

## QUARTERLY ACTIVITIES AND CASHFLOW REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

### HIGHLIGHTS

- \* Megado continues to advance its exploration activities unhindered across its four gold projects in the Adola Gold Belt (Babicho, Chakata, Dawa, and Mormora).
- \* Despite the recent State of Emergency announced by the government of Ethiopia, the Company continues its day-to-day operations
  - o Megado's tenements are several days' drive from the principal points of conflict
  - o Megado's workforce is almost entirely made up of Ethiopian experts who are embedded in, and supported by, the communities where the Company operates
  - o Megado continues to monitor the situation as it pertains to its operations while pursuing an uncompromising commitment to safety
- \* Cash at \$1.24m as of 31 December 2021

**Ethiopian-focused gold explorer Megado Gold** (ASX:MEG) (**Megado** or the **Company**) is pleased to provide the following commentary on its activities and an Appendix 5B for the quarter ended 31 December 2021.

### ETHIOPIA TRAVEL

**Megado Gold CEO and Managing Director, Michael Gumbley**, travelled to Ethiopia several times during the most recent quarter. He commented:

*"It was great to be back on the ground in Ethiopia. The country continues to attract substantial investment across industries, particularly in the mining sector. I was fortunate enough to be present at a ceremony celebrating several new mining projects, including the Kurmuk Gold Mine, a deposit originally discovered by Megado's Executive Director, Dr. Chris Bowden."*



#### Megado Gold Ltd

ACN 635 895 082  
ASX: MEG

#### Issued Capital

71.5m Shares  
16.3m Options

#### Australian Registered Address

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PERTH WA 6000 Australia

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E [info@megadogold.com](mailto:info@megadogold.com)  
W [www.megadogold.com](http://www.megadogold.com)

#### Directors

Brad Drabsch (Non-Exec. Chair)  
Michael Gumbley (MD and CEO)  
Chris Bowden (Exec. Tech. Director)  
Marta Ortiz (Non-Exec. Director)  
Aaron Bertolatti (Finance Director)

*The two key takeaways for me were the quality of our staff and the potential of our projects. In short, Megado's staff are excellent. They continually demonstrate profound knowledge of the region's geology, and their counsel is regularly sought from Ministry officials and other exploration companies in the Adola Gold Belt. The fact that almost all of them worked at nearby Lega Dembi or Sakaro, which have produced >3Moz Au, has proven extremely helpful in being able to identify similarities to those major systems and bodes extremely well for Megado's to optimise its portfolio's potential.*

*As important to the future growth of the company, Megado's land portfolio continues to exhibit tremendous promise. At Babicho and Chakata, systematic exploration continues. Given the visual observations in trenching and sampling activities, we expect to expand activities at both sites significantly in 2022. The presence of marked artisanal activity similarly confirms the presence of gold in the area. The team and I are extremely excited for Megado's outlook in 2022."*



Figure 1: The Megado Gold team with local dignitaries in Ethiopia



Overall, harder than usual rains during the rainy season necessitated a reduction in activities at Megado's projects in the Adola Gold Belt. Instead, much of the quarter was applied to modelling structures based on previous activities and continued field reconnaissance. Megado also used this time to advance community development projects which were greatly welcomed by our local partners in the field.



Figure 2: Megado performed maintenance on access roads and other activities for local communities surrounding the Babicho Gold Project

