



 **Megado**
MINERALS

ABN 74 632 150 817

Interim Financial Report

30 June 2023

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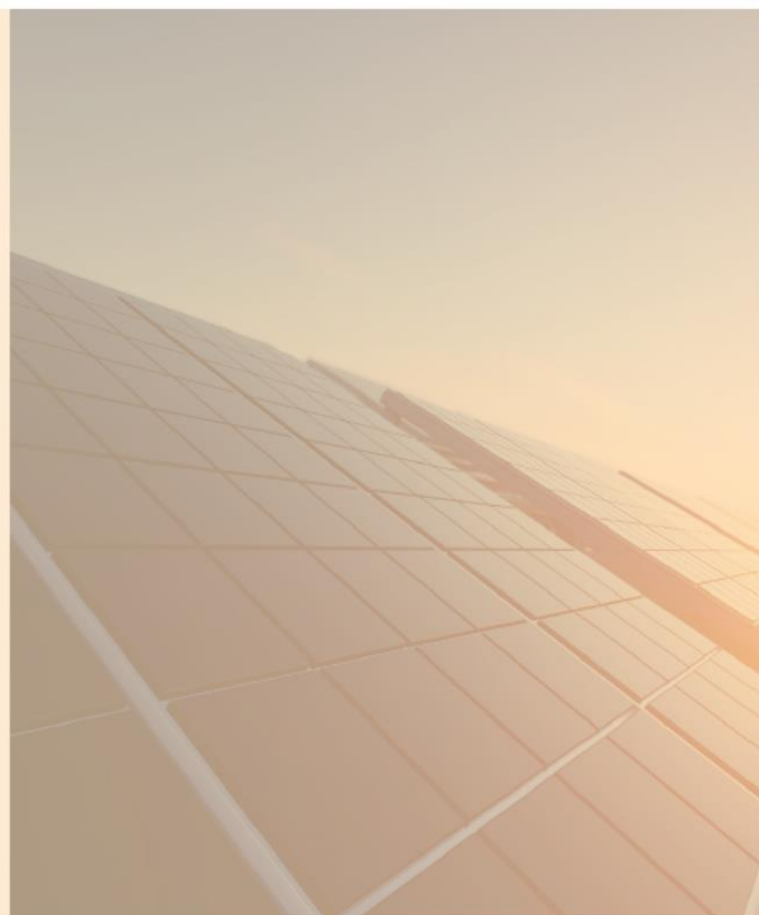




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CORPORATE DIRECTORY

DIRECTORS AND OFFICERS

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

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.megadominerals.com

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DIRECTORS REPORT

The Directors present their report for Megado Minerals Limited (“Megado Minerals” or “the Company”) and its subsidiaries (“the Group”) for the period ended 30 June 2023.

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)
- Ben Pearson (Managing Director) - appointed 16 February 2023
- Aaron Bertolatti (Finance Director and Company Secretary)
- Michael Gumbley (Non-Executive Director)
- Chris Bowden (Non-Executive Director) - resigned 16 February 2023
- Greg Schifrin (Non-Executive Director) - resigned 16 February 2023

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 is an ASX listed mineral exploration company with a portfolio of exploration assets that underpin growth and provide exceptional opportunities for the Company with a focus on adding value through cost effective exploration and discovery. Concurrent with progressing its North American projects, the Company is continually evaluating additional exploration and development projects globally to add to its current portfolio.

REVIEW OF OPERATIONS

Cyclone Lithium Project

On 17 February 2023, Megado entered into a formal and binding agreement with DG Resource Management Ltd (DGRM) to acquire the Cyclone Lithium Project in the James Bay region, Quebec, Canada (Cyclone Project). The Project is centred on the Aquilon Greenstone Belt and has had limited historical exploration (Figures 1 & 2). The Project is highly prospective for lithium, massive nickel sulphides and orogenic gold. The James Bay region is emerging as one of the world’s premier hard rock lithium districts.

About Cyclone

The Cyclone Project encompasses 130km² (13,166 ha) and includes 304 claims (Figure 3). Located within Category-III lands, the Cyclone Project does not carry any restrictions relating to mining or exploration according to the James Bay Agreement. The Project area is easily accessible year-round via the Trans Taiga Road, which transects the southern portion of the Project area. The north-western portion of the Project is proximal to the La Forge 1 Road.

The James Bay region is rapidly developing into a world class lithium, caesium, tantalum (LCT) pegmatite district. Patriot Battery Metals Inc (TSX-V:PMET) (Corvette), Winsome Resources Limited (ASX: WR1) (Adina & Cancet Projects), Cosmos Exploration Limited (ASX: C1X) (Corvette Far East) and Loyal Lithium (ASX: LLI) (Trieste), among others, are all active in the area. The Cyclone Project is immediately adjacent to Sirios Resources (TSX-V: SOI) (Aquilon Gold Project).



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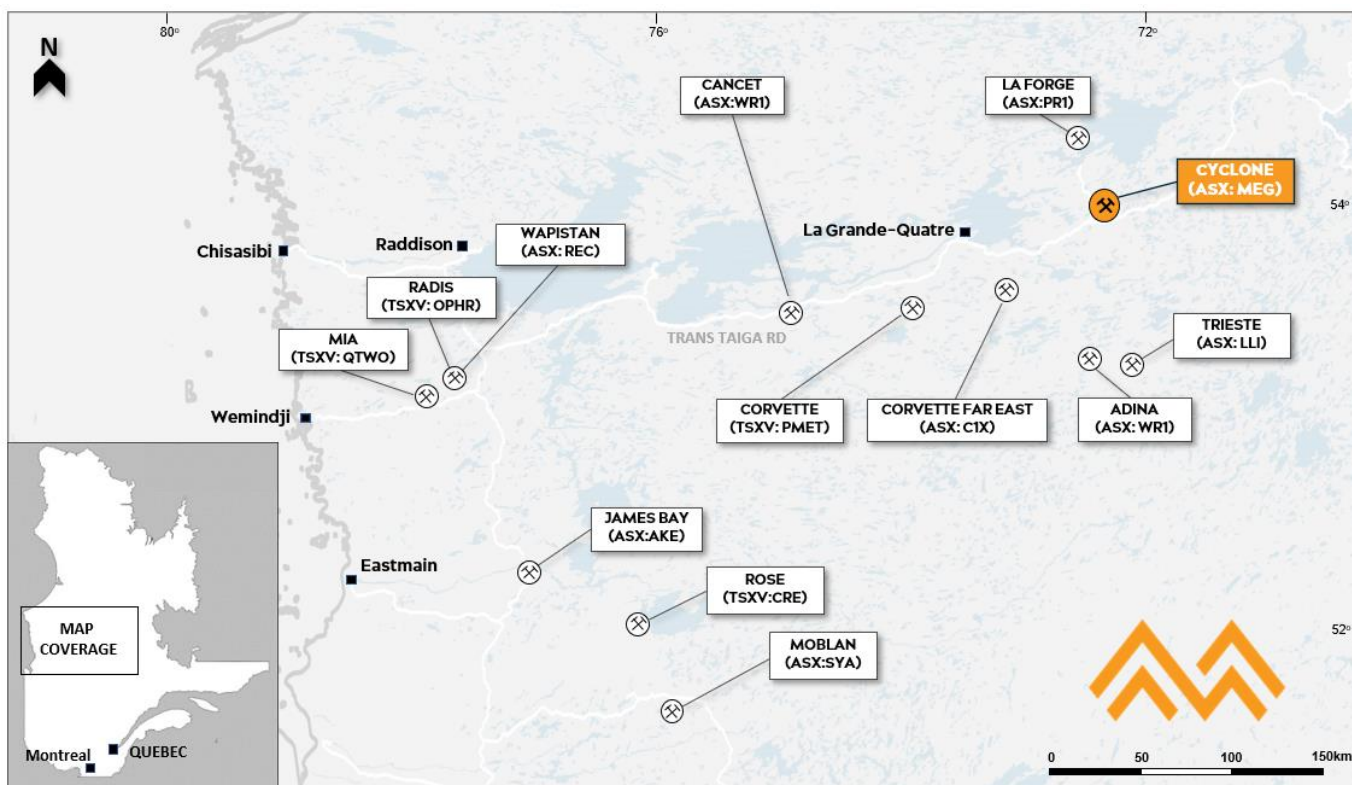


Figure 1: Location of the Cyclone Lithium Project in the James Bay region, Quebec, Canada.

