

ASX Announcement

8 October 2019

Mako Signs Drill-for-Equity MOU with Geodrill for up to US\$1M

Highlights

- Binding MOU signed with Geodrill for up to US\$1M of equity drilling in Côte d'Ivoire and Burkina Faso
- Agreement allows Mako to maximise drilling meters while preserving cash
- Agreement will be used for upcoming drill programs, pending shareholder approval



Geodrill drill rig at Napié Project - Cote d'Ivoire - July 2019

Mako Gold Limited ("Mako" or "the Company")(ASX:MKG) is pleased to announce that it has signed a binding Memorandum of Understanding (MOU) with Geodrill Limited (TSX:GEO) whereby Geodrill may subscribe for up to US\$1M worth of shares in the capital of the Company in return for drilling services at Mako's discretion.

Under the terms of the agreement Geodrill agrees to provide drilling services in exchange for Mako shares, up to a total value of US\$1M or up to 10,000m of reverse circulation (RC) drilling, or its equivalent in diamond drilling (DD) or air core (AC) drilling, within twelve months, in two stages of up to US\$0.5M each. The Company will seek shareholder approval to the extent required for the purposes of ASX Listing Rule 7.1.

After receipt of each monthly invoice, and with the issue price for each share being the previous 15-day VWAP immediately prior to the date of the relevant monthly invoice, Mako may issue MKG shares to Geodrill, constituting up to 50% of the invoice for drilling services provided by Geodrill and pay the remaining balance in cash.

Mako has access to this facility for twelve months and may, at its discretion, choose to pay 100% in cash, and is under no obligation to drill a minimum amount or any amount at all.

Geodrill has agreed to a 3-month escrow on shares issued to them and thereafter, to notify Mako of its intention to sell shares 5 days in advance.

Each party can terminate the MOU at any time by giving the other party 14 days' notice.

The agreement effectively allows Mako to drill at half of its normal drilling contractor cash costs, thereby allowing the Company to preserve cash, while continuing its drill programs.

Mako plans to implement the drill-for equity facility on its upcoming drill programs, pending shareholder approval.

Mako's Managing Director, Peter Ledwidge commented:

"We are extremely pleased to have secured a drill-for-equity agreement with such a high-calibre drilling company. We have a long-standing relationship with Geodrill and have always been impressed with the quality of their work. It will be a great endorsement for Mako to add Geodrill to our share register, since they have worked in West Africa for so many years and understand junior exploration companies better than most. We look forward to continuing and strengthening our relationship with Geodrill, which should be beneficial to all Mako shareholders".

Geodrill's Chief Executive Officer, Dave Harper commented:

"Geodrill is proud to be partnering with Mako Gold on their Napié and Niou projects. We have had a long and successful relationship, having drilled on previous discoveries together in Burkina Faso (then with Orbis Gold), one of which went on become a major producing mine. The 'drill-for-equity' arrangement allows Mako to drill twice the meterage for the same cash burn, doubling the likelihood of success, while at the same time providing flexibility to revert to cash payment, should Mako elect to. We look forward to becoming shareholders in Mako".

