

February 21, 2022

COMPANY SNAPSHOT

Stock code:	MKG AU
Price:	A\$0.092
Market cap:	A\$35.2m
Average daily turnover:	A\$0.08m
Shares outstanding:	382.2m
Free float:	N/A

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Analyst(s) own shares in the following stock(s) mentioned in this report:

– Mako Gold

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Mako Gold

Delivering a gold resource

- Mako Gold has a 90% interest in the Napié project, Côte d'Ivoire. The current focus on Napié is on the Tchaga and Gogbala prospects, with an initial resource to JORC Code (2012) standards anticipated in the current June 2022 half year. Ongoing drilling is expected to deliver a resource update in late 2022.
- Mako Gold has other prospects on Napié, but is concentrating reverse circulation and diamond drilling on Tchaga/Gogbala to define the initial resource, with the objective of subsequently increasing this. Mako's two wholly-owned tenements comprising the Korhogo Project are on major structures, 15-30km east and southeast from Barrick's 4.9Moz Tongon mine.
- Mako Gold is a junior gold exploration company. Enterprise value will be determined by the market in response to exploration success and sentiment to the gold price and gold explorers in West Africa.

Napié - interim resource this half year

- Mako Gold has a 90% interest in the Napié tenement, with the balance of 10% of Napié held by African American Investment Fund SA (AAIF). Mako Gold will pay A\$2.4M in either cash or Mako Gold shares to Perseus Mining (ASX:PRU), which will have a 3.6% interest in Mako Gold, on reporting a resource to JORC Code (2012) standards of 1 million ounces on Napié, with a similar payment due on the first sale of gold from the project. These payments complete Mako Gold's obligations to Perseus to move to 90%.

Tchaga and Gogbala combined

- While Tchaga is the most advanced prospect, with reverse circulation and diamond drilling extending over 2km along strike, reverse circulation and diamond drilling at Gogbala, located 6km south on the same N-S structure, is also evaluating 2km of strike, with good gold grade and width intersections reported at both. A 15,000m drill program is in progress at both prospects.

A resource >1Moz triggers a A\$2.4M payment

- An initial (and likely interim) resource for both prospects is scheduled for release this current June 2022 half year. Metallurgical test work has commenced at Tchaga. With reverse circulation and diamond drilling continuing, and metallurgical test work to continue at Tchaga and commence at Gogbala, we'd expect an increased resource estimate to be delivered by end Calendar 2022. A resource above 1Moz would likely be commercial.

Exploration on the Kohorgo project

- Mako Gold completed the initial reconnaissance work on the two tenements which form the Kohorgo Project, in northern Côte d'Ivoire with a geochemical soil sampling survey and an airborne geophysical survey acquiring magnetic and radiometric data. The surveys identified highly prospective structural targets, over which Mako is completing a 7,000m auger drill program to define drill targets. A 10,000m air core program is scheduled for April.

Risks

- Mako Gold is a junior gold exploration company operating in Côte d'Ivoire, West Africa. It is well funded for its current exploration program, reporting cash of A\$9.6M at 31 December 2021 and a burn rate of A\$2.0M per quarter. We would expect the delivery of a maiden resource to prove a positive for market sentiment to Enterprise Value, although a >1Moz resource supporting a robust development would likely be a significant share price catalyst. Market interest in Mako is expected to reflect the outlook for gold, and for stability in the Côte d'Ivoire jurisdiction which ranks with Vietnam and Thailand on the Transparency International Index. The key risk to the share price relates to the size of the maiden resource, and the timing and scale of resource updates, if any.

Company background

Mako Gold Limited (ASX: MKG) is an Australian based exploration company. It 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) on the Napié Permit, in Côte d'Ivoire. Mako currently holds a 90% interest in Napié, located in the West African Birimian greenstone belts, which host over 70 deposits with greater than 1 million ounces of gold, and is the focus of Mako's work.

In addition, Mako Gold has 100% ownership of the Korhogo Nord permit and the Ouangolodougou permit, both now granted, and forming Mako's Korhogo project. Together they cover 17km of faulted greenstone/ granite contact (high-grade gold targets) located within 30km of Barrick Gold's operating Tongon Gold Mine (4.9Moz Au).

Côte d'Ivoire

The Republic of Côte d'Ivoire is generally regarded as one of the more successful and stable countries in West Africa. It gained independence from France in 1960. While there were periods of civil war and unrest up until 2011, President Alassane Ouattara won a second term of government in 2015, and the UN peacekeeping mission left in 2017. There was some civil unrest with President Ouattara's decision to stand for a controversial third term in November 2020, at which he was re-elected with 94.3% of the vote. International observers reported that "a significant proportion of the population did not vote", compared to previous elections.