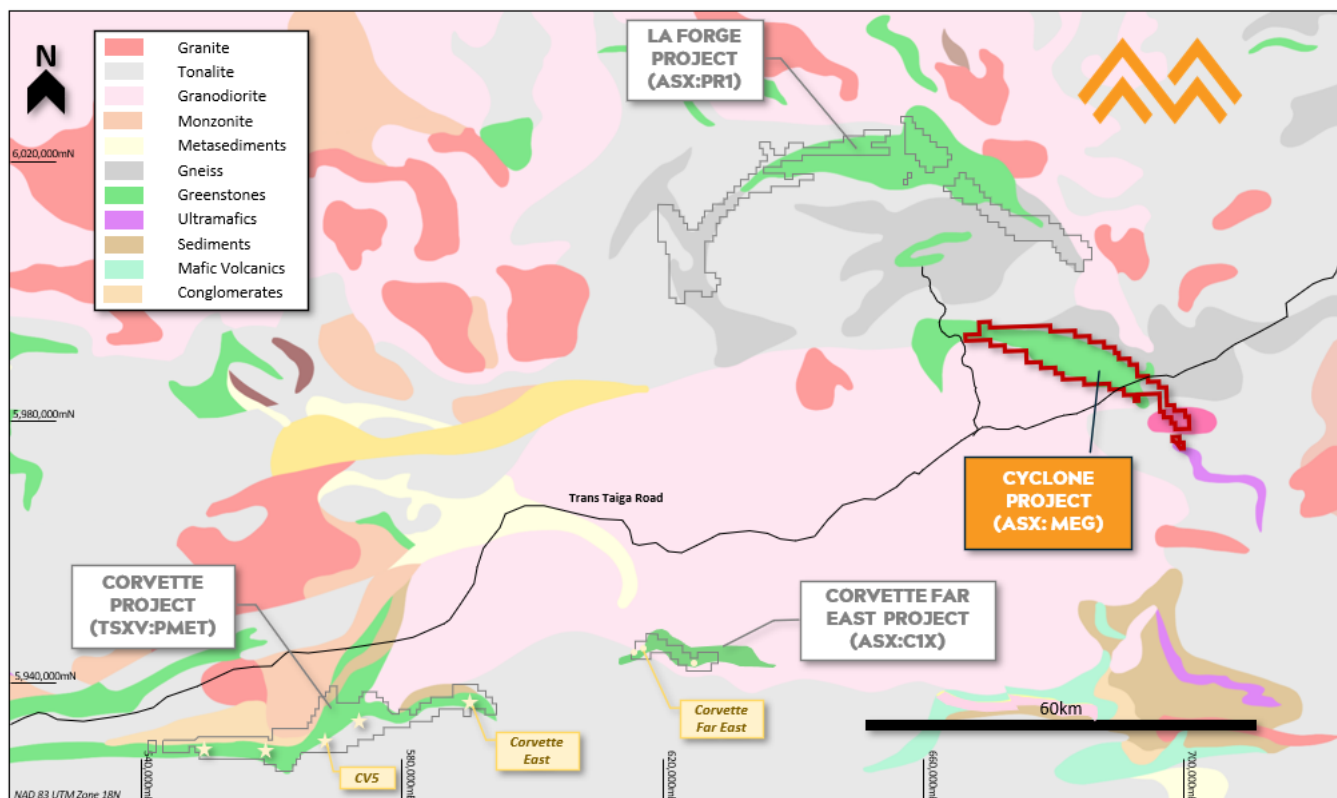


Figure 2: Regional geology – Cyclone Lithium Project, James Bay region, Quebec.



Project Geology

The Cyclone Project is within the La Grande Sub province, a subdivision of the Superior Province. Within the Project area are two folded Greenstone belts. These include:

- The northern La Forge Greenstone Belt which consists of paragneisses with minor conglomerates and felsic tuffs.
- The southern Aquilon Greenstone Belt which consist of metabasalts, komatiites, metasediments and calc alkaline felsic rocks.

The Aquilon Belt (Cyclone Project) varies in width from 2 - 5 km and is over 50 km long. Lithologies include tholeiitic metabasalts, ultramafic lavas, iron formation, metasediments and felsic volcanics. Plutonic rock of varying composition along with quartz veins, diabase and pegmatitic dykes crosscut rocks of the volcano sedimentary basin. Lithologies have undergone considerable deformation, faulting, and folding.

Lithium Mineralisation

Geochemical sampling at the Cyclone Project for lithium mineralisation is limited. Historical data did not include analyses for lithium or typical LCT pegmatite 'pathfinders'. Government and industry mapping previously identified several 'pegmatites' throughout the Aquilon Greenstone belt, including a large (> 1km long) pegmatite within the adjacent Aquilon Project of Sirius Resources.

The unsampled (and poorly documented) pegmatites host significant potential for LCT mineralisation. Recent discoveries within the region include PMET's Corvette Project and WR1's Adina and Cancet Projects.

