



MEGADO

PROSPECTUS

For an initial public offer of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000 (**the "Offer"**). The Offer is subject to a Minimum Subscription requirement to raise at least \$5,000,000 with the right to accept oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise a further \$1,000,000.

It is proposed that the Offer will close at 5:00pm (WST) on 29 September 2020. The Directors reserve the right to close the Offer earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this document.

Investment in the Shares offered pursuant to this Prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.

Megado Gold Limited
ACN: 632 150 817

cg/Canaccord
Genuity

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IMPORTANT INFORMATION

Prospectus

This Prospectus is dated, and was lodged with ASIC on, 4 September 2020. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Application will be made to ASX within seven days of the date of this Prospectus for Official Quotation of the Shares the subject of the Offer.

No Shares may be issued on the basis of this prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offer.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

Conditional Offer

The Offer contained in this Prospectus is conditional on certain events occurring. If these events do not occur, the Offer will not proceed and investors will be refunded their Application Monies without interest. Please refer to Section 1.4 for further details on the conditions attaching to the Offer.

Electronic Prospectus and Application Form

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.megadogold.com. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office by contacting the Company as detailed in the Corporate Directory. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and the Application Form within Australia.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.megadogold.com. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Investors who wish to participate in the Offer should complete the relevant Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Offer outside Australia

No action has been taken to register or qualify the Shares the subject of this Prospectus, or the Offer, or otherwise to permit the offering of the Shares, in any jurisdiction outside of Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Speculative Investment

The Shares offered pursuant to this Prospectus should be considered **highly speculative**. There is no guarantee that the Shares offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Shares.

Using this Prospectus

Persons wishing to subscribe for Shares offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus. If persons considering subscribing for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Competent Persons Statement

The information in this Prospectus that relates to exploration results is based on, and fairly represents, information and supporting documentation prepared by Messrs Pieter du Plessis and Terry Croteau. Messrs Du Plessis and Croteau are licensed Professional Geoscientists registered with APEGS (Association of Professional Engineers and Geoscientists of Saskatchewan) in the Province of Saskatchewan, Canada. APEGS is a Joint Ore Reserves Committee (JORC) Code 'Recognised Professional Organization' (RPO). An RPO is an accredited organisation to which the Competent Person (CP) under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX. Messrs du Plessis and Croteau have sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which they have undertaken, to qualify as Competent Persons as defined in the JORC Code. Messrs du Plessis and Croteau consent to the inclusion of the matters based on their information in the form and context in which it appears in this Prospectus and have not withdrawn their consent before lodgement of this Prospectus with ASIC.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to "\$" are references to Australian dollars. All references to "US\$" are to United States dollars.

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 10.

CORPORATE DIRECTORY

Directors

Mr Bradley Drabsch	Non-Executive Chairman
Mr Michael Gumbley	Managing Director
Dr Chris Bowden	Executive Director
Mr Aaron Bertolatti	Finance Director
Ms Marta Luisa Ortiz Ortega	Non-Executive Director

Chief Executive Officer

Mr Michael Gumbley

Company Secretary

Mr Aaron Bertolatti

Registered Office

Address: Level 12, 197 St Georges Terrace
PERTH, WA 6000

Phone: +61 8 6141 3260

Email: info@megadogold.com

Website: www.megadogold.com

Proposed ASX Code

MEG

Registry*

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

Phone (within Australia): 1300 850 505

Phone (outside Australia): +61 3 9415 4000

Lead Manager

Canaccord Genuity (Australia) Limited
Level 15, 333 Collins Street
MELBOURNE, VIC 3000

Auditors

BDO Audit (WA) Pty Ltd
38 Station St, Subiaco
PERTH, WA 6008

Independent Geologist

Terra Modelling Services Inc
Box 8461, Saskatoon, SK
CANADA, S7K 6K5

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station St, Subiaco
PERTH, WA 6008

Ethiopian Solicitors

Wondemagegnehu G.Selassie Law Office
PO Box 4323,
ADDIS ABABA, ETHIOPIA

Australian Solicitors

Steinepreis Paganin
Level 4, the Read Buildings
16 Milligan Street
PERTH, WA 6000

* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

LETTER FROM THE CHAIRMAN

Dear Investor

On behalf of the Board of Megado Gold Limited (**Company**), I am pleased to present this Prospectus to you and invite you to become a Shareholder of the Company.

The Company was incorporated on 8 March 2019 for the purpose of acquiring the rights to various highly prospective gold projects in Ethiopia.

Projects

The Company's assets consist of rights over five granted exploration licences covering an area of approximately 511km² and one licence application covering an area of approximately 227km² (**Projects**). The Mormora, Dawa and Chakata projects are 100% owned or controlled by the Company, whilst the Babicho and Chochi projects are owned 80% in partnership with local Ethiopian investors. The Dermi Dama Licence will be owned 100% by the Company once awarded.

Running in parallel with the proposed exploration and development of the Projects, the Company's ongoing strategy will also include the identification and acquisition of other gold projects in Ethiopia where possible.

Management

The Company is fortunate to have two highly experienced executives with substantial experience in Ethiopia and gold exploration and development. The Company's CEO, Mr Michael Gumbley, has been operating in Ethiopia and more broadly throughout Africa for over 15 years having successfully managed deployment of over \$500 million for infrastructure projects, and over the last seven years, \$80m in Ethiopia specifically.

The Company's Executive Director, Dr Chris Bowden, was based in Ethiopia for five years running a team exploring for gold across the Nubian Shield. During this time, Dr Bowden and his team discovered the Dish Mountain Gold Project in Ethiopia, a resource close to 2 million ounces of gold.

Offer

The purpose of the Offer is to raise \$5,000,000 (before associated costs) by the issue of 25,000,000 Shares at an issue price of \$0.20 each with a right to accept oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 to raise a further \$1,000,000.

As detailed in Section 1.5 of this Prospectus, the proceeds of the Offer will be utilised to enable the Company to fund mineral exploration activities on the projects highlighted in this Prospectus, and pay administration costs, corporate overheads and costs of the Offer. In addition, the proceeds will assist the Company to identify and acquire additional gold projects in Ethiopia where possible.

This Prospectus contains detailed information about the Offer and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 4).

We look forward to welcoming you as a Shareholder.

Yours faithfully,



Bradley Drabsch
Non-Executive Chairman

KEY OFFER DETAILS

	Minimum Subscription	Maximum Subscription
Offer Price per Share	\$0.20	\$0.20
Shares currently on issue	41,500,003	41,500,003
Shares to be issued under the Offer	25,000,000	30,000,000
Total number of Shares on issue following the Offer	66,500,003	71,500,003
Gross Proceeds of the Offer	\$5,000,000	\$6,000,000

Notes

1. Maximum Subscription assumes all oversubscriptions are accepted.
2. The above figures are on an undiluted basis. The Company also has 16,250,000 Options on issue comprising the \$0.20 Options, the \$0.25 Options and the Lead Manager Options, the terms of which are set out in Sections 8.2, 8.3 and 8.4.

INDICATIVE TIMETABLE

Event	Date
Lodgement of this Prospectus with ASIC	4 September 2020
Opening Date for the Offer	14 September 2020
Closing Date for the Offer	7 October 2020
Allotment and issue date of Shares	13 October 2020
Despatch of holding statements	16 October 2020
Expected date for quotation on ASX	26 October 2020

Note

The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Topic	Summary	More information																												
Introduction																														
Who is the Company and what does it do?	Megado Gold Limited (ACN 632 150 817) (Company) is an Australian public company incorporated on 8 March 2019 for the purpose of acquiring the rights to prospective gold projects in Ethiopia. Since incorporation, the Company has acquired rights over five (5) granted exploration licences in Ethiopia. The Company is the licensee of the Dawa and Chakata Licences (through its Ethiopian registered branch office, Megado Gold Ltd), the Mormora Licence is held in the name of Crau Mining, S.L., a private Spanish entity, but controlled by the Company and the Babicho and Chochi Licences are held by Ethiopian companies, of which the Company is the 80% shareholder. The Company (through its branch office Megado Gold Ltd) has applied for another exploration licence over an area of approximately 227 km² in a proximate region, called the Dermi Dama Licence. The Company intends to conduct exploration activities on the Licences with a view to evaluating and exploiting the gold opportunities presented as a result of exploration.	Section 2.1																												
What are the Company's projects?	The Company’s Projects comprise the following Licences: <table><tr><th>Licence Name</th><th>Area (km²)</th><th>Status</th><th>Licensee/Applicant</th></tr><tr><td>Babicho</td><td>131.96</td><td>Granted</td><td>Babicho Mining PLC (an Ethiopian company which is 80% owned by the Company)</td></tr><tr><td>Chochi</td><td>137.28</td><td>Granted</td><td>Chochi Mining PLC (an Ethiopian company which is 80% owned by the Company)</td></tr><tr><td>Mormora</td><td>138.98</td><td>Granted</td><td>Crau Mining, S.L. ¹</td></tr><tr><td>Chakata</td><td>62.08</td><td>Granted</td><td>Megado Gold Ltd²</td></tr><tr><td>Dawa</td><td>41.22</td><td>Granted</td><td>Megado Gold Ltd</td></tr><tr><td>Dermi Dama</td><td>227.32</td><td>Application in train</td><td>Megado Gold Ltd</td></tr></table> Notes 1. The Company controls the Mormora Licence pursuant to an agreement with the Vendor and will apply to transfer legal title to this licence after one year of exploration activity on the licence. For further details see Sections 2.1 and 7.2. 2. This entity is the registered branch office of the Company, in Ethiopia and is licensed to conduct business in Ethiopia.	Licence Name	Area (km ²)	Status	Licensee/Applicant	Babicho	131.96	Granted	Babicho Mining PLC (an Ethiopian company which is 80% owned by the Company)	Chochi	137.28	Granted	Chochi Mining PLC (an Ethiopian company which is 80% owned by the Company)	Mormora	138.98	Granted	Crau Mining, S.L. ¹	Chakata	62.08	Granted	Megado Gold Ltd ²	Dawa	41.22	Granted	Megado Gold Ltd	Dermi Dama	227.32	Application in train	Megado Gold Ltd	Sections 2.1 and 2.5 and Annexure B
Licence Name	Area (km ²)	Status	Licensee/Applicant																											
Babicho	131.96	Granted	Babicho Mining PLC (an Ethiopian company which is 80% owned by the Company)																											
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Chakata	62.08	Granted	Megado Gold Ltd ²																											
Dawa	41.22	Granted	Megado Gold Ltd																											
Dermi Dama	227.32	Application in train	Megado Gold Ltd																											

Topic	Summary	More information
What is the Company's financial position?	The Company was incorporated in March 2019. It has not earned revenue given the nature of its activities. Its operations have been focussed on the acquisition and progression of the Company's Ethiopian Projects and more recently in work streams relating to the preparation of the Offer. Financial information for the Company is set out in an Independent Limited Assurance Report included at Annexure A. The Board is satisfied that upon completion of the Offer, the Company will have sufficient working capital to meet its stated objectives.	Annexure A
What is the proposed use of funds raised under the Offer?	The Company proposes to use the funds raised from the Offer to undertake evaluation, exploration and project development on the Licences, pay expenses of the Offer and Directors' fees, and towards general administration fees and working capital. The Company also proposes to actively pursue further acquisitions which complement its existing focus. If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both.	Section 1.5
What is the proposed capital structure of the Company	Following completion of the Offer under this Prospectus, the proposed capital structure of the Company is as set out in Section 2.3.	Section 2.3
What is the Company's strategy?	Following completion of the Offer under this Prospectus the Company intends to continue to progress evaluation, exploration and development of the Company's Ethiopian gold Projects. The Company also intends to identify and potentially acquire new projects in Ethiopia to create additional Shareholder value.	Section 2.7
Summary of key risks		
Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 4 for a more detailed summary of the risks.		

Topic	Summary	More information
Limited history	The Company was incorporated on 8 March 2019 and therefore has limited operational and financial history on which to evaluate its business and prospects. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development of, the Licences. Until the Company is able to realise value from the licensed areas, it is likely to incur operational losses.	Section 4.1(a)
Conditionality of Offer	The obligation of the Company to issue the Shares under the Offer is conditional on certain matters, as set out in Section 1.4. If the conditions are not satisfied, the Company will not proceed with the Offer. Failure to complete the Offer may have a material adverse effect on the Company's financial position.	Section 4.1(b)
Contractual risk	If any of the parties to the material contracts summarised in section 7, specifically, Crau Mining, S.L. under the Mormora Transfer Agreement, and the non-Megado shareholders, under the respective shareholder agreements for Babicho Mining PLC and Chochi Mining PLC, default in the performance of their obligations under those contracts, the ability of the Company to fulfil its stated objectives may be affected. Specifically, exploration activities on the Mormora Licence, Babicho Licence and or Chochi Licence may be impacted. If this were to occur, the Company may need to resort to seeking resolution in the courts in Ethiopia or in Australia, which may be time consuming and costly for the Company and no guarantee can be given by the Company that a legal remedy will ultimately be granted appropriate terms.	Section 4.1(c)

Topic	Summary	More information
New projects and acquisitions	The Company will actively pursue and assess other new opportunities in the gold resources sector in Ethiopia. These new opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of licences/permits, and/or direct equity participation. The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company. If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.	Section 4.1(e)
Future capital requirements	The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Licences are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including the results of exploration activities. The Company believes its available cash and the net proceeds of the Offer should be adequate to fund its exploration program and other Company objectives in the short term as stated in this Prospectus. In order to successfully develop the Licences and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Offer. The Company also notes the potential future obligations regarding payments to the non-Megado shareholders of Babicho Mining PLC and Chochi Mining PLC on achievement of certain results on relevant Licences (refer to summaries of the agreements in Section 7.3). Where those payments are required to be paid, the relevant subsidiary of the Company (either Babicho Mining PLC or Chochi Mining PLC) will have 90 days to make the relevant payments to the non-Megado shareholders. The Company considers that if those certain results are achieved, the Company will have sufficient access to capital to enable the relevant subsidiary to meet those payments. However, there can be no assurance that cash or additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price	Section 4.1(f)

Topic	Summary	More information
	(or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.	
Government regulation and political risk in the mining industry	The Licences are all located in Ethiopia. All operating activities are subject to Ethiopian laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability. Section 3.3 and the Ethiopian Solicitor's Report at Annexure B summarises relevant Ethiopian laws applicable to the Licences and the Company's proposed activities. In addition, changes to exploration, mining or investment policies and legislation or a shift in political attitude in Ethiopia may adversely affect the Company's proposed operations and profitability. Under Ethiopian Mining Laws, the government of Ethiopia may also acquire without cost, a participation of five percent (5%) of any large scale mining investment and may agree with the Company, an additional equity participation. This means that there is a risk that the Company may be required by the Ethiopian government to relinquish a portion of ownership of its investments and profits of the Company in the future.	Section 4.2(a)
Risks associated with operating in the Federal Democratic Republic of Ethiopia	The Licences lie within the African country of Ethiopia and the Company will be subject to the risks associated with operating there. Such risks can include economic, social or political instability or change, disease outbreak, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.	Section 4.2(b)

Topic	Summary	More information
Title risk	Mining exploration licences in Ethiopia are governed primarily by the Mining Laws. A summary of the relevant legal regime is set out in Section 3.3. Although the Company has taken steps to verify the title to the Licences in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not always guarantee title. The Licences may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or other stakeholder rights. The Company has one application for an exploration Licence (Dermi Dama) in train. There is a risk that this application may not be granted in its entirety or only granted on conditions unacceptable to the Company. In the event the application is not granted (or is only granted on unacceptable terms) the Company intends to continue to focus on the exploration of the granted Licences and to pursue other gold project opportunities if available. Pursuant to the Mormora Transfer Agreement (summarised in section 7.2), the Vendor agreed to transfer title to the Mormora Licence to the Company as soon as possible and by 30 June 2021. There is a risk that the Ministry (the Licensing Authority) refuses or is unwilling or unable to transfer the Mormora licence from the Vendor to the Company, or that the Vendor and the Company are unable to satisfy the requirements for the transfer application or for other reasons, such as administrative or legislative changes. If the Vendor is unable to transfer title to the Mormora Licence to the Company, the Vendor will hold the Licence on trust for the Company with the Company continuing its exploration activities. All of the Licences in which the Company has an interest are subject to licence renewal applications from time to time. Renewal of the term of each Licence is subject to the Mining Laws. There is no guarantee that any Licences, applications or conversions in which the Company has a current or potential interest will be granted. If a Licence is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that licence.	Section 4.3(a)

Topic	Summary	More information
Exploration and development risks	Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Projects or any other exploration properties or licences that may be acquired or granted in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company. The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its Projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its Projects.	Section 4.3(b)
Climate related risks	There are a number of climate-related factors that may affect the operations and proposed activities of the Company, particularly as a result of its operations in the mining industry. The Company has considered these risks and notes the following as being particularly attributable to the Company: (a) the emergence of new or expanded regulations associated with the transitioning to a lower carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. This may impact the Company and its profitability; (b) changes in consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets and Projects and investor activism may cause reputational damage to the Company and loss of social licence, which may occur in unpredictable ways to a lower carbon economy; and (c) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns in the locations of the Company's Licences. These may have an adverse effect and/or cause disruption to field work and exploration activities, specifically, causing restrictions to or loss of access to the Projects and/or necessary infrastructure, or restrictions to or delays in access to the site for deliveries of key consumables required for the Company's operations. This could result in increased costs and or reduced revenues	Section 4.3(j)

Topic	Summary	More information
	which could impact the Company's financial performance and position.	
Licences, permits and approvals	The Company will hold all material authorisations required to undertake the exploration program described in this Prospectus. However, many of the mineral rights and interests to be held or controlled by the Company are subject to the need for ongoing or new government approvals, licences and permits. Other government approvals or permit requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations. The Licences (both granted and applied for) are for the exploration of gold (in the case of the Chochi, Dawa and Chakata and Dermi Dama Licences) and gold and associate minerals (in the case of the Babicho and Mormora Licences). In the event that the Company's planned exploration program reveals the existence of other non-gold minerals in significant quantities, the Company will make an assessment at that time regarding the viability of further works and any separate permits that may be required in respect of such mineral(s). There is no guarantee that the Company will be able to secure the rights in respect of such non-gold minerals or to obtain any applicable permit for such mineral(s).	Section 4.3(k)
Reliance on key personnel	The Company is reliant on a number of key personnel and consultants, including executive members of the Board with experience in Ethiopia. The loss of one or more of these key contributors could have an adverse impact on the operations of the Company. It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.	Section 4.3(l)
COVID-19 risks	The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to land access and the Company's ability to freely move people and equipment to and from exploration projects which may cause delays or cost increases. The extent of the effect of COVID-19 on access is hard to predict at the current time given the situation remains uncertain and is evolving rapidly. Infection on site at any of the Projects could result in the Company's exploration work being suspended or	Section 4.4(c)

Topic	Summary	More information
	otherwise disrupted for an unknown period of time. The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's operations and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.	
Equipment and availability	The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.	Section 4.3(o)
Directors, Related Party Interests and Substantial Holders		
Who are the Directors and key management personnel?	The current Directors and key management personnel are not anticipated to change upon listing; therefore the Board comprises: (a) Mr Bradley Drabsch - Non-Executive Chairman; (b) Mr Michael Gumbley - Managing Director and Chief Executive Officer; (c) Dr Chris Bowden - Executive Director; (d) Mr Aaron Bertolatti - Finance Director and Company Secretary; and (e) Ms Marta Luisa Ortiz Ortega - Non-Executive Director	"Corporate Directory" and Sections 5.1 and 5.2
What benefits are being paid to the Directors?	A summary of the key terms and remuneration entitlements of each Director is set out in Sections 5.4 and 7.5 to 7.9.	Sections 5.4, 7.5 to 7.9

Topic	Summary	More information																					
What interests do Directors have in the Securities of the Company?	The five current Directors (and a former director) hold the following relevant interests in Securities in the Company as at the date of this Prospectus: <table border="1"> <thead> <tr> <th>Director</th><th>Shares</th><th>Options¹</th></tr> </thead> <tbody> <tr> <td>Chris Bowden</td><td>585,000</td><td>2,500,000</td></tr> <tr> <td>Bradley Drabsch</td><td>600,000</td><td>750,000</td></tr> <tr> <td>Michael Gumbley</td><td>2,305,001</td><td>1,400,000</td></tr> <tr> <td>Aaron Bertolatti</td><td>2,283,334</td><td>400,000</td></tr> <tr> <td>Marta Luisa Ortiz Ortega²</td><td>3,745,763</td><td>Nil</td></tr> <tr> <td>Mr Anthony Hall³</td><td>2,362,103</td><td>1,100,000</td></tr> </tbody> </table> Notes 1. All of the Options issued to Directors and Mr Hall are \$0.20 Options, fully vested, with an expiry date of 4 years from the date the Company lists on the ASX. See Section 8.2 for the terms of the \$0.20 Options. 2. Ms Ortiz is a 25.33% shareholder of Crau Mining, S.L. which holds 1,100,781 Shares issued to it as consideration under the Asset Purchase Agreement. Ms Ortiz is not a controller of Crau Mining, S.L. Refer Section 7.1(e) for further detail. 3. Mr Hall resigned as a Director on 27 August 2020.	Director	Shares	Options ¹	Chris Bowden	585,000	2,500,000	Bradley Drabsch	600,000	750,000	Michael Gumbley	2,305,001	1,400,000	Aaron Bertolatti	2,283,334	400,000	Marta Luisa Ortiz Ortega ²	3,745,763	Nil	Mr Anthony Hall ³	2,362,103	1,100,000	Section 5.4
Director	Shares	Options ¹																					
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Marta Luisa Ortiz Ortega ²	3,745,763	Nil																					
Mr Anthony Hall ³	2,362,103	1,100,000																					
What important contracts with related parties is the Company a party to?	The Company has entered into letters of appointment or executive services agreements with each of its Directors and previous Directors (or their consulting companies). These agreements were negotiated and entered into on standard arm's length terms. The Company will enter into a deed of indemnity, insurance and access with each of its Directors on standard terms.	Sections 7.5 to 7.10, 7.12																					

Topic	Summary	More information																						
Who will be the substantial holders of the Company?	Based on the information known as at the date of this Prospectus, on Admission, the following Shareholders will have an interest in 5% or more of the Shares on issue:	Section 8.6																						
	<table><tr><th rowspan="2">Shareholder</th><th colspan="2">Minimum Subscription</th><th colspan="2">Maximum Subscription</th></tr><tr><th>Undiluted %</th><th>Fully diluted %</th><th>Undiluted %</th><th>Fully diluted %</th></tr><tr><td>New Frugalitas Fund Limited¹</td><td>6.01</td><td>4.83</td><td>5.59</td><td>4.56</td></tr><tr><td>Marta Luisa Ortiz Ortega²</td><td>5.63</td><td>4.53</td><td>5.24</td><td>4.27</td></tr></table>		Shareholder	Minimum Subscription		Maximum Subscription		Undiluted %	Fully diluted %	Undiluted %	Fully diluted %	New Frugalitas Fund Limited ¹	6.01	4.83	5.59	4.56	Marta Luisa Ortiz Ortega ²	5.63	4.53	5.24	4.27			
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	Notes																							
	1. A Pooled Development Fund (PDF) registered under the <i>Pooled Development Funds Act 1992</i> (Cth) that is not a related party or promoter of the Company. A Director of the Company, Mr Bertolatti, is one of three (3) directors of the PDF and a minority shareholder of the PDF but is not a controller or an associate of the PDF.																							
	2. Marta Luisa Ortiz Ortega is a Non-Executive Director of the Company. Ms Ortiz is a 25.33% shareholder of Crau Mining, S.L. which holds 1,100,781 Shares issued to it as consideration under the Asset Purchase Agreement. Ms Ortiz is not a controller of Crau Mining, S.L. Refer Section 7.1(e) for further detail.																							
	As at the date of this Prospectus, the following Shareholders (and their associates) hold an interest in 5% or more of the Shares on issue:																							
<table><tr><th>Shareholder</th><th>Undiluted %</th><th>Fully diluted %</th></tr><tr><td>New Frugalitas Fund Limited</td><td>9.64</td><td>6.93</td></tr><tr><td>Marta Luisa Ortiz Ortega¹</td><td>9.03</td><td>6.49</td></tr><tr><td>Pablo Artiñano Del Rio</td><td>7.56</td><td>5.43</td></tr><tr><td>Michael Kenneth Francis Gumbley¹</td><td>5.55</td><td>6.42</td></tr><tr><td>JAWAF Enterprises Pty Ltd <Hall Family A/C>²</td><td>5.69</td><td>5.99</td></tr><tr><td>Aaron Bertolatti¹</td><td>5.50</td><td>4.65</td></tr></table>				Shareholder	Undiluted %	Fully diluted %	New Frugalitas Fund Limited	9.64	6.93	Marta Luisa Ortiz Ortega ¹	9.03	6.49	Pablo Artiñano Del Rio	7.56	5.43	Michael Kenneth Francis Gumbley ¹	5.55	6.42	JAWAF Enterprises Pty Ltd <Hall Family A/C> ²	5.69	5.99	Aaron Bertolatti ¹	5.50	4.65
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Notes																								
1. Mr Gumbley and Mr Bertolatti are Directors of the Company, Ms Ortiz is a Non-Executive Director.																								
2. Entity associated with Mr Anthony Hall, a former director of the Company.																								
What is the Offer?																								
What is the Offer?	The Offer is for a conditional initial public offering of 25,000,000 ordinary fully paid shares in the Company to raise \$5,000,000 with the right to accept oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise a further \$1,000,000. The Shares offered will represent approximately 30.2% of the issued capital of the Company on a fully diluted basis, at		Sections 1.1, 1.2 and 2.3																					

Topic	Summary	More information
	Admission based on the Company achieving the Minimum Subscription and 34.2% of the issued capital on a fully diluted basis, based on the Company accepting the Maximum Subscription.	
What is the Offer Price?	The issue price of Shares under the Offer is \$0.20 per Share.	Section 1.1
What is the Minimum Subscription amount under the Offer?	The Offer is conditional on the Company raising at least \$5,000,000. If the Company fails to raise the Minimum Subscription within four months after the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).	Section 1.4
Will the Shares be quoted?	The Company will apply to ASX for admission to the Official List and for quotation of the Shares (expected to be under the code "MEG") within seven (7) days of the date of this Prospectus.	"Corporate Directory" and Section 1.9
What is the purpose of this Prospectus?	The purpose of this Prospectus is to: (a) raise a minimum of \$5,000,000 pursuant to the Offer and a maximum of \$6,000,000 (before associated costs of the Offer); (b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission; and (c) position the Company to seek to achieve the objectives detailed in Section 2.	Section 1.3
What are the conditions of the Offer?	The Offer under this Prospectus is conditional upon the following events occurring: (a) the Company raising the Minimum Subscription, being \$5,000,000, under the Offer (refer to Section 1.2); and (b) ASX granting conditional approval to admit the Company to the Official List on conditions which the Directors are confident can be satisfied. If these conditions are not satisfied, then the Offer will not proceed and the Company will repay all Application Monies received under the Offer in accordance with the Corporations Act.	Section 1.4
Are there any escrow arrangements?	None of the Shares issued pursuant to the Offer are expected to be restricted securities. As at the date of this Prospectus, the Company expects that some of the existing Shares and all of the Options may be subject to up to 24 months' escrow.	Section 1.16

Topic	Summary	More information
What is the Offer period?	A timetable for the Offer is set out on page seven (7) of this Prospectus.	"Indicative Timetable"
Is the Offer underwritten?	The Offer is not underwritten. The Company has appointed Canaccord Genuity (Australia) Limited as lead manager to the Offer. The Lead Manager is entitled to the following fees: (a) Management fee: \$60,000 to be paid on the issue or transfer of any Shares under the Prospectus lodged with ASIC; (b) Lead Manager fee: 4% of the Gross Proceeds (the amount raised under the Offer no matter how raised) (c) Capital raising fee of 2% of the Gross Proceeds (the amount raised under the Offer no matter how raised). The Company has also issued 2,000,000 Lead Manager Options to the Lead Manager, 1,000,000 Options with an exercise price of \$0.25 and 1,000,000 Options with an exercise price of \$0.30 expiring 30 June 2023. Full terms of the Lead Manager Options are set out in Section 8.4. The terms of the Lead Manager Agreement are summarised in section 7.11.	Sections 1.17, 7.11 and 8.4
Additional information		
Will the Company be adequately funded after completion of the Offer?	The Board believes that the funds raised from the Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.	Section 1.5
What rights and liabilities attach to the Shares to be issued?	All Shares issued under the Offer will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 8.1.	Section 8.1
Who is eligible to participate in the Offer?	The Offer is open to all investors with a registered address in Australia. No action has been taken to register or qualify the Securities, or the Offer, or otherwise to permit the offering of the Securities, in any jurisdiction outside of Australia.	Sections 1.1, 1.7 and 1.15

Topic	Summary	More information
How do I apply for Shares under the Offer?	Applications for Shares under the Offer can only be made using the relevant Application Form. The Application Form must be completed in accordance with the instructions set out on the form. Application Monies will be accepted by BPAY®. Accordingly, Applicants should complete the relevant online Application Form accompanying the electronic version of this Prospectus which is available via a link at the Megado Gold website (www.megadogold.com) and follow the instructions on the Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)). Applications under the Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500). No brokerage, stamp duty or other costs are payable by Applicants. All Application Monies will be paid into a trust account.	Sections 1.7
What is the allocation policy?	The Directors, in conjunction with the Lead Manager, will allocate Shares under the Offer at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied.	Section 1.11
When will I receive confirmation that my Application has been successful?	It is expected that holding statements will be sent to successful Applicants by post on or about 16 October 2020.	"Indicative Timetable"
What is the Company's dividend policy?	The Company does not expect to pay dividends in the near future as its focus will primarily be on exploration of the licenced areas and future acquisitions.	Section 2.9
How can I find out more about the Prospectus or the Offer?	Questions relating to the Offer and the completion of an Application Form can be directed to the Company Secretary on +61 8 6141 3260 or by email to info@megadogold.com .	Section 1.22

1. Details of Offer

1.1 The Offer

This Prospectus invites investors to apply for 25,000,000 Shares at an issue price of \$0.20 each to raise \$5,000,000 (before associated costs) (**the Offer**). The Offer is subject to a Minimum Subscription of \$5,000,000 with the right to accept oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise a further \$1,000,000.

The Shares to be issued pursuant to the Offer are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 8.1.

Applications for Shares under the Offer must be made on the relevant Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares under the Offer should refer to Section 1.7 for further details and instructions.

1.2 Minimum Subscription

The Minimum Subscription under the Offer is \$5,000,000, being 25,000,000 Shares. None of the Shares offered under the Offer will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.3 Purpose

The purpose of this Prospectus is to:

- a) raise \$5,000,000 pursuant to the Offer with the right to accept oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise a further \$1,000,000 (before associated costs of the Offer);
- b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission; and
- c) position the Company to seek to achieve the objectives detailed in Section 2.

1.4 Conditional Offer

The Offer under this Prospectus is conditional upon the following events occurring:

- a) the Company raising at least the Minimum Subscription, being \$5,000,000 under the Offer (refer to Section 1.2); and
- b) ASX granting conditional approval to admit the Company to the Official List on conditions which the Directors are confident can be satisfied.

If these conditions are not satisfied, then the Offer will not proceed, and the Company will repay all Application Monies received under the Offer in accordance with the Corporations Act.

1.5 Proposed use of funds

Following the Offer, it is anticipated that the following funds will be available to the Company:

Source of funds	Minimum Subscription \$	Maximum Subscription \$
Existing cash as at the date of this Prospectus ¹	200,000	200,000
Proceeds from the Offer	5,000,000	6,000,000
TOTAL FUNDS AVAILABLE	5,200,000	6,200,000

Note

- Note the Independent Limited Assurance Report figures are based on 30 June 2020. Since 30 June 2020, the Company has expended approximately \$230,000 in progressing the grant of the Chakata Licence and the Dawa Licence, completing the Asset Purchase Agreement and preparing the Prospectus.

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following Admission as follows:

Proposed use of funds - Year 1	A\$5m	A\$6m
Exploration expenditure ¹	1,397,536	1,881,130
Directors' remuneration ²	646,000	646,000
General administration fees and working capital ³	335,682	335,682
Estimated expenses of the Offer ⁴	526,787	592,276
Total Expenditure - Year 1	2,906,005	3,455,089
Proposed use of funds - Year 2	A\$5m	A\$6m
Exploration expenditure ¹	1,304,354	1,755,270
Directors' remuneration ²	646,000	646,000
General administration fees and working capital ³	343,641	343,641
Total Expenditure - Year 2	2,293,995	2,744,911
TOTAL FUNDS ALLOCATED	5,200,000	6,200,000

Notes

- See Section 2.8 for further information on the Company's proposed exploration budget.
- See Section 5.4 for further information on the Directors' remuneration.
- Working capital includes the general costs associated with the management and operation of the business including administration expenses and other associated costs. Any costs required for the identification of new projects and opportunistic acquisitions, will be deducted from funds attributed to working capital.
- Expenses payable by the Company in relation to the Offer are set out in Section 8.9.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including market conditions, exploration results, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), and actual expenditure levels may differ significantly from the above estimates.

The Company proposes to actively pursue further acquisitions which complement its existing focus. If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both.

The Board believes that the funds raised from the Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The use of further equity funding may be considered by the Board where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the Offer will provide the Company sufficient funding for only 2 years' operations. As the Company has no operating revenue, the Company will require further financing in the future. See Section 4.1(f) for further details about the risks associated with the Company's future capital requirements.

1.6 Forecasts

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Section 2.7 for further information in respect to the Company's proposed activities.

1.7 Applications

a) General

Applications for Shares under the Offer can only be made using the relevant Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the form.

Applications under the Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500). Payments must be made in Australian dollars. No brokerage, stamp duty or other costs are payable by Applicants. All Application Monies will be paid into a trust account.

An original, completed and lodged Application Form together with payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final; however, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the Application Monies provided.

As stated in Section 1.15 no action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the offering of the Shares, in any jurisdiction outside of Australia. Accordingly, it is the responsibility of any Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

The return of a completed Application Form with any requisite Application Monies will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (i) agrees to be bound by the terms of the Offer;
- (ii) declares that all details and statements in the Application Form are complete and accurate;
- (iii) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (iv) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Shares to be issued to them, including to act on instructions of the Company's Registry upon using the contact details set out in the Application Form;
- (v) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for them given their investment objectives, financial situation or particular needs; and
- (vi) acknowledges that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

b) Payments by BPAY®

Application Monies will be accepted by BPAY®. Accordingly, Applicants should complete the relevant online Application Form accompanying the electronic version of this Prospectus which is available via a link at the Megado Gold website (www.megadogold.com) and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions. When completing the BPAY® payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN, your application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5:00pm (WST) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive Application Monies by BPAY® before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

1.8 CHESS and issuer sponsorship

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

1.9 ASX Listing and Official Quotation

Within 7 days after the date of this Prospectus, the Company will apply to ASX for Admission and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities). The Company does not intend to apply for quotation of any of the Options on the ASX.

If ASX does not grant permission for Official Quotation within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered under the Offer will be allotted and issued.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.10 Application Monies to be held in trust

Application Monies will be held in trust for Applicants until the allotment of the Shares under the Offer. Any interest that accrues will be retained by the Company.

If no allotment and issue of Shares is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable or the Company will issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.11 Allocation of Securities

The Directors, in conjunction with the Lead Manager, will allocate Shares under the Offer at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.

There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied. The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

The allocation of Shares, including the acceptance of oversubscriptions, will be influenced by the following factors:

- a) the number of Shares applied for;
- b) the overall level of demand for the Offer;
- c) the desire for a spread of investors, including institutional investors; and
- d) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

1.12 Issue of Securities under the Offer

No allotment of Shares under this Prospectus will occur unless:

- a) the Minimum Subscription is achieved (refer to Section 1.2); and
- b) the conditions to the Offer are satisfied, including ASX granting conditional approval for the Company to be admitted to the Official List (refer to Sections 1.4 and 1.9).

Subject to the above matters, Shares under the Offer are expected to be allotted on the Allotment Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.13 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks. The Directors recommend that potential investors review Section 4 of this Prospectus, which details the key risk factors which prospective investors should be aware of, together with information contained elsewhere in the Prospectus. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.14 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus or the reliance of any applicant on any part of a summary contained in this Prospectus.

No duty is payable by applicants on the acquisition of Shares under the Offer.

1.15 Overseas Applicants

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the offering of the Shares, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

1.16 Escrow arrangements

ASX will classify certain existing Securities on issue in the Company (as opposed to the Shares to be issued under this Prospectus) as being subject to the restricted securities provisions of the Listing Rules. Classified Securities would be required to be held in escrow for up to 24 months from Admission and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Securities may be less liquid which may impact on the ability of a Security holder to dispose of their Securities in a timely manner.

None of the Shares issued pursuant to the Offer are expected to be restricted securities. The Company anticipates that some of the existing Shares and all of the existing Options, may be classified as restricted securities by ASX and escrowed for up to 24 months from the date of Official Quotation.

The Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on the ASX.

The Company confirms that its free float at the time of listing will be not less than 20%.

1.17 Underwriting and Lead Manager

The Offer is not underwritten.

The Company has appointed Canaccord Genuity (Australia) Limited as the lead manager to the Offer (**Lead Manager**). A summary of the Lead Manager Agreement and the fees payable to the Lead Manager are set out in Section 7.11.

1.18 Commission

The Company and the Lead Manager reserve the right to pay a commission of up to 5% (exclusive of GST) of amounts subscribed through any Australian financial services licensee in respect of any Applications lodged and accepted by the Company and bearing the stamp of the Australian financial services licensee. Any commission paid to Australian financial services licensees will be paid from the amounts payable to the Lead Manager pursuant to the Lead Manager Agreement. Payment will be made subject to the receipt of a proper tax invoice from the Australian financial services licensee.

The Lead Manager will be responsible for paying all commission that they and the Company agree with any other licensed securities dealers or Australian financial services licences out

of the fees paid by the Company to the Lead Manager under the Lead Manager Agreement summarised in Section 7.11.

1.19 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies (without interest) in accordance with applicable laws.

1.20 Privacy disclosure

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Registry. The Company and the Registry collect, hold and use that personal information to assess Applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.21 Paper copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the relevant Application Form to investors upon request and free of charge. Requests for paper copies should be directed to the Company Secretary on +61 8 6141 3260 or by email to info@megadogold.com.

1.22 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offer and the completion of an Application Form can be directed to the Company Secretary on +61 8 6141 3260 or by email to info@megadogold.com.

2. Company Overview

2.1 Company and Business Overview

The Company was incorporated on 8 March 2019 in the State of Western Australia for the purpose of acquiring the rights to prospective gold projects in Ethiopia.

As at the date of this Prospectus, the Company has ownership or control of five (5) exploration licences for gold or gold and associate minerals in Ethiopia, in the Oromia Regional State and Benishangul-Gumuz Regional State. The Company has also lodged an application for an exploration licence over an area of approximately 227km² in Oromia Regional State (known as the Dermi Dama Licence) and is awaiting approval from the Ministry of Mines and Petroleum, Ethiopia.

The Company acquired the rights to three (3) of its exploration Licences by agreement with Crau Mining S.L, a privately owned Spanish company (Vendor), for the acquisition of their Ethiopian mining assets pursuant to an Asset Purchase Agreement dated 6 November 2019 (as amended on 3 August 2020).

The assets acquired include:

- (i) 80% of the legal and beneficial share ownership of Babicho Mining, PLC, a private entity incorporated in Ethiopia and the exploration licence holder of the Babicho Licence;
- (ii) 80% of the legal and beneficial share ownership of Chochi Mining PLC, a private entity incorporated in Ethiopia and the exploration licence holder of the Chochi Licence; and
- (iii) full administrative and operational control of the Mormora Licence, with an agreement to transfer the Mormora Licence to the Company as soon as possible and in any event by 30 June 2021.

The full administrative and operation control of the Mormora Licence was granted to the Company by separate agreement with the Vendor dated 24 February 2020, prior to completion under the Asset Purchase Agreement. This agreement was entered into because an immediate transfer of the Mormora Licence to the Company was not permitted by the Ministry. The Ministry requires supporting documentation to be provided with the transfer application which shows (amongst other items) the exploration conducted on the Licence including the transferor's "progress report for current year until transfer" and a "final exploration report". As the Mormora Licence was issued to the Vendor on 26 September 2019 the earliest date by which the Company and the Vendor can provide the supporting documentation is 26 September 2020, one year following the original issue date of the Licence. The transfer of the Mormora Licence is expected to occur after 26 September 2020 when all of the supporting documentation is in order.

The Company therefore waived the requirement for the Vendor to transfer the licence as a condition precedent to completion under the Asset Purchase Agreement and agreed that the Mormora Licence must be transferred as soon as possible and in any event by 30 June 2021. The agreement grants the Company full operational and administrative control over the Mormora Licence, until such time as it is transferred. The terms of the agreement are detailed in Section 7.2.

In consideration for the acquisition of the Vendor's assets, the Company issued a total of 11,000,000 Shares to the Vendor and the Vendor's nominees. The Vendor nor any of the nominees that received Consideration Shares were related parties or promoters of the Company, however Ms Marta Luisa Ortiz Ortega has been appointed as a Non-Executive Director since completion of the acquisition as the nominee of the Vendor.

The Company registered a branch office in Ethiopia, Megado Gold Ltd, and was granted a commercial registration certificate with a licence to conduct its business in Ethiopia on 22 January 2020. Megado Gold Ltd applied for and was granted two (2) exploration licences in its own name by the Ministry of Mines and Petroleum (Ethiopia) as follows:

- (i) Dawa Licence over a licenced area of 41.22km² in the Oromia Regional State for an initial period of 3 years commencing 19 August 2020; and
- (ii) Chakata Licence over a licenced area of 62.08km² in the Oromia Regional State for an initial period of 3 years commencing 19 August 2020.

The Company's Board is comprised of Mr Michael Gumbley (Managing Director and Chief Executive Officer), Dr Chris Bowden (Executive Director), Mr Bradley Drabsch (Non-Executive Chairman), Mr Aaron Bertolatti (Finance Director and Company Secretary) and Ms Marta Luisa Ortiz Ortega (Non-Executive Director). Further information on the Board and Management is set out in Section 5.

2.2 Capital Structure of the Company

Since incorporation, the Company has issued 41,500,003 Shares. Details of previous Security issues are summarised below:

Shares ¹	
Directors and management ²	6,100,000
Supporting brokers and other investors ³	4,400,000
Vendor (and Vendor's nominees) of Ethiopian assets ⁴	11,000,000
Seed Shares (pre-Offer) ⁵	20,000,003
Total Shares	41,500,003

Notes

1. A summary of the rights attaching to Shares is summarised in Section 8.1
2. Shares issued at an issue price of \$0.0005 each and includes issues made to a previous Director.
3. Shares issued at an issue price of \$0.0005 each.
4. Refer to Section 2.1 and 7.1 for further information. None of the Vendor nominees were related parties or promoters of the Company, however, Ms Marta Luisa Ortiz Ortega has been appointed as a Non-Executive Director since completion of the acquisition, as the nominee of the Vendor.
5. Seed Shares comprise the following: three (3) founder Shares at \$1.00 per Share, 4,500,000 Shares issued at \$0.06 per Share; 13,522,500 issued at \$0.10 per Share; 1,000,000 Shares issued at \$0.16; and 500,000 Shares issued at \$0.20 per Share to facilitate the listing process. Certain Directors (including a previous Director) have participated in seed rounds on the same terms as unrelated investors. 477,500 Shares were also issued to Directors in lieu of cash at a deemed issue price of \$0.10 per Share (refer Section 5.5).

Options ¹	
\$0.20 Options ²	10,450,000
\$0.25 Options ³	3,800,000
\$0.25 Lead Manager Options ⁴	1,000,000
\$0.30 Lead Manager Options ⁴	1,000,000
Total Options	16,250,000

Notes

1. A summary of the rights attaching to the Options is summarised in Sections 8.2, 8.3 and 8.4.
2. 8,250,000 issued to Directors and management (including a former Director) and 2,200,000 issued to supporting brokers.
3. Issued to supporting brokers and other seed investors.
4. Issued to the Lead Manager pursuant to the Lead Manager Agreement, summarised in section 7.11.

2.3 Capital Structure following completion of Offer

The Company's capital structure following completion of the Offer is summarised below:

	Minimum Subscription	Maximum Subscription
Offer price per Share	\$0.20	\$0.20
Shares to be issued under the Offer	25,000,000	30,000,000
Total number of Shares on issue following the Offer	66,500,003	71,500,003
Gross Proceeds of the Offer	\$5,000,000	\$6,000,000

Notes

1. Maximum Subscription assumes all oversubscriptions are accepted.
2. The above figures are on an undiluted basis. The Company also has 16,250,000 Options on issue, the terms of which are summarised in Sections 8.2, 8.3 and 8.4.

Shares

	Minimum Subscription	Maximum Subscription
Shares on issue ¹	41,500,003	41,500,003
Shares issued pursuant to the Offer	25,000,000	30,000,000
Total Shares on completion of the Offer	66,500,003	71,500,003

Options

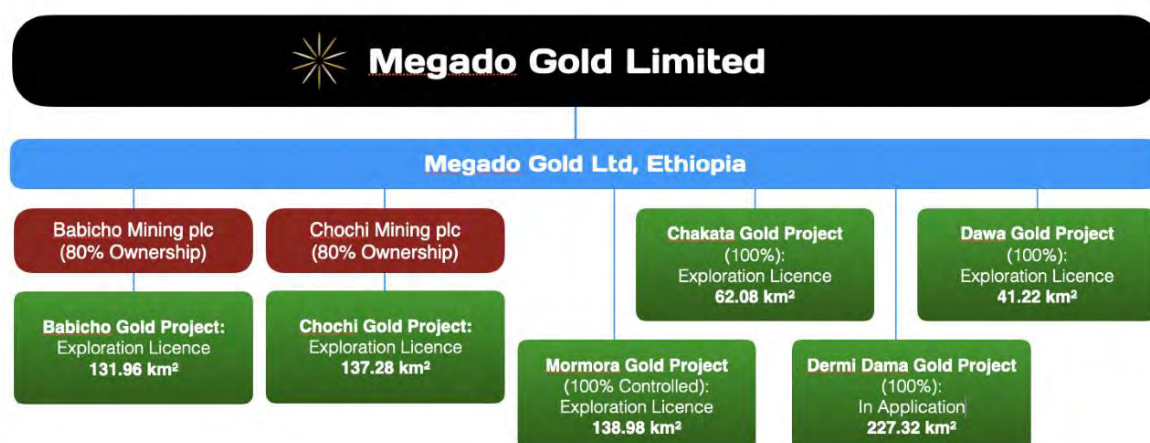
	Minimum Subscription	Maximum Subscription
Options on issue ²	16,250,000	16,250,000
Options to be issued pursuant to the Offer	Nil	Nil
Total Options on completion of the Offer	16,250,000	16,250,000

Notes

1. See Section 8.1 for further information on the rights attaching to Shares.
2. The Options currently on issue comprise the 10,450,000 \$0.20 Options, 3,800,000 \$0.25 Options, 1,000,000 \$0.25 Lead Manager Options and 1,000,000 \$0.30 Lead Manager Options, the terms of which are summarised in Sections 8.2, 8.3 and 8.4.

2.4 Corporate Structure

Upon the Company's Admission, its corporate structure will be as set out in the following diagram:



Notes

1. Megado Gold Ltd, Ethiopia is the branch office of Megado Gold Limited registered in Ethiopia to allow the Company to conduct business in Ethiopia. It is not a separate entity.
2. Megado Gold Limited has a dormant wholly owned subsidiary incorporated in the United States named Megado Gold, Inc.

2.5 Overview of the Licences

A comprehensive summary of regional and local geology, and historical exploration pertaining to the Licences is contained in the Independent Geologist's Report in Annexure C. A comprehensive summary of the status of the Licences can be found in the Ethiopian Solicitor's Report in Annexure B. A summary showing the granted and applied for Licences is below:

Licence Name	Permit Type	Licence Number	Area (km ²)	Status	Grant date	Expiry Date	Licence Holder
Babicho	Exploration Licence for Gold and Associate Minerals	EL\00106\2019	131.96 less excluded area ¹	granted	26-Sep-2019	24-Sep-2022	Babicho Mining PLC
Chochi	Exploration Licence for Gold	MOM\EL\276\2013	137.28	granted	6-Jan-2020	5-Jan-2021 ²	Chochi Mining PLC
Mormora	Exploration Licence for Gold and Associate Minerals	EL\00313\2019	138.98	granted	26-Sep-2019	24-Sep-2022	Crau Mining, S.L.
Chakata	Exploration Licence for Gold	MOM\EL\0556\2019	62.08	granted	19-Aug-2020	18-Aug-2023	Megado Gold Ltd
Dawa	Exploration Licence for Gold	MOM\EL\00813\2019	41.22	granted	19-Aug-2020	18-Aug-2023	Megado Gold Ltd
Dermi Dama	Exploration Licence application for gold	MOM\EL\00175\2020	227.32	Application in train ³	Not yet granted	N/A	Megado Gold Ltd

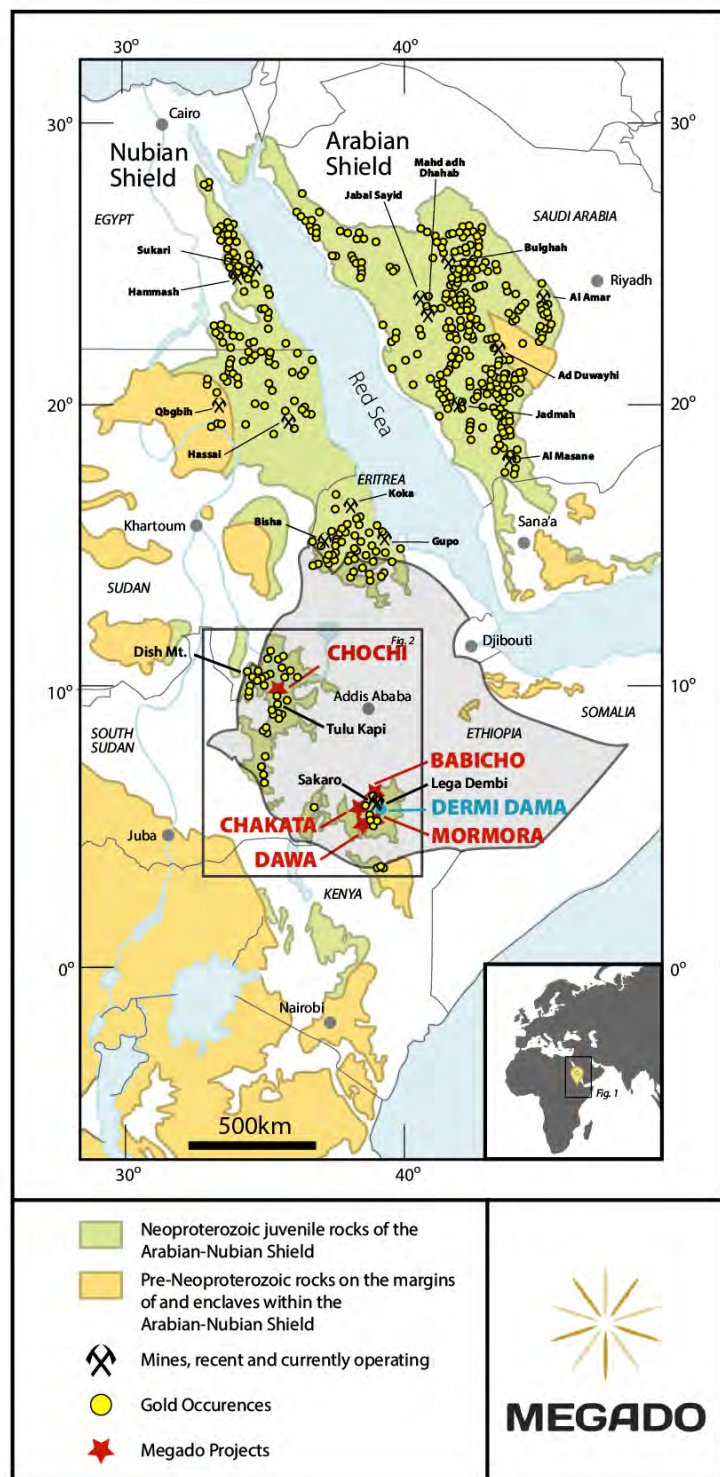
Notes

1. Babicho Mining PLC is additionally the licence holder of a Large Scale Mining Licence (MOM/LSML/112/2017) issued on 7 February 2018 for placer gold for an area of 4.7416km² located within the Babicho Licence. Babicho Mining PLC is in the process of transferring this Large Scale Mining Licence to Babicho Minerals PLC, an Ethiopian incorporated company. Once transferred, Babicho Mining PLC's exploration licence area will be to the exclusion of the 4.7416km² mining licence area within the Babicho Licence. Further detail of the excluded area is provided in the Independent Geologist Report in Annexure C and the Ethiopian Solicitor's Report at Annexure B.
2. The Chochi Licence was originally issued on 6 January 2014 for 3 years. It was last renewed on 6 January 2020 for a year, which is the fourth renewal period for the licence.
3. This application was lodged with the Ministry on 29 January 2020.

