted in Image 6 below and will be initially tested with power auger drilling prior to undertaking any diamond drilling.

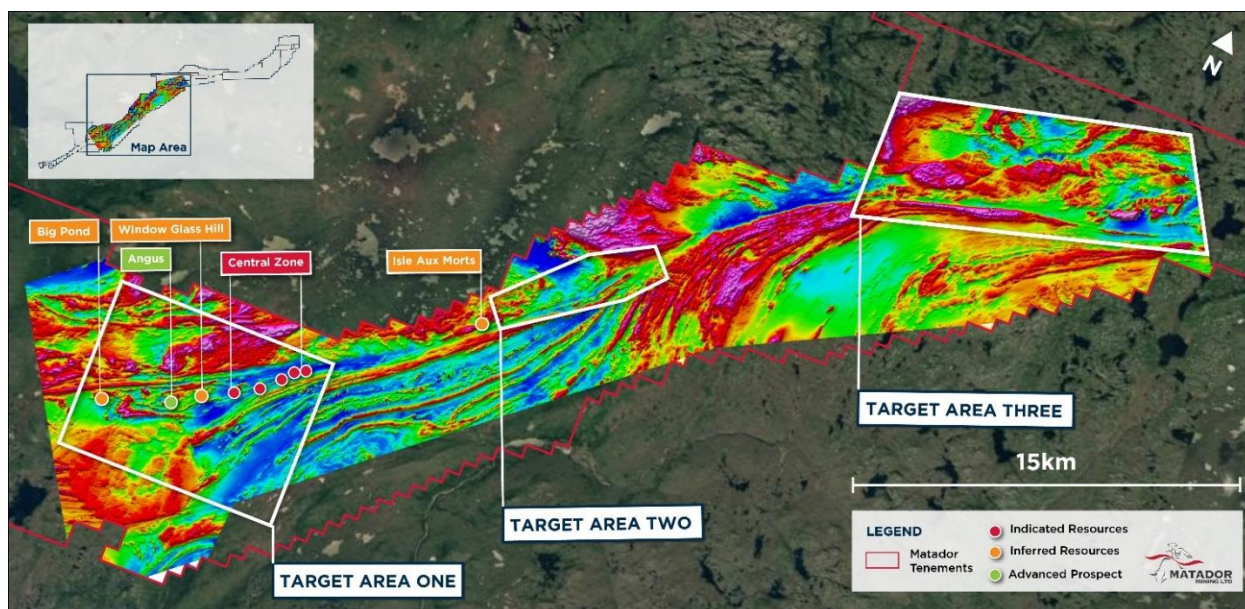


Image 6: Phase One high-resolution magnetics and preliminary greenfields targeting outcomes

Gold Pathfinder Footprints Key to Unlocking Future Exploration Success

The Cape Ray Shear has historically been poorly explored, in part due to approximately 90% of the ground having a thin veneer of till cover (1-5 metres in thickness). The opportunity to explore under this shallow cover has been identified as a major opportunity in the future.

Following a successful trial of portable backpack drill rigs in the 2020 exploration season, Matador worked with Major's to design and build lightweight ATV-mounted winkie drills that enable drilling through up to 10 metres of transported glacial till material using an auger drill to sample the basal till layer, then switching to a diamond drill bit to collect a short (20 centimetre) core sample of in-situ basement rock at the bottom of the auger hole.

Collection of these samples, together with understanding the pathfinder geochemistry signal, which includes up to 12 critical pathfinder element footprints, is a highly effective approach to exploring through shallow glacial till cover.

The Company will have up to four power auger rigs active through the 2021/2022 exploration season. The results of the power auger drill program combined with the high-resolution magnetics, will assist the Company in refining its diamond drilling targets.

Cape Ray Gold Project - Scoping Study

The 2020 Scoping Study (*ASX announcement 6 May 2020*) highlighted that Cape Ray has strong economic fundamentals, with low estimated All-In-Sustaining-Costs (US\$776/oz Au), high IRR (51% post Tax) and rapid payback (1.75 years). Table 2 below highlights the results of the Study.

MATADOR MINING LTD

REVIEW OF OPERATIONS

Table 2: Summary of Project Scoping Study Economics (Estimated) @ US\$1,550/Oz

Post-Tax Financial output	LOM total / Avg.
NPV (8%) (\$ m)	194
NPV (8%) (C\$ m)	168
IRR (%)	51
Payback (Years)	1.75
Undiscounted Cumulative Cashflow (C\$ m)	253
Pre-Tax Financial output	LOM total / Avg.
NPV (8%) (\$ m)	295
NPV (8%) (C\$ m)	256
IRR (%)	61
Undiscounted Cumulative Cashflow (C\$ m)	583
Financial Inputs	LOM total / Avg.
Gold Price (US\$/ oz)	\$1,550
Silver Price (US\$/ oz)	\$18
Exchange rate (US\$: C\$)	0.70
Exchange rate (C\$: A\$)	0.87
General	LOM total / Avg.
Mine Life (Yrs)	7
Ramp up period (Yrs)	0.75
Processing Facility Throughput (Mt)	1.2
Total Ore Mined (Mt)	7.8
Total Material Mined (Mt)	92.7
Strip Ratio (Operational)	9.6
Total Gold Mined (Au koz)	504
Production	LOM total / Avg.
Mill Head Grade (Au g/t)	2.0
Au Mill Recovery (%)	96%
Mill Head Grade (Ag g/t)	6.1
Ag Mill Recovery (%)	56%
Av. Annual Production (1-4) (Au koz)	88
LOM Production (Au koz)	483
Operating costs	LOM total / Avg.
Mining Costs - OP (C\$ / t mined)	2.80
Mining Costs - UG (C\$ / t mined)	90
Processing Costs (C\$ / t processed)	21.35
G&A Costs (C\$ / t processed)	4.94
Royalty rate (%)	1.9
C1 Cash costs (C\$ / oz)	1,013
C1 Cash costs (US\$ / oz)	709
AISC (C\$ / oz)	1,108
AISC (US\$ / oz)	776
Capital cost estimates	LOM total / Avg.
Initial Capital (exc. Mine Development) (C\$ m)	125 - 160
Mine Development (Initial) (C\$ m)	8.7
Mine Development – OP (Sustaining) (C\$ m)	28.2
Mine Development – UG (C\$ m)	12.2
Other Sustaining Capital (C\$ m)	6.9

The Scoping Study was based on a proposed 1.2 Million tonne per annum (3,300 tonne per day) standalone mining and processing operation and was completed to an overall +/- 35% accuracy (Class 5) using the above key parameters and assumptions.

In order to enhance the development opportunity at Cape Ray, the Company's primary objective is to expand the mineral resources base – with a focus on shallow open pit deposits – prior to completing the next phase of Project study.

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REVIEW OF OPERATIONS

Acquisition of Hermitage Project

Matador identified the Hermitage Project areas as highly prospective for gold following a review of targets in Newfoundland that have strong exploration potential, however, have been neglected historically. This area was vacant ground and pegged by Matador.

The Hermitage Project is the first regional target identified by the Company off the main CRSZ. This acquisition is part of Matador's strategy to continuously improve and build upon the pipeline of future exploration targets.

The Hermitage Project covers approximately 27 kilometres of continuous strike length along the Hermitage Flexure, a large crustal scale structure that is a splay off the main CRSZ. The main splay continues to the north and hosts the Project as well as Marathon Gold's (TSX.MOZ) Valentine Lake Project (4.8 million oz Au). The second splay continues to the east and hosts Matador's newly acquired Hermitage Project as well as New Found Gold's (TSXV.NFG) newly discovered high-grade Queensway Project. Previous gold exploration in the area was conducted by Teck, Falconbridge and INCO in the late 1980s. This work included geochemical analysis that defined a large regional area of anomalous gold, arsenic and antimony. The ground was subsequently dropped in the late 1980s until the early 2000s when high-resolution airborne magnetics, electro-magnetics and radiometrics were flown over the area. The Company is compiling all historical data on the Hermitage Project as the basis for target generation prior to commencing an exploration program.

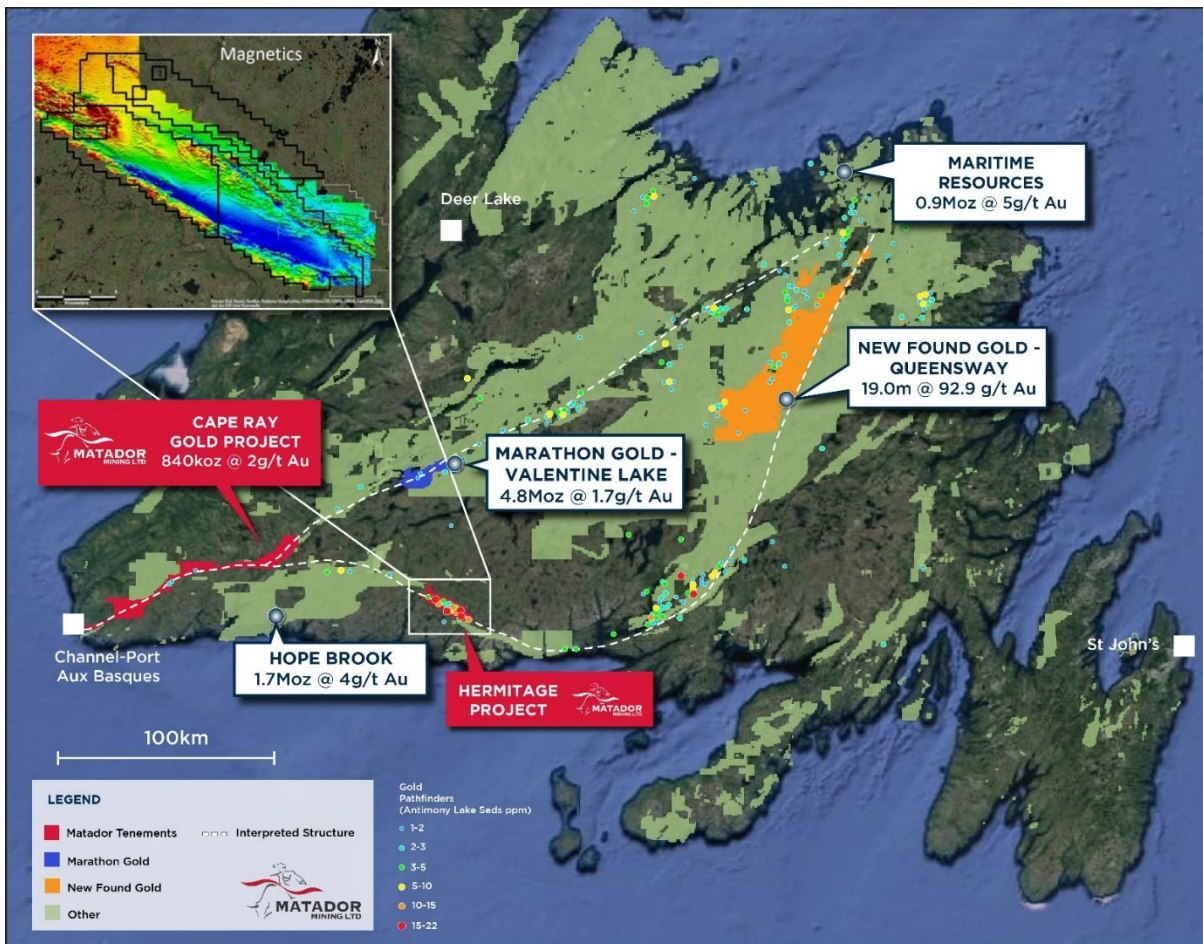


Image 7: Location of Hermitage Project and Cape Ray Project. Also includes magnetics completed on the project historically

MATADOR MINING LTD

REVIEW OF OPERATIONS

Sustainability and ESG

The Board recognises that Matador is part of a global community. As part of this community, Matador is committed to operating in a sustainable manner that ensures its people are safe and well-supported, local communities prosper and the environment is well cared for so that it benefits future generations. Companies can be courageous and innovative in their approach to sustainability, and Matador has both the opportunity and the capacity to be a key participant in this approach. Matador is committed to continuously improving the way it does business, including the formation of an ESG Board Committee in July 2021.