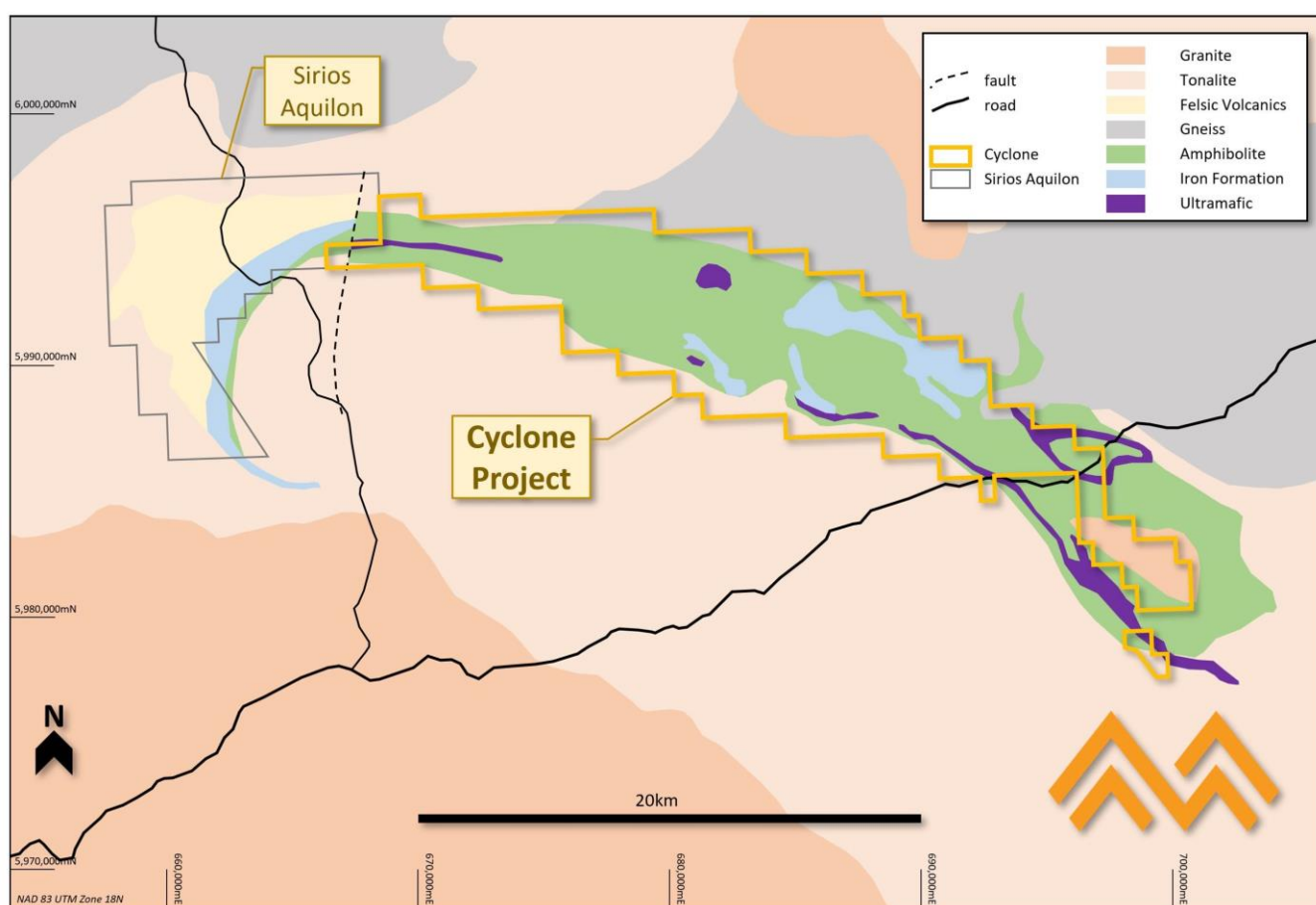


Figure 3: Cyclone Lithium Project – Prospect Geology.



Other Minerals

Gold

Two types of gold mineralisation have been identified within the western part of the Aquilon Greenstone belt at the Sirios Aquilon Property. These include:

1. High grade vein-type gold mineralisation:
 - Auriferous quartz and carbonate veins within felsic rocks.
 - Associated with felsite's and disseminated pyrite halos.
2. Low grade gold mineralisation:
 - Associated with bands of disseminated sulphides (Py-Po) with some anomalous copper and zinc values.

Ongoing exploration by Sirios Resources, including historical drilling, trenching and rock sampling from the Aquilon Greenstone Belt, reveals significant gold values (refer to public releases by Sirios Resources for further details TSX-V: SOI).

Nickel

Historical rock sample data from the Aquilon Greenstone Belt shows considerable anomalous nickel values for the Cyclone Project. Large volumes of ultramafic rock suggest good potential for magmatic sulphide mineralisation (Ni +/- PGE's).

Aerial Geophysics

In 2022, DG Resource Management conducted a high-resolution airborne TDEM + magnetic survey over the Cyclone Project area (Figure 4). The survey highlighted broad zones of magnetic rock associated with high conductivity which coincide with historical rock samples with assay values >1,000 ppm Ni. This indicates strong potential for a relationship with massive sulphide mineralisation and will be followed up on the ground in due course.

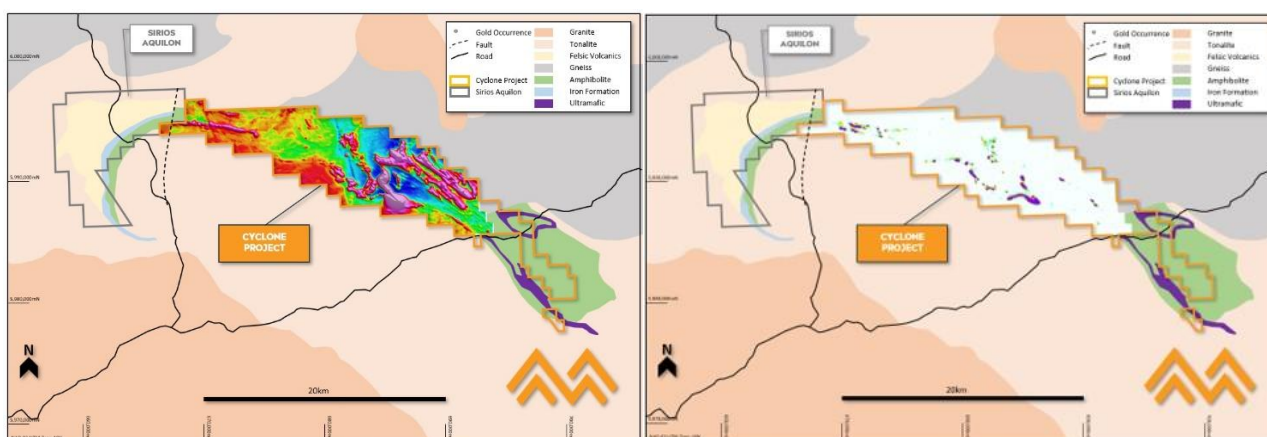


Figure 4: Aeromagnetic (left) and airborne EM (right) provides excellent baseline data and immediately available targets prospective for both gold and nickel.

Exploration Activities

Remote sensing investigations at the Cyclone Project were initiated during Q1 2023 to determine the potential for lithium bearing pegmatites and to identify targets for an inaugural field programme. Remote sensing investigations included a detailed interpretation of hyperspectral imagery by Terra Resources and detailed structural and topographic analysis by Geosense.

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Hyperspectral analysis by Terra identified 415 occurrences of potential lithium bearing pegmatite within the Cyclone Project area (refer to ASX Announcement 17 April 2023). Data analysis identified nine (9) semi-contiguous clusters of occurrences within the greenstone belt. Clusters varied in size but are generally over 4 km in length, with individual targets in the order of 10's to 100's of metres in length. Several clusters were observed in close proximity to the Trans-Taiga Rd (see Figure 5).

