

Mako Signs Binding Term Sheet with Nordgold to Sell Niou Project - Burkina Faso

HIGHLIGHTS

- ❖ Binding Term Sheet signed with Nordgold for the sale of the Niou Project
- ❖ Mako to receive US\$700,000 (approximately AU\$ 1.07M)¹ in consideration of the sale
- ❖ Mako to retain 1% NSR upon production from a minimum 2Moz gold resource by Nordgold
- ❖ Nordgold has right to repurchase NSR for US\$4.5M (approximately AU\$6.89M) at any time²
- ❖ Funds received from sale of the Niou Project will be utilised for exploration on Mako’s Côte d’Ivoire projects

Mako Gold Limited (“Mako” or “the Company”; ASX:MKG) is pleased to announce that it has entered into a Binding Term Sheet with Nord Gold SE (“Nordgold”) to sell the Niou Permit and Niou Sud Permit (Figure 1) (Binding Term sheet), subject to certain conditions precedent.

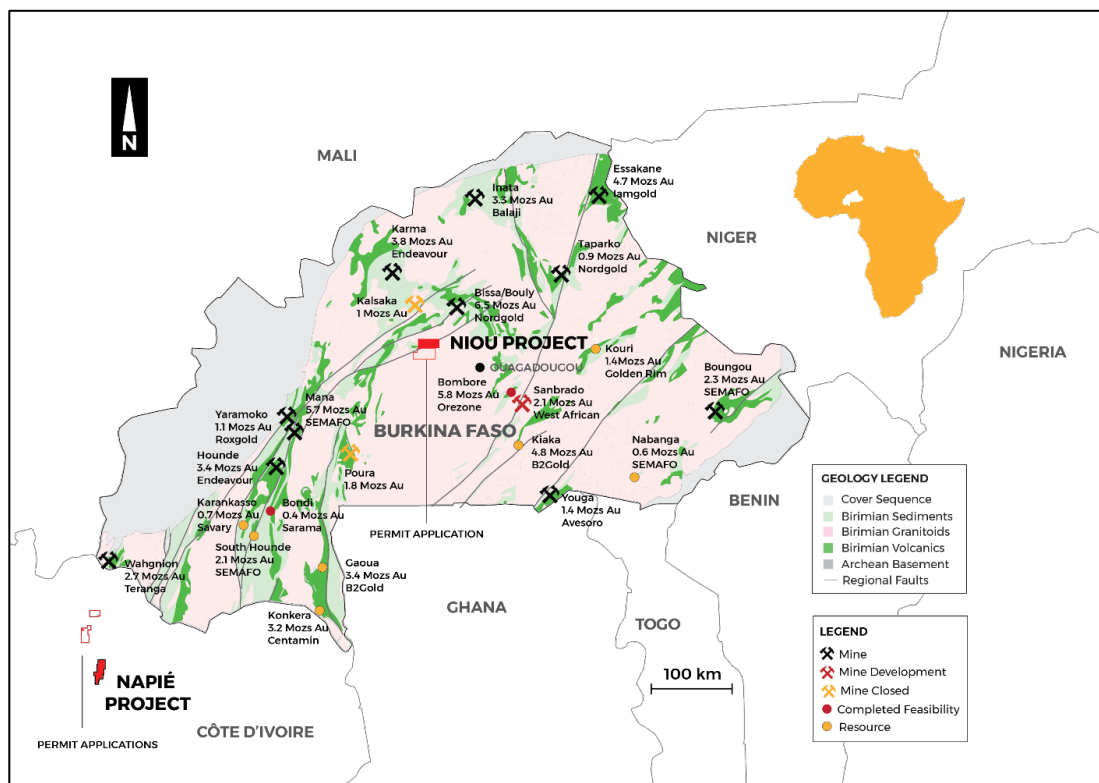


Figure 1: Niou permit and Niou Sud permit application – Burkina Faso

¹ Using Oanda exchange rate of 1USD:1.53AUD

² Using Oanda exchange rate of 1USD:1.53AUD

Under the terms of the Binding Term Sheet, the parties agree to enter into the sale agreement (**Proposed Sale Agreement**) within 10 days of the date of the Binding Term Sheet. Under the terms of the Proposed Sale Agreement, Mako will receive USD\$700,000 in consideration for the sale (**Purchase Price**), which is approximately AUD\$ 1.07 million.³ In addition, Mako will retain a 1% Net Smelter Royalty (“NSR”) if Nordgold discovers an NI 43-101 compliant resource of at least 2 million ounces gold and advances the resource to production. Nordgold has the right to repurchase the NSR at any time for USD\$ 4.5 million which is the current equivalent of approximately AUD\$6.89 million.⁴

Mako announced a discovery on the Niou Permit in January 2019⁵ and has not conducted any further significant work on the project since, due to prioritising exploration on its flagship Napié Project in Côte d’Ivoire. Nordgold is a global company which produces one million ounces of gold annually and has an operating mine within 50km of the Niou Project, which makes them an ideal choice of operator for the project.

