



 **Megado**
MINERALS

ABN 74 632 150 817

Interim Financial Report

30 June 2022





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CORPORATE DIRECTORY

DIRECTORS AND OFFICERS

Bradley Drabsch (Non-Executive Chairman)
Aaron Bertolatti (Finance Director and Company Secretary)
Michael Gumbley (Non-Executive Director)
Chris Bowden (Non-Executive Director)
Greg Schifrin (Non-Executive Director)
Ben Pearson (Chief Executive Officer)

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
Level 9, Mia Yellagonga Tower 2,
5 Spring Street
PERTH WA 6000

STOCK EXCHANGE

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

WEBSITE

www.megadogold.com



DIRECTORS REPORT

The Directors present their report for Megado Minerals Limited (formerly Megado Gold Limited) (“Megado Minerals” or “the Company”) and its subsidiaries (“the Group”) for the period ended 30 June 2022.

DIRECTORS

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

- Bradley Drabsch (Non-Executive Chairman)
- Aaron Bertolatti (Finance Director and Company Secretary)
- Michael Gumbley (Non-Executive Director)
- Chris Bowden (Non-Executive Director)
- Greg Schifrin (Non-Executive Director) – appointed 15 June 2022
- Marta Luisa Ortiz Ortega (Non-Executive Director) – resigned 31 May 2022

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 Minerals is an ASX-listed company with a recent rare earth acquisition in Idaho, USA and gold assets in Ethiopia.

In June 2022, Megado completed the acquisition 100% of the rights, title and interest in the North Fork Rare Earth Project (‘North Fork’), located in the mining-friendly Idaho Cobalt Belt region of Idaho, USA. North Fork consists of 499 claims (granted and in application), covering approximately 10,309 acres (42km²) with outcropping, high-grade, rare earth element (REE) mineralised rock. It contains multiple carbonatite-hosted, high-grade, REE mineralised veins that have been observed at surface across numerous prospects over 10km along strike. Previous exploration has returned exceptional grades in channel samples. REE mineralisation displayed at North Fork is high-grade and enriched in critical rare earths (CREE), (typically: Nd, Pr, Dy, Tb, Y). Idaho, where North Fork is located, is ranked the best mining policy jurisdiction in the world in 2020 by Fraser Institute.

In Ethiopia, the Company has five granted high-quality gold exploration assets covering 511km² and one licence application covering 227km² in southern and western Ethiopia.

REVIEW OF OPERATIONS

North Fork Rare Earth Project

In the six months to 30 June 2022, Megado focused on its acquisition of a high-grade Rare Earth Element (REE) project in Idaho, USA (‘North Fork’). This acquisition has been finalised, key management and board changes have been made, funds have been raised, and exploration at North Fork has commenced.

Recent Activities

A field team is currently conducting a broad scale sampling and mapping program at North Fork following a recent site visit by the Company Chair, Bradley Drabsch. (ASX Announcement 15 June 2022) During Mr Drabsch’s visit, outcropping carbonatite veins, up to 3m wide, were located (Figure 2). Veins of this type have been channel sampled historically at Silver King and yielded TREO (Total Rare Earth Oxide) assays of up to 2m @ 10.3% including the much sought after CREO (Critical Rare Earth Oxide component – typically Y +Nd+Tb, Dy+Er) assaying up to 1.2% within the same interval.



The exploration process at North Fork has commenced. During this summer season, the Company is aiming to complete a number of initial work programs including:

- Broad scale surface sampling aimed at the generation of future targets for more detailed exploration.
- First pass geological mapping and rock sampling aided using scintillometers. These devices allow the rapid identification of areas of Thorium enrichment which may indicated the presence of REE bearing veins.
- Maiden diamond drilling at the Silver King Prospect (subject to various statutory approval processes).

The Company has a team of geologists and field assistants, led by Greg Schifrin, available to complete the work programs at North Fork.