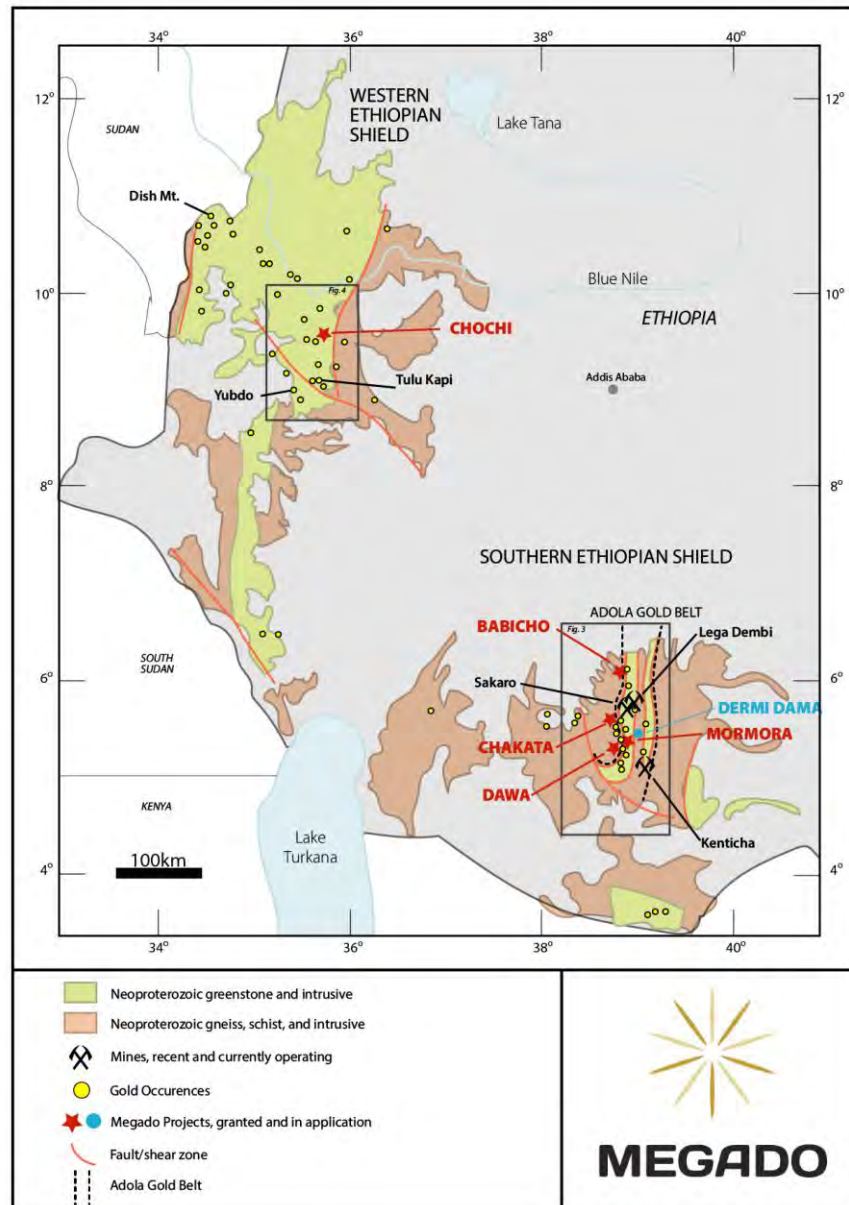
2.6 Location of licences

Five of the Project Licences are located in Oromia Regional State. The Mormora, Babicho, Dawa, Chakata and Dermi Dama Licences are located in an area known as the Adola Gold Belt of the Southern Ethiopian Shield. The sixth Project, the Chochi Licence, is located almost entirely in Benishangul-Gumuz Regional State in the Western Ethiopian Shield.

The six Project locations are shown on the two maps which appear below:



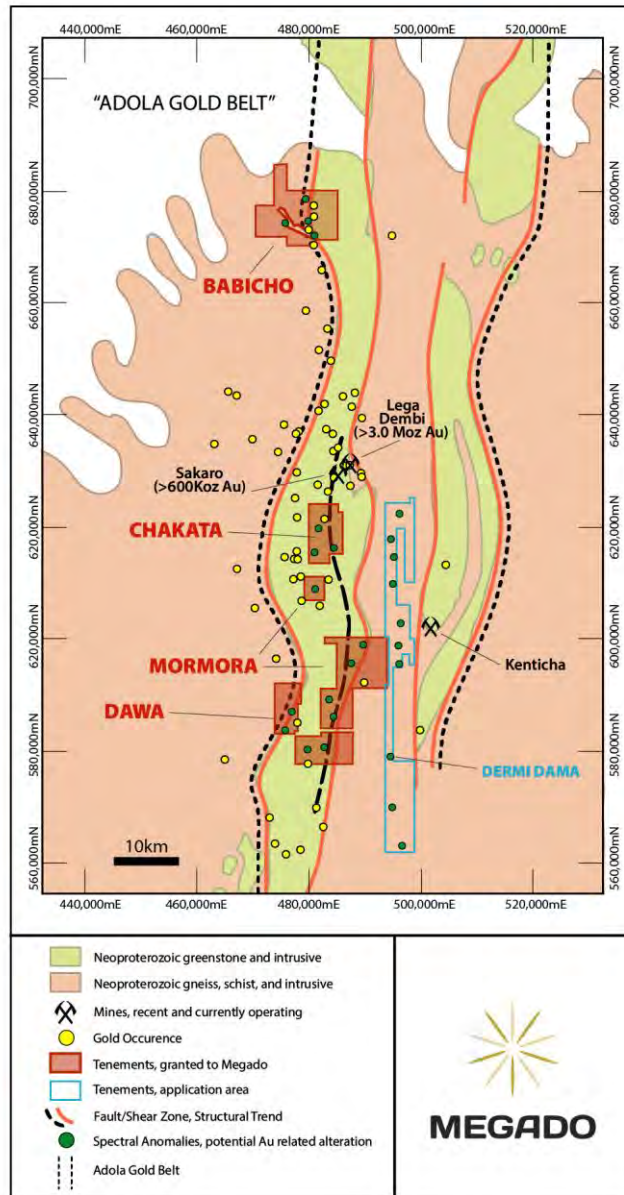
Map 1



Map 2

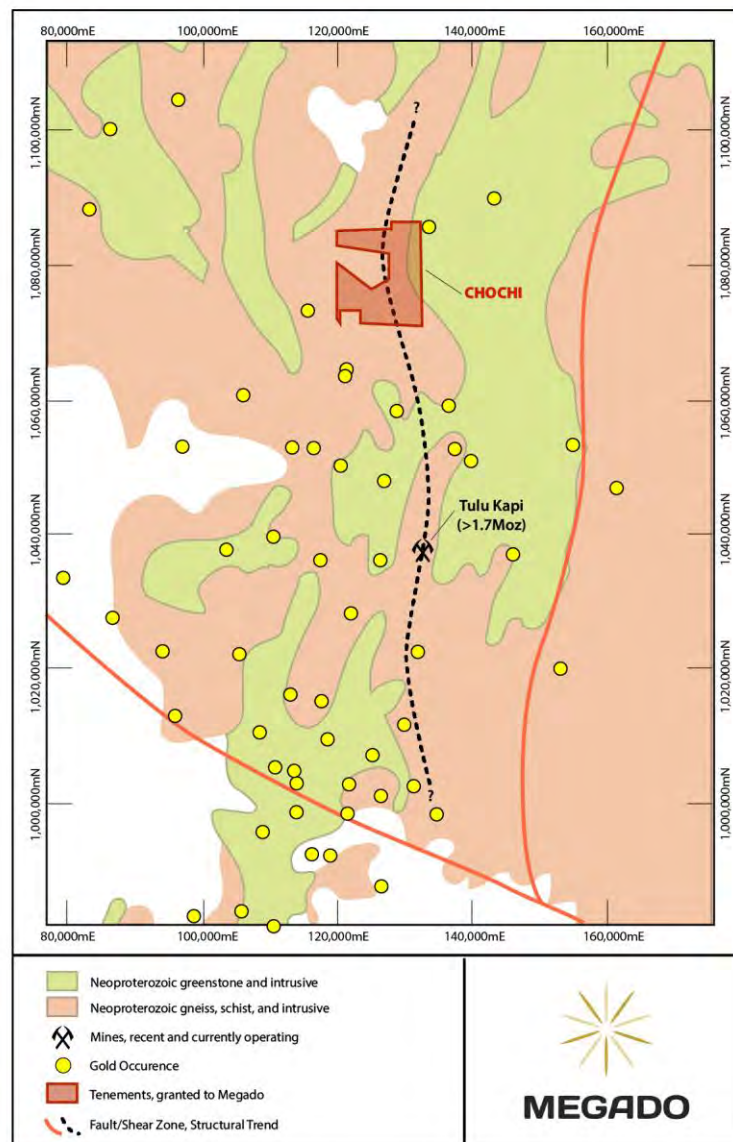
Geologically, all of the Project Licences are located within the Arabian-Nubian Shield which is host to numerous gold occurrences and active mines.

The Adola Gold Belt, comprised of both the Megado and Kenticha belts, was prospected between 1979-1982 by the Ethiopian Mineral Resources Development Corporation (EMDRC) for the Adola Gold Exploration Project (AGEP). A geological map of the belt at 1:100,000 scale and an accompanying report were produced. A number of primary and placer gold targets, as well as other mineral occurrences were identified, including the Legu Dembi and Sakaro primary gold deposits in the Megado belt. Map 3 below shows the locations of the Company's five Licences in the Adola Gold Belt and their proximity to the existing Legu Dembi and Sakaro mines.



Map 3

The Chochi Licence in the Western Ethiopian Shield is approximately 70 km north of Tulu Kapi (an intrusion related gold deposit). A closer view of the Chochi Licence location and proximity to the Tulu Kapi mine is shown in Map 4 below.



Map 4

A full description of the Project geology and the Project Licence areas is summarised in the Independent Geologist's Report in Annexure C.

2.7 Business strategy/objectives of the Company

a) Site Infrastructure

Whilst established operating hard-rock (and small-scale alluvial) gold mining occurs in the region (most notably Lega Dembi and Sakaro Mines), as well as emerald and tantalum mining (most notably Kenticha Mine), see maps in Section 2.6 above, it is anticipated that any successful delineation of resources and potential extraction would require stand-alone mining operations to be developed, and would be the subject of future feasibility studies to determine suitable infrastructure.

b) Business Model

Using industry best-practice, the Company will deploy funds to explore the Licences using modern techniques to optimise the probability of discovering economic quantities of gold, as well as to review suitable opportunities for acquisition, resulting in a multi-faceted approach to building a portfolio of mineral assets.

The Company proposes to then add value to the portfolio from discovery and/or acquisition by establishing target delineation and resource definition, conducting feasibility studies, focusing on the development of sustainable mining operations, and ultimately to mine closure and rehabilitation, all the while strictly adhering to JORC Compliance requirements.

The Company intends to optimise the outcome for all stakeholders involved, drawing on Mr Gumbley's and Dr Bowden's experience in-country and in the development sector, to ensure the Company engages effectively with local communities thereby delivering impact investment and the social licence to operate. Considerable focus will be placed on corporate social responsibility as a result.

c) Strategy Post Listing

The primary objective of the Company following Admission will be a continued focus on the further development of the Projects.

The Company will continue previously commenced exploration activity at its Chakata and Babicho Project sites including verifying the remote sensing spectral targets, conducting due diligence on the historical workings, testing and endeavour to implement its maiden trenching and drilling programs.

The Company will conduct its initial exploration phase at its other Project areas. This process will include verifying and sampling the more than fifty targets identified by the remote sensing work conducted on the Project Licences.

The results of these programs will determine the economic viability and possible timing for the commencement of further testing including necessary feasibility studies at the Project sites.

In summary, the Company's management strategy and the purpose of this Offer is to provide the Company with funding to successfully execute the business model to do the following:

- (i) Build operational capacity and execute work programs (see Proposed Exploration Budget at Section 2.8 for details);
- (ii) Aim to publish a JORC compliant Resource by discovery and/or acquisition;
- (iii) Publish a JORC Resource (either measured, indicated or inferred) for a gold resource at each of the Projects;
- (iv) Prepare for necessary feasibility studies for the Projects; and
- (v) Provide working capital for the Company.

The Company notes that the Licences (both granted and applied for) are in respect of gold and in the case of the Babicho and Mormora Licences, gold and associate minerals only. The Company intends to target the gold anomalies identified in accordance with the Licences. In the event that the Company's planned exploration program reveals the existence of other non-gold minerals in significant quantities, the Company will make an assessment at that time regarding the viability of further works and any separate permits that may be required in respect of such mineral(s). There is no guarantee that the Company will be able to secure the rights in respect of such non-gold minerals or to obtain any applicable permit for such mineral(s).

2.8 Proposed Exploration Budget

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following Admission, as follows:

Use of Funds	Minimum Subscription			Maximum Subscription		
Description	Year I \$	Year II \$	Total \$	Year I \$	Year II \$	Total \$
Exploration costs	1,397,536	1,304,354	2,701,889	1,881,130	1,755,270	3,636,400
Acquisitions	-	-	-	-	-	-
Sampling costs	288,681	249,119	537,800	389,919	336,482	726,401
Remote sensing	5,861	-	5,861	7,917	-	7,917
Field work	39,074	40,637	79,711	52,777	54,888	107,665
Trenching	73,264	24,421	97,685	98,957	32,986	131,942
Drilling	903,660	929,188	1,832,848	1,220,564	1,255,045	2,475,609
Daily labourers	4,058	4,328	8,386	5,481	5,846	11,327
Field office	8,108	8,206	16,313	10,951	11,083	22,034
Geological consult.	7,364	5,410	12,774	9,946	7,308	17,254
Community invest.	48,911	24,490	73,401	66,063	33,078	99,141
Tenement fees	18,555	18,555	37,110	18,555	18,555	37,110
Sub-Total	1,397,536	1,304,354	2,701,889	1,881,130	1,755,270	3,636,400
Working capital	1,508,469	989,641	2,498,110	1,573,958	989,641	2,653,599
TOTAL	2,906,005	2,293,995	5,200,000	3,455,089	2,744,911	6,200,000

Notes

- Figures in the above table are estimates only and are subject to rounding
- Working capital costs include the expenses of the offer (refer to Section 8.9 for further details) and general costs associated with the management and operation of the Company including administration expenses, management salaries, directors' fees, rent and other associated costs.
- Refer to the Independent Geologist's report for further detail of the Company's proposed expenditure program.

The budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration undertaken. This will involve an ongoing assessment of the Company's project interests and may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis.

The Company notes that as the Dermi Dama Licence has not yet been granted, it has not been included in the proposed exploration budget. If and when the Dermi Dama Licence is granted, the initial expenditure requirements and costs in respect of the granted Dermi Dama Licence are intended to be met out of unallocated working capital.

2.9 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on exploration of the Licences and future acquisitions. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

2.10 Additional Information

Prospective investors are referred to and encouraged to read in their entirety each of the:

- (a) Independent Limited Assurance Report in Annexure A for details on financial information;
- (b) Ethiopian Solicitor's Report in Annexure B for further details in respect to the Company's interests in the Licences;
- (c) Independent Geologist's Report in Annexure C for further details about the geology, location and mineral potential of the Company's Projects.

The Company also notes that its audited financial statements for the period ending 31 December 2019 and the auditor reviewed financial statements for the half year ending 30 June 2020 are available on the Company's website www.megadogold.com and may be obtained from or inspected at the Company's registered office.

3. Overview of Ethiopia

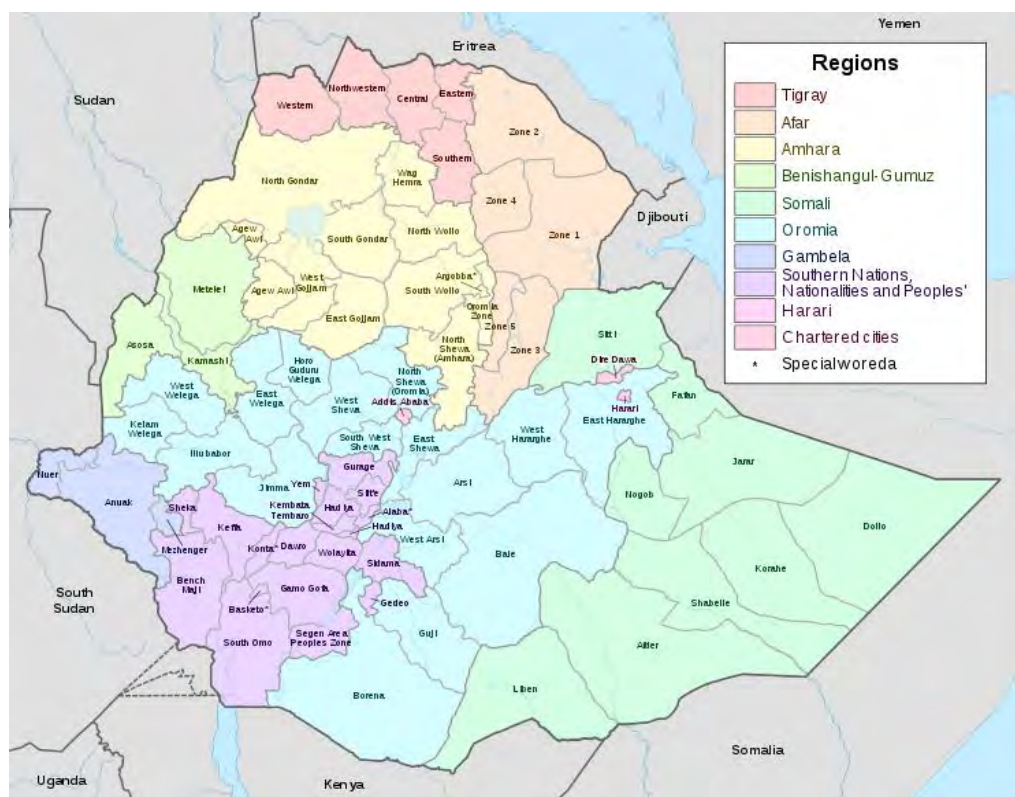
3.1 Country Information

Ethiopia, officially known as the Federal Democratic Republic of Ethiopia (የኢትዮጵያ ፌዴራላዊ ዲሞክራሲያዊ ሪፐብሊክ) is located in the geographic region known as the Horn of Africa.

It shares borders with Eritrea to the north, Djibouti to the northeast, the de facto state of Somaliland and Somalia to the east, Kenya to the south, South Sudan to the west and Sudan to the northwest. With the 1993 secession of Eritrea, its former province along the Red Sea, Ethiopia's approximately 1,104,300 square kilometres became landlocked. The country's more than 109 million inhabitants make it the second-most populous nation on the African continent behind Nigeria. Its capital and largest city is Addis Ababa, (meaning "New Flower").

Ethiopia has a tiered governmental system administered from Addis Ababa, consisting of a federal government overseeing ethnically based regional states, zones, districts (woreda), and kebeles ("neighbourhoods"). Since 1996, Ethiopia has been divided into nine ethnically-based and politically autonomous regional states and two chartered cities, Addis Ababa and Dire Dawa. A tenth regional state was added in 2019.

The Company's Projects are mostly located in Oromia Regional State. Babicho, Chakata, Dawa, Dermi Dama and Mormora Licences are all found in Oromia, the country's most populous regional state. A small section of the Chochi Licence lies in Oromia with the majority of the land located in Benishangul-Gumuz.



According to The World Bank, Ethiopia has “experienced strong, broad-based growth averaging 9.9%” per annum from 2007 to 2018, far out-stripping the regional average of 5.4% and is forecast to continue growing at 8.5% according to the World Economic Forum. There are several contributing factors to this growth. Foreign Direct Investment Growth hit 27.6% in 2016-17. Ethiopian Airlines is the largest airline on the continent. A new US\$3 billion train line has been completed connecting Addis Ababa to Djibouti. The US\$4.5 billion Grand Ethiopian

Renaissance Dam will be the largest hydroelectric dam on the continent when completed. Coffee is the biggest and most renowned of the country's agricultural exports and its primary foreign exchange earner.

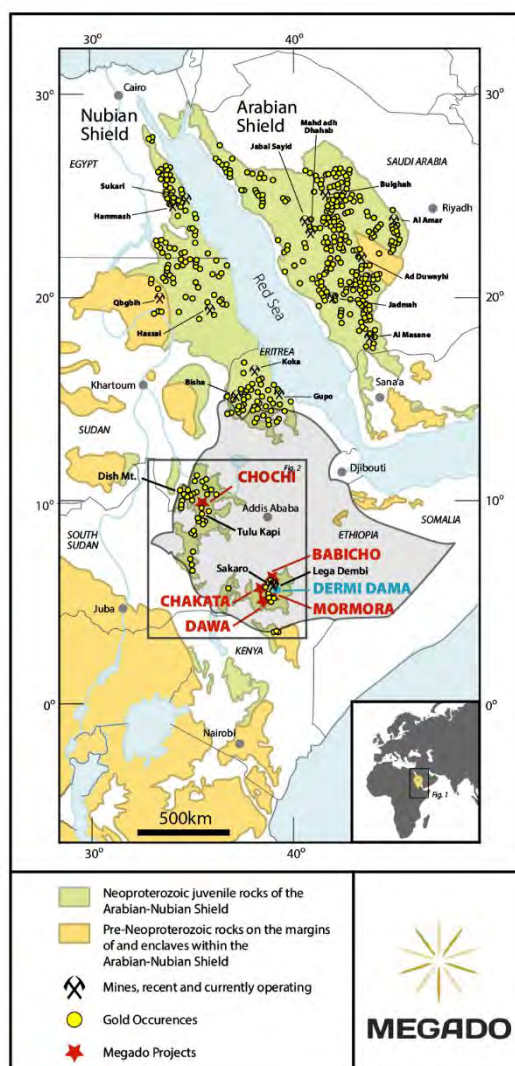
The current Prime Minister, Abiy Ahmed, has sought to liberalise the economy through opening up previously protected industries such as power, finance, telecoms, and mining. The mining sector is under-developed in contrast to other African countries. The new government identified mining as a strategic industry in order to assist its economic agenda. It has also committed to improving infrastructure for the industry, such as investing in power supply and transportation.

The government has also been modernising its mining regulations. Ethiopia has a corporate tax rate of 25%. The Ethiopian government offers a tax holiday of 5 years from first gold production to mining companies. In addition, the government provides an exoneration of the following taxes during the entire mining phase; land inheritance tax, water tax from aquifers, timber royalty tax, patent tax on materials which were extracted and sold, and special equipment tax.

3.2 Regional Geology

Ethiopia's topography, one of the most rugged in Africa, is built on four geologic formations. Rocks of Precambrian origin (more than 540 million years in age) form the oldest basal complex of Ethiopia, as they do in most of Africa. The Precambrian layer is buried under more recent geologic formations – except in parts of northern, western, and southern Ethiopia, where there is exposed granite and schist. Geologic processes of the Mesozoic Era (about 250 to 65 million years ago) contributed sedimentary formations of limestone and sandstone, most of which have been either eroded or covered by volcanic rocks. Younger sedimentary rocks are found in northern Ethiopia and on the floors of the Rift Valley. Lava flows from the Cenozoic Era (i.e., the past 65 million years) deposited basalts that now cover two-thirds of Ethiopia's land surface with a thickness ranging from about 1,000 feet (300 metres) to almost 10,000 feet (3,000 metres). The Rift Valley forms a spectacular graben (a massive tectonic trough) running down the middle of the country from the northern frontier with Eritrea to the southern border with Kenya.

The Nubian Shield and coeval rocks of the Arabian Shield, in the western part of the Arabian Peninsula, represent a vast tract of juvenile Neoproterozoic rocks that were embedded in end-Neoproterozoic Gondwana and stretch from Egypt in the north to Kenya in the south. The Northern Nubian Shield predominantly experienced shearing and north-west directed thrusting and extension, creating a dominant north-westerly structural trend. The central Nubian Shield experienced oblique and orthogonal east-west compression and north south stretching. In the southern extension of the Nubian Shield, the Western Ethiopian Shield and Southern Ethiopian Shield were formed by pure shear dominated transpression and lateral extension resulting in a pervasive north-south structural trend represented by north-trending shear zones and greenstone belts. There are numerous reported gold showings as well as several active mines found in the different gold districts of the Nubian Shield as shown in the map below.



Please refer to the Independent Geologist's Report at Annexure C for further geological details.

3.3 Summary of laws relevant to exploration

The information set out in this Section is only a high-level summary of relevant laws. It is not purported to be a comprehensive review of all laws affecting the Company's proposed activities in Ethiopia. Please refer to the Ethiopian Solicitor's Report at Annexure B for further details specific to the Licences.

a) Relevant Mining and mining related legislation

Mining operations in Ethiopia are principally regulated by the following legislation:

- (i) The 1995 Constitution of the Federal Republic of Ethiopia (which places ownership of all natural resources in the State and people of Ethiopia);
- (ii) Mining Operations Proclamation No. 678/2010 to promote sustainable development of Mineral Resources dated 4 August 2010, as amended by Proclamation No 816/2013 (Mining Proclamation);
- (iii) The Federal Income Tax Proclamation no 979/2016;
- (iv) Value Added Tax Proclamation No. 285/2002;
- (v) Council of Ministers Value Added Tax Regulation No. 79/2002;

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- (vi) Mining Operation Council of Ministers Regulation No 423/2018;
 - (vii) Directives issued by the Licensing Authority pursuant to the Mining Operations Proclamation and the Mining Operations Regulation from time to time, including the Ministry of Mines Directive No.1/2010; and
 - (viii) Environmental Impact Assessment Proclamation No. 299/2002 Regional Regulations for Land Rentals.

b) Summary of Mining Laws

The Mining Proclamation governs the conduct of all mining operations and related activities within Ethiopia. The official version of the primary law is in Amharic and English with no official translations of this law into other languages.

The Mining Proclamation states that no person may undertake mining operations without having obtained a relevant licence under the Mining Proclamation and no person may hold, transport or sell any minerals in their natural state without having a valid licence. However, any Ethiopian can conduct reconnaissance without have a licence provided that he does not interfere with the rights of a licensee or any other person.

c) Types of licences

There are six licence types set out in the Proclamation. These are:

- (i) a reconnaissance licence;
- (ii) an exploration licence;
- (iii) a retention licence;
- (iv) artisanal minimal licence;
- (v) small scale mining licence; and
- (vi) large scale mining licence.

Licences are granted by the Licensing Authority, which is defined as the Ministry of Mines and Petroleum “or a state organ in charge of the mining sector as appropriate” for activities conducted by domestic investors.

A company may only hold 1,500km² in total of licences in the greenstone belt areas (which are part of the Arabian Nubian Shield) and a maximum aggregate area of 3,500km² in other areas.

d) Obligations for all licensees

The Mining Proclamation requires all licensees to:

- (i) carry out their mining operations prudently, diligently and efficiently and in a manner to ensure the health and safety of employees and others;
- (ii) to comply with laws relating to environmental protection, including in the case of the exploration licences to submit an environmental and social management report annually;
- (iii) give preference to employing suitably qualified Ethiopian nationals;
- (iv) give preference to domestic goods and services where of comparative price and quality;
- (v) to make available all books and records for inspection by the Licensing Authority and other officials.

e) Rights of the Licensing Authority

The Licensing Authority (Ministry of Mines and Petroleum) has the right to issue, suspend or revoke a licence and to enter the licensed area and any other place of business of the licensee in Ethiopia to inspect and ensure that the activities are carried out in accordance with the Mining Laws.

f) Exploration Licence

(i) Application process

An applicant for an exploration licence is required to demonstrate to the Licensing Authority:

- that it has the financial capacity and technical ability to execute exploration operations in accordance with a work program,
- that its estimated expenditure is in accordance with the work program,
- that the environmental impact plan is approved; and
- that it is not in breach of any reconnaissance licence (if any).

There is no set minimum expenditure requirement for the work program, but the estimated expenditure must be proportionate with the work program and approved by the Ministry.

There is an exploration licence application fee payable and an additional licence fee if granted.

(ii) Term of licence and renewal

Exploration licences are granted for an initial period of up to three years. The licensee must commence exploration activities within 60 days from the date that the licence becomes effective.

The licence may be renewed for a further two years with an extension on renewal for up to a further five years, provided that the licensee proves the necessity to undertake exploration activity beyond the initial work program. The total period of an exploration licence shall not exceed ten years.

The licensee has the right to renew the licence provided that he has fulfilled the obligations specified in the licence, meets all of the requirements in connection with the application for renewal and is not in breach of any mining laws.

Upon each yearly renewal, the licensee must relinquish an area equal to or greater than 25% of the licensed area, unless the licensee is able to prove a discovery of mineral deposits and the need to undertake pre-feasibility or feasibility studies to apply for a mining licence; or where the licensee was unable to undertake exploration activities due to reasons beyond his control.

Whilst an application for renewal of a licence is pending, it remains valid in accordance with the practice of the Ministry so long as the application is submitted on time.

(iii) Rights granted

An exploration licence grants the licensee an exclusive right to explore the licensed minerals specified in the licence within the licensed area for the period provided in the Licence in accordance with the terms and conditions of the exploration licence agreement between the Ministry and the licensee.

(iv) Land rentals

The licensee must pay an amount of land rent on the licensed area. This rent payable depends on the region in Ethiopia that is hosting the licence. For instance, as at the date of this prospectus, Oromia land rent is approximately 600 Ethiopian Birr (approximately A\$22) per km² and Benishangul-Gumuz is approximately 300 - 1500 Ethiopian Birr (approximately A\$11 - A\$57) per km².

(v) Transfer of licence

An exploration licence may be transferred to a person with the prior consent of the Licensing Authority and will not have effect unless registered by the Licensing Authority.

g) Mining Licence

(i) Application process

The Licensing Authority can grant an exclusive large scale or small scale mining licence to an applicant where the proposed work program is approved, the applicant has access to financial resources and technical ability, the environmental impact assessment has been approved and the applicant is not in contravention of any obligation under the exploration licence. There is an application fee and a renewal fee.

(ii) Rights granted and obligations

A large scale mining licence is valid for a period not exceeding 20 years and may be renewed for 10 year tranches until the reserve is depleted. The licence holder is not required to surrender land upon renewal.

A small scale mining licence is valid for up to 10 years and may be renewed for a further 5 years.

The mining licence holder has the right to market and sell minerals produced, subject to the royalty payments set out below.

In addition to the obligation required of all licensees set out above, the Mining licensee must produce an annual report and monthly progress reports.

(iii) Social and environmental impacts

The Mining Proclamation makes provision for environmental protection and for environmental and social impact assessments, and requires a community development program. The level of detail required in the reports varies depending on the stage of development of the project. Environmental and social management plans are written by the Company and submitted for approval to the Ministry of Mines and Petroleum. As projects become more advanced, independent consultants are required.

(iv) Royalty payments

The Proclamation guarantees the licensee's right to sell minerals, and provides exemption from customs duties and from taxes on the equipment, machinery and vehicles necessary for the mineral operations. Government royalties range from 3% for construction materials to 7% for precious minerals. This calculation is based on the net value of mineral production. Current mining royalties:

- 7 % for precious metals;
- 6 % for base metals;
- 7 % for precious stones; and
- 4 % for industrial minerals

(v) Government 5% participation interest

The government may acquire without cost a participation interest of five percent of any large scale mining investment. An additional equity participation of the government may also be provided by agreement, which specifies the details of the participation.

h) Other relevant laws

(i) Labour Legislation

The major sources of labour law are federal regulations, predominantly the Labour Proclamation No. 1156/2019, some collective agreements, work statutes and laws, for instance in the field of occupational health and safety regulations. The Mining Operation Proclamation No. 678/2010 as amended also makes provision for the adequate health and safety of employees.

(ii) Taxation

Common tax liabilities that are applicable to companies operating in the country include:

- Corporate income tax (CIT) of 25 %; and
- Value added tax (VAT) of 15 % (calculated at zero rate on export items)

4. Risk Factors

As with any investment in securities, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Security holders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares. Any investment in the Company under this Prospectus should be considered highly speculative.

4.1 Risks specific to the Company

a) Limited history

The Company was incorporated on 8 March 2019 and therefore has limited operational and financial history on which to evaluate its Projects and prospects. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development of, the Licences. Until the Company is able to realise value from the Licences, it is likely to incur operational losses.

b) Conditionality of Offer

The obligation of the Company to issue the Securities under the Offer is conditional on certain matters, as set out in Section 1.4. If the conditions are not satisfied, the Company will not proceed with the Offer. Failure to complete the Offer may have a material adverse effect on the Company's financial position.

c) Contractual risk

Some of the Company's Projects are subject to contracts with third parties, including without limitation, Crau Mining, S.L., under the Mormora Transfer Agreement, and the non-Megado shareholders, under the respective shareholder agreements for Babicho Mining PLC and Chochi Mining PLC.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the agreements to which it is a party. If any of the parties to the material contracts set out in section 7 default in the performance of their obligations under those contracts, the ability of the Company to fulfil its stated objectives may be affected. Specifically, exploration activities on the Mormora Licence, Babicho Licence and or Chochi Licence may be impacted. If this were to occur, the Company may need to resort to seeking resolution in the courts in Ethiopia (most of these agreements are governed by the laws of the Federal Republic of Ethiopia) or in Australia, which may be time consuming and costly for the Company and no guarantee can be given by the Company that a legal remedy will ultimately be granted appropriate terms.

Additionally, if the Company is unable to satisfy its undertakings under any of these agreements the Company's interest in their subject matter may be jeopardised.

d) Potential for dilution

On completion of the Offer, the number of Shares in the Company will increase from 41,500,003 to 66,500,003, assuming the Minimum Subscription is met and to 71,500,003 if the Maximum Subscription is reached. On this basis, existing Shareholders should note that if they do not participate in the Offer (and even if they do), their holdings may be considerably diluted (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

e) New projects and acquisitions

The Company will actively pursue and assess other new projects in the resources sector. These new opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of licences/permits, and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project activities will remain.

f) Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Licences are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including market conditions, exploration results, the identification or development of new opportunities and differences in actual expenditure levels from the Company's estimates. The Company believes its available cash and the net proceeds of the Offer will be adequate to fund its activities, exploration program and other Company objectives in the short term as stated in this Prospectus.

In order to fund additional exploration (if required), successfully develop the Projects and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Offer.

The Company also notes the potential future obligations regarding payments to the non-Megado shareholders of Babicho Mining PLC and Chochi Mining PLC on achievement of certain results on relevant Licences (refer to summaries of the agreements in Section 7.3). Where those payments are required to be paid, the relevant subsidiary of the Company (either Babicho Mining PLC or Chochi Mining PLC) will have 90 days to make the relevant payments to the non-Megado shareholders. The Company considers that if those certain results are achieved, the Company will have sufficient access to capital to enable the relevant subsidiary to meet those payments. However, there can be no assurance that cash or additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the Licences being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

g) Restricted securities reducing liquidity

Subject to the Company being admitted to the Official List, as detailed in Section 1.14, certain Securities on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. The Company will announce to the ASX full details (including quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

4.2 Risks specific to doing business in Ethiopia

a) Government regulation and political risk in the mining industry

Whilst the Company through its registered branch office in Ethiopia, Megado Gold Ltd, conducts activities and operations in Ethiopia, it is subject to Ethiopian laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mining permitted in Ethiopia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

In addition, changes to exploration, mining or investment policies and legislation or a shift in political attitude in the jurisdictions in which the Company operates may adversely affect the Company's proposed operations and cash flow. The Company may also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on the Company's profitability.

Under Ethiopian Mining Laws, the government of Ethiopia may also acquire without cost, a participation of five percent (5%) of any large scale mining investment and may agree with the Company, an additional equity participation. This means that there is a risk that the Company may be required by the Ethiopian government to relinquish a portion of ownership of its investments and profits of the Company in the future.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability. Section 3.3 and the Ethiopian Solicitor's Report at Annexure B describes the Ethiopian law on mining that applies to the Licences.

b) Risks associated with operating in Africa

The Licences lie within the African country of Ethiopia and the Company will be subject to the risks associated with operating there. Such risks can include economic, social or political instability or change, disease outbreak, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.

There are also risks in respect of limitations on communication between the Company and its Ethiopian operations where internet shutdowns are imposed by the government, for example the internet shutdown in Ethiopia in June/July 2020. Any future internet shutdowns implemented by the government may impact efficient communication and access to information by the Company.

c) Legal system

The legal system of Ethiopia is different to the legal system in Australia and this could result in the following risks:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (ii) a higher degree of discretion held by various government officials or agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and courts in matters affecting the Company.

The commitment from local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that the Company will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of such arrangements cannot be assured.

d) Enforcing liabilities against assets outside of Australia may be difficult

All of the Company's assets are located outside Australia. As a result, it may be difficult to enforce judgments obtained in Australian courts against those assets. In addition, there is uncertainty as to whether the courts of Ethiopia or any other jurisdictions in which the Company operates would recognise or enforce judgments of Australian courts obtained against the Company based on provisions of the laws of Australia. Furthermore, because all of the Company's assets are or will be located outside Australia, it may also be difficult to access those assets to satisfy an award entered against the Company in Australia. As a result of all of the above, Shareholders may have more difficulty in protecting their interests in the face of actions taken by management, the Board or controlling Shareholders than they would as shareholders of a company with assets in Australia.

4.3 Mining Industry Risks

a) Title risk

The exploration licences in which the Company has, or may in the future acquire, an interest in, are subject to the applicable local laws and regulations. The ownership of mineral exploration licences in Ethiopia is governed primarily by the Mining Laws. A summary of the relevant legal regime is set out in Section 3.3 and Annexure B. Although the Company has taken steps to verify the title to the resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Title to resource properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or other stakeholder rights.

The Company, through its branch office in Ethiopia, Megado Gold Ltd, has one application in train for an exploration licence for approximately 227km² of land in the Regional State of Oromia, known as Dermi Dama. The Dermi Dama Licence may not be granted by the Licensing Authority or only granted on conditions unacceptable to the Company. In the event that this application is not granted (or is only granted on unacceptable terms) the Company intends to continue to focus on the granted Licences and continue to pursue complementary assets.

The Company expects that the Mormora Licence will be transferred to it after 26 September 2020, which is one year from the date the licence was granted to the Vendor. Provided that the Company is able to provide all of the supporting documentation for the application for transfer and the licensee has complied with all of the conditions of the licence, the Company is not aware of any reason why the Licensing Authority would not grant the transfer to the Company. There is a risk however, that the Company is unable to satisfy all of the transfer requirements or that the Ministry of Mines and Petroleum will not permit the transfer or only permit it with conditions which are unacceptable to the Company. If the Vendor is unable to transfer title to the Mormora Licence to the Company, the Vendor will hold the Licence on trust for the Company with the Company continuing its exploration activities.

All of the Licences in which the Company has an interest are subject to licence renewal applications from time to time. Renewal of the term of each licence is subject to the Mining Laws. There is no guarantee that any Licences, applications or conversions in which the Company has a current or potential interest will be granted. If a Licence is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that licence.

The Chochi Licence must be renewed on an annual basis and is currently in its fourth renewal period. According to Ethiopian Mining Law, the Chochi Licence is only eligible for renewal three more times for a year each time. Each time that the Chochi Licence is renewed, the Mining Laws require that the licensee relinquish 25% of the licensed area unless it can prove the discovery of mineral deposits and the need to undertake pre-feasibility or feasibility studies to apply for a mining licence or it was unable to undertake the exploration work for reasons beyond its control.

b) Exploration and development risks

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Company's existing Projects or any other exploration projects that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its Projects, a reduction in the cash reserves available for future programs and possible relinquishment of part or all of its Projects.

c) Operating risk

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Unless and until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.

d) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

e) Payment obligations

The rights to mining exploration licences carry with them various obligations which the holder is required to comply with in order to ensure the continued good standing of the licence and, specifically, obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area and result in government action to forfeit a licence or licences.

There is no guarantee that current or future exploration applications or existing licence renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration permits.

f) Commodity and foreign exchange risks

The Company's ability to proceed with the development of its Projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of gold. Consequently, any future earnings are likely to be closely related to the price of gold and the terms of any off-take agreements that the Company enters into.

The world market for gold is subject to many variables and may fluctuate markedly. These variables include world demand for gold, and precious metals that may be mined commercially in the future from the Company's project areas, forward selling by producers and production cost levels in major mineral-producing regions. Gold prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Gold is principally sold throughout the world in United States (US) dollars. The Company's cost base is payable in various currencies including Australian dollars, Ethiopian birr (ETB) and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar, the Ethiopian birr and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

g) Competition risk

The industry in which the Company is involved is subject to domestic and global competition, including major mineral exploration and production companies. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's Projects.

Some of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future projects. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

h) Land access risk

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

Access to land for exploration purposes can be affected by small non-mechanised mining operations or land ownership, including registered and unregistered land interests and regulatory requirements within the jurisdiction where the Company operates. Land access may also be affected by local conflicts and political unrest close to or within a licensed area.

i) Environmental risk

The Company is subject to a number of laws and regulations to minimise the environmental impact of any operations as well as rehabilitation of any areas affected by the Company's operations. These laws can be costly to operate under and can change, further adversely affecting the Company. No assurance can be given that current or future requirements under environmental laws will not result in the cessation of exploration or production activities, the curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects. Penalties for failure to adhere to the laws or in the event of environmental damage the penalties and remediation costs can be substantive.

The Company may require approval from relevant authorities before it can undertake activities that may impact the environment. Failure to obtain such approvals may prevent the Company from achieving its business objectives. The Company intends to conduct itself, and manage any joint venturers so that their activities are conducted in an environmentally responsible manner and in accordance with all applicable laws. Despite this, the Company may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

j) Climate change related risks

There are a number of climate-related factors that may affect the operations and proposed activities of the Company, particularly as a result of its operations in the mining industry. The Company has considered these risks and notes the following as being particularly attributable to the Company:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. This may impact the Company and its profitability;
- (ii) changes in consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets and Projects and investor activism may cause reputational damage to the Company and loss of social licence, which may occur in unpredictable ways to a lower carbon economy; and
- (iii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns in the locations of the Company's Licences. These may have an adverse effect and/or cause disruption to field work and exploration activities, specifically, causing restrictions to or loss of access to the Projects and/or necessary infrastructure, or restrictions to or delays in access to the site for deliveries of key consumables required for the Company's operations. This could result in increased costs and or reduced revenues which could impact the Company's financial performance and position.

Many of the associated risks are not able to be insured or in the Company's opinion the cost of insurance is not warranted by the likelihood of occurrence of the risk event however the Company will continue to monitor these risks.

While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences

k) Licences, permits and approvals

Through the Company's branch office in Ethiopia, Megado Gold Ltd and its controlling interests in the Babicho, Chochi and Mormora Licences, the Company will hold all material authorisations required to undertake the exploration program described in this Prospectus. However, the mineral rights and interests held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations.

As summarised in Section 2.5, the Licences (both granted and applied for) are for the exploration of gold (in the case of the Chochi, Dawa and Chakata and Dermi Dama Licences) and gold and associate minerals (in the case of the Babicho and Mormora Licences). In the event that the Company's planned exploration program reveals the existence of other non-gold minerals in significant quantities, the Company will make an assessment at that time regarding the viability of further works and any separate permits that may be required in respect of such minerals. There is no guarantee that the Company will be able to secure the rights in respect of such non-gold minerals or to obtain any applicable permit for such minerals.

l) Reliance on key personnel

The Company is reliant on a number of key personnel and consultants, including members of the Board with experience in Ethiopia. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

m) Conflicts of interest

Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. These engagements are summarised in the Director profiles in Section 5.2. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company in the first instance.

Although these Directors have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

n) Unforeseen expenses

The Company may be subject to significant unforeseen expenses or actions, which may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events. The Directors expect that the Company will have adequate working capital to carry out its stated objectives however there is the risk that additional funds may be required to fund the Company's future objectives.

o) Equipment and availability

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

4.4 General Risks

a) Economic risks

General economic conditions, movements in interest and inflation rates, the prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

As with any mining project, the economics are sensitive to metal and commodity prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for minerals, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also exposes potential income of the Company to commodity price and exchange rate risks.

b) Market conditions

The market price of the Company's Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment;
- (v) the demand for, and supply of, capital;
- (vi) a global pandemic, such as COVID 19; and
- (vii) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

c) COVID-19 risks

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to land access and the Company's ability to freely move people and equipment to and from exploration Projects which may cause delays or cost increases.

The extent of the effect of COVID-19 on access is hard to predict at the current time given the situation remain uncertain and is evolving rapidly. Infection on site at any of the Projects could result in the Company's exploration work being suspended or otherwise disrupted for an unknown period of time.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's operations and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

The Company will consider the implementation of a COVID-19 management plan across all its locations in order to minimise the risk of infection for individuals based on guidance from health professionals and the Australian and Ethiopian governments (as applicable) as the situation continues to develop.

d) Force majeure

The Company's Projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods and other climate change related risks, explosions or other catastrophes, epidemics, pandemics such as COVID 19 or quarantine restrictions.

e) Government and legal risk

Changes in government, monetary policies, taxation and other laws both in Australian and in Ethiopia can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its licences. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

f) Litigation risks

The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. There is a risk that the Company may be subject to litigation for loss or harm suffered because of the environmental impact of its operations. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, its reputation, financial performance and financial position. Neither the Company nor Megado Gold Ltd (Ethiopia) is currently engaged in any litigation.

g) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

h) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares under this Prospectus.

4.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

5. Board, Management and Interests

5.1 Board of Directors

As at the date of this Prospectus, the Board comprises:

- (a) Mr Michael Gumbley - Managing Director and Chief Executive Officer
- (b) Dr Chris Bowden - Executive Director
- (c) Mr Bradley Drabsch - Non-Executive Chairman
- (d) Mr Aaron Bertolatti - Finance Director and Company Secretary
- (e) Ms Marta Luisa Ortiz Ortega - Non-Executive Director.

5.2 Directors' Profiles

The names and details of the Directors in office at the date of this Prospectus are:

**a) Mr Michael Gumbley, B.Coms, B.S.F.S, M.Sc.
Managing Director and Chief Executive Officer**

Mr Gumbley holds qualifications in Commerce (Sydney), Bachelor of Science in Foreign Service from Georgetown University, Washington, DC USA and has a Masters of Political Science from the Sorbonne University, Paris. Mr Gumbley has over 18 years international finance experience as Chief Financial Officer and Operations Financial Manager with aid and not-for-profit organisations managing the deployment of over US\$500m.

Having lived in and worked throughout Africa and Asia, Mr Gumbley has a deep understanding and experience in negotiating, collaborating and delivering projects in developing nations, particularly in Ethiopia. In his most recent role, he was instrumental in deploying over US\$200m of water projects in 28 countries in Africa and Asia, including Ethiopia, Mali, Niger, Mozambique, Malawi, Central African Republic, Zambia, Democratic Republic of Congo, Nepal, India, Cambodia, Pakistan, Zimbabwe, and Tanzania. In Ethiopia, Mr Gumbley negotiated and collaborated with local partners, government, and other institutions to successfully deploy over US\$60m in drilling more than 6,000 water projects.

**b) Dr Chris Bowden, PhD, GCMEE, FAusIMM(CP), FSEG
Executive Director, Exploration**

Dr Bowden is a minerals industry professional with over 20 years' experience globally in exploration, deposit discovery, resource delineation, feasibility studies, and mining.

Dr Bowden was the Exploration and General Manager of ASCOM Precious Metals Mining in East Africa for 5 years, based in Addis Ababa, Ethiopia. The role involved the exploration and development of orogenic gold and VMS gold and base metal projects in Ethiopia, Sudan and elsewhere in East and North Africa. He was responsible for the development of the Dish Mountain Gold Deposit from initial discovery, mapping, drilling, modelling, feasibility studies, and coordination of the overall portfolio achieving a resource base approaching 2 million ounces of gold.

Dr Bowden has had success in numerous roles, including: Exploration Manager in South Korea for Southern Gold Ltd (ASX:SAU); Senior Geologist for Auzex Resources Ltd (ASX:AZX); and Ivanhoe Mines Ltd throughout Mongolia and China (TSX:IVN). Dr Bowden is Managing Director of Ellenkay Gold Pty Ltd which has gold and copper projects in QLD. Dr Bowden has a deep understanding of the discovery, exploration and development of gold and mineral projects.

Dr Bowden has a Bachelor of Science majoring in Geology and Chemistry, and a PhD in Economic Geology (both from James Cook University, QLD), as well as postgraduate finance and economics qualifications (GCMEE, Curtin University). Dr Bowden is a Fellow, and Chartered Professional of the AusIMM (FAusIMM(CP)), and Fellow of the SEG (FSEG).

**c) Mr Bradley Drabsch, BSc (Hons), FSEG, MAIG
Non-Executive Chairman**

Mr Drabsch is a qualified geologist with over 20 years' experience in the mineral exploration industry. Mr Drabsch has acted as Managing Director, Director and Exploration Manager along with technical roles in his earlier career. As Managing Director of Trek Metals Ltd (ASX:TKM), Mr Drabsch led the restructure and recapitalisation of Zambezi Resources Ltd into Trek Metals Ltd and brought the Kroussou Zinc-Lead Project into the Company, raising capital of approximately \$4.5 million for exploration in Gabon. Mr Drabsch is a founding Director of Centrepeak Resources Group Pty Ltd (CRG) a niche resources investment company which led the back door listing of gold development company Capricorn Metals Ltd (ASX:CMM). Mr Drabsch has previously worked as Exploration Manager for Doray Minerals Ltd (ASX:DRM), Montezuma Mining Company Limited (ASX:MZM) and Duketon Mining Ltd (ASX:DKM) and in key exploration roles for Ivanhoe Mines Ltd (TSX:IVN) and Independence Group NL (ASX:IGO). Mr Drabsch is currently Managing Director of Western Australian focussed gold explorer DiscovEx Resources Ltd (ASX:DCX) and a Technical Director of High Grade Metals Ltd (ASX:HGM).

**d) Mr Aaron Bertolatti, B.Com, CA, ACG
Director, Finance and Company Secretary**

Mr Bertolatti is a qualified chartered accountant and company secretary with over 15 years' experience in the mining industry and accounting profession. Mr Bertolatti has both local and international experience and provides assistance to a number of resource companies with financial accounting and stock exchange compliance. Mr Bertolatti has significant experience in the administration of ASX listed companies, financial accounting, corporate governance and corporate finance.

Mr Bertolatti has acted as a Non-Executive Director and Company Secretary for numerous ASX listed companies. He is currently a Director and Company Secretary of Red Emperor Resources NL (ASX:RMP) and Company Secretary and Chief Financial Officer of American Pacific Borates Limited (ASX:ABR), Odin Metals Limited (ASX: ODM) and Fin Resources Limited (ASX: FIN).

**e) Ms Marta Luisa Ortiz Ortega, BA, LLB, Senior Management Program, Instituto de Empresa, Madrid
Non-Executive Director**

Ms Ortiz has 20 years of international business development experience in the consumer finance and payments industry, working for major banks in both the USA and Europe. She is a founding partner of Crau Group, a private Spanish company, promoting investment and economic development in Ethiopia. Current projects are focused on the mining and agricultural sectors. Her role has been to launch new ventures in Ethiopia through the negotiation of strategic partnerships and local execution of deals. She has a Bachelor of Law (LLB) and a Bachelor of Business Administration from ICADE, Universidad Pontificia de Comillas in Madrid, Spain (BA). Ms Ortiz also holds a Senior Management Program (SMP) qualification from the Instituto de Empresa (IE) (a Business School in Madrid, Spain).

5.3 Interests of Directors

Except as disclosed in this Prospectus, no Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offer.

5.4 Remuneration entitlements and Security Interests of Directors

The Directors of the Company are entitled to receive the following remuneration and hold the following Securities as at the date of this Prospectus:

Director	Remuneration per annum ¹	Commencement Date / Date of Agreement	Shares	Options ²
Michael Gumbley	\$250,000	8 March 2019	2,305,001	1,400,000
Chris Bowden ³	\$132,000	1 June 2019	585,000	2,500,000
Bradley Drabsch	\$60,000	1 February 2020	600,000	750,000
Aaron Bertolatti	\$150,000	8 March 2019	2,283,334	400,000
Marta Luisa Ortiz Ortega	\$30,000	27 August 2020	3,745,763 ⁴	Nil

Notes

- 1. For information in relation to the remuneration paid to Directors to July 2020, see Section 5.6
- 2. All Options allocated to management have an exercise price of \$0.20 each, are fully vested and expire 4 years from the date the Company successfully lists on the ASX. See Section 8.2 for a summary of the \$0.20 Options.
- 3. Dr Bowden holds his interests in the Securities indirectly through an associated entity, Keystone Resources Pty Ltd.
- 4. Ms Ortiz is a 25.33% shareholder of Crau Mining, S.L. which holds 1,100,781 Shares issued to it as consideration under the Asset Purchase Agreement. Ms Ortiz is not a controller of Crau Mining, S.L. Refer Section 7.1(e) for further detail.

In addition to the above, Anthony Hall is a founding director who resigned from the Board on 27 August 2020. As at the date of this Prospectus, Mr Hall holds 2,362,103 Shares and 1,100,000 Options indirectly through JAWAF Enterprises Pty Ltd <Hall Family A/C>. Further details of the agreement between the Company and an associated entity of Mr Hall is set out in Section 5.5(e) and 7.10.

5.5 Director's fees paid by the Company

A summary of the full terms of the Director's appointments (and a former Director's appointment) with the Company is provided in Sections 7.5 to 7.10.

The Company has paid the following remuneration to its Directors, as at the date of this Prospectus:

a) Michael Gumbley (Managing Director and Chief Executive Officer)

Mr Gumbley is entitled to receive \$250,000 per annum commencing 8 March 2019. Mr Gumbley was paid his full salary entitlement by the Company from commencement in March 2019 to March 2020.

