



MEGADO

ABN 74 632 150 817

Interim Financial Report

30 June 2021

megadogold.com.au



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CORPORATE DIRECTORY

DIRECTORS

Bradley Drabsch (Non-Executive Chairman)
Michael Gumbley (Managing Director)
Chris Bowden (Executive Director)
Aaron Bertolatti (Finance Director)
Marta Luisa Ortiz Ortega (Non-Executive Director)

COMPANY SECRETARY

Aaron Bertolatti

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Level 12, 197 St Georges Terrace
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
PERTH WA 6000

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

STOCK EXCHANGE

Australian Securities Exchange (ASX)
(Home Exchange: Perth, Western Australia)
ASX Code: MEG

WEBSITE

www.megadoggold.com



DIRECTORS REPORT

The Directors present their report for Megado Gold Limited (“Megado Gold” or “the Company”) and its subsidiaries (“the Group”) for the period ended 30 June 2021.

DIRECTORS

The persons who were directors of Megado Gold during the half-year and up to the date of this report are:

- Bradley Drabsch (Non-Executive Chairman)
- Michael Gumbley (Managing Director)
- Chris Bowden (Executive Director)
- Aaron Bertolatti (Finance Director & Company Secretary)
- Marta Luisa Ortiz Ortega (Non-Executive Director)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Megado Gold Ltd is an ASX listed company with five high-quality gold exploration assets covering 511km² and one licence application covering 227km² in southern and western Ethiopia with the geological potential to host gold deposits of significant scale. Ethiopia contains a world-class greenstone geological terrane and hosts part of the prolific Arabian-Nubian Shield (ANS).

The Megado Belt in southern Ethiopia is hosted within the broader Adola Belt, a granite-greenstone terrane that is part of the ANS, and is characterised by a dominant N-S trending suite of metamorphosed rocks hosting significant occurrences of gold mineralisation, including Ethiopia’s only modern gold mines, Lega Dembi and Sakaro (+3.0Moz Au).

Megado has a premium land position immediately along strike to the north and south of the Lega Dembi and Sakaro deposits covering the same fertile greenstone host rocks and structural setting, in addition to an asset located proximal to Ethiopia’s next gold mine, the +1.5Moz Tulu Kapi deposit (AIM-listed KEFI Minerals). Minimal modern exploration has been conducted in Ethiopia, in comparison to similar greenstone belts in West Africa, Canada and Western Australia where modern techniques have successfully delineated numerous gold deposits.

REVIEW OF OPERATIONS

In the six months to 30 June 2021, Megado pursued several important exploration activities. In particular, the Company completed its first drilling program at the Babicho Gold Project and initiated its maiden drilling campaign at the flagship Chakata Gold Project.

Megado completed its first drilling program at Babicho in January 2021 then transferred attention to the Chakata Gold Project. Historical exploration provided walk-up, drill-ready targets at Chakata. Historical trenching at Chakata’s GT Prospect returned an impressive 47m @ 1.55g/t Au, including **25m @ 2.57g/t Au**, with no known drill testing at depth beneath the trench or down plunge. In addition, Megado’s geologists delineated additional targets considered to be highly prospective. The CT Prospect, as well as newly identified target, the Dragon Prospect, have been subjected to extensive rock chip sampling.

During the period the Company’s Exploration Manager tendered his resignation. His replacement, Kirmat Noormohamed, a veteran of African gold exploration, accepted the position and will commence on 1 July 2021.



Spotlight: Chakata Gold Project

Chakata is located in the Adola Gold Belt in southern Ethiopia, only five kilometres south along strike from the country's largest producing gold mines, Lega Dembi and Sakaro (>3Moz Au) (Figure 1). The structure that hosts the Lega Dembi/Sakaro trend extends to the south through Chakata for over 9km and is readily identifiable in geophysical imagery. Megado geologists' fieldwork has continued to confirm indications of significant occurrences of primary hard rock gold during the first six months of 2021.

Megado believes there is significant potential for repeat, blind, high-grade plunging shoots at Chakata, within a locally north-northeast divergent 2.5km+ strike length structural splay at the GT Prospect. Such shoots are characteristically similar to the Sakaro deposit. Previous exploration efforts at Chakata do not appear to have adequately led to a full understanding of its mineralisation potential, resulting in minimal drilling of what appear to be obvious high priority prospects. Of the limited historical drilling previously conducted within the tenement, intercept highlights include: **2m @ 11.15g/t Au** and 0.6m @ 6.47g/t Au. Megado has positioned itself well to build upon previous work and has consequently been swift to initiate drilling programs in order to test these theses.