## BABICHO GOLD PROJECT

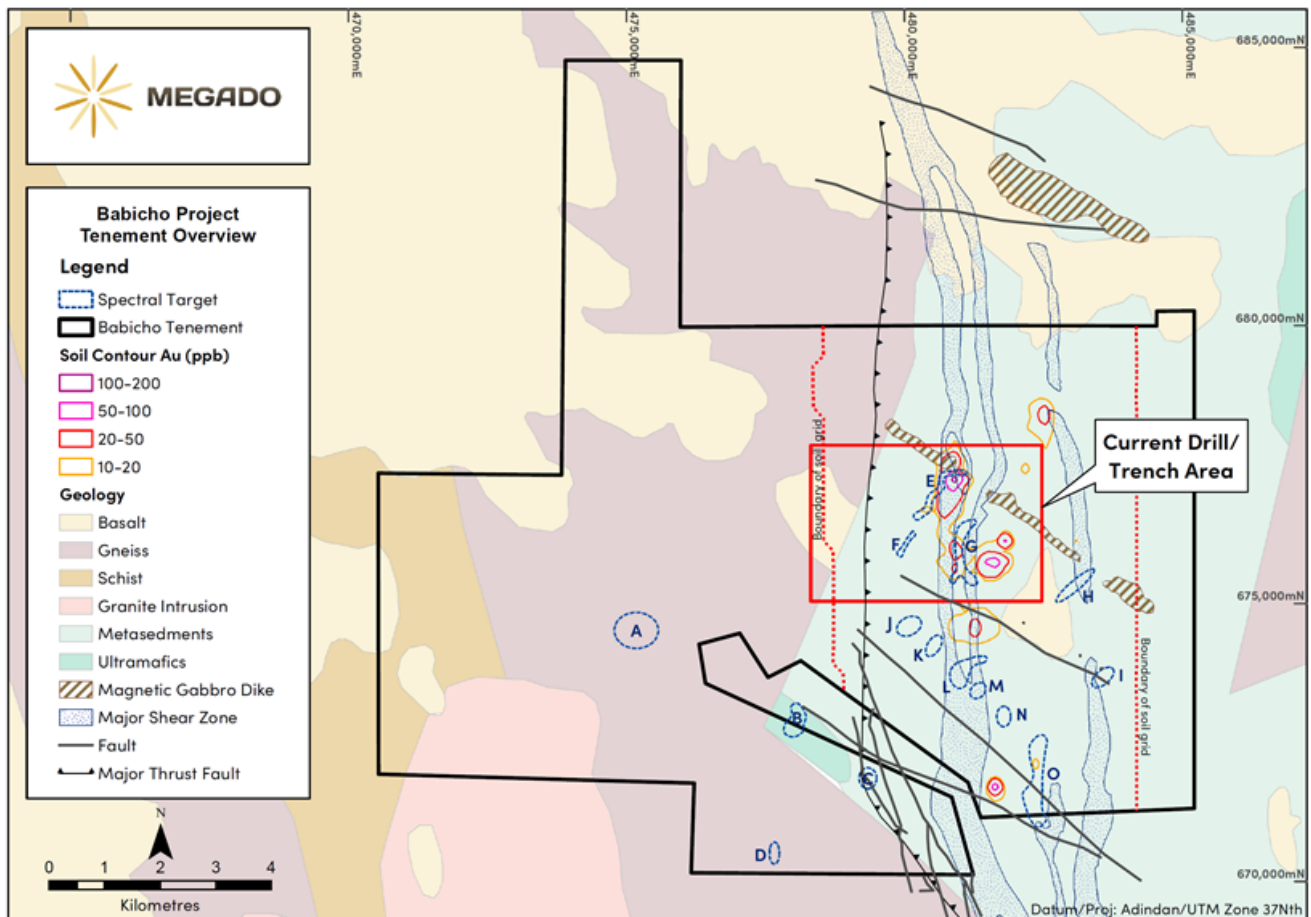


Figure 3: Babicho Gold Project Overview - Silingo Shear in centre (coincident with soil anomaly), Biloya Shear to the east – both part of the tenement scale Babicho Shear Zone, which in turn is part of the belt-wide Lega Dembi-Sakaro Shear Zone.

Megado remains extremely confident of Babicho's potential. Encouraging trenching results, broad mineralisation, and similarities to Lega Dembi's lithology imbue confidence that Babicho has the capacity to host gold deposits of significant scale (see [September 2021 Quarterly Report](#) for a summary). Focus at Babicho has been on the Roba Shakiso Prospect. Roba Shakiso hosts the highly altered Silingo Shear zone that trends north-south and dips primarily to the east with lineation measurements indicating a northerly plunge. This zone will be the target of future exploration work in 2022 with the expectation that gold mineralisation is hosted along the Silingo Shear.

Table 1 - Significant Intercepts from trenching program at the Roba Shakiso Prospect, Babicho Gold Project

Trench ID	From (m)	To (m)	Depth (m)	Au (g/t)
BBTR016	72	102	30	1.06
<i>inc.</i>	96	102	6	3.03
BBTR012	70	91	21	1.46
<i>inc.</i>	80	91	11	2.55
and	45	51	6	1.75
BBTR015	123	137	14	1.09
<i>inc.</i>	123	129	6	2.13
BBTR011	55	85	30	0.84
<i>inc.</i>	71	81	10	2.04

All reported widths are downhole and are not necessarily indicative of true widths.