The fiscal regime includes a 25% corporate tax rate, and an 18% value added tax (VAT) which is recoverable in some circumstances. The country has a modern and transparent mining code, and has been successful in attracting the development of modern gold mines. It hosts approximately 35% of West Africa's greenstone belts, with a dozen +1 million ounce gold deposits.

Barrick Gold (TSX:ABX) operates the 4.9Moz Tongon mine, Endeavour Mining Corp (TSX:EDV) its 5.4Moz Ity mine and the 2.5Moz Fetekro project, and Perseus (ASX:PRU) the 1.4Moz Sissingué mine and the 3.8Moz Yaoure project, currently initiating production, amongst others.

Napié Project - drilling for a Resource

The Napié project is sited on the Daloa greenstone belt, a West African Birimian greenstone belt. Gold exploration and evaluation on Napié is the focus of Mako's work. Mako Gold has a 90% interest in Napié, the balance of 10% held by African American Investment Fund SA (AAIF). Mako Gold will also pay A\$2.4M in either cash or Mako Gold shares to Perseus Mining (ASX:PRU) on reporting a Measured and Indicated resource to JORC Code (2012) standards of 1 million ounces on Napié, with a similar payment due on the first sale of gold from the project. PRU has a 3.6% interest in Mako Gold.

Gold anomalism and artisanal workings were identified along a 30km structure associated with a regional fault on the Napié tenement. Geological, geochemical and geophysical surveys followed by shallow drilling confirmed the presence of a number of coherent gold anomalies. Geophysical modelling was also undertaken to better understand the distribution of mineralisation.

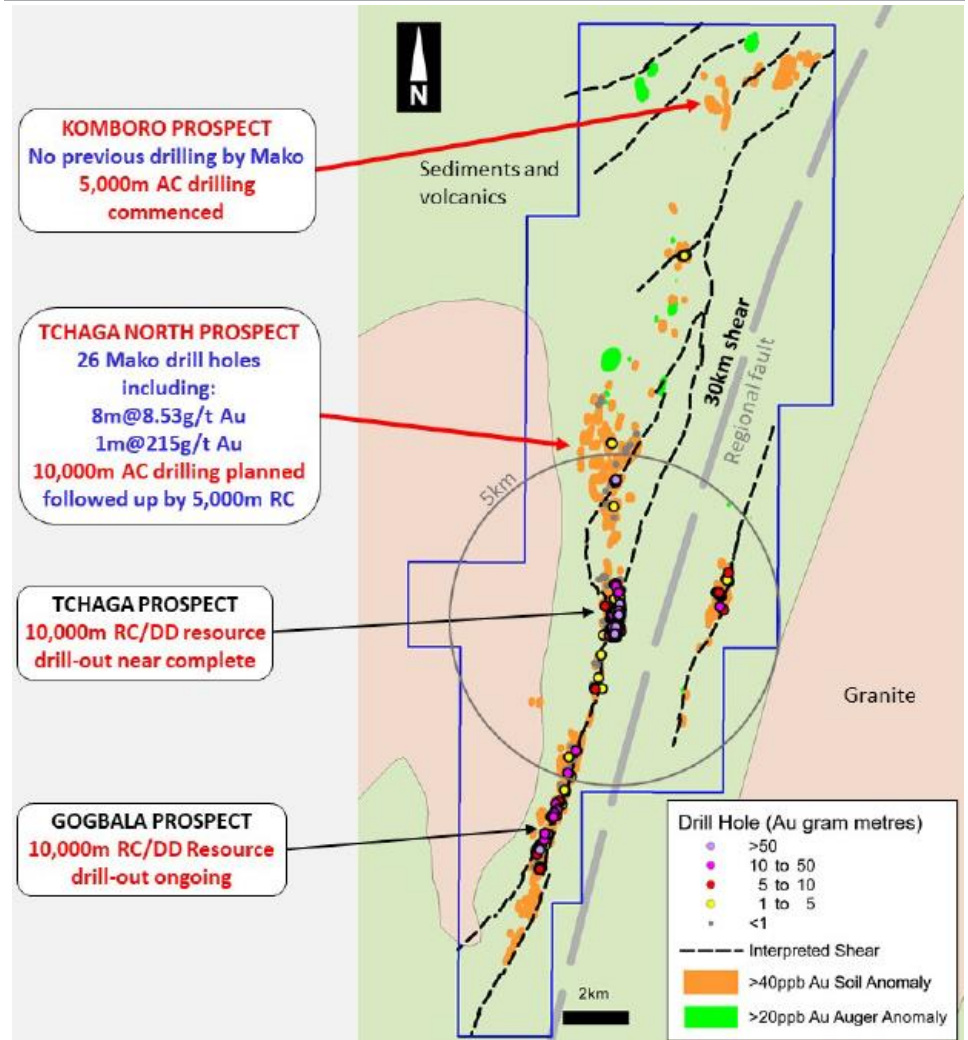
Mako has completed extensive Reverse Circulation drilling and diamond drilling on Napié, with the 47,000m at Tchaga and 17,000m at Gogbala, with some minor drilling at Tchaga North, Tchaga East, and on exploration.

