



MAKO GOLD LIMITED

A.B.N. 84 606 241 829

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019



Drill crew on the Napié Project- November 2019

MAKO GOLD LIMITED

CORPORATE INFORMATION

DIRECTORS

Mark Elliott (Non-Executive Chairman)
Peter Ledwidge (Managing Director)
Michele Muscillo (Non-Executive Director)

COMPANY SECRETARY

Paul Marshall

AUSTRALIAN BUSINESS NUMBER

ABN 84 606 241 829

REGISTERED OFFICE

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Level 8, Waterfront Place
1 Eagle St
Brisbane Qld 4000
Telephone: +617 3024 0000

PRINCIPAL ADMINISTRATIVE OFFICE

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Email: admin@makogold.com.au
Web: www.makogold.com.au

AUDITOR

BDO Audit Pty Ltd
Level 10,
12 Creek St
Brisbane QLD 4000

SOLICITORS

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Waterfront Place
1 Eagle St
Brisbane Qld 4000

ASX SECURITIES

MKG – Fully paid ordinary shares
MKGO – Listed \$0.30 16/4/21 options

MAKO GOLD LIMITED DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Mako Gold Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2019 (H2-19).

Directors

The directors of the company in office during the half-year and until the date of this report are:

Mark Elliott (Non-Executive Chairman)
Peter Ledwidge (Managing Director)
Michele Muscillo (Non-Executive Director)

Review and Results of Operations and Significant Changes in the State of Affairs

Mako Gold is an exploration company focussed on the discovery of large high-grade gold deposits in highly prospective and under-explored terrains in Côte d'Ivoire and Burkina Faso in West Africa.

The Company was established in June 2015 and acquired its first project interests in July 2016. The Company completed an IPO raising \$6,000,000 and listed on the ASX on 16 April 2018.

Work in the period to 31 December 2019 was focussed on exploration work on the flagship Napié Project in Côte d'Ivoire. No work was done on the Niou Project in Burkina Faso during the reporting period.

Napié Project - Côte d'Ivoire

Mako Gold's flagship 224km² Napié Project is located in north-central Côte d'Ivoire within the Daloa greenstone belt (Figure 1). 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 project.