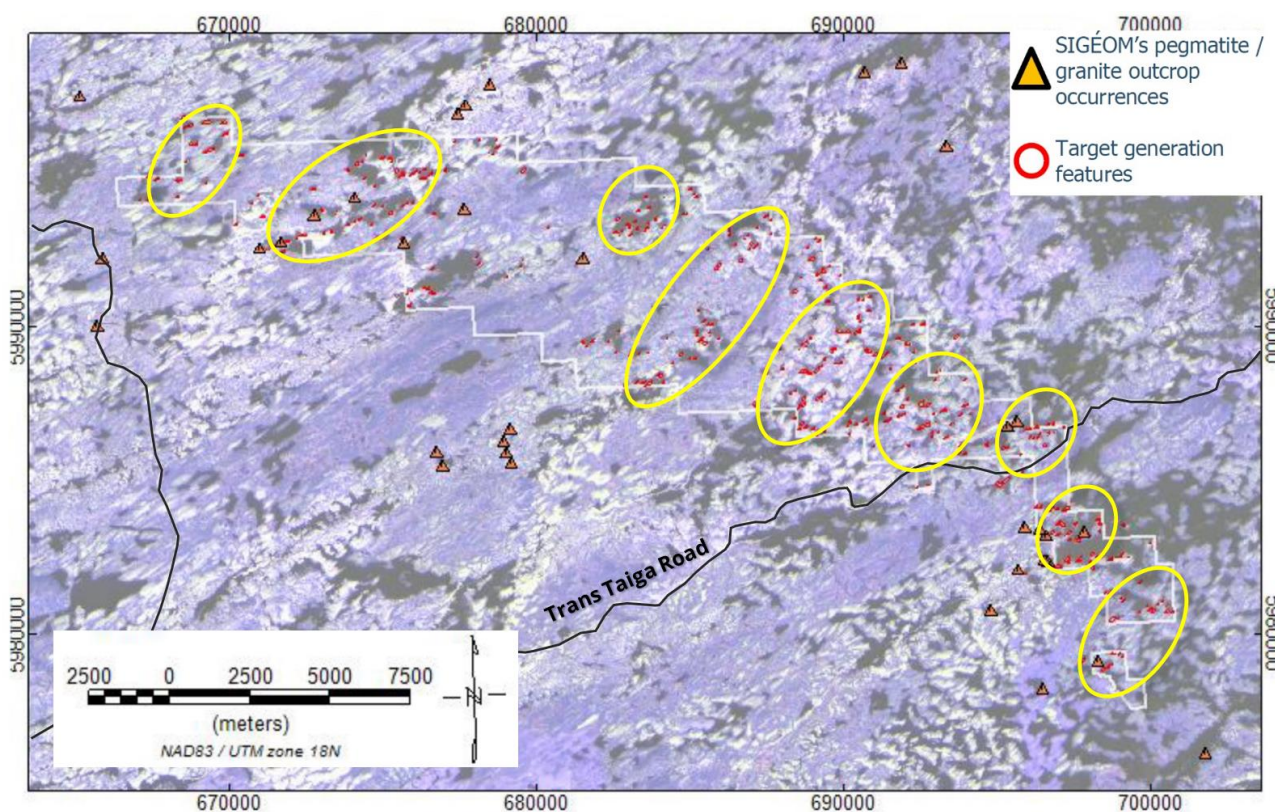


Figure 5: Aster band combination imagery over the Cyclone project, with potential lithium bearing pegmatite targets in red (n=415), identified by Terra Resources. The 415 occurrences appear to cluster within nine (9) distinct areas.

Subsequent to the hyperspectral analysis, a separate structural and topographic study was undertaken by Geosense using high resolution satellite imagery. This work identified 272 distinct outcrop targets indicating the possible presence of pegmatites (see Figure 6). These locations were ranked according to interpreted levels of certainty. Rankings are as follows: Highly Probable (30), Probable (100) and Possible (142).

The work by Geosense identified a clear NW-SE trend to the identified pegmatites. This observation correlates with previous government mapping within the belt. The interpreted pegmatites appear to have the same orientation as the greenstone belt and, as with the previously reported spectral work, occur in clusters. Several of the pegmatites interpreted by Geosense overlap with the hyperspectral targets identified by Terra Resources, thus providing high level of confidence that there are lithium bearing pegmatites in the project area.

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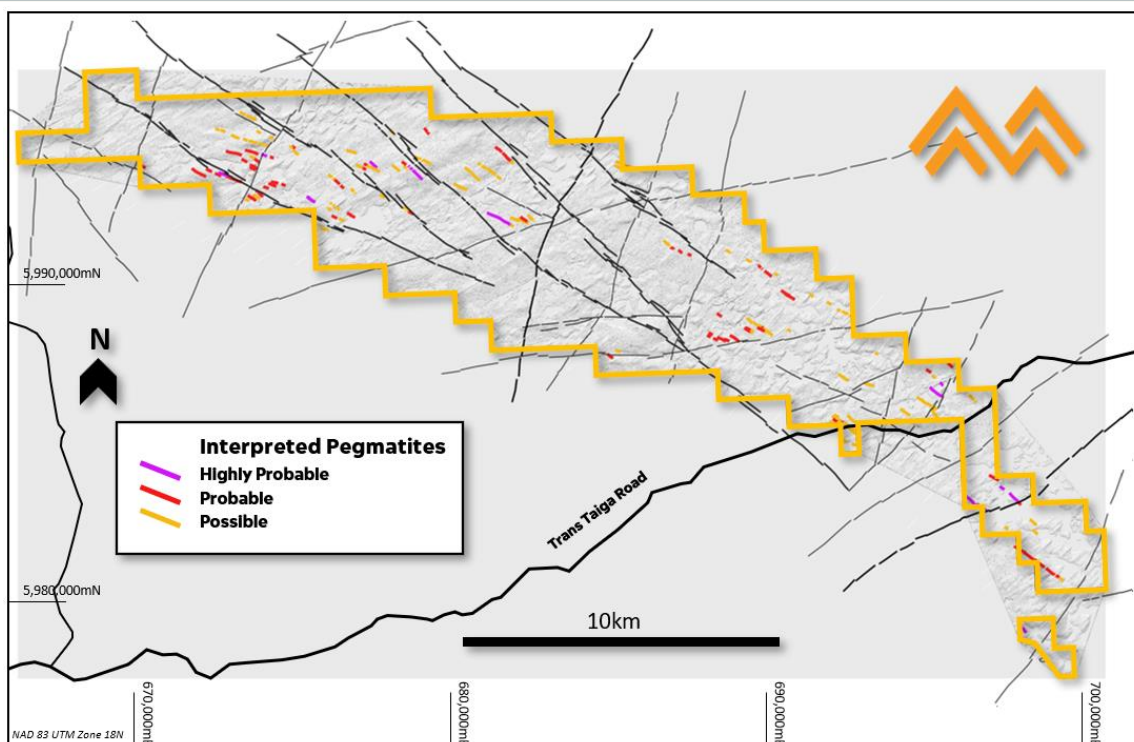


Figure 6: Cyclone Project: newly interpreted imagery by Geosense has yielded targets that have been ranked according to levels of pegmatite probability classified as: Highly Probable, Probable, Possible.

A compilation of the combined datasets (hyperspectral and detailed structural/topographic) was used to identify numerous priority targets requiring further investigation during proposed field investigations (see Figure 7).