For the months from April to September 2020 (inclusive), Mr Gumbley agreed to receive a portion of his remuneration as cash and a portion as Shares in lieu of cash. Mr Gumbley received a total of 312,500 Shares in lieu of cash for 6 months, equating to \$5,200 per month at \$0.10 per Share with the remaining portion of his salary of \$15,625.00 per month, payable in cash. The Company expects that from October 2020, Mr Gumbley will receive his usual monthly salary.

b) Dr Chris Bowden (Executive Director)

Keystone Resources Consulting Pty Ltd is entitled to a fee of \$132,000 per annum commencing 1 June 2019. Keystone Resources Consulting Pty Ltd has been paid the full entitlement by the Company from June 2019 to March 2020.

For the months from April to September 2020 (inclusive), Keystone Resources Consulting Pty Ltd agreed to receive a portion of remuneration as cash and a portion as Shares in lieu of cash. Keystone Resources Consulting Pty Ltd received a total of 165,000 Shares in lieu of cash for six months equating to \$2,750 per month at \$0.10 per Share with the remaining portion of the monthly fee of \$8,250.00 payable in cash.

The Company expects that from October 2020, Keystone Resources Consulting Pty Ltd will receive the usual monthly fee.

c) Mr Bradley Drabsch (Non- Executive Chairman)

Mr Drabsch is entitled to a fee of \$60,000 per annum from 1 February 2020. Mr Drabsch has been paid his full entitlement to March 2020 and agreed to a reduced rate of \$1,000 per month for three months from April to June 2020 in lieu of his usual entitlement. From July 2020 onwards, the Company expects to pay Mr Drabsch's usual monthly fee.

d) Mr Aaron Bertolatti (Finance Director and Company Secretary)

1918 Consulting Pty Ltd is entitled to a fee of \$12,500 per month from March 2019. 1918 Consulting Pty Ltd agreed to waive payment for the months of March, April and May 2019 and from July 2019, agreed to the following reduced monthly fees:

- (i) \$10,000 per month from 1 July 2019 to 31 December 2019,
- (ii) \$8,333.33 per month for January 2020 to March 2020; and
- (iii) \$5,000 per month for April 2020 to June 2020.

From July 2020 onwards, 1918 Consulting Pty Ltd has received the usual contractual entitlement and the Company expects that this will continue.

e) Mr Anthony Hall (former Director)

JAWAF Enterprises Pty Ltd was engaged by the Company to provide director, legal and IPO coordination services by agreement commencing 8 March 2019.

JAWAF Enterprises Pty Ltd agreed with the Company that for services to be provided by Mr Hall, it would charge a fee of \$50,000 on the basis that the IPO completed by 31 July 2019 and if not, \$12,500 per month from 1 August 2019. For legal and project management services to be provided by Ms Julia Bruce, it would charge a fee of \$50,000 on the basis that the IPO completed by 31 July 2019 and if not, \$12,500 per month from 1 August 2019.

The Company paid \$110,000 in total to JAWAF Enterprises Pty Ltd for March to December 2019, for the provision of Mr Hall's and Ms Bruce's services. JAWAF Enterprises Pty Ltd subsequently agreed to the following reduced fees:

- (i) \$15,000 per month (in total) from 1 January to 30 March 2020;
- (ii) \$5,000 (in total) per month from 1 April to 30 June 2020; and
- (iii) \$12,500 (in total) for July 2020.

The Company expects to pay JAWAF Enterprises Pty Ltd \$12,500 for August and September.

Mr Hall resigned from the Board on 27 August 2020 and JAWAF Enterprises Pty Ltd has agreed with the Company that the contractor agreement will terminate on 30 September 2020.

5.6 Related Party Transactions

The Company has entered into letters of appointment or executive services agreements with each of its Directors and previous Directors (including consultant entities where applicable). These agreements were negotiated and entered into on standard arm's length terms (refer to Sections 7.5 to 7.10 for details).

The Company will enter into deeds of indemnity, insurance and access with each of its Directors on standard terms, prior to Admission (refer to Section 7.12 for details).

At the date of this Prospectus, no other material transactions with related parties or Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

The Company's policy in respect of related party arrangements is:

- a)** a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- b)** for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter unless otherwise agreed by the non-interested Directors.

6. Corporate Governance

6.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (Recommendations).

In light of the Company's nature and intended work program, the Board considers that the current Board is appropriate for directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full corporate governance plan is available in a dedicated corporate governance information section of the Company's website (www.megadogold.com).

a) Board of Directors

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) Driving the strategic direction of the Company and defining the Company's purpose, ensuring appropriate resources are available to meet objectives and monitoring management's performance.
- (ii) Approving the Company's statement of values and Code of Conduct to ensure the desired culture within the Company is maintained and monitoring the implementation of such values and culture at all times.
- (iii) Ensuring that an appropriate framework exists for relevant information to be reported by management to the Board.
- (iv) When required, challenging management and holding it to account.
- (v) Appointment and replacement of the Chief Executive Officer/Managing Director, other senior executives and the Company Secretary and the determination of the terms and conditions of their employment including remuneration and termination.
- (vi) Approving the Company's remuneration framework and ensuring it is aligned with the Company's purpose, values, strategic objectives and risk appetite.
- (vii) Monitoring the timeliness and effectiveness of reporting to shareholders.

-
- (viii) Reviewing and ratifying systems of audit, risk management (for both financial and non-financial risk) and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters.
 - (ix) Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures.
 - (x) Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the Company has sufficient clarity to be actively monitored.
 - (xi) Approving the annual, half yearly and quarterly accounts.
 - (xii) Approving significant changes to the organisational structure.
 - (xiii) Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends.
 - (xiv) Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable).
 - (xv) Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.
 - (xvi) Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively and to deal with new and emerging business and governance issues.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- (i) composition of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate to facilitate successful strategic direction and to deal with new and emerging business and governance issues; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives of the Company.

The Board currently consists of five Directors (including two non-executive Directors). The Board considers the current balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

To assist the Board in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board will maintain a broad skills matrix.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company will ensure that all new Directors are offered induction training, tailored to their existing skills, knowledge and experience, to position them to discharge their responsibilities and to add value. All Directors have unrestricted access to Company records and information except where the Board determines that the access would be adverse to the Company's interest and all Directors may consult management and employees as required to enable them to discharge their duties as Directors.

c) Ethics and diversity

The workforce of the Company is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. The Company's diversity policy aims to align its business operations with the positive outcomes that can be achieved through the utilisation of the contribution of diverse skills and talents.

d) Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

e) Remuneration arrangements

The remuneration of an Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution. Subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

f) Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of any securities of the Company and its subsidiaries. The policy generally provides that for Key Management Personnel including Directors, the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

g) Whistleblower Policy

The Board has adopted a Whistleblower policy to encourage and support people to feel confident to speak up safely and securely if they become aware of wrong-doing or illegal and improper conduct within the Company and to promote ethical behaviour and a culture of speaking up to deter wrong doing. The policy applies globally.

h) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

i) Anti-Bribery and Anti-Corruption Policy

The Board adopted this policy to set out the Company's requirements in relation to interactions with government and other officials and third parties and to forbid corrupt interactions with those individuals. The policy sets out the responsibilities of the Company and its management to uphold the commitment to preventing any form of bribery and corruption and to provide information on how to deal with bribery and corruption issues.

j) Audit Committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

k) Departures from Recommendations

Under the Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to Admission.

7. Material Contracts

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Shares under the Offer. The provisions of such material contracts are summarised in this Section.

7.1 Asset Purchase Agreement

By agreement dated 6 November 2019, amended on 3 August 2020, the Company acquired Ethiopian mining assets of the Vendor, Crau Mining, S.L. a private Spanish company (**Asset Purchase Agreement**).

A summary of the agreement is below:

- a) **(Transaction):** Pursuant to the Asset Purchase Agreement the Vendor agreed to sell and the Company agreed to buy the following Assets:
 - (i) 80% of the issued share capital in Babicho Mining PLC, a private entity incorporated in Ethiopia and the exploration licence holder of the Babicho Licence;
 - (ii) 80% of the issued share capital in Chochi Mining PLC, a private entity incorporated in Ethiopia and the exploration licence holder of the Chochi Licence;
 - (iii) the Vendor's right, title and interest in the Mormora Licence; and
 - (iv) the Vendor's right, title and interest in the Babicho shareholders agreement summarised below in Section 7.3(a) and the Chochi shareholders agreement summarised below in Section 7.3(b) (together the **Assets**).
- b) **(Conditions precedent):** Completion under the Asset Purchase Agreement was conditional upon satisfaction or waiver of the following conditions precedent:
 - (i) transfer of the Vendor's 80% shareholding interest in each of Babicho Mining PLC and Chochi Mining PLC to the Company;
 - (ii) transfer of the Mormora Licence to the Company;
 - (iii) delivery of the Vendor's executed assignment agreements of the Babicho and Chochi shareholders agreements;
 - (iv) confirmation of the proper issue and registration of the Babicho and Chochi Licences with the Ministry;
 - (v) acknowledgement by the Vendor of termination of a prior agreement between the shareholders of the Vendor and the Company; and
 - (vi) execution by the Vendor of any other documents to ensure the Company received full and unencumbered title in and to the Assets.

c) (Satisfaction/waiver of the Conditions Precedent)

The conditions precedent (i), (iv), (v) and (vi) were fulfilled to the Company's satisfaction. In relation to conditions precedent (ii) and (iii) listed above, the Company agreed to the following variations and waivers:

- (i) (Mormora Licence) The Company agreed with the Vendor to waive the requirement for the transfer of the Mormora Licence prior to Completion, on terms agreed, as summarised in Section 7.2;
- (ii) (Babicho and Chochi shareholder agreements) The Company entered into deeds of novation (rather than assignment) of the existing shareholders agreements in place with the Vendor, Babicho Mining PLC and its shareholders and Chochi Mining PLC and its shareholders, respectively, on 31 July 2020 in relation to the on-going management of the projects and certain agreed payments to be made to Ethiopian shareholders. Those agreements were then amended and restated. A summary of the terms of those agreements is set out in Section 7.3.

d) (Completion) The Asset Purchase Agreement completed on 27 August 2020 (Completion Date). As at the Completion Date, the Vendor confirmed to the Company that:

- (i) all debts and liabilities in relation to the Assets had been paid to Completion;
- (ii) to the best of the Vendor's knowledge there were no actual or contingent liabilities of Chochi Mining or Babicho Mining which could materially affect the operation of the businesses that the Vendor had not otherwise disclosed to the Company; and
- (iii) every document, consent or authorisation which had not already been provided but which is reasonably required by Megado to vest full ownership, title, possession and benefit of the Assets to the Company and required for the Company to operate the projects will be provided at the request of Megado.

e) (Consideration) In consideration for the transaction, 11,000,000 Shares in the Company were issued, as agreed pursuant to the agreement to amend the Asset Purchase Agreement dated 3 August 2020. Of these Shares, the Vendor nominated to issue 2,660,763 to Marta Luisa Ortiz Ortega and 2,978,164 to Pablo Artiñano Del Rio with the remaining 5,361,073 Shares issued to other parties, other than the 1,100,781 Shares issued to the Vendor. All of the Vendor's nominees and the Vendor were unrelated to the Company or any promoter, however, Ms Ortiz Ortega was subsequently appointed as a Non-Executive Director as the nominee of the Vendor (refer to (g) below).

f) (Post completion and Loan) The Vendor agreed to repay a loan granted to the Vendor by the Company for the amount of US\$150,000 (approximately A\$205,000) advanced for the purpose of establishing the Vendor's branch office in Ethiopia within twelve months from the Completion Date. The Company agreed to set off amounts outstanding under the loan against expenditure incurred by the Vendor relating to the asset acquisition in the Asset Purchase Agreement incurred prior to the Completion Date, upon presentation of evidence or receipts to the Company in a form satisfactory to it. The Company expects that the full amount of the loan will be set off.

g) (Board appointment) The Asset Purchase Agreement provided for one Vendor nominee to be appointed to the Board of Company to act as a Non-Executive Director. The Vendor nominated Ms Marta Luisa Ortiz Ortega who was appointed to the Board on 27 August 2020.

h) (Governing law and jurisdiction) The Asset Purchase Agreement is governed by the laws of Western Australia and each party submits to the jurisdiction of the courts in Western Australia.

7.2 Mormora Transfer Agreement

This agreement was entered into because the Vendor was unable to satisfy a condition precedent under the Asset Purchase Agreement requiring the transfer of the Mormora Licence to the Company prior to completion as it was unable to meet all of the requirements for the transfer of the licence imposed by the Ministry within the expected time frame for completion.

As part of the Licence transfer application, the Ministry required the provision of supporting documentation to show (amongst other items) the exploration conducted on the Licence including the transferor's "progress report for current year until transfer" and a "final exploration report".

As the Mormora Licence was issued to the Vendor on 26 September 2019, the earliest date by which the Vendor could provide the supporting documentation for the transfer application is 26 September 2020, one year following the original issue date of the Licence.

In order to secure the administrative and operational control of the Mormora Licence in the meantime and in order to complete the transaction under the Asset Purchase Agreement, the Company and the Vendor entered into a separate agreement on 24 February 2020 with the following key terms:

- a) **(Waiver)** The Company waived a condition precedent under the Asset Purchase Agreement requiring the Vendor to transfer the Mormora Licence to the Company as a condition precedent to completion and the Vendor agreed to transfer the Mormora Licence to the Company as soon as possible and in any event by 30 June 2021.
- b) **(Rights granted to the Company)** The Vendor authorised the Company to perform all activities and undertake all duties in accordance with the terms of the Mormora Licence as if it were the legal owner, including by providing the Company with the Vendor's login credentials for the Ministry's online system of licence management, for the Mormora Licence.
- c) **(Authority)** The Vendor authorised Mr Michael Gumbley to perform all tasks in relation to the administration and management of the Mormora Licence on behalf of the Vendor and empowered Mr Gumbley to act on the Vendor's behalf in the Vendor's name, including to apply to formally transfer the licence to the Company.
- d) **(Good standing of the Licence and transfer)** The Vendor agreed to do everything possible to expedite the transfer of the Mormora Licence and agreed (as the licensee of the Licence) to ensure that it keeps the permit in good standing.
- e) **(Governing law and jurisdiction)** The Agreement is governed by the laws of Western Australia and the parties submit to the jurisdiction of the courts of Western Australia.

7.3 Novation, Amendment and Restatement of the shareholders agreements

The Company entered into two deeds pursuant to which the Company assumed all of Vendor's rights and obligations under existing agreements between Babicho Mining PLC, its shareholders and the Vendor; and Chochi Mining PLC, its shareholders and the Vendor. Both deeds were executed on 31 July 2020.

The agreements describe the management of the Babicho and Chochi Projects and set out certain payments to be made to the Ethiopian shareholders (or Non-Vendor Shareholders) relating to a JORC Code Compliant Resource Estimate report results.

The agreements between the shareholders and each of the companies, Babicho Mining PLC and Chochi Mining PLC, were both amended and restated on 31 July 2020 to ensure the inclusion of all of the shareholders of both Babicho Mining PLC and Chochi Mining PLC as a party and to include other shareholder clauses, such as drag along and tag along clauses.

The Babicho shareholder agreement was ratified at a shareholders meeting on 10 August 2020 and authenticated by the Federal Documents Authentication and Registration Agency in Ethiopia on 12 August 2020. The Chochi shareholder agreement was ratified at a shareholder's meeting on 10 August 2020 and authenticated by the Federal Documents Authentication and Registration Agency in Ethiopia on 12 August 2020.

The Company confirms that the Non-Megado Shareholders who are a party to the Babicho shareholder agreement and the Chochi shareholder agreement are not related parties or promoters of the Company.

A summary of the main clauses in the amended and restated shareholders agreements, is set out below:

a) Babicho Shareholders Agreement

- (i) **(Payment to non-Megado shareholders)** Consistent with the previous agreement with the Vendor, Babicho Mining PLC agrees to pay the non-Megado shareholders of Babicho Mining PLC, a one-off payment on the terms and calculated as follows:

If Babicho Mining PLC is successful in delineating a *JORC Code Compliant Mineral Resource Estimate* as set out in a *JORC Code Compliant Mineral Resource Estimate Report* in respect of the Babicho Licence area, of a minimum of 500,000 troy ounces of gold at a minimum grade of 1.5g/t at a confidence level of 50% in Measured and Indicated categories, it will pay to the non-Megado shareholders, in amounts equivalent to their shareholding, a total of:

JORC Code Compliant Mineral Resource Estimate Report Amounts at the aforementioned grade and confidence level	Total One-off amount payable by Babicho Mining PLC
Minimum of 500,000 troy ounces of gold, up to but not including 1,000,000 troy ounces of gold	20,000,000 Ethiopian Birr (approximately A\$800,000) ¹
Minimum of 1,000,000 troy ounces of gold up to but not including 1,500,000 troy ounces of gold	40,000,000 Ethiopian Birr (approximately A\$1,600,000) ¹
Minimum of 1,500,000 troy ounces of gold	60,000,000 Ethiopian Birr (approximately A\$2,400,000) ¹

1. The approximate A\$ amounts and are based on an exchange rate of 1 Ethiopian Birr = A\$.038 and the A\$ amounts have been rounded up.

These payments must be paid within 90 days of the issuance of the Company's report of the relevant JORC Code Compliant Mineral Resource Estimate.

- (ii) **(Drag along and tag along options)** If Megado elects to sell a majority of its shares to any other party, it has the right to compel the non-Megado shareholders to sell all of their interest in Babicho Mining PLC on the same terms, by providing written notice 30 days prior to the sale, to the non-Megado shareholders (drag along option). If Megado does not exercise this option, the non-Megado shareholders may compel Megado to include all of their shares in the sale (tag along option).
- (iii) **(Project Funding and Management)** Megado is responsible for arranging external

finance to fund the gold project, for developing the project and managing the gold exploration project.

- (iv) **(Free 20% carry for the non-Megado shareholders)** The non-Megado shareholders have the right to hold a total of 20% of the shares in Babicho Mining PLC at all times, except where the Ethiopian Government exercises a legal right to participate in the shareholding of Babicho Mining PLC at no cost; or if a non-Megado shareholder sells or transfers its shares in accordance with the agreement, or if Babicho Mining PLC is restructured and the drag along or tag along options are exercised, or if Babicho Mining PLC is wound up or liquidated.
- (v) **(Pre-emptive rights)** Before a non-Megado shareholder makes a sale of Babicho Mining PLC shares, it must provide Megado with the option to purchase any sale shares of a non-Megado shareholder by written notice and Megado has 30 days to exercise that option from the date of the written notice.
- (vi) **(Governing law)** The Agreement is governed by the laws of the Federal Democratic Republic of Ethiopia.

(b) Chochi Shareholders Agreement

- (i) **(Payment to non-Megado shareholders)** Consistent with the previous agreement with the Vendor, Chochi Mining PLC agrees to pay the non-Megado shareholders of Chochi Mining PLC, a one-off payment on the terms and calculated as follows:

If Chochi Mining PLC is successful in delineating a *JORC Code Compliant Mineral Resource Estimate* as set out in a *JORC Code Compliant Mineral Resource Estimate Report* in respect of the Chochi Licence area, of a minimum of 500,000 troy ounces of gold at a minimum grade of 1.5g/t at a confidence level of 50% in Measured and Indicated categories, it will pay to the non-Megado shareholders, in amounts equivalent to their shareholding, a total of:

JORC Code Compliant Mineral Resource Estimate Report Amounts at the aforementioned grade and confidence level	Total One-off amount payable by Chochi Mining PLC
For a minimum of 500,000 troy ounces of gold, up to but not including 1,000,000 troy ounces of gold	25,000,000 Ethiopian Birr (approximately A\$1,000,000) ¹
Minimum of 1,000,000 troy ounces of gold up to but not including 1,500,000 troy ounces of gold	50,000,000 Ethiopian Birr (approximately A\$2,000,000) ¹
Minimum of 1,500,000 troy ounces of gold	75,000,000 Ethiopian Birr (approximately A\$3,000,000) ¹

1. The approximate A\$ amounts and are based on an exchange rate of 1 Ethiopian Birr = A\$.038 and the A\$ amounts have been rounded up.

These payments must be paid within 90 days of the issuance of the Company's report of the relevant JORC Code Compliant Mineral Resource Estimate.

- (ii) **(Drag along and tag along options)** If Megado elects to sell a majority of its shares to any other party, it has the right to compel the non-Megado shareholders to sell all of their interest in Chochi Mining PLC on the same terms, by providing written notice 30 days prior to the sale, to the non-Megado shareholders (drag along option). If Megado does not exercise this option, the non-Megado shareholders may compel Megado to include all of their shares in the sale (tag along option).

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- (iii) **(Project funding and management)** Megado is responsible for arranging external finance to fund the gold project, for developing the project and for managing the gold exploration project.
 - (iv) **(Permission to explore and exploit)** Chochi Mining PLC permits the non-Megado shareholders to explore and exploit the Licence area for minerals and metals other than gold and associated minerals provided that they comply with any directions of Chochi Mining PLC and do not cause harm or potential harm to the company's project.
 - (v) **(Free 20% carry for the non-Megado shareholders)** The non-Megado shareholders have the right to hold a total of 20% of the shares in Chochi Mining PLC at all times, except where the Ethiopian Government exercises a legal right to participate in the shareholding of Chochi Mining PLC at no cost; or if a non-Megado shareholder sells or transfers its shares in accordance with the agreement, or if Chochi Mining PLC is restructured and the drag along or tag along options are exercised, or if Chochi Mining PLC is wound up or liquidated.
 - (vi) **(Pre-emptive rights)** Before a non-Megado shareholder makes a sale of Chochi Mining PLC shares, it must provide Megado with the option to purchase any sale shares of a non-Megado shareholder by written notice and Megado has 30 days to exercise that option from the date of the written notice.
 - (vii) **(Governing law)** The Agreement is governed by the laws of the Federal Democratic Republic of Ethiopia.

7.4 Tax Indemnity Deed

The Company and the Vendor entered into a Tax Indemnity Deed, effective from the Completion Date as determined under the Asset Purchase Agreement.

- a) **(Indemnity)** Pursuant to the Deed, the Company indemnifies the Vendor for any tax payable by the Vendor under assessments to the extent that the tax arises from the sale of the Assets pursuant to the Asset Purchase Agreement, for an aggregate maximum amount of US\$100,000 and for 50% of tax payable over US\$100,000 to an aggregate maximum of US\$200,000. The indemnity applies to the date which is 5 years from the Completion Date.
- b) **(Governing law)** The Deed is governed by the laws of Western Australia and the parties submit to the exclusive jurisdiction of the Courts in Western Australia and the federal courts of Australia.

7.5 Agreement with the Managing Director and Chief Executive Officer

The Company entered into Managing Director Employment Agreement (**MD Agreement**) with Mr Michael Gumbley on 8 March 2019, as amended effective 23 June 2020. The key terms are as follows:

- a) **(Employment and role)** Mr Gumbley is engaged as a full-time employee of the Company and serves the Company as Managing Director and Chief Executive Officer. His role includes establishing and driving the strategic and operational priorities of the Company and its subsidiaries, being accountable for all aspects of the Company and its performance and developing the Company's Ethiopian projects within budget and plan to successfully transition from exploration to development of key producing assets for shareholders whilst ensuring the business maintains a strong focus on health, safety and environmental performance.
- b) **(Remuneration)** Mr Gumbley is entitled to \$250,000 per annum inclusive of pension contributions, commencing 8 March 2019.
- c) **(Options)** The Company granted Mr Gumbley a total of 1,400,000 Options with a strike price of \$0.20 based on a \$0.20 share price at listing. The Options are fully vested and have an expiry date which is four (4) years from the date the Company successfully lists on the ASX. The rights attaching to the \$0.20 Options are summarised in Section 8.2.
- d) **(Short term incentives)** Mr Gumbley is entitled to a maximum of 40% of his total fixed remuneration on the achievement of stretch targets to be agreed annually with the Board.
- e) **(Term and termination)** The MD Agreement commenced on 8 March 2019 for an indefinite term, continuing until terminated in accordance with its terms. In addition to immediate termination rights of the Company in certain circumstances, both the Company and Mr Gumbley have the right to terminate the employment by giving three months' notice in writing.
- f) **(Confidentiality)** Mr Gumbley is also subject to restrictions in relation to the use of confidential information during and after his employment with the Company ceases and his employment is for the provision of exclusive service to the Company.

The MD Agreement contains additional provisions considered standard for agreements of this nature.

7.6 Executive Services Agreement - Chris Bowden

The Company entered into an executive services agreement (**Executive Services Agreement**) with Keystone Resources Consulting Pty Ltd (**Consultant**) appointing Dr Chris Bowden as an Executive Director of the Company.

- a) **(Role)** As Executive Director, the Consultant must manage the Company's projects in Ethiopia and work with the Managing Director to support the Company's social licence to operate and perform services, as required, for the Company's related bodies corporate.
- b) **(Fee)** Keystone Resources Consulting Pty Ltd is entitled to a fee of \$132,000 per annum based on Dr Bowden providing services equivalent to 50% of his time, to the Company.

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- c) **(Options)** The Consultant was granted a total of 2,500,000 Options over Shares in the Company with a strike price of \$0.20 based on a \$0.20 share price at listing. The Options are fully vested and have an expiry date which is four (4) years from the date the Company successfully lists on the ASX. The rights attaching to the \$0.20 Options are summarised in Section 8.2.
 - d) **(Short term incentive)** The Consultant is entitled to a maximum of 30% of his total fixed remuneration on the achievement of stretch targets to be agreed annually with the Board.
 - e) **(Commencement, term and termination)** The Executive Services Agreement commenced on 1 June 2019 and is for an indefinite term, continuing until terminated either by the party giving 3 months' written notice of termination to the other party or by the Company paying the equivalent of 3 months' notice in lieu of service.
 - f) **(Confidential information)** The Consultant is subject to restrictions in relation to the use of confidential information during the engagement and must destroy or return all confidential information if the Executive Services Agreement is terminated.

The Executive Services Agreement contains additional provisions considered standard for agreements of this nature.

7.7 Non-Executive Chairman Appointment letter - Bradley Drabsch

The Company entered into a letter of agreement with Mr. Drabsch, appointing him as Non-Executive Chairman of the Company from 1 February 2020.

- a) **(Fee)** Mr Drabsch is entitled to \$60,000 per annum inclusive of superannuation. The Board may determine an increase in those fees subject to shareholder approval and the ASX Listing Rules.
- b) **(Options)** Mr Drabsch was granted 750,000 Options over Shares in the Company with a strike price of \$0.20 based on a \$0.20 share price at listing. The Options are fully vested and have an expiry date which is four (4) years from the date the Company successfully lists on the ASX. The rights attaching to the \$0.20 Options are summarised in Section 8.2.
- c) **(Other fees)** Mr Drabsch is entitled to a fee of \$1,000 per day for agreed consulting engagements that are outside of the Non-Executive Chairman duties and obligations.

The Non-Executive Chairman appointment letter contains additional provisions considered standard for agreements of this nature, including provisions for confidentiality and circumstances pursuant to which his position as Non-Executive Chairman becomes vacant.

7.8 Director (Finance) and Company Secretary - Aaron Bertolatti

The Company entered into an agreement with 1918 Consulting Pty Ltd (Consultant) for the provision of director, company secretarial and accounting services to the Company dated 8 March 2019, as amended effective 23 June 2020. The key terms are as follows:

- a) **(Services)** The Consultant provides the services through Mr Aaron Bertolatti, who was appointed as the Director, Company Secretary and accountant for the Company.
- b) **(Fee)** 1918 Consulting Pty Ltd is entitled to a fee of \$150,000 per annum.

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- c) **(Options)** The Consultant was granted 400,000 Options over Shares in the Company with a strike price of \$0.20 based on a \$0.20 share price at listing. The Options are fully vested and have an expiry date which is four (4) years from the date the Company successfully lists on the ASX. The rights attaching to the \$0.20 Options are summarised in Section 8.2.
 - d) **(Commencement and term)** The Agreement commenced on 8 March 2019 and is for an indefinite term, continuing until terminated either by the party giving 3 months' written notice of termination to the other party or by the Company paying the equivalent of 3 months' notice in lieu of service.
 - e) **(Confidentiality)** Mr Bertolatti is subject to restrictions in relation to the use of confidential information during his employment and must destroy or return all confidential information if his engagement with the Company ceases.

The agreement contains additional provisions considered standard for agreements of this nature.

7.9 Non-Executive Director appointment letter - Ms Marta Luisa Ortiz Ortega

The Company entered into a letter of agreement with Ms Ortiz, appointing her as Non-Executive Director of the Company with effect from 27 August 2020.

- a) **(Fee)** Ms Ortiz is entitled to \$30,000 per annum inclusive of superannuation. The Board may determine an increase in those fees subject to shareholder approval and the ASX Listing Rules.
- b) **(Other fees)** Ms Ortiz is entitled to a fee of A\$750 per day for agreed consulting engagements that are outside of the scope of Non-Executive Director duties.

The Non-Executive Director appointment letter contains additional provisions considered standard for agreements of this nature, including provisions for confidentiality and circumstances pursuant to which her position as Non-Executive Director becomes vacant.

7.10 Consultant's agreement - director, IPO and legal services

The Company entered into an agreement with JAWAF Enterprises Pty Ltd for the provision of director, legal and IPO coordination services dated 3 May 2019. The key terms are as follows:

- a) **(Fee)** JAWAF Enterprises Pty Ltd agreed with the Company that for services provided by Mr Anthony Hall, the Company would pay \$50,000 on the basis that the IPO completed by 31 July 2019 and if not, \$12,500 per month (pro-rated for part thereof) from 1 August 2019. For legal, due diligence, prospectus drafting and project management services to be provided by Ms Julia Bruce, the Company agreed to pay a fee of \$50,000 on the basis that the IPO completed by 31 July 2019 and if not, \$12,500 per month (pro-rated for part thereof) from 1 August 2019.
- b) **(Term)** The agreement is for an indefinite term, continuing until terminated by either party giving 30 days' notice.
- c) **(Commencement)** The agreement commenced on 1 March 2019.

The agreement contains additional provisions considered standard for agreements of this nature.

Mr Hall resigned from the Board of Directors on 27 August 2020 and the Company and JAWAF Enterprises Pty Ltd have agreed to terminate the agreement effective 30 September 2020.

7.11 Lead Manager Agreement

The Company entered into a Lead Manager Agreement with Canaccord Genuity (Australia Limited) (**Lead Manager**) on 13 August 2020. The key terms are as follows:

- a) **(Role)** The Lead Manager will provide advice as to timing, pricing and structure of the Offer, assist with the due diligence process, prepare investor presentations, organise the pre-investor road show and participate in coordination of the Offer with investors and other items consistent with a lead manager role.
- b) **(Due diligence)** The Company will invite the Lead Manager to participate in the due diligence process as an observer in Due Diligence Committee Meetings.
- c) **(No Liability)** The Company will use best endeavours to ensure that the Lead Manager is not liable for contributions to the due diligence process to other members of the due diligence committee or any other person.
- d) **(Access)** The Company will provide access to the Lead Manager to all records and information in relation to the Offer as reasonably required.
- e) **(Fees)** The Company must pay the Lead Manager (exclusive of GST):
 - (i) **(management fee)** \$60,000 to be paid on the issue or transfer of any Shares under the Prospectus lodged with ASIC;
 - (ii) **(lead manager fee)** 4% of the Gross Proceeds (the amount raised under the Offer no matter how raised); and
 - (iii) **(capital raising fee)** 2% of the Gross Proceeds (the amount raised under the Offer no matter how raised).
- f) **(Lead Manager Options)** The Company issued 2,000,000 Options to the Lead Manager on or before settlement of the Offer, consisting of 1,000,000 Options with an exercise price of \$0.25 expiring 23 June 2023 and 1,000,000 Options with an exercise price of \$0.30 expiring 23 June 2023. The full terms of the Lead Manager Options are set out in Section 8.4.
- g) **(Other expenses)** The Company must reimburse the Lead Manager for legal and adviser fees incurred for up to \$10,000 and for other out of pocket expenses.
- h) **(Withdrawal fee)** The Company must pay to the Lead Manager a withdrawal fee of \$60,000 if it terminates the mandate and pursues another form of capital raising or IPO or if a third party acquires 50% or more of the Company.
- i) **(Termination)** Termination is by written notice of 7 days by either party.
- j) **(Indemnity)** The Company indemnifies the Lead Manager and its indemnified parties for all claims and actions, losses, damages and expenses arising out of or in connection with the mandate, the Lead Manager Agreement, the Prospectus, any ASIC or ASX investigations and other matters related to or arising out of the Offer.

Other provisions including confidentiality, public announcements and no fiduciary relationship are as to be expected in an agreement of this nature.

7.12 Deeds of indemnity, insurance and access

The Company will enter into a deed of indemnity, insurance and access with each of the Directors. Under these deeds, the Company will indemnify each Director and officer to the extent permitted by law against any liability arising as a result of the relevant person acting as a director or officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director or officer and must allow the Directors and officers to inspect Board papers in certain circumstances.

8. Additional information

8.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- a) **(Rights attaching to Shares)** Subject to the Constitution and to the terms of issue of Shares, all Shares attract the right to receive notice of and to attend and vote at all general meetings of the Company, the right to receive dividends, in a winding up or a reduction of capital, the right to participate equally in the distribution of the assets of the Company (both capital and surplus), subject to any amounts unpaid on the Share and, in the case of a reduction, to the terms of the reduction.
- b) **(General meetings)** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.
- c) **(Voting rights)** Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:
 - (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
 - (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
 - (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).
- d) **(Dividend rights)** Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The Directors may rescind a decision to pay a dividend if they decide, before the payment date, that the Company's financial position no longer justifies the payment.

No dividend shall carry interest as against the Company.

- e) **(Dividend Reinvestment)** Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of ordinary fully paid Shares.

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- f) **(Winding-up)** If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set a value as the liquidator considers fair upon any property to be so decided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. No member is obliged to accept any Shares, securities or other assets in respect of which there is any liability.
 - g) **(Shareholder liability)** As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.
 - h) **(Transfer of Shares)** Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.
 - i) **(Variation of rights)** If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of the class.

Any variation of rights is subject to Part 2F.2 of Chapter 2F of the Corporations Act. The provisions of the Constitution relating to general meetings apply so far as they are capable of application and with necessary alterations to every such separate meeting except that a quorum is constituted by two persons who together hold or represent by proxy not less than one-third of the issued Shares of the class.

8.2 Rights attaching to \$0.20 Options

The rights attaching to the \$0.20 Options are set out below:

- a) **(Entitlement)** Each Option gives the Option holder the right to subscribe for one ordinary share in the Company.
- b) **(Exercise Price)** The amount payable upon exercise of each Option is \$0.20.
- c) **(Expiry Date)** Each Option will expire at 5.00pm WST 4 years from the date that the Company successfully lists on the ASX. Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- d) **(Vesting)** The Options are fully vested.
- e) **(Notice of Exercise)** An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised (Exercise Notice); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- f) **(Exercise Date)** An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

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- g) **(Timing of issue of Shares on exercise)** Within 10 Business Days of receipt of the Exercise Notice accompanied by the funds constituting the Exercise Price, the Company will allot and issue the number of ordinary shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
 - h) **(Share issue)** All ordinary shares allotted upon the exercise of Options will, upon allotment, rank pari passu in all respects with other shares of the Company.
 - i) **(Reorganisation)** In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company before the expiry of any Options, the number of Options to which an Option holder is entitled or the Exercise Price of the Options or both will be reconstructed (as appropriate) in accordance with standard practice so as to ensure that said reorganisation is neither advantageous nor disadvantageous to the Option holder.
 - j) **(Participation in new issues)** There are no participating rights or entitlements inherent in the Options and option holders will not be entitled to participate in new issues of shares offered to shareholders of the Company during the term of the Options.
 - k) **(Non-transferable)** Options are non-transferrable.
 - l) **(Quotation)** The Company will not apply for quotation of the Options on ASX.
 - m) **(Compliance with laws)** Compliance with the Corporations Act, Listing Rules and Constitution:
 - (i) If the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.
 - (ii) Nothing contained in the terms and conditions prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.
 - (iii) If the Corporations Act, Listing Rules or Constitution conflict with the terms and conditions, or the terms and conditions do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.
 - (iv) The terms of the Options may be amended as necessary by the directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms.

8.3 Rights attaching to \$0.25 Options

The rights attaching to the \$0.25 Options are set out below:

- a) **(Entitlement)** Each Option gives the Option holder the right to subscribe for one ordinary share in the Company.
- b) **(Exercise Price)** The amount payable upon exercise of each Option is \$0.25.
- c) **(Expiry Date)** Each Option will expire at 5.00pm WST 2 years from the date that the Company successfully lists on the ASX. Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- d) **(Vesting)** The Options are fully vested.

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- e) **(Notice of Exercise)** An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised (Exercise Notice); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
 - f) **(Exercise Date)** An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - g) **(Timing of issue of Shares on exercise)** Within 10 Business Days of receipt of the Exercise Notice accompanied by the funds constituting the Exercise Price, the Company will allot and issue the number of ordinary shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
 - h) **(Share issue)** All ordinary shares allotted upon the exercise of Options will, upon allotment, rank pari passu in all respects with other shares of the Company.
 - i) **(Reorganisation)** In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company before the expiry of any Options, the number of Options to which an Option holder is entitled or the Exercise Price of the Options or both will be reconstructed (as appropriate) in accordance with standard practice so as to ensure that said reorganisation is neither advantageous nor disadvantageous to the Option holder.
 - j) **(Participation in new issues)** There are no participating rights or entitlements inherent in the Options and option holders will not be entitled to participate in new issues of shares offered to shareholders of the Company during the term of the Options.
 - k) **(Non-transferable)** Options are non-transferrable.
 - l) **(Quotation)** The Company will not apply for quotation of the Options on ASX.
 - m) **(Compliance with laws)** Compliance with Corporations Act, Listing Rules and Constitution:
 - (i) If the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.
 - (ii) Nothing contained in the terms and conditions prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.
 - (iii) If the Corporations Act, Listing Rules or Constitution conflict with the terms and conditions, or the terms and conditions do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.
 - (iv) The terms of the Options may be amended as necessary by the directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms.

8.4 Rights attaching to Lead Manager Options

The Lead Manager was issued Lead Manager Options pursuant to the Lead Manager Agreement on the following terms:

\$0.25 Lead Manager Options

Apart from the expiry date, set out below, the rights attaching the \$0.25 Lead Manager Options are the same as those attaching to the \$0.25 Options in Section 8.3.

- a) **(Expiry Date)** The Options will expire at 5.00pm WST on 30 June 2023. Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

\$0.30 Lead Manager Options

Apart from the expiry date and the exercise price as set out below, the rights attaching to the \$0.30 Lead Manager Options are the same rights as those attaching to the \$0.25 Options in Section 8.3.

- a) **(Expiry Date)** The Options will expire at 5.00pm WST on 30 June 2023. Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- b) **(Exercise Price)** The exercise price payable upon exercise of each Option will be AU\$0.30 (Exercise Price).

8.5 Summary of the Company's Incentive Option Plan

The Megado Gold Limited Incentive Option Plan (Plan) was adopted by the Board on 31 January 2020. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below:

a) **(Eligible Participant): Eligible Participant means:**

- (i) a Director (whether executive or non-executive) of any Group Company;
- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee, consultant or contractor of a Group Company to the extent permitted by the ASIC Class Order 14/1000 (as amended or replaced); or
- (iv) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under (i), (ii) or (iii) above,

who is declared by the Board to be eligible to receive grants of Options under the Plan.

b) **(Purpose): The purpose of the Plan is to:**

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to performance and the creation of Shareholder value;
- (iii) align the interests of Eligible Participants more closely with the interests of Shareholders by providing an opportunity for Eligible Participants to receive Shares;
- (iv) provide Eligible Participants with the opportunity to share in any future growth in value of the Company; and

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- (v) provide greater incentive for Eligible Participants to focus on the Company's longer term goals.
 - c) **(Offer)** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
 - d) **(Plan limit)** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.
 - e) **(Issue price)** Unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
 - f) **(Vesting Conditions)** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the Offer for the Option.
 - g) **(Vesting)** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a participant, resolve to waive any of the Vesting Conditions applying to Options due to:
 - (i) Special circumstances arising in relation to a relevant person in respect of those Options;
 - (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
 - h) **(Lapse of an Option)** An Option will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing in, or hedging of the Option occurring as set out in clause 6.3(c) of the Plan;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to vest the Option (e.g. due to death, total and permanent disability);
 - (iii) in respect of unvested Option only, a relevant person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the right (e.g. due to death, total and permanent disability) or allow the unvested Options to remain unvested after the relevant person ceases to be an Eligible Participant;
 - (iv) in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Option granted in respect of that Relevant Person is not exercised within one (1) month (or such later date as the Board determines) of the date that that Relevant Person ceases to be a Eligible Participant;
 - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
 - (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Option; and
 - (vii) the expiry date of the Option.

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- i) **(Not transferrable)** Options are only transferrable with the consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
 - j) **(Shares):** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer below) from the date of issue, rank on equal terms with all other Shares on issue.
 - k) **(Quotation of Shares)** If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.

The Company will not apply for quotation of any Options on the ASX.

- l) **(Share Sale Restrictions)** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options.
- m) **(No Participation Rights)** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
- n) **(Reorganisation)** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- o) **(Amendments)** Subject to express restrictions set out in the Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Option granted under the Plan including giving any amendment retrospective effect.

8.6 Effect of the Offer on control and substantial Shareholders

Those Shareholders (and their associates) holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus and on completion of the Offer (assuming Minimum Subscription) are set out in the respective tables below.

As at the date of this Prospectus

Shareholder	Shares	Options	% (undiluted)	% diluted) (fully
New Frugalitas Fund Limited ¹	4,000,000	Nil	9.64	6.93
Marta Luisa Ortiz Ortega ²	3,745,763	Nil	9.03	6.49
Pablo Artiñano del Rio	3,138,164	Nil	7.56	5.43
Michael Kenneth Francis Gumbley ³	2,305,001	1,400,000	5.55	6.42
JAWAF Enterprises Pty Ltd <Hall Family A/C> ⁴	2,362,103	1,100,000	5.69	5.99
Aaron Bertolatti ³	2,283,334	400,000	5.50	4.65

Notes

1. A Pooled Development Fund (PDF) registered under the *Pooled Development Funds Act 1992* (Cth) that is not a related party or promoter of the Company. A Director of the Company, Mr Bertolatti, is one of three (3) directors of the PDF and a minority shareholder of the PDF but is not a controller or an associate of the PDF.
2. Ms Ortiz is a Non- Executive Director. Ms Ortiz is a 25.33% shareholder of Crau Mining, S.L. which holds 1,100,781 Shares issued to it as consideration under the Asset Purchase Agreement. Ms Ortiz is not a controller of Crau Mining, S.L. Refer Section 7.1(e) for further detail.
3. Mr Gumbley and Mr Bertolatti are Directors of the Company.
4. Entity associated with Mr Anthony Hall, a former director of the Company.

On Completion of the Offer (assuming no existing substantial Shareholder subscribes for and receives additional Shares pursuant to the Offer).

Shareholder	Shares	Options	Minimum Subscription		Maximum Subscription	
			Undiluted %	Fully diluted %	Undiluted %	Fully diluted %
New Frugalitas Fund Limited	4,000,000	Nil	6.01	4.83	5.59	4.56
Marta Luisa Ortiz Ortega	3,745,763	Nil	5.63	4.53	5.24	4.27

8.7 Interests of Promoters, Experts and Advisers

a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or held at any time during the last 2 years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offer,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

b) Registry

Computershare Investor Services Pty Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

c) Auditors

BDO Audit (WA) Pty Ltd has been appointed to act as auditor to the Company. The Company estimates it will pay BDO Audit (WA) Pty Ltd a total of \$21,000 (excluding GST) for audits conducted for 31 December 2019 and 30 June 2020. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Audit (WA) Pty Ltd has not provided services to the Company.

d) Australian Solicitors

Steinepreis Paganin has acted as the Australian Solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$50,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Steinepreis Paganin has not provided services to the Company.

e) Ethiopian Solicitors

Wondemagegnehu Gebreselassie Law Office has acted as the Ethiopian Solicitors to the Company in relation to the Offer and has prepared the Ethiopian Solicitor's Report which is included in Annexure B of this Prospectus. The Company estimates it will pay Wondemagegnehu Gebreselassie Law office approximately \$20,000 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Wondemagegnehu Gebreselassie Law office has not provided services to the Company.

f) Independent Geologist

Terra Modelling Services Inc, has acted as Independent Geologist and prepared the Independent Geologist's Report which is included in Annexure C of this Prospectus. The Company estimates it will pay Terra Modelling Services Inc a total of \$87,431 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Terra Modelling Services Inc have not provided services to the Company.

g) Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Corporate Finance (WA) Pty Ltd has not provided services to the Company.

h) Lead Manager

Canaccord Genuity (Australia) Limited has acted as Lead Manager to the Company in relation to the Offer. The terms of the Lead Manager engagement and fees are set out in Section 7.11. During the 24 months preceding lodgement of this Prospectus with ASIC, Canaccord Genuity (Australia) Limited have not provided services to the Company.

8.8 Consents

a) General

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to below:

- (i) does not make the Offer;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

b) Registry

Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Registry of the Company in the form and context in which it is named.

c) Auditors

BDO Audit (WA) Pty Ltd have given, and have not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to being named in this Prospectus as auditors of the Company in the form and context in which they are named.

d) Australian Solicitors

Steinepreis Paganin has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Australian solicitors to the Company in the form and context in which it is named.

e) Ethiopian Solicitors

Wondemagegnehu G. Selassie Law office has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Ethiopian Solicitors to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Ethiopian Solicitor's Report in the form and context in which it is included.

f) Independent Geologist

Terra Modelling Services Inc have given, and have not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Independent Geologists to the Company in the form and context in which they are named and have given and not withdrawn their consent to the inclusion of the Independent Geologist's Report in the form and context in which it is included.

g) Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it is included.

h) Lead Manager

Canaccord Genuity (Australia) Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Lead Manager in the form and context in which it is named.

8.9 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$526,787 for the Minimum Subscription and \$592,276 for the Maximum Subscription and are expected to be applied towards the items set out in the table below:

Items of expenditure	Minimum Subscription	Maximum Subscription
	\$	\$
ASIC fees	3,206	3,206
ASX fees	60,213	65,702
Capital Raising fee	100,000	120,000
Lead Manager fee	200,000	240,000
Management fee	60,000	60,000
External Legal fees	70,000	70,000
Independent Geologist's fees ¹	3,368	3,368
Investigating Accountant's fees	15,000	15,000
Printing and Distribution	5,000	5,000
Miscellaneous	10,000	10,000
TOTALS	526,787	592,276

Notes

1. The total Independent Geologist's fees are estimated to be \$87,431. To date the Company has paid \$84,063, leaving \$3,368 payable as at the date of this Prospectus.
2. The Company also issued 2,000,000 Lead Manager Options to the Lead Manager as fees associated with services provided in respect of the Offer. For further details on the Lead Manager Agreement and the terms of the Lead Manager Options refer to Sections 7.11 and 8.4 respectively.

8.10 Disclosure Obligations

Following Admission, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

8.11 Litigation

As far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company or its branch office in Ethiopia, Megado Gold Ltd, Babicho Mining PLC or Chochi Mining PLC is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

8.12 Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.megadogold.com. If you are accessing the electronic version of the Prospectus for the purpose of making an investment you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please email the Company at info@megadogold.com and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

8.13 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company: this Prospectus, the Constitution, the Company's Incentive Option Plan, the Company's audited financial statements for the period ending 31 December 2019, the Company's auditor reviewed financial statements for the half year ending 30 June 2020 and the consents referred to in Section 8.8 of this Prospectus.

8.14 Statement of Directors

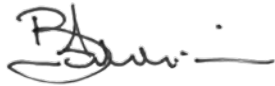
The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Annexure A, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

9. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in black ink, appearing to read 'A. Bertolatti', with a stylized flourish at the end.

Aaron Bertolatti, Finance Director

Dated: 4 September 2020

10. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ or A\$ means Australian dollars.

\$0.20 Options means the 10,450,000 Options issued to management and supporting brokers by the Company on the terms contained in Section 8.2.

\$0.25 Options means the 3,800,000 Options issued to brokers by the Company on the terms contained in Section 8.3.

\$0.25 Lead Manager Options means the 1,000,000 Options issued to the Lead Manager by the Company on the terms contained in Section 8.4.

\$0.30 Lead Manager Options means the 1,000,000 Options issued to the Lead Manager by the Company on the terms contained in Section 8.4.

Admission means admission of the Company to the Official List, following completion of the Offer.

Allotment Date means the date, as determined by the Directors, on which the Securities offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.

Applicant means a person who submits an Application Form.

Application means a valid application for Securities pursuant to this Prospectus.

Application Form means the relevant application form for an Offer provided by the Company with a copy of this Prospectus.

Application Monies means application monies for Securities under the Offer received and banked by the Company.

Asset Purchase Agreement means the agreement dated 6 November 2019 between the Company and the Vendor for the purchase of the Vendor's Ethiopian mining assets by the Company for the Consideration Shares and the amendment to that agreement between the parties dated 3 August 2020.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.

ASX Listing Rules means the Listing Rules of ASX.

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

Babicho means Babicho Mining PLC, a private company incorporated in Ethiopia.

Babicho Licence means the exploration licence issued by the Ministry to Babicho Mining PLC on 26 September 2019, the details of which are summarised in Section 2.5 and Annexure B.

Board means the board of Directors of the Company as at the date of this Prospectus.

Chakata Licence means the exploration licence issued by the Ministry to the Company on 19 August 2020, the details of which are summarised in Section 2.5 and Annexure B.

CHESS means the Clearing House Electronic Sub-register System operated by ASX Settlement.

Chochi means Chochi Mining PLC, a private company incorporated in Ethiopia.

Chochi Licence means the exploration licence issued by the Ministry to Chochi Mining PLC on 6 January 2020, the details of which are summarised in Section 2.5 and Annexure B.

Closing Date means the date that the Offer closes which is 5:00pm (WST) on 7 October 2020 or such other time and date as the Board determines.

Company means Megado Gold Limited (ACN 632 150 817).

Company Secretary means the secretary of the Company.

Consideration Shares means the 11,000,000 Shares issued to the Vendor (or their nominees) in consideration for the sale of its Ethiopian mining assets to the Company under the Asset Purchase Agreement.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Dawa Licence means the exploration licence issued by the Ministry to the Company on 19 August 2020, the details of which are summarised in Section 2.5 and Annexure B.

Dermi Dama Licence means the application for an exploration licence lodged by the Company with the Ministry in January 2020, which application is currently in train. Further details are summarised in Section 2.5 and Annexure B.

Directors means the directors of the Company.

Electronic Prospectus means the electronic copy of this Prospectus located at the Company's website www.megadogold.com.

Ethiopian Solicitors means the Wondemagegnehu G. Selassie Law Office, whose legal director is Wondemagegnehu G. Selassie of address PO Box 4323, Addis Ababa, Ethiopia.

Ethiopian Solicitor's Report means the legal tenure report contained in Annexure B prepared by the Ethiopian Solicitors.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Group Company means any associated body corporate of the Company.

GST means Goods and Services Tax.

Independent Geologist means Terra Modelling Services Inc.

Independent Geologist's Report means the report contained in Annexure C prepared by the

Independent Geologist.

Independent Limited Assurance Report means the report contained in Annexure A prepared by the Investigating Accountant.

Indicative Timetable means the indicative timetable for the Offer on page seven (7) of this Prospectus.

Investigating Accountant means BDO Corporate Finance (WA) Pty Ltd.

JORC Code means the 2012 Edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Lead Manager means Canaccord Genuity (Australia) Limited (AFSL 234666).

Lead Manager Agreement means the agreement between the Company and Canaccord Genuity (Australia) Limited dated 13 August 2020 as summarised in Section 7.11.

Lead Manager Options means the \$0.25 Lead Manager Options and the \$0.30 Lead Manager Options.

Licence means an exploration licence issued by the Ministry of Mines and Petroleum, Ethiopia and includes the Babicho Licence, Chakata Licence, Chochi Licence, Dawa Licence, Dermi Dama Licence and the Mormora Licence as the context requires.

Licensing Authority means the Ministry.

Listing Rules means the listing rules of ASX.

Maximum Subscription means the Company's right to accept an additional 5,000,000 Shares at an issue price of \$0.20 for an additional \$1,000,000.

Minimum Subscription means the raising of \$5,000,000 pursuant to the Offer.

Mining Laws means the following principal laws which regulate the mining sector in Ethiopia:

- The 1995 Constitution of the Federal Republic of Ethiopia;
- Mining Operations Proclamation No. 678/2010 to promote sustainable development of Mineral Resources dated 4 August 2010, as amended by Proclamation No 816/2013;
- The Federal Income Tax Proclamation no 979/2016, Value Added Tax Proclamation No. 285/2002, Council of Ministers Value Added Tax Regulation No. 79/2002
- Mining Operation Council of Ministers Regulation No 423/2018;
- Directives issued by the Licensing Authority pursuant to the Mining Operations Proclamation and the Mining Operations Regulation from time to time, including the Ministry of Mines Directive No.1/2010.

Ministry means the Ministry of Mines and Petroleum, Ethiopia.

Mormora Licence means the exploration licence issued by the Ministry to Crau Mining, S.L. on 26 September 2019, the details of which are summarised in Section 2.5 and Annexure B.