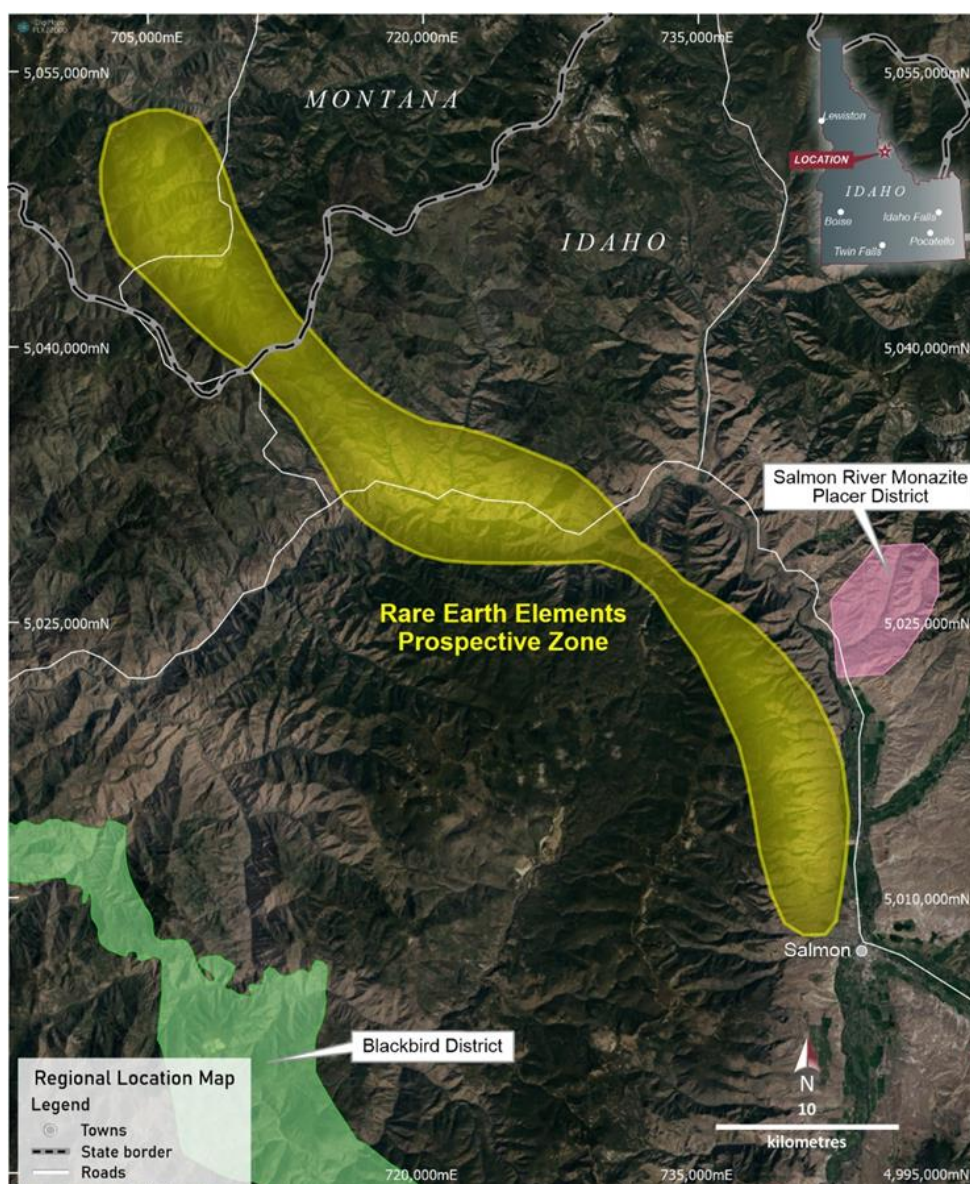


Figure 1: Rare Earth Elements Prospective Zone within Idaho, USA



Ethiopia Gold Projects

In February 2022, the Company announced that the Babicho Gold Project's second phase trenching program had been completed.