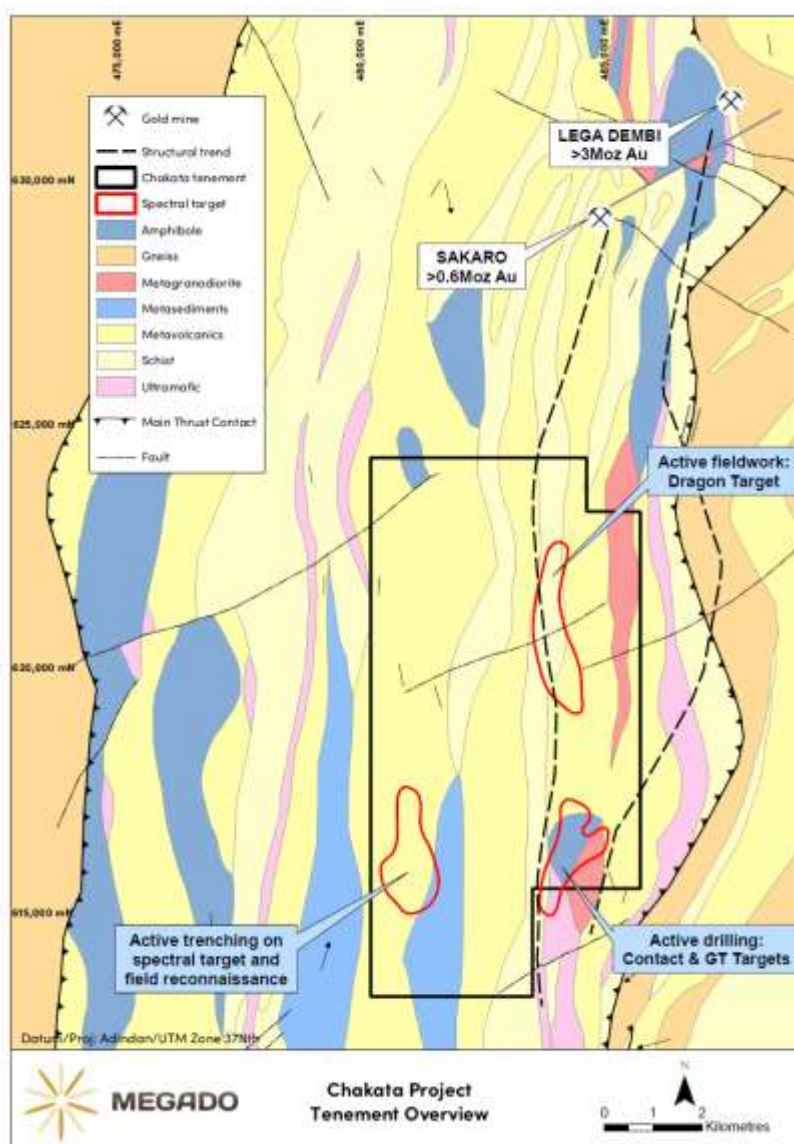


Figure 1 – Megado highly active at the Chakata Gold Project: initial drill program on the southern portion of the Chakata tenement; trenching in the west of the tenement; and, active fieldwork identifying new areas in the north and west of the tenement.



Drilling Update: CT Prospect

Drilling was focused on the CT Prospect during Q1 CY2021 (Figure 2). Holes completed as part of the initial drilling program (Figure 2) intercepted zones of several-metre-wide quartz veins with visible tourmaline-pyrite-chalcopyrite-galena mineralisation (Figure 3). Contact Prospect drilling repeatedly hit broad zones of the targeted quartz veins during the maiden, seven-hole, 1,208m program.

The initial drillholes at the Contact Prospect only tested a small fraction of the known strike length of these quartz veins, which at surface extend for more than one kilometre along strike. The initial seven drillholes returned low gold assay results (peak: 0.85m @ 0.51g/t Au, CKDD003 from 73.65m). Despite these results, the Contact Prospect remains prospective as evidenced by its quartz veins which at surface returned significant gold in rocks, up to **15.55g/t Au** (and **5.10g/t Au**, and **3.73g/t Au**).

Further work in the short-term is required to better delineate the controls to the higher grade gold lodes within the broader vein package at the Contact Prospect. Despite there being no significant intercepts, the Company has been encouraged by this as gold rich zones at the nearby Sakaro gold deposit display a similar assemblage and mineralisation.

