

QUARTZ VEINING WITH VISIBLE SULPHIDES INTERSECTED IN ONGOING MAIDEN DRILLING PROGRAM AT BABICHO GOLD PROJECT

HIGHLIGHTS

- **Maiden drilling program continues at the Babicho Gold Project – Hole BBDD001 completed, Hole BBDD002 in progress and approaching target zone**
- **Geology, alteration, quartz veining and sulphide mineralisation observed in drill core consistent with that found along strike at >3Moz Lega Dembi and Sakaro Gold Mines**
- **First rock chip samples from Babicho and Chakata due in the lab in Australia this week**

Ethiopian-focused gold explorer Megado Gold (ASX:MEG) (**Megado** or the **Company**) is pleased to announce that its maiden drilling program continues at the Company's Babicho Gold Project, located in the Adola Gold Belt in southern Ethiopia.

Maiden Drilling Program

As the Company announced on 1st December 2020, Megado's maiden drilling program has commenced at the Babicho Gold Project and is still ongoing. This program seeks to confirm Babicho's potential to host significant gold mineralisation and the early observations of retrieved core have been extremely encouraging. The core exhibits many of the attributes noted in the lithology, alteration and mineralisation of the Lega Dembi and Sakaro gold deposits (>3Moz Au), situated along strike to the south. Most notably, observations indicate that a **40m wide zone**¹ contains quartz veining with visible pyrite, chalcopyrite and pyrrhotite mineralisation within highly altered meta-sediments that include graphitic schists (see Figure 1). This assemblage and lithology are very similar to that at Lega Dembi and provides the Company with great encouragement.

This initial program will consist of up to six drill holes for a total of approximately 1,100 metres and serve as the catalyst to more extensive drilling in early CY 2021 (see Figure 2). Hole BBDD001 was drilled to a depth of 203.9m, being extended from its target depth of 120m due to the observations of the drill core and the geology. Assay results are expected early 2021.

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

"It has been exciting to have the drill rig turning and encouraging rocks observed. These early returns are very much in line with our expectations for Babicho. It is fantastic that our team continues to harness Megado's opportunity at Babicho. We look forward to sharing results early in the New Year."

¹ Widths discussed in this release are downhole widths and may or may not represent true widths. Further work is required to determine accurate true widths.



Figure 1: Drill core from Hole 1 (BBDD001), showing intervals of highly altered host rocks and quartz veining, both with significant visible sulphide mineralisation (pyrite, chalcopyrite, pyrrhotite). Left: ca. 101m Right: ca. 106m

Babicho Drilling Targets

Historical soil sampling at Babicho delineated a coherent and highly significant 2km long gold-in-soil anomaly. This anomaly coincides with the major N-S trending shear zone that hosts the Lega Dembi and Sakaro gold deposits. Previous work at Babicho included four trenches and four shallow drill holes with standout results headlined by 10m @ 3.5g/t Au and 1m @ 35.3g/t Au from the trenches (see previous ASX announcement from 5 November 2020).

The first drill target is focused on Trench 6, excavated by previous workers. This trench exposed the highest gold grades from the historical trenching program. A single drill hole was completed here historically, however, it was collared approximately 90m to the south of the trench and recent mapping by Megado geologists suggests that the drill hole remained in meta-basalt/volcanics in the synformal limb and did not penetrate into the more prospective hinge zone, interpreted as hosting the auriferous shear. Megado's drill program is designed to test the possible down-dip continuation of the mineralisation within the shear intersected in Trench 6.

The second target is a shear zone located in the hinge of a WSW-ESE trending synform that is expressed at surface by a WNW-ESE-trending creek. The limbs of the folds are dominated by meta-basalts and/or other meta-volcanics. Within the meta-basalts/volcanics, cross-cutting and foliation-parallel quartz veins are present, these quartz veins are also present within the shear zone. Local artisanal miners selectively target quartz veins to mine, crush, and pan gold, with anecdotal reports of gold nuggets exposed in these veins.