The mining sector remains a significant industry as global demand for natural resources continues to improve living standards and assist economic growth. The industry is facing complex challenges, such as climate change impacts, community acceptance, environmental concerns, and the need for companies to show leadership and stewardship of natural resources. However, these challenges can also be opportunities – and Matador is in an excellent position to respond.

Despite the Project still being in an exploration stage, Matador aims to identify and implement opportunities to create value for stakeholders. While financial and operational success is important, Matador never loses sight of the vital role that its people, including contractors, play in driving sustainable performance. Their safety will always be the highest priority.

Matador is working hard to support the local communities in the region surrounding the Project area so they receive real benefit from our activities. Matador is committed to working closely with the local communities as real partners. Matador upholds high standards of environmental responsibility and has conducted its exploration activities with the intent of minimising its environmental impact.

Strategy

Matador is committed to the goal of sustainable development which is reflected in its corporate values. The Company's values include the promotion and creation of shared wealth, becoming a significant employer, operating at global good practice, safety and environmental stewardship, employee welfare and recognition, and the contribution and response to the attitudes and expectations of local communities in the country in which it operates.

In implementing its sustainable development program, Matador aims to achieve a balance between economic, environmental and social needs in all phases of its operation, and takes into consideration its employees, contractors, communities, shareholders and other key stakeholders.

Sustainability Statement

Sustainability at Matador is currently governed through the Board and focuses on the Company's performance in the areas of health, safety, environment, social responsibilities and sustainable development.

ESG Activities

The Company formed Environmental, Social and Governance Committee (**ESG Committee**), which will provide feedback to the Board on activities and results associated with Sustainability and ESG, including reports related to significant accidents, environmental incidents, community concerns, policy breaches or systems failures, and reviews internal and external audit reports to ensure that operations are in compliance with relevant legislation.

In order to support the goals of the ESG Committee, the Company is in the process of engaging expert consultants to assist in defining the necessary charters and mandates. One of the first activities to be undertaken by the ESG Committee will be to review all relevant policies and guidelines to ensure that they reflect current and emerging international standards.

MATADOR MINING LTD

REVIEW OF OPERATIONS

A portion of this has already be undertaken as part of the current governance review, but the ESG Committee will have the opportunity to extend this further and include a wider range of documents.

Upon formation of the ESG Committee, a program of work has been established that will initially include:

- Initiating an ESG reporting protocol that aligns with established international practices;
- Setting up the reporting standards on key ESG criteria as part of the Company's ongoing continuous disclosure; and
- Identifying areas for improvement and implementing programs and processes to address these issues.

Each program/process will have a nominated champion with responsibility for the program/process.

Environmental Assessment Activities

The Project is part way through its Environmental Assessment process and is nearing completion of the various baseline studies as specified in the federal and provincial guidelines received in 2016/2017. The impact assessments captured under the various Valued Components (VCs) are being assessed after which the mitigation and management plans can be developed for the Project. Submission of the final Environmental Impact Statement (EIS) is forecast to occur during calendar 2022.

Health, Safety and Training

Matador is continuing to build on its health and safety systems and community engagement processes and is pleased to report that the number of local employees contracted by the Company has increased significantly to 30 persons to meet the increased workload. Importantly, 15 persons are coming from the surrounding local communities including Port aux Basques and Isle aux Morts, an increase from 11 in 2020 and five in 2019.

The COVID-19 Pandemic and the associated travel restrictions have delayed community meeting schedules, but through virtual meetings, the Company has managed to meet all our major Newfoundland stakeholders at least once during the period. Community consultation is starting to ramp-up now as the Environmental Assessment activities continue to accelerate.

Training forms an important part of Matador's ongoing engagement with staff and contractors, with all site-based staff, consultants and contractors having participated in a dedicated all-terrain vehicles (**ATV**) training course and a remote location / survival training course.

The mandated quarterly Safety Committee was held in June 2021, with an independent chair and included representatives from the Company's consultants and contractors. No major issues were reported back to the Company from this meeting.

A system of lead and lag indicators for Health and Safety were established through CorePlan (a web-based application with live safety reporting and tracking functionality) at the start of the field season. Training was undertaken with the various contractors and employees during the early stages with a fully operational reporting system in place during May 2021 as the drilling season commenced.

MATADOR MINING LTD

REVIEW OF OPERATIONS

Mineral Resources as at 30 June 2021

Cape Ray Gold Project Summary Mineral Resource																			
			Indicated					Inferred					Total						
			Tonne s (Mt)		Au (g/t)	Ag (g/t)	Contained (Koz)		Tonne s (Mt)		Au (g/t)	Ag (g/t)	Contained (Koz)		Tonne s (Mt)		Au (g/t)	Ag (g/t)	Contained (Koz)
Deposit	Cut-off	RL				Au	Ag												
Z4/41	0.5	>100mRL	2.1	2.83	8	191	545	1.3	1.48	6	61	236	3.4	2.32	7	252	781		
	2	<100mRL	0.2	3.10	11	23	77	0.2	2.90	9	17	56	0.4	3.01	10	40	133		
Z51	0.5	>200mRL	0.8	4.25	9	103	211	0.0	1.43	5	1	3	0.8	4.18	9	104	214		
	2	<200mRL	0.2	4.41	11	32	77	0.1	2.59	3	12	15	0.4	3.71	8	43	92		
HZ	0.5	All	0.2	1.11	1	8	8	0.0	0.90	1	0	0	0.2	1.11	1	8	8		
PW	0.25	All	-	-	-	-	-	2.2	1.12	4	80	257	2.2	1.12	4	80	257		
IAM	0.5	All	-	-	-	-	-	0.8	2.39	2	60	60	0.8	2.39	2	60	60		
Big Pond	0.5	All	-	-	-	-	-	0.1	5.30	3	19	12	0.1	5.30	3	19	12		
WGH	0.25	All	-	-	-	-	-	4.7	1.55	10	232	1,455	4.7	1.55	10	232	1,455		
Total			3.5	3.15	8	356	918	9.4	1.60	7	481	2,094	12.9	2.02	7	837	3,012		

- Figures are rounded and rounding errors may apply.
- Contained metal figures do not take into account metallurgical recovery into account.
- Reported cut-offs from Zones 51, 4/41 cover both open pit resources.
- All Mineral Resources are completed in accordance with the JORC Code 2012 Edition.
- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- Cut-off grade assumptions approximately reflect a US \$1,550 per ounce gold price as per the Cape Ray Scoping Study.
- Open Pit Mineral Resources are reported at various cut-off grades to reflect assumed Reasonable Prospects of Eventual Economic Extraction as derived from the Cape Ray Scoping Study: Z4/41 - 0.50 g/t Au cut-off above 100mRL; Z51 - 0.5 g/t Au cut-off above 200mRL; HZ, IAM and WGH all reported at 0.5 g/t Au cut-off with no constraint; Big Pond and PW reported at 0.25 g/t Au cut-off with no constraint.
- Underground Mineral Resources are reported at a 2.0 g/t Au cut-off grade to reflect assumed Reasonable Prospects of Eventual Economic Extraction as derived from the Cape Ray Scoping Study: Z4/41 - 2.0 g/t Au cut-off below 100mRL; Z51 - 2.0 g/t Au cut-off below 200mRL.

Competent Persons' Statements

Exploration Results

The information contained in this announcement that relates to exploration results is based upon information compiled by Mr. Warren Potma, who is an employee of Matador Mining Limited in the position of Exploration Manager. Mr. Potma is a Member of the AUSIMM and a Member of the AIG and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr Potma consents to the inclusion in the announcement of the matters based upon the information in the form and context in which it appears

Mineral Resources

The information in this document that relates to Mineral Resources for H Zone, Big Pond and Isle Aux Morts at the Project was first reported by the Company in an announcement to the ASX on 30 January 2019. The information related to Mineral Resources for Zone 4/41, Zone 51, PW and WGH were first reported to the ASX on 4 February 2020. The Scoping Study reported a Mineral Resources estimation revision and was reported to the ASX on 6 May 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

MATADOR MINING LTD

REVIEW OF OPERATIONS

Mineral Resources Governance

Matador reviews its Mineral Resources estimates on an annual basis. The Annual Statement of Mineral Resources is prepared in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code 2012**) and the ASX Listing Rules.

Competent Persons named by the Company in the original Mineral Resource Reports released to the ASX on 30 January 2019 and 4 February 2020 are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code 2012.

The Company engages external consultants and Competent Persons to prepare and estimate its Mineral Resources. These estimates and underlying assumptions are reviewed by the Company's directors (**Directors**) and management for reasonableness and accuracy. The results of the Mineral Resources estimates are then reported in accordance with the JORC Code 2012 and the ASX Listing Rules. Where material changes occur to a project during the period, including the Project's size, title, exploration results or other technical information, previous Mineral Resource estimates and market disclosures are reviewed for completeness. The Company reviews its Mineral Resources as at 30 June each year and where a material change has occurred in the assumptions or data used in previously reported Mineral Resources, a revised estimate will be prepared as part of the annual review process.

MATADOR MINING LTD

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising Matador and its subsidiaries for the financial year ended 30 June 2021 and the auditor's report thereon.

Directors

Ian Murray FCA, MAICD
(Executive Chairman)

Experience and expertise

Mr Murray is a Fellow of the Institute of Chartered Accountants Australia & New Zealand, a Member of the Australian Institute of Company Directors, and holds an Executive degree in Advanced Management and Leadership from the University of Oxford, Saïd Business School, together with a Bachelor of Commerce (with distinctions) and Post-Graduate Diploma in Accounting from the University of Cape Town, and the Advanced Taxation Certificate from the University of South Africa. With over 25 years' mining industry experience in senior leadership positions, including the position of Executive Chairman and Managing Director of Gold Road Resources Ltd (ASX: GOR) and DRD Gold Ltd (NYSE and JSE: DRD), he has also held executive positions with international 'Big Four' accounting firms. Mr Murray brings a wealth of financial, corporate, project development and operational experience to the Board and most recently led Gold Road as it transitioned from explorer to large scale gold producer. Mr Murray has been the recipient of many awards during his leadership of Gold Road, including the Gavin Thomas award for leadership, the Diggers and Dealers Deal of the Year award in 2017, after winning the best emerging company award in 2011 as well as the CEO of the year award from CEO Magazine.

Appointed 14 May 2020.