Mormora Transfer Agreement means the agreement entered into between the Vendor and

the Company dated 24 February 2020 in relation to the Mormora Licence, the details of which are summarised in Section 7.2.

Offer means the offer by the Company, pursuant to this Prospectus, of 25,000,000 Shares at the Offer Price to raise \$5,000,000 with the right to accept oversubscriptions for a 5,000,000 Shares to raise a further \$1,000,000.

Offer Price means \$0.20 per Share under the Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Opening Date means the date specified as the opening date of the Offer in the Indicative Timetable.

Option means an option to acquire a Share in the Company and includes the \$0.20 Options, the \$0.25 Options, the \$0.25 Lead Manager Options and the \$0.30 Lead Manager Options.

Project means the projects of the Company which include the Company's right to explore for gold over the licensed areas of the Babicho, Chakata, Chochi, Dawa and Mormora Licences and the Company's application for the Dermi Dama Licence.

Prospectus means this prospectus dated 4 September 2020.

Registry means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

Section means a section of this Prospectus.

Securities means any securities, including Shares and Options, issued or granted by the Company.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of one or more Shares.

US\$ means United States dollars.

Vendor or **Crau Mining** means Crau Mining, S.L. a private Spanish company with CIF (tax number) B87870952 of 28001 Madrid, 36 Principe de Vergara.

WST means Western Standard Time, being the time in Perth, Western Australia.

ANNEXURE A - INDEPENDENT LIMITED ASSURANCE REPORT

MEGADO GOLD LIMITED Independent Limited Assurance Report

4 September 2020

4 September 2020

The Directors
Megado Gold Limited
Level 12, 197 St Georges Terrace
Perth WA 6000

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by Megado Gold Limited (**'Megado'** or **'the Company'**) to prepare this Independent Limited Assurance Report (**'Report'**) in relation to certain financial information of Megado, for the Initial Public Offering of shares in Megado, for inclusion in the Prospectus.

Broadly, the Prospectus will offer up to 30,000,000 Shares at an issue price of \$0.20 each to raise up to \$6 million before costs (**'the Public Offer'**). The Offer is subject to a minimum subscription level of 25,000,000 shares to raise \$5 million.

Megado is an Australian public company which was incorporated on 8 March 2019 for the purpose of acquiring the rights to three gold projects in Ethiopia (**'the Acquisition'**). The Acquisition was completed pursuant to an Asset Acquisition Agreement, whereby the Company acquired 80% of Babicho Mining PLC (**'Babicho'**), 80% of Chochi Mining PLC (**'Chochi'**) and control of the Mormora License (**'Mormora'**) (collectively the **'Exploration Assets'**). As at 30 June 2020, Megado has one wholly owned subsidiary, being Megado Gold Inc. (**'Megado Gold'**). Megado Gold's country of incorporation is USA.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide (**'FSG'**) has been included in this report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **‘Historical Financial Information’**) of Megado included in the Prospectus:

- the audited historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for the period from incorporation to 31 December 2019;
- the reviewed historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for the half-year ended 30 June 2020 and the period from incorporation to 30 June 2019 (being the comparative period to the half year ended 30 June 2020); and
- the reviewed historical Statement of Financial Position as at 30 June 2020.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company’s adopted accounting policies.

The Historical Financial Information has been extracted from the financial report of Megado for the half-year ended 30 June 2020 and the period from incorporation to 30 June 2019, which was reviewed by BDO Audit (WA) Pty Ltd (**‘BDO Audit’**) in accordance with Australian Auditing Standards. BDO Audit issued an unmodified review opinion on the financial report.

The Historical Financial Information has been extracted from the financial report of Megado for the period from incorporation to 31 December 2019, which was audited by BDO Audit in accordance with Australian Auditing Standards. BDO Audit issued an unmodified audit opinion on the financial report.

In each of the audit and review conclusions, BDO Audit included an emphasis of matter relating to the material uncertainty around the ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the review opinion and audit opinion were not modified in respect of this matter.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **‘Pro Forma Historical Financial Information’**) of Megado included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2020.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Megado, after adjusting for the effects of the subsequent events described in

Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Megado to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on Megado's financial position as at 30 June 2020. As part of this process, information about Megado's financial position has been extracted by Megado from Megado's financial statements for the year ended 30 June 2020.

3. Directors' responsibility

The directors of Megado are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to ensure the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

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

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for the period from incorporation to 31 December 2019;

- the reviewed historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for the half-year ended 30 June 2020 and the period from incorporation to 30 June 2019; and
- the reviewed historical Statement of Financial Position as at 30 June 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position of Megado as at 30 June 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro forma statement of financial position reflects the following events that have occurred subsequent to 30 June 2020:

- The Exploration Assets were acquired for a consideration of 11,000,000 shares, which were issued at a deemed issue price of \$0.20. Both the issued capital and the deferred exploration balance have increased by \$2,200,000. Additionally, the prepaid acquisition costs paid to Crau Mining SL have been transferred from prepayments to deferred exploration expenditure, increasing the balance by \$282,987, these transactions are considered to be asset acquisitions under AASB 3;
- The Company issued 2,000,000 options to the lead manager with an expiry date of 30 June 2023 ('**Lead Manager Options**'), 1,000,000 options were exercisable at \$0.25 and 1,000,000 exercisable at \$0.30. The \$0.25 tranche and the \$0.30 tranche were valued at \$113,000 and \$105,000 respectively. The issue of the Lead Manager Options is reflected in the pro forma statement of financial position by an increase in reserves and an increase in accumulated losses.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Megado not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 1. This has been prepared based on the financial statements as at 30 June 2020, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 25,000,000 shares at an offer price of A\$0.20 each to raise \$5 million before costs pursuant to the Prospectus, based on the minimum subscription

- The issue of 30,000,000 shares at an offer price of A\$0.20 each to raise \$6 million before costs pursuant to the Prospectus, based on the maximum subscription; and
- Cash costs of the Offer are estimated to be approximately \$526,787 and \$592,276 for the minimum and maximum raises respectively. The costs directly attributable to the capital raising being \$362,622 and \$429,891 respectively. Those costs which are directly attributable to the capital raising are offset against contributed equity, with the remaining costs of the Offer expensed through accumulated losses.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of Megado, for which normal professional fees are received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Adam Myers

Director

APPENDIX 1

MEGADO GOLD LIMITED

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Reviewed as at 30-Jun-20	Subsequent events	Pro-forma adjustments Min	Pro-forma adjustments Max	Pro-forma after issue Min	Pro-forma after issue Max
	Notes	\$	\$	\$	\$	\$	\$
Current Assets							
Cash and cash equivalents	2	430,459	-	4,473,213	5,407,724	4,903,672	5,838,183
Prepayments	3	285,280	(282,987)	-	-	2,293	2,293
Receivables		8,276	-	-	-	8,276	8,276
Total Current Assets		724,015	(282,987)	4,473,213	5,407,724	4,914,241	5,848,752
Non-Current Assets							
Deferred exploration expenditure	4	-	2,482,987	-	-	2,482,987	2,482,987
Total Non-Current Assets		-	2,482,987	-	-	2,482,987	2,482,987
Total Assets		724,015	2,200,000	4,473,213	5,407,724	7,397,228	8,331,739
Current Liabilities							
Trade and other payables		32,000	-	-	-	32,000	32,000
Total Current Liabilities		32,000	-	-	-	32,000	32,000
Total Liabilities		32,000	-	-	-	32,000	32,000
Net Assets		692,015	2,200,000	4,473,213	5,407,724	7,365,228	8,299,739
Equity							
Issued capital	5	1,935,253	2,200,000	4,637,378	5,570,109	8,772,631	9,705,362
Reserves	6	793,454	218,000	-	-	1,011,454	1,011,454
Accumulated losses	7	(2,036,692)	(218,000)	(164,165)	(162,385)	(2,418,857)	(2,417,077)
Total Equity		692,015	2,200,000	4,473,213	5,407,724	7,365,228	8,299,739

The consolidated pro-forma statement of financial position after the Offers is as per the statement of financial position before the Offers adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 2 and Appendix 3.

APPENDIX 2
MEGADO GOLD LIIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed for the half-year ended 30-Jun-20 \$	Audited for the period from 8 March 2019 to 31-Dec-19 \$	Reviewed for the period from 8 March 2019 to 30-Jun-19 \$
Continuing Operations			
Interest income	33	48	27
Gain on foreign exchange	-	4,497	-
Expenses			
Professional and consulting fees	(119,027)	(145,174)	(3,421)
Director and employee costs	(196,125)	(318,333)	(94,334)
Exploration Expenditure	(90,992)	(180,274)	(103,180)
Other expenses	(34,910)	(48,594)	(3,514)
Loss on foreign exchange	(13,863)	-	-
Share-based payments expense	(166,156)	(625,548)	-
Travel and accommodation	(25,534)	(76,740)	(10,519)
Loss before income tax	(646,574)	(1,390,118)	(214,941)
Income tax expense	-	-	-
Net loss for the period	(646,574)	(1,390,118)	(214,941)
Total comprehensive loss for the period	(646,574)	(1,390,118)	(214,941)

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 3. Past performance is not a guide to future performance.

APPENDIX 3
MEGADO GOLD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed for the half-year ended 30-Jun-20 \$	Audited for the period from 08-Mar-19 to 31-Dec-19 \$	Reviewed for the period from 08-Mar-19 to 30-Jun-19 \$
Cash flows from operating activities			
Payments to suppliers and employees	(611,051)	(340,770)	(261,265)
Payments for exploration expenditure*	(91,542)	-	(7,774)
Interest received	33	48	27
Net cash used in operating activities	(702,560)	(340,722)	(269,012)
Cash flows from investing activities			
Payments for exploration expenditure	-	(463,262)	-
Net cash used in investing activities	-	(463,262)	-
Cash flows from financing activities			
Proceeds from issue of shares	891,414	1,041,089	430,003
Proceeds from issue of options	-	4,500	-
Net cash provided by financing activities	891,414	1,045,589	430,003
Net increase in cash and cash equivalents	188,854	241,605	160,991
Cash and cash equivalents at the beginning of the period	241,605	-	-
Cash and cash equivalents at the end of the period	430,459	241,605	160,991

* Payments for exploration expenditure were subsequently reclassified in the preparation of the 30 June 2020 half-year report. As this change is immaterial to the historical financial information, BDO has not made any adjustments.

This consolidated statement of cash flows shows the historical cash flows of the Company and are to be read in conjunction with the notes to and forming part of the consolidated historical financial information set out in Appendix 4.

APPENDIX 4

MEGADO GOLD LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

a) Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

b) Reporting Basis and Conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

c) Basis of Consolidation

The consolidated financial information comprise the financial information of Megado and its subsidiaries, Megado Gold, Babicho and Chochi ('the Group'). Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

In preparing the consolidated financial information, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full. Unrealised losses are also eliminated unless costs cannot be recovered. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

d) Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

e) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the historical financial information of each of the Company's controlled entities are measured using the currency of the primary economic environment in which the entity operates ('**the functional currency**'). The functional and presentation currency of Megado is Australian dollars. The functional currency of the US subsidiary is the US Dollar.

(ii) Transactions and balances

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

(iii) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable.

f) Segment Reporting

For management purposes, the Company is organized into one main operating segment, which involves gold exploration. All of the Company's activities are interrelated, and discrete financial information is reported to the management (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial information of the Company as a whole.

g) Changes in accounting policies and disclosures

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for future reporting periods. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and therefore, no change will be necessary to Company accounting policies.

h) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognized as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance

is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

i) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except when:

- the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, except when:

- the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be recognised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognized.

Unrecognized deferred income tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is recognized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognized directly in equity are recognized in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Government. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Government is included as part of receivables or payables in the statement of financial position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the Government, are disclosed as operating cash flows.

k) Impairment of non-financial assets other than goodwill

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the

carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

l) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

m) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortized cost;
- fair value through other comprehensive income ('FVOCI'); and
- fair value through profit or loss ('FVPL').

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and

- the entities business model for managing the financial asset.

Financial assets at amortized cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value that are recognized in profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

p) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

q) Current and Non-Current Classification

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

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

r) Revenue recognition

Revenue is recognised when or as the Group transfers control of good or services to a customer at the amount to which the company expects to be entitled.

s) Other income

Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(t) Earnings per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Share-based payment transactions

(i) Equity settled transactions:

The Company provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share-based payment transactions, whereby individuals render services in exchange for shares or rights over shares (**'equity settled transactions'**).

There is currently an Employee Share Option Plan (**'ESOP'**) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee. The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (**'vesting date'**). The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share

(ii) Cash settled transactions:

The Company may also provide benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash. The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the year until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(v) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the year in which the estimate is revised if it affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Share-based payment transactions:

The Company measures the cost of equity-settled transactions and cash-settled share-based payments with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black and Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. During the period the group issued performance options with non-market based vesting conditions. As such management have used significant judgement in assessing the probability of the performance criteria being met.

Deferred Exploration and evaluation Expenditure

Exploration and evaluation expenditure includes prepaid project acquisition costs that have been capitalized on the basis that the Company will complete the acquisition of mineral licenses / leases where it has entered into a binding asset purchase agreement. Key judgements are applied in considering costs to be capitalized which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalized.

In addition, costs are only capitalized that are expected to be recovered through satisfaction of all conditions precedent to proceed with the acquisition. To the extent that capitalized costs are determined not to be recoverable in the future should the acquisition not proceed, they will be written off in the period in which this determination is made.

(w) New, revised or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 16 Leases – AASB 16 Leases replaces AASB 117 Leases and some lease-related Interpretations. It largely retains the existing lessor accounting requirements in AASB 117. It provides new guidance on the application of the definition of lease and on sale and lease back accounting and requires new and different disclosures about leases. It requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases. The Standard does not have a material impact on the transactions and balances recognised in the financial information.

	Reviewed 30-Jun-20	Pro-forma after Offer min	Pro-forma after Offer max
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$	\$
Cash and cash equivalents	430,459	4,903,672	5,838,183
Reviewed balance of Megado at 30 June 2020		430,459	430,459
Pro-forma adjustments:			
Proceeds from shares issued under this Prospectus		5,000,000	6,000,000
Capital raising costs		(526,787)	(592,276)
		4,473,213	5,407,724
Pro-forma Balance		4,903,672	5,838,183

	Reviewed 30-Jun-20	Pro-forma after Offer min	Pro-forma after Offer max
NOTE 3. PREPAYMENTS (CURRENT)	\$	\$	\$
Prepayments	285,280	2,293	2,293
Reviewed balance of Megado at 30 June 2020		285,280	285,280
Subsequent events:			
Unwinding of prepaid acquisition costs		(282,987)	(282,987)
		(282,987)	(282,987)
Pro-forma Balance		2,293	2,293

	Reviewed 30-Jun-20	Pro-forma after Offer min	Pro-forma after Offer max
NOTE 4. DEFERRED EXPLORATION EXPENDITURE	\$	\$	\$
Deferred exploration expenditure	-	2,482,987	2,482,987
Reviewed balance of Megado at 30 June 2020		-	-
Subsequent events:			
Consideration transferred under the Asset Purchase Agreement		2,200,000	2,200,000
Unwinding of prepaid acquisition costs		282,987	282,987
		2,482,987	2,482,987
Pro-forma Balance		2,482,987	2,482,987

The Asset Purchase Agreement was considered under AASB 3 Business Combinations and although Companies were acquired as part of the transaction, it was determined that no business was acquired and accordingly the transaction has been accounted for as an asset acquisition. The only material assets of the companies were exploration assets.

		Reviewed 30-Jun-20	Pro-forma after Offer min	Pro-forma after Offer max
NOTE 5. ISSUED CAPITAL		\$	\$	\$
Issued capital		1,935,253	8,772,631	9,705,362
	Number of shares (min)	Number of shares(max)	\$	\$
Reviewed balance of Megado at 30 June 2020	30,500,003	30,500,003	1,935,253	1,935,253
	30,500,003	30,500,003	1,935,253	1,935,253
Subsequent events:				
Shares issued under Asset Purchase Agreement	11,000,000	11,000,000	2,200,000	2,200,000
	11,000,000	11,000,000	2,200,000	2,200,000
Pro-forma adjustments:				
Proceeds from shares issued under this Prospectus	25,000,000	30,000,000	5,000,000	6,000,000
Capital raising costs	-	-	(362,622)	(429,891)
	25,000,000	30,000,000	4,637,378	5,570,109
Pro-forma Balance	66,500,003	71,500,003	8,772,631	9,705,362

	Reviewed 30-Jun-20	Pro-forma after Offer min	Pro-forma after Offer max
NOTE 6. RESERVES	\$	\$	\$
Reserves	793,454	1,011,454	1,011,454
Reviewed balance of Megado at 30 June 2020		793,454	793,454
Subsequent events:			
Lead Manager Options exercisable at \$0.25 issued 13 August 2020		113,000	113,000
Lead Manager Options exercisable at \$0.30 issued 13 August 2020		105,000	105,000
		218,000	218,000
Pro-forma Balance		1,011,454	1,011,454

	Reviewed 30-Jun-20	Pro-forma after Offer min	Pro-forma after Offer max
NOTE 7. ACCUMULATED LOSSES	\$	\$	\$
Accumulated losses	(2,036,692)	(2,418,857)	(2,417,077)
Reviewed balance of Megado at 30 June 2020		(2,036,692)	(2,036,692)
Subsequent events:			
Lead Manager Options exercisable at \$0.25 issued 13 August 2020		(113,000)	(113,000)
Lead Manager Options exercisable at \$0.30 issued 13 August 2020		(105,000)	(105,000)
		(218,000)	(218,000)
Pro-forma adjustments:			
Costs of the offer not directly attributable to the capital raising		(164,165)	(162,385)
		(164,165)	(162,385)
		(2,418,857)	(2,417,077)

NOTE 8. ASSET ACQUISITION	Fair value	Fair value
	\$	\$
Cash	-	-
Net identifiable assets	-	-
Purchase consideration comprises:		
Equity component	2,200,000	2,200,000
Unwinding of prepaid acquisition costs	282,987	282,987
	2,482,987	2,482,987
Fair value attributable to exploration assets acquired	2,482,987	2,482,987
Pro-forma adjustment to exploration assets	2,482,987	2,482,987

NOTE. 9: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE.10: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 5

FINANCIAL SERVICES GUIDE

4 September 2020

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Megado Gold Limited ('Megado' or 'the Company') to provide an Independent Limited Assurance Report ('ILAR' 'our Report/s') for inclusion in this Prospectus.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$12,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report. BDO Audit is the independent auditor of Megado, for which normal professional fees are received.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Megado for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 931 678
Website: www.afca.org.au

Contact details

You may contact us using the details set out on page 1 of our Report.

ANNEXURE B - ETHIOPIAN SOLICITOR'S REPORT



Wondemagegnehu G.Selassie Law office

Advocates and Attorneys at Law

PO Box 4323
ADDIS ABABA
Ethiopia

Tel: +251 1 62 67 66

Legal Report on Title

To: Megado Gold Limited
(Australian Company Number 632 150 817),
Level 12,
197 St Georges Terrace,
Perth, WA, Australia

Date: 4 September 2020

Subject: Title to Exploration Licenses and Control

Dear Sirs,

We are lawyers licensed and qualified to practice law in the Federal Democratic Republic of Ethiopia ("**Ethiopia**") and act as external council for Companies. We have acted as the Ethiopian legal adviser to Megado Gold Limited (Australian Company Number 632 150 817), a company incorporated in Australia and registered in Ethiopia under the name of Megado Gold Ltd (Ethiopia) (Principal Registration No.MT/AA/2/0051862/2012 and Tax Identification No.TIN: 0066355091) ("**Megado**"), in connection with its acquisition of various mining assets in Ethiopia.

We have been requested to issue a Report on the ownership and good standing of the exploration licences over which Megado has control or ownership and the application filed by Megado Gold Ltd (Ethiopia) in respect of the additional licence in Dermi Dama.

The five granted exploration licences (“Exploration Licences”) are as follows:

1. Exploration Licence EL/00313/2019 (Mormora) issued to CRAU Mining S.L., as licensee, a Spanish Mining Company who has granted Megado control over the Mormora Exploration License (Mormora EL);,
2. Chochi Exploration Licence MOM/EL/276/2013 issued to Chochi Mining PLC, as licensee, an Ethiopian registered company of which Megado is 80% shareholder (Chochi EL);
3. Babicho Exploration Licence EL/00106/2019 issued to Babicho Mining PLC, as licensee, an Ethiopian registered company of which Megado is 80% shareholder (Babicho EL);
4. Chakata Exploration Licence MOM/EL/00556/2019 issued to Megado Gold Ltd (Ethiopia), (Chakata EL); and
5. Dawa Exploration Licence MOM/EL/00813/2019 issued to Megado Gold Ltd (Ethiopia), (Dawa EL).
6. In addition to the granted licences, an Exploration License application MOM/EL/00175/2020 (Dermi Dama) was filed by Megado Gold Ltd (Ethiopia) for an exploration over approximately 227.32 Km² in Oromia Regional State. Dermi Dama locality (Dermi Dama EL).

The opinions contained in this Report are correct as of 4 September 2020 and are subject to the caveats contained herein.

1 Purpose

- 1.1 This Report covers the following items:
 - 1.1.1 Conclusions and Opinions;
 - 1.1.2 Relevant laws;
 - 1.1.3 Legal review;
 - 1.1.4 Applicable law;
 - 1.1.5 Assumptions, qualifications and limitations;
 - 1.1.6 Licence transfer provisions;

- 1.1.7 Good standing of the Exploration Licenses;
- 1.1.8 Status of the Exploration Licenses; and
- 1.1.9 Schedules

2 Conclusions and Opinions

- 2.1 The Mormora EL is duly registered in the name of CRAU Mining, S.L. and is in good standing;
- 2.2 The Chochi EL is duly registered in the name of Chochi Mining PLC and is in good standing;
- 2.3 Babicho EL is duly registered in the name of Babicho Mining PLC and is in good standing;
- 2.4 The Chakata EL and Dawa EL are duly registered in the name of Megado Gold Ltd (Ethiopia) and are in good standing;
- 2.5 The Exploration Licenses Fees and Rentals for 2019 and 2020 in connection with the issued Exploration Licenses were paid on time;
- 2.6 Megado has the contractual right to perform all activities and undertake all duties in accordance with the terms of the Mormora Exploration Licence as if it were the licensee and CRAU Mining S.L., must transfer the Exploration Licence EL/00313/2019(Mormora EL) to Megado as soon as possible and in any event before 30 June 2021.
- 2.7 We do not see any reason why the Licensing Authority (Ministry of Mines and Petroleum) would not approve the transfer of the Mormora Licence from CRAU Mining S.L., to Megado Ethiopia, provided that all of the conditions (the annual work programme) under which the licence were issued are complied with. Megado will continue to have the contractual right to control the Mormora Licence as if it were the licensee.
- 2.8 Subject to 2.9 below, there are no legal, regulatory, statutory or contractual impediments to Megado Gold Ltd (Ethiopia), to carrying out exploration activities on each of the Exploration Licences. Each licensee of the Exploration Licences has the right to:

- 2.8.1 exclusive and unfettered access to the Exploration Licenses and License areas;
 - 2.8.2 prospect, explore, sample, drill, mine (upon discovery and upgrading its exploration licence to a mining licence) or do any further or other act or thing for all licensed minerals, the rights to which are for the time being the subject of the Exploration License;
 - 2.8.3 take away such amount of minerals, ore and samples from the Exploration Licenses as is considered necessary or desirable; and
 - 2.8.4 full and exclusive control and discretion in the prospecting, investigation, development and exploitation of the Exploration Licenses (upon discovery and upgrading its exploration licence to a mining licence).
- 2.9 As at the date of this report, Babicho Mining PLC is the licensee of a Large Scale Mining License for placer gold (MOM/LSML/112/117) over an area of 4.7416 km² (Large Scale Mining License) which lies within the 131.9624 km² of the Babicho EL area. Babicho Mining intends to transfer this mining licence to an unrelated Ethiopian company. If or when the Large Scale Mining License is transferred from Babicho Mining PLC, the license area the subject of the Large Scale Mining License of 4.7416 km² will be excluded from the Babicho EL area.
- 2.10 Third parties do not have any right to apply for a mining licence in connection with any licensed minerals discovered within the perimeter of the Exploration Licenses.
- 2.11 The Dermi Dama EL application was duly lodged with the Licensing Authority by Megado Gold Ltd (Ethiopia) and the application is noted as received by the Licensing Authority on 29 January 2020.

3 Relevant Laws

- 3.1 The Mining Operation Proclamation No. 678/2010 as amended by Mining Operation (Amendment) Proclamation No. 816/2013
- 3.2 Mining Operation Council of Ministers Regulation No. 423/2018
- 3.3 The Labour Proclamation No. 1156/2019;
- 3.4 Commercial Registration and Licensing Proclamation No. 980/2016;
- 3.5 Commercial Registration and Licensing Councils of Ministers Regulation o.392/2016
- 3.6 Civil Procedure Code of 1965
- 3.7 Commercial Code of Ethiopia Proclamation No. 166/1960

4 Legal Review

- 4.1 For the purpose of issuing this Report we have reviewed and relied upon only the documents listed in Schedule B (the “Relevant Documents”) (either in the original or in the form of a copy) and completed only the searches and enquiries referred to in Schedule B to this Report. In particular, we have not examined any documents (other than the Relevant Documents) referred to in or incorporated by reference (whether in whole or in part) in the Relevant Documents, or any other person or any corporate records or constitutional documents of the aforesaid, and this Report is confined to the Relevant Documents only and no opinions are expressed as to any other agreements or documents.
- 4.2 The opinions given in this Report are strictly limited to the matters stated in sections 2, 7, 8 and 9 and do not extend, whether, expressly, impliedly, tacitly or otherwise, to any other matters.
- 4.3 We have not made searches and enquiries other than the Searches and Enquiries listed in Schedule B of this Report.

- 4.4 Insofar as we examined originals, we assume that these have been correctly executed and in respect of copies of such originals we assume that any such copies are true and accurate copies.
- 4.5 We assume that the parties took steps by resolution or otherwise to ensure that their signature of the documents executed during the course of the Transaction constitutes a valid, legally binding and enforceable obligation on them under the laws by which each are expressed to be governed.

5 Applicable Law

- 5.1 This Report and the opinions given in it are governed by Ethiopian law and relates only to Ethiopian law as applied by the Ethiopian courts as at the date of this Report. To the extent any opinion expressed in this Report relates to a future event, it is expressed on the assumption that Ethiopian law will remain the same on any relevant future date as that in existence as at the date of this Report and, accordingly, no opinion is given that the future or continued performance of the obligations of any of the parties to the Relevant Documents or the consummation of the transactions contemplated in any of the Relevant Documents will not contravene Ethiopian law if such law is altered. We express no opinion in this Report on the laws of any other jurisdiction and no opinion on matters of fact.
- 5.2 To the extent to which any obligation under any Relevant Document is to be governed by the laws of any jurisdiction other than Ethiopian and/or is to be performed in any jurisdiction other than Ethiopian, we have made no independent investigation thereof and our opinion is subject to the effect of such laws and we have assumed that the parties' obligations in the Relevant Documents will be legal, valid, binding and enforceable under the laws of that jurisdiction and that its performance will not violate public policy of any jurisdiction.

6 Assumptions, Qualifications and Limitations

- 6.1 The opinions given in this Report are given on the basis of the assumptions set out in Schedule C (Assumptions) (the Assumptions) and are subject to the qualifications set out in Schedule D (Qualifications) (the Qualifications) to this Report.
- 6.2 No Qualification or Assumption shall in any way derogate from or limit the generality of any other Qualification or Assumption.
- 6.3 The opinions given in this Report are subject to the limitations set out in Schedule E.

7 Licensing Authority consent to a transfer of license

- 7.1 Pursuant to Article 15 and 40 of the Mining Operation Proclamation as Amended, approval of the Licensing Authority must be sought for the transfer of an exploration licence from one licensee to another.
- 7.2 However, as noted in section 2.7, we do not foresee any reason why the Licensing Authority would not grant a transfer of the Exploration License EL/0313/2019 (Mormora Exploration Licence) from CRAU MINING S.L., to Megado Ethiopia, provided that all of the conditions of the exploration licence have been complied with including the fees paid and CRAU, as the licensee, has not done anything to breach the terms of the licence. In practice, the Licensing Authority approval is subject to administrative delay and it is difficult to put any sort of timeframe as when such approval will be obtained. In any event, Megado shall continue to have its contractual rights of full administrative and operational control under the Mormora share purchase/transfer and control agreement entered into between CRAU and Megado on 24 February 2020 until such time as the transfer is made.

8 Good standing of the Exploration Licenses

8.1 Summary table of the Licenses

Please refer to Schedule A for details of the Exploration Licenses and pending exploration licence application.

8.2 Exploration License MOM/EL/276/2013 located in Benishangul Gumuz and Oromia National Regional State, Kamashi and West Wollega Zones, Agelo Metin and Nejo Wored covering 137.2772 Km² issued to Chochi and the license has been renewed and valid until 05 January 2021. The exploration licence could be renewed for further one year each for three times provided Chochi completes its work programme and committed no breaches of terms and conditions of the licence.

8.3 Exploration License EL/00106/2019 located in Oromia Regional State, Guji Zone, Aannaa Sorra Woreda, Kilenso Babicho-Melka Dimtu, covering an area of 131.9624 Km² issued to Babicho, and valid for 3 years until 24 September 2022. The exploration license could be renewed for further two years and if required for additional one year each for five times provided that Babicho completes its work programmes and committed no breaches of terms and conditions of the license.

8.4 Exploration License EL/00313/2019 (Mormora), in Oromia National Regional State, Guji and Borena Zone, Bule Hora and Odo Shakkiso, covering an area of 138.984 Km² issued to CRAU is valid for 3 years until 24 September 2022. The exploration license could be renewed for a further two years and if required for additional one year each for five times so far as CRAU completes its work programmes and committed no breaches of terms and conditions of the license.

8.5 Exploration license No. MOM/EL/00556/2019 to explore for gold in the Oromia Regional State, Guji Zone, Odo Shakkiso; covering an area of 62.08 Km² is issued to Megado Gold Ltd (Ethiopia) on 19 August 2020 and is valid for three

(3) years. The exploration license may be renewed for a further two years and if required for additional one year each for five times provided that Megado Gold Ltd (Ethiopia) completes its work programmes and committed no breaches of terms and conditions of the license.

- 8.6 Exploration license, No. MOM/EL/00813/2019 to explore for gold in the Oromia Regional State, Borena, Hagere Mariam; Guji, Odo Shakiso; covering an area of 41.22Km² is issued to Megado Gold Ltd (Ethiopia) on 19 August 2020 and is valid for three (3) years. The exploration license may be renewed for a further two years and if required for additional one year each for five times provided that Megado Gold Ltd (Ethiopia) completes its work programmes and committed no breaches of terms and conditions of the license.

9 Status of the Exploration Licenses

- 9.1 Each Licensee holds the respective license as set out in Schedule A (the “License”), which were validly issued for the period set out in Schedule A. None of the Licenses have been suspended, nor are they subject to any application or proceedings for their revocation or modification nor has any person registered a claim in the courts of Ethiopia in relation to the Licenses;
- 9.2 at the date of this report, each Licensee is currently shown as the registered holder of the respective Licenses;
- 9.3 as at the date of this report, each License is in full force and effect and is free from any liens and encumbrances;
- 9.4 there are no third-party rights over the Licenses;
- 9.5 in granting and entering into the Licenses, the Ministry of Mines, Petroleum was acting in accordance with Ethiopia law;
- 9.6 there are no special conditions or restrictions placed on the Licenses;
- 9.7 The Exploration License Fees and land rentals for 2019 and 2020 have been paid in respect of each Exploration Licence. At the time of the

issuance of this report the land rentals for the newly issued exploration licenses i.e. MOM/EL/00556/2019 and MOM/EL/00813/2019 is under process and expected to be completed soon.

Yours faithfully,



Wondemagegnehu
G. Selassie

SCHEDULE A

SUMMARY OF EXPLORATION LICENSES

Licensee	License No.	License Type	Locality	Area in Km ²	Date of Issue	Term	Validity
Chochi Mining PLC	MOM/EL/276/2013	Exploration	Benishangul Gumuz and Oromia Nationals Regional State, Kamashi and West Wollega Zones, AgeloMetin and NejoWored	137,2772 Km ²	06 January 2014	1 Year	Renewed until 05 January 2021 with a possibility of further renewal for a total of three more years
Babicho Mining PLC	EL/00106/2019	Exploration	Oromia National Regional State, Guji Zone, AannaaSorra Woreda, KilensoBabicho-MelkaDimtu	131,9624 Km ²	26 September 2019	3 Years	Until 24 September 2022 With a possibility of further renewal for a total of seven more years
Crau Mining S.L. (Ethiopian Branch)	EL/00313/2019	Exploration	Oromia State, Guji and Borena Zone, Bule Hora and OdoShakiso	138,984 Km ²	26 September 2019	3 Years	Until 25 September 2022 With a possibility of further renewal for a total of seven more years
Megado Gold Ltd (Ethiopia)	MOM/EL/00556/2019	Exploration	Oromia National Regional State, Guji Zone, OdoShakiso Woreda	62.08 Km ²	19 August 2020	3 Years	Until 19 August 2023 with a possibility of renewal for a total of seven more years
Megado Gold Ltd (Ethiopia)	MOM/EL/00813/2019	Exploration	Oromiya, National Regional StateOdoShakis oandHagere Mariam WoredasGuji and BorenaZones	41.22 Km ²	19 August 2020	3 Years	Until 19 August 2023 with a possibility of renewal for a total of seven more years
Megado Gold Ltd (Ethiopia)	MOM/EL/00175/2020	Exploration License Application	OromiaNational Regional State, Borena,Arero, Gujizone; OdoShakiso	227.3200 km ²	Under process		

SCHEDULE B

Details of Relevant Documents Examined

1. We have initiated and examined the result of all appropriate searches of the relevant records including those documents listed below, with respect to the current status of the Exploration Licenses held by Chochi, Babicho, CRAU and Megado Ethiopia and the agreement for transfer and control of the Exploration License EL\00313\2019 (Mormora) License between Megado Gold Ltd (Ethiopia) and CRAU Mining S.L dated 24 February 2020.
2. We have not initiated any search at any other administrative records apart from the mining register.

CHOCHI: Licensee CHOCHI MINING PLC

Type of Document	Number	Issue Date	Purpose
Mineral Exploration License Renewal	MOM/EL/276/2013	06 January 2014	Renewed Certificate of Mineral Exploration License for Exploration of Gold
Receipt Voucher	No. 6401721	28 January, 2020	Land lease fee and penalty from January 2017 to January 2020
Cash Deposit Advice	TT20025BBNM3	25 January 2020	Payment of Land Rental Fee
Fourth Renewal of Gold Exploration License Letter	M-CH/7/4	10 March 2020	Confirmation and term and conditions of Exploration

Renewal fee bank deposit slip	TT20071WCV55	11 March 2020	License Renewal
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BABICHO: Licensee BABICHO MINING PLC

Type of Document	Number	Issue Date	Purpose
Mineral Exploration License	EL\00106\2019	26 September 2019	Certificate of Mineral Exploration License for Exploration of Gold and Associated Minerals.
Receipt Voucher	No. 0497248	02 Tahissass 2012 E.C corresponding to 12 December 2019 G.E	Land lease fee and
Letter of Gold and Associated Minerals Exploration License	M-B/138/1	26 September 2019	Letter of Confirmation and term and conditions of License
Receipt Voucher	ግ.በ/139/2	22 Meskerem 2012 E.C corresponding to 03 October 2019	Request for License fee payment

CHAKATA: Licensee Megado Gold Limited (Ethiopia)

Type of Document	Number	Issue Date	Purpose
Mineral Exploration License	MOM/EL/00556/2019	19 August 2020	Certificate of Mineral Exploration License for Exploration of Gold and Associated Minerals.
Receipt Voucher			Land lease fee and – under process to be completed soon
Letter of Gold and Associated Minerals Exploration License	M-M/201/7	19 August 2020	Letter of Confirmation and term and conditions of License
Receipt Voucher			Request for License fee payment–under process to be completed soon

DAWA: Licensee Megado Gold Limited (Ethiopia)

Type of Document	Number	Issue Date	Purpose
Mineral Exploration License	MOM/EL/00813/2019	19 August 2020	Certificate of Mineral Exploration License for Exploration of Gold and Associated Minerals.
Receipt Voucher			Land lease fee – under process to be completed soon
Letter of Gold and Associated Minerals Exploration License	M-M/202/7	19 August 2020	Letter of Confirmation and term and conditions of License
Receipt Voucher			Request for License fee payment—under process, to be completed soon

MORMORA: Licensee CRAU MINING S.L

Type of Document	Number	Issue Date	Purpose
Mineral Exploration License	EL\00313\2019	September 26,2019	Certificate of Mineral Exploration License for Exploration of Gold and Associated Minerals.
Receipt Voucher	No. 0738338	14 Tirr 2012 E.C Corresponding 23 January 2020 G.C	Confirmation of Land Rental Payment
Commercial Bank of Ethiopia Cash Deposit Advice	TT2002199VHZ	21 January 2020	Confirmation of Land Rental Payment
Letter - Gold and Associated Minerals Exploration License	M/C/87/1	September 26, 2019	Letter of Confirmation and term and conditions of License
Receipt Voucher	0001072	02 October 2012	Confirmation of License Fee payment
Commercial Bank of Ethiopia Cash Deposit Advice	TT19274HYW96	01 October 2019	Confirmation of License Fee payment

SCHEDULE C ASSUMPTIONS

The opinions in this Report have been given on the following assumptions:

1. Original and Genuine Documentation

- 1.1 All signatures, stamps and seals on all documents and instruments submitted to us for the purposes of this Report are genuine and authentic.
- 1.2 All copy documents (whether in the form of certified copies, photocopies, conformed copies or facsimile copies or extracts) submitted to us and/or examined by us for the purposes of this Report are complete and conform to the originals.
- 1.3 All original documents submitted to us for the purposes of this Report are complete, authentic and up-to-date.
- 1.4 Where we have been provided with only signature pages of any document, the original signed version of such document does not differ from the last full version of such document provided to us.
- 1.5 All translations of any document submitted to us for the purposes of this Report are accurate.

2. Other

- 2.1 Other than such matters as are the subject matter of this Report, all representations and statements as to factual matters expressed in the Relevant Documents we have examined for the purposes of this Report are true, accurate and correct.
- 2.2 Chochi, Babicho and, CRAU were each able to pay its debts at the time of entering into any of the Relevant Documents to which it is a party and will not become unable to pay its debts as a result of entering into or performing its obligations under the Relevant Documents to which it is a party. Chochi, Babicho, CRAU and Megado have not passed a resolution for its winding-up or the commencement of business rescue proceedings

and no analogous procedure or step has been taken in any jurisdiction in relation to Chochi, Babicho, CRAU and Megado.

- 2.3 There is no other fact, matter or document which would, or might, affect the opinions set out in this Report and which was not revealed by the Relevant Documents examined or the searches and enquiries made.

SCHEDULE D QUALIFICATIONS

The opinions in this Report are subject to the following qualifications:

1. any judgment obtained under any foreign law contracts in a court of competent jurisdiction outside Ethiopia will be recognized and enforced in accordance with ordinary procedure applicable under Ethiopian law for the enforcement of foreign judgments, provided that:
 - 1.1 an application for execution is submitted, the execution of Ethiopian judgments is allowed in the country in which the judgment to be executed was given; the judgment was given by a court duly established and constituted; the judgment-debtor was given the opportunity to appear and present his defense; the judgment to be executed is final and enforceable; and execution is not contrary to public order or morals;
 - 1.2 if a foreign judgment is obtained or a foreign arbitration award is made, the plaintiff would be required as a matter of Ethiopian law, to request for a homologation order to obtain recognition and enforcement of such judgment or award in Ethiopia. The Ethiopian courts will recognize (homologate) and enforce such judgment or award without rehearing the facts and circumstances of the case subject to the conditions stated in the above paragraph.
2. Sanctions in effect in Ethiopia may prohibit persons bound by them from having:
 - 2.1 certain types of dealing with specified companies and individuals; or
 - 2.2 dealings involving certain types of goods connected with specified countries.
 - 2.3 We have not carried out any enquiries as to whether any sanctions may apply to any documents submitted to our review, any parties to them, or any transactions, which they contemplate.

3. If any obligation is to be performed in a jurisdiction outside Ethiopia, it may not be enforceable in Ethiopia to the extent that performance would be illegal or contrary to public policy under the laws of the other jurisdiction and Ethiopian.
4. Any provision of a document, which constitutes or purports to constitute, a restriction on the exercise of any statutory power by any party to that document or any other person may be ineffective.
5. Notwithstanding any provision of any agreement which purports to state that that agreement is an entire agreement, where agreements are inter-related and inter-connected and refer to each other, the provisions of each of those agreements may be taken into account in the interpretation of the provisions of any such other agreement.
6. We have only conducted searches and enquiries in government records as stated in Schedule B and this Report is qualified in this regard.

SCHEDULE E
LIMITATIONS AND LIMITATION OF LIABILITY

1. Limitations:

- 1.1 We have not assisted in the investigation or verification of the facts or the reasonableness of any assumptions or statements of opinion contained in any of the Relevant Documents (other than as expressly set as herein) and nor have we attempted to determine whether any material fact has been omitted from any of the Relevant Documents.
- 1.2 We do not advise on any insurance and tax documents and this Report is qualified in this regard.
- 1.3 We have taken no steps to investigate or verify, and express no opinion on the accuracy of any statements made in the Relevant Documents in Schedule B.
- 1.4 We have not taken (save as expressly stated) any steps to independently verify the Assumptions. However we are not aware that any of the Assumptions are misleading.
- 1.5 We have no duty to update this Report or to inform you of any changes to facts or laws occurring after the date of this Report.

2. Limitation of Liability

The opinions given in this Report are given strictly on the basis that all and any claims of any nature (whether arising in contract or extra contractual) arising as a result of reliance on such opinions shall only be capable of being brought and/or instituted, and may only and exclusively be brought and/or instituted, against our Legal Office. No director, partner, professional with similar status, consultant, associate or other employee of the Office or any of its affiliates shall be liable in their personal capacity for any claim whatsoever arising, directly or indirectly, in connection with the opinions given in this Report, and no such claims shall be enforceable against their respective personal estates.

SCHEDULE F

RELIANCE

1. This Report is provided for the purpose described in paragraph 1 (Purpose) above and is addressed to the Addressee solely for its own benefit for inclusion in the prospectus of Megado to be lodged with the Australian Securities & Investment Commission (ASIC) and Australian Securities Exchange (ASX) in connection with the offer to subscribe for a minimum of 25,000,000 ordinary shares in Megado at an issue price of \$0.20 per share.
2. This Report may not be disclosed to anyone else without our prior written consent, except that it may be disclosed in the form and context in which it appears, but only on the express basis that they may not rely on it, to:
 - 2.1.1. the officers, employees, auditors and any professional advisers of any Addressee;
 - 2.1.2. any affiliate of any Addressee and the officers, employees, auditors and professional advisers of any such affiliate; or
 - 2.1.3. as required by any applicable law or court order pursuant to the rules or regulations of any supervisory or regulatory body or in connection with any judicial proceedings if we are notified in writing of such disclosure or filing, unless such notification itself would be contrary to any applicable law or regulation.
3. We assume no duty or responsibility to anyone other than the Addressee in respect of any of the issues addressed in this Report or the transactions referred to herein.

**ANNEXURE C -
INDEPENDENT GEOLOGIST'S
REPORT**



**INDEPENDENT GEOLOGIST'S REPORT
GOLD PROPERTIES, ETHIOPIA**

Prepared for

Megado Gold Limited

by

Competent Persons:

Pieter Du Plessis, Economic Geology Consultant

Terry Croteau, Exploration Geology Consultant

Terra Modelling Services Inc.

Box 8461, Saskatoon, SK, Canada, S7K 6K5

+1 306 292 9154

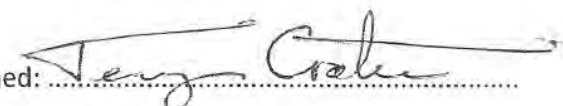
Email: pieter.duplessis@terramodellingservices.ca

terry.croteau@terramodellingservices.ca

September 2020

Signed: 

Pieter du Plessis

Signed: 

Terry Croteau

Date: September 4th, 2020



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INDEPENDENT GEOLOGIST'S REPORT FOR THE MORMORA, CHOCHI AND BABICHO EXPLORATION LICENSES, ETHIOPIA

Highlights

- Four of the five Project Areas, namely the Mormora Exploration Licence, Babicho Exploration Licence, Dawa Exploration Licence and Chakata Exploration Licence as well as the exploration licence application area, Dermi Dama, are adjacent to areas visited by TMS during an April 2019 site visit.
- The Mormora and Babicho Project Areas have known placer gold in the area, as well as the potential for primary gold prospects. Visible gold was observed from artisanal miner's shallow hand dug pits during the site visit.
- The Chochi Project Area contains four newly defined exploration target areas for gold mineralization.
- The Chakata Exploration Licence and Dawa Exploration Licence were approved by the Ministry of Mines in August 2020, providing an additional 103km² of project area for exploration. An application was submitted to the Ministry of Mines for an exploration licence based on remote sensing targets in Dermi Dama for an area of 227 km² and is awaiting verification and approval.

SUMMARY

Megado Gold Limited (an Australian incorporated company registered in Ethiopia) (**Megado Gold**) has rights over five granted exploration licences covering an area of 512km² and one licence application covering an area of 227km². The Dawa and Chakata Exploration Licences are 100% owned by Megado Gold. Megado Gold acquired 80% of the share capital of Babicho Mining PLC and 80% of the share capital of Chochi Mining PLC, both Ethiopian companies, which are the respective exploration licence holders of the Babicho Exploration Licence and the Chochi Exploration Licence. Megado Gold controls the Mormora Exploration Licence of which Crau Mining, S.L. (a Spanish private entity registered in Ethiopia) is the exploration licence holder and has an agreement with Crau Mining, S.L. for transfer of the Mormora Exploration Licence to Megado Gold which will occur on or after 26 September 2020. Megado Gold has applied for an additional exploration licence named Dermi Dama near the existing Mormora Exploration License. The application has been received by the Ministry of Mines and is pending document verification.



Mormora Exploration License

The Mormora Exploration Licence (**Mormora EL**) represents an opportunity to identify the primary gold mineralization upstream of known placer deposits in the region. Early exploration completed by ARTEL Ethiopia on adjacent claims, as well as the extensive artisanal mining in the area, make this a highly prospective greenfield area. Numerous trenches and outcrops show extensive quartz and pegmatite veining in the area and Reverse Circulation drilling results show potential for basement hosted mineralization in the area. The Mormora EL is also located on the same prospective structural trend as the existing Lega Dembi Gold Mine, a shallow vein hosted deposit of approximately 2.3Moz of gold @ 3.7 g/t Au of surface reserves and approximately 0.39Moz of gold @ 3.6 g/t Au underground reserves (Johnson et. al, 2017).

Babicho Exploration License

The Babicho Exploration Licence (**Babicho EL**) offers the opportunity to identify the host of the primary gold mineralization in an area extensively worked by artisanal miners. While placer gold is confirmed on the license, it is excluded from the current exploration license. During the site visit, highly deformed quartz veins have been identified in outcrop in the area as well as at least one highly graphitic thrust fault with an associated magnetic anomaly. The known placer gold, favourable structural and geological setting as well as no identified work completed with modern exploration methods, make this licence a prospective greenfield location.

Chochi Exploration License

The Chochi Exploration Licence (**Chochi EL**) lies in a favourable structural and geologic setting for the discovery of orogenic and intrusion related gold deposits. In-situ and placer gold have been reported from the area by several different sources. Hydrothermal alteration targets, derived from TMS's independent satellite analysis, confirm previous gold finds and target areas from Chochi Mining PLC. Four target areas have been defined by TMS for exploration follow up in the Chochi EL area.

Chakata, Dawa and Dermi Dama Exploration Licenses

The Chakata Exploration Licence (**Chakata EL**) and Dawa Exploration Licence (**Dawa EL**) lie in the same region as the Mormora EL. The Chakata EL is approximately 5km south of the existing Sakaro gold mine and the Dawa EL is west of the Mormora EL block 2 claims. The Dermi Dama EL (application) is located east of the existing Mormora EL in the middle complex between the Megado and Kenticha Belts. All three project areas were chosen by Megado Gold based on recommendations from remote sensing work by a third party.



Exploration Plan

To define JORC compliant mineral resources for the licence areas, the geological control on the mineralization needs to be identified and defined through a phased, multi-faceted exploration plan. As of the completion of this document, Megado Gold is designing an exploration plan that covers all prospects and involves, but is not limited to:

Stream, Soil and Rock Sampling

- Systematic stream sampling, soil sampling, and rock sampling.

Remote Sensing

- Identify prospective areas for primary gold mineralization using compiled digital elevation models, satellite imagery and terrain mapping.

Geological Mapping and Field Work

- Geological and structural mapping covering priority areas identified by remote sensing work.
- Digitize mapping and structures and review with remote sensing data to identify targets for drilling and sampling.
- Chip and channel sampling of available outcrop.

Trenching

- Trenching for grade and geological control.

Drilling

- Core drilling, including oriented core, to identify geological and structural controls as well as extent of mineralization.
- Reverse Circulation (RC) drilling may be used to test grade continuity where mineralization is identified as thick enough to make it feasible.

Logistics and Support

- Employment of local staff, geologists, daily labour.
- Set up field offices as needed on projects.
- Geological expert consultants to review outcomes and revise follow-up work programs.
- Community investment.

Ground or Airborne Electromagnetic (EM) and Magnetometry (Mag) Geophysical Surveys



- Ground or airborne EM and Mag covering priority areas identified by remote sensing and geological mapping.



INTRODUCTION

This independent Geologist's Report has been prepared by Terra Modelling Services (TMS) at the request of the Directors of Megado Gold Limited for inclusion in a prospectus document, to be dated 4th September 2020.

TMS has not been requested to provide an independent valuation or detailed risk assessment. This report does not express an opinion regarding the value of mineral assets or tenements involved.

The report has been prepared in accordance with the Australian Securities and Investment Commissions' (ASIC) Policy Statement 75 and Practice Notes 42 and 43 and follows the Valmin Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for the Independent Expert Reports, 2015 Edition.

The purpose and scope of this report is to assess the technical information contained in the prospectus, to independently review the sources of information and make relevant comments on the integrity of that information.

Sources of Information

TMS is satisfied that Megado Gold have made available copies of all relevant material it holds. The Independent Geologist's Report has been prepared on information available up to and including 26 August 2020. The conclusions in this report are only valid for this date and may change with time in response to market, economic, legal or political factors, in addition to on-going exploration results.

A site visit was made by TMS geological consultants Pieter Du Plessis and Terry Croteau from April 17th-20th, 2019 to the claims adjacent to the Mormora EL and to a claim not held by Megado Gold at the time but which now, falls within the new Babicho EL. The visit was guided by geologists Pedro Rodriguez, Fernando Palero, and José Antonio Zuazo.

After the site visit, TMS was requested by Megado Gold to do a remote review of the Chochi, Chakata and Dawa project areas and to comment on an additional area under application, namely Dermi Dama. TMS has not visited the Chochi EL, Chakata EL or Dawa EL sites and has not independently sampled and assayed any portion of the deposits. The TMS work has been limited to the review of existing reports provided by Megado Gold, geology and other relevant data in the public domain and independent satellite review and analysis. The areas are adjacent to areas visited during the initial site visit.

TMS is relying on data provided by Megado Gold for information on the status of the exploration licences and their ownership.

Assessment of the geological concepts and project descriptions contained in the prospectus are based on reports and data supplied by Megado Gold, from TMS's own observations and public domain sources. The statements contained in this



report are based on the information listed above and represent TMS's independent assessment of the prospects that Megado Gold holds.

REGIONAL GEOLOGY

The Nubian Shield and coeval rocks of the Arabian Shield, in the western part of the Arabian Peninsula, represent a vast tract of juvenile Neoproterozoic rocks that were embedded in end-Neoproterozoic Gondwana and stretch from Egypt in the north to Kenya in the south. Together, these two shields constitute the world's largest resource of Neoproterozoic gold. (Johnson et al., 2017). The Northern Nubian Shield predominantly experienced shearing and north-west directed thrusting and extension, creating a dominant north-westerly structural trend. The central Nubian Shield experienced oblique and orthogonal east-west compression and north south stretching. In the southern extension of the Nubian Shield, the Western Ethiopian Shield and Southern Ethiopian Shield were formed by pure shear dominated transpression and lateral extension resulting in a pervasive north-south structural trend represented by north-trending shear zones and greenstone belts. There are numerous reported showings as well as several active mines found in the different gold districts of the Nubian Shield (Fig. 1).