Trenching Results at the Babicho Gold Project

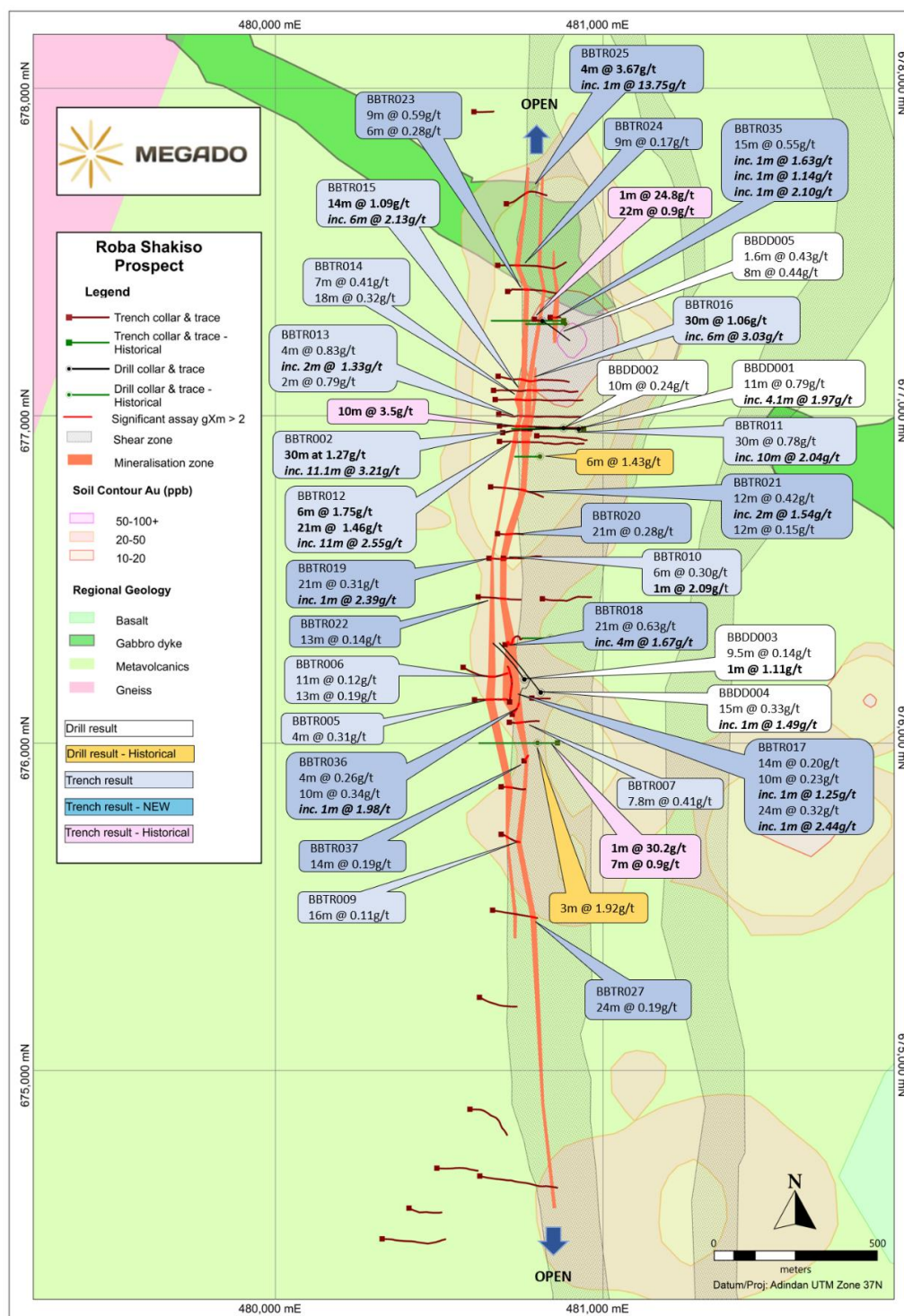


Figure 3: Phase 2 trenching results at the Babicho Gold Project



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

Trench ID	From (m)	To (m)	Width (m)	Au (g/t)
BBTR002	44	74	30	1.27
<i>inc.</i>	59	70.1	11.1	3.21
BBTR005	89	93	4	0.31
BBTR006	93	104	11	0.12
<i>and ^</i>	130	143	13	0.19
BBTR007	23.2	31	7.8	0.41
BBTR009	46	62	16	0.11
BBTR010	2	8	6	0.30
<i>and</i>	37	38	1	2.09
BBTR011	55	85	30	0.84
<i>inc.</i>	71	81	10	2.04
BBTR012	70	91	21	1.46
<i>inc.</i>	80	91	11	2.55
<i>and</i>	45	51	6	1.75
BBTR013	70	74	4	0.83
BBTR014	75	82	7	0.41
	97	107	10	0.48
BBTR015	123	137	14	1.09
<i>inc.</i>	123	129	6	2.13
BBTR016	72	102	30	1.06
<i>inc.</i>	96	102	6	3.03
BBTR017	34	48	14	0.20
BBTR017	61	71	10	0.23
BBTR017	87	111	24	0.32
<i>inc.</i>	102	103	1	2.44
BBTR018	22	43	21	0.63
<i>inc.</i>	38	42	4	1.67
BBTR019	31	52	21	0.31
<i>inc.</i>	41	42	1	2.39
BBTR020	27	48	21	0.28
BBTR021	94	106	12	0.42
<i>inc.</i>	103	105	2	1.54
BBTR023	54	63	9	0.59
BBTR025	71	75	4	3.67
<i>inc.</i>	72	73	1	13.75
BBTR027	108	132	24	0.19
BBTR035	8	23	15	0.55
<i>inc.</i>	21	22	1	2.10
BBTR036	30	40	10	0.34
BBTR037	6	20	14	0.19

[^] BBTR006: 143m end of trench, intercept ends in mineralisation – 1m @ 0.61g/t Au
All reported widths are downhole/along trench and are not necessarily indicative of true widths.