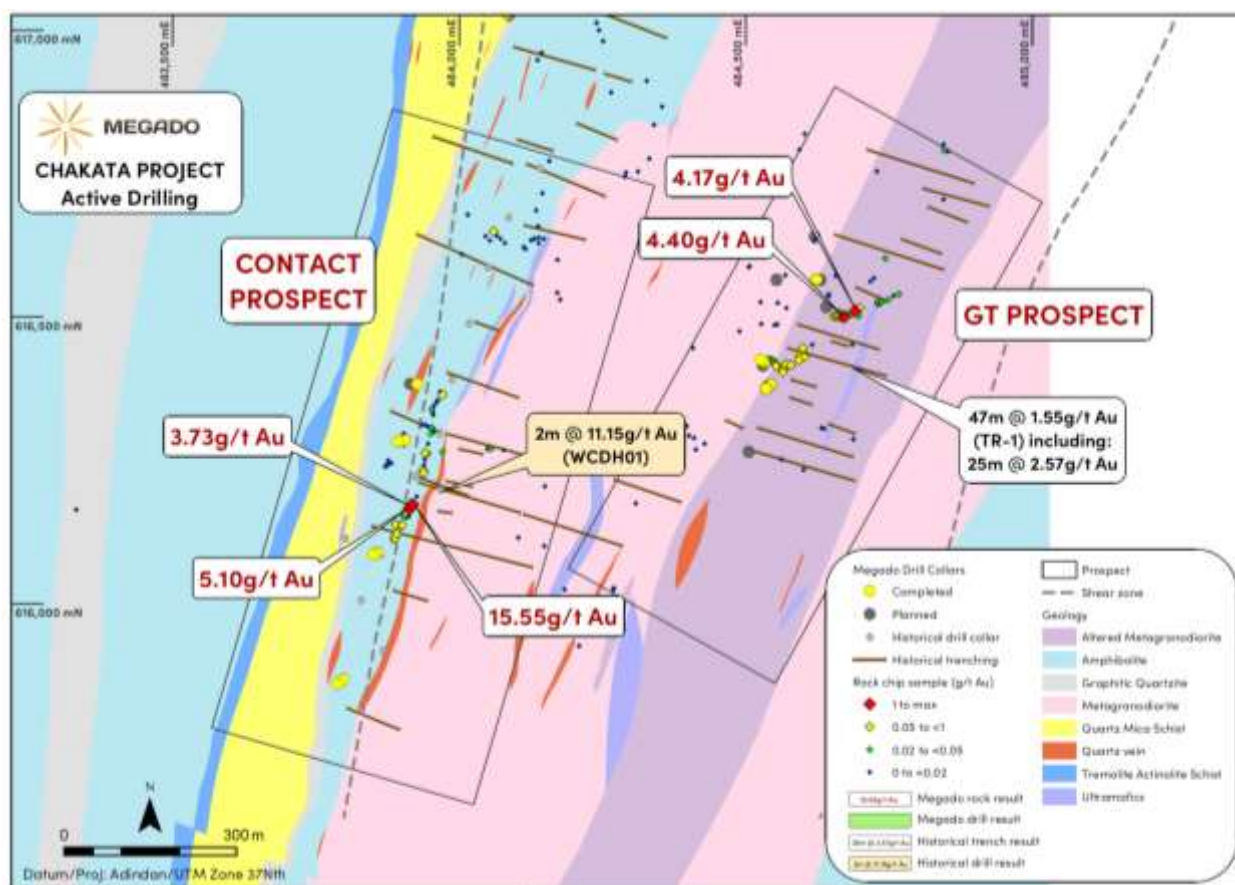


Figure 2: Megado's current drilling activities focused in the south-east corner, at the Contact and GT Prospects, Chakata Gold Project



Figure 3 – Detail from CKDD003 exhibiting silicified metagranodiorite highly mineralised with chalcopyrite at 36m

Drilling Update: GT Prospect

The objective for the GT Prospect drilling program was to drill test a number of possible controls to gold mineralisation in this southern portion of Chakata. This drilling program is targeting mineralisation along strike and down-dip from the outcrops hosting high-grade rock chips of **4.40g/t Au** and **4.17g/t Au** as well as following up historically reported trench results (highlighted by a historical trench interval of **25m @ 2.57g/t Au**).

Megado's fieldwork also identified numerous structures and stockwork vein zones at the GT Prospect, that trend parallel to historical drilling and trenching. This is significant, as previous works were focused on testing the north-northeast trending primary structure by trenching and drilling along east-southeast lines, whereas Megado field observations show mineralisation is locally trending east-southeast.

Previous historical trenching and sporadic drilling parallel to these structures (see Figure 2) highly likely explains their erratic historical intercepts. Megado drilling at this prospect oriented drilling perpendicular to these local structures and tested a much broader zone of mapped intense alteration and veining.

First assays from the GT Prospect are expected in early Q3 2021. The early drill core from the GT Prospect shows zones of strongly sericite-fuchsite altered and silicified metagranodiorite hosting quartz veins containing up to 3% sulphides (pyrite, chalcopyrite and pyrrhotite).

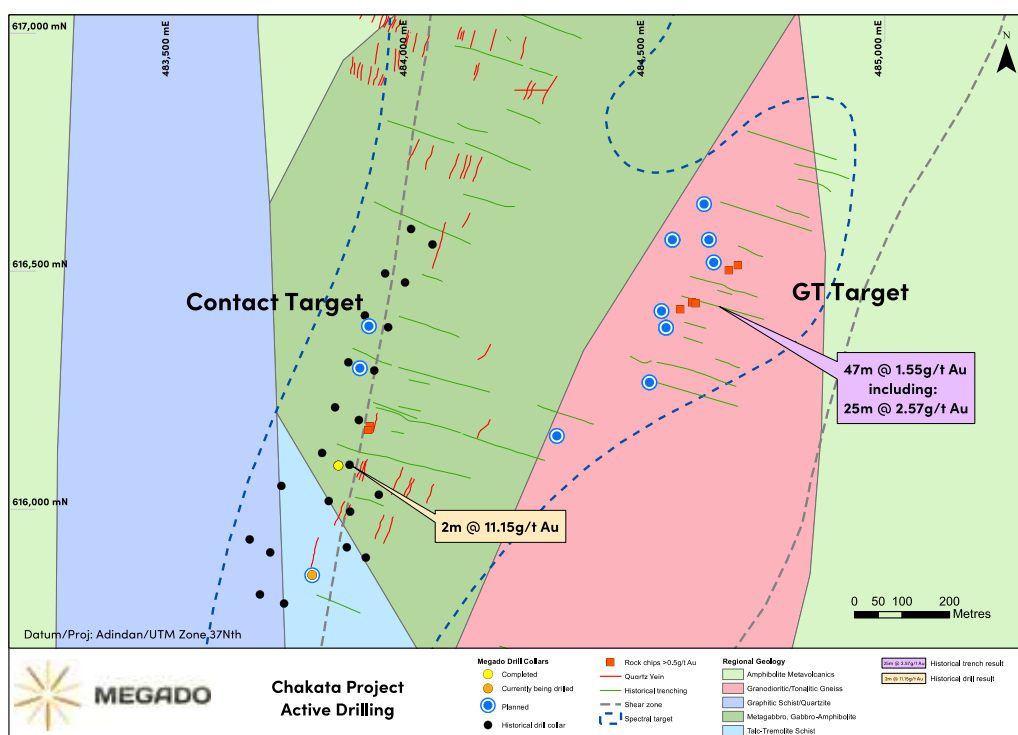


Figure 4 - Megado's current drilling activities focused in the south-east corner, at the Contact and GT Prospects, Chakata Gold Project

Trenching Update: Dragon Prospect

Megado launched a trenching campaign at Chakata's Dragon Prospect in the north of the tenement (Figure 5) in the six months to 30 June. This target was identified through extensive fieldwork. Rock results from Dragon returned impressive results with highlights of **5.94g/t Au**, **4.21g/t Au**, and **2.35g/t Au**. In addition to these strong results, new field observations of outcropping quartz veins have been observed over 1km and up to 2km west of Dragon.