Other current directorships

Black Rock Mining Limited – Non-executive Director
Geopacific Resources Limited – Non-executive Director
Todd River Resources Limited – Non-executive Director

Former directorships in last 3 years

Gold Road Resources Limited – Managing Director
Gascoyne Resources Limited – Non-executive Chairman

Dr Nicole Adshead-Bell PhD
(Non-executive Director)

Experience and expertise

Dr Adshead-Bell is an experienced mining executive and non-executive director with a successful career spanning over 25 years. She was most recently the CEO and Managing Director of Beadell Resources Ltd, an ASX-listed company prior to its acquisition by TSX/NYSE American listed Great Panther Mining Ltd in March 2019. Prior to this, Dr Adshead-Bell was Director of Mining Research at Sun Valley Gold LLC, a global precious metals fund and Managing Director, Investment Banking at Haywood Securities Inc. In addition to her position at Matador, Dr Adshead-Bell is President of Cupel Advisory Corporation, a company she established to focus on investments in the natural resources sector and provide strategic advisory, due diligence and research services to issuers and natural resources equity and debt funds. She is also a Non-executive Director of Altius Minerals Corporation (TSX), a diversified royalty company based in St John's, Newfoundland, Canada.

Appointed 5 October 2020.

Other current directorships

Altius Minerals Corporation (TSX) – Non-executive Director

MATADOR MINING LTD

DIRECTORS' REPORT

Former directorships in last 3 years

First Majestic Silver Corp. (TSX/NYSE) – Non-executive Director

Beadell Resources Ltd (ASX) – Executive Director (Jul 2018 - Mar 2019); Non-executive Director (Sep 2016 - July 2018)

Great Panther Mining Ltd (TSX/NYSE American) – Non-executive Director

Justin Osborne BSc (Hons), MAICD, FAusIMM, FSEG
(Non-executive Director)

Experience and expertise

Mr Osborne has over 30 years' experience as an exploration geologist and is a Fellow of the Australasian Institute of Mining and Metallurgy and holds a Bachelor of Science, Honours (First Class) from La Trobe University of Victoria. In addition to his role at Matador, Justin was an Executive Director at Gold Road Resources Ltd (GOR.ASX) and played a pivotal role in the rapid and effective resource development of the world class Gruyere Gold Deposit (6.6Moz Au) which currently produces approximately 300,000oz Au per annum.

Justin has also previously held senior positions on the exploration executive team of Gold Fields Ltd, including Vice President Development Strategy – Growth and International Projects, and General Manager Near Mine Exploration covering all international mining operations.

Appointed 2 June 2020.

Other current directorships

Nil

Former directorships in last 3 years

Gold Road Resources Limited – Executive Director

Mr Mick Wilkes BE (Mining), MBA, FAusIMM, MAICD
(Non-executive Director)

Experience and expertise

Mr Wilkes is a highly experienced mining executive, with a successful career spanning over 35 years. He was most recently the President and CEO of dual listed (ASX/TSX) OceanaGold Corporation, where he served for a decade, prior to leaving in early 2020. During his time at OceanaGold, Mr Wilkes transformed the company from a junior gold producer in New Zealand to a multinational mid-tier gold producer with a market capitalisation of \$2 billion when he departed. Under Mr Wilkes' watch OceanaGold acquired and successfully developed the 3 million ounce Haile Gold Mine in South Carolina, USA.

Appointed 20 July 2020.

Other current directorships

Kingston Resources Limited – Non-executive Director

Dacian Gold Limited – Non-executive Director

Former directorships in last 3 years

Oceana Gold Corporation – President and Chief Executive Officer

MATADOR MINING LTD

DIRECTORS' REPORT

Keith Bowes BSc. Chem Eng

(Executive Director until September 2020)

Experience and expertise

Mr Bowes is a process engineer with over 25 years' experience in metallurgy, project management and operations. He has worked in Africa, South America and Australia for major mining houses on projects and plants covering a wide range of commodities and processes. He led the study team involved in the development of the world class Panda Hill Niobium Project located in Tanzania, the Honeymoon Uranium Project in South Australia, the Pick Lake Zinc Project in Canada and is currently involved in a number of new developments including uranium in Africa.

Resigned as a Director on 28 September 2020.

Company Secretaries

Carol Marinkovich AGIA, ACG(CS)

Mrs Marinkovich has over 25 years' experience in the mining industry. She has extensive experience in Company Secretary and Corporate Governance Practices both within Australia and Internationally working with companies in the ASX200, ASX300 and for other listed and unlisted junior explorers. Carol is a Member of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators in London.

Stuart McKenzie LLB, BEc (Hons), AGIA

Mr McKenzie has over 30 years of experience in senior commercial roles with Marvel Gold Limited, Anvil Mining Limited, Ok Tedi Mining Limited, Ernst and Young and HSBC. Stuart holds a Bachelor of Laws, a Bachelor of Economics and is a member of the Governance Institute of Australia.

Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

	Directors' Meetings	
	Eligible to Attend	Attended
Ian Murray	8	8
Nicole Adshead-Bell	6	6
Justin Osborne	8	8
Mick Wilkes	8	8
Keith Bowes	2	2

Directors' Interests

The relevant interest of each Director in the shares and options issued by the Company as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares
Ian Murray	2,200,000	4,554,000
Nicole Adshead-Bell	-	480,000
Justin Osborne	410,000	420,000
Mick Wilkes	60,000	420,000

MATADOR MINING LTD

DIRECTORS' REPORT

Principal Activities

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

Dividends

There were no dividends paid during the year.

Financial Results

The loss of the Company after providing for income tax for the period ending 30 June 2021 was \$3,621,619 (30 June 2020: \$2,489,692).

Cash and cash equivalents amounted to \$22,015,560 as at 30 June 2021 (30 June 2020: \$2,364,440).

During the year, the Company completed several capital raisings. In July 2020 a placement of 21.4 million shares at a price of \$0.405 per share was completed to raise \$8.7 million. A further \$6.7 million was raised from the exercise of listed options throughout the year. In June 2021, a placement of 28.6 million at a price of \$0.56 was completed to raise \$16.1 million.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Events After the Reporting Period

Subsequent to the end of the financial year, the Company raised \$748,938 via the exercise of options and issued 4,307,825 new shares.

Other than outlined above, no matter or circumstance has arisen since the end of the financial year, which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental Regulation

The Group is subject to significant environmental regulation in respect of its mineral exploration activities. These obligations are regulated under relevant government authorities in Canada.

Compliance with environmental obligations is monitored by the Directors. No environmental breaches have been notified to the Group by any government agency during the year ended 30 June 2021.

MATADOR MINING LTD

DIRECTORS' REPORT

Shares Options

Unissued Shares Under Option

At the date of this report unissued shares of the Company under option are:

Expiry date	Exercise price of options	Number of shares issued
2 July 2022	\$0.23	12,471,250
1 July 2022	\$0.00	60,984
1 July 2022	\$0.35	1,250,000
1 July 2022	\$0.40	1,250,000
1 July 2022	\$0.45	1,250,000
1 July 2022	\$0.50	1,250,000
2 July 2022	\$0.40	1,700,000
1 July 2023	\$0.00	4,117,296
1 July 2024	\$0.00	600,273
1 July 2025	\$0.00	2,470,000
18 November 2023	\$0.63	900,000
18 November 2023	\$0.00	420,000
Total		27,739,803

Shares Issued on Exercise of Options

During or since the end of the financial year, the Company issued ordinary shares of the Company as a result of the exercise of options as follows:

Number of shares	Amount paid on each share \$
15,208,412	0.20
15,276,000	0.23
1,000,000	0.27
769,694	0.31
757,009	0.535

Indemnification and Insurance of Officers

The Company has indemnified the Directors and executives of the Company for costs incurred in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

MATADOR MINING LTD

DIRECTORS' REPORT

Non-audit Services

There were no amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 33.

MATADOR MINING LTD

DIRECTORS' REPORT

Remuneration Report – AUDITED

This Remuneration Report (**Report**) details the approach to remuneration frameworks, outcomes and performance for Matador. The Remuneration Report forms part of the Directors' Report and provides shareholders with an understanding of the remuneration principles and practices in place for Key Management Personnel (**KMP**) (as defined in AASB 124 *Related Party Disclosures*) for the reporting period. The Report has been prepared in accordance with S300A of *Corporations Act 2001* and has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Remuneration Policy

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally.

Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

KMP Covered in this Report

In this Report, KMP are the people who have the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. They are:

- The Non-executive Directors;
- The Executive Chairman; and
- The executives on the executive leadership team.

Performance-based Remuneration

The Board recognises that the Company operates in a global environment. To prosper in this environment, the Company must attract, motivate and retain key executive staff.

The principles supporting the remuneration policy are that:

- Rewards reflect the competitive global market in which the Company operates;
- Rewards to executives are linked to creating value for shareholders;
- Remuneration arrangements are equitable and facilitate the development of senior management across the Company;
- Where appropriate, senior managers receive a component of their remuneration in equity to align their interests with those of the shareholders; and
- Long-term incentives are used to ensure that remuneration of KMP reflects the Company's financial performance, with particular emphasis on the Company's growth and the consequence of the Company's performance on shareholder wealth.

Additional Information for Consideration of Shareholder Wealth

This table summarises the earnings of the consolidated entity and other factors that are considered to affect shareholder wealth.

	2021	2020
Loss after income tax attributable to shareholders	(\$3,621,619)	(\$2,489,692)
Share price at financial year end	\$0.45	\$0.30
Movement in share price for the year	\$0.15	\$0.12
Total dividends declared (cents per share)	-	-
Basic loss per share (cents per share)	(2.14)	(2.34)

MATADOR MINING LTD

DIRECTORS' REPORT

Market Comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentives under the Employee Securities Incentive Plan (**Plan**). The Board continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the Board to reward key employees when they deliver consistently high performance.

Board Remuneration

The Board determines fees paid to Directors and reviews their remuneration annually based on independent external advice with regards to market practice, relativities, and the duties and accountabilities of Directors. A review of Directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

Directors' Fees

Executive

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good corporate governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation;
- Transparency; and
- Capital management.

The Company has structured an executive framework that is market competitive and complementary to the reward strategy for the organisation.

The Board's policy for determining the nature and amount of remuneration for Board members and executives of the Company is as follows:

- All executives receive a fee, part of which may be taken as superannuation, and from time to time, options. Options issued to Directors are subject to approval by Shareholders. The Board reviews executive packages regularly by reference to the Company's performance, executives' performance and comparable information from industry sectors and other listed companies in similar industries. The Board may in its discretion establish a performance-based bonus system to provide reward in addition to the base salary level to the executives on such terms as the Board may determine.
- Salaried executive Directors and specified executives are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.
- All remuneration paid to Directors and specified executives is valued at the cost to the Company and expensed. Options are valued using either the ASX trading price (for listed options issued) or the Black-Scholes methodology (for unlisted options issued).

MATADOR MINING LTD

DIRECTORS' REPORT

Service Agreements

A summary of service agreements entered into with Executives is set out below:

Executive	Term of Agreement	Base salary per annum including any superannuation ¹	Termination Conditions	Proportion of elements of remuneration related to performance
Ian Murray	No specified term	\$300,000	3-month notice	n/a ²

¹ Base salary quoted is the position as at 30 June 2021, salaries are reviewed annually.

² Base package is not subject to performance criteria, which is set for equity-based compensation as outlined below.

Non-Executive Remuneration

Shareholders approve the maximum aggregate remuneration for Non-executive Directors. The maximum aggregate remuneration approved for Non-executive Directors is currently \$500,000.