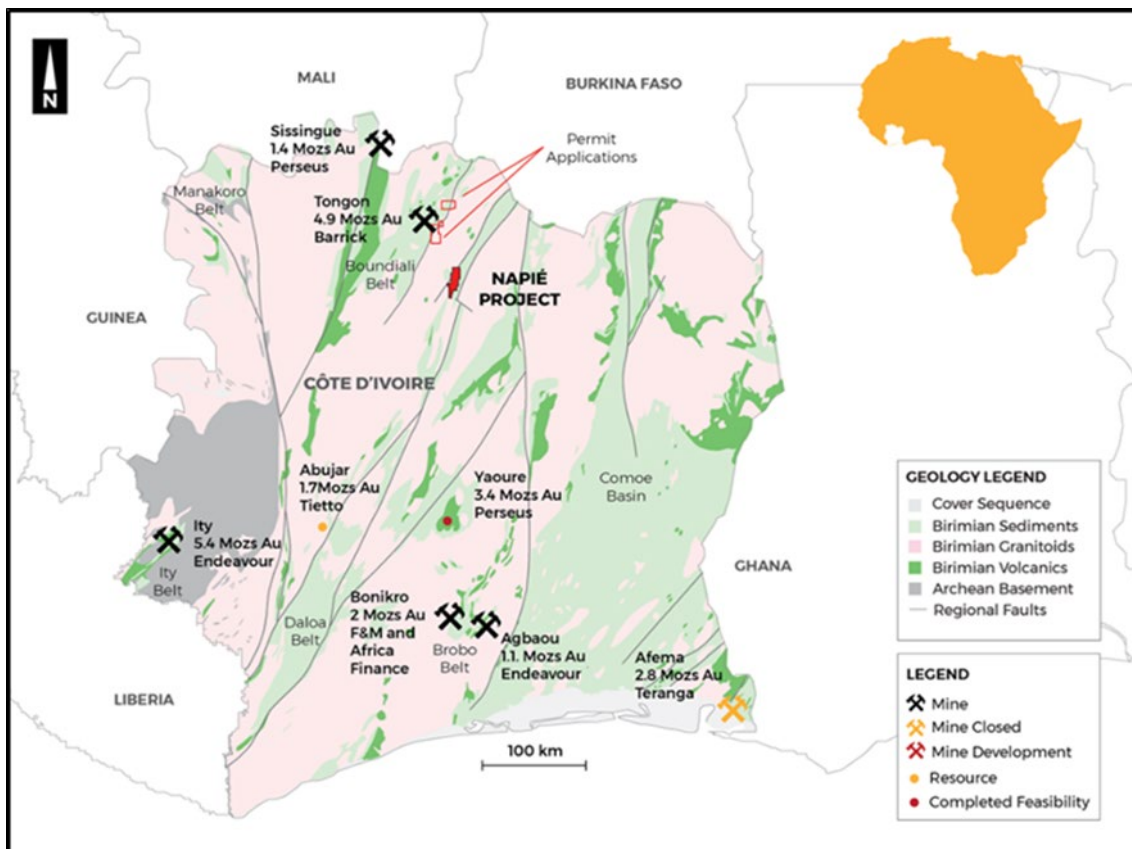


Figure 1: Napié Project location - Côte d'Ivoire

MAKO GOLD LIMITED DIRECTORS' REPORT

Multiple Drilling Programs Completed on Napié Project

The company completed two Reverse Circulation (RC) drilling programs during the reporting period followed by a diamond drilling (DD) program subsequent to the reporting period.

The first program was completed in July 2019 and consisted of twenty-seven RC holes totalling 4,141m. Twenty-four holes were completed on the Tchaga Prospect and three regional holes were drilled 2km south-west of Tchaga.

The second program was completed in November 2019 and consisted of 18 RC holes totalling 2,090m.

The DD program was completed in February 2020 and consisted of four DD holes totalling 412m.

All holes were drilled on the Tchaga Prospect, with the exception of three regional holes noted above. The Tchaga Prospect is associated with a +40ppb gold soil anomaly coincident with a +17km long shear zone, thought to be a major control for gold mineralisation as shown on Figure 2.