An initial resource to JORC Code (2012) standards is expected to be released for the two most advanced prospects, Tchaga and Gogbala, in the current June 2022 half year. Given the size, structure and distribution of the interpreted higher-grade, SW plunging shoots, an attractive shallow resource grade is anticipated.

Although gold is associated with pyrite in fresh rock, preliminary metallurgical test work reports recoveries of 94%, and at this stage, at least for Tchaga, and refractory issues are not anticipated, with visible gold evident in drill core from the higher-grade shoots.

Figure 1: Napié Project - drilling on 5 prospects

A gold-anomalous regional structure extending over 30km, with Mako Gold evaluating 5 prospects, and with Resources to JORC Code (2012) standards to be delivered this year.



Source: Mako Gold – ASX Announcement February 2022

Tchaga - more advanced

The Tchaga prospect was initially interpreted as a north-south trending mineralised structure, extending over 1km in strike. Mako acquired and interpreted aeromagnetic survey data and associated radiometric data, and acquired and interpreted Induced Polarisation (IP) survey data over the Tchaga prospect.

Drilling in late 2020 identified high-grade shoots aligned with NE-SW trending structures, intersecting the N-S regional structure, with these higher-grade shoots dipping NW. The drill hole orientation was adjusted with the holes drilled from NW to SE, better to test the mineralisation. Initial and subsequent results confirmed the interpretation of the structural orientation, with hole NARC182 reporting 15m @ 3.59g/t Au from 26m down hole, NARC184 32m @ 7.1g/t Au from 13m down hole, and NARC185 4m @ 14.26g/t Au from 33m down hole. The stacked lenses remain largely open along strike and to depth, and drilling is continuing.

This drilling also extended the known mineralisation over the N-S strike further to the north, and close to 2km in extent. The drill program continues to confirm the orientation and plunge of the high-grade shoots. Preliminary metallurgical test work on the Tchaga mineralisation reported recoveries of 94% from oxide and

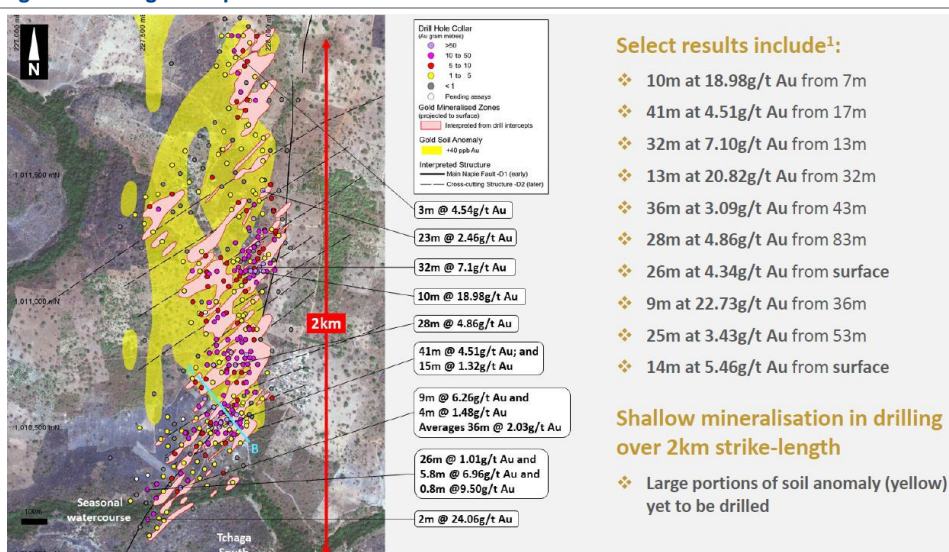
sulphide mineralisation. With visible gold noted, and preliminary metallurgical test work, the mineralisation is not considered likely to be refractory.