It is recognised that Non-executive Director remuneration is ideally structured to exclude equity-based remuneration. Whilst the Company remains small and not generating income it is in shareholders' interests to remunerate Directors with equity incentives rather than primarily as cash salaries or fees.

Bonus or Profit Participation Plan

Performance incentives may be offered to Executive Directors and senior management of the Company through the operation of the Plan at the discretion of the Board.

Management Options

During the year ended 30 June 2021, there were 4,008,000 unlisted options granted to Directors and KMP (2020: 4,669,525).

The options shown in the table below were issued to Directors and KMP during the year ended 30 June 2021 as part of their performance-based remuneration:

	Type	Number of options issued	Exercise price (\$)	Total value of options (\$)	Options expensed in 2021 (\$)
Nicole Adshead-Bell	Incentive options	300,000	0.63	50,100	50,100
Justin Osborne	Incentive options	300,000	0.63	50,100	50,100
Mick Wilkes	Incentive options	300,000	0.63	50,100	50,100
Nicole Adshead-Bell	Retainer options	180,000	0.00	65,700	13,440
Justin Osborne	Retainer options	180,000	0.00	65,700	13,440
Mick Wilkes	Retainer options	180,000	0.00	65,700	13,440
Keith Bowes	STI ¹ and LTI ¹ options with Share price conditions	264,000	0.00	76,692	76,692
Warren Potma	STI and LTI options with Share price conditions	750,000	0.00	333,750	193,537
Ian Murray	STI and LTI options with Share price conditions	1,554,000	0.00	567,210	399,210
Total		4,008,000		1,325,052	860,059

¹STI – short-term incentive, LTI – long-term incentive

MATADOR MINING LTD

DIRECTORS' REPORT

Vesting Conditions – STI

The vesting conditions include:

- Zero fatalities;
- Community engagement targets;
- Environmental base line studies targets;
- Increased mineral resource base;
- Moving projects up the resource pyramid;
- New discoveries; and
- Ensuring the Company is adequately funded.

Vesting Conditions – LTI

The vesting conditions include:

- Baseline studies and engineering work to support the Environmental Impact Statement documentation;
- Pre-feasibility Study – majority of the assessment measures achieved;
- ESG framework developed and ESG review and rating by third party completed;
- New targets identified to support a material increase in Mineral Resources; and
- Share price growth over the period is in the 50th – 80th percentile of peers.

Vesting Conditions – Executive Chairman Sign On Options

The vesting conditions include:

- 1,000,000 options which vest on completion of a capital raising or capital raisings that ensure the Company is adequately funded to deliver its strategy – approved for vesting by the Board 30 July 2021.
- 1,000,000 zero priced options that vest subject to a restructure of the Board to include the appointment of two respected, independent Non-executive Directors, who shall replace the Company's existing Executive Directors and a share price, based on a 30 day volume weighted average price, of not less than \$0.30 – approved for vesting by the Board on 10 April 2021.
- 1,000,000 options which vest on the achievement of an independently verified JORC Code 2012 compliant mineral resources at the Cape Ray Gold Project of at least 1,500,000 ounces of contained gold metal; and
- 1,000,000 options which vest on the achievement of an independently verified JORC Code 2012 compliant mineral resources at the Cape Ray Gold Project of at least 2,000,000 ounces of contained gold metal.

Vesting Conditions – Non-executive Director Incentive Options

The issue of 300,000 options (exercisable at \$0.63 on or before 18 November 2023) to each Non-executive Director and any benefits under the grant of such options (including the issue of Shares on the exercise of those options) that may be given in connection with any future retirement from office or employment with the Company (**Incentive Options**).

Vesting conditions – Non-executive Director Retainer Options

The vesting conditions include:

- 1/3 vest on the first anniversary of appointment, subject to being a Non-executive Director on that date;
- 1/3 vest on the second anniversary of appointment, subject to being a Non-executive Director on that date; and
- 1/3 vest on the third anniversary of appointment, subject to being a Non-executive Director on that date.

MATADOR MINING LTD

DIRECTORS' REPORT

Details of Remuneration for Year Ended 30 June 2021

Details of the remuneration of the Directors and KMP are set out in the following tables.

KMP	Salary, Fees and Commission \$	Super-annuation Contribution \$	Non-cash Benefits \$	Share-based payments \$	Total \$
Directors					
Ian Murray	278,306	21,694	-	399,210	699,210
Nicole Adshead-Bell ¹	45,000	-	-	63,540	108,540
Justin Osborne	58,427	5,550	-	63,540	127,517
Mick Wilkes ²	56,774	-	-	63,540	120,314
Executive					
Chris Bath ³	8,213	-	-	-	8,213
Keith Bowes ⁴	120,000	-	-	76,692	196,692
Warren Potma ⁵	188,333	17,892	-	193,537	399,762
Total	755,053	45,137	-	860,059	1,660,248

¹ Appointed as a Director on 5 October 2020

² Appointed as a Director on 20 July 2020

³ Appointed 1 June 2021

⁴ Resigned as a Director on 28 September 2020 but continued as a KMP

⁵ Appointed 10 August 2020

Details of Remuneration for Year Ended 30 June 2020

KMP	Salary, Fees and Commission \$	Super-annuation Contribution \$	Non-cash Benefits \$	Share-based payments \$	Total \$
Ian Murray ²	37,643	3,118	-	15,817	56,578
Justin Osborne ⁴	3,632	345	-	-	3,977
Keith Bowes ⁵	120,000	-	-	-	120,000
Adam Kiley ¹	105,000	-	-	63,172	168,172
Grant Davey ³	110,000	-	-	-	110,000
Stuart McKenzie	71,639	-	-	33,445	105,084
Total	447,914	3,463	-	112,434	563,811

¹ Adam Kiley resigned as a Director on 14 May 2020

² Ian Murray was appointed as a Director on 14 May 2020

³ Grant Davey resigned as a Director on 2 June 2020

⁴ Justin Osborne was appointed as a Director on 2 June 2020

MATADOR MINING LTD

DIRECTORS' REPORT

Equity Instrument Disclosures Relating to KMP

(i) Share Holdings

The number of shares in the Company held during the financial year ended 30 June 2021 by each Director and KMP, including their personally related parties, are set out below.

2021	Balance at the start of the year	Received on exercise of options	Purchases	Sales	Balance at the end of the year
Ordinary shares					
Ian Murray	1,000,000	1,000,000	200,000	-	2,200,000
Nicole Adshead-Bell	-	-	-	-	-
Justin Osborne	350,000	-	-	-	350,000
Mick Wilkes	-	-	-	-	-
Chris Bath	-	-	-	-	-
Keith Bowes	190,000	1,941,405 ¹	-	(144,000)	1,987,405
Warren Potma	-	-	-	-	-
Total	1,540,000	2,941,405	200,000	(144,000)	4,537,405

¹ Includes 1,350,000 options transferred to Mikenty Pty Ltd, an entity controlled by Mr Keith Bowes, pursuant to an agreement entered into in the prior year.

2020	Balance at the start of the year	Received on exercise of options	Balance on appointment / (resignation)	Other changes during the year	Balance at the end of the year
Ian Murray ¹	-	-	-	1,000,000	1,000,000
Justin Osborne ²	-	-	350,000	-	350,000
Grant Davey ³	2,736,900	-	(4,939,400)	2,202,500	-
Keith Bowes ⁴	40,000	-	-	150,000	190,000
Adam Kiley ⁵	112,000	-	(1,112,000)	1,000,000	-
Stuart McKenzie	-	-	-	31,350	31,350
Total	2,888,900	-	(5,701,400)	4,383,850	1,571,350

¹ Ian Murray was appointed as a Director on 14 May 2020. Balance at the start of the year is from date of appointment.

² Justin Osborne was appointed as a Director on 2 June 2020. Balance at the start of the year is from date of appointment.

³ Grant Davey resigned as a Director on 2 June 2020. Balance at the end of the year is at date of resignation.

⁴ Keith Bowes resigned as a Director on 28 September 2020 but continued as a KMP.

⁵ Adam Kiley resigned as a Director on 14 May 2020. Balance at the end of the year is at date of resignation.

ii) Option Holdings

The numbers of options over ordinary shares in the Company held during the financial year ended 30 June 2021 by each Director and KMP, including their personally related parties, are set out below.

MATADOR MINING LTD

DIRECTORS' REPORT

Options Held

	Type	Award Date	Number of options issued	Fair Value (\$)	Exercise Price (\$)	Expiry Date	Vesting Date	No. Vested during year	No. Lapsed during year	Total value of options (\$)	Options expensed in 2021 (\$)
I Murray	Sign on options	5/6/2020	1,000,000	0.20	0.00	1/07/2023	10/4/2021	1,000,000	-	198,700	33,389
I Murray	Sign on options	5/6/2020	3,000,000	0.27	0.00	1/07/2023	Various	-	-	494,100	83,027
I Murray	STI	18/11/2020	536,000	0.37	0.00	1/07/2023	1/07/2021	-	-	195,640	195,640
I Murray	LTI	18/11/2020	1,018,000	0.37	0.00	1/07/2025	1/07/2023	-	-	371,570	87,154
W Potma	STI	28/08/2020	300,000	0.45	0.00	1/07/2023	1/07/2021	-	-	133,500	133,500
W Potma	LTI	21/08/2020	450,000	0.45	0.00	1/07/2025	1/07/2023	-	-	200,250	60,037
K Bowes	LTI	6/7/2018	450,000	0.18	0.55	6/7/2021	6/7/2018			81,000	-
K Bowes	LTI	6/7/2018	450,000	0.18	0.70	6/7/2021	6/7/2018			81,000	-
K Bowes	LTI	26/6/2019	1,000,000	0.136	0.40	2/7/2022	20/6/2019			136,300	-
K Bowes	LTI	1/07/2020	198,000	0.31	0.00	15/07/2024	1/07/2022	-	-	61,380	61,380
K Bowes	LTI	1/07/2020	66,000	0.23	0.00	15/07/2024	1/07/2022	-	-	15,312	15,312
N Adshead-Bell	Incentive options	18/11/2020	300,000	0.17	0.63	18/11/2023	18/11/2020	-	-	50,100	50,100
J Osborne	Incentive options	18/11/2020	300,000	0.17	0.63	18/11/2023	18/11/2020	-	-	50,100	50,100
M Wilkes	Incentive options	18/11/2020	300,000	0.17	0.63	18/11/2023	18/11/2020	-	-	50,100	50,100
N Adshead-Bell	Retainer options	18/11/2020	180,000	0.37	0.00	18/11/2023	18/11/2023	-	-	65,700	13,440
J Osborne	Retainer options	18/11/2020	180,000	0.37	0.00	18/11/2023	18/11/2023	-	-	65,700	13,440
M Wilkes	Retainer options	18/11/2020	180,000	0.37	0.00	18/11/2023	18/11/2023	-	-	65,700	13,440
Total			9,908,000					-	-	2,316,152	860,059

**MATADOR MINING LTD
AND CONTROLLED ENTITIES**

DIRECTORS REPORT

Movement in Options Held

2021	Balance at start of the year	Granted as Compensation	Vested & Exercised	Lapsed/ Forfeited	Balance on appointment / (resignation)	Balance at end of the year
Ian Murray	4,000,000	1,554,000	(1,000,000)	-	-	4,554,000
Nicole Adshead-Bell	-	480,000	-	-	-	480,000
Justin Osborne	-	480,000	-	-	-	480,000
Mick Wilkes	-	480,000	-	-	-	480,000
Chris Bath	-	-	-	-	-	-
Keith Bowes	2,494,000 ¹	264,000	(594,000)	-	-	2,164,000
Warren Potma	-	750,000	-	-	-	750,000
Total	5,000,000	4,008,000	(1,000,000)	-	-	8,908,000

¹Includes 1,350,000 options which are the subject of an agreement under which those shares were transferred from Mr Davey to Mikenty Pty Ltd, an entity controlled by Mr Keith Bowes.