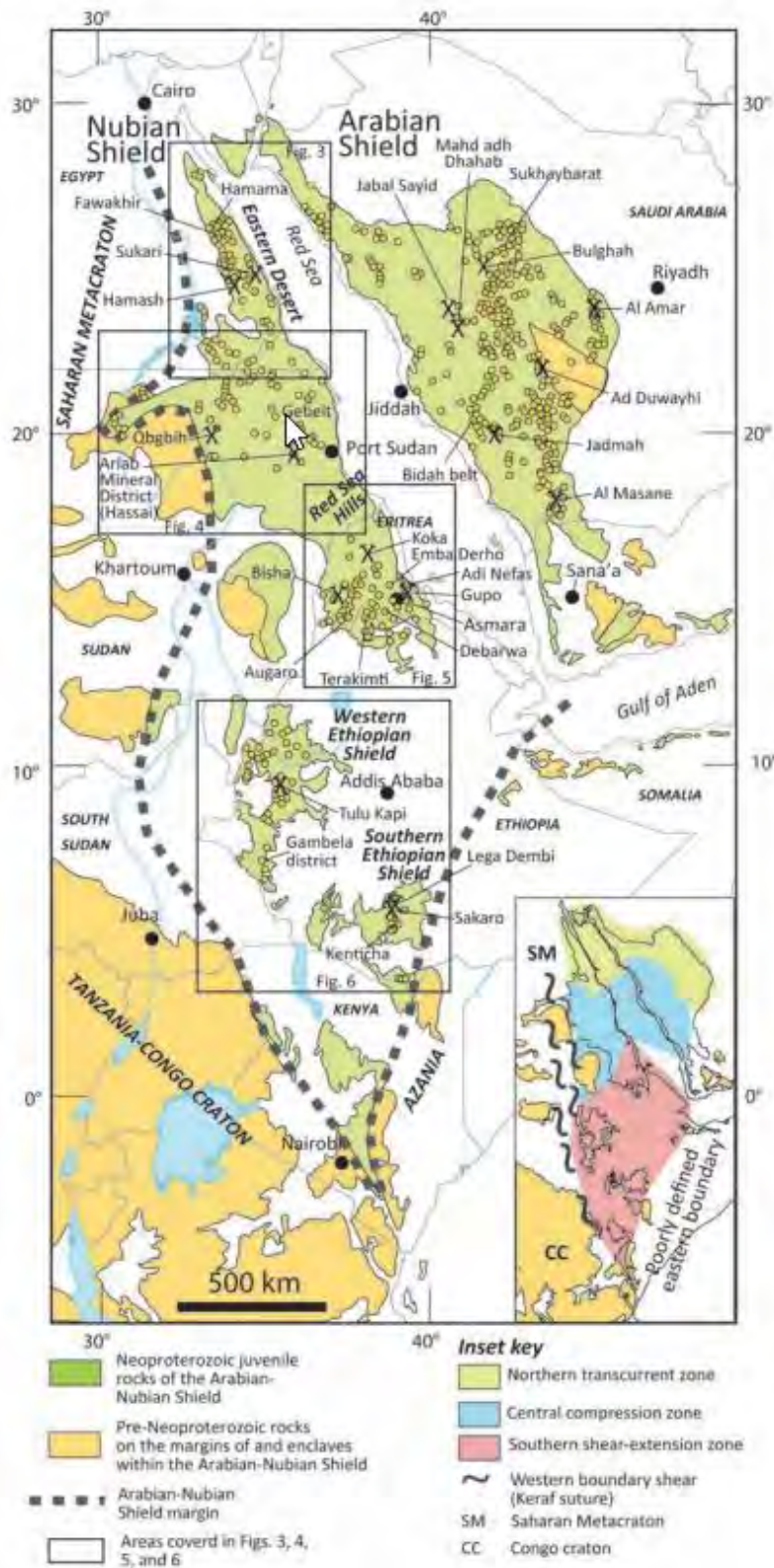


FIGURE 1: GOLD OCCURRENCES AND OPERATING MINES IN THE NUBIAN SHIELD AND THE ARABIAN PENINSULA. (P.R. JOHNSON ET AL).

Within the southern Ethiopian Shield, the Adola granite-greenstone terrane covers an area of approximately 5,000 square kilometres. It is formed by two closely spaced N-S trending belts of metamorphosed supracrustal rocks, the Megado volcano sedimentary belt to the west and the Kenticha ultramafic belt in the east (Fig. 2). The Megado belt consists primarily of ultramafic and tholeiitic basic volcanics and intrusives, which are intercalated with sediments comprised of arkoses, feldspathic quartzites, quartzites and pelites with occasional conglomerates and greywackes. Small pod or lens like tonalitic intrusive bodies are also present. The Kenticha belt is dominated by ultramafic rocks, with lesser amphibolites and sedimentary rocks, comprised of biotite schists and minor graphitic schists and marbles.

The Megado and Kenticha belts are separated and surrounded by a gneissic terrain comprised of para- and ortho-gneisses, including quartzo-feldspathic biotite gneisses and lesser amounts of muscovite-quartz schists, staurolite-garnet-biotite schists, marbles and amphibolites. Tonalitic intrusive bodies are also present. The eastern contact between the Megado belt and the gneissic terrane is tectonic and regionally referred to as the Lega Dembi-Aflata shear zone.

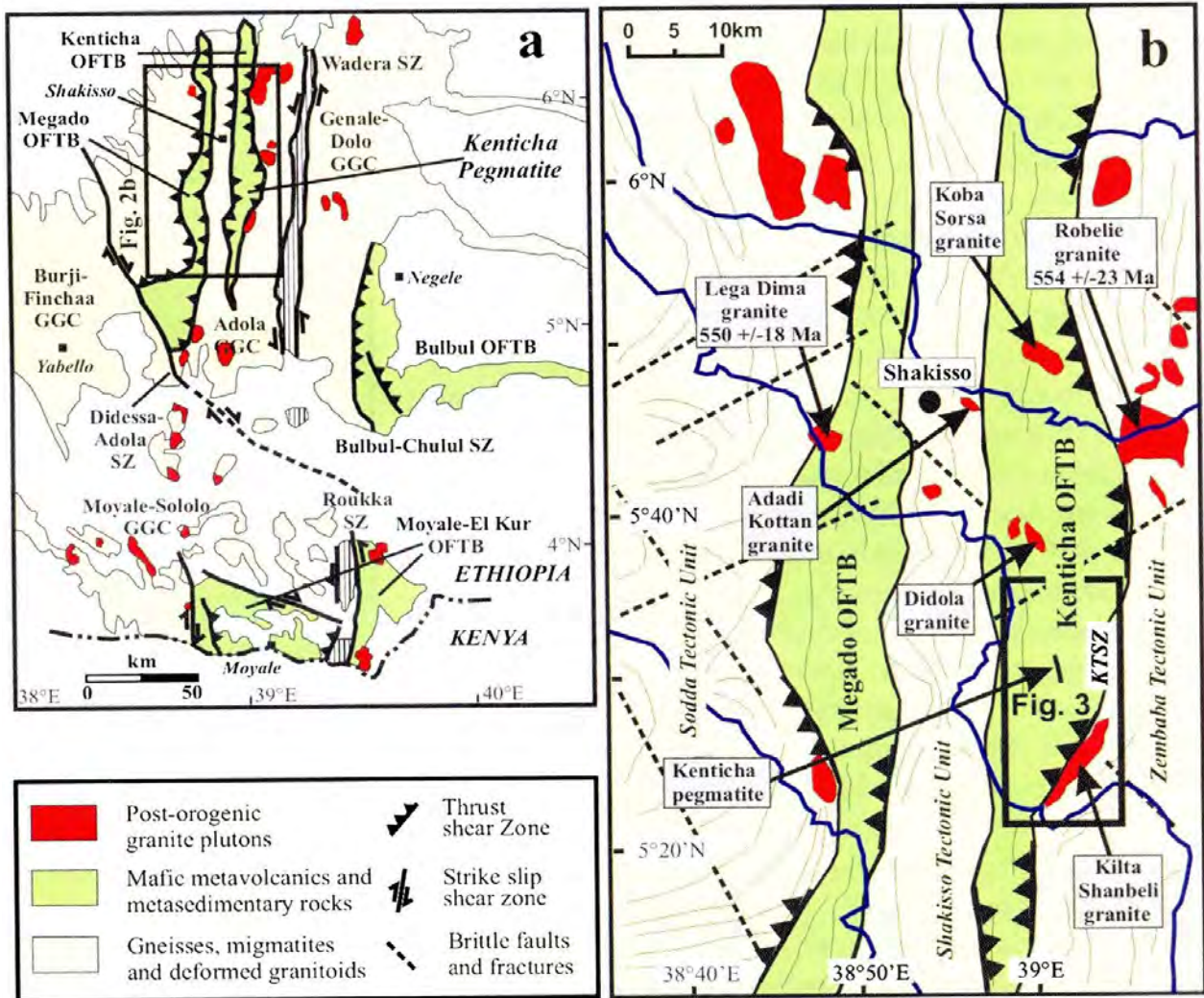


FIGURE 2: GEOLOGICAL SETTING OF SOUTHERN ETHIOPIA (LEFT), ADOLA GOLD BELT (AGB) (RIGHT) [1].

Woldai (1989) proposed two-fold subdivision of the rocks into Gneissic Terrain and Greenstone Belt. The Gneissic Terrain consists of relatively high-grade metamorphic rocks occupying three N-S trending anticlinal zones and separated by two intervening narrow N-S trending synclinal Greenstone belts. The gneisses are classified as the Western, Central and Eastern Gneissic Terrains while the Greenstone belts are divided in to western (Megado zone) and Eastern (Kenticha zone). Based upon the metamorphic grade and their structural position, the Gneissic Terrain rocks are believed to be older than the Greenstone Belt rocks. The Gneissic Terrain is predominantly Quartzofeldspathic gneisses, biotite, and quartz –biotite gneisses/schist with some sporadic interlayers of amphibolites, subsidiary amphibole / biotite gneisses and calc-silicates. Thin bands of marble, graphite and quartz–mica schist can be found intercalated. Relatively younger syn and post tectonic granitoids can be found and are generally migmatized.

The prevailing rock types of the Greenstone belt are metamafic-ultramafic igneous rocks with minor felsic to intermediate metaintrusives and metasedimentary rocks.

The meta-sediments are comprised of psammo-pelithic schists, graphite schists, Fe-Mn-bearing quartzite, marble, metasandstone and metaconglomerates. The mafic- ultramafic rocks are predominantly metagabbro/gabbroamphibolite, amphibolite/basic metavolcanic, serpentinite, talc-chlorite, talc –tremolite schists and talc-carbonate rocks. These rocks are intensely sheared and characterized by the green schist to lower amphibolite facies. Quartz veins, felsic or basic dykes and pegmatites can be found either following the regional North-South trend or crosscutting at an East-West orientation.

Structurally, four deformation events of different generations, including folds, faults, shear zones and other tectonic elements have been recognized.

Orogenic Gold in Southern Ethiopia

The Southern Ethiopian shield is dominated by greenstone belts and sheared schist and gneiss between north and northwest trending shear zones. Notable deposits in these zones are the Lega Dembi Gold Mine, with both a surface and underground gold mine; and Sakaro, an underground gold mine (Fig. 3). Lega Dembi is in strongly sheared rocks at the eastern margin of the Megado greenstone belt (Billay et al., 1997). The deposit consists of tabular and lens shaped quartz pods and quartz veins, abundant quartz stringers, stockworks and quartz breccia in a matrix of silicified and sulfidized host rock (Tadesse, 2004). Wall rock consists of quartz-feldspar-mica schist, quartz-feldspathic gneiss and massive to foliated metagabbro (Tadesse, 2004). The deposit covers an area of 1000m by 100m and individual veins range from a few centimetres to 3m in thickness, extending for hundreds of meters along strike and down dip (Tadesse, 2004). Grades of between 3 and 4 g/t Au are found in quartz veins, stringers and stockwork, with lower grades in sheared and altered wall rocks. Ore minerals include gold, sulphides (pyrrhotite, chalcopyrite, galena, pyrite, arsenopyrite), tellurides, sulfosalts and lesser amounts of cubanite, tetrahedrite and mackinawite (Tadesse, 2004).

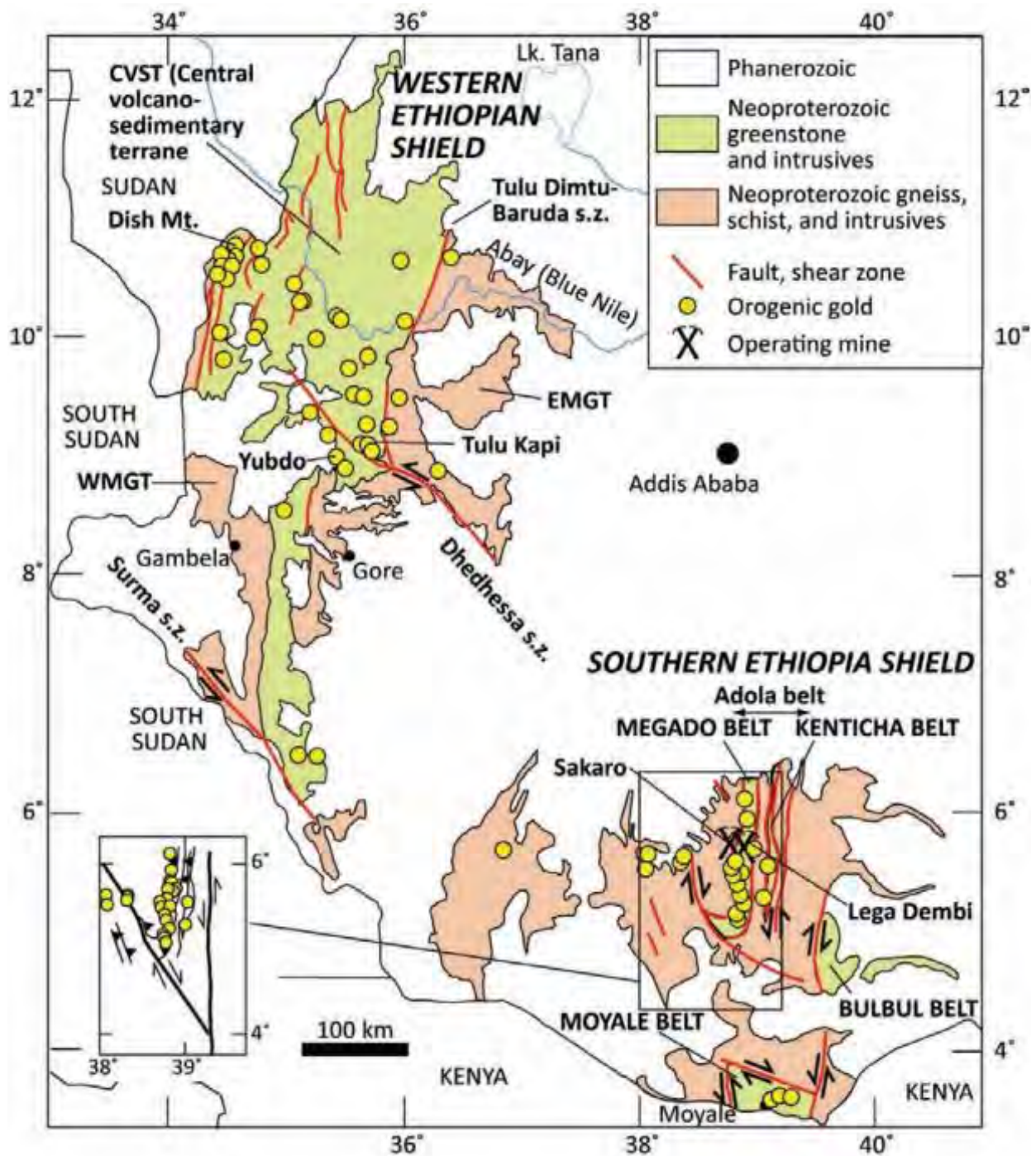


FIGURE 3: GOLD OCCURRENCES AND PRODUCING MINES ON A SIMPLIFIED MAP OF PRECAMBRIAN GEOLOGY IN WESTERN AND SOUTHERN ETHIOPIA (JOHNSON ET. AL, 2017).

1 Mormora EL

1.1 Location

The Mormora EL is located approximately 560 km south of Addis Ababa in the Burri Karroo and Burri Eiersa areas of the Guji zone, in the region of Oromia, southern Ethiopia. Road access is available from Addis Ababa through two routes: Addis Ababa-Hawassa-Kibremengist (Adola)-Shakiso-Burri Karroo (approximately 560 km) or Addis Ababa-Bulle Horra-Dawa-Burri Karroo (approximately 580 km). Shakiso is the closest city offering full services, and Meleya and Wachodima are the closest populated areas to the project located 2 km north of the licence (Fig. 4). The closest power to the licence is 12km to the north in Hayadima.

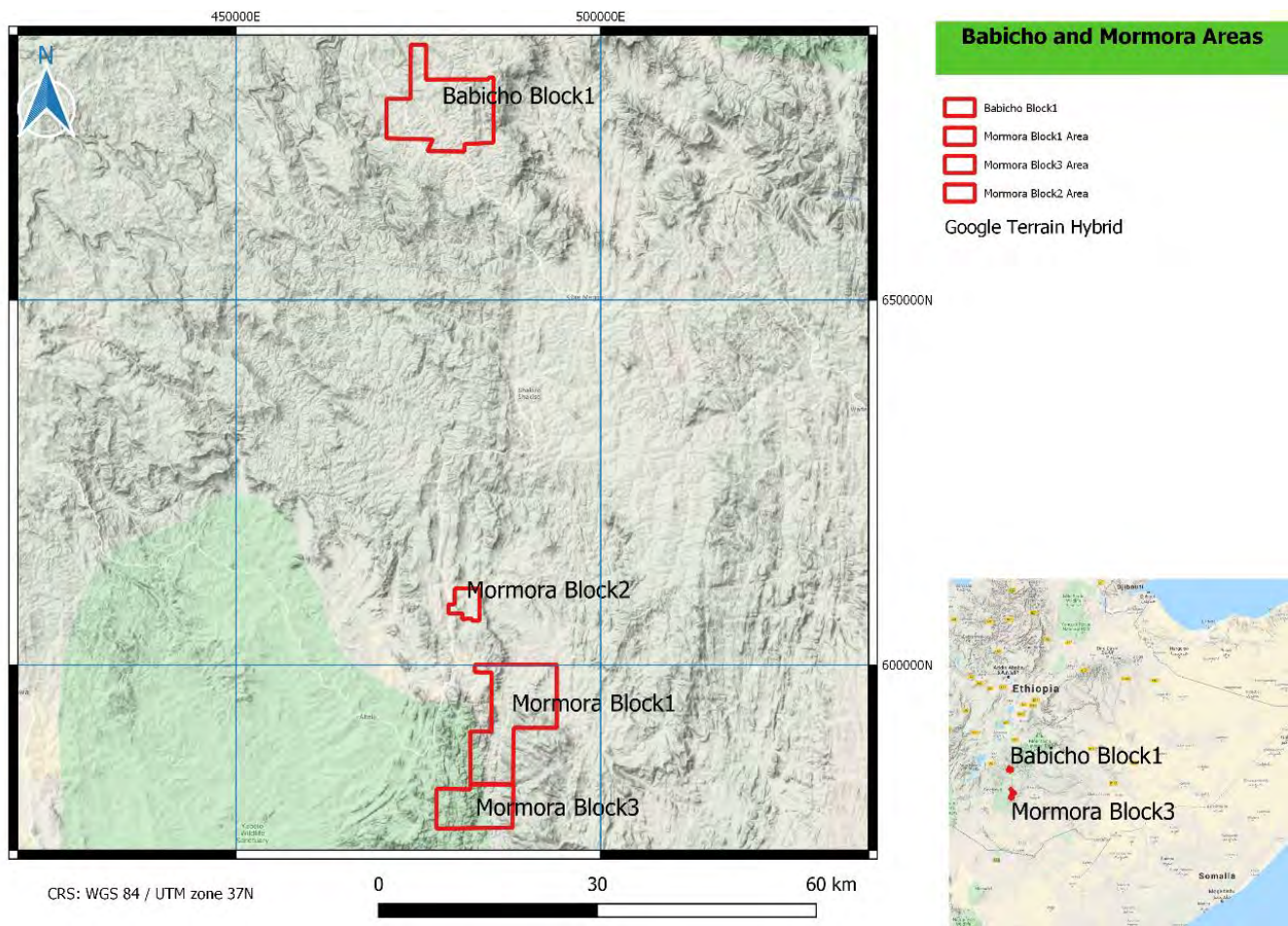


FIGURE 4: LOCATION OF THE MORMORA EL AND BABICHO EL

1.2 History

The Adola gold field, comprised of both the Megado and Kenticha belts, was systematically prospected between 1979-1982 by the Adola Gold Exploration Project (AGEP). This resulted in the location of multiple placer gold deposits as well as the identification of the Lega Dembi primary gold deposit in the Megado belt. More recently, exploration has focused on the investigation of additional primary gold deposits and study of the genetic aspects of the existing deposits. This has led to the identification of a group of known and potential primary gold deposits in and along the tectonic contacts of the north-south trending metavolcanic-sedimentary sequence with a strike length greater than 100 kilometres.

Artisanal gold placer mining is present throughout valleys in the Mormora EL and the adjacent Burri Karroo EL, which was visited by TMS. Historical RC drilling exploration conducted by ARTEL Ethiopia on the adjacent Buri Karroo area, which is similar in geology to the Mormora EL area, showed significant anomalous gold. Discussions with local artisanal miners indicate that much of it is recent, but there is no documented age for many of the pits. The first systematic evaluation of the Burri Karroo area was undertaken by The Producer's Cooperative Artel of Prospector Novaya (ARTEL Ethiopia) in 2014 and 2015. Stream sampling, test pits, trenching and RC drilling were undertaken along with a small-scale placer mining operation.

1.3 Land Title

1.3.1 Exploration Permits

The Ethiopian Licensing Authority may grant an exploration licence to an applicant;

- i. that has demonstrated that it has the financial resources and technical ability to conduct the exploration operations in question in accordance with the work program.
- ii. has an estimated exploration expenditure that is in accordance with the prescribed minimum exploration expenditure and the exploration work program.
- iii. with an approved environmental impact plan.
- iv. who is not in breach of any obligation in the reconnaissance licence (article 17 of the Proclamation no 678-2010).

An exploration licence is granted for a period that cannot exceed three years and is renewable twice for a period not exceeding one year each. The licensing authority may allow further extensions of renewal if the licensee proves the necessity to undertake exploration activity beyond the initial work program, but such a period shall not exceed 5 years.

1.3.2 Exploration Permit Status

Located in southern Ethiopia, the Mormora EL (EL\00313\2019) was granted to Crau Mining S.L. (Crau) on September 26, 2019 to explore for gold and associate minerals at Odo Shakiso and Bule Hora Woredas, Guji and Borena Zones in Oromia

National Regional Site. Crau entered into an agreement with Megado Gold on 24 February 2020 to transfer the Mormora EL as soon as reasonably possible after the expiration of one year's worth of activity on the licence and granting administrative and operational control of the Licence to Megado Gold in the meantime. The Mormora EL expires on 24 September 2022. The licence covers an area of approximately 139 km² and is located at the following location in UTM, datum ADINDAN 37N:

Block 1			Block 2			Block 3		
Corners	UTM North	UTM East	Corners	UTM North	UTM East	Corners	UTM North	UTM East
1	583670.00	487973.00	1	606050.97	483384.32	1	583395.48	482065.60
2	583721.00	482189.00	2	606051.80	482360.41	2	583394.20	487957.63
3	590887.00	482105.76	3	606336.00	482357.00	3	577473.82	487826.62
4	590887.00	485000.00	4	606273.00	481015.00	4	577389.99	477384.66
5	592101.71	485000.00	5	607069.00	481057.00	5	582835.05	477429.76
6	599000.00	485018.00	6	607069.00	479129.00	6	582747.26	482065.43
7	599000.00	483657.89	7	608306.00	479129.00			
8	599037.50	482776.00	8	608306.00	479988.00			
9	600062.54	482776.00	9	610460.28	479996.75			
10	600053.19	494011.44	10	610459.33	483385.43			
11	591364.00	494016.00						
12	591364.00	488079.00						

TABLE 1: BOUNDING COORDINATES OF THE MORMORA EXPLORATION AREA

TMS has relied upon Megado Gold to provide the Land Title information.

1.4 Geology

1.4.1 Local Geology

The Mormora EL is on the western syncline of the Megado belt, which includes the metamorphic rocks of Chakata Fm. and terrigenous Finkilcha Fm. Those Formations forms the Adola Group which is interpreted as the main auriferous setting in the region. The N-S faults provide conduits for intrusive basic units and late mineralization (Fig. 5).

Overlying the Adola group there is an unconformable conglomerate unit named the "Kajimiti beds". The rocks are folded with an approximately N-S orientation, faulted by the main N-S system which are then crosscut by E-W conjugate faults. Late intrusions are also present as granites, porphyry granites and doleritic dykes, providing the setting for mobilization of gold and rare minerals.

The area is also covered by fluvial, alluvial and colluvial sediments ranging from greater of variable thickness, ranging from absent to greater than 10 m and may be hosts to placer deposits in many valleys in the region.

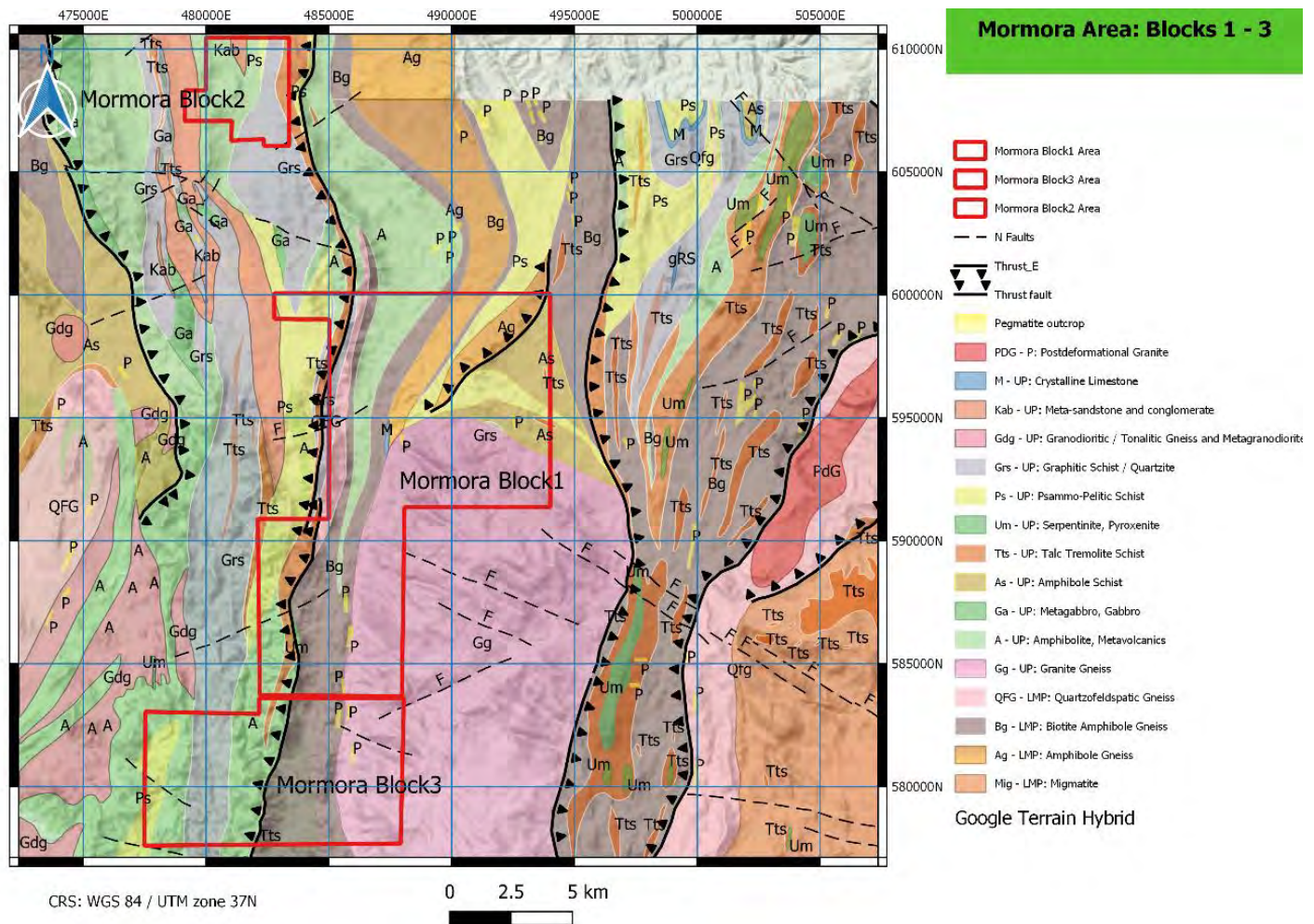


FIGURE 5: MORMORA GEOLOGICAL MAP AT 1:180 000

1.5 Prospectivity

1.5.1 Eluvial-Colluvial

The Megado exploration licence is an area with known placer gold that has been worked extensively by local artisanal miners (Fig. 6). Operations range from panning gravel extracted from small pits to more advanced operations using small mills to crush the excavated quartz prior to panning. The source of the placer gold is currently unknown as limited work has been undertaken to locate the primary deposit.



FIGURE 6: BURRI KARROO ARTISANAL PIT (LEFT) AND SMALL MILL TO FREE GOLD FROM EXTRACTED QUARTZ GRAVELS (RIGHT)

1.5.2 Primary Gold

Orogenic greenstone hosted deposits are distributed along specific regional compressional to transpressional structures. Due to their association with regional structures, these camps are also located at the boundaries between contrasting lithologic or age domains within the belts. They are typically composed of quartz-carbonate veins in moderately to steeply dipping reverse shear zones with arrays of shallow-dipping extensional veins in adjacent competent and lower strain rocks. (Robert, F., et. al, 2007). The geology of the three blocks of the Mormora EL cover a known thrust fault and are host to lithological domains predominantly comprised of gneiss and schist. Additionally, the claims are located on the same structure as the Lega Dembi Gold Mine and adjacent to mineralization identified by ARTEL Ethiopia through RC drilling to the west of Mormora Block 1 (Fig.7).

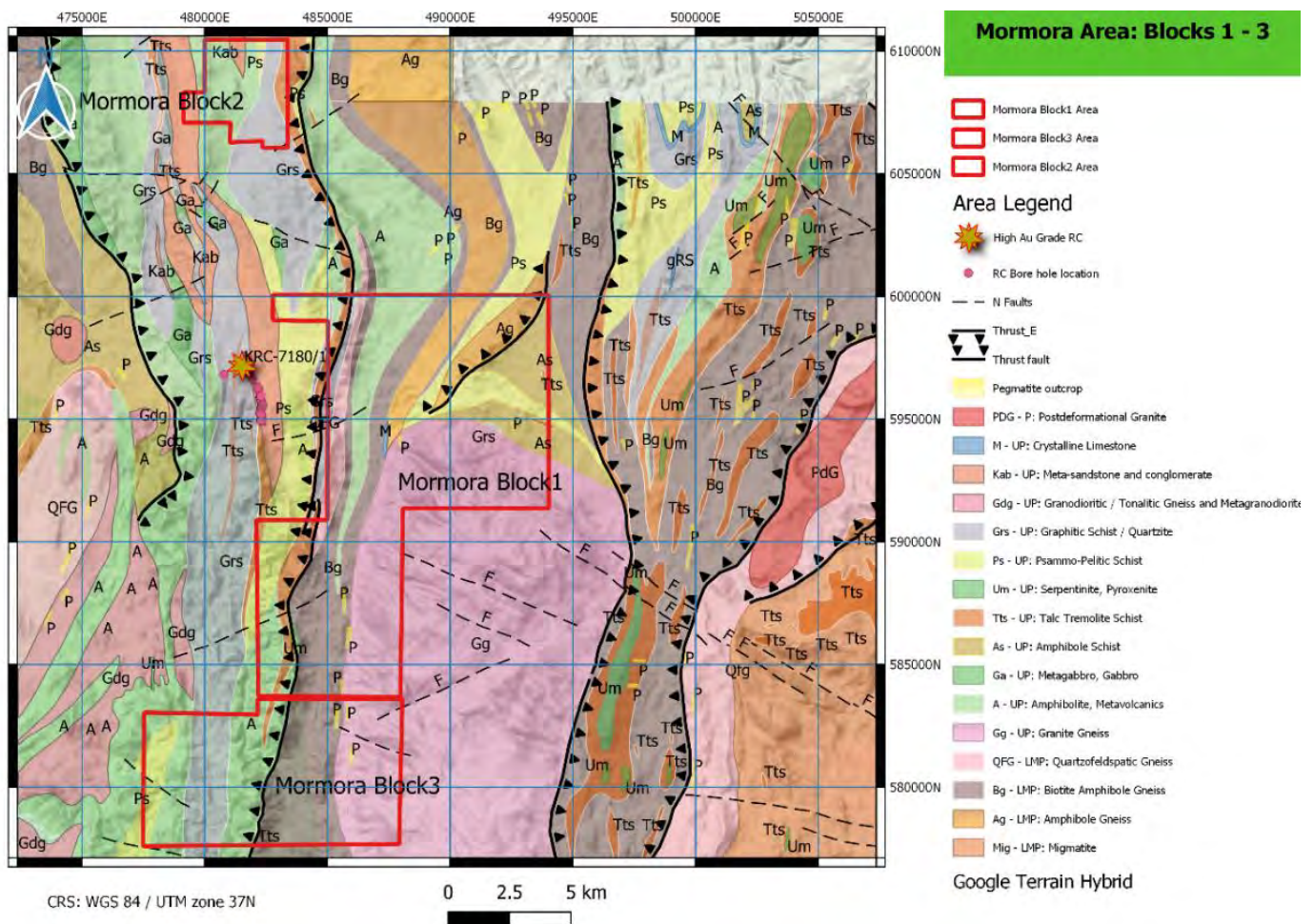


FIGURE 7: MORMORA GEOLOGICAL MAP AT 1:180 000 WITH ARTEL ETHIOPIA RC DRILL HOLES

The Lega Dembi Gold Mine is located 50 km north of Block 1 of the Mormora EL, and 40 km north of Block 3 along the same structure as found in the Mormora EL (Fig. 8).

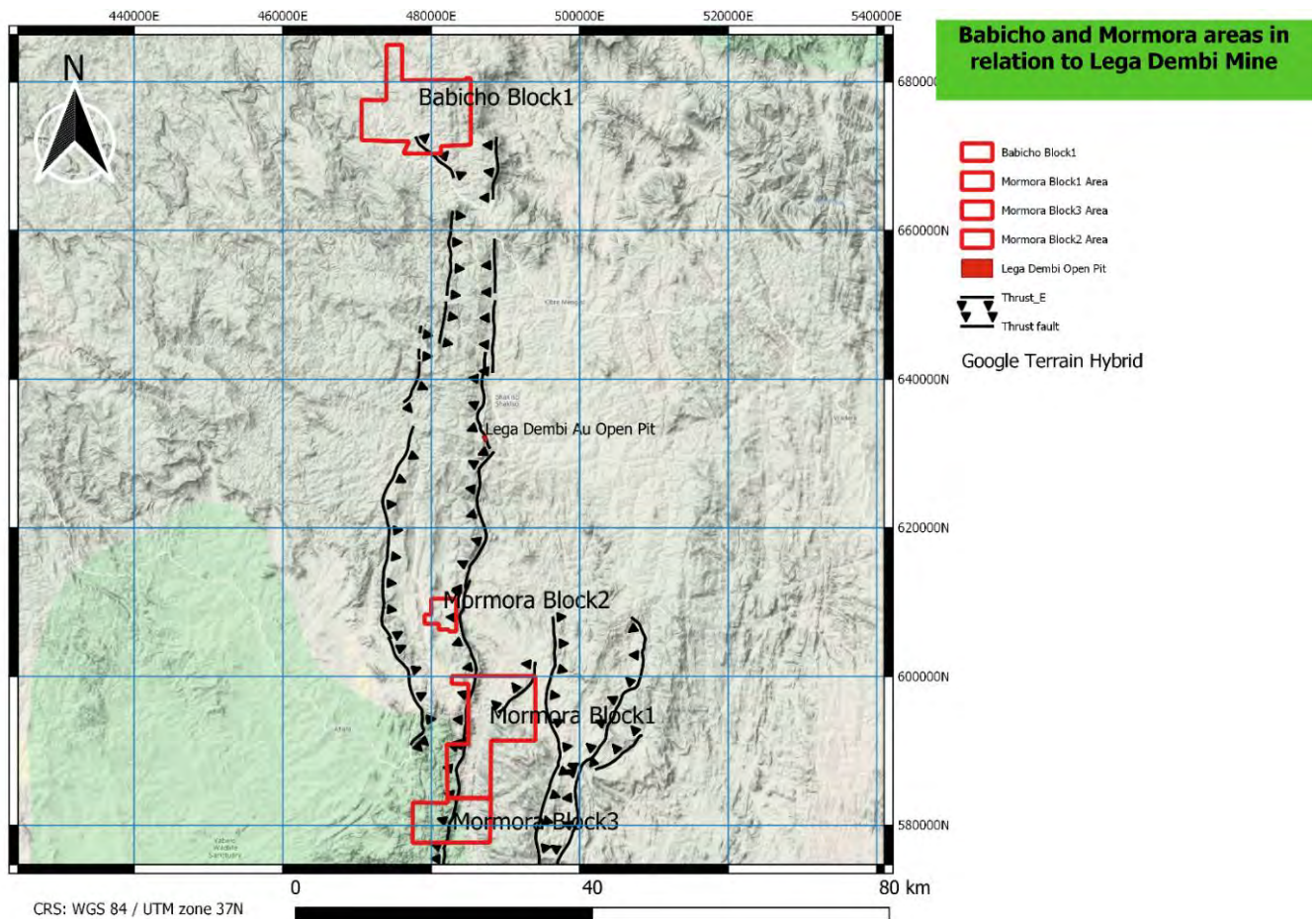


FIGURE 8: LOCATION OF LEGA DEMBI GOLD MINE IN RELATION TO BABICHO AND MORMORA LICENCES

Lega Dembi is a deposit consisting of gold bearing quartz veins in silicified and deformed bedrock. The mineralization is N-S oriented and dips at 65-75° to the west. It is located on the eastern flank of the Megado syncline in the boundary between Chakata Formation and Mormora Group, which is a shear band named East fault. The East fault hosts the mineralization of quartz veins.

There are four generations of quartz present. The first, which is related to the mineralization, is strongly deformed, fine grained and fractured and is found banded within the schistose fabric of the host rocks. The second generation of quartz crosscuts the foliation and are clean and crystalline, usually folded. The Third generation of quartz is milky and brecciated containing protoliths of the first generation of quartz. The fourth generation of quartz is hyaline, irregular and not oriented with the foliation. Gold is associated with sulphides such as chalcopyrite, galena, pyrrhotite and pyrite (Billay et al., 1997).

Mineralization is surrounded by halos of alteration with the most important being sericite alteration related with silicification and quartz veins. Amphibole alteration (act/tremolite) with biotite surrounded by chlorite alteration also occurs (Fig. 9). The gold mine contains an estimated 2.3Moz of gold @ 3.7 g/t Au on surface and approximately 0.39Moz of gold @ 3.6 g/t Au underground (Johnson et al., 2017).

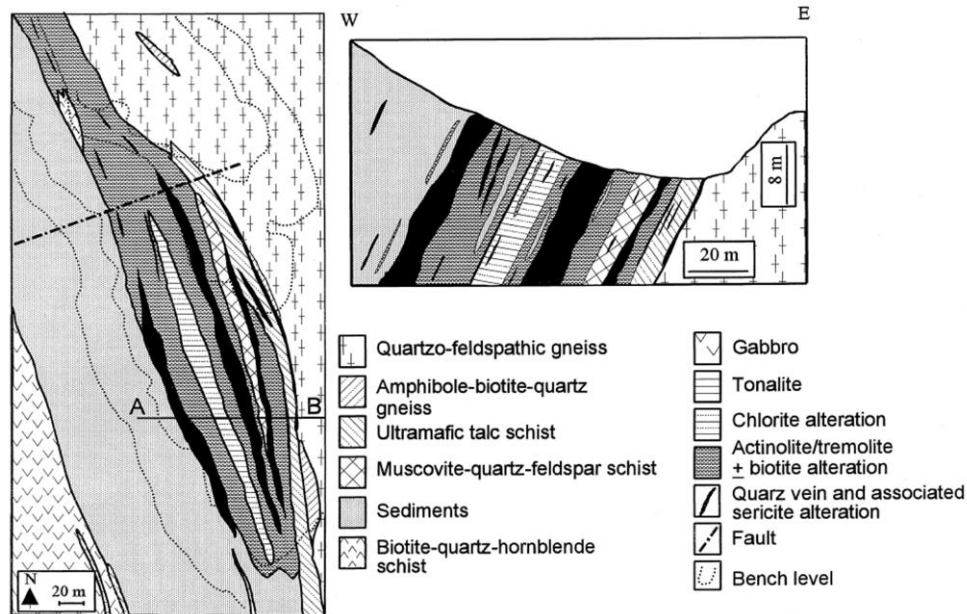


FIGURE 9: LEGA DEMBI DEPOSIT SECTION [1]

Given the abundance of local artisanal mining, the proximity and similar geological setting of the Lega Dembi Gold Mine as well as other mineralization identified in the area, and the lack of application of modern exploration methods in the area, Mormora EL is a prospective greenfield target for a primary gold deposit.

1.6 Recommendations

A staged and prioritized exploration approach is recommended. The first phase of exploration should start with a desktop remote sensing study to identify prospective alteration and structures to focus with groundwork and future prospecting licence coverage. A geological mapping exercise using satellite multispectral, short wave infrared and radar data and existing airborne geophysical data to locate and refine potential faults and shear zones. The second phase should include geological mapping at 1:10,000 scale focused on identified areas of interest to ground truth remote sensing data and ground or air borne EM /Mag to follow-up on potential structures. Chip samples of exposed quartz veins and potentially mineralized shear zones should be taken during the mapping phase and sent to a certified analytical laboratory to run a full gold and base metal analytical package. Additionally, a gridded soil sampling program should be completed and sent to a certified

analytical laboratory to run a full gold and base metal exploration analytical package. Phase three is follow-up on priority targets with core drilling and sampling program. The program should be designed to incorporate the determination of geological controls on mineralization, the appropriate sample sizes and methodology as well as quality assurance and quality control to comply with the JORC Code.

TMS have reviewed the Megado exploration work program and confirms the projects justify the expenditure on the projects.

2 Babicho EL

2.1 Location

The Babicho project area is in Southern Ethiopia, Oromia National Regional State, Guji Zone, Anna Sorra woreda, southeast of Bwanbuawiha village around Kilenso Babicho area, Raro valley. It is about 450 km south of Addis Ababa and about 1.5km from the main Addis Ababa-Adola/ Kibremengest/ asphalt road (Fig 4).

2.2 History

Systematic regional mapping and mineral exploration work was conducted by the Adola Gold Exploration Project of the Ethiopian Mineral Resources Development Corporation (EMDRC) in the Adola area from 1979 until 1981. A geological map at 1:100,000 scale and an accompanying report were produced. Several primary and placer gold targets, as well as other mineral occurrences were identified.

In 1933, placer gold was first discovered in the Shakiso area around the “Beda Kessa” valley by the local people (S. Temtme, 1971). In 1939 Italian geologist also identified presence of placer gold at the same creek. From April 1946 to February 1948 placer gold exploration was conducted by the Swedish geologist and a Danish mining engineer with the help of Banka drill at Kibremengist, Kalacha valleys and at Bada kessa and Awata rivers, that continued until April 1949. In 1949 the Netherlands geologist, Van Doorick carried out a geological study with a view of locating possible occurrence of vein gold. In 1950 G.H. Kemmer introduced mechanical mining and systematic prospecting into the area which was continued until 1954. In 1956, the Yugoslavian mission was led by D. Jelenc and continued exploration in the region till 1967. Taylor and Sons (1970) has conducted alluvial gold exploration and recommended further detail geological mapping and prospecting in the regions of the Genale and Aflata Rivers and their tributaries where coarse gold were regularly recovered by local miners.). J. Kovacik et al. (1974) has investigated the previous performance of gold in Adola area and he reported around 46,000 troy ounces of gold was mined between 1936 to 1942 around Adola by local miners.

From 1996-1999 Canyon Resources Africa Ltd (CRAL) executed an exploration program on the Meleka-Abeba license, covering an area of 108 km², with significant overlap of the Babicho Exploration License. A program consisting of 399 pan

concentrate, 342 rock chip and 4,857 soil samples were collected, airborne geophysical surveys (magnetic and radiometrics) covering the entire licence area, geological mapping, 9 trenches totalling 909 m and 4 drill holes for a total of 635m was conducted at a reported cost of approximately \$1M USD. Several north-west trending faults and splays with broad zones of intense shearing were identified, known as the Silingo and Biloya shear zones and were believed to be ore controlling structures. A prominent soil anomaly with a north-south trend was identified covering at least 2 km on the west flank of the Silingo shear zone. CRAL conducted trenching along the Silingo shear zone on their Roba Shakisso Prospect, which is located entirely within the current Babicho EL. Four trenches were completed within the current Megado Babicho tenement, each of them returned significant intercepts as noted in table 4. The trenches were followed up with 4 drill holes with significant intercepts of 4m @ 2.92 g/t Au and 1m @ 6.5 g/t Au as noted in table 5. See Figure 10 for context of these historical trenching and drilling results (Canyon Resources, 1998).

Trench ID	Significant Intercept	Trench Length (m)
C5	0.94g/t Au over 7m @131mW	129
and	35.3g/t Au over 1m @199mW	
C6	3.5g/t Au over 10m @175mW	118
C7	0.87g/t Au over 22m @88W	133
includes	1.76g/t over 1m @88m, 1.68g/t over 2m @98m, and 2.79g/t over 4m @105m	
and	24.8g/t Au over 1m @120mW	
C8	0.61g/t Au over 2m @130W	200

TABLE 2: SIGNIFICANT INTERCEPTS IN ROBA SHAKISSO PROSPECT TRENCHES. NOTE TRENCHES C1 TO C4 WERE NOT LOCATED WITHIN THE BABICHO TENEMENT. ASSAY RESULTS FOR REMAINING INTERVALS ARE EITHER NOT HISTORICALLY REPORTED OR ARE CONSIDERED NOT SIGNIFICANT.

HoleID	Intercepts	Hole Depth (m)	Collar
MADH1	below trench C7, 11m > 0.1g/t Au	200	677280 mN, 480915 mE
and	0.25g/t Au over 1.5m @32m		
and	0.63g/t Au over 2m @39m		
and	0.89g/t Au over 1m @49m		
and	0.27g/t Au over 1m @76m		
and	0.55g/t Au over 1m @115m		
MADH 2	below trench C5, 26m > 0.1g/t Au	150	676000 mN, 480910 mE
and	0.32g/t over 1m @3m		
and	0.34g/t over 1m @71m		
and	0.74g/t over 4m @75m		
and	0.36g/t over 4m @84m		
and	1.73g/t over 1m @135m		
and	0.72g/t over 2m @141m		



MADH 3	only 12m>0.1g/t Au	151	676320 mN, 480910 mE
and	2.99g/t over 1m @107m		
and	0.26g/t over 1m @114m		
and	2.92g/t over 4m @119m		
and	1.98g/t over 1m @130m		
and	6.5g/t over 1m @139m		
and	1.32g/t over 2m @146m		
MADH 4	below trench C6 - 15m > 0.10g/t Au	134	676875 mN, 480868 mE
	1.43g/t over 6m @41m (with 2.72g/t over 3m @42 m)		
and	0.33g/t over 2m @63		
and	0.29g/t over 1m @66		
and	0.49g/t over 2m @72m		
and	0.37g/t over 1m @80 m		
and	0.18g/t over 2m @100		
and	0.23g/t over 1m @103		
		635	

TABLE 3: ROBA SHAKISSO DRILL CORE SAMPLES INTERCEPTS. ASSAY RESULTS FOR REMAINING INTERVALS ARE EITHER NOT HISTORICALLY REPORTED OR ARE CONSIDERED NOT SIGNIFICANT.

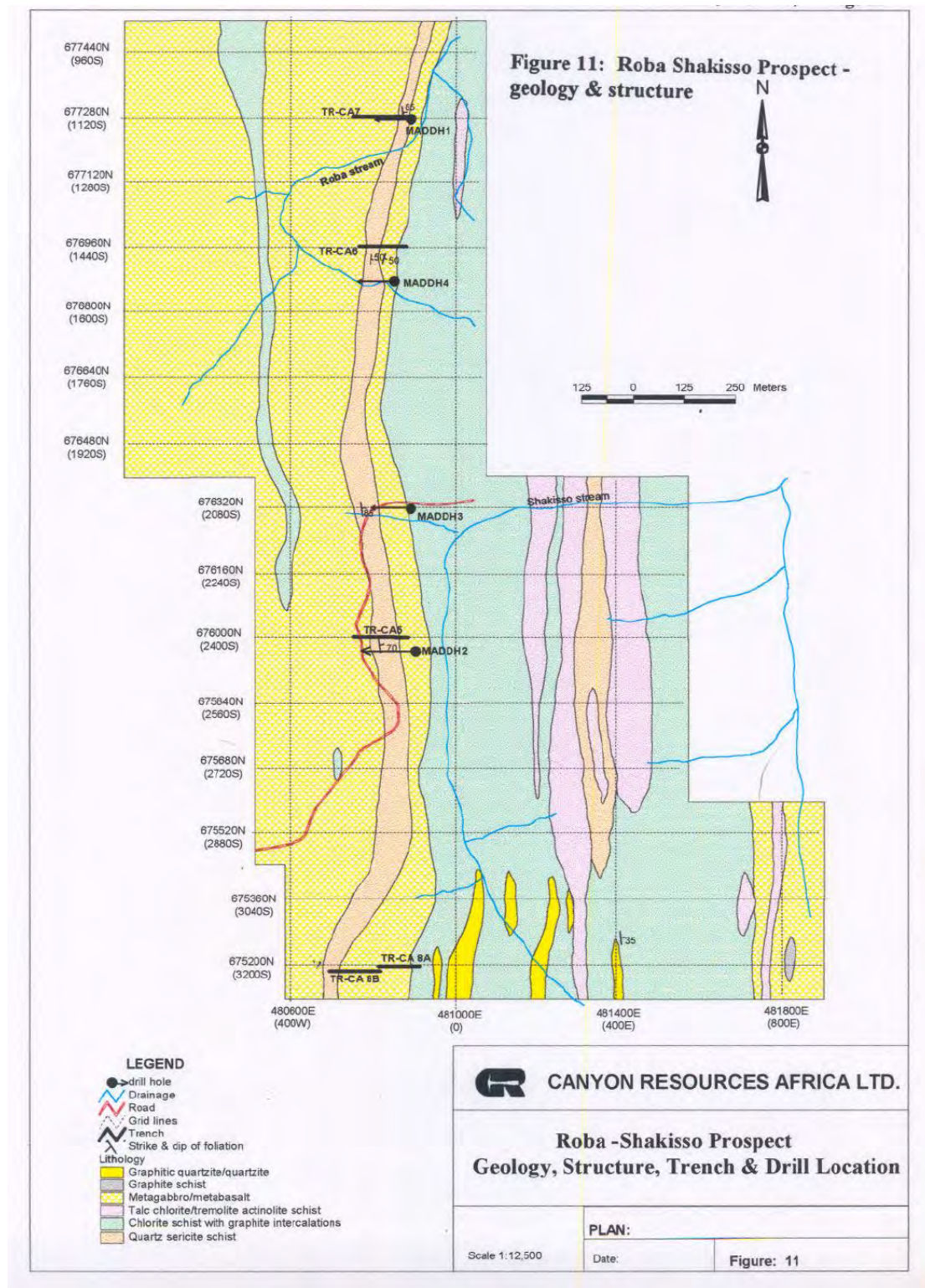


FIGURE 10: CANYON RESOURCES (1998) TRENCHING AND DRILLING LOCATIONS AT ROBA SHAKISSO PROSPECT WITHIN THE BABICHO TENEMENT

2.3 Land Title

2.3.1 Exploration Permits

The Ethiopian Licensing Authority may grant an exploration licence to an applicant;

- that has demonstrated that it has the financial resources and technical ability to conduct the exploration operations in question in accordance with the work program
- has an estimated exploration expenditure that is in accordance with the prescribed minimum exploration expenditure and the exploration work program
- with an approved environmental impact plan
- who is not in breach of any obligation in the reconnaissance licence (article 17 of the Proclamation no 678-2010).

An exploration licence is granted for a period that cannot exceed three years and is renewable twice for a period not exceeding one year each. The licensing Authority may allow further extensions of renewal if the licensee proves the necessity to undertake exploration activity beyond the initial work program, but such a period shall not exceed 5 years.

2.3.2 Exploration Permit Status

Babicho Mining PLC (Babicho Mining), the Ethiopian company of which Megado Gold is the 80% shareholder, was granted the Babicho EL (EL\00106\2019) on September 26, 2019. The Babicho EL expires on 24 September 2022. The Babicho EL covers approximately 132 km², has an irregular shape and is located at the following location in ADINDAN, UTM Zone 37N:

Block 1		
Corners	UTM North	UTM East
1	684768.00	473901.00
2	684766.87	475986.84
3	679972.31	475967.13
4	679998.39	480641.21
5	679987.29	484547.26
6	680258.97	484547.33
7	680270.70	485214.21
8	671318.00	485214.00
9	671142.74	481245.87
10	670119.59	481239.59
11	670156.65	476168.48
12	671766.00	476919.00
13	671927.00	470539.00
14	677342.00	470539.00
15	677313.00	473835.00

TABLE 4: BOUNDING COORDINATES OF THE BABICHO EXPLORATION LICENSE AREA

An exclusion to this area is the Large Scale Mining Licence currently held by Babicho Mining PLC (MOM\LSML\112\2017) (**Babicho ML**) for alluvial gold mining, which falls within the Babicho EL. Babicho Mining PLC is in the process of transferring this Large Scale Mining Licence to Babicho Minerals PLC, an Ethiopian company not associated with Megado Gold. The excluded areas from the Babicho EL are (ADINDAN, UTM Zone 37N):

Corners	UTM North	UTM East
Point 1	674469	477044
Point 2	673674	477545
Point 3	673967	478131
Point 4	671783	481141
Point 5	670053	481776
Point 6	669963	481289
Point 7	671509	480857
Point 8	673556	476415
Point 9	674268	476306

TABLE 5: BOUNDING COORDINATES OF THE BABICHO PLACER LICENCE EXCLUSION



TMS has relied upon Megado Gold to provide the Land Title information and it has not been independently verified.

