

ASX Announcement

20 May 2019

Oversubscribed Placement and Launch of Rights Issue

- **Mako Gold announces capital raising and step-out drilling at Napié and Niou following recent drilling success at both projects**
 - **Mako Cornerstone Shareholder Resolute Mining increases stake**
 - **Immediate drilling planned with rigs secured**
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Mako Gold Limited (ASX Code: MKG) (“MKG”, “Mako” or “the Company”)

Share placement oversubscribed and non-renounceable rights issue launched

Highlights:

- Firm commitments have been received by Mako for an initial Placement at **8.5c/share** to sophisticated, professional and institutional investors to raise approximately \$721,439. The placement was significantly oversubscribed.
- The Placement price of \$0.085 per New Share represents a 15% discount to Mako’s last closing share price of \$0.10.
- Mako’s cornerstone investor and largest holder, Resolute Mining Limited (ASX:RSG), participated in the placement and increased its stake from 19.45% to 19.9% thereby evidencing its support for Mako’s forthcoming drilling campaign.
- Resolute have advised Mako of its intention to maintain its 19.9% interest through participation in the Company’s Rights Issue.
- A pro-rata non-renounceable Rights Issue on the basis of 1 new share for every 4 shares held follows the Placement, on the same terms as the Placement, to raise approximately a further \$1.52 million.
- Funds raised, after costs, will be used by the Company for immediate step-out drilling at the significant Napié and Niou projects, regional exploration work, and working capital.
- Drilling is planned to commence on the Napié Project in Cote d’Ivoire in late May and on the Niou Project in Burkina Faso after completion of Napié drilling.

Details:

Mako Gold Limited (**Mako** or **Company**) is pleased to announce a capital raising of approximately \$2.2 million consisting of:

1. A \$721,439 Placement to sophisticated, professional and institutional investors through the issue of new shares at an issue price of \$0.085 per share (**Placement**); and
2. A non-renounceable Rights Issue to eligible shareholders, on the basis of 1 new fully paid ordinary share for every 4 shares held at an issue price of \$0.085 per share (**New Share**), to raise approximately \$1,524,424 (before costs) (**Rights Issue**).

The Placement and Rights Issue are together referred to as the Capital Raising.

The Offer is an offer to Eligible Shareholders only. The Issue Price of \$0.085 per New Share represents a 15.8% discount to the 10 day volume-weighted average price of Shares as at 15 May 2019 (being \$0.101) and a 15% discount on the closing price of \$0.10 as at 15 May 2019.

Resolute Mining Limited has confirmed that its current intention is to apply for its full entitlement under the Offer provided that its relevant interest in the shares of the Company remains at 19.9%.

Assuming no existing options on issue in the Company are exercised, approximately 17,934,404 New Shares will be offered under the Rights Issue.

The issue of 8,487,515 shares under the Placement is expected to occur on 24 May 2019 and will be made without shareholder approval, utilising the Company's existing placement capacity under Listing Rule 7.1.

Eligible Shareholders:

The Rights Issue will be available to all registered shareholders who hold shares at 7.00pm Brisbane time on Monday, 27 May 2019 (**Record Date**) with registered addresses in Australia and New Zealand (**Eligible Shareholders**).

Existing option holders need to exercise their options (in accordance with the terms of those options) and be a registered holder of shares in Australia or New Zealand on the Record Date if they wish to participate in the Rights Issue.

In accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth) (**Corporations Act**), Mako has considered the number of shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand and the size of the shareholdings held by those shareholders. Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand, the Company has formed the view that it is unreasonable to extend the Rights Issue to those shareholders.

All new shares issued will rank equally with existing shares on issue and the Company will apply for official quotation of the New Shares.

Use of Funds:

The purpose of the Capital Raising is to raise approximately \$2.2 million, including the costs of the Rights Issue. The funds raised from the Rights Issue will be used for drilling, further exploration work, fund the costs of the Capital Raising and to provide working capital.

Funds will be utilised in drilling to extend gold mineralisation outlined by Mako's previous drilling programs at the Napié and Niou projects.

At the Napié Project, the Tchaga Prospect has significant gold mineralisation, up to 28m wide at 4.86g/t Au. Gold mineralisation can be traced over a 500m strike length and drilling is planned to test the strike length over 1.4km.

Further south along the same mineralised structure, the shear zone at the Gogbala Prospect has mineralisation outlined over a 2km strike length. Drilling is planned to test mineralisation over a 9km strike length between (and including) the Tchaga and Gogbala prospects.

At the Niou Project Mako's reconnaissance drilling over part of a large shallow artisanal gold working area has discovered wide zones of mineralisation in multiple holes, from surface to end of holes, up to 100m to 150m depth over a 315m width. Further drilling around this area is planned to commence in June/July 2019.

Timetable:

The proposed timetable for the Rights Issue is set out in the table below:

| Event | Date |
|--|---------------------------------------|
| Announcement of Rights Issue. Offer Document and Appendix 3B lodged with ASX | Monday, 20 May 2019 (pre-market open) |
| Notice of Rights Issue sent to option holders | Monday, 20 May 2019 |
| Notice of Rights Issue sent to shareholders | Tuesday, 21 May 2019 |
| Shares commence trading on an ex basis | Friday, 24 May 2019 |
| Record Date for the Rights Issue (7:00pm Brisbane time) | Monday, 27 May 2019 |
| Despatch Offer Document to shareholders | Thursday, 30 May 2019 |
| Opening date of Rights Issue (9:00am Brisbane time) | Thursday, 30 May 2019 |
| Closing date of Rights Issue (5:00pm Brisbane time) | Thursday, 20 June 2019 |
| Shares commence trading on deferred settlement basis | Friday, 21 June 2019 |
| Advise ASX of any shortfall | Tuesday, 25 June 2019 |
| Allotment of New Shares under Rights Issue | Thursday, 27 June 2019 |
| Despatch of holding statements for New Shares and deferred settlement trading ends | Thursday, 27 June 2019 |
| Normal trading of New Shares on ASX begins | Friday, 28 June 2019 |

This timetable is indicative only and may be subject to change subject to the requirements of the Corporations Act and the ASX Listing Rules.

The Rights Issue is being made without a disclosure document, in accordance with section 708AA of the Corporations Act. Mako will prepare and send an Offer Document to all Eligible Shareholders on Thursday 30 May 2019 as set out in the timetable above.

An Appendix 3B for the Shares to be issued pursuant to the Rights Issue, an Offer Booklet, Investor Presentation and Cleansing Statement follows this announcement.

For further information please contact:

Mr Peter Ledwidge

Managing Director

Ph: +61 417 197 842

Email: pledwidge@makogold.com.au

Paul Marshall

Company Secretary/CFO

Ph: +61 433 019 836

Email: pmarshall@makogold.com.au

Further information on Mako Gold can be found on our website www.makogold.com.au