The trenching itself revealed highly mineralised quartz veins. Field observations noted sheared and highly altered metagranodiorite with amphibolite and mica schists hosting 20-30m wide shear zone related quartz veins with tourmaline-pyrite-chalcopyrite-(+/-bornite,+/-azurite)-galena mineralisation. The Megado team's expectation is that the Dragon Target sits on a structure similar to that which hosts the high-grade Sakaro deposit.

The first trench, CKTR003, assay results returned **25m @ 0.25g/t Au** (including **1m @ 1.78g/t Au**). These results confirm the existence of a broad gold zone at Dragon with potential to host gold deposits of significant size. Of note, this zone started at 0m from the trench, implying that there is potential for continuation in the opposite direction. Moreover, Dragon lies less than 5km from the Lega Dembi and Sakaro gold mines which have produced more than 3Moz. Trenching will likely continue into Q3 CY2021.

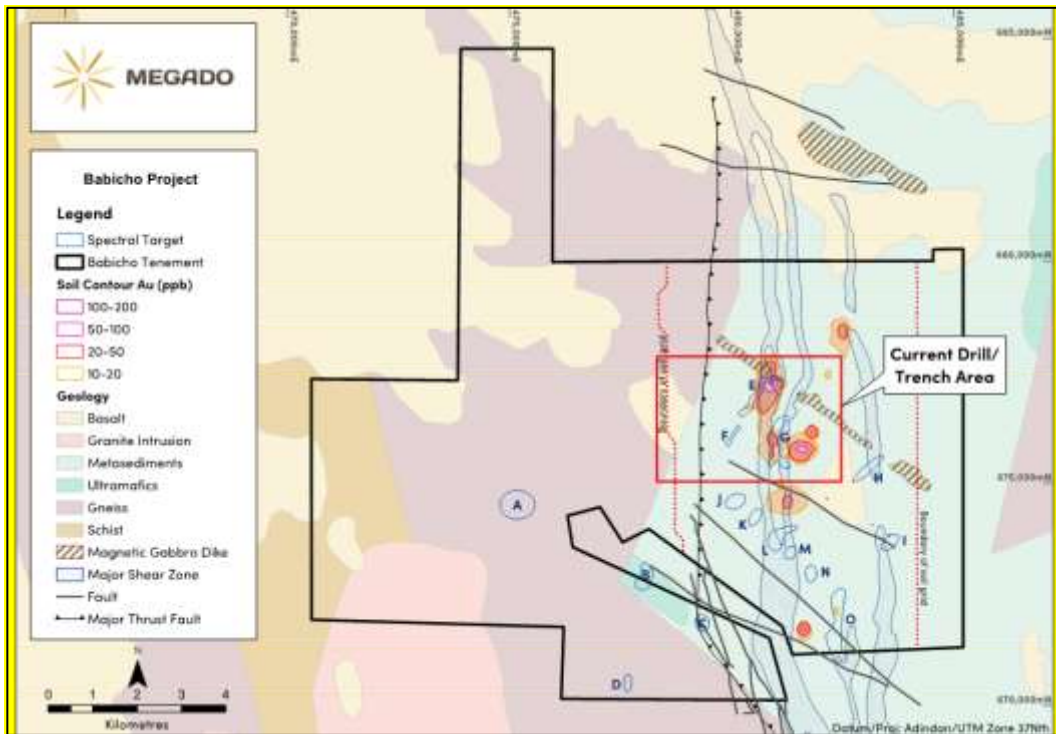


Figure 6- Babicho Gold Project Overview. Silingo Shear in centre (coincident with soil anomaly), Biloya Shear to east – both part of the tenement scale Babicho Shear Zone, of which is part of the belt-wide Lega Dembi-Sakaro shear zone.

Megado's next phase at Babicho was a trenching program of 5,000m. Trenching commenced during the period and was completed in July 2021. The Company anticipates the forward trenching program will substantially improve understanding of the controls to mineralisation and provide a better planned forward drill program testing gold mineralisation down plunge and along strike.