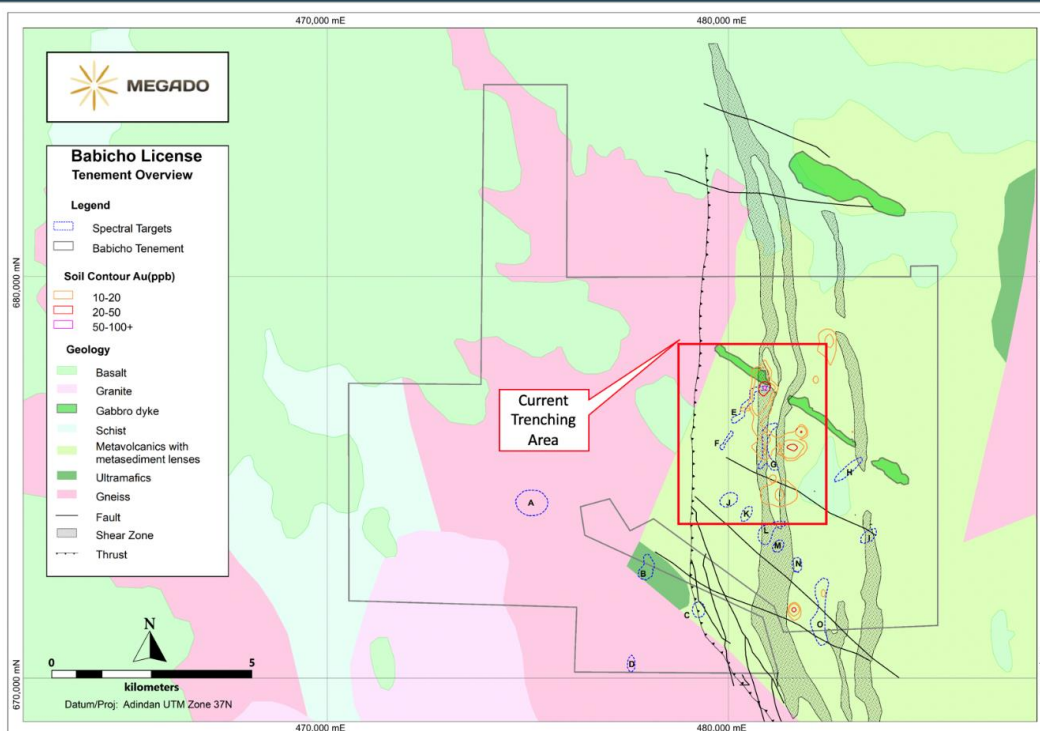


Figure 4: Babicho Gold Project Overview. Silingo Shear in centre (coincident with soil anomaly), Biloya Shear to east – both part of the tenement scale Babicho Shear Zone, of which is part of the belt-wide Lega Dembi-Sakaro shear zone.

Impairment of Evaluation Expenditure

Following a review by directors during the period, it was decided that exploration and evaluation expenditure in relation to the Company’s Ethiopian projects would be written down to nil. The Board has taken this approach as a result of the resumption of conflict in Northern Ethiopia, underwhelming exploration results received to date and a shift in focus to the newly acquired North Fork Rare Earths Project in Idaho, USA (refer note 3).

Project Portfolio Expansion

Megado is in the process of generating new critical minerals project ideas and investigating further opportunities to add to the project portfolio across the United States. The Company looks forward to updating the market if and when these new opportunities present themselves.

Corporate

Felix Strategic Minerals Acquisition Completed

Megado completed its acquisition of 100% of the issued share capital of Felix Strategic Minerals Pty Ltd (FSM) in June. FSM, through its wholly owned subsidiary, Felix Strategic Minerals LLC, holds the contractual rights to acquire 100% of the rights, title and interest in the North Fork Rare Earth Project, Idaho, USA.

The consideration paid by the Company for the acquisition of FSM included:

1. 32,000,000 fully paid ordinary shares in Megado and 5,000,000 options with an exercise price of \$0.15 and expiring on 31 December 2024 (Securities); and
2. The reimbursement of expenses incurred up to A\$700,000 cash.



A\$2.4m Share Placement Completed

In June 2022, Megado announced it had successfully completed a A\$2.4M (before costs) placement to institutional and sophisticated investors. The Placement, which comprised 30 million shares at an issue price of \$0.08 per share, was approved by shareholders at the company's AGM held on 31 May 2022. The Placement was conducted by CPS Securities Limited (CPS) as Lead Manager and was strongly supported by existing and new institutional and high net worth investors. The funds raised will enable Megado to complete an initial exploration program at the North Fork Rare Earth Project.

Key Board and Management Changes

Ben Pearson was appointed as new CEO, effective 13 June 2022. Ben has over 17 years' experience in industry specialising in environmental impact assessment, pollution control and toxicology. His management experience involves senior positions with non-government organisations, environmental regulators, consultancies, academia and private industry.

Ben has project managed several large-scale infrastructure projects throughout his career including regional water supply schemes, open cut and underground coal mines, wastewater treatment facilities and several major road projects. In 2018, Ben established Oteba Pty Ltd to provide specialist advice for junior mining companies. Recent projects include work for Black Rock Mining (ASX: BKT), Marimaca (TSE: MARI), OKLO Resources (ASX: OKU) and Emmerson PLC (EMS: LON).

Greg Schifrin was appointed Non-Executive Board Director, effective 15 June 2022. Mr Schifrin has previously owned claims at North Fork and has extensive experience in the North American exploration and mining space having led numerous listed and private ventures over his extensive career. Greg has worked as a geologist and manager for over 30 years in the mining and mineral exploration industry and has provided technical services and project management for major and junior mining companies. He is a registered professional geologist in the State of Washington. Mr. Schifrin resides in Sandpoint, Idaho.

Megado Co-Founder, Managing Director and CEO, Michael Gumbley, stepped aside as CEO. Michael has been instrumental in establishing the Ethiopian Project and leading the Company since its inception. He continues with the Company as a Non-Executive Director and remains committed to ensuring that the Ethiopian portfolio value is maximised into the future.