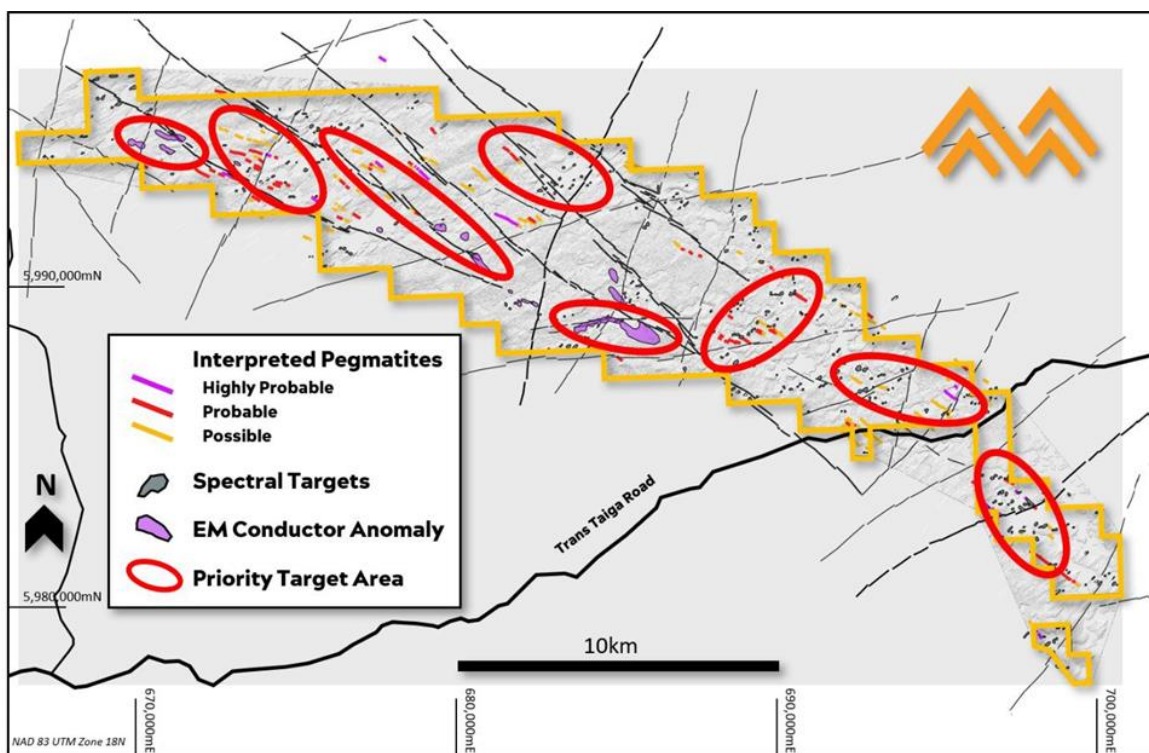


Figure 7: Cyclone Project with multiple targeting datasets, highlighting priority areas for Phase I fieldwork.



The Company announced that fieldwork for the Cyclone Project would commence in mid-June 2023. (refer to ASX Announcement 29 May 2023.) However, the planned start was postponed due to wildfires in Quebec (refer to ASX Announcement 6 June 2023).

On 21 August 2023, Megado's in-country exploration partner, Dahrouge Geological Consulting (DGC), remobilised and commenced a maiden field exploration program at the Cyclone Project (Phase 1). During the Phase 1 fieldwork 30% of the project area was traversed and sampled. Forty-one (41) pegmatite targets were discovered. Rock samples collected from the Phase 1 fieldwork were sent to the laboratory for assay. Pending assay results, Megado anticipates planning an initial drill program with drilling anticipated to commence this winter season (2023/2024).

North Fork Rare Earth Project

About North Fork

The North Fork Rare Earth Project is located approximately 40km north-west of Salmon, Idaho and consists of 526 claims covering an area of approximately 45 km². The North Fork Project has several historical prospect areas warranting further exploration. These include carbonatite-hosted, high-grade, REE mineralised veins. Previous exploration has returned exceptional grades in channel samples (see previous ASX release):

- o Silver King Prospect: 2m @ 10.3% TREO incl. 1.2% CREO; and 2m @ 5.8% TREO; and 1.52m @ 17.7% TREO
- o Jackpot Prospect: 0.76m @ 21.5% TREO; and 0.76m @ 14.5% TREO
- o Monazite Queen Prospect: 0.91m @ 21% TREO; and 3m @ 2.16% TREO

North Fork, Idaho REE Project Additional Claims Secured

As announced on 27 February 2023, the Company acquired twenty-two (22) new lode claims at its North Fork Rare Earth Project in Idaho. Forty-eight (48) new lode claims were also acquired in the vicinity of Johnson Creek, Montana, USA.

Exploration Activities

The Company continues to liaise with the USDA Forest Service in relation to the Plan of Operations required for its maiden drill program at Silver King. An Inter Disciplinary Team (IDT) meeting between the Company, the USDA Forest Service and other agencies is scheduled to occur at the proposed drill location in late-September 2023. The IDT meeting will provide an opportunity for agency representatives to understand the proposed Plan of Operations and provide specific recommendations/advice ahead of drill permitting and approval. Megado has assembled a team of locally based industry professionals to assist with stakeholder management.

Megado has completed a detailed airborne hyperspectral survey of its North Fork tenements (VNIR-SWIR 320 bands at 1.5 metre resolution) to identify additional carbonatite outcrops and REE mineralisation within the project area. Data acquisition has been completed and data processing is underway. Final results are expected in late September 2023.

Ethiopian Gold Projects

Megado continues to investigate divestment options for the Ethiopian suite of Projects.

Project Portfolio Expansion

Megado continues to investigate further opportunities to add to the project portfolio across North America. The Company looks forward to updating the market if and when these new opportunities present themselves.



Corporate

Cyclone Lithium Project Acquisition Completed

Megado completed its acquisition of 100% of the Cyclone Lithium Project in Quebec, Canada in April 2023. The consideration paid by the Company for the acquisition included:

- A cash payment of CA\$250,000 (excluding GST).
- 45,000,000 fully paid ordinary shares (Consideration Shares) subject to the following escrow restrictions:
 - a. 10% of the Consideration Shares (4,500,000 Shares) will be freely tradeable from the date of issue.
 - b. 45% of the Consideration Shares (20,250,000 Shares) will be subject to 6 months escrow from the date of issue.
 - c. 45% of the Consideration Shares (20,250,000 Shares) will be subject to 12 months escrow from the date of issue.
- 7,000,000 options to acquire fully paid ordinary shares in the capital of the Company, exercisable at AUD\$0.10 on or before the date that is three (3) years after the date of issue; and
- A 2% net smelter royalty over minerals extracted from the Project.

The Company also entered into a consulting agreement with Dahrouge Geological Consulting Ltd (DGC), a related party of DGRM. DGC will conduct geological activities on the Project on behalf of Megado for a period of 36 months from the date of execution of the formal and binding agreement.

Capital Raising

The Company conducted a capital raising through a conditional placement to professional and sophisticated investors of 60,000,000 shares at an issue price of \$0.045 per share to raise \$2.7m (before costs) (**Placement**).

CPS Securities Limited (CPS) acted as Lead Manager to the Placement. The Company paid CPS the following capital raising fees:

1. A management fee of 2% for managing the placement, to be paid in cash (A\$54,000 plus GST); and
2. A placement fee of 4% for funds raised via the placement, to be paid in shares (2,400,000 shares).

In consideration for the provision of corporate advisory services associated with facilitating the acquisition, Megado entered into a mandate with Corporate Advisory Pty Ltd, a non-related party of the Company, pursuant to which the Company issued 4,000,000 fully paid ordinary shares in the Company (“Corporate Advisory Shares”).

Board and Management Changes

Managing Director Appointment

CEO, Ben Pearson, was appointed Managing Director of the Company on 16 February 2023. The key terms of Ben’s remuneration are as follows:

1. Base salary of A\$264,000 per annum.
2. Termination notice period of 3 months by either party or by the Company paying the equivalent of 3 months’ notice in lieu of service; and
3. The issue of 1,000,000 unlisted incentive options, exercisable at \$0.10 and with an expiry date of 1 March 2027.

Director Resignations

On 16 February 2023, Chris Bowden resigned as a Non-Executive Director. Chris remains with the Company on a full-time basis as Chief Geologist. He will be responsible for advancing all aspects of the Company’s technical operations including exploration, development of existing projects and identification of new project opportunities. On the same day Gregory Schifrin stepped back from his role as a Non-Executive Director but remains engaged with Megado as a consultant on an as needs basis.