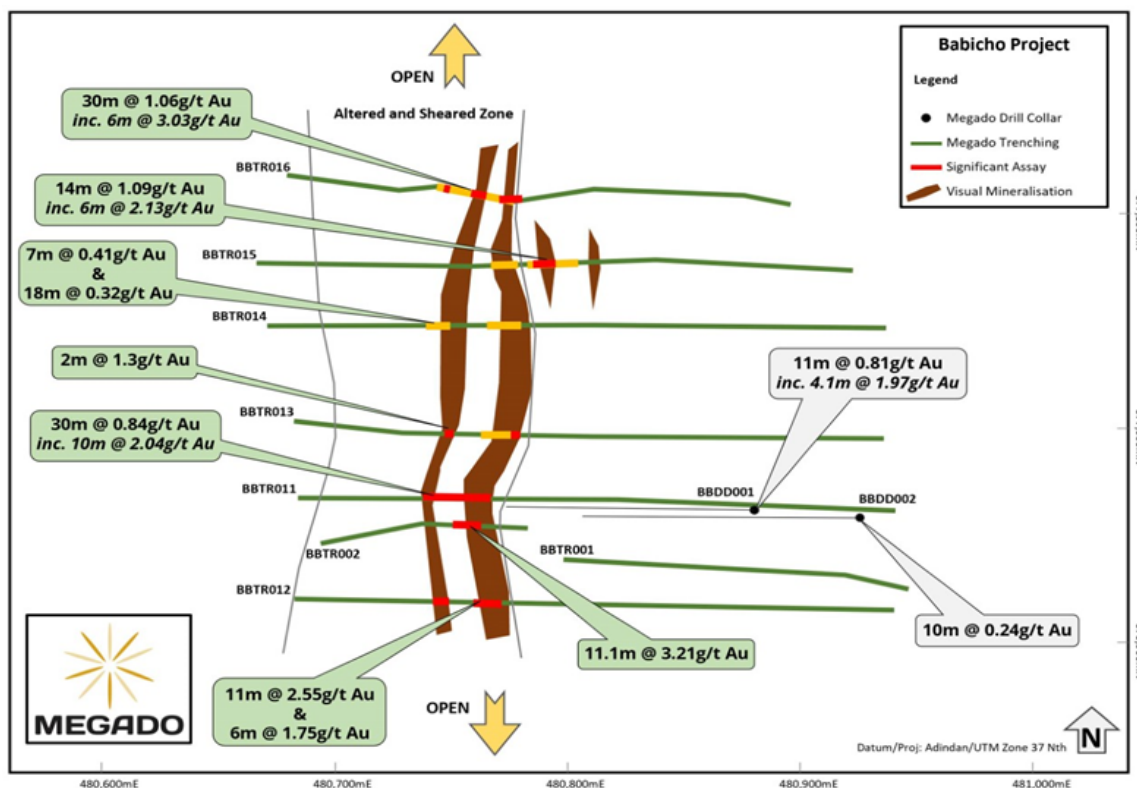


Figure 4: Phase 2 trenching results at the Babicho Gold Project



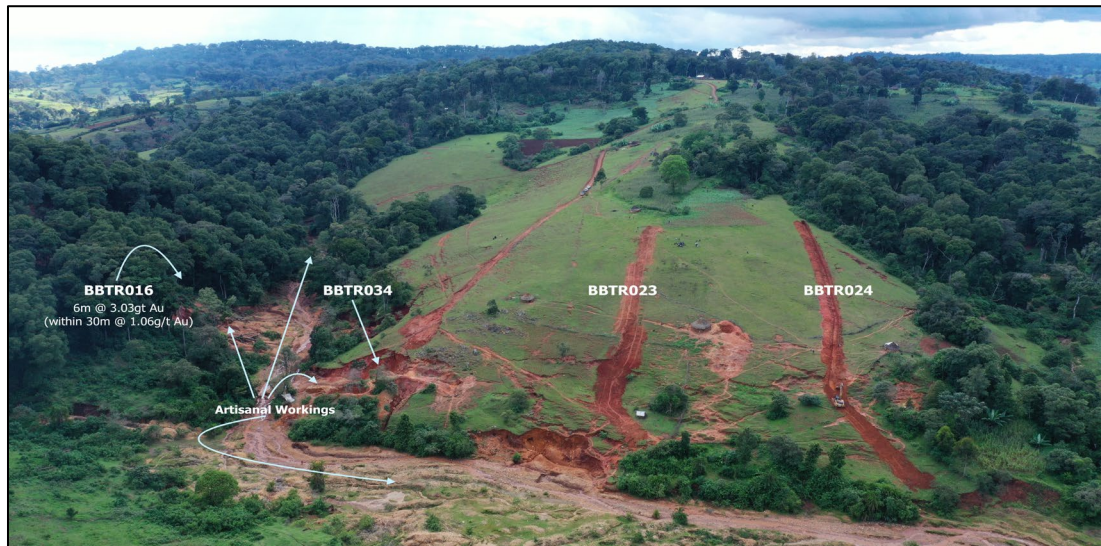


Figure 5: Drone footage overlooking trenching at the Babicho Gold Project.

## CHAKATA GOLD PROJECT

Activities continued at Megado's Chakata Gold Prospect during the quarter. As with Babicho, Megado has a high degree of confidence of having identified the controls to gold mineralisation, particularly at Chakata's GT Prospect. The team continued field reconnaissance and trenching over the quarter with a view to aggregating to as much surface and drill core structural data to assist in building a 3D model of the project's gold mineralisation. Results are expected for these activities in Q1 2022.

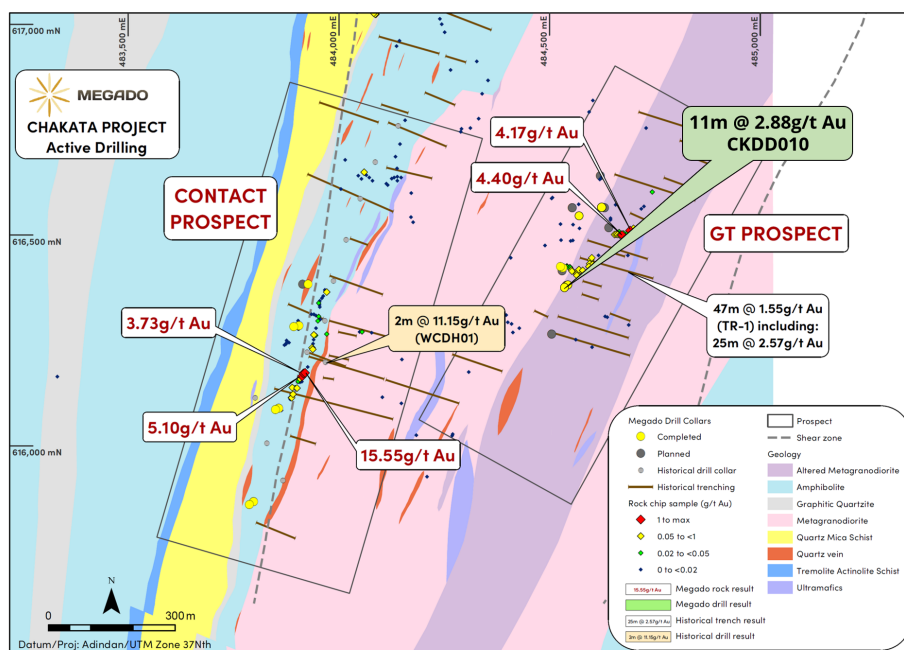


Figure 6: Megado's results at the Contact and GT Prospects, in the Chakata Gold Project's south-east corner

As underlined previously, much work remains for Megado's team at Chakata. The area drill-tested thus far at the GT & CT Prospects represent a mere fraction of the more than 9km of strike that extends through the tenement towards the Sakaro and Lega Dembi gold mines. Drill core at both the CT and GT Prospects consistently produced zones of intense mineralisation similar to that reported at Lega Dembi, including strongly sericite-fuchsite altered and silicified metagranodiorite hosting quartz veins containing up to 3% sulphides (pyrite, chalcopyrite and pyrrhotite). Extensive follow-up activities have been modelled during the most recent quarter with a view to test these quartz veins further in 2022.