2020	Balance at start of the year	Granted as Compensation	Acquired	Lapsed/ Forfeited	Balance on appointment / (resignation)	Balance at end of the year
Keith Bowes ^{3 5}	1,000,000	-	-	-	-	1,000,000
Adam Kiley ¹	700,000	456,000	1,000,000	-	(2,156,000)	-
Ian Murray ²	-	4,000,000	-	-	-	4,000,000
Grant Davey ³	10,695,834	-	1,562,500	-	(12,258,334)	-
Justin Osborne ⁴	-	-	-	-	-	-
Stuart McKenzie	-	213,525	-	-	-	213,525
Total	12,395,834	4,669,525	2,562,500	-	(14,414,334)	5,213,525

¹Adam Kiley resigned as a Director on 14 May 2020. Balance at the end of the year is at date of resignation.

²Ian Murray was appointed as a Director on 14 May 2020. Balance at the start of the year is from date of appointment.

³Grant Davey resigned as a Director on 2 June 2020. Balance at the end of the year is at date of resignation. 1,350,000 options which are the subject of an agreement under which those shares are to be transferred from Mr Davey to Mikenty Pty Ltd, an entity controlled by Mr Keith Bowes, that had not been completed at the date of Mr Davey's resignation.

⁴Justin Osborne was appointed as a Director on 2 June 2020. Balance at the start of the year is from date of appointment.

⁵Keith Bowes resigned as a Director on 28 September 2020 but continued as a KPM.

iii) Shares provided on exercise of remuneration options

During the reporting period, 1 million shares were issued to Directors or KMP on the exercise of options previously granted as remuneration.

MATADOR MINING LTD AND CONTROLLED ENTITIES

DIRECTORS REPORT

iv) Other transactions with related parties

Mr Grant Davey, who was a Non-executive Director of the Company (resigned 2 June 2020) 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 working capital, office space, project management staff, and general office costs to the Company at cost plus 2%. Mr. Davey was also a director of Marvel Gold Limited (formerly Graphex Mining Limited) during the period (resigned 25 September 2019), an ASX listed company that has a Shared Services Agreement with the Company for the provision of company secretarial, accounting and administration services to the Company. Payments made under these arrangements are no longer classified as related party transactions due to Mr Grant Davey's resignation as a Non-executive Director on 2 June 2020.

	2021	2020
	\$	\$
Related party transactions		
Payments to Matador Capital Pty Ltd	-	2,148,452 ¹
Payments to Marvel Gold Limited (formerly Graphex Mining Limited)	-	307,186
	<hr/>	<hr/>
	-	2,455,638

¹During the previous financial year, an amount of \$1,263,087 was provided to the Company as a working capital facility during the period that was subsequently repaid prior to period end. The working capital facility was provided under the Shared Services Agreement at a cost of 2%.

Former Director Grant Davey shareholdings includes 1,683,854 shares which are the subject of an agreement under which those shares are to be transferred from Mr Davey to Mikenty Pty Ltd, an entity controlled by Keith Bowes, that had not been completed at the date of Grant Davey's resignation. Grant Davey's holdings of unquoted options also includes 1,350,000 unquoted options held on trust for Mikenty Pty Ltd.

All related party transactions are on normal arms' length terms.

This Directors' Report is made in accordance with a resolution of Directors:



IAN MURRAY
Executive Chairman

29 September 2021

MATADOR MINING LTD AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Matador and the Board are committed to achieving the highest standards of corporate governance. Matador has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement is dated as at 30 June 2021 and reflects the corporate governance practices in place throughout the 2021 financial year. The 2021 Corporate Governance Statement was approved by the Board on 24 September 2021. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed on the Company's website at www.matadormining.com.au.

To the Board of Directors

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

As lead audit Partner for the audit of the financial statements of Matador Mining Limited for the financial year ended 30 June 2021, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD
Chartered Accountants


CHRIS NICOLOFF CA
Partner

Dated this 29th day of September 2021

MATADOR MINING LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		\$	\$
Revenue			
Other income	4(a)	1,639,988	15,867
Total revenue		1,639,988	15,867
Expenses			
Administration expenses	4(b)	(1,213,164)	(875,391)
Consultants and management expenses	4(c)	(852,883)	(601,615)
Depreciation and amortisation	11	(43,882)	(19,005)
Share based payments expense	15	(2,418,450)	(984,522)
Business development costs		(193,627)	(25,026)
Total expenses		(4,722,006)	(2,505,559)
Loss before income tax		(3,082,018)	(2,489,692)
Income tax expense	6	(539,601)	-
Loss after income tax		(3,621,619)	(2,489,692)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange rate differences on translating foreign operations		138,895	(9,998)
Total other comprehensive income for the year, net of tax		138,895	(9,998)
Total comprehensive loss for the year		(3,482,724)	(2,499,690)
Loss attributable to:			
Members of the Company		(3,621,619)	(2,489,692)
Total comprehensive loss attributable to:			
Members of the Company		(3,482,724)	(2,499,690)
Basic and diluted loss per share (cents per share)	20	(2.14)	(2.34)

The accompanying notes form part of these financial statements.

MATADOR MINING LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	22,015,560	2,364,440
Trade and other receivables	8	895,833	86,149
Other current assets	9	100,881	74,884
TOTAL CURRENT ASSETS		23,012,274	2,525,473
NON-CURRENT ASSETS			
Exploration and evaluation assets	10	25,827,121	15,389,903
Property, plant and equipment	11	223,154	97,182
TOTAL NON-CURRENT ASSETS		26,050,275	15,487,085
TOTAL ASSETS		49,062,549	18,012,558
CURRENT LIABILITIES			
Funds received for shares to be issued	12	23,000	-
Trade and other payables	13	6,186,689	282,820
Provisions		26,123	-
TOTAL CURRENT LIABILITIES		6,235,812	282,820
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	539,601	-
TOTAL NON-CURRENT LIABILITIES		539,601	-
TOTAL LIABILITIES		6,775,413	282,820
NET ASSETS		42,287,136	17,729,738
EQUITY			
Contributed equity	14	51,901,167	25,350,578
Reserves	15	4,265,612	3,753,241
Transactions with minority shareholders	16	(4,175,958)	(4,175,958)
Accumulated losses	17	(9,703,685)	(7,198,123)
TOTAL EQUITY		42,287,136	17,729,738

The accompanying notes form part of these financial statements.

MATADOR MINING LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Contributed Equity	Options Reserve	Foreign currency translation reserve	Transactions with minority holders	Accumulated Losses	Total
Note	\$	\$	\$	\$	\$	\$
At 1 July 2020	25,350,578	3,762,983	(9,742)	(4,175,958)	(7,198,123)	17,729,738
Loss for the year	-	-	-	-	(3,621,619)	(3,621,619)
Other comprehensive income for the year	-	-	138,895	-	-	138,895
Total comprehensive loss	-	-	138,895	-	(3,621,619)	(3,482,724)
Transactions with owners, in their capacity as owners						
Issue of shares on exercise of options	14	6,739,982	-	-	-	6,739,982
Placement of shares @ \$0.405	14	8,678,613	-	-	-	8,678,613
Placement of Shares @ \$0.5627	14	16,085,838	-	-	-	16,085,838
Flow through share raise premium	14	(5,443,347)	-	-	-	(5,443,347)
Share based payments expense	15	-	2,418,450	-	-	2,418,450
Expiry of Employee Share Scheme options	15	-	(1,116,057)	-	1,116,057	-
Exercise of Employee Share Scheme options	14	928,917	(928,917)	-	-	-
Share issue costs	14	(439,414)	-	-	-	(439,414)
Balance at 30 June 2021	51,901,167	4,136,459	129,153	(4,175,958)	(9,703,685)	42,287,136

The accompanying notes form part of these financial statements.

MATADOR MINING LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Contributed Equity	Options Reserve	Foreign currency translation reserve	Transactions with minority holders	Accumulated Losses	Total
Note	\$	\$	\$	\$	\$	\$
At 1 July 2019	13,067,698	2,805,604	256	-	(4,734,639)	11,138,919
Loss for the year	-	-	-	-	(2,489,692)	(2,489,692)
Other comprehensive income for the year	-	-	(9,998)	-	-	(9,998)
Total comprehensive loss	-	-	(9,998)	-	(2,489,692)	(2,499,690)
Transactions with owners, in their capacity as owners						
Issue of shares to consultants	14	8,144,173	-	-	-	8,144,173
Placement of shares at \$0.16 per share	14	4,175,958	-	(4,175,958)	-	-
Issue of options for the acquisition of Cape Ray	15	198,811	(935)	-	-	197,876
Issue of options to Directors and employees	15	-	(26,208)	-	26,208	-
Transaction costs	14	-	984,522	-	-	984,522
		(236,062)	-	-	-	(236,062)
Balance at 30 June 2020		25,350,578	3,762,983	(9,742)	(4,175,958)	(7,198,123)
		17,729,738				

The accompanying notes form part of these financial statements.

MATADOR MINING LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,110,678)	(1,578,473)
Other income		219,978	15,867
Net cash used in operating activities	21	(1,890,700)	(1,562,606)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for expenditure on mining interests		(9,384,923)	(5,289,235)
Payments for property, plant and equipment		(169,854)	(46,732)
Net cash used in investing activities		(9,554,777)	(5,335,967)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		24,787,450	6,624,690
Share issue transaction costs		(434,667)	(236,062)
Proceeds from the exercise of options		6,739,982	197,875
Repayment of borrowings		-	(250,000)
Transaction costs associated with borrowings		-	(26,376)
Net cash from financing activities		31,092,765	6,310,127
Net increase in cash held		19,647,288	(588,446)
Opening cash and cash equivalents		2,364,440	2,956,176
Effects of exchange rate changes on cash and cash equivalents		3,832	(3,290)
Cash and cash equivalents at end of year	7	22,015,560	2,364,440

The accompanying notes form part of these financial statements.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Matador is domiciled in Australia. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the **Group**).

The Group is a for profit entity and is primarily involved in mining and mineral exploration.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company 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. The adoption of these Accounting Standards and Interpretations has not resulted in a significant or material change to the Company's accounting policies.

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

Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements were authorised for issue on 24 September 2021 by the Board of Directors.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 18.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

a. **Accounting principles**

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

b. **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Matador (as the **Company** or **Parent Entity**) as at 30 June 2021 and the results of all subsidiaries for the year then ended. Matador and its subsidiaries together are referred to in these financial statements as the **Consolidated Entity** or **Group**.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

c. **Foreign current translation**

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

d. **Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and tax laws that are enacted or substantively enacted by the reporting date.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

e. **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

f. **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

g. Employee Benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or 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. Together with non-vesting conditions that determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of equity-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, a minimum expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

h. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

j. 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 Company has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

k. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant & equipment	20%
Motor vehicles	20%
Computer equipment	25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

l. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred for more than one year is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax.

m. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

n. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o. Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

p. Contributed Equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new Shares or Options are shown as a deduction from the equity proceeds, net of any income tax benefit recognised.

q. Flow through shares

Flow-through shares may be issued to finance a portion of an exploration program. A flow-through share agreement transfers the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company divides the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognised as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognises the liability and the premium is recognised as other income. A deferred tax liability is recognised for the amount of the tax reduction renounced to the investors.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

r. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Matador Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s. Goods and Services Tax/Harmonised Sales Tax (GST/HST)

Revenues, expenses and assets are recognised net of the amount of GST/HST, except where the amount of GST/HST incurred is not recoverable from relevant taxation authorities.