Director and Employee Incentive Securities

As a result of a remuneration review for the 2023 calendar year, the Megado board resolved to complete an issue of incentive options to key personnel and employees. The Company issued 5,000,000 unlisted incentive options (Incentive Options) which will comprise of the following:

- 1,350,000 Incentive Options, exercisable at \$0.10 and with an expiry date of 1 March 2027, issued under the Company's Incentive Option Plan (refer to ASX release dated 23 October 2020 for full terms of the plan); and
- 3,650,000 Incentive Options, exercisable at \$0.10 and with an expiry date of 1 March 2027, issued to Directors (approved by shareholders at a general meeting held on 19 April 2023).

Share Issue

On 21 February 2023, the Company issued 5,555,555 shares as consideration for digital marketing services to be provided over a period of 30 months.

Option Expiry

The following unlisted options expired unexercised on 30 June 2023:

Number	Exercise Price \$	Expiry Date
1,000,000 unlisted options over fully paid ordinary shares (ASX: MEGAK)	A\$0.25 per option	30 June 2023
1,000,000 unlisted options over fully paid ordinary shares (ASX: MEGAL)	A\$0.30 per option	30 June 2023

Related ASX Announcements

- 11 Sept 2023: North Fork Detailed Airborne Hyperspectral Survey Completed
- 04 Sept 2023: Numerous Pegmatites Discovered During Surface Exploration
- 21 Aug 2023: Field Activities Resume at Cyclone Lithium Project
- 06 Jun 2023: Fieldwork at Cyclone Lithium Project - Postponed
- 29 May 2023: Targets Defined - Fieldwork to Commence at Cyclone Project
- 15 May 2023: Analysis Reinforces Potential for Lithium Bearing Pegmatites
- 28 Apr 2023: Canadian Project Acquisition Completes
- 29 Mar 2023: Geophysics Identifies Exciting New Carbonatite Targets
- 14 Mar 2023: Silver King Prospect at North Fork returns up to 15.85% TREE
- 27 Feb 2023: North Fork REE Project Additional Claims Secured
- 17 Feb 2023: Investor Presentation - February 2023
- 17 Feb 2023: Lithium Project Acquisition - James Bay Region, Quebec
- 17 Jan 2023: Newly Acquired Historical Data North Fork REE Project Further High-Grade Targets Indicated
- 15 Sep 2022: Rock Samples at new REE Prospect at North Fork Project with up to 2.41% TREO, including 0.58%
- 29 Aug 2022: Megado Initiates Strategic Review at USA Rare Earths Project
- 21 Jun 2022: Felix Strategic Minerals Acquisition Completes
- 15 Jun 2022: Carbonatites located at Surface at North Fork Project, Idaho
- 7 Jun 2022: MEG Raises A\$2.4m to Fund Initial Exploration at North Fork
- 14 Apr 2022: MEG to Acquire US High-Grade Rare Earth Element Project

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No other matter or circumstance has arisen since 30 June 2023 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 2023.

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 2023

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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 2023, 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 2023



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
Continuing Operations			
Interest income		6,624	205
Expenses			
Professional and consulting fees		(117,363)	(169,911)
Director and employee costs		(220,000)	(242,500)
Other expenses		(408,589)	(61,243)
Share-based payments expense	7	(179,648)	(542,474)
Travel and accommodation		(7,063)	(38,172)
Payroll tax expense		-	(150,000)
Impairment of exploration expenditure	3	-	(6,132,690)
Loss before income tax		(926,039)	(7,336,785)
Income tax expense		-	-
Net loss for the year		(926,039)	(7,336,785)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		-	136,877
Other comprehensive income for the period, net of tax		-	136,877
Total comprehensive loss for the period		(926,039)	(7,199,908)
Loss for the period attributable to:			
Members of the parent entity		(926,039)	(7,336,785)
Non-controlling interests		-	(436,730)
		(926,039)	(7,773,515)
Total comprehensive loss for the period attributable to:			
Members of the parent entity		(926,039)	(7,197,475)
Non-controlling interests		-	(2,433)
		(926,039)	(7,199,908)
Loss per share			
Basic and diluted loss per share (cents)		(0.58)	(9.50)

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 2023

	Note	30-Jun-23 \$	31-Dec-22 \$
Current Assets			
Cash and cash equivalents		2,262,939	853,119
Other assets		18,502	45,952
Receivables		34,350	23,385
Total Current Assets		2,315,791	922,456
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	6,973,167	3,992,667
Total Non-Current Assets		6,973,167	3,992,667
Total Assets		9,288,958	4,915,123
Current Liabilities			
Trade and other payables		49,797	244,331
Total Current Liabilities		49,797	244,331
Total Liabilities		49,797	244,331
Net Assets			
		9,239,161	4,670,792
Equity			
Issued capital	4	19,647,993	14,474,747
Reserves	5	1,911,634	1,590,472
Accumulated losses	6	(12,320,466)	(11,394,427)
Capital and Reserves Attributable to Owners of the parent entity		9,239,161	4,670,792
Non-controlling interest		-	-
Total Equity		9,239,161	4,670,792

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 2023

	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 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	(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
Balance at 1 January 2023	14,474,747	(11,394,427)	54,826	1,535,646	4,670,792	-	4,670,792
Total comprehensive loss for the period							
Loss for the period	-	(926,039)	-	-	(926,039)	-	(926,039)
Foreign currency translation	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	(926,039)	-	-	(926,039)	-	(926,039)
Transactions with owners in their capacity as owners							
Shares issued during the period	5,335,222	-	-	-	5,335,222	-	5,335,222
Cost of issue	(161,976)	-	-	-	(161,976)	-	(161,976)
Share-based payments (note 7(a))	-	-	-	321,162	321,162	-	321,162
Balance at 30 June 2023	19,647,993	(12,320,466)	54,826	1,856,808	9,239,161	-	9,239,161

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 2023

	30-Jun-23 \$	30-Jun-22 \$
Cash flows from operating activities		
Payments to suppliers and employees	(473,100)	(358,380)
Interest received	6,624	205
Net cash used in operating activities	(466,476)	(358,175)
Cash flows from investing activities		
Payments for exploration expenditure	(769,734)	(1,151,617)
Proceeds from acquisition of subsidiary	-	47,964
Net cash used in investing activities	(769,734)	(1,103,653)
Cash flows from financing activities		
Proceeds from issue of shares	2,700,024	2,400,000
Proceeds from issue of options	-	5
Payments for share issue costs	(54,001)	(140,000)
Net cash provided by financing activities	2,646,023	2,260,005
Net increase in cash and cash equivalents	1,409,813	798,177
Cash and cash equivalents at the beginning of the period	853,119	1,238,301
Effect of exchange rate fluctuations on cash	7	-
Cash and cash equivalents at the end of the period	2,262,939	2,036,478

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 2023 was authorised for issue in accordance with a resolution of the Directors on 13 September 2023. 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 2023 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 2022 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) 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.

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	30-Jun-2023	31-Dec-2022
	\$	\$
3. Exploration and evaluation expenditure		
<i>Exploration and Evaluation phase – at cost</i>		
Opening balance	3,992,667	6,034,352
Acquisition of exploration tenements	2,624,836 ^{1,2}	3,142,217
Exploration and evaluation expenditure incurred during the year	355,664	844,465
Foreign exchange translation difference	-	197,179
Exploration expenditure impairment	-	(6,225,546)
Closing balance	6,973,167	3,992,667

¹ Megado completed its acquisition of 100% of the Cyclone Lithium Project in Quebec, Canada in April 2023. Due to the nature of the asset being an early-stage exploration project, the fair value could not be determined and the asset has been recognised at the fair value of the consideration paid, which included:

1. A cash payment of A\$278,322 (CA\$250,000 (excluding GST));
2. A 2% net smelter royalty over minerals extracted from the project;
3. 45,000,000 fully paid ordinary shares;
4. 7,000,000 options to acquire fully paid ordinary shares in the capital of the Company, exercisable at AUD\$0.10 on or before 28 April 2026. The value of the options issued to the vendor was \$141,514 and has been valued using the Black-Scholes option pricing model. The model inputs included:
 - a. expected life of 3.2 years;
 - b. share price at grant date of \$0.043;
 - c. expected volatility of 100%;
 - d. expected dividend yield of nil; and
 - e. a risk-free interest rate of 3.0%.