2.4 Geology

2.4.1 Local Geology

The Babicho project area is part of the major N-S trending low-grade basement rocks of the Adola gold field area. Intense weathering and alluvial cover make mapping difficult, however, geological mapping identified the major units as meta-sediment (sericite, biotite- schist, biotite-graphitic schist and graphitic schist/phyllite), meta-volcanics, chlorite schist and meta-ultramafic (Fig. 11).

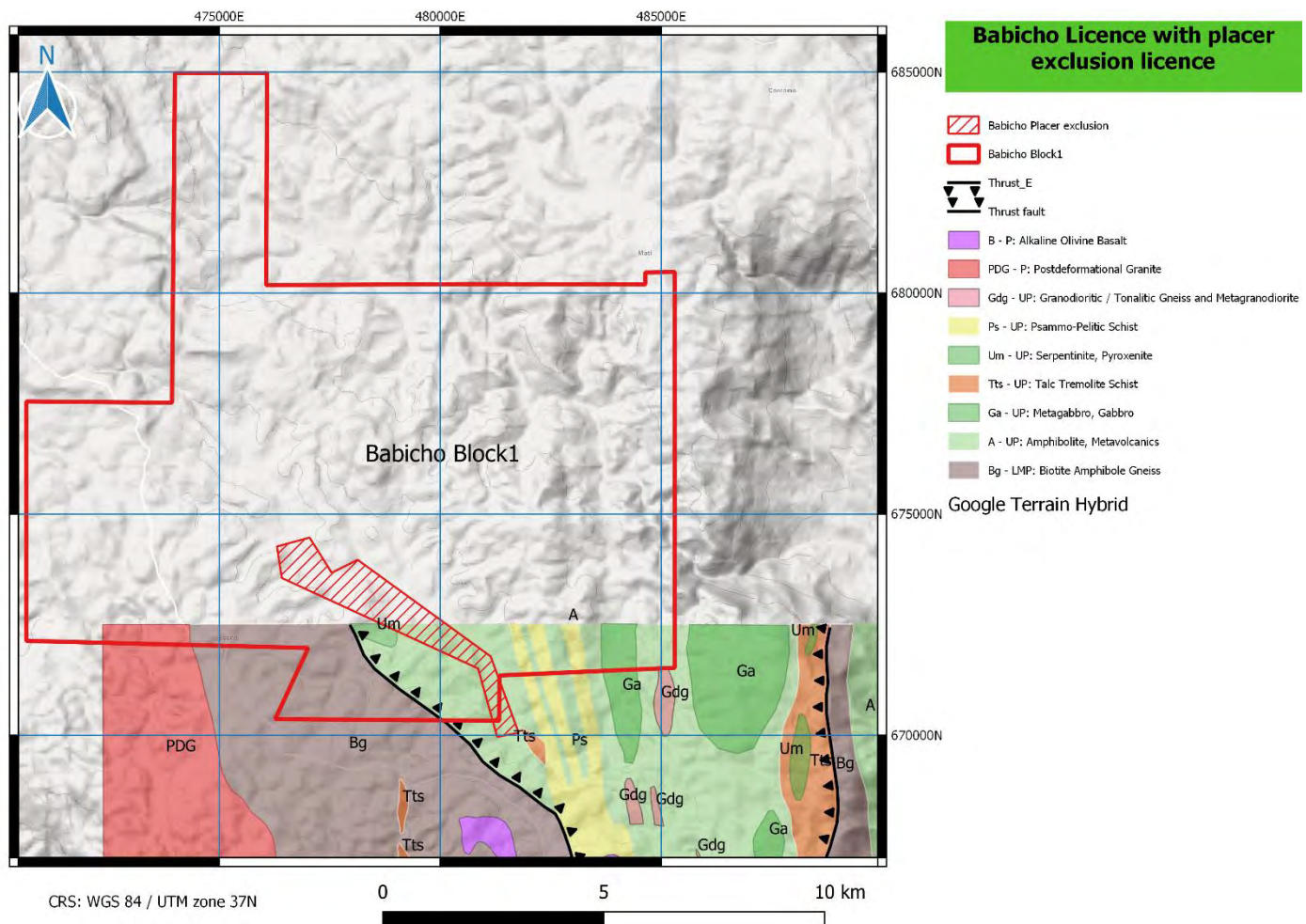


Figure 11: Babicho EL Block 1 with available digitised geological mapping

2.5 Prospectivity

Orogenic greenstone hosted deposits are commonly distributed along specific regional compressional to transpressional structures. Due to their association with regional structures, these camps are also located at the boundaries between contrasting lithologic or age domains within the belts. They are typically composed of quartz-carbonate veins in moderately to steeply dipping reverse shear zones with arrays of shallow-dipping extensional veins in adjacent competent and lower strain rocks. (Robert, F., et. al., 2007).

The exploration licence is located to the north of the existing Lega Dembi Gold Mine and encompasses part of the same structural trend. It is home to recent artisanal mining activity, and analysis of quartz gravel from artisanal pits shows angular to sub angular quartz gravels from multiple generations of quartz veins ranging from breccias, to sugary texture and hyaline (Fig. 12). During the site visit to the currently excluded Babicho ML, gold was confirmed to be present in the quartz gravel while observing an artisanal miner panning (Fig. 13).



FIGURE 12: ARTISANAL MINING PIT (LEFT). BRECCIATED QUARTZ FROM ARTISANAL PIT (RIGHT)



FIGURE 13: PANNED GOLD FROM ARTISANAL MINING WITHIN THE EXCLUDED BABICHO ML, OBSERVED DURING SITE VISIT

Outcrop in the area shows multiple phases of deformation and quartz veining with orientations following the regional north-south structural trend. A highly graphitic fault and associated schist following the regional N-S structural trend with an anomalous magnetic reading was identified in a road cut during the site visit (Fig. 14).



FIGURE 14: OUTCROPPING QUARTZ VEIN (TOP). GRAPHITIC FAULT AND ASSOCIATED GRAPHITIC SCHIST, SHOWN OUTLINED IN RED, FOLLOWING N-S REGIONAL STRUCTURAL TREND (BOTTOM).

Observed and mapped geology, structural setting and presence of alluvial gold within the Babicho ML indicates it is a strong target for gold exploration. Historic work documents found within the Ethiopian Geological Survey archive from CRAL, after the site visit, has identified two previously mapped shear zones that fall within the Babicho EL as potential ore controlling structures. Additionally, a north-south trending 2 km long gold in soil anomaly was identified, with subsequent overlapping alteration anomalies identified by independent spectral analysis. Trenching and drilling conducted also indicates there are prospective targets that require further exploration as well as additional targets where recommended follow-up work was not completed.

Review of the historic work, artisanal mining activity in the area and a field visit by the authors indicate potential for the Babicho EL to be a prospective, under explored target.

2.6 Recommendations

A staged and prioritized exploration approach is recommended. The first phase of exploration should start with a desktop remote sensing study to identify prospective alteration and structures to focus with groundwork and future prospecting licence coverage. A geological mapping exercise using satellite multispectral, short wave infrared and radar data and existing airborne geophysical data to locate and refine potential faults, shear and alteration zones and to confirm the work completed by CRAL. The second phase should include geological mapping at 1:10,000 scale focused on identified areas of interest to ground truth remote sensing data and improve and ground or air-based EM to follow-up on potential structures. Chip samples of exposed quartz veins and potentially mineralized shear zones should be taken during the mapping phase and sent to a certified analytical laboratory to run a full gold and base metal analytical package. Additionally, a gridded soil sampling program should be completed and sent to a certified analytical laboratory to run a full gold and base metal exploration analytical package. Phase three is follow-up on priority targets, both new and those previously identified and recommended by the CRAL, once confirmed, with core drilling and sampling program. The program should be designed to incorporate the determination of geological controls on mineralization, the appropriate sample sizes and methodology as well as quality assurance and quality control to comply with the JORC Code.

TMS have reviewed the Megado exploration work program and confirms the projects justify the expenditure on the projects.

3 Chochi EL

3.1 Location

The Chochi project is in western Ethiopia, within parts of the Oromia and Benishangul Gumuz Regional States (Figs.14 and 15). The site can be reached by a 573 km long tarmac road from the capital Addis Ababa, through the town of Gimbi. From Gimbi via Kamashi to Agelo-Meti a 36 km all-weather gravel road is followed by a 12 km dry weather road up to Korka-Meti. From Korka Meti to Burka Chochi a 25 km dry weather road provides access to the site.

Another option to access the licence area from the south is a 40 km tarmac road from Gimbi towards Nejo and from Nejo to Limu Nesi through 24 km dry weather road.

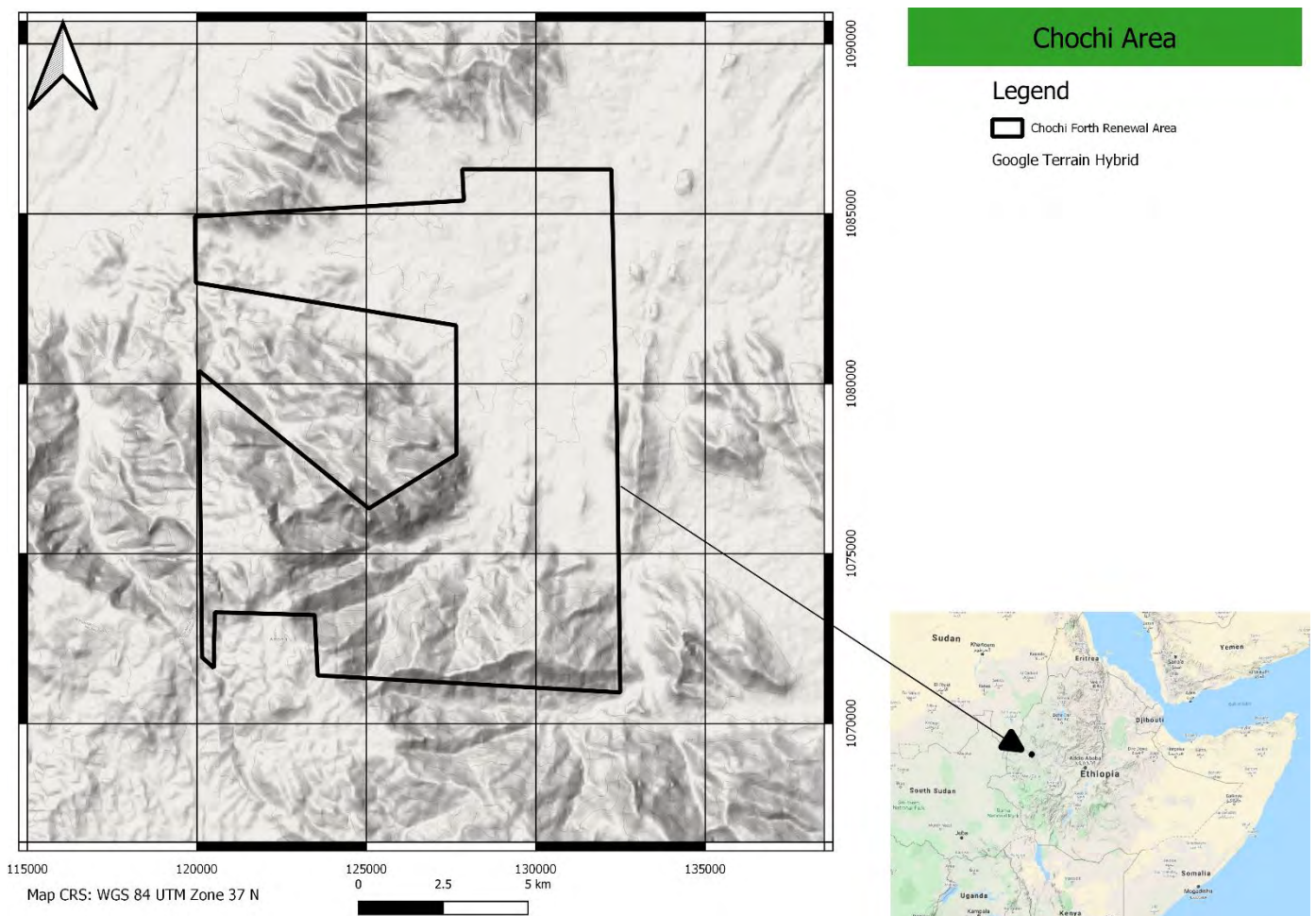


FIGURE 15: LOCATION OF THE CHOCHI EL

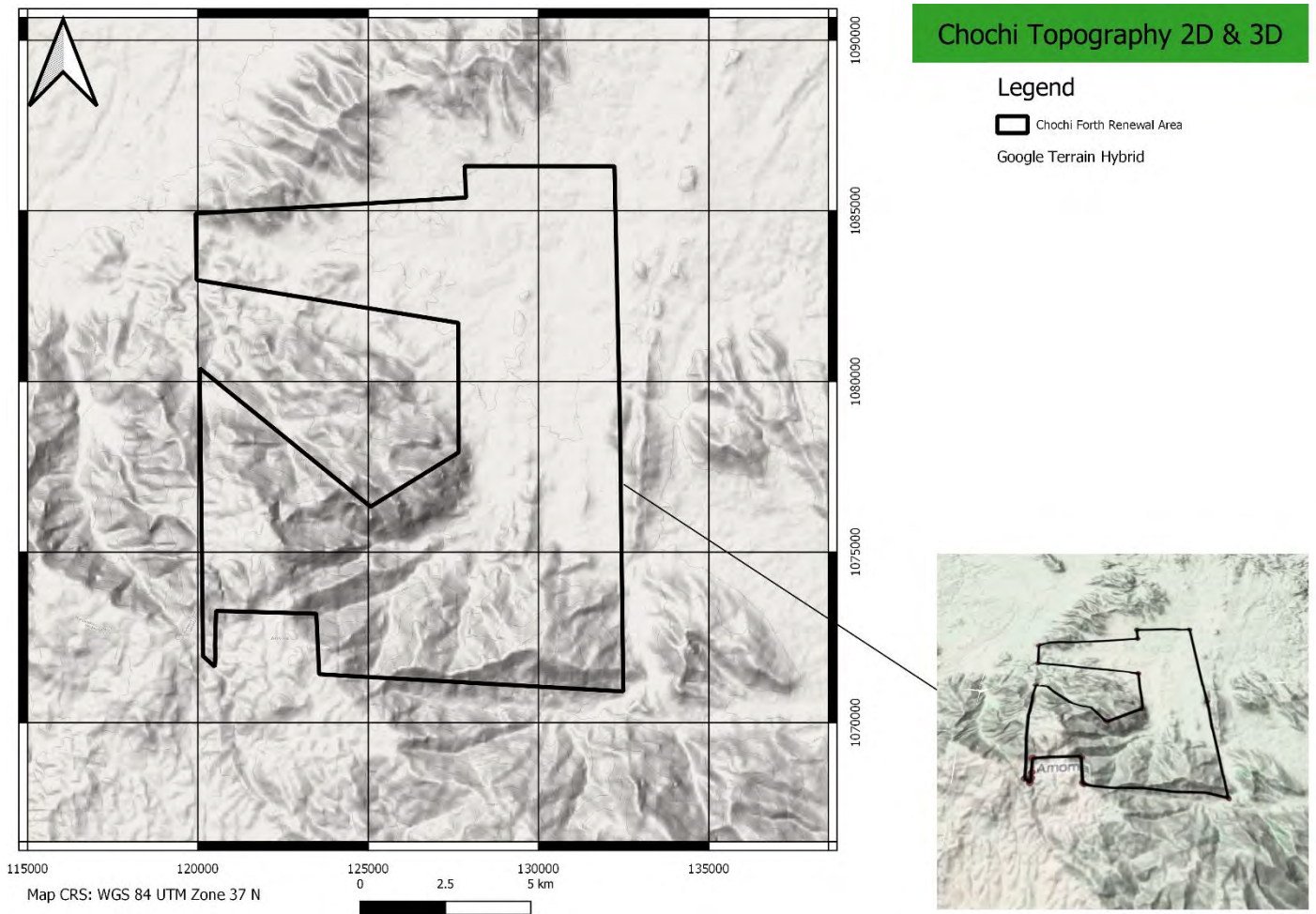


FIGURE 16: GENERAL TOPOGRAPHY OF THE CHOCHI EL AREA

3.2 History

TMS was requested by Megado Gold to do a remote review of the Chochi EL area. TMS has not visited this site and has not independently sampled and assayed portions of the deposit. The TMS work has been limited to the review of existing reports provided by Megado Gold, geology and other relevant data in the public domain and independent satellite review and analysis.

Kazmin et al (1981) produced a regional map of the area while compiling the geological map of Ethiopia. The Geological Survey of Ethiopia (GSE) also produced a 1:250,000 scale geological map of the Gimbi sheet. Work conducted as a joint effort between the Chinese Geological Survey and the GSE in 2010, has outlined prospective areas for precious and base metal exploration in a 1:250,000 map and shows gold finds in the vicinity of the licence area as yellow dots (Fig 17).

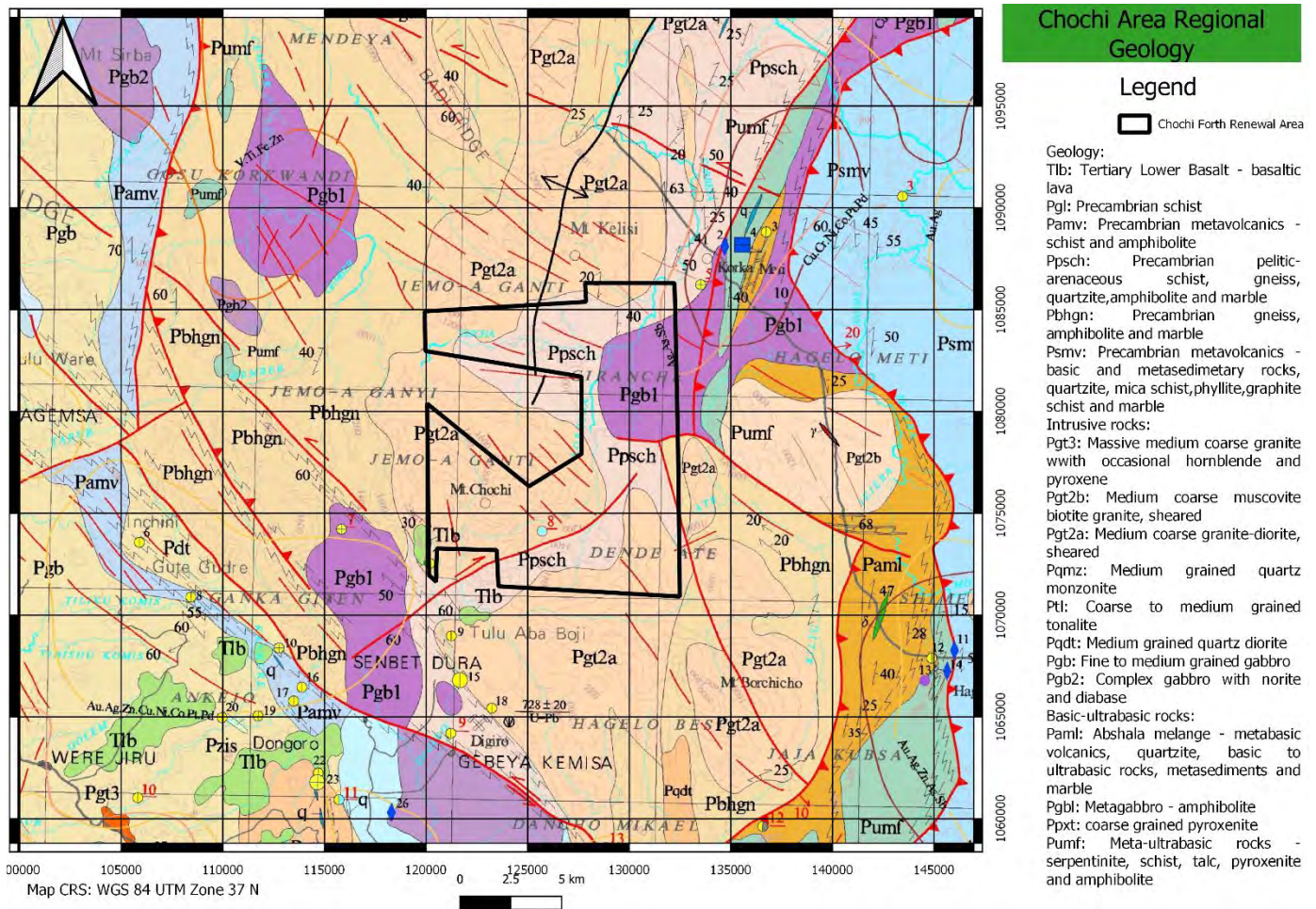


FIGURE 17: REGIONAL GEOLOGY OF THE CHOCHI EL AREA BASED ON THE 2010 CHINESE AND ETHIOPIAN GEOLOGICAL SURVEYS WORK

Chochi Mining PLC was granted a gold and base metals exploration Licence (No. MOM\EL\276\2013) from the Ethiopian Federal Ministry of Mines on the 6 January 2014 for the 188 km² EL area (reduced in 2020 to 137.2772 km²). Chochi Mining PLC conducted regional geological mapping and geochemical exploration during the 2014 – 2016 period.

Geological mapping on a scale of 1:50,000, stream sediment sampling, rock chip collection, heavy mineral concentrate and rock grab sampling were conducted as per the exploration program. Post field activities included submission of samples to the Central Geochemical Laboratory of the Geological Survey of Ethiopia (GSE) for sample preparation and subsequent shipping of samples to ALS Chemex Global, Ireland. Following the return of chemical analyses results, elemental data were processed, interpreted and geochemical maps prepared.

During geological mapping in the licence, several lithological units were identified, including meta-granite, amphibolite, meta-volcano-sedimentary rocks (acidic volcanic rocks, graphitic schist, quartzite, chlorite schist, amphibolite/amphibole schist), gossans and quartz veins.

Structurally the rocks in the area have been affected by different phases of deformation that has resulted in the penetrative regional foliation, folds, faults and minor to major northwest and northeast trending shear zones. Hydrothermal alteration of rocks was noted during field mapping. The alteration is mainly controlled by structures, such as shear zones and faults. The sheared meta-granite and meta-volcano-sedimentary units show hydrothermal alteration in the form of kaolinization, silicification, biotization, sericitization, chloritization, sulfidization and oxidation around the central and southwestern parts of the area. Gold was reported from stream sediment and rock chip sampling by Chochi Mining PLC. Four anomalous gold zones were defined from the heavy mineral concentrate results in the east, central and southwestern parts of the area (Fig. 17). Chochi Mining PLC reported that the Kora Kiltu target in the southwestern part of the licence is characterized by intensive artisanal gold mining activity along sheared linear quartz bodies within the granitic gneiss.

Based on the positive gold results from the first year's exploration programme, Chochi Mining PLC followed up exploration in the four target areas during the second year. The follow up exploration work included geological mapping at a scale of 1:25,000, placer gold mapping, sampling and pitting and rock chip sampling in the target areas. The stream sediment and rock chip sample analyses results helped to delineate two primary gold exploration targets in the Kora Kiltu and in the Godere – Mukerba localities (Fig. 18). The channel samples analyses result from three trenches excavated at the southwestern end of the licence area confirmed the need for advanced exploration techniques, such as ground magnetic and IP/Resistivity surveys with extensive geochemical sampling (channel sampling) and structural analysis.

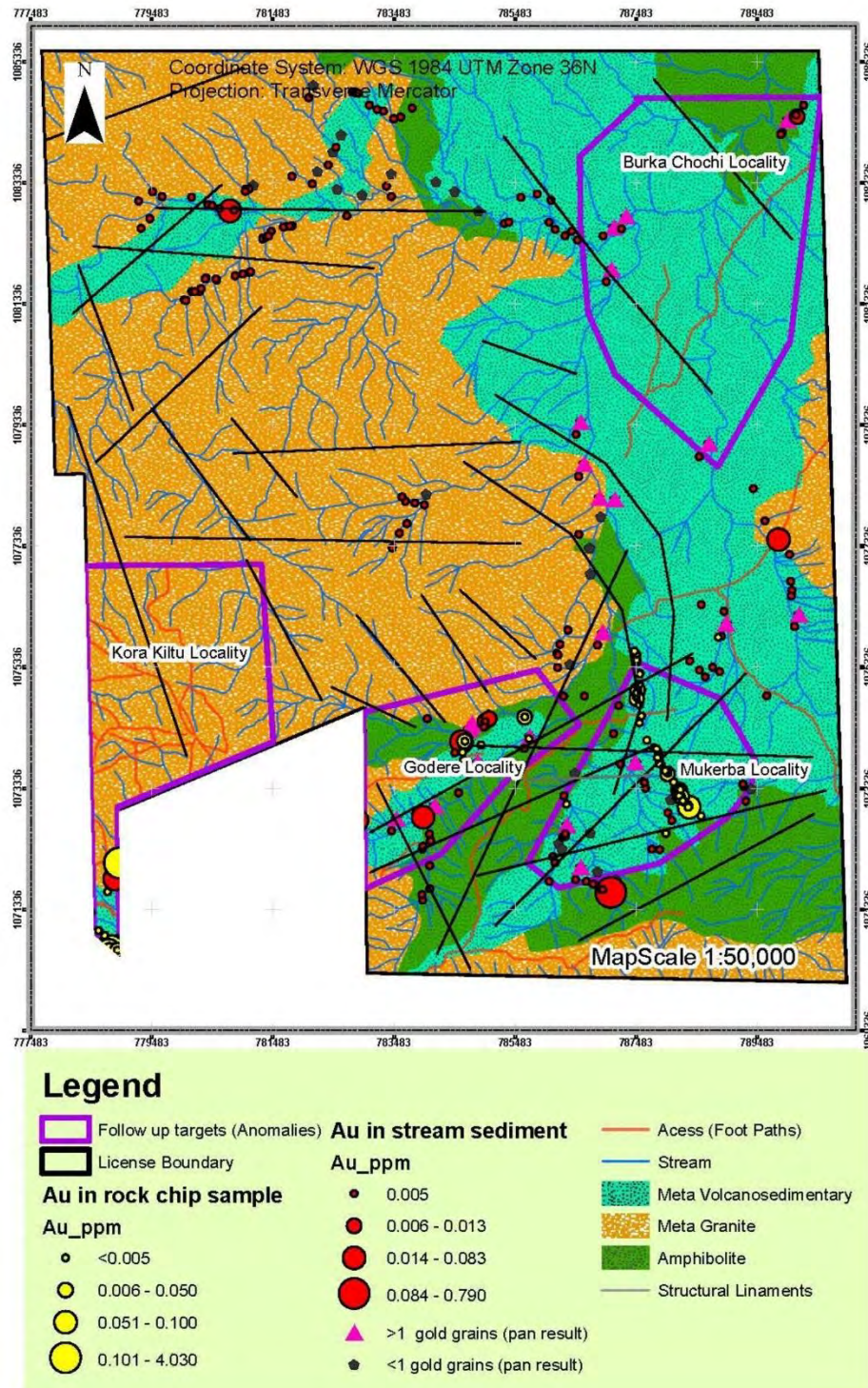


FIGURE 18: MAP OF THE CHOCHI LICENSE AREA WITH ROCK AND STREAM SEDIMENT SAMPLES

3.3 Land Title

The Chochi EL (MOM\EL\276\2013) in its fourth renewal period, covers an area of about 137 km² and is held by Chochi Mining PLC, the Ethiopian company of which Megado Gold is the 80% shareholder.

The geographic coordinates of the licence area are shown below (Table 8 and Fig. 19).

(GCS: Adindan).

Corners	Lat Deg	Lat Min	Lat Sec	N/S	Long Deg	Long Min	Long Sec	E/W
Point 1	9	48	33.26	N	35	36	25.78	E
Point 2	9	48	34.61	N	35	38	50.07	E
Point 3	9	44	21.08	N	35	38	58.16	E
Point 4	9	40	14.30	N	35	39	3.56	E
Point 5	9	40	27.79	N	35	34	10.93	E
Point 6	9	41	25.44	N	35	34	7.56	E
Point 7	9	41	27.12	N	35	32	31.14	E
Point 8	9	40	55.43	N	35	32	30.46	E
Point 9	9	40	43.63	N	35	32	30.80	E
Point 10	9	40	33.86	N	35	32	30.46	E
Point 11	9	40	43.97	N	35	32	19.00	E
Point 12	9	45	18.16	N	35	32	13.06	E
Point 13	9	43	7.84	N	35	34	58.70	E
Point 14	9	44	0.41	N	35	36	22.93	E
Point 15	9	46	3.83	N	35	36	21.37	E
Point 16	9	46	42.14	N	35	32	9.25	E

Point 17	9	47	45.40	N	35	32	7.58	E
Point 18	9	48	3.31	N	35	36	27.63	E

TABLE 6: BOUNDING COORDINATES OF THE CHOCHI EXPLORATION LICENSE AREA

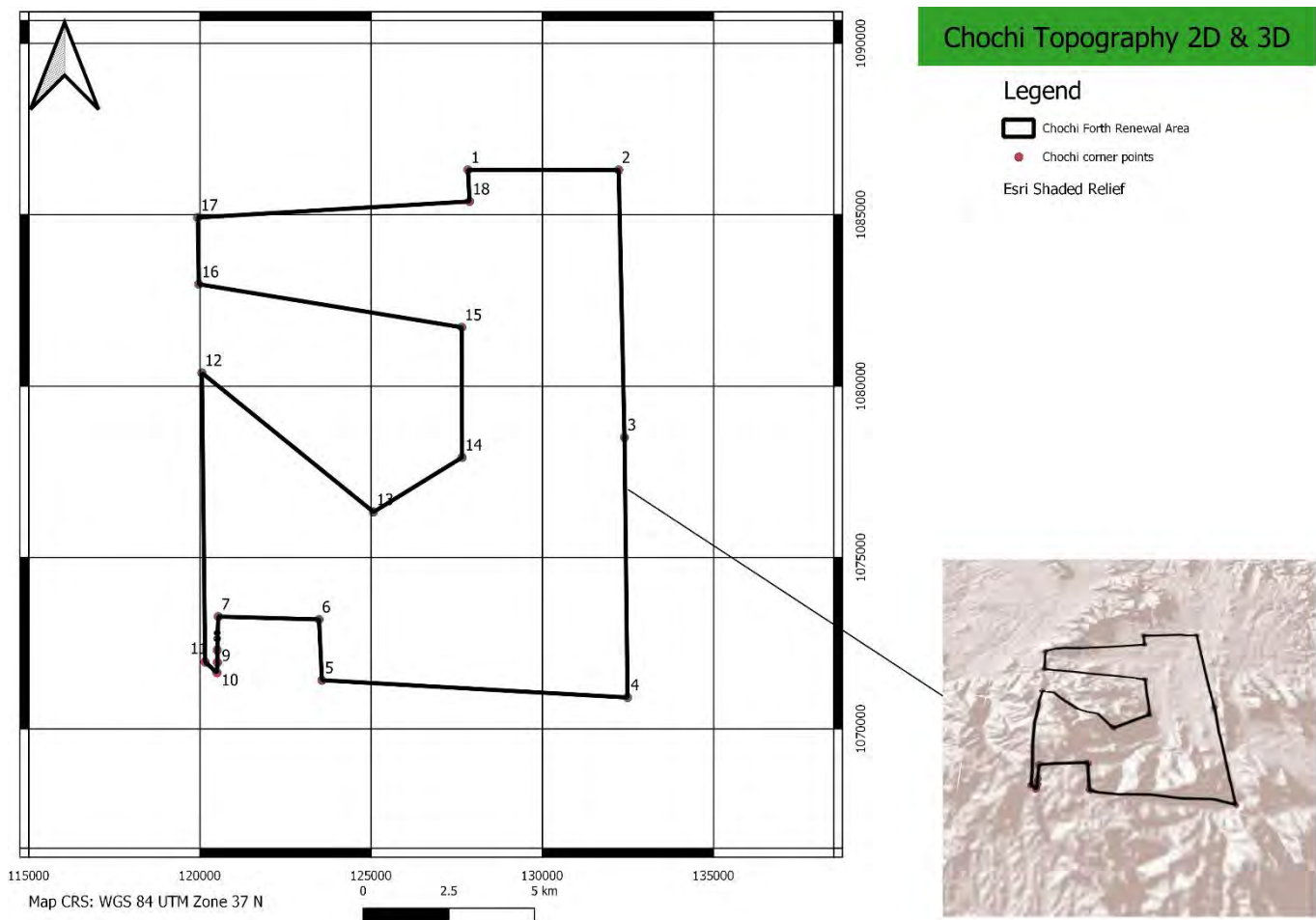


FIGURE 19: CHOCHI EL LAND TITLES

3.4 Geology

The regional geology consists of rocks of the Nubian Shield, which forms part of an accretionary orogen at the northern end of the East African Orogen. The Nubian Shield comprises juvenile, late Tonian-Cryogenian supra-subduction ophiolites and island-arc rocks that formed in the Mozambique Ocean during and after Rodinia breakup, Ediacaran volcano-sedimentary

basins, and syn-, late-, and post-tectonic Tonian-Ediacaran mafic to felsic intrusions. Accretion, deformation, and metamorphism occurred between 850 Ma and 500 Ma. Gold has been extracted from the Nubian shield for thousands of years and the dominant deposit types are gold-bearing quartz vein systems or orogenic gold, gold-bearing Volcanogenic Massive Sulfide (VMS) deposits and oxide gold in weathered zones above gold-bearing VMS deposits. The ages of orogenic gold formation in the Nubian Shield are not well established and estimates range from 660Ma to 495Ma (Johnson et al, 2017). The western and southern Ethiopian orogenic belts are prime targets for VMS and orogenic gold and are extensively covered by mining and exploration licenses.

The Chochi EL lies in the Western Ethiopian Shield (Figs. 1 and 3), approximately 70 Km north of Tulu Kapi (an intrusion related gold deposit). The Chochi EL lies between two major regional roughly north-south striking thrust zones with predominant shearing in a WNW direction (Fig.19). The area is extensively faulted with major faults striking N-S, WNW-ESE and NE-SW.

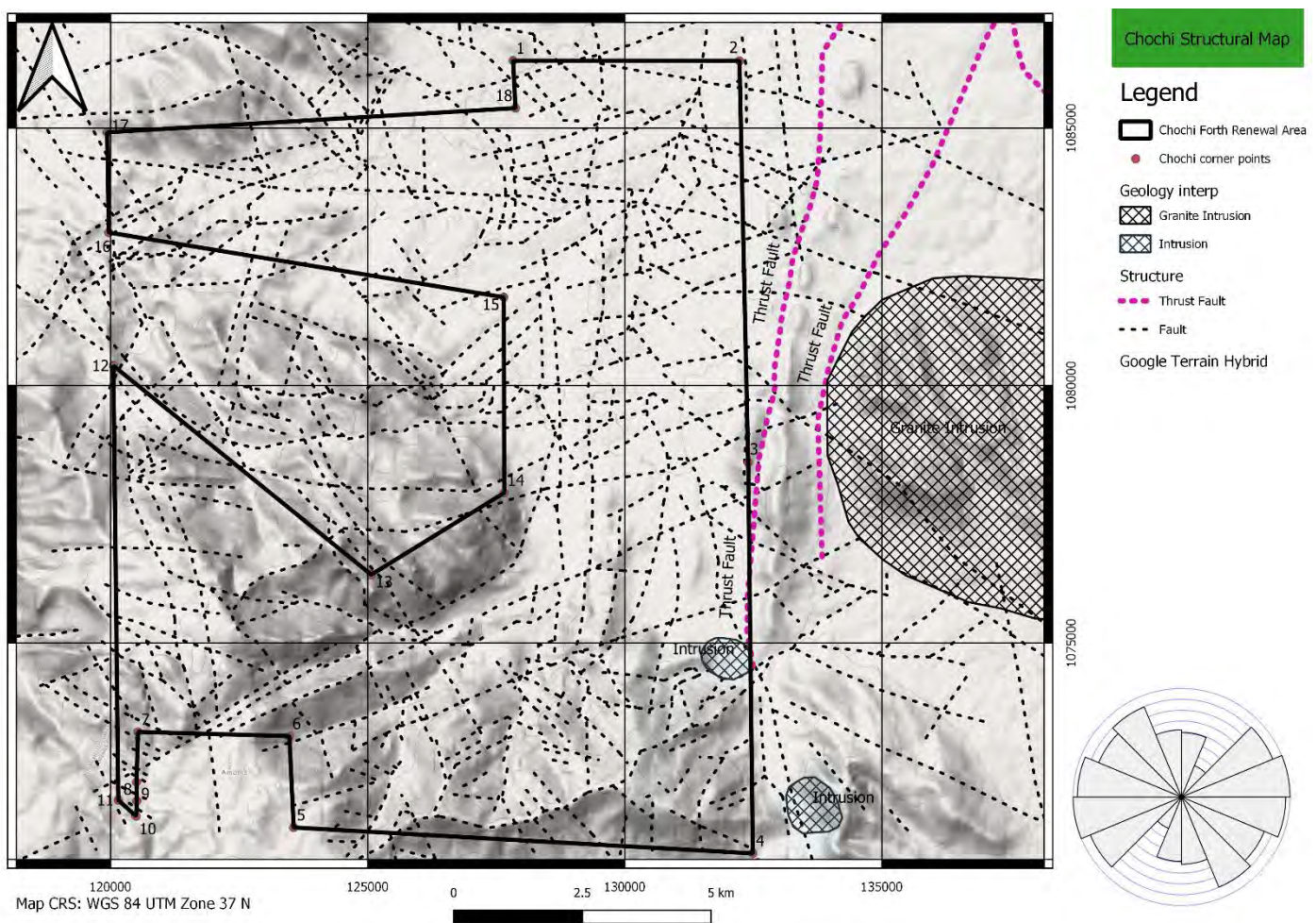


FIGURE 20: CHOCHI EL STRUCTURAL INTERPRETATION

With an independent satellite structural analysis by TMS (focussed on the licence area), the faults and major intrusions were mapped to aid understanding of the controls on mineralization and prospectivity of the area. Fig. 20 shows the larger area, highlighting the N-S trending thrust faults and more detailed structural work over the licence area, whereas Fig. 21 shows the structural interpretation at a larger scale and highlighting the intrusions and detailed block-faulted geology with a Sentinel-2 multispectral satellite false colour image in two and three dimensions.

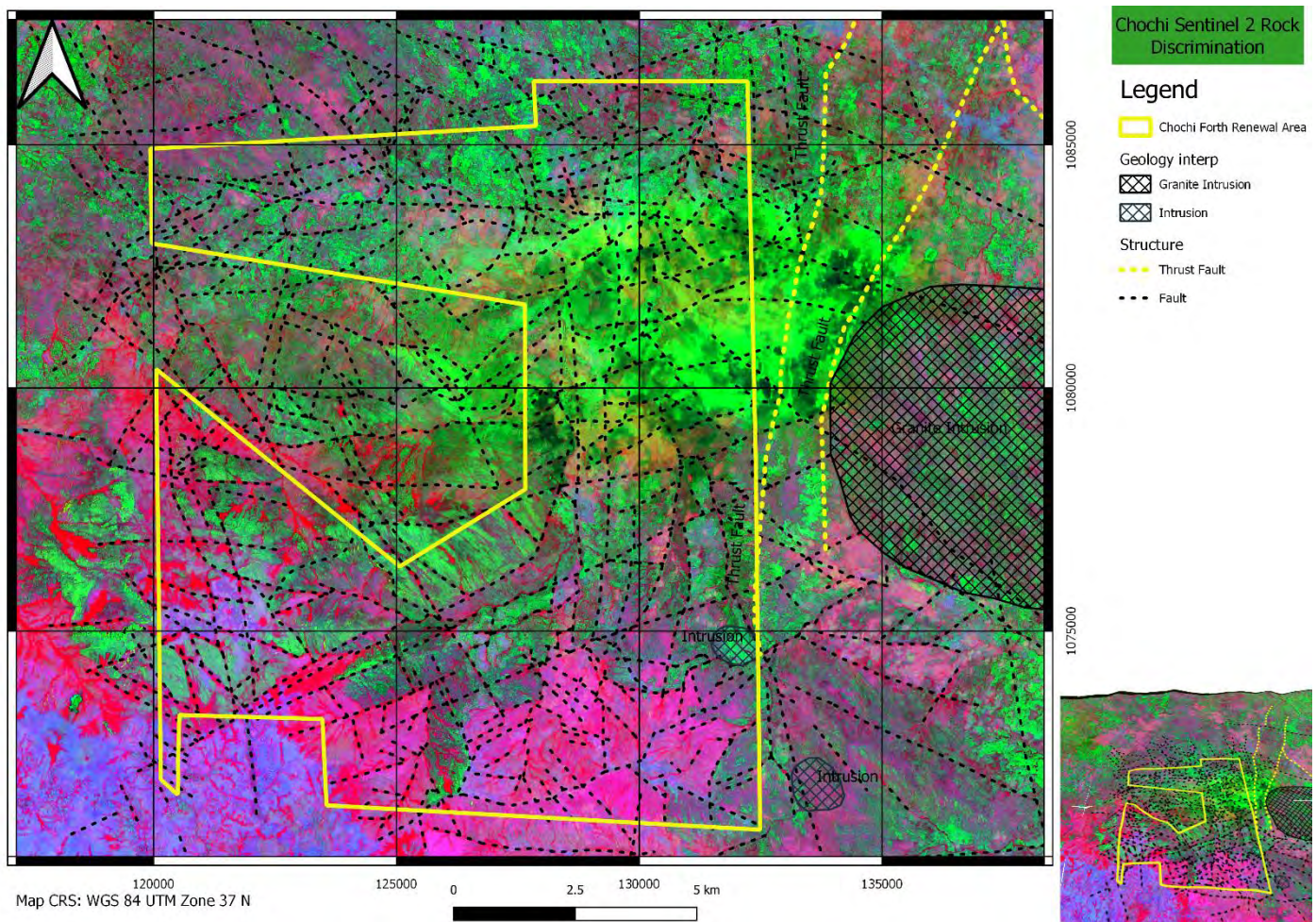


FIGURE 21: CHOCHI EL STRUCTURAL INTERPRETATION WITH ROCK DISCRIMINATION

Chochi Mining PLC reported different types of metamorphic rocks in the Chochi EL, which are generally low-grade volcano-sedimentary schist and phyllite with associated meta-granites, diorite-granodiorite intrusive and ultramafic rocks. The volcano-sedimentary rocks have been described as consisting of acid meta-volcanics, graphitic schist, quartzite, chlorite

schist, talc tremolite and amphibolite schist. The meta-granite and the meta-volcano-sedimentary unit is intermingled, and the meta-granite unit is highly shattered, sheared, silicified and altered to quartz and feldspar rich rock.

Chochi Mining PLC reported that alteration is mainly controlled by structures, such as shear zones and faults, and different types of hydrothermal alteration were noted during field mapping. The sheared meta-granite and meta-volcano-sedimentary units show kaolinization, silicification, sericitization, chloritization, sulfidization and oxidation around the central, central east and south western parts of the area. This hydrothermal alteration was also noted with the TMS satellite analysis.

Sulfide and gold mineralization are reported by Chochi Mining PLC in several parts of the licence area, within the sheared meta-granite, meta-volcano-sedimentary and in the swarms of quartz veins located around the south central and south western parts of the Chochi EL (Fig.18).

3.5 Prospectivity

Satellite analysis was performed for the Chochi EL to determine the prospectivity for the area, in conjunction with reports provided by Megado Gold and public domain information for the area.

The European Space Agency's multispectral Sentinel-2, Advanced Spaceborne Thermal Emission and Reflection Radiometer (ASTER) Level 1 Precision Terrain Corrected Registered At-Sensor Radiance (AST_L1T), Shuttle Radar Topography Mission (SRTM) digital elevation and Spaceborne Imaging Radar-C (SIR-C) have been used in the independent satellite analysis by TMS. Satellite imagery is vital for exploration and when combined with field mapping and geophysics, it becomes a very efficient (fast and affordable) way to gain geological understanding and target areas for exploration follow-up. Remote sensing images were used for two main applications: (1) mapping geology and the faults and fractures that typically localize ore deposits; (2) recognizing and mapping hydrothermally altered rocks by their spectral signatures for target generation.

Satellite Analysis Methodology

Multispectral band ratio images were used to cancel the effect of uneven illumination caused by topography and to enhance the spectral signatures of different rock types. For example, if rock type A is bright in Band 4 but dark in Band 7, then the Band 4/Band 7 ratio should accentuate that rock type. Satellite data was also used for structural mapping and analysis to aid the understanding of structural control on the mineralization. Hydrothermal alteration mineral detection has become one of the most conspicuous applications of multispectral and hyperspectral remote sensing satellite data for ore mineral exploration. Mapping hydrothermal alteration is very useful for mapping out mineral veins for example. Even under thick vegetation cover one can evaluate the effects of ore deposits on vegetation anomalies, through geobotanical remote sensing. Numerous ore deposits such as orogenic gold, porphyry copper, massive sulphide, epithermal gold, podiform

chromite, uranium, magnetite and iron oxide copper-gold (IOCG) deposits have been successfully prospected and discovered using remote sensing satellite imagery around the world.

Advanced image processing algorithms, based on state-of-the-art data extraction techniques, were implemented for detecting key alteration minerals associated with ore deposits. Specialized image processing techniques, such as Selective Principal Component Analysis (SPCA), Spectral Angle Mapper (SAM) and various raster calculus algorithms were used to detect mineralization. The detected mineralization needs to be followed up on the ground for verification and recommendations in this regard are discussed further down in the document.

Several satellite images are shown below (Figs. 21 – 22) to illustrate the rock discrimination methodology that will assist in refining the geological map for the Chochi EL to target mineralization (Also see Fig. 20 above). The presence of major N-S trending thrust faults (marked in magenta) as well as conjugating oblique faults (black dotted lines) that could trap mineralizing fluids from the deep-rooted regional structures, are positive structural characteristics of the licence area.

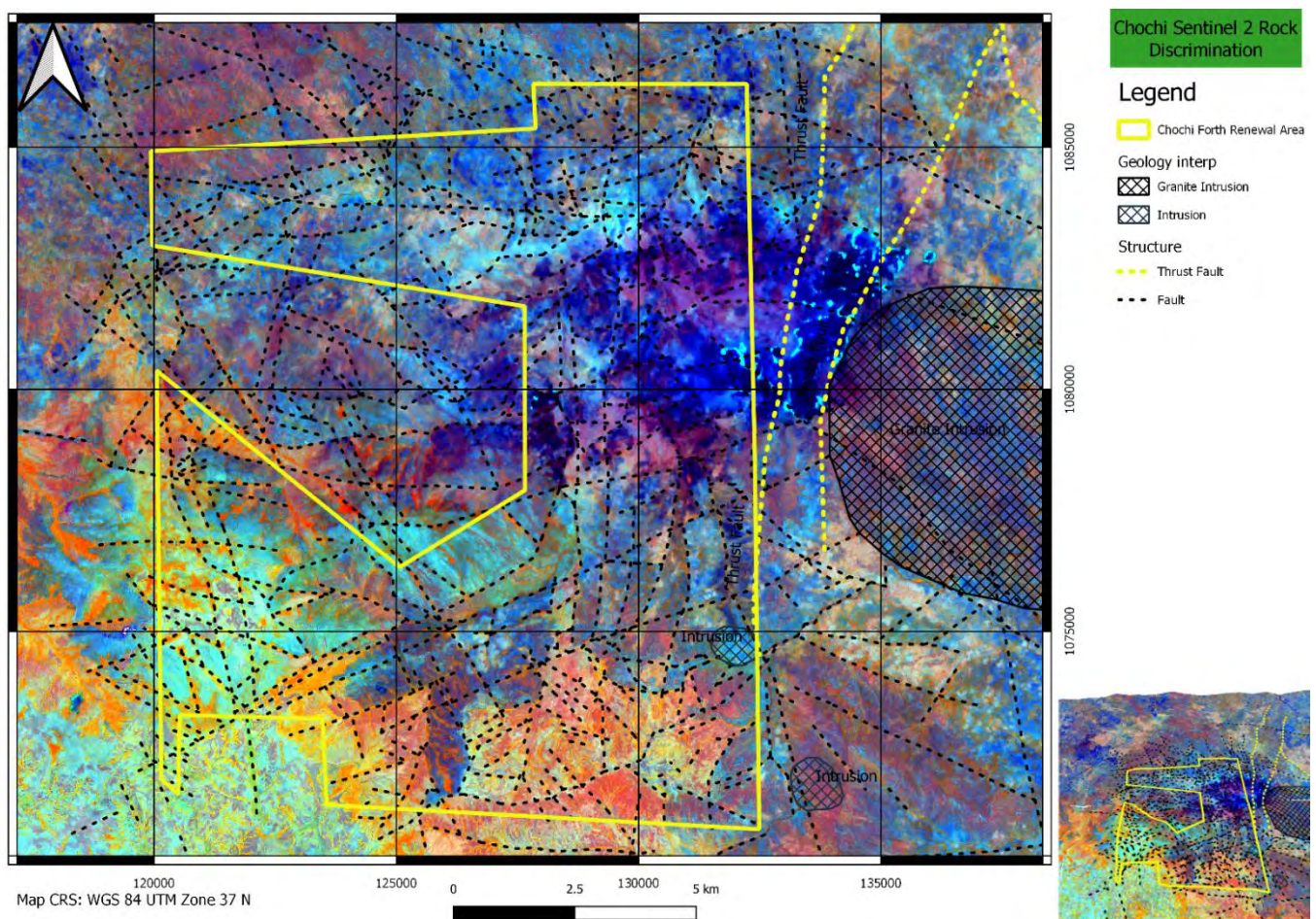


FIGURE 22: CHOCHI EL ROCK DISCRIMINATION

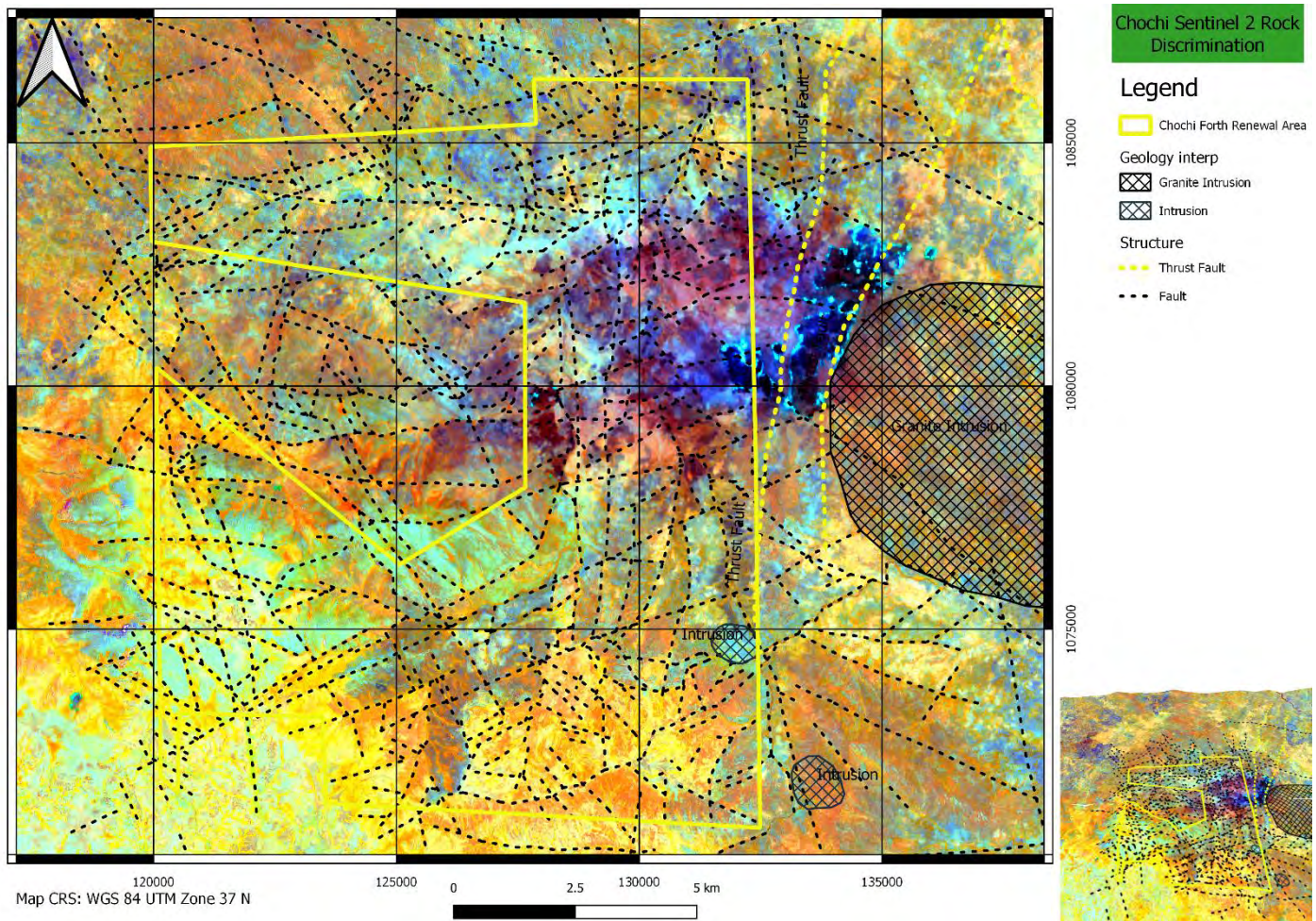


FIGURE 23: CHOCHI EL ROCK DISCRIMINATION

Using multispectral raster calculus algorithms and cluster analysis, the hydrothermal alteration was mapped out for the Chochi EL in red colour (Fig.24). The structural and geological control on the hydrothermal alteration can be observed in the image.