Dr Chris Bowden stepped back from his role as Executive Technical Director but remains engaged with Megado as both a Non-Executive Director and consultant to the Company on an as needed basis.

Ms Marta Luisa Ortiz Ortega resigned as a Non-Executive Director of the Company effective Tuesday, 31 May 2022.

Related ASX Announcements

21 June 2022: Felix Strategic Minerals Acquisition Completes

15 June 2022: Carbonatites located at Surface at North Fork Project, Idaho

7 June 2022: MEG Raises A\$2.4m to Fund Initial Exploration at North Fork

14 April 2022: MEG to Acquire US High-Grade Rare Earth Element Project

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Following shareholder approval at the Company's Annual General Meeting held on 31 May 2022, the Company commenced proceedings to change its name from Megado Gold Limited to Megado Minerals Limited. The effective date for the change of Company Name on the ASX was 7 July 2022. There was no change to the Company's ASX listing code (ASX: MEG).



No other matter or circumstance has arisen since 30 June 2022 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 10 and forms part of this Directors' report for the half-year ended 30 June 2022.

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.

Brad Drabsch
Non-Executive Chairman
Perth, Western Australia
13 September 2022

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

As lead auditor for the review of Megado Minerals Limited for the half-year ended 30 June 2022, 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 Minerals Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 13 September 2022



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
Continuing Operations			
Interest income		205	5,784
Expenses			
Professional and consulting fees		(169,911)	(100,565)
Director and employee costs		(242,500)	(265,320)
Other expenses		(61,243)	(145,485)
Share-based payments expense	8	(542,474)	(9,773)
Loss on foreign exchange		-	(13,050)
Travel and accommodation		(38,172)	(20,695)
Payroll tax expense		(150,000)	-
Impairment of exploration expenditure	3	(6,132,690)	-
Loss before income tax		(7,336,785)	(549,104)
Income tax expense		-	-
Net loss for the year		(7,336,785)	(549,104)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		136,877	(231,512)
Other comprehensive income for the period, net of tax		136,877	(231,512)
Total comprehensive loss for the period		(7,199,908)	(780,616)
Loss for the period attributable to:			
Members of the parent entity		(7,336,785)	(549,104)
Non-controlling interests		(436,730)	-
		(7,773,515)	(549,104)
Total comprehensive loss for the period attributable to:			
Members of the parent entity		(7,197,475)	(728,714)
Non-controlling interests		(2,433)	(51,902)
		(7,199,908)	(780,616)
Loss per share			
Basic and diluted loss per share (cents)		(9.50)	(0.77)

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 2022

	Note	30-Jun-22 \$	31-Dec-21 \$
Current Assets			
Cash and cash equivalents		2,036,478	1,238,301
Other assets		17,404	38,167
Receivables		68,125	20,961
Total Current Assets		2,122,007	1,297,429
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	3,511,397	6,034,352
Total Non-Current Assets		3,511,397	6,034,352
Total Assets		5,633,404	7,331,781
Current Liabilities			
Trade and other payables	4	408,391	164,616
Provisions		150,000	-
Total Current Liabilities		558,391	164,616
Total Liabilities		558,391	164,616
Net Assets		5,075,013	7,167,165
Equity			
Issued capital	5	14,474,747	9,389,259
Reserves	6	1,569,627	971,319
Accumulated losses	7	(10,969,361)	(3,632,576)
Capital and Reserves Attributable to Owners of the parent entity		5,075,013	6,728,002
Non-controlling interest		-	439,163
Total Equity		5,075,013	7,167,165

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 2022

	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 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
Balance at 1 January 2022	9,389,259	(3,632,576)	(84,491)	1,055,810	6,728,002	439,163	7,167,165
Total comprehensive loss for the period							
Loss for the period	-	(7,336,785)	-	-	(7,336,785)	(436,730)	(7,773,515)
Foreign currency translation	-	-	139,310	-	139,310	(2,433)	136,877
Total comprehensive loss for the period	-	(7,336,785)	139,310	-	(7,197,475)	(439,163)	(7,636,638)
Transactions with owners in their capacity as owners							
Shares issued during the period	5,280,000	-	-	-	5,280,000	-	5,280,000
Proceeds from issue of options	-	-	-	5	5	-	5
Cost of issue	-	-	-	54,512	54,512	-	54,512
Share-based payments (note 8)	(194,512)	-	-	404,481	209,969	-	209,969
Balance at 30 June 2022	14,474,747	(10,969,361)	54,819	1,514,808	5,075,013	-	5,075,013