At this stage, the geometry of the mineralisation associated with main structure and of the high-grade shoots is interpreted to suggest that an effective open pit could be developed at Tchaga. An initial resource, to JORC Code (2012) standards is being compiled, and will be released with the Gogbala resource statement.

Work at Tchaga (and at Gogbala) and an updated – and increased? – resource is anticipated late in 2022. Given the size, structure and distribution of the interpreted higher-grade, NW dipping shoots, an attractive open-pittable resource grade is anticipated.

Recognition of the NE-SW structurally controlled shoots has resulted in better-directed drilling, and the intersection of good grade/width.

Figure 2: Tchaga Prospect - Resource estimate imminent



Source: Mako gold – Corporate Presentation, February 2022

Gogbala - moving to resource statement

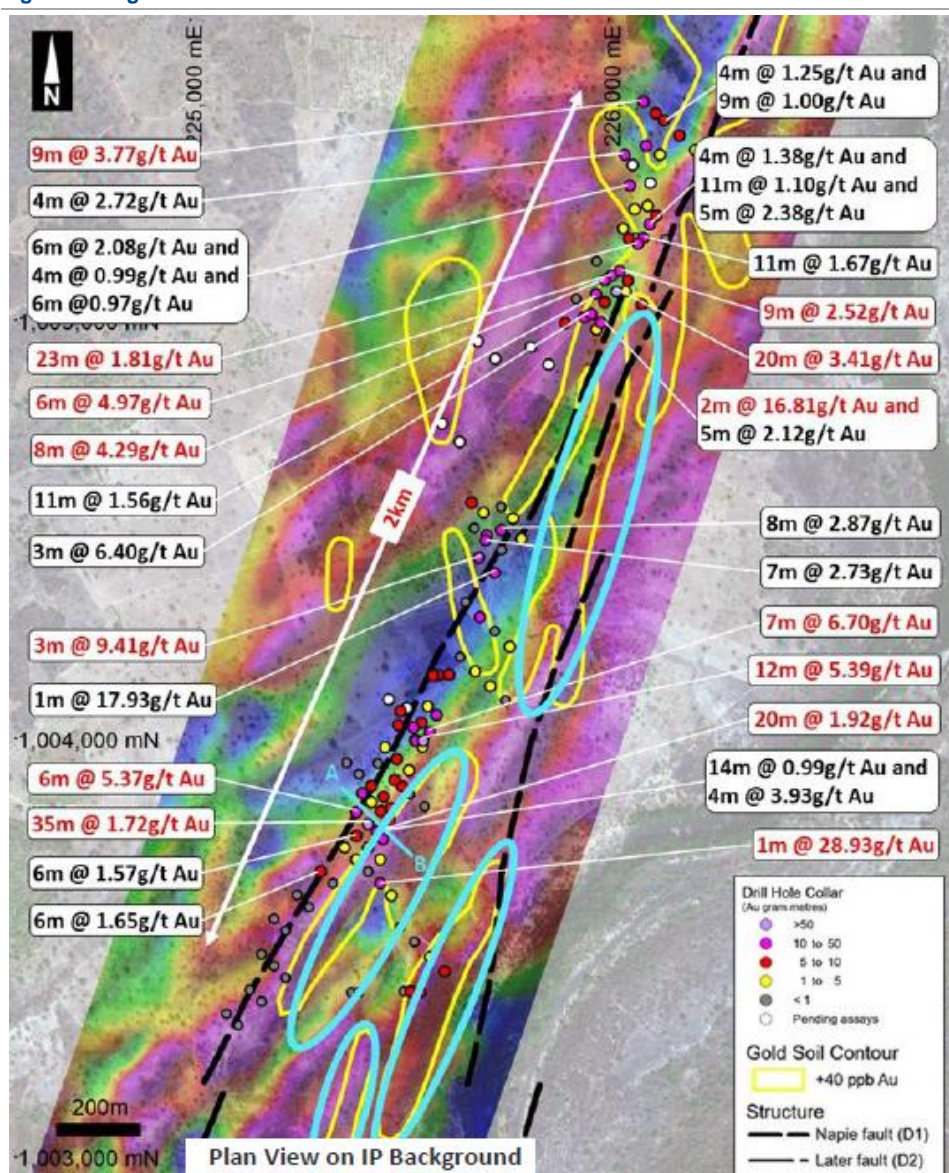
The Gogbala prospect is located 6km south of Tchaga, along the 30km regional structure. Soil sampling defined a 5km long anomaly coincident with predominantly north-south structures interpreted from aeromagnetic surveys. A reconnaissance program of 24 widely-spaced reverse circulation holes generated some strong results. Follow-up reverse circulation and diamond drilling indicated that the gold anomalism extended over 2km, comparable with Tchaga.