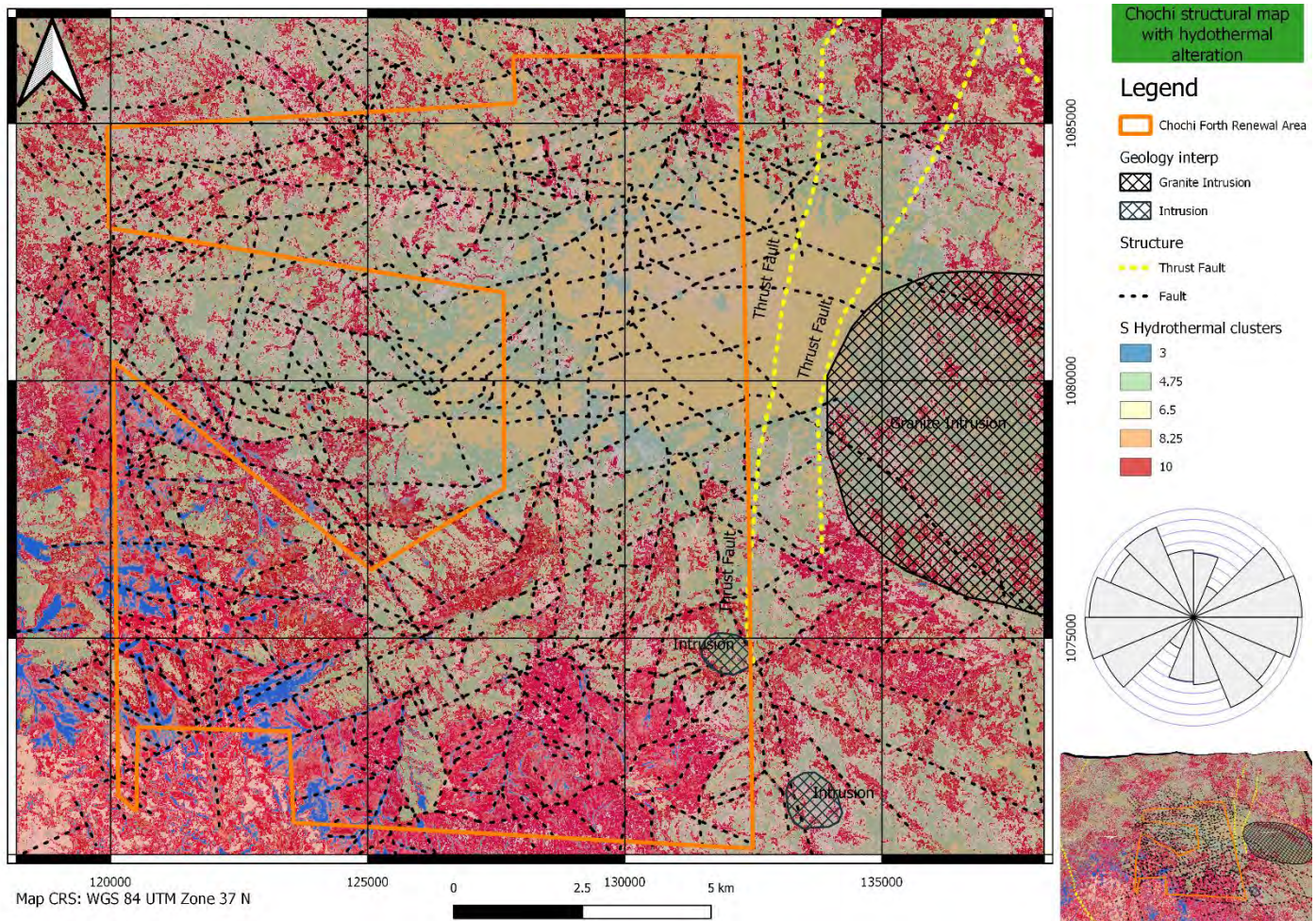


FIGURE 24: CHOCHI EL HYDROTHERMAL ALTERATION

When the hydrothermal alteration image (Fig.24) is overlain by the Chochi Mining PLC exploration field exploration result map, with the satellite derived structures and major intrusions (Fig. 25), the Chochi Mining PLC defined target areas and more importantly, the positive rock sample gold (yellow dots) and stream sample gold (red dots), corresponds with the hydrothermal alteration areas identified through satellite analysis (Fig.26). The reader is cautioned that TMS has not visited the Chochi EL site and has not independently verified the Chochi Mining PLC sample results.

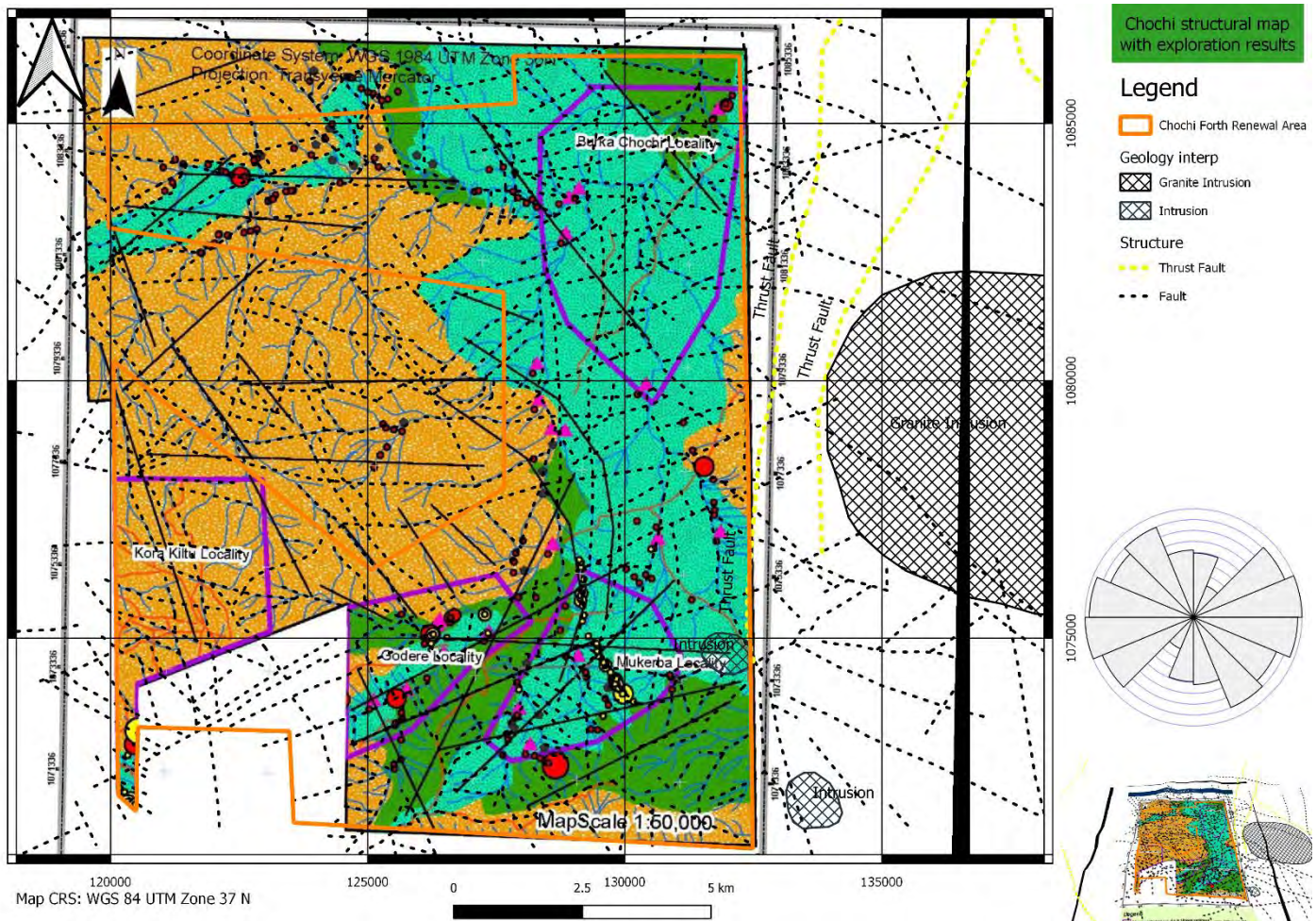


FIGURE 25: CHOCHI MINING PLC FIELD RESULTS

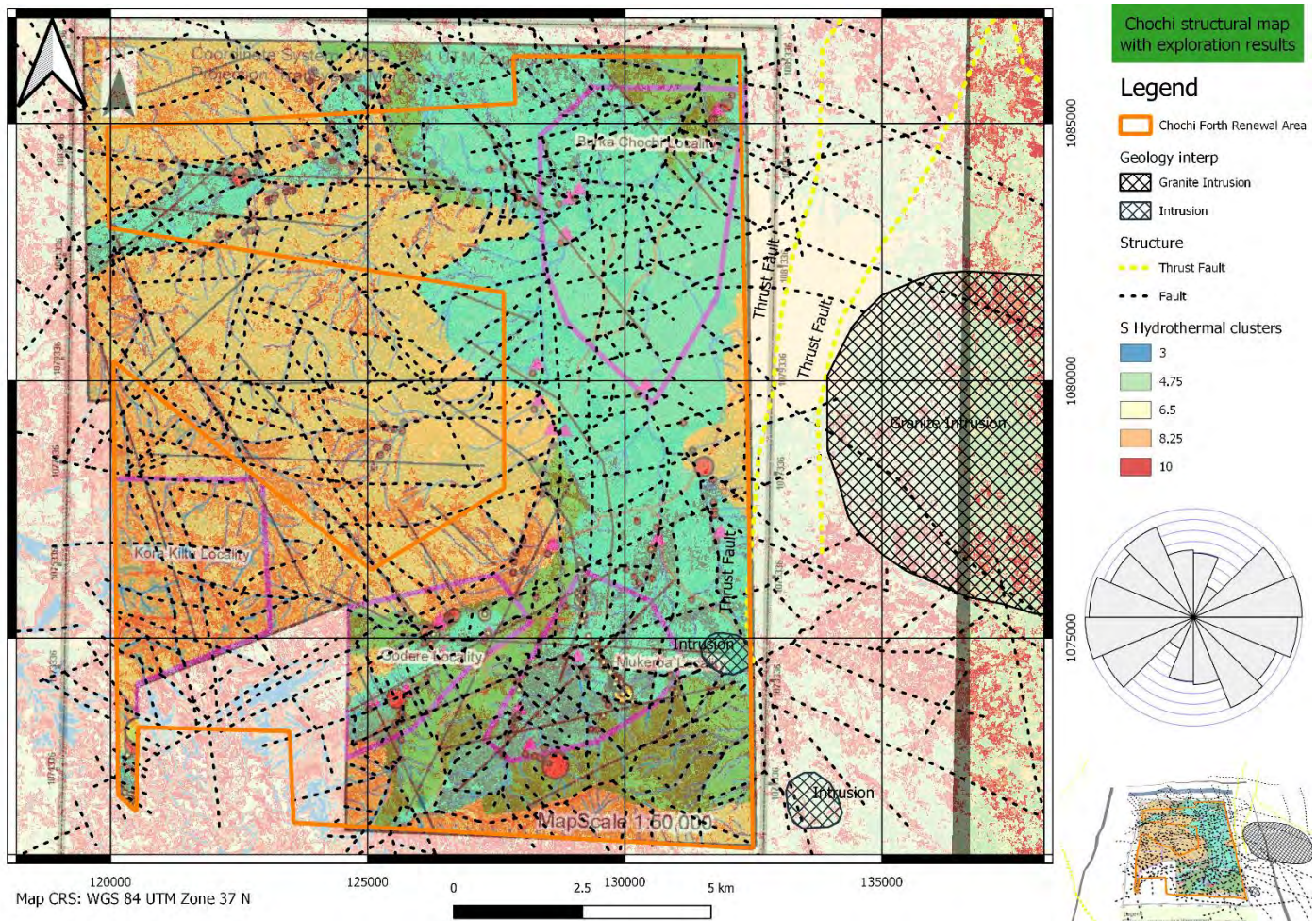


FIGURE 26: CHOCHI EL HYDROTHERMAL ALTERATION OVERLAIN BY FIELD RESULTS

The hydrothermal alteration shown in Fig.24 was further refined using selective algorithms and Principle Component Analysis to define hydrothermal target areas shown in warmer yellow, orange and red colours (Fig.27).

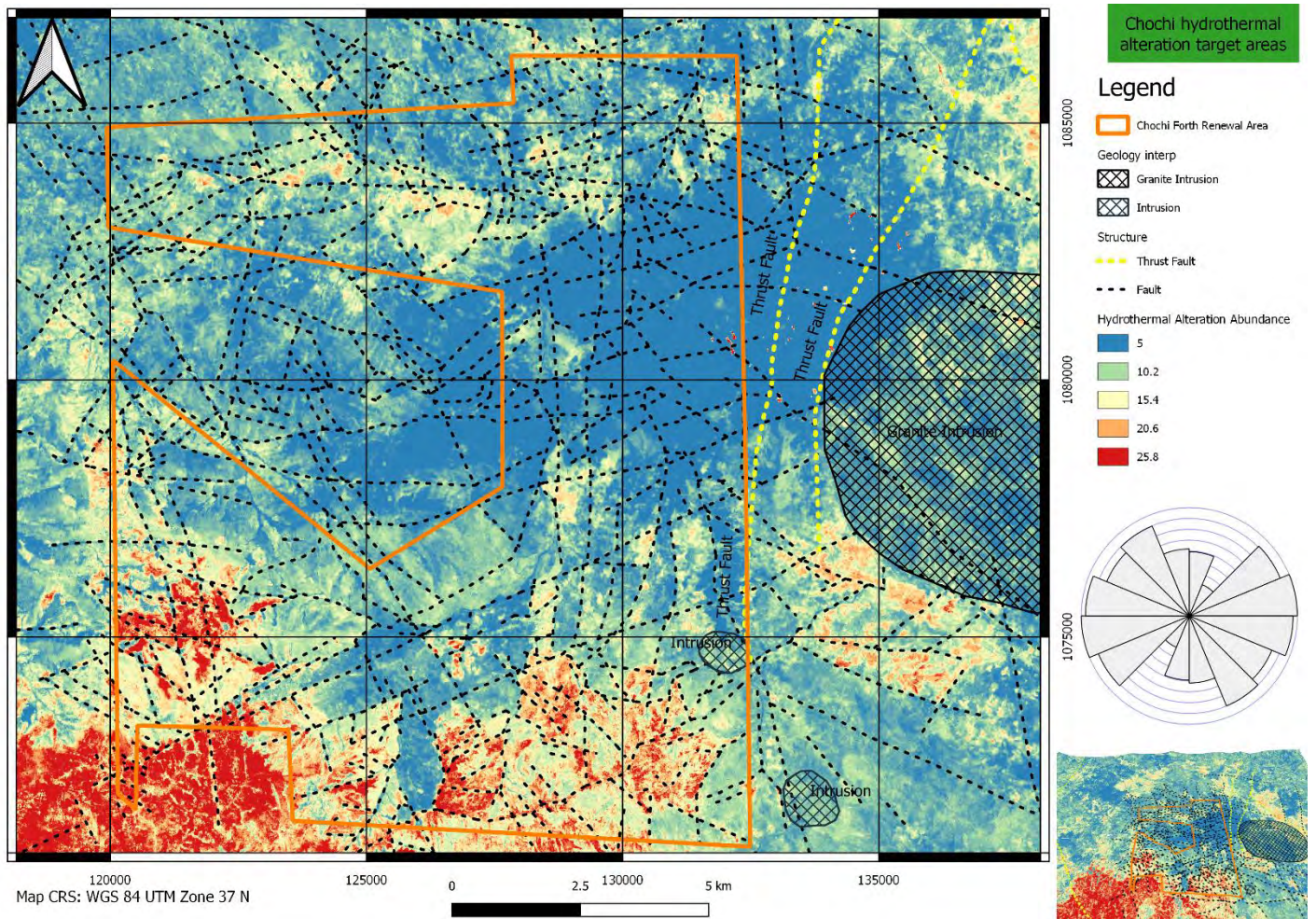


FIGURE 27: CHOCHI EL SATELLITE DERIVED HYDROTHERMAL ALTERATION TARGETS

Based on the area's physical gold finds reported by the geological surveys of Ethiopia and China, artisanal gold mining, gold rock and stream samples reported by Chochi Mining PLC, the structural and geological setting, the sulphide mineralization and hydrothermal alteration observed in the field and from the independent TMS satellite data analysis, the author considers the area prospective for orogenic gold and gold related to intrusives.

3.6 Recommendations

Based on all the data available and the satellite analysis a map showing follow up targets was prepared (Fig.28).

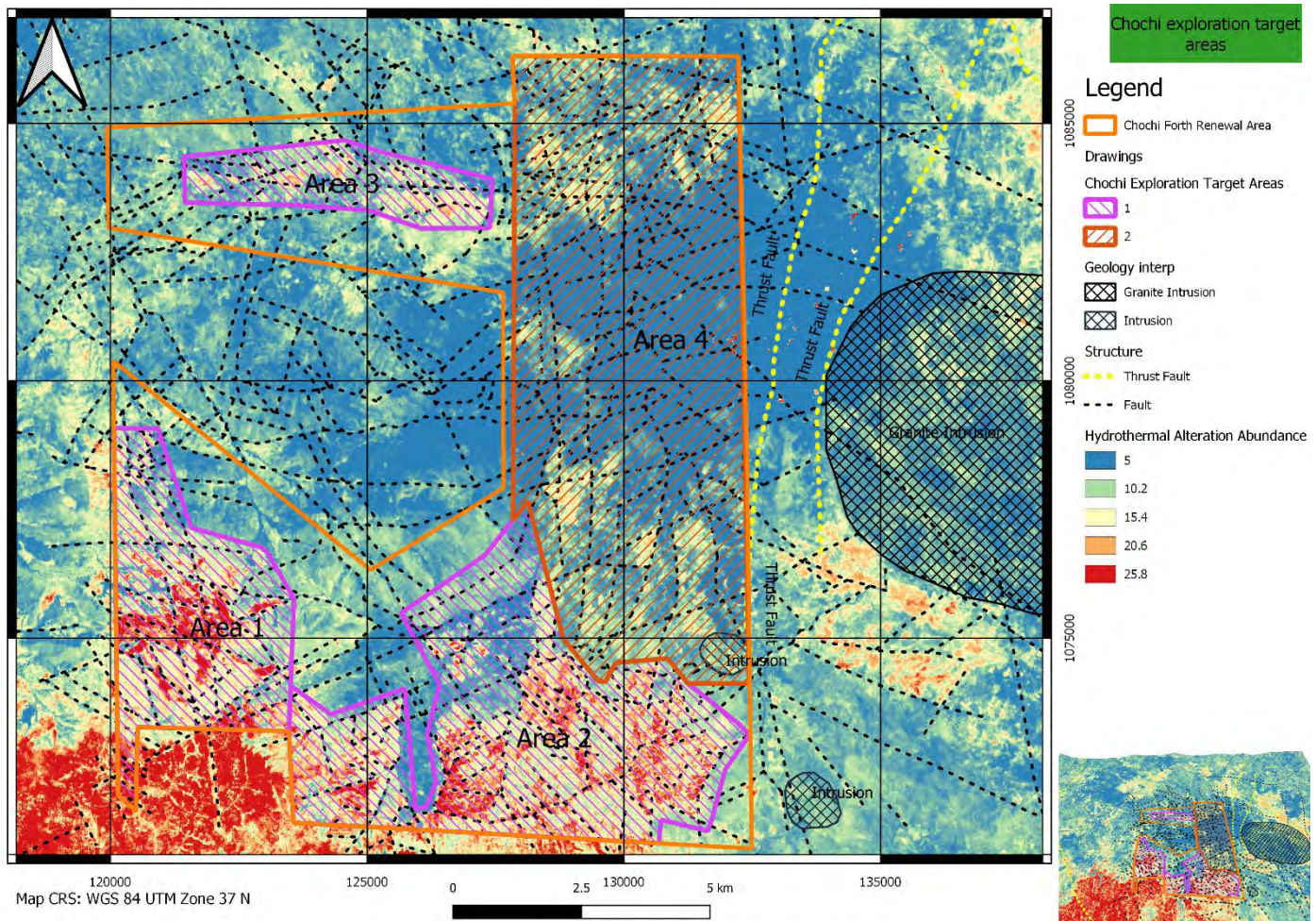


FIGURE 28: CHOCHI EL FOLLOW-UP TARGETS

Areas 1, 2 and 3: These areas are 15.38 Km², 30.00 Km² and 6.81 Km² in size respectively and the hydrothermal alteration areas defined here are recommended for ground exploration follow-up with, grid based, handheld XRF surveys to confirm and quantify the hydrothermal alteration, followed by ground frequency domain electromagnetic and magnetic surveys to detect concentrations of mineralization. These areas can be restricted to the dark red areas for the first phase of work to expedite results and save costs. Upon positive target generation, core and percussion drilling can follow.

Area 4: This area is 51.08 Km² in size and is recommended for airborne frequency domain electromagnetic and magnetic surveys to detect mineralization associated with the major N-S trending faults, parallel to the mapped N-S trending thrust faults, particularly where oblique faults intersect or offset the N-S faults.

The intrusive in the south-eastern part of the Chochi EL in Area 4 should also be investigated for gold related to intrusives.



The satellite analysis can also be used to refine the geological understanding, field mapping and structural analysis in the Chochi EL.

The structural and satellite analysis also indicate favourable settings for mineralization to the west, east and south of the existing Chochi EL, which would be recommended for future expansion of the licence area.

It is recommended to apply similar remote sensing techniques as demonstrated for the Chochi EL to the Mormora and Babicho project areas to expedite the finding of target areas for further exploration follow-up.

TMS have reviewed the Megado exploration work program and confirms the projects justify the expenditure on the projects.

4 New Exploration Licenses: Chakata, Dawa and Dermi Dama

Megado Gold has three new exploration licenses, Chakata, Dawa and Dermi Dama. Chakata and Dawa were awarded by the Ministry of Mines in August 2020. Dermi Dama is currently under application with the Ethiopian Ministry of Mines. The 100% Megado Gold owned exploration licenses were chosen based on targets generated from multi-spectral analysis conducted in 2019. This analysis identified moderate to strong alteration types commonly associated with gold mineralisation, as well as the potential for prospective geological, geomorphological or topographical features in the area. The general area of the exploration licenses under application was visited during the 2019 TMS site visit, prior to their identification and consideration by remote sensing. Access was provided to the remote sensing findings for review of the areas under application for inclusion in this document.

4.1 Location

The three new applications are in Southern Ethiopia, Oromia National Regional State, Guji Zone. Chakata is in the Odo Shakiso Woreda and Agawayu Woreda, around Megado, Chakata, Haya Dima and Ula Ulo localities. Dawa is in the Agawayu Woreda, around Dawa locality. Dermi Dama is in the Odo Shakiso Woreda, Sebba Boru Woreda and Arero Woreda of Borena Zone, around Didola, Kenticha and Dermi Dama localities. They are located adjacent to the Mormora EL, approximately 560 km south of Addis Ababa with Shakiso as the closest city offering full services. Road access is available from Addis Ababa through two routes: Addis Ababa-Hawassa-Kibremengist (Adola)-Shakiso-Burri Karroo (approximately 560 km) or Addis Ababa-Bulle Horra-Dawa-Burri Karroo (approximately 580 km).

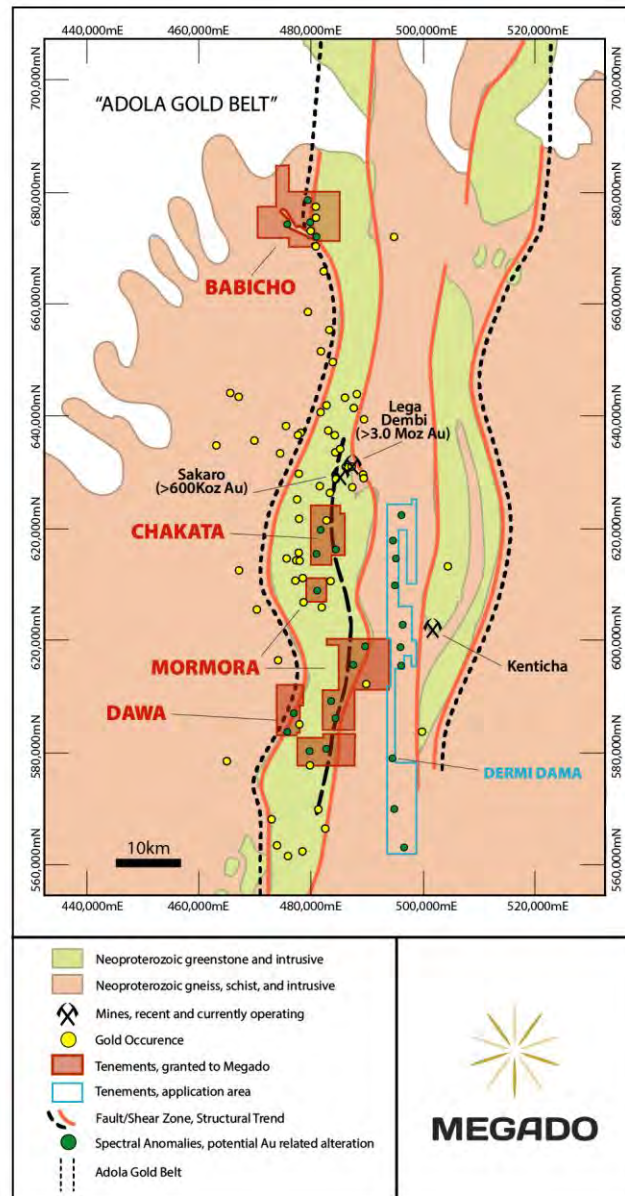


FIGURE 29: LOCATIONS OF NEW EXPLORATION LICENSES

4.2 History

The first systematic exploration of the Adola greenstone belt of Ethiopia was conducted between 1967 and 1971 by a joint United Nations-Ethiopian Mineral Survey team (UNDP, 1972). Photo geological mapping was conducted at 1:100,000 scale and select targets were followed up with focused geochemical and geophysical surveys, geological mapping, pit sampling and drilling programs. The region saw a second focused comprehensive systematic exploration program covering 7200km² aimed at discovering significant economic mineralization by the Adola Gold Exploration Project (AGEP)

between 1979 and 1981. This led to the discovery of the Lega Dembi gold deposit and identified 30 new primary gold targets as well as the Kenticha chromite and columbite-tantalite occurrences.

From 1987 to 1990 the UNDP conducted project ETH/86/034 titled “Training in Mineral Exploration Project” (TMEP) to train young geologists for the Ministry of Mines. The resulting exploration activities including regional geological mapping and targeted grid based detailed surveys (geological mapping, geochemical sampling and geophysics) at 1:10,000 scale. This covered approximately 2600km² in the Adola area and identified new gold targets (North Mi-essa, Kajimiti, East Sakaro, and Dermi Dama) as well as the Kilkile region columbite-tantalite.

In 1993/94, exploration work was conducted on Sakaro-Lega Dembi, Megado-Serdo and Dawa-Digati areas based on the works of AGEF, TMEP and the Bulbul-Ageremariam Project. Geological mapping, geochemical and geophysical exploration, trenching and pit sampling as well as drilling were conducted. Areas of EIGS strategic projects were transferred to private exploration companies after one-year exploration program.

From 1995-1998, CRAL and its joint venture JCI (Ethiopia) Plc evaluated and conducted exploration work over the Megado-Serdo Licence area which includes the **northern part of the Chakata EL**. Geophysics, mapping, soil and rock sampling, trenching, and drilling were conducted. According to the work completed, the detailed geological mapping and identified structural features associated with gold mineralization and geochemical sampling appears related to shear and alteration zones. Trenching returned numerous intervals of gold mineralisation in the order of 1m @ 0.15g/t up to 1m @ 2.41g/t Au, with drilling returning intercepts of 6m @ 0.23g/t Au, 0.6m @ 6.47g/t Au, and 10.25m @ 0.36g/t Au (see Tables 9 and 10 for further assay results). See Figure 30 for trenching and drilling locations in northern Chakata EL related to historical work done by CRAL (Canyon Resources, 1997). Numerous prospects were identified as targets, but there was limited follow-up work completed, by CRAL or other subsequent companies.

Trench ID	Trench Length (m)	Intercepts	Trench Collar
C2	376	0.23g/t Au over 1m@12mW, 0.19g/t Au over 1m@156mW,	621350N
		0.72g/t Au over 1m@159mW, 0.45g/t Au over 1m@161mW,	
		0.31g/t Au over 2m@163mW, 0.27g/t Au over 2m@166mW,	
		0.84g/t Au over 1m @170mW,	
		From 159-171m range of values is 0.01 - 0.84g/t Au	
C3	280	0.22g/t Au over 0.5m @31m, 0.22g/t Au over 1m @87m,	620932N-
		0.22g/t Au over 0.5m @267m	621003N
C4	392	0.13g/t Au over 2m @21mE, 0.41g/t Au over 1.5m@45mW,	621600N
		0.24g/t Au over 1.5m@47mW, 0.4g/t Au over 2.5m@49mW,	
		0.16g/t Au over 1m @69mW, 0.21g/t Au over 1m @89mW	
	1048m		

Trench ID	Trench Length (m)	Intercepts	Trench Collar
C8	195	All low values, less than 0.1 g/t Au	624090N
C9	500	0.1g/t Au over 1m @160mW, 0.3g/t Au over 1m @124mW, 0.13g/t Au over 1m @13mW, 0.15g/t Au over 1m @136mE, 0.21g/t Au over 1m @172mE, 0.11g/t Au over 10m@211mE, 0.29g/t Au over 2m @230mE	624230N
C10	176	0.31g/t Au over 1m @15m, 0.38g/t Au over 1m @106m, 0.15g/t Au over 1m @136m, 0.13g/t Au over @151m, 0.16g/t Au over 1m @153m, 0.30g/t Au over 1m @160m, 0.45g/t Au over 3m @163m (inc 1g/t over 1m @163m), 0.16g/t Au over 1m @170m	
	871m		
Trench ID	Trench Length (m)	Intercepts	Trench Collar
C7	506	388m to east samples are from wall of cleaned out old EMRDC water diversion canal, 208m to west by backhoe & bulldozer, West sequence all less than 0.1 g/t, 0.15g/t Au over 2m @0mE, 0.21g/t Au over 2m @3mE, 0.21g/t Au over 3m @7mE, 0.13g/t Au over 2m @12mE, 0.28g/t Au over 1m @20mE, 0.1g/t Au over @12mE, 0.13g/t Au over 2m @39mE, 2.41g/t over 1m @2.7mE	

TABLE 7: SIGNIFICANT TRENCH INTERCEPTS IN HISTORICAL CRAL TRENCHES WITHIN THE NORTHERN PORTION OF THE MEGADO CHAKATA EL.
ASSAY RESULTS FOR REMAINING INTERVALS ARE EITHER NOT HISTORICALLY REPORTED OR ARE CONSIDERED NOT SIGNIFICANT.

HoleID	Intercepts	Hole Depth (m)	Collar	Remark
DDH2	0.15g/t Au over 1m @76m	200		
and	0.11g/t Au over 5m @79m			
and	0.12g/t Au over 1m @88m			
and	0.27g/t Au over 2m @90m			
and	0.19g/t Au over 1m @107m			
and	0.22g/t Au over 1m @112.8m			
and	0.4g/t Au over 4.98m @121.9m (incl			
	0.85g/t over 1.1m @121.9m)			
and	1.23g/t Au over 1m @136m			
and	0.23g/t Au over 1m @140.6m			
and	0.17g/t Au over 1m @142.5m			
and	0.11g/t Au over 1m @145.5m			
and	0.2g/t Au over 4.5m @155.3m			

and	0.1g/t Au over 1.1m @162.3m			
and	0.45g/t Au over 1m @178.1m			
and	0.36g/t Au over 10.25m @193.6m (incl			
	0.88g/t over 2.1m @197.6m)			

HoleID	Intercepts	Hole Depth (m)	Collar	Remark
DDH3	1.26g/t Au over 1.2m @9.4m	200		
and	0.1g/t Au over 2.2m @15m			
and	0.12g/t Au over 1.2m @20.8m			
and	0.26g/t Au over 2.48m @29.9m			
and	0.36g/t Au over 1.01m @37.5m			
and	0.2g/t Au over 1m @63.6m			
and	0.16g/t Au over 1m @65.6m			
and	0.18g/t Au over 4m @67.6m			
and	0.3g/t Au over 3m @75.6m			
and	0.65g/t Au over 0.5m @88.3m			
and	0.33g/t Au over 10.7m @90m (incl			
	0.78g/t Au over 2m @97.7m)			
and	0.17g/t Au over 1m @102.7m			
	0.28g/t Au over 1.1m @112.7m			
	0.22g/t Au over 1m @123m			
	0.16g/t Au over 1m @149m			
	0.57g/t Au over 1m @153m			
	1.58g/t Au over 1.1m @197.5m			

HoleID	Intercepts	Hole Depth (m)	Collar	Remark
DDH4	0.24g/t Au over 2.4m @2.4m	150		
and	0.23g/t Au over 6m @41.4m			quartzite ridge unit, 35m thick
and	0.26g/t Au over 1m @82.7m			
and	0.16g/t Au over 1m @96.5m			

TABLE 8: SIGNIFICANT DRILLING INTERCEPTS FROM HISTORICAL CRAL DRILLING WITHIN THE NORTHERN PORTION OF THE MEGADO CHAKATA EL. ASSAY RESULTS FOR REMAINING INTERVALS ARE EITHER NOT HISTORICALLY REPORTED OR ARE CONSIDERED NOT SIGNIFICANT.

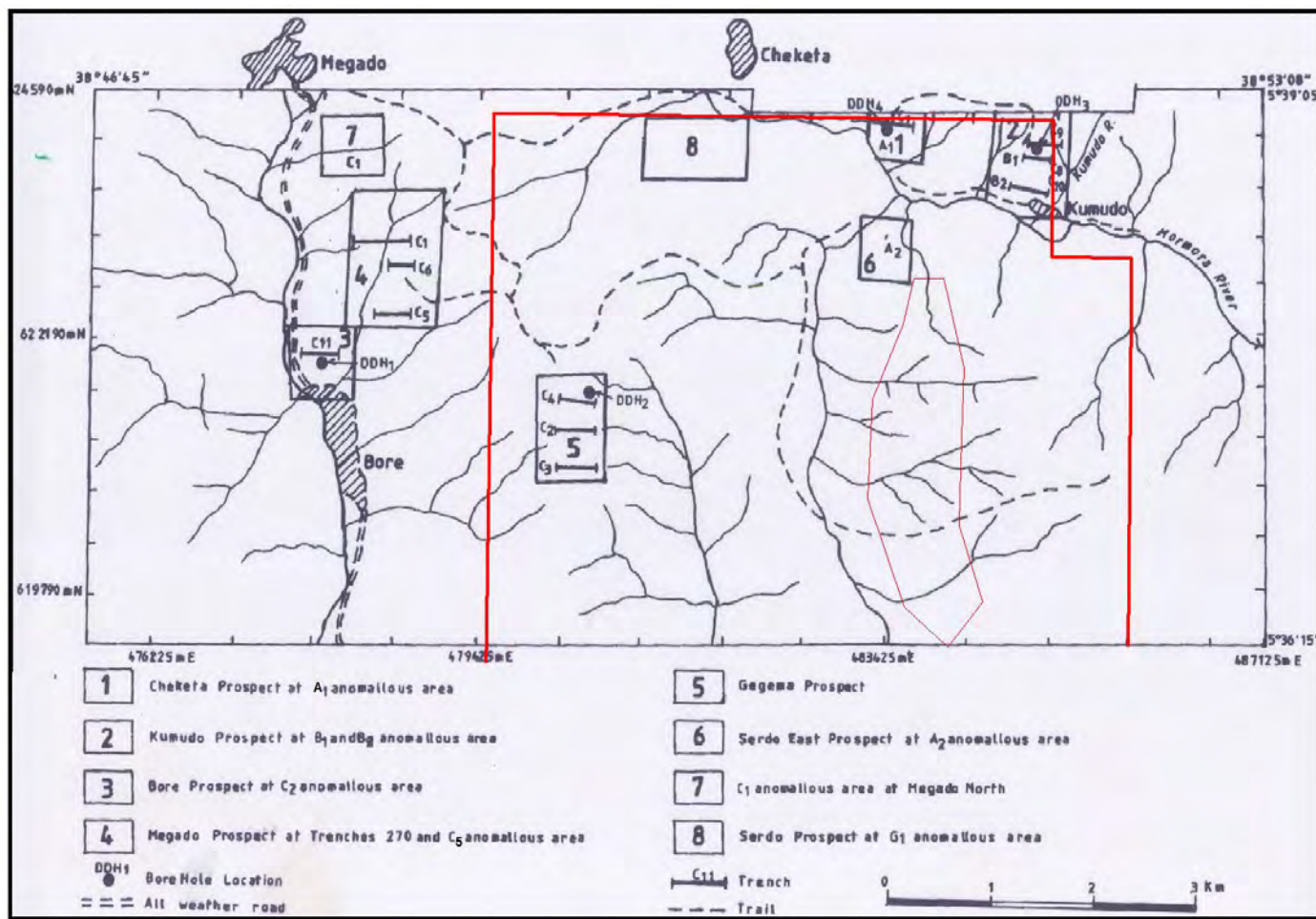


FIGURE 30: HISTORICAL TRENCHING AND DRILLING WORKS DONE BY CRAL (BASE FIGURE FROM CANYON RESOURCES, 1997), SHOWING TRENCHING AND DRILLING LOCATIONS WITHIN THE NORTHERN PORTION OF THE CHAKATA EL (RED RECTANGLE OUTLINE).

In 1997-1999 JCI conducted exploration work on the Werseti-Gudba license, which includes the **southern area of the Chakata EL**. Their work included satellite imagery interpretation, airphotos and airborne geophysics, regional and detailed geological mapping, geochemical soil sampling and trenching. From their follow-up work, numerous targets were identified, the highest grades returning from the “granodiorite target”. From 7 trenches on the granodiorite target, best results returned 25m @ 2.57 g/t Au, including a peak value of 20.73 g/t Au, and an additional 0.39 g/t over 22m. No drilling was completed below this trench. See Figures 31, 32 and 33 for context of these results (JCI, 1999).

In June, 1998 Professor David I. Groves visited the area as an independent consultant for JCI and concluded in his report that the granodiorite prospect contained a strong potential for a bulk low grade, high tonnage deposit, as well as the region’s potential to host multiple deposits in the area (JCI, 1999).

Further note, Figure 34 highlights that JCI had identified a plunge control to mineralisation at this target and had modelled future drilling to target the down plunge extension of this mineralisation, but no follow-up drilling on the “granodiorite target” was done by JCI or any other subsequent companies to date. This structural setting is very similar to the Sakaro Gold Mine to the north, a blind, plunging high-grade gold ore body.

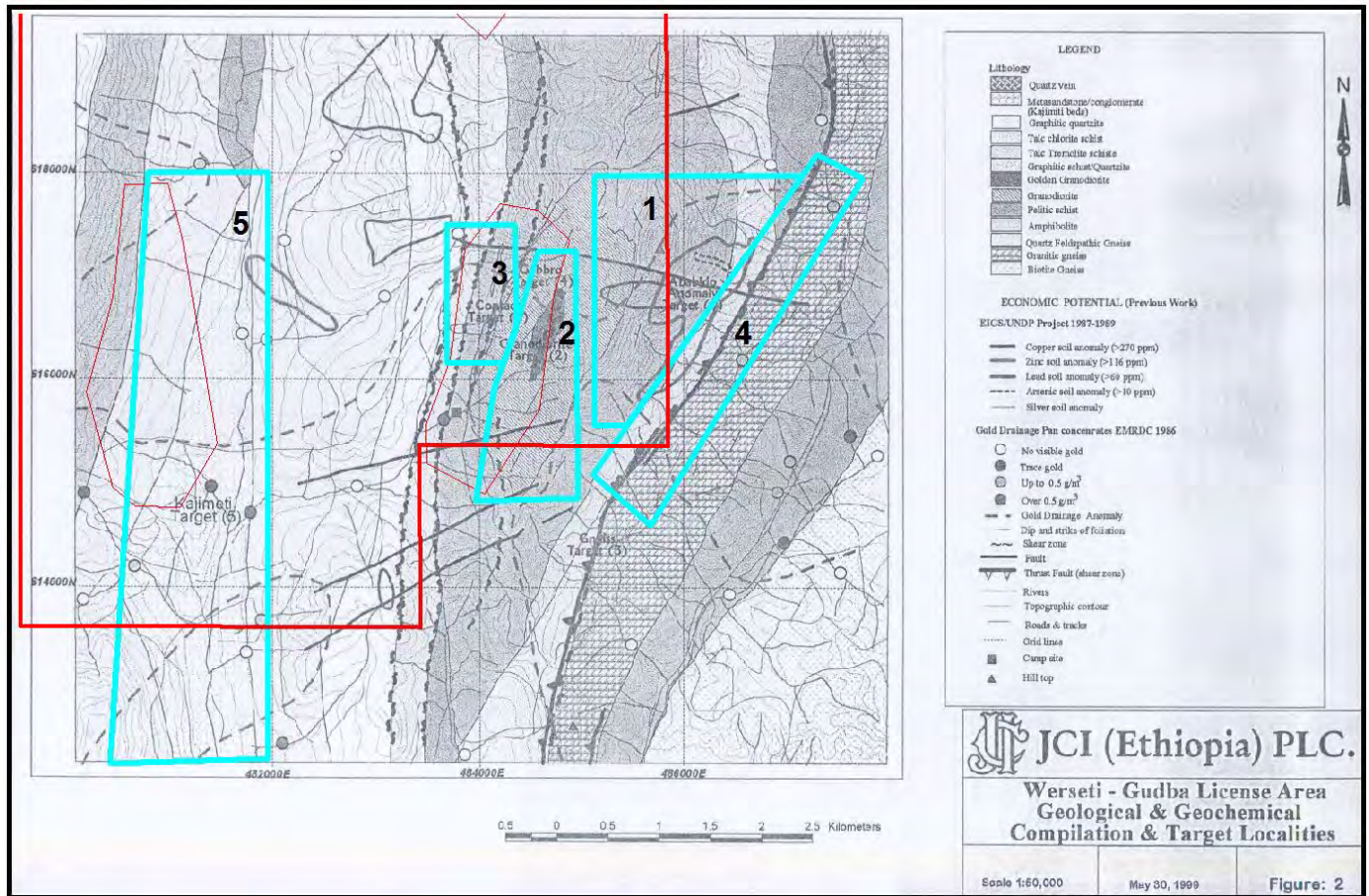


FIGURE 31: HISTORICAL WORKS DONE BY JCI (FIGURE FROM JCI, 1999), SHOWING NUMEROUS TARGETS IDENTIFIED WITHIN THE SOUTHERN PORTION OF THE MEGADO CHAKATA EL (RED OUTLINE).

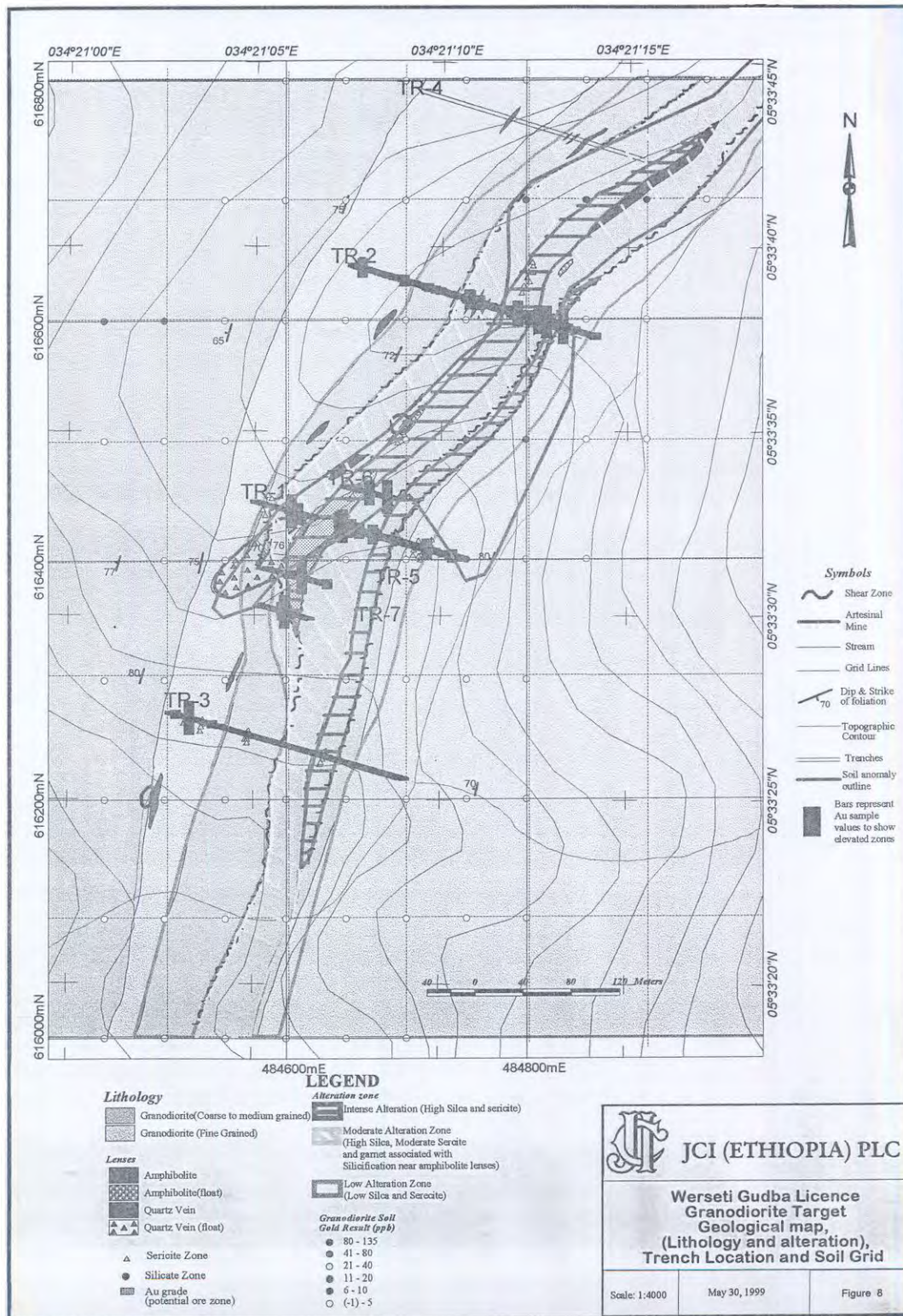


FIGURE 32: HISTORICAL TRENCHING WORKS DONE BY JCI (FIGURE FROM JCI, 1999), SHOWING TRENCHING LOCATIONS AT THE 'GRANODIORITE TARGET' WITHIN THE SOUTHERN PORTION OF THE MEGADO CHAKATA EL

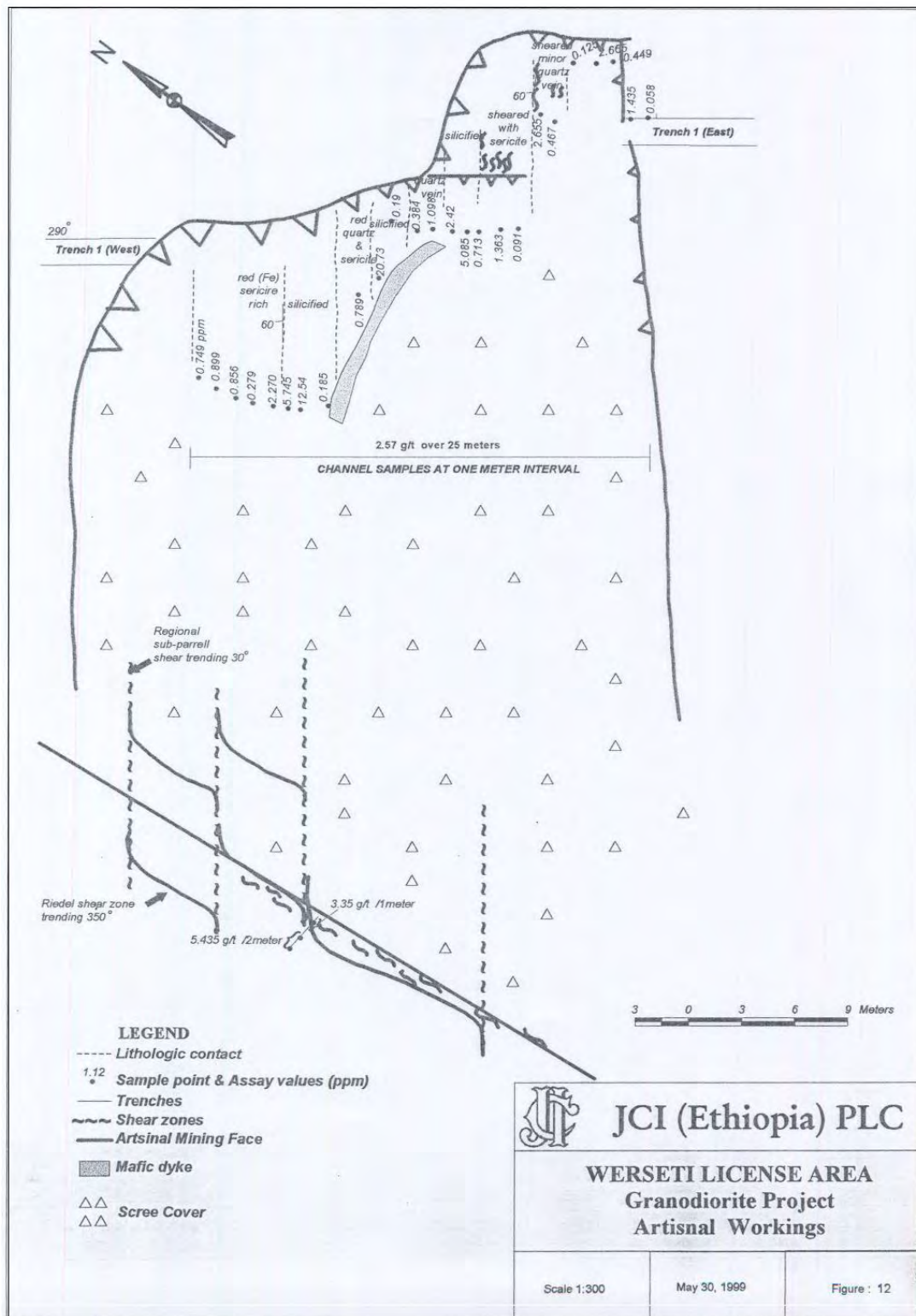


FIGURE 33: HISTORICAL TRENCHING WORKS DONE BY JCI (FIGURE FROM JCI, 1999), SHOWING DETAILS OF TRENCH 1 AT THE 'GRANODIORITE TARGET', WITHIN THE SOUTHERN PORTION OF MEGADO CHAKATA EL.

