

ASX Announcement

17 FEBRUARY 2021



MAIDEN DRILLING PROGRAM COMMENCES AT CHAKATA GOLD PROJECT

HIGHLIGHTS

- * Maiden drilling program has commenced at the Chakata Gold Project, Ethiopia
- * Current drill plan is for ~10 holes for approximately 1,500m
- * Megado fieldwork previously uncovered outcropping quartz veins with visible gold
- * Historical trench sampling at the GT Prospect returned:
 - * 47m @ 1.55g/t Au, including 25m @ 2.57g/t Au (Trench TR-1)
- * Targets open at depth and untested down-plunge by drilling
- * Limited historical drilling elsewhere within the Chakata Gold Project area returned highly significant results including:
 - * 2m @ 11.15g/t Au from 48.25m (WCDH01); and
 - * 0.6m @ 6.47g/t Au from 190.8m (DDH5)
- * Babicho Gold Project trench and drill sample processing has been accelerated – assay results expected in Q1

Ethiopian-focused gold explorer Megado Gold (ASX:MEG) (Megado or the Company) is pleased to provide an update of its field activities at the Company's Chakata Gold Project.

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

Megado Gold CEO and Managing Director, Michael Gumbley, commented:

"Megado is excited at the opportunity with Chakata as our review of the 1990's historical work conducted had already confirmed the project to be incredibly prospective. The team has since reported a massive, extensive gold-bearing quartz tourmaline vein to the southwest of the GT Prospect. They have also identified additional targets at Werseti (Contact Target), all of which are exhibiting significant mineralisation at surface. The first phase of drilling will build on our understanding of the geology and structural controls that host the gold mineralisation."



Megado Gold Ltd

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Issued Capital

71.5m Shares
16.3m Options

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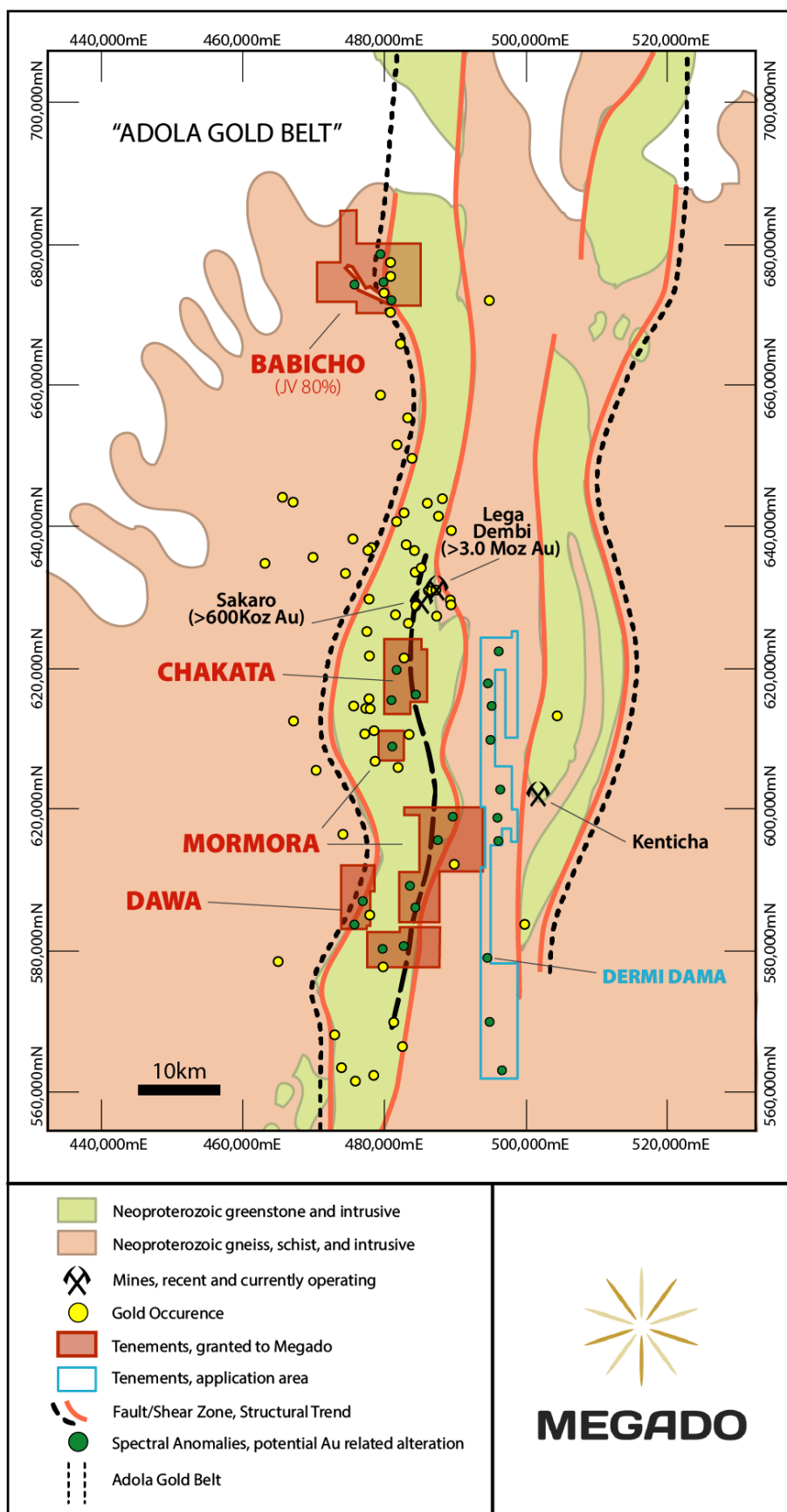