² 4,000,000 shares were issued to a corporate advisor as a facilitation fee for the Cyclone Lithium Project acquisition.

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. Issued Capital		
(a) Issued and paid-up capital	19,647,993	14,474,747

(b) Movements in ordinary shares on issue

	30-Jun-2023		31-Dec-2022	
	No. shares	\$	No. shares	\$
Opening balance	137,500,003	14,474,747	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
Shares issued as consideration for acquisition	-	-	32,000,000	2,560,000
Issue of shares – \$0.045 placement	60,000,000	2,700,000	-	-
Issue of shares – lead managers	2,400,000 ¹	108,000	-	-
Issue of shares – corporate advisor	4,000,000 ²	180,000	-	-
Shares issued as consideration for acquisition	45,000,000 ³	2,025,000	-	-
Issue of shares – marketing services	5,555,555 ⁴	322,222	-	-
Transaction costs on share issue	-	(161,976)	-	(194,512)
Closing balance	254,455,558	19,647,993	137,500,003	14,474,747

¹ 2,400,000 shares were issued to the Lead Manager to the \$0.045 Placement, CPS Securities Limited. The placement fee of 4% for funds raised via the placement, was paid in shares.



² 4,000,000 shares were issued to a corporate advisor as a facilitation fee for the Cyclone Lithium Project acquisition. The deemed issue price was \$0.045 per share.

³ 45,000,000 fully paid ordinary shares were issued to the vendors of the Cyclone Lithium Project in Quebec, Canada as consideration for the acquisition. The deemed issue price was \$0.045 per share (refer note 3).

⁴ 5,555,555 shares were issued as consideration for digital marketing services to be provided over a period of 30 months. The deemed issue price was \$0.058 per share.

(c) Share options as at 30 June 2023

Number	Exercise Price \$	Expiry Date
10,450,000	\$0.20	on or before 27 October 2024
10,500,000	\$0.15	on or before 31 December 2024
2,500,000	\$0.15	on or before 30 June 2027
7,000,000	\$0.10	on or before 28 April 2026
5,000,000	\$0.10	on or before 1 March 2027
25,450,000		

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	30-Jun-2023 \$	31-Dec-2022 \$
5. Reserves		
Share based payment and option reserve	1,856,808	1,535,646
Foreign exchange translation reserve	54,826	54,826
	1,911,634	1,590,472
Movements in Reserves		
<i>Share based payment and option reserve</i>		
Opening balance	1,535,646	1,055,810
Share-based payments (note 7(a))	321,162	425,319
Proceeds from issue of options	-	5
Transaction costs on share issue	-	54,512
Closing balance	1,856,808	1,535,646

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	54,826	(84,491)
Foreign exchange translation difference	-	139,317
Closing balance	54,826	54,826

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

6. Accumulated losses

Movements in accumulated losses were as follows:		
Opening balance	(11,394,427)	(3,632,576)
Loss for the period	(926,039)	(7,761,851)
Closing balance	(12,320,466)	(11,394,427)



7. 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-2023	31-Dec-2022
	\$	\$
Employee and Director share based payments (note 7(a))	179,648	105,661
Reversal of share based payments following lapsing of options	-	(44,356)
Share based payments to suppliers	-	236,519
Options issued as consideration for acquisition	141,514 ¹	182,007
Movement in share option reserve	321,162	479,831
Shares issued to lead manager	108,000 ²	-
Shares issued to corporate advisors	-	320,000
Share-based payments recognised	429,162	799,831

¹ 7,000,000 options with an exercise price of \$0.10 and expiring on 28 April 2026 were issued to the vendors of the Cyclone Lithium Project in Quebec, Canada as consideration for the acquisition. The fair value of options is calculated using the Black and Scholes option pricing model. The model inputs are detailed in note 3.

² 2,400,000 shares were issued to the Lead Manager to the \$0.045 Placement, CPS Securities Limited. The placement fee of 4% for funds raised via the placement, was paid in shares.

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-2023	31-Dec-2022
	\$	\$
Share-based payment expense	179,648	563,312
Deferred exploration & evaluation expenditure	141,514	182,007
Issued capital – transaction costs on share issue	108,000	54,512
	429,162	799,831

(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 2023:

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
15/02/23	01/03/27	\$0.10	-	1,350,000	-	-	1,350,000	1,350,000
19/04/23	01/03/27	\$0.10	-	3,650,000	-	-	3,650,000	3,650,000

The expense recognised in respect of the above options granted during the period was \$159,150 which represents the fair value of the options. The expense recognised during the period on options granted in prior periods was \$20,498. The fair value of options issued to employees and directors during the period was \$0.026.



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

- a) Options were issued for nil consideration;
- b) expected life of the options ranging from 3.9 to 4 years;
- c) share price at grant date ranging from \$0.045 to \$0.056;
- d) expected volatility of 100%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 3.0%.

8. 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, Canada and Ethiopia. The parent entity is registered in Australia. The Group's exploration assets are located in the USA, Canada and Ethiopia. The following table presents revenue, expenditure and certain asset and liability information regarding geographical segments for the half-years ended 30 June 2023 and 30 June 2022:

	Australia \$	USA \$	Canada \$	Ethiopia \$	Total
Half year ended 30 June 2023					
Other income	6,621	-	-	-	6,621
Segment revenue	6,621	-	-	-	6,621
Result					
Loss before tax	(894,483)	(26,078)	-	(5,478)	(926,039)
Income tax expense	-	-	-	-	-
Loss for the half year	(894,483)	(26,078)	-	(5,478)	(926,039)
Asset and liabilities					
Segment assets	2,309,160	4,259,238	2,713,929	6,631	9,288,958
Segment liabilities	49,797	-	-	-	49,797
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

9. Dividends

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



10. Contingent assets and liabilities

As part consideration for the acquisition of the Cyclone Lithium Project, the Company, will enter into a royalty agreement, whereby Megado will grant DG Resource Management Ltd a 2% net smelter royalty return over minerals extracted from the project.

11. Commitments

There are no known contractual commitments as at 30 June 2023.

12. Significant events after the reporting date

No other matter or circumstance has arisen since 30 June 2023 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.