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 2022

	30-Jun-22 \$	30-Jun-21 \$
Cash flows from operating activities		
Payments to suppliers and employees	(358,380)	(635,666)
Interest received	205	5,784
Net cash used in operating activities	(358,175)	(629,882)
Cash flows from investing activities		
Payments for exploration expenditure	(1,151,617)	(1,641,269)
Proceeds from acquisition of subsidiary	47,964	
Net cash used in investing activities	(1,103,653)	(1,641,269)
Cash flows from financing activities		
Proceeds from issue of shares	2,400,000	-
Proceeds from issue of options	5	-
Payments for share issue costs	(140,000)	-
Net cash provided by financing activities	2,260,005	-
Net increase / (decrease) in cash and cash equivalents	798,177	(2,271,151)
Cash and cash equivalents at the beginning of the period	1,238,301	5,021,401
Effect of exchange rate fluctuations on cash	-	(13,050)
Cash and cash equivalents at the end of the period	2,036,478	2,737,200

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 Minerals Limited (“Megado Minerals” or “the Company”) for the half-year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 13 September 2022. Megado Minerals 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 2022 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 2021 and any public announcements made by Megado Minerals 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) Going Concern

The entity does not currently generate operating revenues as its mineral exploration projects are in the exploration phase. A major focus of the Board and management is therefore on ongoing cash flow management to ensure that the Company has sufficient funds to cover its planned activities and any ongoing obligations. As disclosed in the financial statements, the Company incurred a loss of \$ 7,336,785 and had net cash outflows from operating and investing activities of \$358,175 and \$1,103,653 respectively for the period ended 30 June 2022. As at that date, the Company had net current assets of \$1,563,616.

The ability of the entity to continue as a going concern is dependent on successfully raising additional capital.

This condition indicates a material uncertainty that may cast a significant doubt about the entity’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

The Directors believe that there will be sufficient funds available to continue to meet the Company’s working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations as they have reasonable grounds to believe that they will be able to complete any required future capital raising and/or achieve any of the above funding alternatives.



The entity has prepared the financial statements on a going concern basis based on the Company's past success in raising capital from investors and the ability to reduce expenditure should it be required. Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

d) 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.

e) 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-2022	31-Dec-2021
	\$	\$
3. Deferred exploration and evaluation expenditure		
<i>Exploration and Evaluation phase - at cost</i>		
Opening balance	6,034,352	3,855,566
Acquisition of exploration tenements	3,142,217 ¹	-
Exploration and evaluation expenditure incurred during the period	818,415	2,578,797
Exploration expenditure written off	(6,132,690) ²	-
Foreign exchange translation difference	(350,897)	(400,011)
Closing balance	3,511,397	6,034,352

¹On 20 June 2022, the Company completed the acquisition of 100% of the rights, title and interest in the North Fork Rare Earth Project, Idaho, USA (Project). The consideration paid to the vendors for the acquisition included:

1. The reimbursement of expenses totaling A\$400,210; and
2. 32,000,000 fully paid ordinary shares and 5,000,000 options with an exercise price of \$0.15 and expiring on 31 December 2024. The value of the options issued to the vendor was \$182,007 and has been valued using the Black-Scholes option pricing model. The model inputs included:
 - a. expected life of 2.5 years;
 - b. share price at grant date of \$0.08;
 - c. expected volatility of 100%;
 - d. expected dividend yield of nil; and
 - e. a risk-free interest rate of 3.29%.

²Following a review by directors during the period, it was decided that exploration and evaluation expenditure in relation to the Company's Ethiopian projects would be written down to nil. The impairment expense recognised during the period was \$6,132,690. The Board has taken this approach as a result of the resumption of conflict in Northern Ethiopia, underwhelming exploration results received to date and a shift in focus to the newly acquired North Fork Rare Earths Project in Idaho, USA.



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.

	30-Jun-2022	31-Dec-2021
	\$	\$
4. Trade and other payables		
Trade payables	388,391	140,616
Accruals	20,000	24,000
	408,391	164,616

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	14,474,747	9,389,259

(b) Movements in ordinary shares on issue

	30-Jun-2022		31-Dec-2021	
	No. shares	\$	No. shares	\$
Opening balance	71,500,003	9,389,259	71,500,003	9,389,259
Issue of shares - \$0.08 placement	30,000,000	2,400,000	-	-
Issue of shares - corporate advisor	4,000,000	320,000 ¹	-	-
Shares issued as consideration for acquisition	32,000,000	2,560,000 ²	-	-
Transaction costs on share issue	-	(194,512)	-	-
Closing balance	137,500,003	14,474,747	71,500,003	9,389,259

¹4,000,000 shares were issued to a corporate advisor as a facilitation fee for the North Fork Rare Earth Project acquisition. The deemed issue price was \$0.08 per share.

²32,000,000 fully paid ordinary shares were issued to Felix Strategic Minerals Pty Ltd as consideration for the acquisition of the North Fork Rare Earth Project claims and applications. The deemed issue price was \$0.08 per share (refer note 3).