Receivables and payables are stated inclusive of the amount of GST/HST receivable or payable. The net amount of GST/HST recoverable from, or payable to, taxation authorities is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST/HST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, taxation authorities are presented as operating cash flows included in receipts from customers or payments to suppliers.

t. 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 Company as the Executive Chairman and other members of the Board of Directors.

The Company has identified its operating segment 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 Company's sole activity was mineral exploration and resource development wholly within Canada, which is its only reportable segment.

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation

Exploration and evaluation costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

COVID-19 Pandemic

Judgement has been exercised in considering the impacts that the COVID-19 Pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 Pandemic.

Note 3: SEGMENT INFORMATION

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

At 30 June 2021, the Group had the following segments:

	Operating Profit/(Loss)		Total Assets		Total Liabilities	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	\$	\$	\$	\$	\$	\$
Gold (Canada)	1,233,264	-	35,068,694	15,435,311	-	-
Corporate	(4,854,883)	(2,489,692)	13,993,855	2,577,247	(6,775,413)	(282,820)
	<u>(3,621,619)</u>	<u>(2,489,692)</u>	<u>49,062,549</u>	<u>18,012,558</u>	<u>(2,212,468)</u>	<u>(282,820)</u>

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: LOSS BEFORE INCOME TAX

	2021	2020
	\$	\$
a. Revenue		
Interest received	1,447	5,867
Australian government cash flow boost	32,973	-
Canadian government incentive	79,942	-
Cost recharges	58,564	-
Settlement of flow through share liability	1,420,003	-
Other income	47,059	10,000
	1,639,988	15,867
b. Administration expenses		
Administration fees	258,014	170,773
Audit fees	27,003	38,240
Legal fees	73,793	14,232
Occupancy	72,783	104,163
Investor relations	400,402	170,658
Compliance	182,185	117,140
Other administration expenses	198,984	260,185
	1,213,164	875,391
c. Consultants and management expenses		
Directors' fees, salaries and superannuation	525,751	421,441
Salaries, wages, superannuation and company secretarial fees	317,038	107,981
Other consultants and management expenses	10,094	72,193
	852,883	601,615

NOTE 5: AUDITOR'S REMUNERATION

	2021	2020
	\$	\$
Remuneration of the auditor for:		
Audit or review of the financial report	27,003	38,240
	27,003	38,240

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: TAXATION

	2021	2020
	\$	\$
Current tax expense	539,601	-
	<hr/>	<hr/>
Deferred tax expense	539,601	-
	<hr/>	<hr/>

The prima facie tax receivable on loss before income tax is reconciled to the income tax expense as follows:

a. Income tax benefit/(expense)

Prima facie benefit on operating loss at 30% (2020: 27.5%)	924,605	684,665
Settlement of flow through share liability	539,601	-
Expenditure not deductible	924,605	-
Losses and other deferred tax balances not brought to account	-	(684,665)
	<hr/>	<hr/>
Income tax benefit attributable to operating loss	539,601	-
	<hr/>	<hr/>

NOTE 7: CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at bank and on hand	22,015,560	2,364,440
	<hr/>	<hr/>
	22,015,560	2,364,440
	<hr/>	<hr/>

NOTE 8: TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Sundry debtors	7,344	12,687
GST/HST refundable	888,489	73,462
	<hr/>	<hr/>
	895,833	86,149
	<hr/>	<hr/>

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9: OTHER CURRENT ASSETS

	2021	2020
	\$	\$
Prepayments	35,133	19,884
Security deposit	65,748	55,000
	100,881	74,884
	100,881	74,884

NOTE 10: EXPLORATION AND EVALUATION ASSETS

	2021	2020
	\$	\$
Opening balance	15,389,903	9,990,300
Tenement acquisition costs ¹	-	16,536
Capitalised exploration expenditure	10,437,218	5,383,067
	25,827,121	15,389,903
	25,827,121	15,389,903

¹ 2020 - Paid via the issue of 54,641 shares (\$0.30 per share).

		\$
Issue of 54,641 shares at \$0.30 per share		16,536
		16,536
		16,536

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11: PLANT AND EQUIPMENT

	Plant & Equipment \$	Motor Vehicles \$	Computer Equipment \$	Total \$
At 30 June 2021				
At cost	127,887	42,589	127,611	298,087
Accumulated depreciation	(26,569)	(11,264)	(37,100)	(74,933)
Carrying value	<u>101,318</u>	<u>31,325</u>	<u>90,511</u>	<u>223,154</u>

Movements in carrying value

Year ended 30 June 2021

Balance 1 July 2020	17,006	9,251	70,925	97,182
Additions	98,718	26,601	44,535	169,854
Disposals	-	-	-	-
Depreciation expense for the year	(14,406)	(4,527)	(24,949)	(43,882)
Balance at 30 June 2021	<u>101,318</u>	<u>31,325</u>	<u>90,511</u>	<u>223,154</u>

	Plant & Equipment \$	Motor Vehicles \$	Computer Equipment \$	Total \$
At 30 June 2020				
At cost	29,168	15,987	82,924	128,079
Accumulated depreciation	(12,162)	(6,736)	(11,999)	(30,897)
Carrying value	<u>17,006</u>	<u>9,251</u>	<u>70,925</u>	<u>97,182</u>

Movements in carrying value

Year ended 30 June 2020

Balance 1 July 2019	22,839	12,448	34,168	69,455
Additions	-	-	46,732	46,732
Disposals	-	-	-	-
Depreciation expense for the year	(5,833)	(3,197)	(9,975)	(19,005)
Balance at 30 June 2020	<u>17,006</u>	<u>9,251</u>	<u>70,925</u>	<u>97,182</u>

NOTE 12: FUNDS RECEIVED FOR SHARES TO BE ISSUED

	2021 \$	2020 \$
Funds received during the year relating to shares issued post year end	23,000	-
	<u>23,000</u>	<u>-</u>

On 2 July 2021 the Company completed the issue of 100,000 shares at an issue price of \$0.23 from the exercise of 100,000 options for total subscriptions before costs of \$23,000, which was received on 30 June 2021, prior to the share issue and is hence recognised as a liability.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade creditors	1,408,649	199,151
Accrued expenses	652,386	64,700
PAYG payable	102,310	18,969
Flow through share premium liability	4,023,344	-
	<u>6,186,689</u>	<u>282,820</u>

NOTE 14: CONTRIBUTED EQUITY

a. Share capital

	2021	2020
	\$	\$
209,777,601 (2020: 124,403,032) fully paid ordinary shares	51,901,167	25,350,578
Total share capital	<u>51,901,167</u>	<u>25,350,578</u>

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.

On a show of hands, every person present, who is a member or proxy, attorney or representative of a member, shall have one vote and on a poll every member who is present in person or by proxy, attorney or representative shall have one vote for each share held by him or her.

Share buy-back

There is no current on-market share buy-back.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: CONTRIBUTED EQUITY (continued)

b. Movements in ordinary share capital:

2021

Date	Details	Number of shares	Issue Price (\$)	\$
	Balance as at 30 June 2021	124,403,032		25,350,578
Various ¹	Exercise of options	15,210,000	0.230	3,498,300
Various ¹	Exercise of options	15,208,412	0.200	3,041,682
1 Jul 2020	Issue of shares to Directors ²	2,350,000	0.200	200,000
8 July 2020	Flow through share placement	21,428,671	0.405	8,678,613
26 Aug 2020	Conversion of employee shares scheme options	7,952	0.310	2,465
2 Sept 2020	Conversion of employee share scheme options	82,782	0.310	25,662
22 Sept 2020	Conversion of employee share scheme options	85,410	0.310	26,478
20 Jan 2021	Conversion of employee share scheme options	44,550	0.310	13,810
22 Jan 2021	Conversion of employee share scheme options	66,000	0.232	15,312
22 Jan 2021	Conversion of employee share scheme options	342,000	0.310	106,020
30 March 2021	Conversion of employee share scheme options	63,000	0.310	19,530
30 Apr 2021	Conversion of employee share scheme options	1,000,000	0.270	270,000
30 Apr 2021	Conversion of employee share scheme options	144,000	0.310	44,640
15 Jun 2021	Conversion of employee share scheme options	757,009	0.535	405,000
30 Jun 2021	Flow through share placement	28,584,783	0.563	16,085,838
	Less: Transaction costs			(439,414)
	Less: Flow through share premium			(5,443,347)
30 June 2021		209,777,601		51,901,167

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

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

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: CONTRIBUTED EQUITY (continued)

a. Movements in ordinary share capital:

2020

Date	Details	Number of shares	Issue Price	\$
	Balance as at 30 June 2020	67,104,167		13,067,698
2 Jul 2019	Placement	16,466,667	0.16	2,647,292
5 Jul 2019	Shares issued to retire related party debt	1,562,500	0.16	250,000
15 Jul 2019	Acquisition of minority shareholders project level shareholding	13,470,834	0.31	4,175,958
19 Sep 2019	Acquisition of the Antler tenements	54,641	0.30	16,536
14 Oct 2019	Exercise of options	250,000	0.20	50,000
10 Dec 2019	Exercise of options	300,000	0.20	60,000
26 Feb 2020	Placement	21,484,622	0.20	4,296,924
27 Feb 2020	Placement	300,000	0.20	60,000
3 Mar 2020	Placement	200,000	0.20	40,000
18 May 2020	Issue of cleansing prospectus shares	100	0.20	20
18 May 2020	Placement	2,817,000	0.20	563,400
2 Jun 2020	Exercise of options	30,000	0.20	6,000
12 Jun 2020	Exercise of options	312,500	0.23	71,875
30 Jun 2020	Exercise of options	50,001	0.20	10,000
30 Jun 2020	Transfer fair value of options	-	-	936
	Less: Transaction costs	-	-	(236,062)
1 July 2020 ¹	Funds received for shares to be issued	-		270,000
30 June 2020		<u>124,403,032</u>		<u>25,350,578</u>

¹ Shares were issued on 1 July 2020; however, funds were received in March 2020.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: RESERVES

	2021 \$	2020 \$
a. Reserves		
Foreign currency translation reserve	129,153	(9,742)
Options reserve	4,136,459	3,762,983
	4,265,612	3,753,241

Movements:

Foreign currency translation reserve

Opening balance	(9,742)	256
Exchange rate differences on translating foreign operations	138,895	(9,998)
Closing balance	129,153	(9,742)

Options reserve

Opening balance	3,762,983	2,805,604
Share based payments to KMP	743,643	112,434
Share based payments to Employees and consultants	1,674,807	872,088
Options expired	(1,116,057)	(26,208)
Transfer of fair value to contributed equity	(928,917)	(935)
Closing balance	4,136,459	3,762,983

Foreign currency translation reserve

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

Options reserve

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

	Unlisted Options		Listed Options	
	2021 Number	2020 Number	2021 Number	2020 Number
Movement in options				
Opening balance	57,222,448	22,950,000	15,520,000	15,900,001
Granted	5,915,000	10,584,948 ¹	-	-
Free attaching options issued	-	31,250,000 ²	-	-
Exercised	(17,802,703)	(562,500) ³	(15,208,412)	(380,001)
Expired	(7,506,075)	(7,000,000)	(311,588)	-
Closing balance	37,828,670	57,222,448	-	15,520,000

¹ Includes 4,000,000 options which were granted to Mr Ian Murray (Executive Chairman) following shareholder approval at a general meeting held by the Company on 5 June 2020. The amount recognised in this financial year is a representation of the vesting period elapsed during the reporting period.