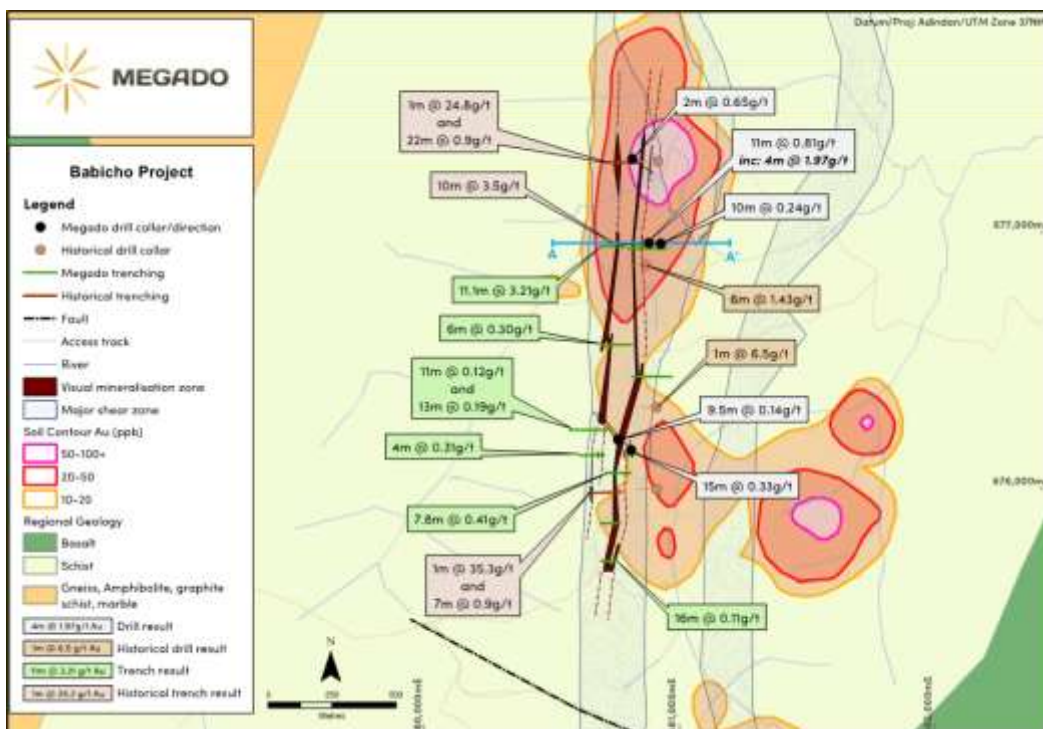


Figure 7 - Results from recent and historical drilling and trenching at the Babicho Gold Project

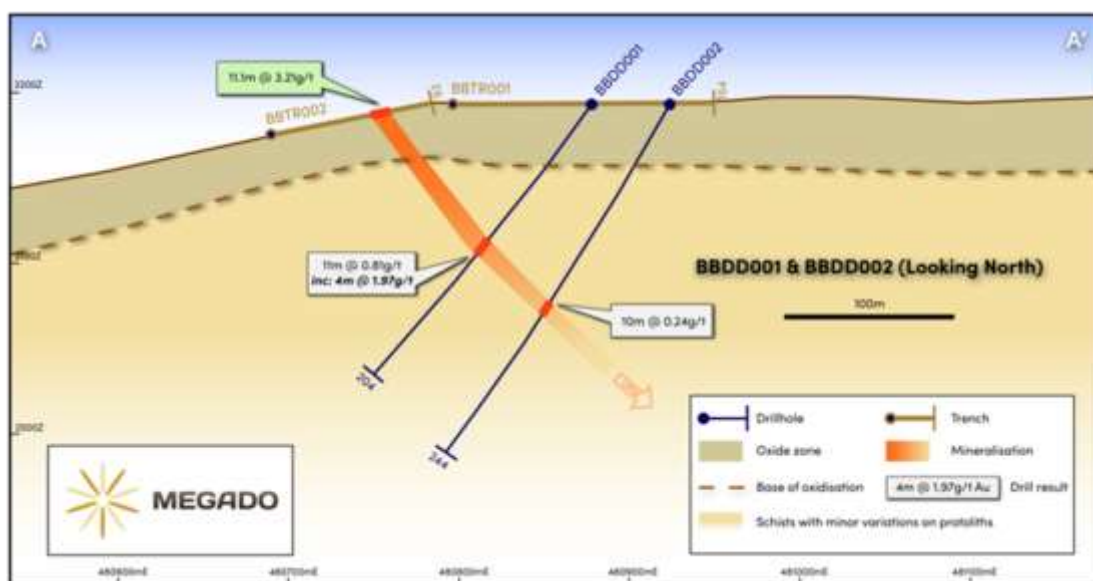


Figure 8 – Cross Section A->A' showing Significant Intercepts from drillholes BBDD001 & BBDD002 and trench BBTR002

Babicho: Ongoing Activities

The immediate focus for Babicho was to follow-up the encouraging drilling results with a more extensive trenching and subsequent drilling program. Megado commenced an eight trench, 5,000m program in June 2021. Specific focus will be applied to the areas directly north and south of BBDD001 and BBTR001 in order to clarify the extent of the mineralisation in this zone.



Figure 9 – Drill core from BBDD001 showing intervals of highly altered host rocks and quartz veining, both with significant visible sulphide mineralisation (pyrite, chalcopyrite, pyrrhotite). Left: ca. 101m Right: ca. 106m

Furthermore, numerous targets remain untested. The first phase trenching and drilling focused on the western margin of the Silingo Shear Zone. Future programs in and around the Silingo Shear Zone will target the soil anomalies to the south and southeast and its eastern margin, as well as all of the Biloya Shear – both constitute the Babicho Shear, which itself is part of the broader Lega Dembi-Sakaro Shear Zone within the Adola Gold Belt. The expectation is that the second phase trenching program will continue to provide credence to the Company's thesis that the mineralisation evidenced at Babicho has the potential to host gold deposits of significant scale.



Figure 10 – Megado's team working the first trench at the Babicho Gold Project

Related ASX Announcements

20210610	<u>High-Grade Gold in Rocks Returned from Chakata Gold Project</u>
20210506	<u>High-Grade Gold in Trenches at Babicho Gold Project</u>
20210422	<u>Visible Mineralisation Intersected at the Chakata Gold Project</u>
20210414	<u>Babicho Gold Project Update</u>
20210323	<u>Megado Accelerates Exploration Activities at Chakata Gold Project</u>
20210217	<u>Drilling Commences at the Chakata Gold Project</u>
20201217	<u>Quartz Veining with Visible Sulphides Intersected at Babicho</u>
20201201	<u>Maiden Drilling Program Underway at Babicho Gold Project</u>
20201112	<u>High-Grade Gold Indicated at Chakata Gold Project Ethiopia</u>

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Coronavirus (COVID-19) Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

AUDITORS INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 13 and forms part of this Directors' report for the half-year ended 30 June 2021.