(c) Share options as at 30 June 2022

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
10,500,000	\$0.15	on or before 31 December 2024
2,500,000	\$0.15	on or before 30 June 2027
29,250,000		

	30-Jun-2022	31-Dec-2021
	\$	\$
6. Reserves		
Share based payment and option reserve	1,514,808	1,055,810
Foreign exchange translation reserve	54,819	(84,491)
	1,569,627	971,319



	30-Jun-2022	31-Dec-2021
	\$	\$
Movements in Reserves		
<i>Share based payment and option reserve</i>		
Opening balance	1,055,810	1,011,454
Share-based payments	404,481	44,356
Proceeds from issue of options	5	-
Transaction costs on share issue	54,512	-
Closing balance	1,514,808	1,055,810

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	(84,491)	276,683
Foreign exchange translation difference	139,310	(361,174)
Closing balance	54,819	(84,491)

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	(3,632,576)	(2,607,653)
Loss for the period	(7,336,785)	(1,024,923)
Closing balance	(10,969,361)	(3,632,576)

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-2022	30-Jun-2021
	\$	\$
Employee and Director share based payments (note 8(a))	84,823	9,773
Reversal of share based payments following lapsing of options	(44,356) ¹	-
Share based payments to suppliers (note 8(b))	236,519	-
Options issued as consideration for acquisition	182,007 ²	-
Movement in share option reserve	458,993	-
Shares issued to corporate advisors	320,000 ³	-
Share-based payments recognised	778,993	9,773

¹ 800,000 options exercisable at \$0.30 on or before 30 June 2025 lapsed unexercised during the period as vesting conditions were not met.

² 5,000,000 options with an exercise price of \$0.15 and expiring on 31 December 2024 were issued to Felix Strategic Minerals Pty Ltd as consideration for the acquisition of the North Fork Rare Earth Project claims and applications.

³ 4,000,000 shares were issued to a corporate advisor as a facilitation fee for the North Fork Rare Earth Project acquisition. The deemed issue price was \$0.08 per share.



Share-based payment transactions have been recognised within the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial positions as follows:

	30-Jun-2022	31-Dec-2021
	\$	\$
Share-based payment expense	542,474	9,773
Deferred exploration & evaluation expenditure	182,007	-
Issued capital – transaction costs on share issue	54,512	-
	778,993	9,773

(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 2022:

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
14/06/22	30/6/27	\$0.15	-	2,500,000	-	-	2,500,000	1,250,000 ¹

¹ The options will vest in two tranches on the vesting dates set out below provided the option holder has remained continuously employed by the Company from the Commencement Date up to and on the vesting date:

1. Vesting Date 1: The first tranche (50%) will vest immediately following the Consultant's formal appointment as CEO of the Company.
2. Vesting Date 2: The second tranche (50%) will vest to the Consultant on the earlier of the following:
 - i. Inclusion of two additional stand-alone projects into the Company portfolio
 - ii. 24 months from commencement.

The expense recognised in respect of the above options granted during the period was \$84,823 which represents the fair value of the options. The weighted average fair value of options issued to suppliers during the period was \$0.066.

The model inputs, not included in the table above, included:

- a) Options were issued for nil consideration;
- b) expected life of the options is 5 years;
- c) share price at grant date was \$0.091;
- d) expected volatility of 100%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 0.5%.



(c) Supplier share based payments

during the half-year ended 30 June 2022, the Company issued options to lead managers for services rendered during the period. These options have been valued using the Black-Scholes option pricing model.

The table below summarises options granted during the half-year ended 30 June 2022:

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
19/04/22	31/12/24	\$0.15	-	500,000	-	-	500,000	500,000
20/06/22	31/12/24	\$0.15	-	5,000,000	-	-	5,000,000	5,000,000
			-	5,500,000	-	-	5,500,000	5,500,000

The expense recognised in respect of the above options granted during the period was \$236,519 which represents the fair value of the options. The weighted average fair value of options issued to suppliers during the period was \$0.043.

The model inputs, not included in the table above, included:

- Issue price of the options ranged from nil to \$0.00001 per option;
- expected life of the options ranged from 2.5 to 2.7 years;
- share price at grant date ranging from \$0.08 to \$0.175;
- expected volatility of 100%;
- expected dividend yield of nil; and
- a risk-free interest rate of ranging from 0.5% to 3.29%.

9. 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 critical minerals. The main geographic areas that the entity operates in are Australia, USA and Ethiopia. The parent entity is registered in Australia. The Group's exploration assets are located in the USA and Ethiopia. The following table presents revenue, expenditure and certain asset and liability information regarding geographical segments for the half-years ended 30 June 2022 and 30 June 2021:

	Australia \$	USA \$	Ethiopia \$	Total
Half year ended 30 June 2022				
Other income	204	-	-	204
Segment revenue	204	-	-	204
Result				
Loss before tax	(1,204,095)	-	(6,132,690)	(7,336,785)
Income tax expense	-	-	-	-
Loss for the half year	(1,204,095)	-	(6,132,690)	(7,336,785)
Asset and liabilities				
Segment assets	2,055,037	3,511,397	66,970	5,633,404
Segment liabilities	558,391	-	-	558,391



	Australia \$	USA \$	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

10. Dividends

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

11. Contingent assets and liabilities

The Directors are not aware of any new contingent liabilities or assets as at 30 June 2022. There has been no change in contingent liabilities or assets since the last annual reporting date.