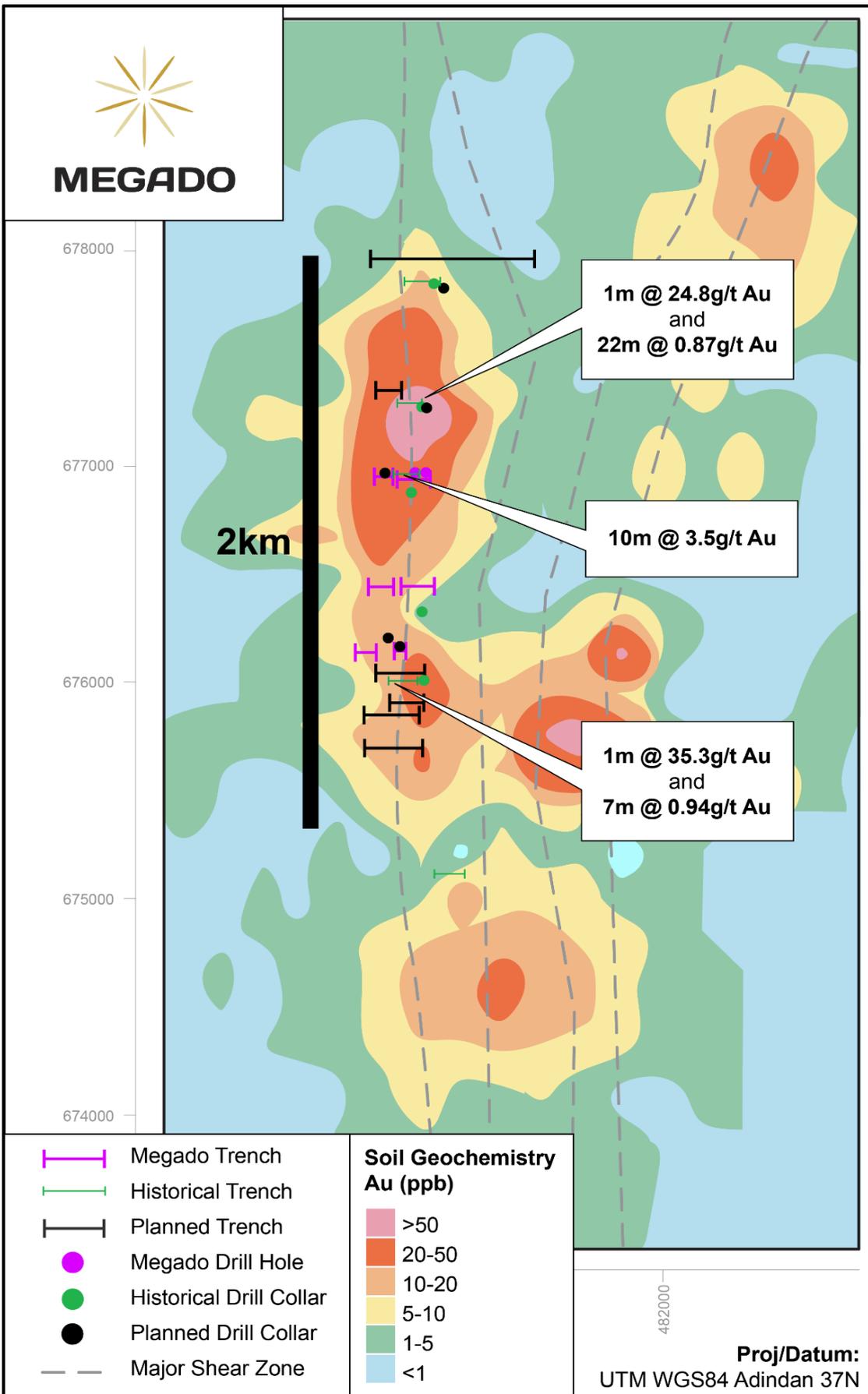


Figure 2: Location plan for drill holes and trenching, with historical trench assay results.



Chakata Gold Project

Upon completion of the initial drilling phase at Babicho, the team are planning to immediately deploy the drill rig to Chakata. This program will test a number of targets, including the GT Prospect.

Related ASX Announcements

[20201201 Maiden Drilling Program Underway at Babicho Gold Project](#)

[20201112 High-Grade Gold Indicated at Chakata Gold Project Ethiopia](#)

[20201105 Surface Sampling at Babicho Highlights Anomalous Gold Trend](#)

-ENDS-

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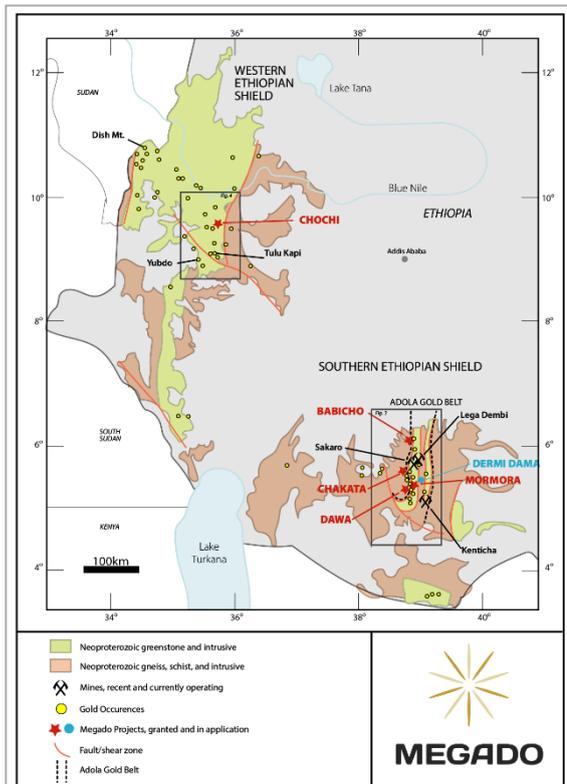
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About Megado Gold

Megado Gold Ltd is an ASX listed company with five granted high-quality gold exploration assets covering 511 km² and one licence application covering 227 km² 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, Legedembi and Sakaro (+3.0 Moz Au).

Megado has a premium land position immediately along strike to the north and south of the Legedembi and Sakaro deposits covering the same fertile greenstone host rocks and structural setting, in addition to the Chochi Project located proximal to Ethiopia's next gold mine, the +1.5 Moz Tulu Kapi deposit.

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 1.5 Moz 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.