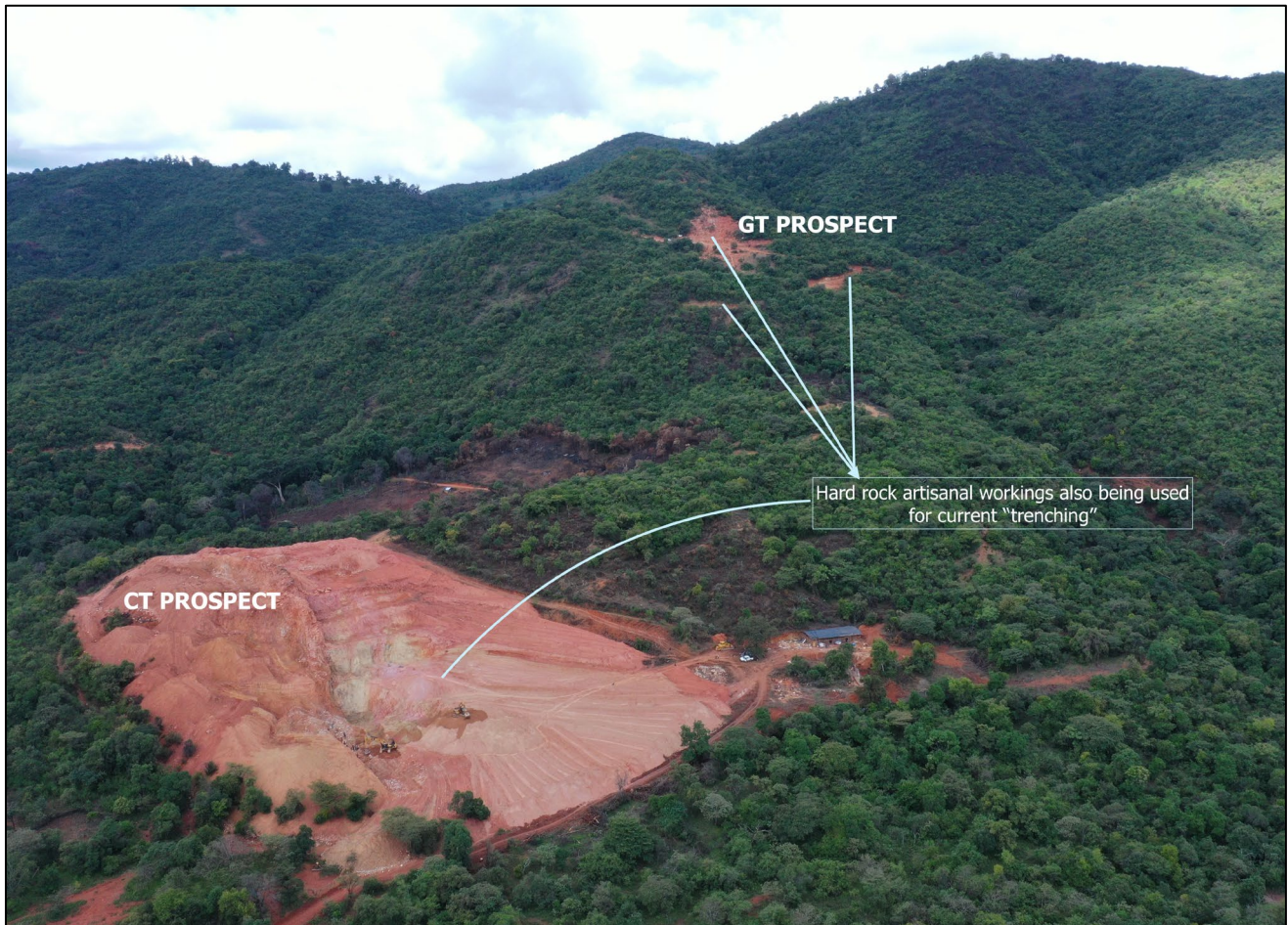


Figure 7: Drone image of the CT & GT Prospects at the Chakata Gold Project



## FINANCIAL COMMENTARY

The Quarterly Cashflow Report (Appendix 5B) for the period ending 31 December 2021 provides an overview of the Company's financial activities.