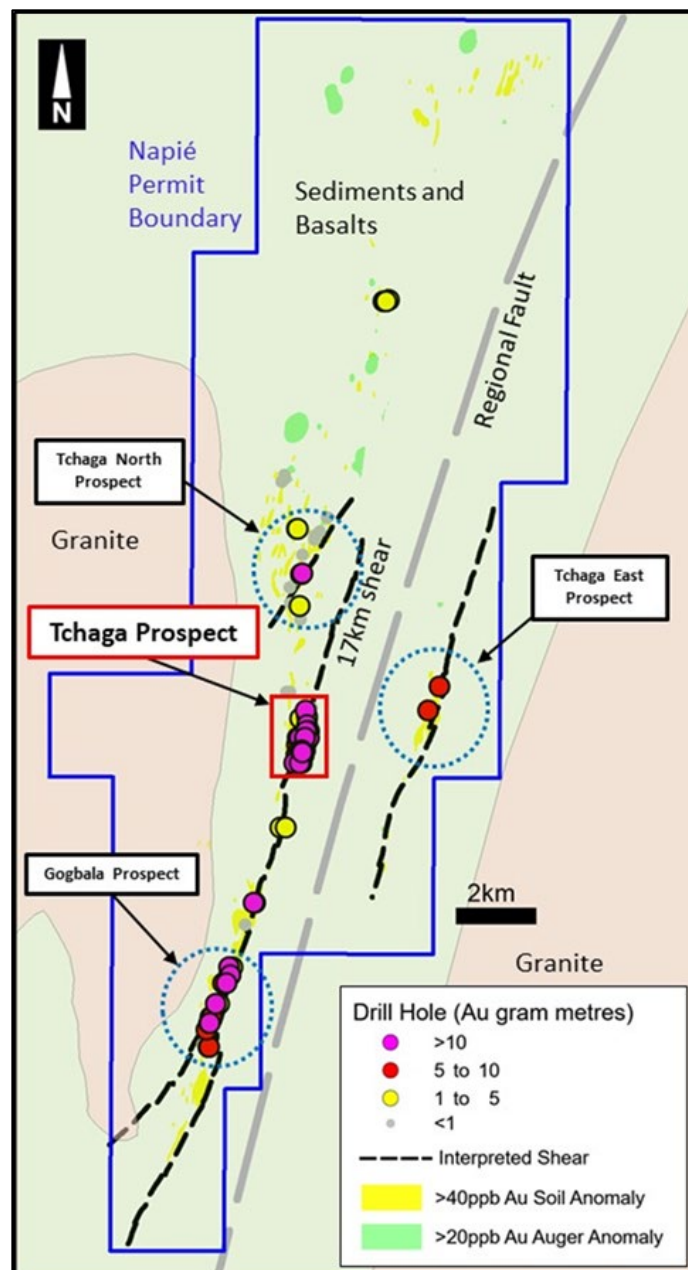


Figure 2: Tchaga Prospect – Napié Project

MAKO GOLD LIMITED DIRECTORS' REPORT

Significant drill intersections on the Tchaga Prospect from the three drill programs include:

- **36m at 3.09g/t Au** from 43m in hole NARC107
- **18m at 3.25g/t Au** from 39m in hole NARC080
- **23m at 2.46g/t Au** from 15m in hole NARC084
- **15m at 1.13g/t Au** from 104m in hole NARC082
- **27m at 1.29g/t Au** from 15m in hole NARC072
- **18m at 1.8g/t Au** from 126m in hole NARC103
- **30m at 1.16g/t Au** from 117m in hole NARC101
- **9m at 2.99g/t Au** from 16m in hole NARC102; and
 - **12m at 1.45g/t Au** from 34m
 - **19m at 1.13g/t Au** from 55m
- **7.7m at 11.65g/t Au** from 169m in hole NARC058DD

While Mako has received positive drill results to date elsewhere on the Napié Project, the Company is focussing on the more advanced Tchaga Prospect to move towards the delineation of a JORC compliant gold resource. Current (including February 2020 drilling) and previous drill results on Tchaga have confirmed the presence of multiple gold mineralised zones along a strike length of 1.4km (Figure 3).