The transaction terms of the Binding Term Sheet and Proposed Sale Agreement are listed below:

Transaction Terms

The key terms of the Binding Term Sheet and Proposed Sale Agreement are:

- ❖ Mako lodged the transfer of the Niou Permit from the Burkina Faso vendor to Mako Gold SARL (Mako’s wholly-owned Burkina Faso subsidiary) on 8 January 2020 as per the conditions set out in the Option Agreement signed with the vendor⁶. The Proposed Sale Agreement is conditional on the transfer to Mako Gold SARL being approved by the Cadastre Minier and Minister of Mines of Burkina Faso. Immediately after Mako Gold SARL receives the decree for the Niou Permit, Mako will initiate the transfer of the Niou Permit to Nordgold’s Burkina subsidiary, Jilbey Burkina SARL (“Jilbey”).
- ❖ Mako Gold SARL lodged an application for the Niou Sud permit (Figure 1) with the Burkina Faso Ministry of Mines on 10 October 2019.) The Proposed Sale Agreement is also conditional upon the Cadastre Minier granting and the Minister of Mines of Burkina Faso approving the grant of the Niou Sud Permit to Mako Gold SARL. Mako is to transfer Niou Sud permit to Jilbey as soon as the Niou Sud Permit is decreed to Mako Gold SARL. However, the payment of the Purchase Price is not conditional upon the transfer of the Niou Sud Permit to Nordgold.
- ❖ The Proposed Sale Agreement will become definitive and binding in Burkina Faso when the signed English version of the Proposed Sale Agreement has been translated into French and signed, as the French version will be the legally binding version of the Proposed Sale Agreement in Burkina Faso (French being the official language of Burkina Faso).
- ❖ The French version of the Proposed Sale Agreement must also be approved by the Burkina Faso Ministry of Mines.
- ❖ Nordgold and Jilbey are to use reasonable endeavours to ensure the speedy transfer of the Niou and Niou Sud permits to Jilbey from the Burkina Faso Ministry of Mines.
- ❖ Payment of the Purchase Price by Nordgold to Mako will occur on the Deferred Payment Date (defined in the Proposed Sale Agreement to be the earlier of the business day which is 90 days following the date

³ Using Oanda exchange rate of 1USD:1.53AUD

⁴ Using Oanda exchange rate of 1USD:1.53AUD

⁵ Refer to ASX announcement dated 29 January 2019

⁶ 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

on which Mako lodges the transfer with respect to the Niou Permit, or the date on which the Niou Permit is granted to Jilbey by the Cadastre Minier and Ministry of Mines of Burkina Faso (“Lodgement Date”).

- ❖ If on the expiration of 90 days from the Lodgement Date, the transfer of the Niou Permit from Mako to Jilbey is not registered by the Cadastre Minier, either party may terminate the Proposed Sale Agreement, and the Deferred Payment shall not be effected.

Mako’s Managing Director, Peter Ledwidge commented:

“We are happy to have attracted the attention of Nordgold, a world-class global gold producer, by our exploration success in Burkina Faso. We are confident that Nordgold have the capability to quickly advance the Niou Project. The potential success in outlining a 2Moz resource would be beneficial for both Nordgold and Mako. We are happy to have retained some upside to Nordgold’s potential success through our 1% NSR. We look forward to applying the funds from this transaction to advance our flagship Napié Project in Côte d’Ivoire. We wish Nordgold all the best in their exploration.”

Mako will update the market in due course on progress.