- The Company had A\$1.24 million in cash at the end of the quarter. This is considered sufficient to fund corporate costs into the second half of 2022 and to also continue exploration activities at the Company's gold assets in southern and western Ethiopia.
- Expenditure on exploration during the reporting period amounted to A\$282k, which included cost associated with sample analysis of \$109k. Payments for administration and corporate costs amounted to \$175K and related to costs for and associated with insurance, investor relations and consulting fees. The aggregate amount of payments to related parties and their associates included in the current quarter cash flows from operating activities was \$126k (refer to Table 3).

## Statement of Commitments

The current quarter is covered by the Statement of Commitments<sup>1</sup> outlined in the Prospectus dated 4 September 2020. A summary of expenditure to date is outlined in Table 2:

**Table 2: Statement of Commitments**

DESCRIPTION	YEAR 1 September 2020 to August 2021	YEAR 2 September 2021 to August 2022	TOTAL	ACTUAL (September 2020 to December 2021)
Acquisitions	-	-	-	-
Sampling Costs	389,919	336,482	726,401	674,692
Remote Sensing	7,917	-	7,917	-
Field Work	52,777	54,888	107,665	485,011
Trenching	98,957	32,986	131,942	15,952
Drilling	1,220,564	1,255,045	2,475,609	1,584,144
Daily Labourers	5,481	5,846	11,327	20,792
Field Office	10,951	11,083	22,034	149,643
Geological Consulting	9,946	7,308	17,254	14,200
Community Investment	66,063	33,078	99,141	73,210
Tenement Fees	18,555	18,555	37,110	36,909
<b>SUB-TOTAL</b>	<b>1,881,130</b>	<b>1,755,270</b>	<b>3,636,400</b>	<b>3,054,554</b>
Estimated expenses of the Offer	587,276	-	587,276	527,994
Directors' fees	646,000	646,000	1,292,000	786,397
General administration fees & working capital	340,682	343,641	684,323	709,270
<b>TOTAL</b>	<b>3,455,089</b>	<b>2,744,911</b>	<b>6,200,000</b>	<b>5,078,215</b>



<sup>1</sup> The above table is a statement of current intentions. Investors should note that the allocation of funds set out in the above table may change depending on a number of factors including the results of exploration, outcome of development activities, regulatory developments and market and general economic conditions. In light of this the Board reserves the right to alter the way the funds are applied.

**Table 3: Payments to Related Parties of the Entity and their Associates**

Item	Current Quarter (A\$)	Previous Quarter (A\$)
<b>Directors' Remuneration</b>		
Managing Director's Fees	46,875	52,083
Non-Executive Chairman's Fees	15,000	12,500
Executive Director Fees	52,875	58,750
Non-Executive Director Fees	11,250	5,000
<b>Total payments to related parties of the entity and their associates</b>	<b>126,000</b>	<b>128,333</b>

**Table 4: Schedule of Tenements**

Tenements	Licence Number	Grant Date	Regional State	Land Area (Km <sup>2</sup> )	Interest (%)
<b>Babicho</b>	EL\00106\2019	26/09/2019	Oromia	131.96	80%
<b>Chakata</b>	MOM\EL\00556\2019	19/08/2020	Oromia	62.08	100%
<b>Chochi</b>	MOM\EL\2013\276	06/01/2014	Benishangul-Gumuz	137.28	80%
<b>Dawa</b>	MOM\EL\00813\2019	19/08/2020	Oromia	41.22	100%
<b>Dermi Dama</b>	MOM\EL\00175\2020	<i>In Application</i>	Oromia	227.32	100%
<b>Mormora</b>	EL\00313\2019	26/09/2019	Oromia	138.98	100%