Figure 1 - Megado's Adola Gold Belt Project locations

MAIDEN DRILL PROGRAM AT CHAKATA GOLD PROJECT

As the Company reported, historical exploration has provided walk-up, drill-ready targets at the Chakata Gold Project. Historical trenching at Chakata's GT Prospect returned an impressive 47m @ 1.55g/t Au, including **25m @ 2.57g/t Au** ([refer to announcement 12 November 2020](#)), with no known drill testing at depth beneath the trench or down plunge. In addition, Megado's geologists have delineated additional targets considered to be highly prospective.

Megado believes there is significant potential for repeat, blind, high-grade plunging shoots. Such shoots are characteristically similar to the Sakaro deposit, within a locally north-northeast divergent 2.5km+ strike length structural splay at the GT Prospect. Previous exploration efforts at Chakata do not appear to have adequately led to a full understanding of its mineralisation potential, resulting in minimal drilling of what appear to be obvious high priority prospects. Of the limited historical drilling previously conducted within the tenement, intercept highlights include: **2m @ 11.15g/t Au** and **0.6m @ 6.47g/t Au** ([refer to announcement 12 November 2020](#)). Megado is well-positioned to build upon the previous work and looks forward to sharing results with the market shortly.

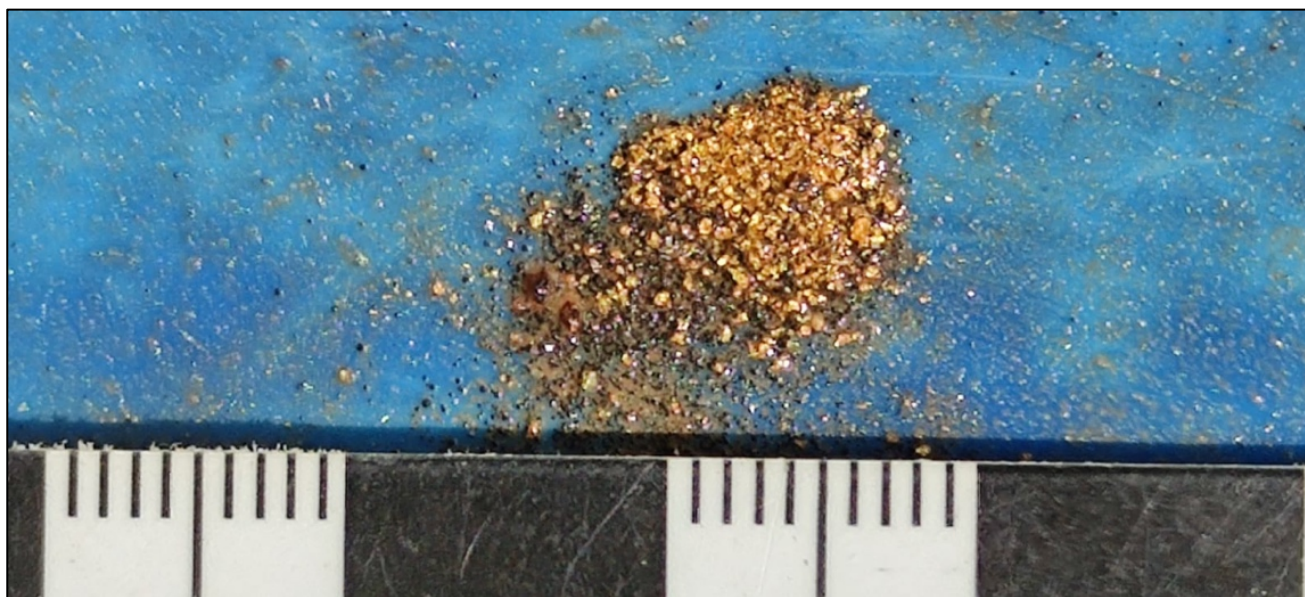


Figure 2 - Gold grains extracted from areas proximal to upcoming drill program at Chakata

Drilling Targets

Megado is excited to drill test a number of possible controls to gold mineralisation in this southern portion of the Chakata tenement. Recent field work by Megado has identified numerous structures and stockwork vein zones at the GT Prospect that trend parallel to historical drilling and trenching. This is significant, as previous workers were focused on testing the north-northeast trending primary structure by trenching and drilling along east-southeast lines, whereas Megado field observations show mineralisation is locally trending east-southeast.

Previous historical trenching and sporadically drilling parallel to these structures (see Figure 3) highly likely explains their sporadic historical intercepts. Megado drilling at this target will orient drilling perpendicular to these local structures and test a much broader zone of mapped intense alteration and veining. In addition to this, drill targets also include follow-up to open historical trench and drill results (e.g. **25m @ 2.57g/t Au** and **2m @ 11.15g/t Au** respectively), as well as expanding on historical results at the Contact Target.

This initial drill program at Chakata (~10 holes for approximately 1,500m) will be highly flexible to observations from the drilling and be modified accordingly as drilling proceeds and reflecting the numerous structural settings and deposit styles observed at Chakata – all the which make the area very prospective for gold, given that it is along strike from Sakaro being a blind high-grade gold deposit less than 15km along strike to the north.