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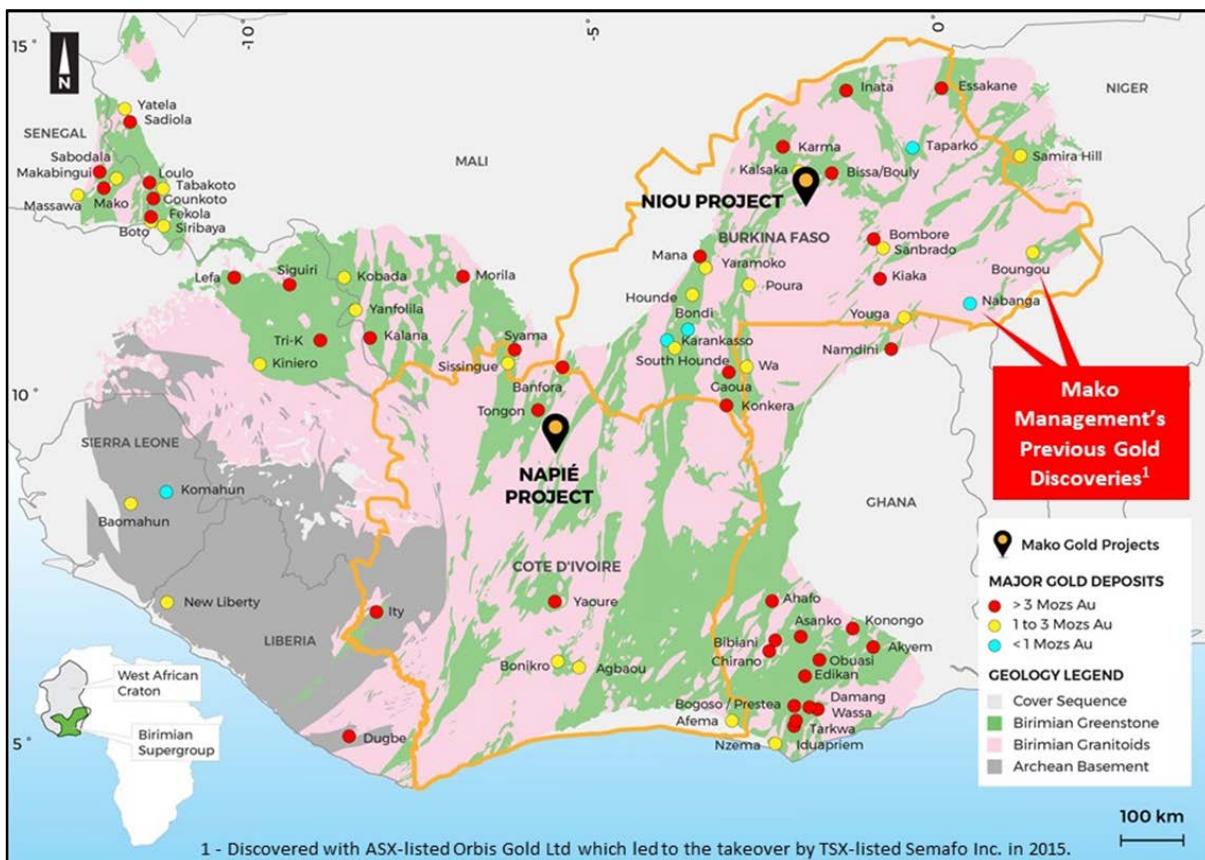
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Further information on Mako Gold can be found on our website www.makogold.com.au

About Mako Gold

Mako Gold Limited (**ASX:MKG**) is an Australian based exploration company with gold projects in Côte d'Ivoire and Burkina Faso in the gold-bearing West African Birimian Greenstone Belts which hosts more than 60 +1Moz gold deposits.

The Company's focus is to explore its portfolio of highly prospective projects with the aim of making a significant high-grade gold discovery. Senior management has a proven track record of high-grade gold discoveries in West Africa.



About the Napié Gold Project

Mako is earning up to a 75% interest in the Napié Project under a farm-in and joint venture agreement with Occidental Gold SARL, a subsidiary of West African gold miner Perseus Mining Limited (ASX/TSX:PRU). Mako currently holds a 51% interest in the permit and is operator of the project¹. For details of the agreement please refer to Section 9.1 of Mako Gold's Prospectus and section 4.6 of Mako Gold's Supplementary Prospectus, lodged on the ASX on 13 April 2018.

About the Niou Gold Project

Mako Gold's wholly owned Burkina Faso subsidiary, Mako Gold SARL, signed on 31 July 2016 an option agreement with a Burkinabe private company for 100% ownership of the Niou Permit. Mako is currently in the process of transferring the permit to its subsidiary. For details of the agreement please refer to Section 9.2 of Mako Gold's Prospectus and section 4.7 of Mako Gold's Supplementary Prospectus, lodged on the ASX on 13 April 2018. Mako Gold announced a gold discovery on the Niou Project on 29 January 2019².

¹ Refer to ASX announcement dated 24 July 2019

² Refer to ASX announcement dated 29 January 2019

About Geodrill:

Established in 1998, Geodrill is a leading exploration drilling company with a fleet of 67 drill rigs operating in Africa. The Company has operations in Ghana, Burkina Faso, Cote d'Ivoire, Mali, and Zambia.

Geodrill provides Reverse Circulation (RC), Diamond Core (Core), Air-core (AC), Grade control (GC), Geo-tech (GT) and Water bore (WB) drilling services to major, intermediate and junior mining companies and operates the largest most modern fleet of multi-purpose rigs on the African continent.

Geodrill has built an enviable reputation as being a customer-focused high service drilling contractor. This reputation has been built on the careful selection of safety and service orientated drilling personnel and the attention to keeping a modern well-maintained fleet of drills to the highest Health Safety and Environmental (HSE) standards.

Geodrill is listed on the Toronto Stock Exchange. The Company's ticker symbol is "GEO".