² Free and attaching options issued pursuant to a placement.

³ The weighted average share price at the date of exercise of these options was \$0.27.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: RESERVES (continued)

For the options granted during the current financial year, the fair value was determined using the Black-Scholes model. The valuation model inputs used to determine the fair value at the grant date, are as follows.

	ESS STI 2021	ESS STI 2021	ESS LTI 2021	ESS LTI 2021
Underlying value of the security	\$0.45	\$0.37	\$0.45	\$0.37
Exercise price	Nil	Nil	Nil	Nil
Valuation date	21/08/20	18/11/20	21/08/20	18/11/20
Vesting date	1/07/21	1/07/21	1/07/23	1/07/23
Expiry date	1/07/23	1/07/23	1/07/25	1/07/25
Probability of vesting	100%	100%	100%	100%
Volatility	100%	100%	100%	85%
Risk free rate	1.00%	1.08%	1.09%	0.96%
Number of options	1,227,000	536,000	1,238,000	1,018,000
Valuation per option	\$0.45	\$0.37	\$0.45	\$0.37
Expense during the year	496,590	195,640	165,167	87,154

The options in the above table are subject to performance criteria outlined below that can be satisfied at any time prior to expiry.

Incentive and Retainer Options issued to Non-executive Directors during the year 30 June 2021

	Non-executive Director Options	Non-executive Director Retainer Options ¹
Underlying value of the security	\$0.42	\$0.37
Exercise price	\$0.63	Nil
Valuation date	5/10/20	18/11/20
Vesting date ^{1,2}	-	-
Expiry date	18/11/23	18/11/23
Probability of vesting	100%	100%
Volatility	88%	88%
Risk free rate	0.25%	0.25%
Number of options	900,000	540,000
Valuation per option	\$0.17	\$0.37
Expense during the year	\$150,300	\$40,320

¹The retainer options vest as to 33.3% on the first anniversary of the date of appointment of the relevant Non-executive Director appointment, 33.3% on the second anniversary of the date of appointment of the relevant Non-executive Director and 33.3% on the third anniversary of the date of appointment of the relevant Non-executive Director.

Vesting conditions – STI

- Zero fatalities;
- Community engagement targets;
- Environmental base line studies targets;
- Increased mineral resource base;
- Moving projects up the resource pyramid; and
- New discoveries.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: RESERVES (continued)

Vesting conditions – LTI

The vesting conditions include:

- Baseline studies and engineering work to support the Environmental Impact Statement documentation;
- Pre-feasibility Study – majority of the assessment measures achieved;
- ESG framework developed and ESG review and rating by third party completed;
- New targets identified to support a material increase in Mineral Resources; and
- Share price growth over the period is in the 50th – 80th percentile of peers.

Vesting conditions – Executive Chairman Sign-on options

- 1,000,000 options which vest on completion of a capital raising or capital raisings that ensure the Company is adequately funded to deliver its strategy. These options vested after the end of the financial year;
- 1,000,000 zero priced options that vest subject to a restructure of the Board to include the appointment of two respected, independent Non-executive Directors, who shall replace the Company's existing Executive Directors and a share price, based on a 30 day volume weighted average price, of not less than \$0.30. These options have vested during the financial year;
- 1,000,000 vest on the achievement of an independently verified JORC Code 2012 compliant mineral resource at the Project of at least 1,500,000 ounces of contained gold metal; and
- 1,000,000 vest on the achievement of an independently verified JORC Code 2012 compliant mineral resource at the Project of at least 2,000,000 ounces of contained gold metal.

Total share-based payment expense recognised during the year was \$2,418,450 (30 June 2020: \$984,522).

The weighted average exercise price of options outstanding at the end of the financial year was \$0.28 (2020: \$0.27). The weighted average fair value of options granted during the year was \$0.23 (2020: \$0.21). The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.24 years (2020: 1.44 years).

NOTE 16: TRANSACTIONS WITH MINORITY SHAREHOLDERS

	2021	2020
	\$	\$
Transactions with Maple Mining Pty Ltd ¹	4,175,958	4,175,958
	<hr/>	<hr/>
	4,175,958	4,175,958

¹ On 5 April 2018, the Company entered into an agreement to acquire 80% of the Project. On 3 July 2018, the Company completed the acquisition of the Project.

At the commencement of the previous 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, an entity controlled by Mr Grant Davey, a previous Non-executive Director who resigned on 2 June 2020.

On 15 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. Following completion of the acquisition, the Company increased its interest in the Project to 100%, and Matador Canada became a wholly owned subsidiary of the Company.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 16: TRANSACTIONS WITH MINORITY SHAREHOLDERS

Former Director Mr Grant Davey's shareholdings includes 1,683,854 shares which are the subject of an agreement under which those shares are to be transferred from Mr Davey to Mikenty Pty Ltd, an entity controlled by Mr Keith Bowes, that had not been completed at the date of Mr Davey's resignation. Mr Davey's holdings of unquoted options also includes 1,350,000 unquoted options held on trust for Mikenty Pty Ltd.

NOTE 17: ACCUMULATED LOSSES

	2021	2020
	\$	\$
Accumulated losses at the beginning of the financial year	(7,198,123)	(4,734,639)
Loss after income tax expense for the year	(3,621,619)	(2,489,692)
Transfer expired options to accumulated losses	1,116,057	26,208
Accumulated losses at the end of the financial year	<u>(9,703,685)</u>	<u>(7,198,123)</u>

NOTE 18: PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

	2021	2020
	\$	\$
Statement of profit or loss and other comprehensive income		
Loss after income tax	(3,621,619)	(2,489,692)
Total comprehensive loss	<u>(3,482,724)</u>	<u>(2,499,690)</u>
Statement of financial position		
Total current assets	5,245,927	2,466,596
Total assets	13,993,863	17,911,452
Total current liabilities	2,212,468	282,820
Total liabilities	<u>2,212,468</u>	<u>282,820</u>
Net assets	<u>11,781,395</u>	<u>17,628,632</u>

Guarantees

Matador has no guarantees.

Other Commitments and Contingencies

Matador has no other commitments and contingencies.

Plant and Equipment Commitments

Matador has no commitments to acquire property, plant and equipment.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: PARENT ENTITY INFORMATION

Significant Accounting Policies

Matador accounting policies do not differ from the consolidated entity as disclosed in the notes to the financial statements.

NOTE 19: 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.

	2021	2020
	\$	\$
Not later than one year	286,600	209,004
After one year but less than five years	177,000	485,156
	<u>463,600</u>	<u>694,160</u>

NOTE 20: LOSS PER SHARE

Loss per share from operations attributable to the ordinary equity holders of the Company	2021	2020
Basic/diluted loss per share in cents from operations	(2.14)	(2.34)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	169,042,477	106,184,338
Loss after income tax	(\$3,621,619)	(\$2,489,692)

NOTE 21: CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations with loss after income tax

	2021	2020
	\$	\$
Loss after income tax	(3,621,619)	(2,489,692)
Non-cash flows in loss:		
Depreciation	43,882	19,005
Share based payments expense	2,418,450	984,522
Settlement of flow through share liability	(1,420,003)	-
Interest expense capitalised	-	-
Tax expense	539,601	-
Net exchange differences	(3,839)	3,900
Changes in assets and liabilities:		
Changes in trade and other receivables	-	-
Changes in prepayments	(15,242)	(8,111)
Changes in trade and other payables	168,070	(72,230)
Net cash used in operating activities	<u>(1,890,700)</u>	<u>(1,562,606)</u>

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no contingent liabilities or contingent assets as at 30 June 2021 (30 June 2020: Nil).

NOTE 23: FINANCIAL INSTRUMENTS

Financial Risk Management

The Group's principal financial assets comprise cash, receivables and deposits held as security guarantees. The Group's principal financial liabilities comprise trade creditors. The main purpose of these financial instruments is to manage cash flow and assist the Group in its daily operational requirements.

The Group is exposed to interest rate risk, liquidity risk and credit risk in respect to the financial instruments that it held at the end of the financial year.

This note presents information about the Group's exposure to each of the above risks

Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established by the Board of Directors to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Liquidity Risk and Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund-raising initiatives.

The Board frequently reviews budget variance analyses that include working capital projections to monitor working capital requirements and optimise cash utilisation.

The Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The following are the contractual maturities of financial liabilities:

	Year	Carrying Amount	Under 6 Months	6 – 12 Months	1 - 2 years	2 – 5 years
Non derivative financial liabilities:						
Trade and other payables (Note 13)	2021	6,186,689	6,186,689	-	-	-
Trade and other payables (Note 13)	2020	282,820	282,820	-	-	-

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 23: FINANCIAL INSTRUMENTS (Continued)

Credit Risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Banks and financial institutions are chosen only if they are independently rated parties with a minimum rating of 'A'.

At 30 June 2021, the Group has significant funds on deposit with Royal Bank of Canada (**RBC**). RBC is one of Canada's largest banks, and among the largest in the world based on market capitalisation with a Moody's rating of Aa2. This exposure will decrease during the 2021-22 financial year as the exploration program gets underway.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

At balance date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2021	2020
	\$	\$
Variable rate instruments		
Cash and cash equivalents	22,015,560	2,364,440

The Group's cash at bank had a weighted average floating interest rate at year end of 0.00%. At the reporting date, the Group did not have any material exposures to interest rate risk.

The following tables summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk:

		-1%		+1%	
	Amount	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
Cash and cash equivalents – June 2021	22,015,560	(220,155)	(220,155)	220,155	220,155
Cash and cash equivalents – June 2020	2,364,440	(23,644)	(23,644)	23,644	23,644

Financial risk management objectives

The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and ageing analysis for credit risk. Risk management is carried out by the Board of Directors. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24: FINANCIAL INSTRUMENTS (Continued)

Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Canadian Dollar (CAD) and United States Dollar (USD).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

At the reporting date, the Group had the following exposure to currency risk:

	2021	2021	2020
	\$	\$	\$
	CAD	USD	CAD
Cash and cash equivalents	16,227,962	-	75,740
Trade Payables	1,144,090	5,938	-

Commodity Price Risk

The Group is exposed to commodity price risk, which can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value.

NOTE 25: RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with KMP

Refer to the Remuneration Report contained in the Directors' Report for additional details of the remuneration paid or payable to each member of KMP for the year ended 30 June 2021.

The totals of remuneration paid to KMP during the year are as follows:

	2021	2020
	\$	\$
Short term benefits	755,043	447,914
Post-employment benefits	45,137	3,463
Share based payments	860,059	112,434
Total	1,660,248	563,811

Other transactions with KMP

The Company's only related entities are the KMP. KMP are any people having authority and responsibility for planning, controlling and directing the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise). The Company has determined that the KMP are the Directors and executives as set out in the Remuneration Report.

All related party transactions are on normal arms' length terms.