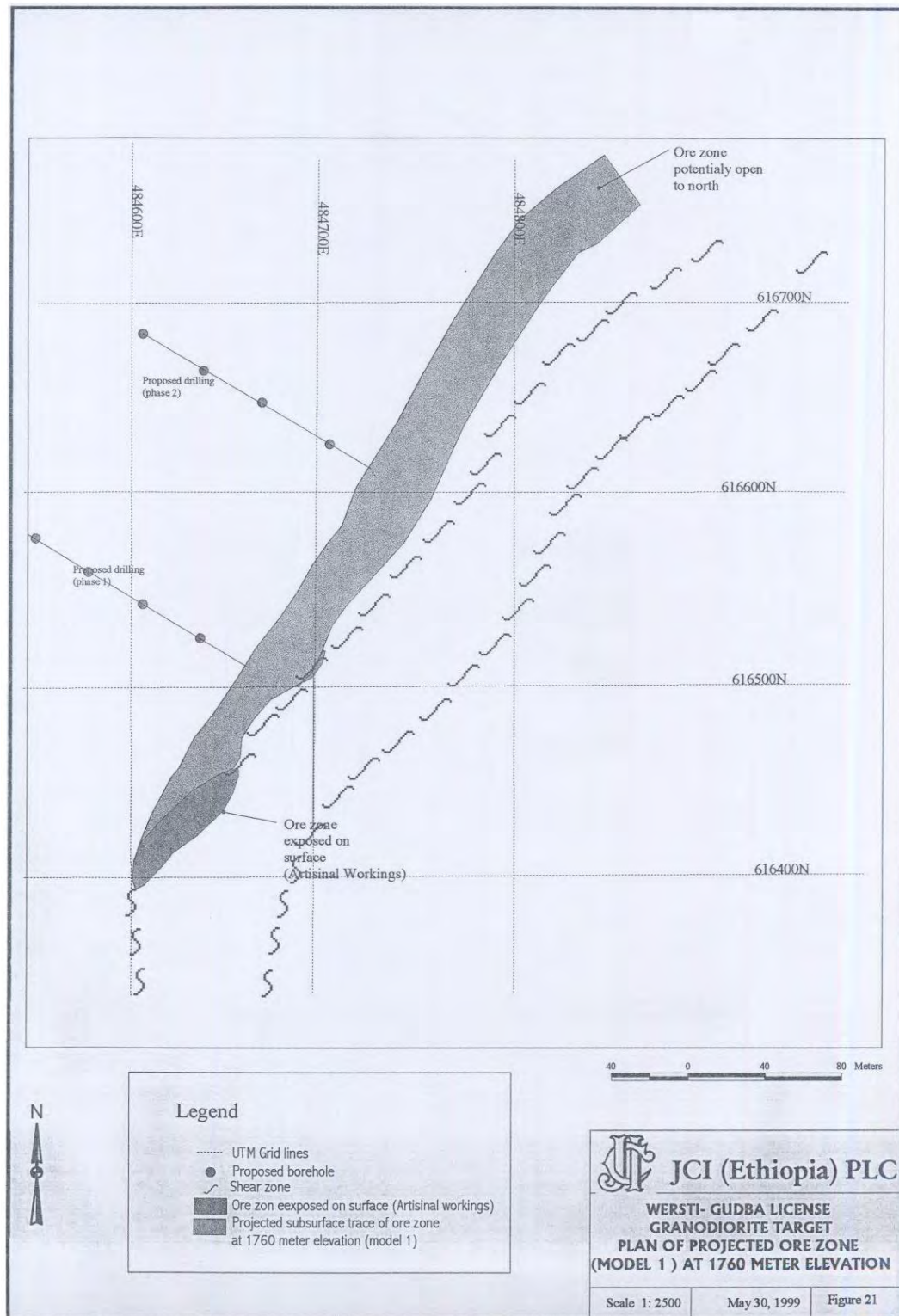


FIGURE 34: HISTORICAL MODELLING OF PLUNGING MINERALISATION AT THE ‘GRANODIORITE TARGET’, AND PLANNED FOLLOW-UP DRILLING BY JCI (FIGURE FROM JCI, 1999), WITHIN THE SOUTHERN PORTION OF THE MEGADO CHAKATA EL. THIS DRILLING WAS NEVER COMPLETED.

From 2004-2011, Midroc Gold conducted exploration work on its Ulaulo-Meleka licence area, which **overlaps the Chakata Exploration License**. Exploration programs included regional to detailed geological mapping, geophysical surveys, heavy mineral concentrate sampling, soil sampling, trenching, and drilling programs. An airborne geophysical anomaly along the same trend and south of the Sakaro deposit was the primary target. Though surface sampling produced generally poor results, Midroc planned to conduct test drilling on IP/Resistivity pseudo-sections to intersect possible vein related mineralization in sheared graphite-quartz-mica schist in contact with amphibolite and chlorite-talc-tremolite schist, however the program was never carried out. See Figure 35 for geophysical program and context of these results (MIDROC, 2010, 2011). Of note, a number of the Midroc reports are not found within the publicly available Geological Survey of Ethiopia library, so many historical exploration results are unreported. Those results that are reported include a drilling program at the Werseti Prospect (west of the 'granodiorite target'). Best drilling intercepts include 2m @ 11.15g/t Au (WCDH001 from 48.25m). See Table 11 and Figure 35 for further details.

Of note, a number of follow-up drilling programs were planned by Midroc on targets that lie within the Megado Chakata EL, but Midroc did not conduct these planned programs – drill rigs and drilling programs during this time were prioritised for drillout of the blind Sakaro deposit, which led to the discovery and subsequent development of Sakaro as a high-grade underground gold mine.

Drillhole ID	From (m)	To (m)	Au grade g/t	Associated min	Remark
WCDH01 (total 33 samples)	36.5	37.25	0.2	Po, Asp, Py, gal, Sph, Cpy Po, Asp, Py, gal, Sph, Cpy Po, Asp, Py, gal, Sph, Cpy	glassy quartz veins (0.5-1.5m thick) with xenolith of amphibolite at various interval Tourmaline and visible gold & Asp at a depth of 48.4-48.8m at Contact zone of altered amphibolite (silicified and carbonitized) and silicified granodiorite
	47.25	48.25	0.2		
	48.25	49.25	11.0		
	49.25	50.25	11.3		
WCDH02 (total 17 samples)	146	147	0.1	Po, Cpy	near to the contact with granodiorite in altered biotite amphibole schist in granodiorite mineralized in granodiorite mineralized
	147	149	0.3	Po, Cpy	
	151	152	0.4	Po, Cpy	
WCDH03 (total 26 samples)	90.3	91.3	0.2	Po, Py, Cpy	In biotite-amphibole schist near to the contact with granodiorite alteration silicification
	96.3	97.3	0.3		
	97.3	98.3	0.4		
WCDH04	87	115			28 samples, no result
WCDH05	68.5	75.5			38 samples, no result



	83	114			
WCDH06	45	100			55 samples, no result
WCDH07					not sampled

TABLE 9: SIGNIFICANT DRILLING INTERCEPTS FROM HISTORICAL MIDROC DRILLING WITHIN THE SOUTHERN PORTION OF THE MEGADO CHAKATA EL. ASSAY RESULTS FOR REMAINING INTERVALS ARE EITHER NOT HISTORICALLY REPORTED OR ARE CONSIDERED NOT SIGNIFICANT

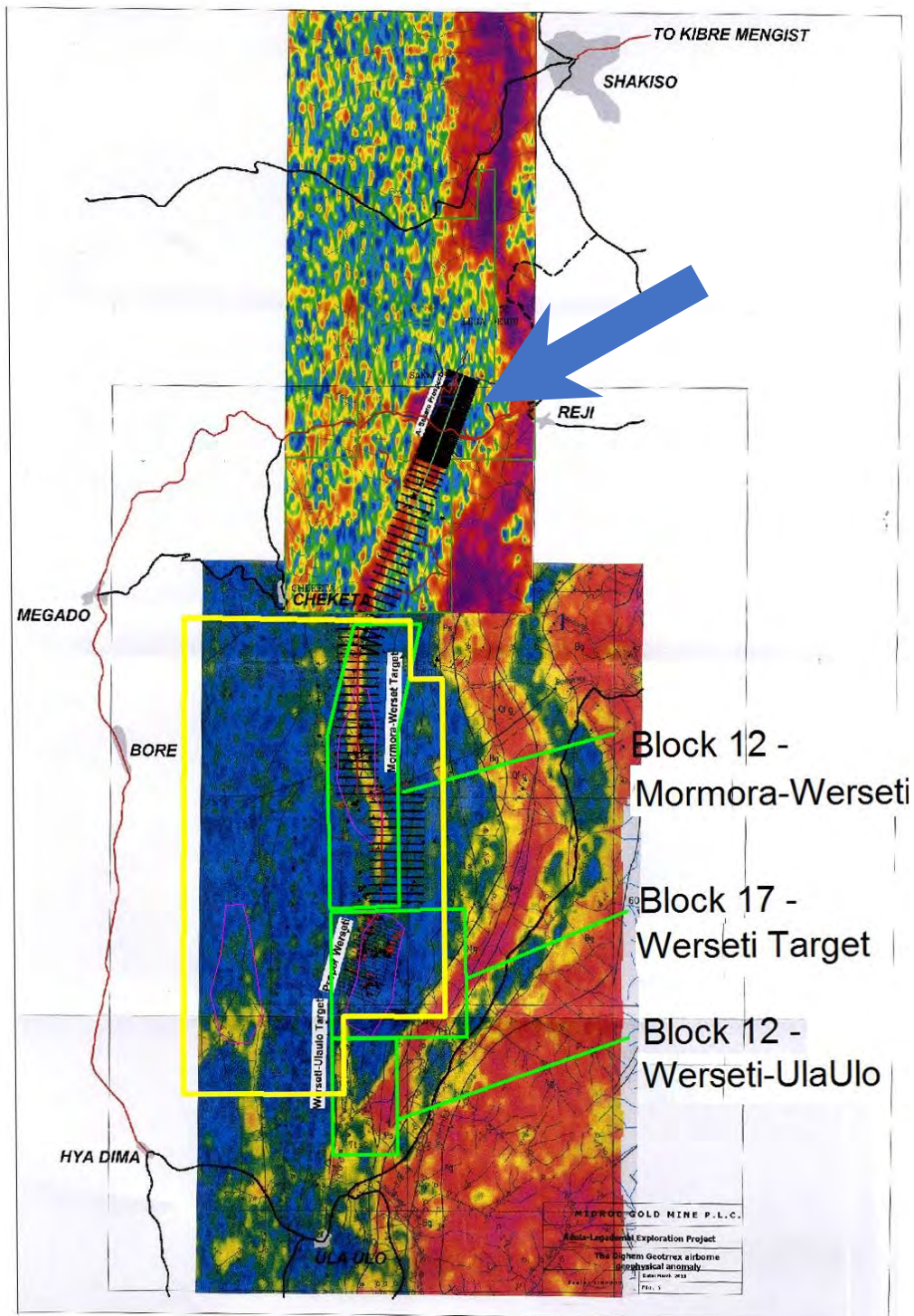


FIGURE 35: AIRBORNE GEOPHYSICS SURVEY (DIGHEM GEOTREX) WITH CHAKATA EL (YELLOW OUTLINE), WITH SPECTRAL TARGETS (PINK OUTLINES) COINCIDENT WITH CLEARLY DEFINED GEOPHYSICAL STRUCTURE FROM SAKARO DEPOSIT IN THE NORTH (ARROW), CONTINUOUS SOUTH THROUGH THE CHAKATA EL, INCLUDING THE JCI 'GRANODIORITE TARGET' (=MIDROC 'WERTSETI TARGET'). LIMITED TO NO DRILLING HAS BEEN DONE ON THIS STRUCTURE (BASE IMAGE GEOPHYSICS FROM MIDROC, 2011).

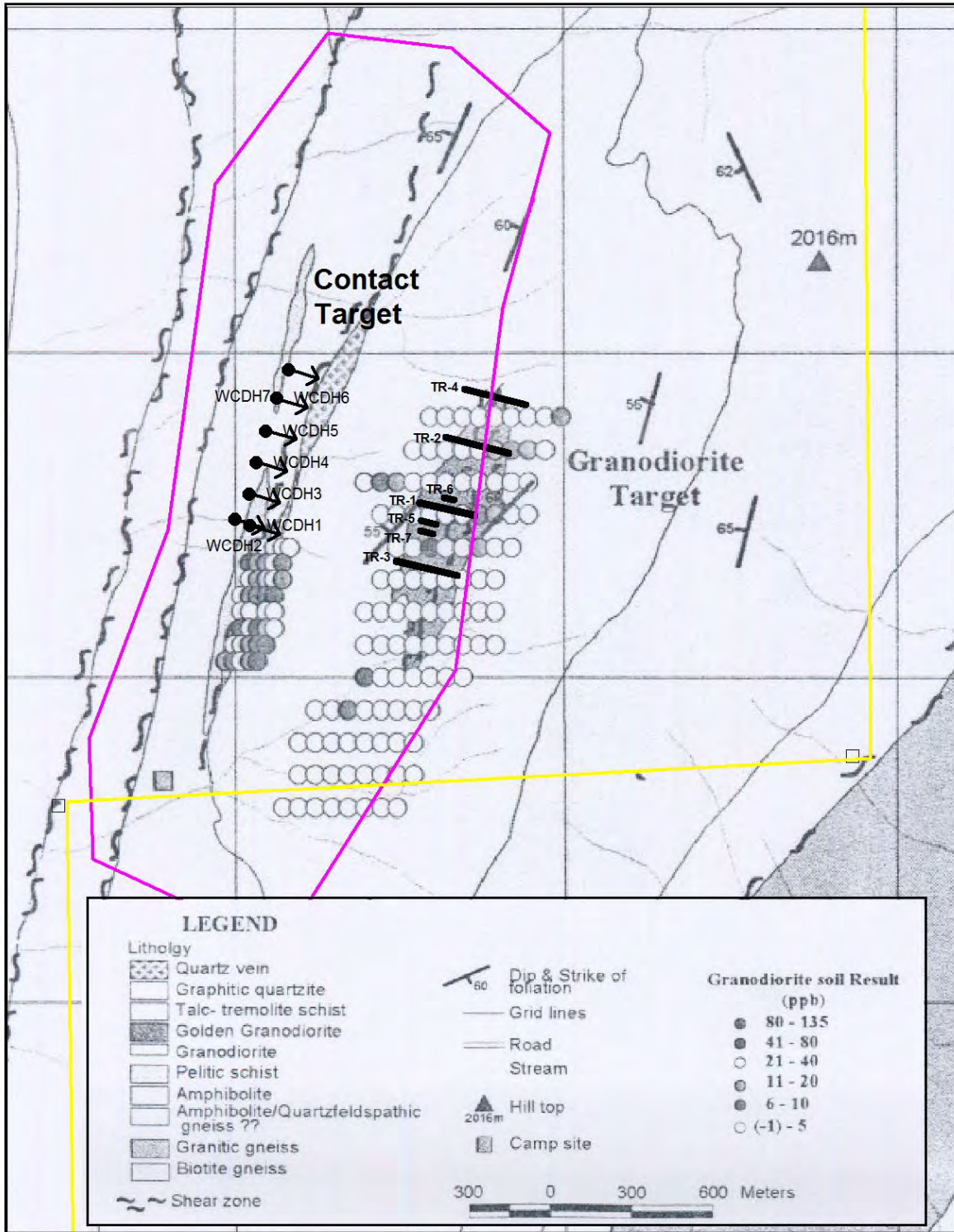


FIGURE 36. MIDROC DRILLHOLE LOCATIONS (WCDH1-7) ON JCI ‘CONTACT’ TARGET, WITH JCI TRENCHING ON ‘GRANODIORITE TARGET’. LIMITED TO NO DRILLING HAS BEEN DONE ON THIS STRUCTURE (BASE IMAGE FROM JCI, 1998, WITH MANUAL DIGITISATION OF JCI TRENCHES AND MIDROC DRILLING LOCATIONS).

The Dermi Dama exploration licence area has had very limited work conducted and reported other than that conducted in the 1990's around Koko, south of Dermi Dama for shear zone hosted gold mineralization in ultramafics by Roriama.

4.3 Land Title

4.3.1 Exploration Permits

The Ethiopian Licensing Authority may grant an exploration licence to an applicant;

- that has demonstrated that it has the financial resources and technical ability to conduct the exploration operations in question in accordance with the work program
- has an estimated exploration expenditure that is in accordance with the prescribed minimum exploration expenditure and the exploration work program
- with an approved environmental impact plan
- who is not in breach of any obligation in the reconnaissance licence (article 17 of the Proclamation no 678-2010).

An exploration licence is granted for a period that cannot exceed three years and is renewable twice for a period not exceeding one year each. The licensing Authority may allow further extensions of renewal if the licensee proves the necessity to undertake exploration activity beyond the initial work program, but such a period shall not exceed 5 years.

4.3.2 Exploration Permit Status Chakata

Located in Southern Ethiopia, the 100% Megado Gold owned Chakata exploration licence number MOM\EL\00556\2019 was approved by the Ethiopian Ministry of Mines on 19 August 2020 and expires on 18 August 2023. It covers an area of approximately 62 square kilometres for gold mineralisation and its northern edge lies just 5km south of the Sakaro operating gold mine.

Corners	Latitude			Longitude			Northing	Easting
	Degree	Minute	Second	Degree	Minute	Second	(metre)	(metre)
1	5	38	56.06	38	48	54.01	624340.059	479513.335
2	5	38	56.06	38	51	53.35	624338.542	485030.063
3	5	38	13.60	38	51	53.36	623034.890	485030.068
4	5	38	13.61	38	52	18.11	623035.025	485791.425
5	5	34	4.25	38	52	18.11	615378.920	485789.751
6	5	34	4.00	38	51	0.00	615371.810	483386.656
7	5	33	7.01	38	51	0.01	613622.353	483386.212
8	5	33	7.02	38	48	54.01	613623.450	479509.958

TABLE 10: CHAKATA EXPLORATION LICENSE BOUNDING CO-ORDINATES IN UTM 37 N AND LAT/LONG

4.3.3 Exploration Permit Status Dawa

Located in Southern Ethiopia, the 100% Megado Gold owned Dawa exploration licence number MOM\EL\00813\2019 was approved by the Ethiopian Ministry of Mines on 19 August 2020 and expires 18 August 2023. It covers an area of approximately 41 square kilometres for gold mineralisation with its co-ordinates found below.

Corners	Latitude			Longitude			Northing	Easting
	Degree	Minute	Second	Degree	Minute	Second	(metre)	(metre)
1	5	21	15.41329	38	45	42.62173	591777	473613
2	5	16	19.48041	38	45	42.63789	582691	473610
3	5	16	19.49025	38	47	41.67388	582690	477274
4	5	16	26.62315	38	47	41.67154	582909	477274
5	5	16	26.634	38	48	4.41323	582909	477974
6	5	19	17.33107	38	48	3.02657	588150	477933
7	5	19	15.90386	38	48	21.48169	588106	478501
8	5	21	15.40375	38	48	20.07946	591775	478459

TABLE 11: DAWA EXPLORATION LICENSE BOUNDING CO-ORDINATES IN UTM 37 N AND LAT/LONG

4.3.4 Exploration Permit Status Dermi Dama

Located in Southern Ethiopia, the 100% Megado Gold owned Dermi Dama exploration licence number MOM\EL\00175\2020 is listed as received by the Ethiopian Ministry of Mines on 29 January 2020. It covers an area of approximately 227 square kilometres for gold mineralisation and is currently listed as pending by the Ethiopian Ministry of Mines as of the writing of this document (Figure 37). Copies of the signed and sealed acceptance letters from the Regional Government of Oromia Mineral Development Authority and the National Regional Government of Guji Zone have been received, indicating the process has proceeded through the state and local review.

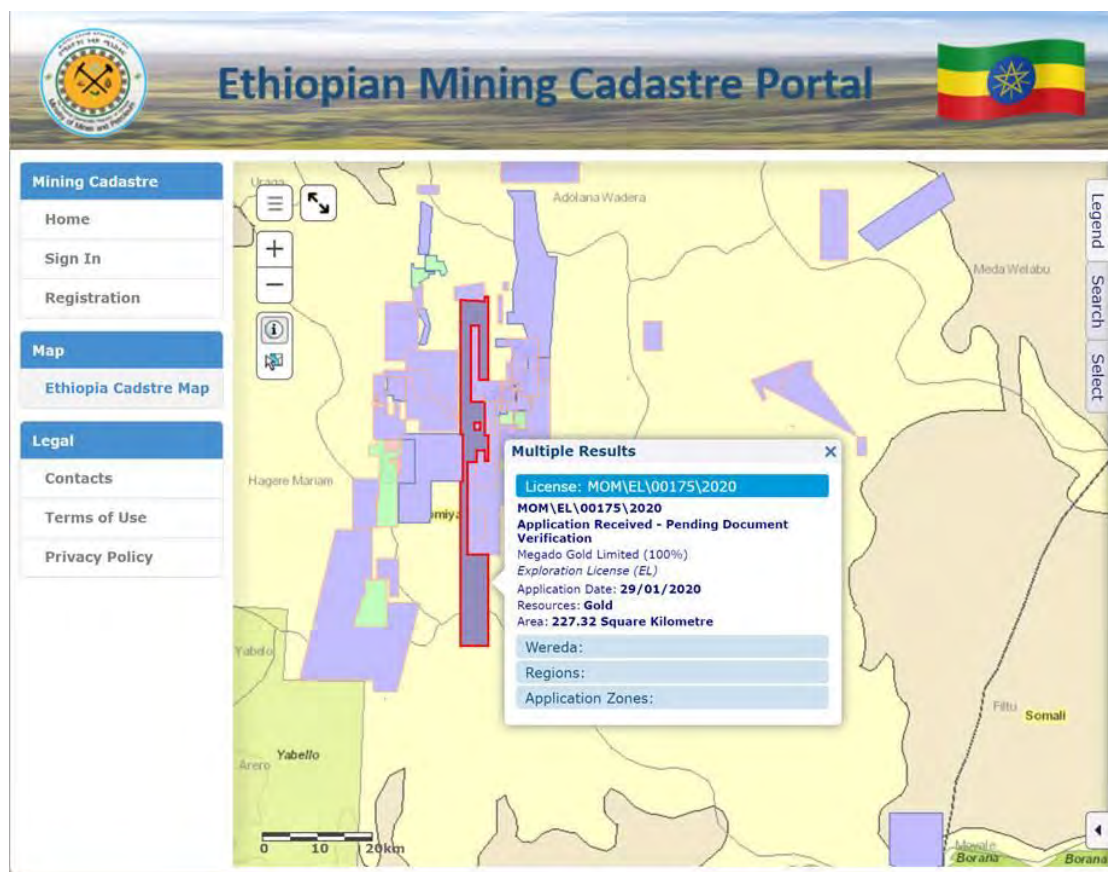


FIGURE 37: DERGI DAMA PERMIT STATUS FROM THE ETHIOPIAN MINING CADASTRE PORTAL

Corners	Latitude			Longitude			Northing	Easting
	Degree	Minute	Second	Degree	Minute	Second	(metre)	(metre)
1	5	4	35.87	38	56	26.71	561083.66	493432.53
2	5	21	2.12	38	56	26.71	591364.24	493435.37
3	5	21	2.12	38	56	45.57	591364.19	494015.94
4	5	25	45.13	38	56	45.39	600052.94	494011.17
5	5	25	45.14	38	56	26.71	600054.1	493436.22
6	5	39	4.42	38	56	26.71	624594.06	493438.67
7	5	39	1.83	38	58	54.3	624514.18	497978.99
8	5	39	29.59	38	58	54.15	625366.37	497974.59
9	5	39	29.59	38	59	18.58	625366.35	498725.4
10	5	31	9.11	38	59	18.58	610000.39	498725.1
11	5	31	9.11	38	58	22.5	610000.45	497000.49
12	5	36	34.81	38	58	22.48	620000.14	496999.84
13	5	36	34.81	38	57	33.82	620000.23	495502.54

14	5	28	58.82	38	57	33.85	606000.44	495502.68
15	5	28	58.82	38	58	50.36	606000.33	497857.68
16	5	28	53.5	38	58	54.15	605836.74	497973.99
17	5	25	36.92	38	58	54.33	599800.69	497979.34
18	5	25	36.92	38	59	18.58	599800.67	498724.9
19	5	23	0.55	38	59	18.58	595000.36	498724.81
20	5	23	0.55	38	58	55.01	595000.38	498000.25
21	5	24	5.69	38	58	55.01	596999.86	498000.31
22	5	24	5.69	38	58	6.27	596999.93	496500.26
23	5	22	55.08	38	58	6.27	594832.44	496500.15
24	5	22	55.08	38	57	11.99	594832.54	494829.44
25	5	13	40.03	38	57	11.99	577791.1	494828.16
26	5	13	40.03	38	59	18.58	577790.92	498724.49
27	5	4	35.87	38	59	18.58	561083.37	498724.19

TABLE 12: DERMI DAMA EXPLORATION LICENSE BOUNDING CO-ORDINATES IN UTM 37 N AND LAT/LONG

4.4 Geology

4.4.1 Local Geology

Dawa EL and Chakata EL are located near the existing Megado Gold Mormora EL on the western syncline of the Megado belt, which includes the metamorphic rocks of Chakata Fm. and terrigenous Finkilcha Fm. Those Formations forms the Adola Group which is interpreted as the main auriferous setting in the region. The N-S faults provide conduits for intrusive basic units and late mineralization (Fig. 5).

Within the Adola Group are the Chakata and Finkilcha Formations. The Chakata Formation is composed of greenschists and amphibolites intruded by subvolcanic bodies and the Finkilcha Formation is primarily phyllites, metasiltstones and metasandstone. The Adola Group and Kajimiti beds are characterized by an unconformable relationship and make up a linear block considered an integral part of the Megado graben-syncline. They form a 4 to 10 km wide band trending from south to north with the interface between the Middle and Upper complexes being a fault contact of a tectonic suture, both in the west and east. The Kajimiti Beds, although highly restricted in occurrence, are comprised of conglomerate and sandstone and lie unconformably on various horizons of the Adola group in the cores of a syncline formed by the upper complex.

The Adola group and Kajimiti beds are folded with an approximately N-S orientation, faulted by the main N-S system which are then crosscut by E-W conjugate faults. Late intrusions are also present as granites, porphyry granites and doleritic dykes, providing the setting for mobilization of gold and rare minerals.



Dermi-Dama is located in the gneissic rocks of the middle complex between the Megado and Kenticha belts. The area consists of low grade metavolcanic and sedimentary rocks (upper complex) and high-grade gneiss and migmatites (middle complex) intruded by syn-post tectonic intrusive bodies. The middle complex is comprised of the Awata and Mormora Groups and the upper complex consists of the Adola Group and Kajimiti beds.

The Awata Group consists of the Bora Formation and the Buluka Formation. The Bora Formation consists of amphibole rich gneisses while the Buluka Formation are homogenous biotite and rare biotite-hornblende gneisses with the Bora Formation conformably overlain by the Buluka Formation. Both are highly migmatized when visible in outcrop.

The Mormora Group is more diverse than the Awata Group and exhibits clear stratification of the units. The lower units are predominantly psammitic and are stratigraphically followed by units with increased proportion of pelitic and carbonate material upwards and overlain by rocks dominated by the psammitic -carbonate-pelitic assemblage at the top of the succession.

The entire area is also covered by fluvial, alluvial and colluvial sediments ranging from greater of variable thickness, ranging from absent to greater than 10 m and may be hosts to placer deposits in many valleys in the region.

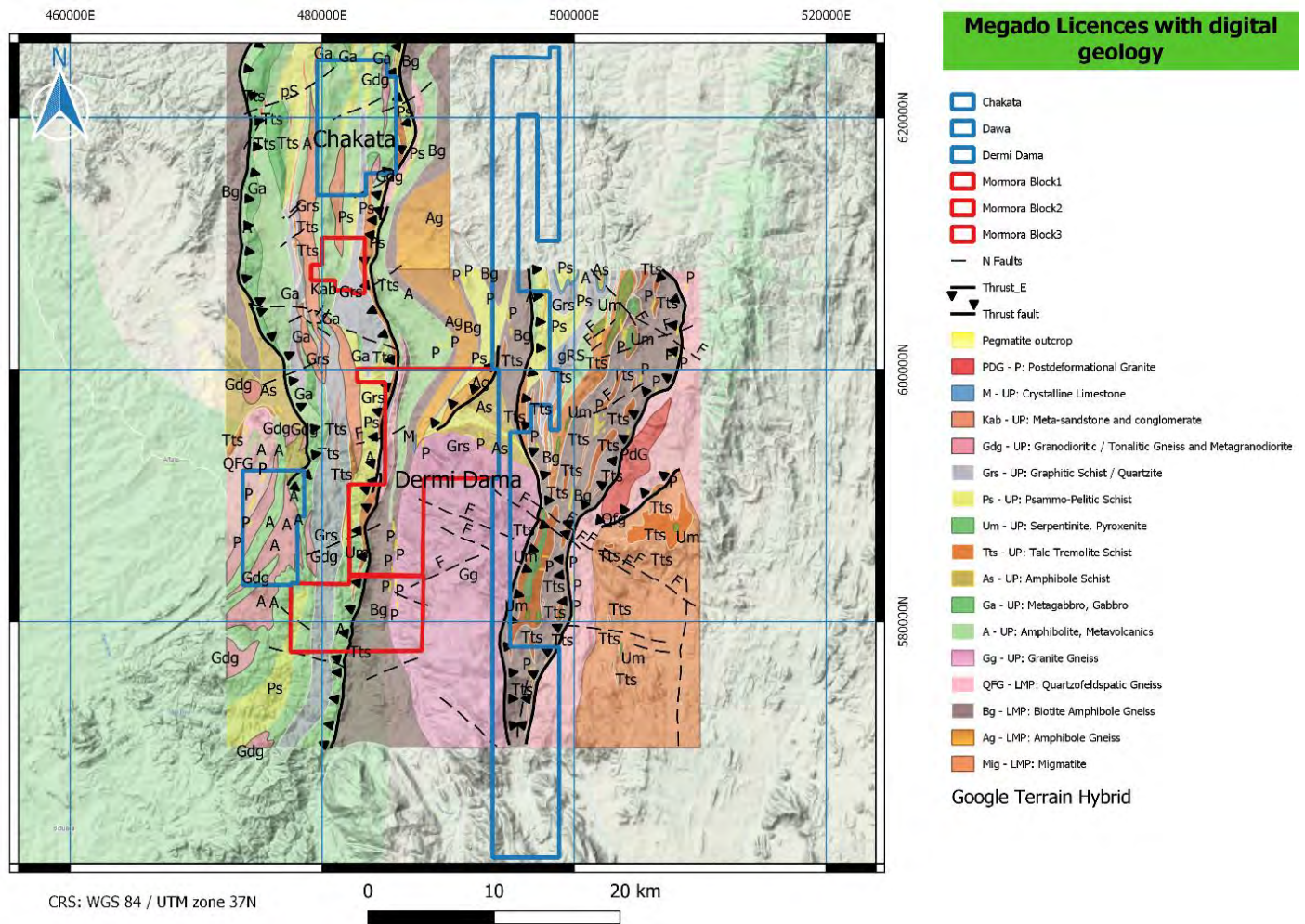


FIGURE 38: NEW LICENSES WITH TMS DIGITIZED GEOLOGY AND STRUCTURES

4.5 Prospectivity

4.5.1 Eluvial-Colluvial

The Dawa EL and Chakata EL are in areas with known placer gold that has been worked extensively by local artisanal miners (Fig. 6). Operations range from panning gravel extracted from small pits to more advanced operations using small mills to crush the excavated quartz prior to panning. As with the Mormora EL, the source of the placer gold is currently unknown as limited work has been undertaken to locate the primary deposit.

4.5.2 Primary Gold

Orogenic greenstone hosted deposits are distributed along specific regional compressional to transpressional structures. Due to their association with regional structures, these camps are also located at the boundaries between contrasting lithologic or age domains within the belts. They are typically composed of quartz-carbonate veins in moderately to steeply

dipping reverse shear zones with arrays of shallow-dipping extensional veins in adjacent competent and lower strain rocks. (Robert, F., et. al, 2007).

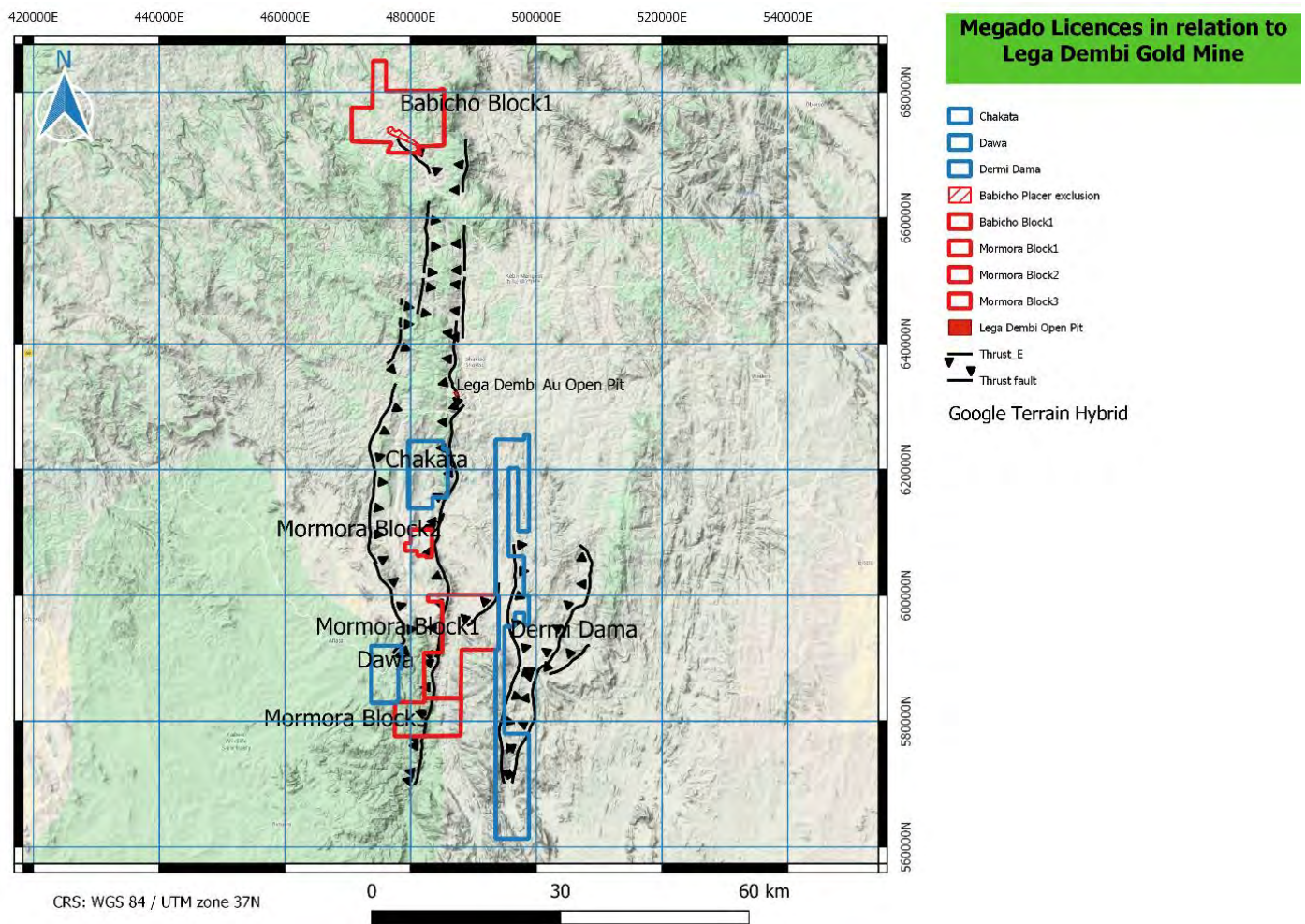


FIGURE 39: LOCATION OF LEGA DEMBI GOLD MINE IN RELATION TO NEW LICENSE APPLICATIONS

The geology of the Dawa and Chakata EL's place them in a greenstone belt previously identified to contain numerous showings, as well as historic and current artisanal mining. The Chakata EL is located approximately 25km south of the Lega Dembi Gold Mine and 5km south of the operating Sakaro Gold Mine, near several documented showings, but little modern exploration has been conducted. Dawa is located west of the existing Megado Gold Mormora EL and adjacent to claims with mineralization previously identified by ARTEL Ethiopia and shows little modern exploration work.

Limited geological exploration work has been conducted in the new tenements. Remote sensing work was commissioned by Megado Gold and completed by a third-party contractor prior to selecting the new exploration licenses. The work conducted identified new potential greenfield targets with strong to moderate alteration zones commonly associated with gold mineralization (Figure 34). FeOH, sericite, smectite clays and silica were identified along with indications of N-S trending shear zones or lithological contacts that are coincident with compiled exploration data from previous work.

Based on the compiled work completed by CRAL and JCI in the northern area of the Chakata EL, as well as an independent review by Professor Groves on a granodiorite target, it is suggested that previously identified targets, as well as newly identified anomalies in the licence area may contain gold mineralization with potential to host a significant primary deposit. The observed deformational and shearing characteristics, alteration, occurrence of conductive zones and swarms of stockwork type quartz veins are all good indications of potential prospective target zones.

In 2010, Midroc Gold intended to follow-up IP/Resistivity targets with drilling. This work was never completed and Megado can find no reports of follow-up drilling to test the down plunge extent, blind targets or numerous targets identified within the Chakata EL. Megado's newly identified spectral targets coincide with the same geophysical structure hosting Sakaro and running through the Chakata EL. With limited drilling to test a structure identified to be greater than 9 km in length, there exists potential to identify new gold mineralisation as plunging shoots or for deposits without a surface expression like Sakaro.

Dermi Dama is defined as new exploration targets identified within the under explored middle complex of the Adola Gold Belt. While much of this area has been identified a granitic intrusion, numerous remote sensing targets have been identified following the regional structural controls as well as identifying possible previously unmapped structural contacts. Many of the targets are concordant with structures identified in both the Megado and the Kenticha Belt. Based on the limited work completed to date, follow up with field work is warranted.

With the opportunity to apply modern exploration techniques to previously under explored areas in a prospective greenstone belt, the potential for identification of new structures, and moderate to strong alteration related to gold mineralization identified through remote sensing, it is the authors opinion that Chakata, Dawa and Dermi Dama show reasonable prospects as greenfield targets, or for follow-up on previously identified but under explored targets for identification of primary gold or associated mineralisation.

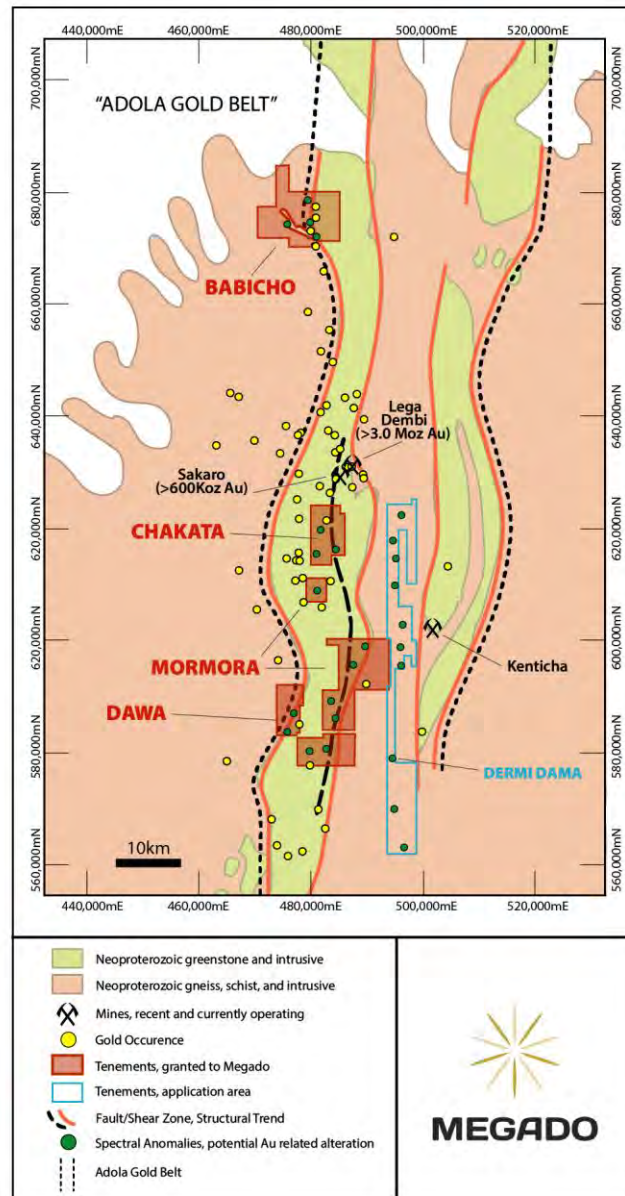


FIGURE 40: SIMPLIFIED REGIONAL GEOLOGY AND SHOWINGS WITH EXISTING CLAIMS AND NEW APPLICATIONS

4.6 Recommendations

Based on the remote sensing techniques applied to the application areas, a follow-up remote sensing structural analysis is recommended to further enhance the understanding of the area and refine targets prior to a field exploration program. Recently compiled historic exploration data should be proofed in the field and with the follow-up remote sensing analysis as much as possible prior to follow-up with a field program.

TMS have reviewed the Megado exploration work program and confirms the projects justify the expenditure on the projects.



PHONE

+1 306 292 9154

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WEBSITE

www.terramodellingservices.ca

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COMPETENT PERSONS STATEMENT

The information in this release is based on information prepared by Mr Pieter du Plessis, P. Geo and Terrence Croteau, P. Geo of Terra Modelling Services. Messrs. Du Plessis and Croteau are licensed Professional Geoscientists registered with APEGS (Association of Professional Engineers and Geoscientists of Saskatchewan) in the Province of Saskatchewan, Canada. APEGS is a Joint Ore Reserves Committee (JORC) Code 'Recognized Professional Organization' (RPO). An RPO is an accredited organization to which the Competent Person (CP) under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX. Messrs. Du Plessis and Croteau have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a CP as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Messrs. Du Plessis and Croteau consent to the inclusion in the release of the matters based on their information in the form and context in which it appears.

This report contains historical exploration results from exploration activities conducted by ARTEL, CRAL, JCI, and MIDROC. The historical estimates are not reported in accordance with the JORC Code. A competent person has not done enough work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code. The Company confirms it is not in possession of any new information or data relating to the historical estimates that materially impacts on the reliability of the historical estimates or the Company's ability to verify the historical estimates.

APPENDIX A. The JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other</i>	Not applicable	- Rock chip samples were collected from accessible altered outcrops or purpose dug trenches and analysed by fire assay - Heavy mineral concentrate samples collected and panned, and gold grains counted - Soil samples collected on grid lines of 480m x40m and 160m x 20m and analysed by BLEG. - The sampling is reasonable to indicate the presence of gold, but methodology is not documented well enough for resource estimation work.	Rock chip samples were collected from accessible altered outcrops, ferruginized (oxidized) quartz veins, sulphide mineralized bodies and in locations with visible structural disturbances, such as brecciated rocks, encountered during field mapping. Each sample location included the coordinates, elevation, rock type, structure (strike/dip), host mineralogy, and observed mineralization. Trenching and channel sampling were conducted on three selected sites based on the geology, structure, alteration and on the rock chip sample result of the first year's exploration program. Three trenches were opened on sheared and altered biotite schist with 70 centimetres width and lengths of 39, 60 and 18 meters respectively. Three kilograms of channel samples were collected every metre, from bedrock on the trench	- Chakata - Rock chip samples were collected from accessible altered outcrops or purpose dug trenches and analysed by fire assay. Trench collars were surveyed, and sample locations documented. - Chakata -Heavy mineral concentrate samples collected and panned, and gold grains counted - Chakata Soil samples were collected on grid lines of 480m x40m and 160m x 20m and analysed by and analysed by BLEG by Canyon Resources - Chakata – Midroc 41 Trenches at 100m line spacing across target veins. Limited sampling of core holes, only 76 samples from 3 holes with reported results. All samples processed at Lega Dembi Mine Laboratory for Au, Ag, Cu, Pb, Zn by HNO3 and HCL digestion. DIBK with AAS finish. Au analysed by fire assay and AAS finish. - Chakata - The sampling is

Criteria	JORC Code explanation	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
	<i>cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>			floors from a 10-centimetre-wide, 5-centimetre-deep channel. Each sample was labelled, packed and transported using clean sacks prepared for the purpose. The sampling is reasonable to indicate the presence of gold but not for resource estimation work.	reasonable to indicate the presence of gold, but methodology is not documented well enough for resource estimation work.
Drilling techniques	• <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	• Not applicable	• Not applicable	• Heavy mineral concentrate samples were collected from streams in the licence area. The heavy mineral concentrate samples weighed 10kg and were panned in the field by wooden batiya, and the panned heavy mineral concentrate was inspected to check for gold grains. The sampling is reasonable to detect the presence of gold but not for resource estimation work. • Not applicable	• Not applicable
Drill sample recovery	• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure</i>	• Not applicable	• Not applicable	• Not applicable	• Not applicable

Criteria	JORC Code explanation	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
	<i>representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>				
Logging	• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i>	• Not applicable	• Not applicable	• Not applicable	• Not applicable
Sub-sampling techniques and sample preparation	• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of</i>	• Not applicable	• Not applicable	• Not applicable	• Not applicable

Criteria	JORC Code explanation	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
	<i>samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>				
Quality of assay data and laboratory tests	• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	• Not applicable	• Unknown laboratory.	• The rock chips and stream sediment samples were submitted for sample preparation to ALS Chemix Addis Ababa and sent for chemical analysis to the ALS Chemex Laboratories in Ireland and Romania. The samples were oven-dried at 220°C for approximately 48 hours and were pulverized to - 75 micro-metre or better, packed @100g each and sent to the laboratory. A duplicate of every sample was retained for future reference. All the samples were analysed for gold using an Au—AA23 method. Standards and blanks were used, and the assay data and laboratory tests meet acceptable standards.	• Chakata – Midroc - All samples processed at Lega Dembi Mine Laboratory for Au, Ag, Cu, Pb, Zn by HNO3 and HCL digestion. DIBK with AAS finish. Au analysed by fire assay and AAS finish.

Criteria	JORC Code explanation	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	Not applicable.	Verification of sample results by independent or alternative company personnel has not been completed	Verification of sample results by independent or alternative company personnel has not been completed	Verification of sample results by independent or alternative company personnel has not been completed
Location of data points	- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. - Specification of the grid system used. - Quality and adequacy of topographic control.	Geological maps, sample result maps, satellite data, Using WGS 84 UTM 37N for map preparation. Topographic control is adequate.	Geological maps, sample result maps, satellite data, Using WGS 84 UTM 37N for map preparation. Topographic control is adequate.	Geological maps, satellite data, geophysical surveys, ground GPS points obtained during field visit, Using WGS 84 UTM 37N for map preparation.	Not applicable
Data spacing and distribution	- Data spacing for reporting of Exploration Results. - Whether the data spacing, and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. - Whether sample compositing has been applied.	Not applicable	Samples were collected on known grids and collared trenches. The sampling is reasonable to indicate the presence of gold but not for resource estimation work.	Samples were not collected on a grid pattern and not adequate for determining grade continuity over the licence area or target areas. The sampling is reasonable to indicate the presence of gold but not for resource estimation work.	Samples were collected on known grids and collared trenches. The sampling is reasonable to indicate the presence of gold but not for resource estimation work.

Criteria	JORC Code explanation	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
<i>Orientation of data in relation to geological structure</i>	• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	• Not applicable	• Not applicable	• The orientation of pit sampling was reasonable for initial exploration of paleo channels on a placer. The rock chip and channel samples orientation in relation to mineralized structures are not known.	• Not applicable
<i>Sample security</i>	• <i>The measures taken to ensure sample security.</i>	• Not applicable	• Sample security during transport and sample preparation is unknown.	• Sample security during transport and sample preparation is unknown.	• Sample security during transport and sample preparation is unknown.
<i>Audits or reviews</i>	• <i>The results of any audits or reviews of sampling techniques and data.</i>	• Not applicable	• No details of audits of sampling techniques sighted.	• No details of audits of sampling techniques sighted.	• No details of audits of sampling techniques sighted.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
Mineral tenement and land tenure status - Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	Crau Mining S.L. have acquired 80% of the share capital of Babicho PLC and Chochi Mining PLC, which are the respective exploration licence holders and Crau Mining also owns 100% of the Mormora exploration licence in Ethiopia. Megado Gold Limited (Megado Gold) is acquiring the assets from CRAU Mining. Megado Gold will therefore own 80% of Babicho Mining PLC and 80% of Chochi Mining PLC. Megado Gold will also be transferred the Mormora exploration licence thereby owning 100%.			New exploration licenses Chakata, and Dawa have been awarded and are 100% owned by Megado Gold. Dermi Dama is under application as 100% owned by Megado Gold and is currently listed as pending Ministry of Mines approval.
Exploration done by other parties Acknowledgment and appraisal of exploration by other parties.	Not applicable	- The Geological Survey of Ethiopia conducted a 5-year Placer Gold Exploration Project in the Awata-Dawa drainage basin which included part of the project area. Systematic grid sampling with hand dug pits on a 400mx80m, 200mx40m and 100mx20m grid space was conducted. 105 of 147 pits were positive for gold grains, indicating good prospect for placer gold in the area. - Canyon resources conducted systematic grid soil sampling of	- Chochi Mining PLC conducted regional geological mapping and geochemical exploration during the 2014 – 2015 period. - The following samples were collected by Chochi Mining PLC: Rock chips: year one - 127, year two – 26; stream samples: year one – 231, year two – 63; rock grab samples: year one – 20; channel samples: year two – 107 from three trenches.	- Chakata – CRAL – 1995-1998 conducted soil, rock chip and gridded soil geochemical sampling, trenching and test drilling. Soil sampling on 480x40 and 160x20m grids 1997-1999 – JCI regional and detail geological mapping, geochemical soil sampling and trenching. Seven trenches totalling 896m completed over granodiorite target. 2004-2011 – Midroc Gold – Regional to detailed geological

Criteria	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
		4857 soil samples on 480x40 and 160x20m grid lines,9 trenches totalling 909m and 700 samples,4 boreholes totalling 635m with 495 drill core samples, 342 rock chip samples, geological mapping of region and local to samples/trenches. Airborne mag and radiometrics.		mapping, geophysical surveys, heavy mineral concentrate sampling, soil sampling trenching (4397m and 5099m) and drilling (3600m).
Geology	• <i>Deposit type, geological setting and style of mineralisation.</i>	• The styles of mineralization that can be found in the region are placer gold, orogenic gold and gold related to intrusives.	• The styles of mineralization that can be found in the region are placer gold, orogenic gold and gold related to intrusives.	• The styles of mineralization that can be found in the region are placer gold, orogenic gold and gold related to intrusives
Drill hole Information	• <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i>	• Not applicable	• Not applicable	• Not Applicable

Criteria	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
	• Drill hole length.			
	• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.			
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Not applicable	• Not applicable	• Not Applicable
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there	• Not applicable	• Not applicable	• Not Applicable

Criteria		Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
	<i>should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>				
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Not applicable	Not applicable	Not applicable	Not Applicable
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results.	Not applicable	Not applicable	Not applicable	Not Applicable
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Not applicable	Not applicable	Not applicable	Not Applicable

Criteria	Mormora	Babicho	Chochi	Chakata, Dawa and Dermi Dama
<i>Further work</i> <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	- Megado Gold Ltd is currently preparing a work plan to assess prospects in the exploration licence area. - Some planned activities include geological mapping of target areas, ground and airborne geophysics, followed by reverse circulation and core drilling on primary targets. - As the project is an early exploration project, significant changes to the program may occur depending on results.	- Megado Gold Ltd is currently preparing a work plan to assess prospects in the exploration licence area. - Some planned activities include geological mapping of target areas, ground and airborne geophysics, followed by reverse circulation and core drilling on primary targets. - As the project is an early exploration project, significant changes to the program may occur depending on results.	- Megado Gold Ltd is currently preparing a work plan to assess prospects in the exploration licence area. - Some planned activities include geological mapping of target areas, ground and airborne geophysics, followed by reverse circulation and core drilling on primary targets. - As the project is an early exploration project, significant changes to the program may occur depending on results.	- Megado Gold Ltd is currently preparing a work plan to assess prospects in the exploration licence area. - This will involve geological mapping of target areas, ground and airborne geophysics, followed by reverse circulation and core drilling on primary targets. - As the project is an early exploration project, significant changes to the program may occur depending on results.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in Section 1, a and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database Integrity	- Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. - Data validation procedures used.	Not applicable. No Mineral Resource Estimate
Site visits	- Comment on any site visits undertaken by the Competent Person and the outcome of those visits. - If no site visits have been undertaken indicate why this is the case.	A site visit to areas adjacent to Babicho, Mormora, Chakata, Dawa and Dermi Dama was conducted by Pieter du Plessis and Terry Croteau in April 2019.
Geological Interpretation	- Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. - Nature of the data used and of any assumptions made. - The effect, if any, of alternative interpretations on Mineral Resource estimation. - The use of geology in guiding and controlling Mineral Resource estimation. - The factors affecting continuity both of grade and geology	Not applicable. No Mineral Resource Estimate
Dimensions	- The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. - The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from datapoints. If a computer assisted estimation method was chosen include a description of computer software and parameters used. - The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. - The assumptions made regarding recovery of by-products. - Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). - In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	- Not applicable. No Mineral Resource Estimate - Not applicable. No Mineral Resource Estimate

Criteria	JORC Code explanation	Commentary
	- Any assumptions behind modelling of selective mining units. - Any assumptions about correlation between variables. - Description of how the geological interpretation was used to control the resource estimates. - Discussion of basis for using or not using grade cutting or capping - The process of validation, the checking process used, the comparison of model data to drill hole data, and the use of reconciliation data if available.	
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the determination of the moisture contents.	Not applicable. No Mineral Resource Estimate
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	Not applicable. No Mineral Resource Estimate
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Not applicable. No Mineral Resource Estimate
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Not applicable. No Mineral Resource Estimate
Environmental factors or assumptions	- Assumptions made regarding possible waste and process residue disposal options - It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a green fields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made	Not applicable. No Mineral Resource Estimate
Bulk density	- Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. - The bulk density for bulk material must have been measured by methods that adequately	Not applicable. No Mineral Resource Estimate

Criteria	JORC Code explanation	Commentary
	<i>account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i> <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials</i> <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> <i>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i> <i>Whether the result appropriately reflects the Competent Person's view of the deposit</i>	Not applicable. No Mineral Resource Estimate
Audits or reviews	<i>The results of any audits or reviews of Mineral Resource estimates.</i>	Not applicable. No Mineral Resource Estimate
Discussion of relative accuracy/confidence	<i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that</i> <i>could affect the relative accuracy and confidence of the estimate.</i> <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i>	Not applicable. No Mineral Resource Estimate



MEGADO

MEGADO GOLD LIMITED

Address:

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

Phone:

+61 8 6141 3260

Email:

info@megadogold.com

Website:

www.megadogold.com

ACN:

632 150 817