12. Commitments

There are no known contractual commitments as at 30 June 2022.

13. Significant events after the reporting date

Following shareholder approval at the Company's Annual General Meeting held on 31 May 2022, the Company commenced proceedings to change its name from Megado Gold Limited to Megado Minerals Limited. The effective date for the change of Company Name on the ASX was 7 July 2022. There was no change to the Company's ASX listing code (ASX: MEG).

No other matter or circumstance has arisen since 30 June 2022 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.



DIRECTORS DECLARATION

In the opinion of the Directors of Megado Minerals 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 2022 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.

Brad Drabsch
Non-Executive Chairman
Perth, Western Australia
13 September 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Megado Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Megado Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



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 2022 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

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line. The letters 'BDO' are written in small, light blue ink above the signature.

Phillip Murdoch

Director

Perth, 13 September 2022



ABOUT MEGADO MINERALS

Megado Minerals Ltd (ASX:MEG) (the Company or Megado) is an ASX-listed company with a recent rare earth acquisition in Idaho, USA and highly prospective gold assets in Ethiopia.

In June 2022, Megado completed the acquisition 100% of the rights, title and interest in the North Fork Rare Earth Project ('North Fork'), located in the mining-friendly Idaho Cobalt Belt region of Idaho, USA. North Fork consists of 499 claims (granted and in application), covering approximately 10,309 acres (42km²) with outcropping, high-grade, rare earth element (REE) mineralised rock. It contains multiple carbonatite-hosted, high-grade, REE mineralised veins that have been observed at surface across numerous prospects over 10km along strike. Previous exploration has returned exceptional grades in channel samples. REE mineralisation displayed at North Fork is high-grade and enriched in critical rare earths (CREE), (typically: Nd, Pr, Dy, Tb, Y). Idaho, where North Fork is located, is ranked the best mining policy jurisdiction in the world in 2020 by Fraser Institute.

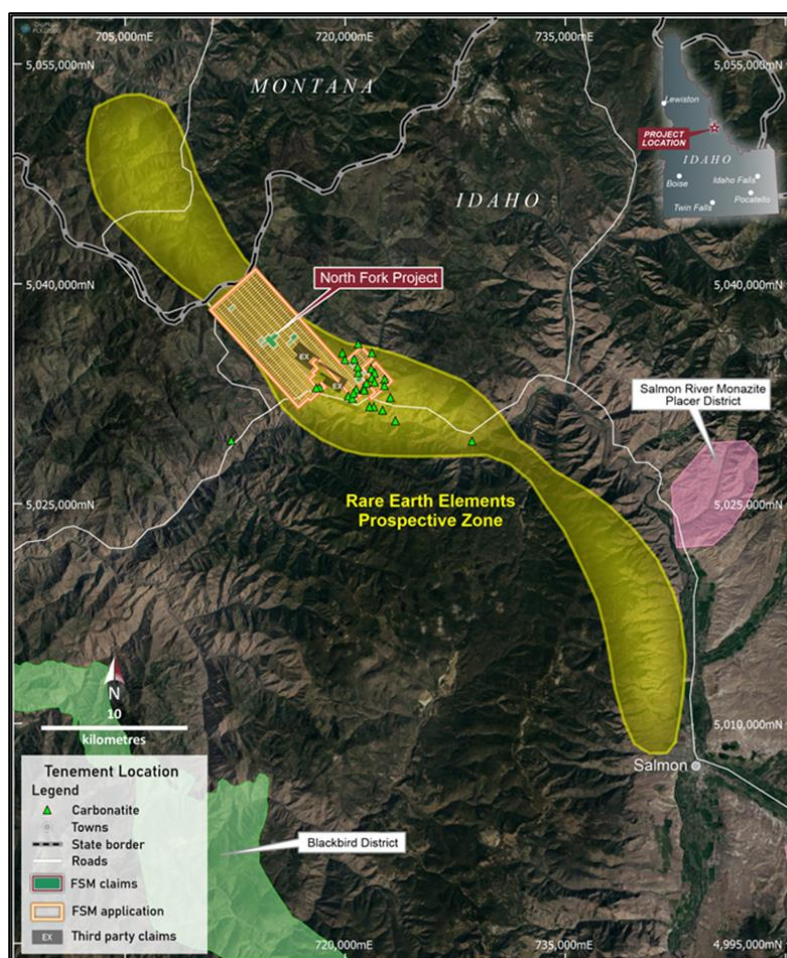


Figure 1: The North Fork Project area within Idaho, USA

In Ethiopia, the Company has five granted high-quality gold exploration assets covering 511km² and one licence application covering 227km² in southern and western Ethiopia.



IMPORTANT INFORMATION AND DISCLAIMERS

Forward Looking Statements

This report 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.



megadominerals.com.au

Level 12, 197 St Georges Terrace,
Perth, Western Australia 6000

info@megadominerals.com.au