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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 2023 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 2023

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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 2023, 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 2023 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 2023 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, 13 September 2023

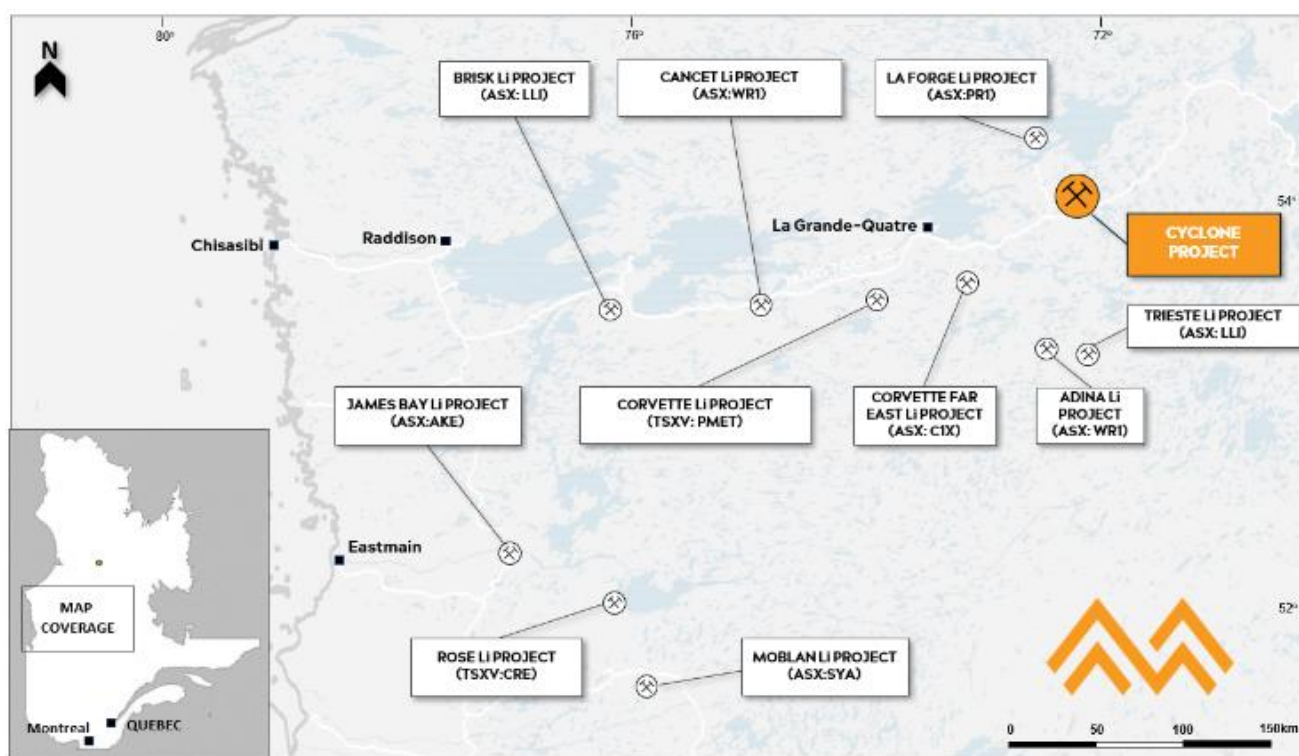


ABOUT MEGADO MINERALS

Megado Minerals Ltd (ASX: MEG) (the Company or Megado) is an ASX-listed mining exploration company. The company's assets include the North Fork Rare Earth Project in Idaho, USA and the Cyclone Lithium Project in the James Bay region in Quebec, Canada.

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. Subsequently, Megado has acquired new lode claims in the project area. North Fork now consists of 526 (granted and in application), covering approximately 45km² 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 (CREO), (typically Y, Nd, Tb, Dy, Eu). Idaho, where North Fork is located, is ranked the best mining policy jurisdiction in the world in 2020 by Fraser Institute.

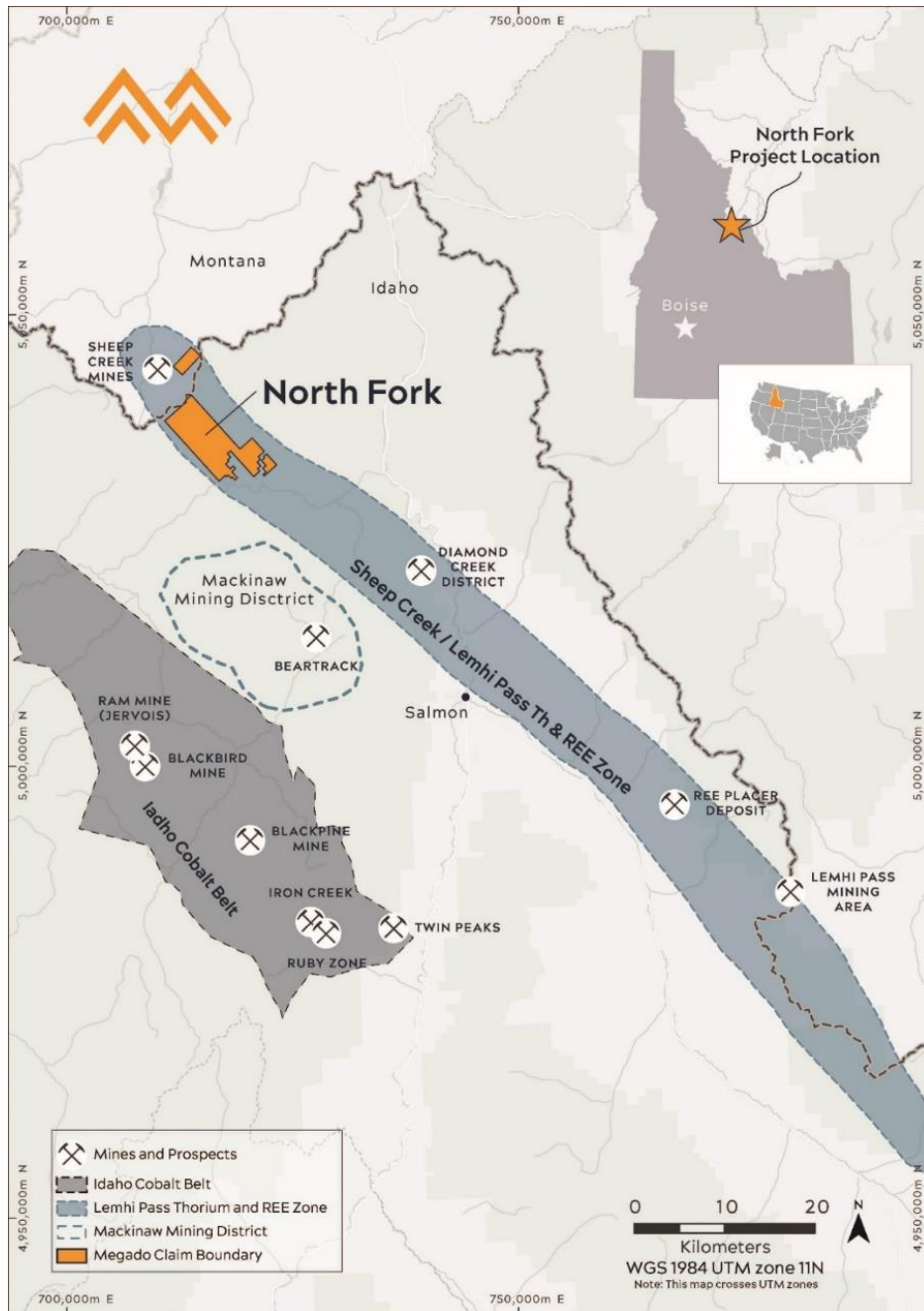
In February 2023, Megado announced the acquisition of the Cyclone Lithium Project. The Project is in Quebec's James Bay region and centred on the Aquilon Greenstone Belt. The Project encompasses 130km² and includes 304 claims. Located within Category-III lands, the Cyclone Project does not carry any restrictions relating to mining or exploration according to the James Bay Agreement. The Project area is easily accessible year-round via the Trans Taiga Road, which transects the southern part of the Project area.



Location of the Cyclone Lithium Project in the James Bay region, Quebec



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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 report 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 Chief Geologist of Megado Minerals 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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