Mako re-interpreted the aeromagnetic survey data and associated radiometric data, and acquired and interpreted Induced Polarisation (IP) survey data over the Gogbala geochemical anomaly. Mako believes that Gogbala has the potential to host similar stacked gold lodes as those identified at Tchaga Prospect and that the potential of repeated lodes could apply along the entire 30km north-south shear on the Napié permit.

Reverse circulation and diamond drilling will continue at Gogbala with 10,000m to be acquired as part of the current resource drill-out. A preliminary resource estimate is scheduled for delivery in the current June 2022 half year. As we have previously noted, drilling will continue at Tchaga and at Gogbala. Our expectation is for a revised – and increased – Napié project resource to be released prior to end Calendar 2022.

Gogbala has the potential to be the size of Tchaga, but evaluation is behind that at Tchaga.

Figure 3: Gogbala - Resource estimate June Q 2022



Source: Mako Gold – Corporate Presentation February 2022

Drilling at Tchaga East has reported gold in 12 of 16 holes drilled on 3 fences over 800m along strike.

The Korhogo project

The Korhogo project incorporates two tenements, Ouangolodougou with 10km of greenstone and granite contact, and Korhogo Nord, with 7km of contact. This contact is considered highly prospective for high-grade gold targets. These are located within 15km of Barrick's operating Tongon Gold Mine (4.9Moz Au) in the case of Ouangolodougou, and 30km for Korhogo Nord.

A helicopter-borne magnetics/radiometrics survey was flown over both permits, and a soil geochemical sampling program was completed. An auger drilling program budgeted for 7,000m to provide bedrock samples and rank exploration targets is in progress.

An initial air core (AC) drill program of 10,000m is currently in progress.

Key risks - and valuation?

Mako Gold is a junior gold exploration company operating in Côte d'Ivoire, West Africa. It has no operating income, and while it is well funded for its current exploration program, reporting cash of A\$9.6M at 31 December 2021, we would expect the delivery of a significant maiden resource for Tchaga and Gogbala, and exploration drill results at other prospects to lift the share price and Enterprise Value, prior to any future funding requirement. Mako Gold reported exploration expenditure of A\$2M in the December 2021 quarter. Market interest will reflect these results, the outlook for gold, and for stability in the country, Côte d'Ivoire, which ranks with Vietnam and Thailand on the Transparency International Index.

For an investor, the question is “*What’s it worth?*” The VALMIN Code (2015 Edition) allows for 2 approaches to valuing Exploration Projects (page 29).

One of these is *Cost-based* - how much the company has spent on the project. This is a flawed method for investors. Historic expenditure may not have added value, and will overstate the project value. Alternatively, it may have enhanced the project, added value and understate the value. Mako Gold reports exploration and evaluation expenditure of A\$13.8M in its 2021 Annual Report across its Côte d'Ivoire tenements. We assess that this exploration has added significant value for Napié, and early exploration on Korhogo justifies further work. Given the burn rate, we estimate that Mako Gold will have spent A\$20M (US\$15M) by the end of this half year. On the basis that successful exploration programs commonly identify Inferred Resources at a cost of US\$20/oz, an initial resource of 600,000-700,000 ounces could be anticipated.

The other method is *Market-based* - the asset being valued is compared with the transaction value of similar assets under similar time and circumstance on an open market. We note that an initial resource on Tchaga and Gogbala is due in the current half year, and Mako Gold reports that, with drilling continuing at both, it expects to revise the resource estimate in late Calendar 2022. Our assessment is that a resource on the combined Tchaga and Gogbala above 1 million ounces (should it be reported) would, on the basis of current information, likely prove worth development. We further note that a payment of A\$2.4m is due to Perseus on reporting Measured and Indicated resources above 1Moz, to JORC Code (2012) standards.

Given expenditure to date by Mako Gold, and typical discovery costs in West Africa, we'd anticipate an initial resource in the range of 500,000-700,000 ounces. With continued drilling, in the event that Mako Gold delivers a resource containing above 1Moz of gold, we'd assess the Market-based value at US\$60/oz, with the current AUD/USD exchange rate, and Mako Gold's 90% interest, doubling the current Mako Gold share price.

Mako Gold has commented that on Napié its aim is “to identify multi-million ounce mineral resource” (Corporate Presentation, February 2022, Slide 9).

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