This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed on behalf of the Directors.

Michael Gumbley
Managing Director
Brooklyn, New York
30 August 2021

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MEGADO GOLD LIMITED

As lead auditor for the review of Megado Gold Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Megado Gold Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 August 2021



CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
Continuing Operations			
Interest income		5,784	33
Expenses			
Professional and consulting fees		(100,565)	(119,027)
Director and employee costs		(265,320)	(196,125)
Exploration Expenditure		-	(90,992)
Other expenses		(145,485)	(34,910)
Share-based payments expense	8	(9,773)	(166,156)
Loss on foreign exchange		(13,050)	(13,863)
Travel and accommodation		(20,695)	(25,534)
Loss before income tax		(549,104)	(646,574)
Income tax expense		-	-
Net loss for the year		(549,104)	(646,574)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(231,512)	-
Other comprehensive income for the period, net of tax		(231,512)	-
Total comprehensive loss for the period		(780,616)	(646,574)
Loss for the period attributable to:			
Members of the parent entity		(549,104)	(646,574)
Non-controlling interests		-	-
		(549,104)	(646,574)
Total comprehensive loss for the period attributable to:			
Members of the parent entity		(728,714)	(646,574)
Non-controlling interests		(51,902)	-
		(780,616)	(646,574)
Loss per share			
Basic and diluted loss per share (cents)		(0.77)	(3.41)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30-Jun-21 \$	31-Dec-20 \$
Current Assets			
Cash and cash equivalents		2,737,200	5,021,401
Other assets		13,924	34,275
Receivables		36,442	67,136
Total Current Assets		2,787,566	5,122,812
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	5,309,099	3,855,566
Total Non-Current Assets		5,309,099	3,855,566
Total Assets		8,096,665	8,978,378
Current Liabilities			
Trade and other payables	4	247,765	358,635
Total Current Liabilities		247,765	358,635
Total Liabilities		247,765	358,635
Net Assets		7,848,900	8,619,743
Equity			
Issued capital	5	9,389,259	9,389,259
Reserves	6	1,118,300	1,288,137
Accumulated losses	7	(3,156,757)	(2,607,653)
Capital and Reserves Attributable to Owners of the parent entity		7,350,802	8,069,743
Non-controlling interest		498,098	550,000
Total Equity		7,848,900	8,619,743

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2021

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve \$	Share option reserve \$	Total attributable to owners of the parent entity \$	Non- controlling interest \$	Total \$
Balance at 1 January 2020	866,003	(1,390,118)	-	630,048	105,933	-	105,933
Total comprehensive loss for the period							
Loss for the period	-	(646,574)	-	-	(646,574)	-	(646,574)
Total comprehensive loss for the period	-	(646,574)	-	-	(646,574)	-	(646,574)
Transactions with owners in their capacity as owners							
Shares issued during the period	1,069,250	-	-	(2,750)	1,066,500	-	1,066,500
Share-based payments	-	-	-	166,156	166,156	-	166,156
Balance at 30 June 2020	1,935,253	(2,036,692)	-	793,454	692,015	-	692,015
Balance at 1 January 2021	9,389,259	(2,607,653)	276,683	1,011,454	8,069,743	550,000	8,619,743
Total comprehensive loss for the period							
Loss for the period	-	(549,104)	-	-	(549,104)	-	(549,104)
Foreign currency translation	-	-	(179,610)	-	(179,610)	(51,902)	(231,512)
Total comprehensive loss for the period	-	(549,104)	(179,610)	-	(728,714)	(51,902)	(780,616)
Transactions with owners in their capacity as owners							
Share-based payments (note 8)	-	-	-	9,773	9,773	-	9,773
Balance at 30 June 2021	9,389,259	(3,156,757)	97,073	1,021,227	7,350,802	498,098	7,848,900

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes



CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2021

	30-Jun-21	30-Jun-20
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(635,666)	(611,051)
Payments for exploration expenditure	-	(91,542)
Interest received	5,784	33
Net cash used in operating activities	(629,882)	(702,560)
Cash flows from investing activities		
Payments for exploration expenditure	(1,641,269)	-
Net cash used in investing activities	(1,641,269)	-
Cash flows from financing activities		
Proceeds from issue of shares	-	891,414
Net cash provided by financing activities	-	891,414
Net (decrease) / increase in cash and cash equivalents	(2,271,151)	188,854
Cash and cash equivalents at the beginning of the year	5,021,401	241,605
Effect of exchange rate fluctuations on cash	(13,050)	-
Cash and cash equivalents at the end of the period	2,737,200	430,459

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The financial report of Megado Gold Limited (“Megado Gold” or “the Company”) for the half-year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 30 August 2021. Megado Gold is a company limited by shares incorporated in Australia whose shares commenced public trading on the Australian Securities Exchange on 27 October 2020. The nature of the operations and the principal activities of the Company are described in the Directors’ Report.

2. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 30 June 2021 have been prepared in accordance with applicable accounting standards including AASB 134 “Interim Financial Reporting” and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 “Interim Financial Reporting”.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2020 and any public announcements made by Megado Gold during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs. For the purpose of preparing the half-year financial report the half-year has been treated as a discrete reporting period.

b) Compliance Statement

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

c) 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 that are mandatory for the current reporting period. The impact on the financial performance and position of the Company from the adoption of the new or amended Accounting Standards and Interpretations was not material.