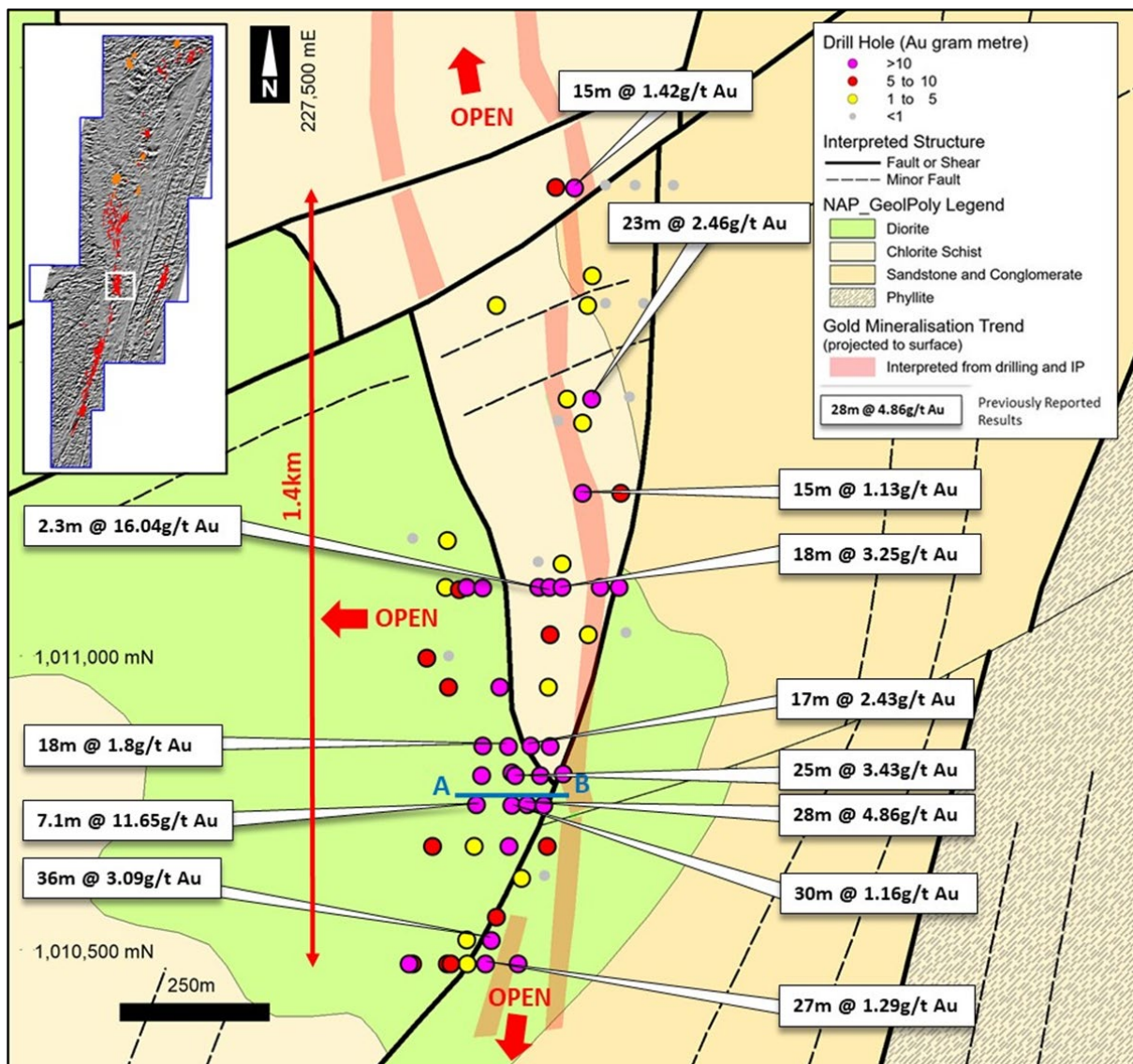


Figure 3: Tchaga Prospect - Select gold intercepts from drilling - Inset map – Napié permit showing Tchaga (white square) along soil (red) and auger (orange) anomaly on magnetics

MAKO GOLD LIMITED DIRECTORS' REPORT

The purpose of the H2-19 and February 2020 drill programs were to demonstrate continuity of gold mineralisation within the 1.4km target area, to increase our confidence in the modelling of the mineralised trend.

Drilling programs to date have confirmed gold mineralisation down to 185m, highlighted high-grade gold at depth, and demonstrated continuity of down-dip gold mineralisation. Continuity of mineralisation is shown laterally on plan view in Figure 3. The down-dip continuity of mineralisation is shown in the cross section (Figure 4). Gold mineralisation remains open at depth and along strike.

Mineralisation observed in drilling to date appears to have a strong structural control. The widest gold mineralised zones are dipping steeply to the northwest at approximately 80° and are spatially related to the +17km long shear zone.