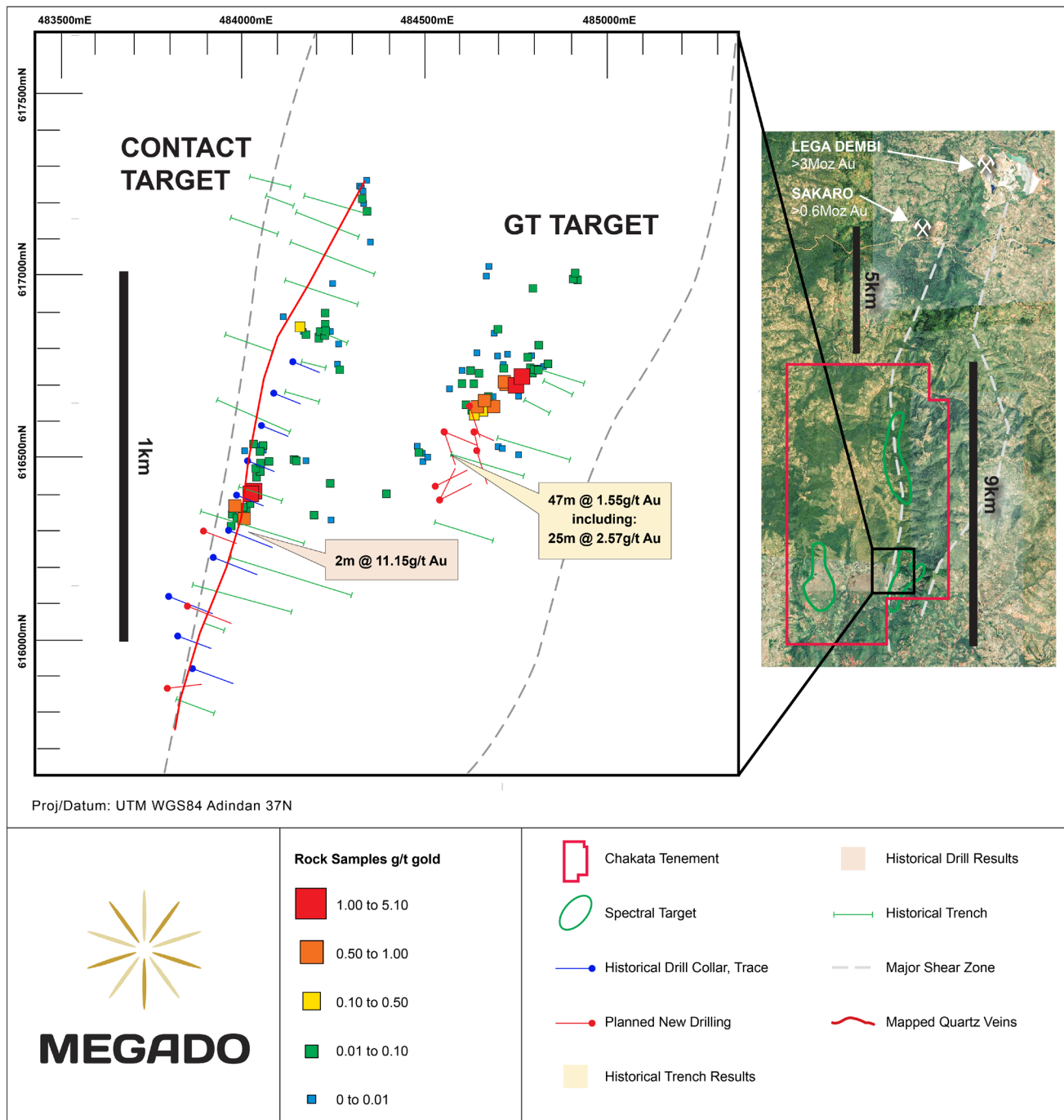


Figure 3 - Initial planned drill program on the southern portion of the Chakata tenement, testing numerous controls to gold mineralisation, including down plunge of historical results, and untested newly-identified gold-bearing structures

BABICHO GOLD PROJECT UPDATE

The first phase drilling program has been completed at the Babicho Gold Project. The program consisted of five drill holes for a total of 1,207m. The samples have been prepared (see Figure 4) and transported to ALS. Results are expected by the end of Q1 and will be reported as soon as possible.



Figure 4 - Core samples from the Babicho Gold Project maiden drilling program, bagged and ready for shipping to laboratory for sample preparation and analysis

Related ASX Announcements

20201217 [Quartz Veining with Visible Sulphides Intersected at Babicho](#)