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

d) Segment Reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group’s chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the annual financial report have been included.



	30-Jun-2021	31-Dec-2020
	\$	\$
3. Deferred exploration and evaluation expenditure		
<i>Exploration and Evaluation phase - at cost</i>		
Opening balance	3,855,566	-
Acquisition of exploration tenements	-	2,750,000
Exploration and evaluation expenditure incurred during the period	1,685,036	545,865
Foreign exchange translation difference	(231,503)	276,713
Capitalisation of prepaid acquisition costs to exploration assets	-	282,988
Closing balance	5,309,099	3,855,566

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

4. Trade and other payables		
Trade payables	237,765	347,635
Accruals	10,000	11,000
	247,765	358,635

Trade creditors and other creditors are non-interest bearing and generally payable on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

5. Issued Capital		
(a) Issued and paid-up capital	9,389,259	9,389,259

(b) Movements in ordinary shares on issue

	30-Jun-2021		31-Dec-2020	
	No. shares	\$	No. shares	\$
Opening balance	71,500,003	9,389,259	15,435,003	866,003
Issue of shares - vendor shares	-	-	5,500,000	2,750
Issue of shares - \$0.10 seed shares	-	-	7,587,500	758,750
Issue of shares - \$0.16 seed shares	-	-	1,000,000	160,000
Issue of shares - \$0.20 pre-IPO shares	-	-	500,000	100,000
Issue of shares - Directors	-	-	477,500	47,750
Shares issued as consideration for acquisition	-	-	11,000,000	2,200,000
Issue of shares - IPO	-	-	30,000,000	6,000,000
Transaction costs on share issue	-	-	-	(745,994)
Closing balance	71,500,003	9,389,259	71,500,003	9,389,259

(c) Share options

Number	Exercise Price \$	Expiry Date
10,450,000	\$0.20	on or before 27 October 2024
3,800,000	\$0.25	on or before 27 October 2022
1,000,000	\$0.25	on or before 30 June 2023
1,000,000	\$0.30	on or before 30 June 2023
800,000	\$0.30	on or before 30 June 2025
17,050,000		



	30-Jun-2021	31-Dec-2020
	\$	\$
6. Reserves		
Share based payment and option reserve	1,021,227	1,011,454
Foreign exchange translation reserve	97,073	276,683
	1,118,300	1,288,137
Movements in Reserves		
<i>Share based payment and option reserve</i>		
Opening balance	1,011,454	630,048
Share-based payments	9,773	166,156
Cancellation of Performance A and B Options	-	(2,750)
Transaction costs on share issue	-	218,000
Closing balance	1,021,227	1,011,454

The Share capital, share based payment and option reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services and to record the premium paid on the issue of unlisted options.

<i>Foreign exchange translation reserve</i>		
Opening balance	276,683	-
Foreign exchange translation difference	(179,610)	276,683
Closing balance	97,073	276,683

The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

7. Accumulated losses		
Movements in accumulated losses were as follows:		
Opening balance	(2,607,653)	(1,390,118)
Loss for the period	(549,104)	(1,217,535)
Closing balance	(3,156,757)	(2,607,653)

8. Share based payments

(a) Recognised share based payment transactions

Share based payment transactions recognised either as operational expenses in the statement of profit or loss and other comprehensive income or as capital raising costs in the equity during the period were as follows:

	30-Jun-2021	30-Jun-2020
	\$	\$
Employee and Director share based payments (note 8(a))	9,773	67,794
Share based payments to suppliers	-	98,362
	9,773	166,156

(b) Employee and Director share based payments

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option.



The table below summarises options granted during the half-year ended 30 June 2021:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at end of the period	Exercisable at The end of the period
			Number	Number	Number	Number	Number	Number
10/05/2021	30/06/2025	\$0.30	-	800,000	-	-	800,000	- ¹

¹ Options vest on 1 July 2022 provided that the employee remains continuously employed during that time.

The expense recognised in respect of the above options granted during the period was \$9,773 which represents the fair value of the options. The model inputs, not included in the table above, included:

- Options were issued for nil consideration;
- expected life of the options is 4 years;
- share price at grant date was \$0.165;
- expected volatility of 100%;
- expected dividend yield of nil; and
- a risk-free interest rate of 0.75%.

9. Dividends

No dividends have been paid or provided for during the half-year.

10. Contingent assets and liabilities

The Directors are not aware of any new contingent liabilities or assets as at 30 June 2021. There has been no change in contingent liabilities or assets since the last annual reporting date.

11. Commitments

There are no known contractual commitments as at 30 June 2021.

12. Significant events after the reporting date

Coronavirus (COVID-19) Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

13. Segment Information

The Group has identified its operating segments based on the internal reports that are reported to the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group operates predominately in one industry, being the exploration of Gold. The main geographic areas that the entity operates in are Australia and Ethiopia. The parent entity is registered in Australia. The Group's exploration assets are located in the Ethiopia. The following table presents revenue, expenditure and certain asset and liability information regarding geographical segments for the half-years ended 30 June 2021 and 30 June 2020:



	Australia	Ethiopia	Total
	\$	\$	
Half year ended 30 June 2021			
Other income	5,784	-	5,784
Segment revenue	5,784	-	5,784
Result			
Loss before tax	(549,104)	-	(549,104)
Income tax expense	-	-	-
Loss for the Half year	(549,104)	-	(549,104)
Asset and liabilities			
Segment assets	2,727,599	5,369,066	8,096,665
Segment liabilities	247,765	-	247,765
Half year ended 30 June 2020			
Other income	33	-	1,488
Segment revenue	33	-	1,488
Result			
Loss before tax	(555,582)	(90,992)	(646,574)
Income tax expense	-	-	-
Loss for the Half year	(555,582)	(90,992)	(646,574)



DIRECTORS DECLARATION

In the opinion of the Directors of Megado Gold Limited (the “Company”):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors.