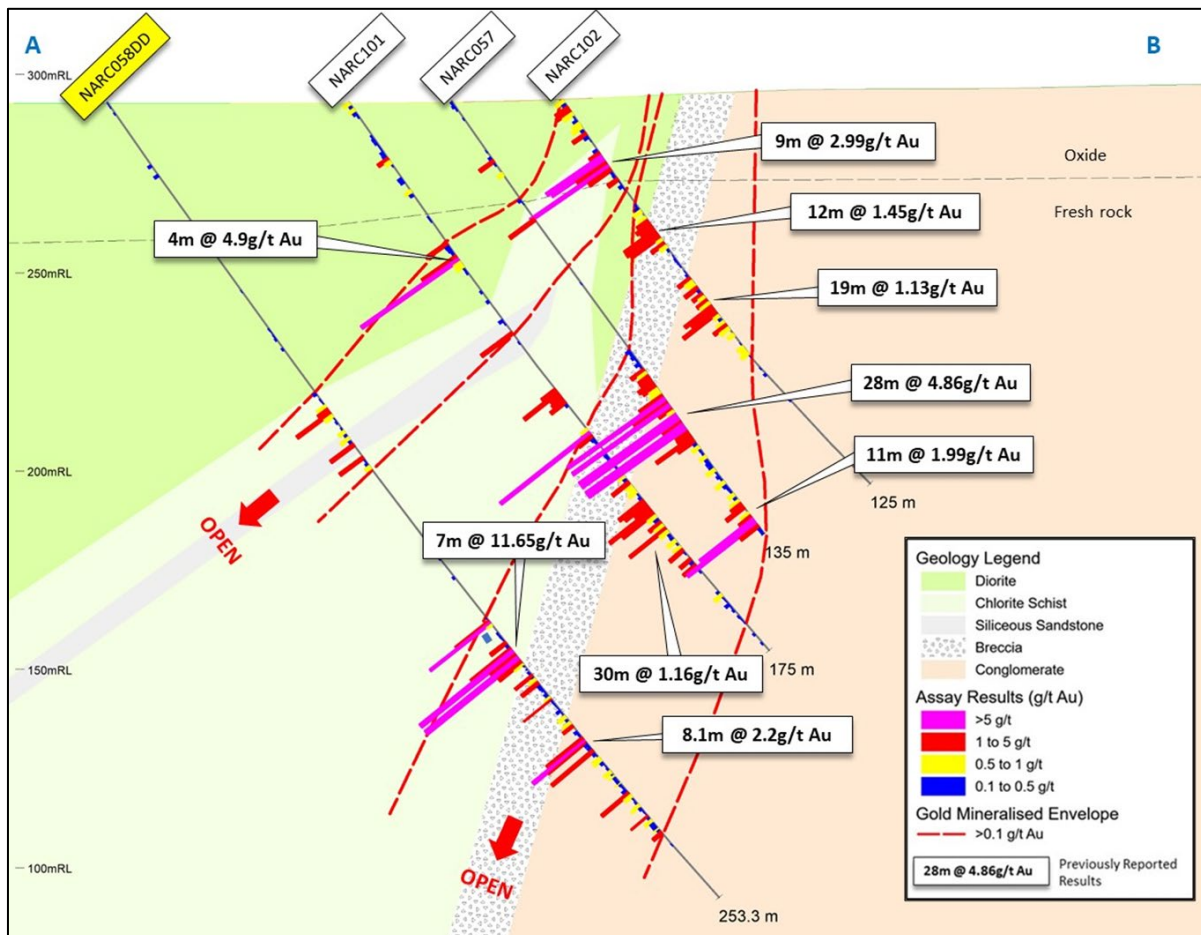


Figure 4: Cross-section C-D, looking north, showing vertical continuity of multiple wide zones of gold mineralisation to 185m vertical depth

Excellent preliminary metallurgical test work returned on Tchaga Prospect

During the reporting period the Company received very positive results from preliminary test work carried out on 17 samples of primary and oxide mineralisation from the Tchaga Prospect. The average gold recovery is over 94%.

Samples were submitted to Bureau Veritas Mineral Laboratories in Abidjan for 24-hour, 0.5kg direct cyanidation bottle rolls with residues analysed by 50g fire assay. Samples were selected from five RC holes across the prospect area and from a variety of lithologies in order to test a representative suite of gold mineralised intervals. **Gold recoveries averaged 94.7% for primary mineralisation and 94.3% for oxide mineralisation.** Results from the direct cyanidation bottle rolls are extremely encouraging

MAKO GOLD LIMITED DIRECTORS' REPORT

and indicate that both oxide and primary gold mineralisation at the Tchaga Prospect are amenable to conventional cyanide extraction methods. Results from preliminary test work are presented in Table 1.

Zone	Drill Hole	MET Sample ID	From (m)	To (m)	Host Lithology	Head Au (ppm)	Leach Residue Au (ppm)	Cyanide Recovery
Primary	NARC072	TCH_MetPr_001	38	39	Conglomerate	3.361	0.2	94.4%
Primary	NARC072	TCH_MetPr_002	39	40	Conglomerate	1.862	0.11	94.4%
Primary	NARC072	TCH_MetPr_003	41	42	Conglomerate	1.725	0.06	96.6%
Primary	NARC082	TCH_MetPr_004	108	109	Siltstone	1.817	0.03	98.4%
Primary	NARC082	TCH_MetPr_005	109	110	Siltstone	1.751	0.03	98.3%
Primary	NARC082	TCH_MetPr_006	110	111	Siltstone	2.758	0.04	98.6%
Primary	NARC088	TCH_MetPr_007	62	63	Breccia	3.622	0.26	93.3%
Primary	NARC088	TCH_MetPr_008	65	66	Breccia	1.296	0.13	90.9%
Primary	NARC088	TCH_MetPr_009	68	69	Breccia	2.646	0.33	88.9%
Primary	NARC080	TCH_MetPr_010	53	54	Sandstone	3.32	0.25	93.0%
Average recovery - primary								94.7%
Zone	Drill Hole	MET Sample ID	From (m)	To (m)	Host Lithology	Head Au (ppm)	Leach Residue Au (ppm)	Cyanide Recovery
Oxide	NARC072	TCH_MetOx_001	15	16	Conglomerate	2.303	0.13	94.7%
Oxide	NARC072	TCH_MetOx_002	17	18	Conglomerate	1.075	0.05	95.6%
Oxide	NARC072	TCH_MetOx_003	18	19	Conglomerate	1.877	0.05	97.4%
Oxide	NARC084	TCH_MetOx_004	30	31	Sandstone	1.124	0.14	88.9%
Oxide	NARC084	TCH_MetOx_005	31	32	Sandstone	2.23	0.18	92.5%
Oxide	NARC084	TCH_MetOx_006	34	35	Sandstone	2.883	0.11	96.3%
Oxide	NARC084	TCH_MetOx_007	36	37	Sandstone	3.025	0.17	94.7%
Average recovery - oxide								94.3%