MATADOR MINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 25: RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Mr Grant Davey, who was a Non-executive Director of the Company (resigned 2 June 2020) is a Director and shareholder of Matador Capital Pty Ltd. The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital Pty Ltd provides working capital, office space, technical staff and project management, and general office costs to the Company at cost plus 2%. Mr. Davey was also a director of Marvel Gold Limited (formerly Graphex Mining Limited) (resigned 25 September 2019), an ASX listed company that has a Shared Services Agreement with the Company for the provision of company secretarial, accounting and administration services to the Company. Payments made under these arrangements are no longer classified as related party transactions due to Mr Grant Davey's resignation as a Non-executive Director on 2 June 2020.

	2021	2020
	\$	\$
Related party transactions		
Payments to Matador Capital Pty Ltd ¹	-	2,148,452
Payments to Marvel Gold Limited (formerly Graphex Mining Limited)	-	307,186
	-	2,455,638

¹ During the previous financial year, an amount of \$1,263,087 was provided to the Company as a working capital facility during the period that was subsequently repaid prior to period end. The working capital facility was provided under the Shared Services Agreement at a cost of 2%.

Former Director Mr. Davey shareholdings includes 1,683,854 shares which are the subject of an agreement under which those shares are to be transferred from Mr Davey to Mikenty Pty Ltd, an entity controlled by Mr Keith Bowes, that had not been completed at the date of Mr Davey's resignation. Mr Davey's holdings of unquoted options also includes 1,350,000 unquoted options held on trust for Mikenty Pty Ltd.

All related party transactions are on normal arms' length terms.

NOTE 26: INTEREST IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in the notes to the financial statements.

Name	Nature of investment	Country of incorporation	Equity interest (%)	
			2021	2020
Matador Canada Pty Ltd	Ordinary shares	Australia	100%	100%
Cape Ray Mining Limited	Ordinary shares	Australia	100%	100%

NOTE 27: EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the financial year, the Company raised \$748,938 via the exercise of options and issued 4,307,825 new shares.

Other than outlined above, no matter or circumstance has arisen since the end of the financial year, which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Matador Mining Limited (the "Company"):
 - a. The consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations regulations 2001; and;
 - b. The financial statements and notes also comply with International Financial Reporting standards as disclosed in Note 1.
 - c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act from the executive chairman and the chief financial officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors:



Ian Murray
Executive Chairman

29 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATADOR MINING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Matador Mining Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2021 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Exploration and Evaluation – \$25,827,121</p> <p>(Refer Note 10)</p> <p>Exploration and evaluation is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance to the Consolidated Entity’s financial position. • The level of judgement required in evaluating management’s application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. • The assessment of impairment of exploration and evaluation expenditure being inherently difficult. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing management’s determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements. • For each area of interest, we assessed the Consolidated Entity’s rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable; • We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity’s accounting policy and the requirements of AASB 6; • We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest. • We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> • the licenses for the right to explore expiring in the near future or are not expected to be renewed; • substantive expenditure for further exploration in the specific area is neither budgeted or planned • decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> • data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. <p>We assessed the appropriateness of the related disclosures in note 10 to the financial statements.</p>
<p>Share based payments – \$2,814,450</p> <p>(Refer Note 15)</p> <p>As disclosed in note 15 in the financial statements, during the year ended 30 June 2021, the Company incurred share based payments totalling \$2,814,450.</p> <p>Share based payments are considered to be a key audit matter due to</p> <ul style="list-style-type: none"> • the value of the transactions; • the complexities involved in recognition and measurement of these instruments; and • the judgement involved in determining the inputs used in the valuation. <p>Management used the Black-Scholes option valuation model to determine the fair value of the options granted. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Analysing contractual agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments; • Evaluating management’s Black-Scholes Valuation Models and assessing the assumptions and inputs used; • Assessing the amount recognised during the period against the vesting conditions of the options; and • Assessing the adequacy of the disclosures included in the financial report.
<p>Canadian Flow-through Shares</p> <p>(Refer Note 14)</p> <p>The Group have raised capital which is subject to flow-through share tax treatment amounting to \$24,764,451 which incurred a flow-through liability of \$5,443,347.</p> <p>Current Canadian tax legislation permits mining entities to issue flow-through shares to investors.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Analysing documentation to identify key terms of flow-through share placements; • Assessing the total amount of share premium between current market price and price at which flow-through share placement was performed;

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Flow-through shares are securities issued to investors whereby the deductions for tax purposes related to exploration and evaluation expenditures may be claimed by investors instead of the entity. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the consolidated statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures.</p> <p>The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a tax deduction recovery on the consolidated statement of comprehensive income or loss and accordingly reduces the liability for flow-through shares premium.</p>	<ul style="list-style-type: none"> • Assessing the amount of income recognised through profit or loss as a result of qualifying exploration expenditure incurred during the period together with the tax rate applied, to recognise the appropriate deferred tax liability; • Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 internal 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. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD
Chartered Accountants


CHRIS NICOLOFF CA
Partner

Dated this 29th day of September 2021

**MATADOR MINING LTD ABN 45 612 912 393
AND CONTROLLED ENTITIES**

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 14 September 2021.

Number of shareholders

There were 1,809 shareholders. All shares are fully paid ordinary shares. Each fully paid ordinary share carries one voting right.

Distribution of Shareholding

Holding Ranges	Number of Holders	Number of Shares	% of Issued Capital
1 - 1,000	53	10,496	0.01%
1,001 - 5,000	469	1,374,263	0.64%
5,001 - 10,000	244	1,969,775	0.92%
10,001 - 100,000	810	31,637,744	14.78%
Above 100,000	233	179,092,698	83.65%
Totals	1,809	214,085,426	100.00%

There are 96 holders of unmarketable parcels of fully paid ordinary shares comprising a total of 60,494 shares.

Twenty Largest Shareholders (as at 14 September 2021)

Rank	Name	Number	%
1	HSBC Custody Nominees (Australia) Limited	41,695,114	19.48%
2	BNP Paribas NOMS Pty Ltd <Drp>	11,642,576	5.44%
3	Maple Mining Pty Ltd	10,333,398	4.83%
4	J P Morgan Nominees Australia Pty Limited	10,265,991	4.80%
5	Citicorp Nominees Pty Limited	6,834,216	3.19%
6	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient Drp>	4,006,295	1.87%
7	Davey Management (Aus) Pty Ltd <Davey Family Super>	3,535,569	1.65%
8	Windhager Holding AG	2,690,000	1.26%
9	Precision Opportunities Fund Ltd <Investment A/C>	2,500,000	1.17%
10	Elphinstone Holdings Pty Ltd	2,225,956	1.04%
11	Davey Management (Aus) Pty Ltd <Davey Family Super A/C>	2,137,500	1.00%
12	BNP Paribas Nominees Pty Ltd ACF clearstream	2,046,127	0.96%
13	Invia Custodian Pty Limited <D & E Mackay-Coghill SF A/C>	2,000,000	0.93%
14	BT Portfolio Services Limited <Bowes Family A/C>	1,873,854	0.88%
15	CS Fourth Nominees Pty Limited	1,849,007	0.86%
16	Mr Colin Weekes	1,542,758	0.72%
17	Merrill Lynch (Australia) Nominees Pty Limited	1,505,572	0.70%
18	Mr Christopher Robert Cannon	1,500,000	0.70%
19	Mutual Investments Pty Ltd <Mitchell Super Fund A/C>	1,401,187	0.65%
20	Ironside Pty Ltd <The Ironside Super Fund A/C>	1,335,000	0.62%
	TOTAL	113,165,015	52.86%

**MATADOR MINING LTD ABN 45 612 912 393
AND CONTROLLED ENTITIES**

ASX ADDITIONAL INFORMATION

Substantial Holders

Name	Number of securities	% interest
CI Investments Inc	12,739,025	6.07%
Franklin Resources Inc	10,714,286	5.11%

Unquoted Securities (as at 14 September 2021)

As at 14 September 2021, there were 27,739,803 unlisted options over ordinary shares as detailed below

CLASS	TOTAL HOLDINGS
Unlisted options @ \$0.23 Exp 02/07/2022	12,471,250
Unlisted options @ Zero Exp 01/07/2022	60,984
Unlisted options @ \$0.40 Exp 02/07/2022	1,700,000
Unlisted options @ Zero Exp 01/07/2024	600,273
Unlisted options @ \$0.35 Exp 01/07/2022	1,250,000
Unlisted options @ \$0.40 Exp 01/07/2022	1,250,000
Unlisted options @ \$0.45 Exp 01/07/2022	1,250,000
Unlisted options @ \$0.50 Exp 01/07/2022	1,250,000
Unlisted options @ \$0.00 exp 01/07/23	4,117,296
Unlisted options @ \$0.00 exp 01/07/25	2,470,000
Unlisted options @ \$0.63 exp 18/11/23	900,000
Unlisted options @ \$0.00 exp 18/11/23	420,000

**MATADOR MINING LTD ABN 45 612 912 393
AND CONTROLLED ENTITIES**

ASX ADDITIONAL INFORMATION

Schedule of Mining Tenements (as at 14 September 2021)

LICENSE NO.	LOCATION	HOLDER
025560M	Isle Aux Morts, Southern NL	Cape Ray Mining Limited
025855M	Cape Ray, Southern NL	Cape Ray Mining Limited
025856M	Cape Ray, Southern NL	Cape Ray Mining Limited
025857M	Cape Ray, Southern NL	Cape Ray Mining Limited
025858M	Cape Ray, Southern NL	Cape Ray Mining Limited
026125M	Garia Brook, Southern NL	Cape Ray Mining Limited
030881M	La Poile River, Southern NL	Cape Ray Mining Limited
030884M	La Poile River, Southern NL	Cape Ray Mining Limited
030889M	La Poile River, Southern NL	Cape Ray Mining Limited
030890M	La Poile River, Southern NL	Cape Ray Mining Limited
030893M	La Poile River, Southern NL	Cape Ray Mining Limited
030996M	Grand Bay River, Southern NL	Cape Ray Mining Limited
030997M	Grand Bay River, Southern NL	Cape Ray Mining Limited
031557M	Isle Aux Morts, Southern NL	Cape Ray Mining Limited
031558M	Isle Aux Morts, Southern NL	Cape Ray Mining Limited
031559M	Isle Aux Morts, Southern NL	Cape Ray Mining Limited
031562M	Isle Aux Morts, Southern NL	Cape Ray Mining Limited
032060M	Isle Aux Morts, Southern NL	Cape Ray Mining Limited
032061M	Isle Aux Morts, Southern NL	Cape Ray Mining Limited
032062M	Isle Aux Morts, Southern NL	Cape Ray Mining Limited
032764M	Hermitage, Southern NL	Matador Canada Pty Ltd
032770M	Hermitage, Southern NL	Matador Canada Pty Ltd
032818M	Hermitage, Southern NL	Matador Canada Pty Ltd
032940M	Isle Aux Morts, Southern NL	Matador Canada Pty Ltd
032941M	Isle Aux Morts, Southern NL	Matador Canada Pty Ltd
033080M	La Poile River, Southern NL	Matador Canada Pty Ltd
033083M	Isle Aux Morts, Southern NL	Matador Canada Pty Ltd
033085M	Isle Aux Morts, Southern NL	Matador Canada Pty Ltd
033110M	Hermitage, Southern NL	Matador Canada Pty Ltd