Michael Gumbley
Managing Director

Brooklyn, New York
30 August 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Megado Gold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Megado Gold Limited (the Company) and its subsidiaries (the Group), 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply 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 financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

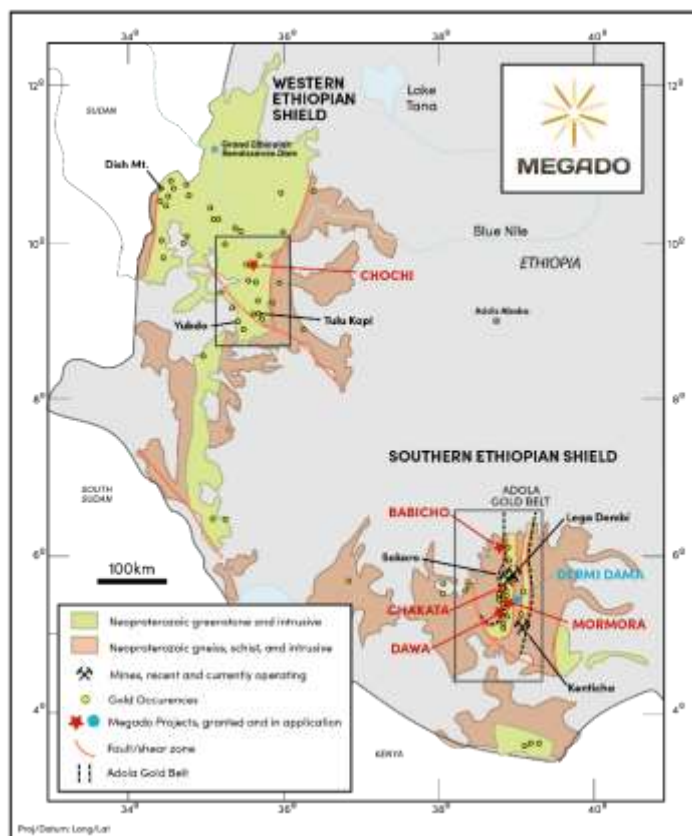
Director

Perth, 30 August 2021



ABOUT MEGADO GOLD

Megado Gold Ltd is an ASX listed company with five high-quality gold exploration assets covering 511km² and one licence application covering 227km² in southern and western Ethiopia with the geological potential to host gold deposits of significant scale.



Ethiopia contains a world-class greenstone geological terrane and hosts part of the prolific Arabian-Nubian Shield (ANS). The Megado Belt in southern Ethiopia is hosted within the broader Adola Belt, a granite-greenstone terrane that is part of the ANS, and is characterised by a dominant N-S trending suite of metamorphosed rocks hosting significant occurrences of gold mineralisation, including Ethiopia's only modern gold mines, Lega Dembi and Sakaro (+3.0Moz Au).

Megado has premium land position immediately along strike to the north and south of the Lega Dembi and Sakaro deposits covering the same fertile greenstone host rocks and structural setting, in addition to an asset located proximal to Ethiopia's next gold mine, the +1.5Moz Tulu Kapi deposit (AIM-listed KEFI Minerals).

Megado has assembled a strong technical team with specific Ethiopian and gold exploration experience, led by Dr Chris Bowden, Executive Director, who has spent 5 years living in Ethiopia as General Manager for ASCOM Precious Metals Mining, where he was responsible for the discovery and subsequent drill out of the initial 1.5Moz Dish Mountain Gold deposit in western Ethiopia, a virgin greenfields discovery.

Minimal modern exploration has been conducted in Ethiopia, in comparison to similar greenstone belts in West Africa, Canada and Western Australia where modern techniques have successfully delineated numerous gold deposits.

Schedule of Tenements

TENEMENTS	LICENCE NUMBER	GRANT DATE	REGIONAL STATE	LAND AREA	LICENCE NUMBER
BABICHO	EL\00106\2019	26/09/2019	Oromia	131.96	80%
CHAKATA	MOM\EL\00556\2019	19/08/2020	Oromia	62.08	100%
CHOCCHI	MOM\EL\2013\276	06/01/2014	Benishangul-Gumuz	137.28	80%
DAWA	MOM\EL\00813\2019	19/08/2020	Oromia	41.22	100%
DERMI DAMA	MOM\EL\00175\2020	In Application	Oromia	227.32	100%
MORMORA	EL\00313\2019	26/09/2019	Oromia	138.98	100%



IMPORTANT INFORMATION AND DISCLAIMERS

Forward Looking Statements

This announcement contains ‘forward-looking information’ that is based on the Company’s expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company’s business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as ‘outlook’, ‘anticipate’, ‘project’, ‘target’, ‘potential’, ‘likely’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘would’, ‘could’, ‘should’, ‘scheduled’, ‘will’, ‘plan’, ‘forecast’, ‘evolve’ and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company’s actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

Competent Person Statement

Information in this “ASX Announcement” relating to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves has been compiled by Dr Chris Bowden who is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy and is an Executive Director of Megado Gold Ltd.

He has sufficient experience that is relevant to the types of deposits being explored for and qualifies as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code 2012 Edition). Dr Bowden has consented to the release of the announcement.



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