Approved by the Board

Peter Ledwidge
Managing Director

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

Competent Person’s Statement

The information in this report that relates to Exploration Results is based on information compiled by Mrs Ann Ledwidge B.Sc.(Hon.) Geol., MBA, who is a Member of The Australian Institute of Geoscientists (AIG). Mrs Ledwidge is a full-time employee and a substantial shareholder of the Company. Mrs Ledwidge has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mrs Ledwidge consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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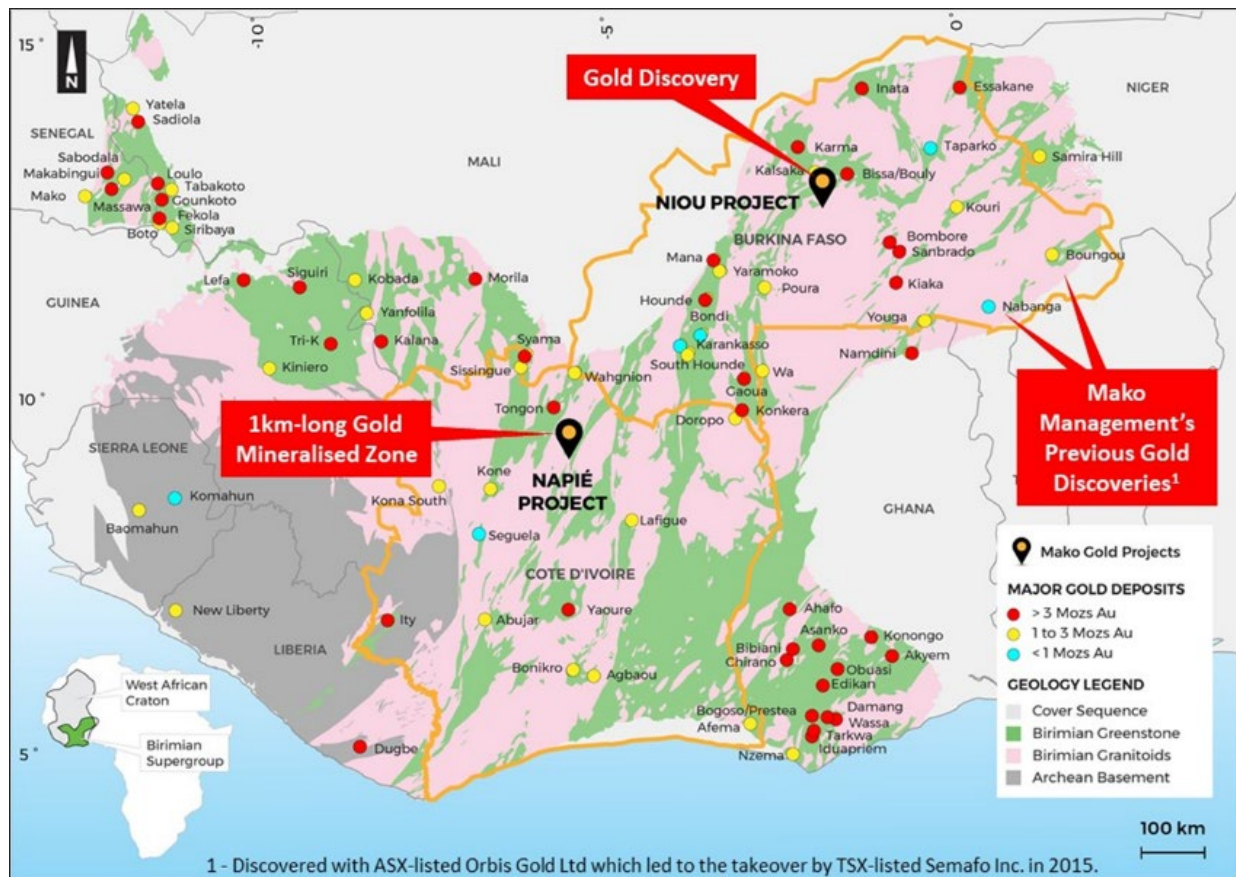
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About Mako Gold

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 70 +1Moz gold deposits.

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



About the Flagship Napié Gold Project

Mako Gold has entered into a farm-in and joint venture agreement with Occidental Gold SARL, a subsidiary of West African gold miner Perseus Mining Limited (ASX/TSX:PRU) to earn up to 75% of the Napié Permit conditional on certain milestones being achieved. 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. 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 2019⁷.

About Nordgold

Nordgold is an internationally diversified gold producer established in 2007. Nordgold has a proven track record of operational excellence and benefits from a significant international development pipeline. The Company is relentlessly focused on shareholder value, committed to running safe, efficient, profitable operations, which enable it to generate strong cashflows and in turn, continue to invest in its pipeline of new growth opportunities while generating returns for investors.

Nordgold operates 10 mines (5 in Russia, 3 in Burkina Faso and one each in Guinea and Kazakhstan). It has several prospective projects in feasibility study and advanced exploration phases, as well as a diverse portfolio of early-stage exploration projects and licences in Burkina Faso, Russia, French Guiana and Canada. Nordgold employs over 8,000 people.

⁷ Refer to ASX announcement dated 29 January 2019