**Mining Tenements disposed:** Nil

**Beneficial percentage interests held in farm-in or farm-out agreements:** Nil

**Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed:** Nil

### Related ASX Announcements

<b>20211108</b>	<a href="#"><u>Current Situation in Ethiopia</u></a>
<b>20211028</b>	<a href="#"><u>Quarterly Activities Report &amp; Appendix 5B</u></a>
<b>20210924</b>	<a href="#"><u>Encouraging Gold Results at the Chakata Gold Project</u></a>
<b>20210916</b>	<a href="#"><u>Encouraging Trenching Results at Babicho Gold Project Continue</u></a>
<b>20210823</b>	<a href="#"><u>Broad Gold Zones in Second Trenching Program at the Babicho Gold Project</u></a>
<b>20210811</b>	<a href="#"><u>Significant Gold Intercepted in Drilling at the Chakata Gold Project</u></a>
<b>20210610</b>	<a href="#"><u>High-Grade Gold in Rocks Returned from Chakata Gold Project</u></a>
<b>20210506</b>	<a href="#"><u>High-Grade Gold in Trenches at Babicho Gold Project</u></a>
<b>20210422</b>	<a href="#"><u>Visible Mineralisation Intersected at the Chakata Gold Project</u></a>
<b>20210323</b>	<a href="#"><u>Megado Accelerates Exploration Activities at Chakata Gold Project</u></a>
<b>20210217</b>	<a href="#"><u>Drilling Commences at the Chakata Gold Project</u></a>
<b>20201217</b>	<a href="#"><u>Quartz Veining with Visible Sulphides Intersected at Babicho</u></a>
<b>20201201</b>	<a href="#"><u>Maiden Drilling Program Underway at Babicho Gold Project</u></a>
<b>20201112</b>	<a href="#"><u>High-Grade Gold Indicated at Chakata Gold Project Ethiopia</u></a>

**-ENDS-**

**Authorised for release by:** Michael Gumbley, MD and CEO.

**For further information on the Company and our projects, please visit:** [www.megadogold.com](http://www.megadogold.com)

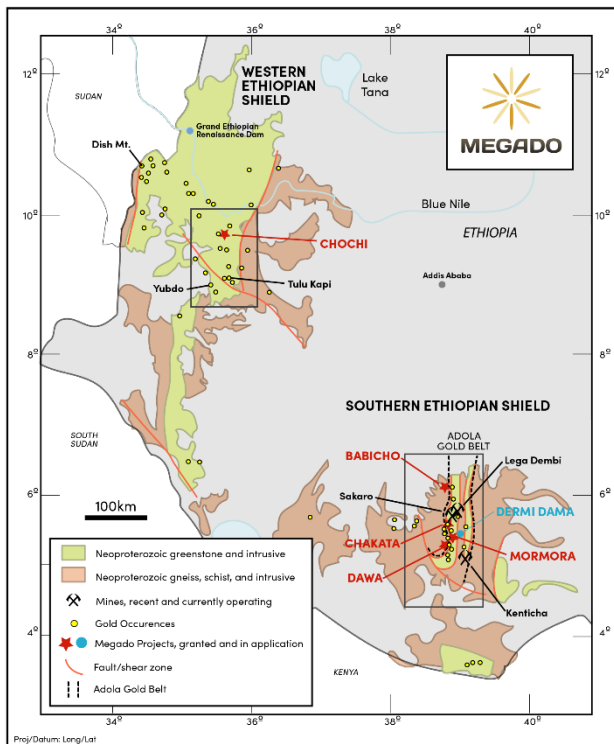
### Contact:

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## About Megado Gold

Megado Gold Ltd is an ASX listed company with five high-quality gold exploration assets covering 511km<sup>2</sup> and one licence application covering 227km<sup>2</sup> 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.

## 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.



## APPENDIX 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

**MEGADO GOLD LIMITED**

ABN

**74 632 150 817**

Quarter ended ("current quarter")

**31 December 2021**

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(137)	(530)
	(e) administration and corporate costs	(175)	(1,008)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(312)</b>	<b>(1,531)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(d) exploration & evaluation	(282)	(2,239)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) - reclamation bond	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(282)</b>	<b>(2,239)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) - Repayment of convertible debt securities	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,832	5,021
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(312)	(1,531)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(282)	(2,239)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	(13)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,238</b>	<b>1,238</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	230	824
5.2	Call deposits	1,008	1,008
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,238</b>	<b>1,832</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	126
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
- Payment of Directors Fees and Remuneration - \$126k		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(312)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(282)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(594)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,238
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,238

8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.1
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 January 2022



Authorised by: Aaron Bertolatti – Director & Company Secretary

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.



3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the *[name of board committee – eg Audit and Risk Committee]*". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