20201201 [Maiden Drilling Program Underway at Babicho Gold Project](#)
20201112 [High-Grade Gold Indicated at Chakata Gold Project Ethiopia](#)

-ENDS-

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

For more information:

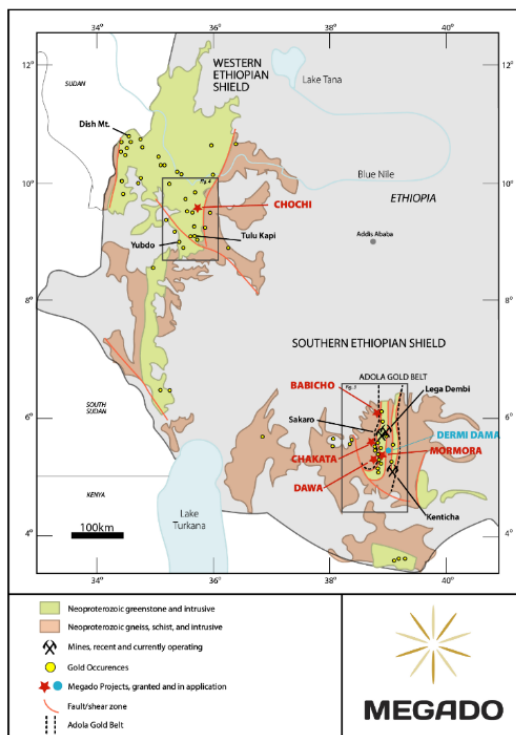
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About Megado Gold

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

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



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

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

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

Forward Looking Statements

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

Competent Person Statement

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

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