Table 1: Preliminary bottle roll test work - 85% passing 75 microns

December 2019 Half-Yearly ASX Announcements

Further details including 2012 JORC reporting tables where applicable, which relate to results and announcements in this Half-Yearly Report, can be found in the following announcements lodged with the ASX:

- 05 March 2020 - High-Grade Results Extend Mineralisation at Depth at Tchaga
- 3 December 2019 - Exceptional Results Continue at Tchaga Napie Project
- 8 October 2019 - Drill-for-Equity MOU with Geodrill for up to US\$1M
- 25 September 2019 - Tchaga Prospect – Excellent Preliminary Metallurgical Results
- 9 August 2019 - Mako Receives Final Drill Results for Napie Project
- 25 July 2019 - Strike Length of Mineralisation at Napie Project Doubles
- 24 July 2019 - Mako on Path to Earn up to 75% of Napie Permit
- 13 March 2019 - Wide High-Grade Gold Results up to 28m@4.86g/t from Napie
- 22 June 2018 - Wide, High-Grade Rock Chip results on Niou Project

Competent Persons Statement

The information in this Annual Report that relates to Exploration Results and Mineral Resources is based on information compiled and/or reviewed by Mrs Ann Ledwidge B.Sc.(Hon.) Geol., MBA, who is a Member of The Australasian Institute of Mining and Metallurgy. 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 this information in the form and context in which it appears.

The company is not aware of any new information or data that materially affects the information included in this report.

MAKO GOLD LIMITED DIRECTORS' REPORT

Milestone 51% earn-in to Napié Permit achieved ahead of schedule

During the reporting period Mako reached its first milestone on its Farm-in Joint Venture Agreement with Occidental Gold SARL, a subsidiary of Perseus Mining Ltd (ASX:PRU) for the 224 km² Napié Permit, and earned-in 51% interest of the permit. Under the terms of the agreement Mako had up to three years to spend US\$1.5 million on exploration on the permit in order to earn-in 51% of the permit. Mako has fast-tracked exploration and reached that milestone in just over one year after listing on the ASX.

Corporate

The company raised a total of \$1,795k (before issue costs) from a placement of the shortfall from the May 2019 entitlement offer raising \$1,115k and \$680k being raised via a placement of shares in December 2019.

Drill-for equity agreement signed with Mako's drilling contractor, Geodrill

During the reporting period Mako 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.

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. 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 used the drill-for-equity facility to pay 50% of drill contractor costs in the Q4-2019 drill program by the issue of 1,289,490 shares and intends to use the facility again for the Q1-2020 DD/RC drill program.

Business Development

New permit applications lodged

During the reporting period, Mako lodged two applications for exploration permits with the Ministry of Mines in Côte d'Ivoire covering a total area of 296km² (Figure 5). The permit applications were strategically selected by Mako to cover significant greenstone-granite contact as these contacts present excellent targets for shear-hosted orogenic gold deposits. The northern permit application has a greenstone-granite contact of 9km, while the southern application has a greenstone-granite contact of 7km.

Both permits are located on a regional fault shown in black on the regional magnetic geophysical map (Figure 6). Regional faults provide the "plumbing" for gold bearing fluids. In shear-hosted high-grade gold deposits, gold is often remobilised from greenstones and over time, deposited in the granites which are brittle and have a good network of open fractures and faults. In addition, at the interface of the greenstones and granites, the geochemistry changes, which typically causes precipitation of gold within the granites.

The northern and southern permit applications are respectively located 15km and 30km from Barrick Gold's Tongon mine processing plant. Because of the above, the Company believes that the strategic location of the permit applications present excellent targets for high-grade orogenic shear-hosted gold deposits.

**MAKO GOLD LIMITED
DIRECTORS' REPORT**

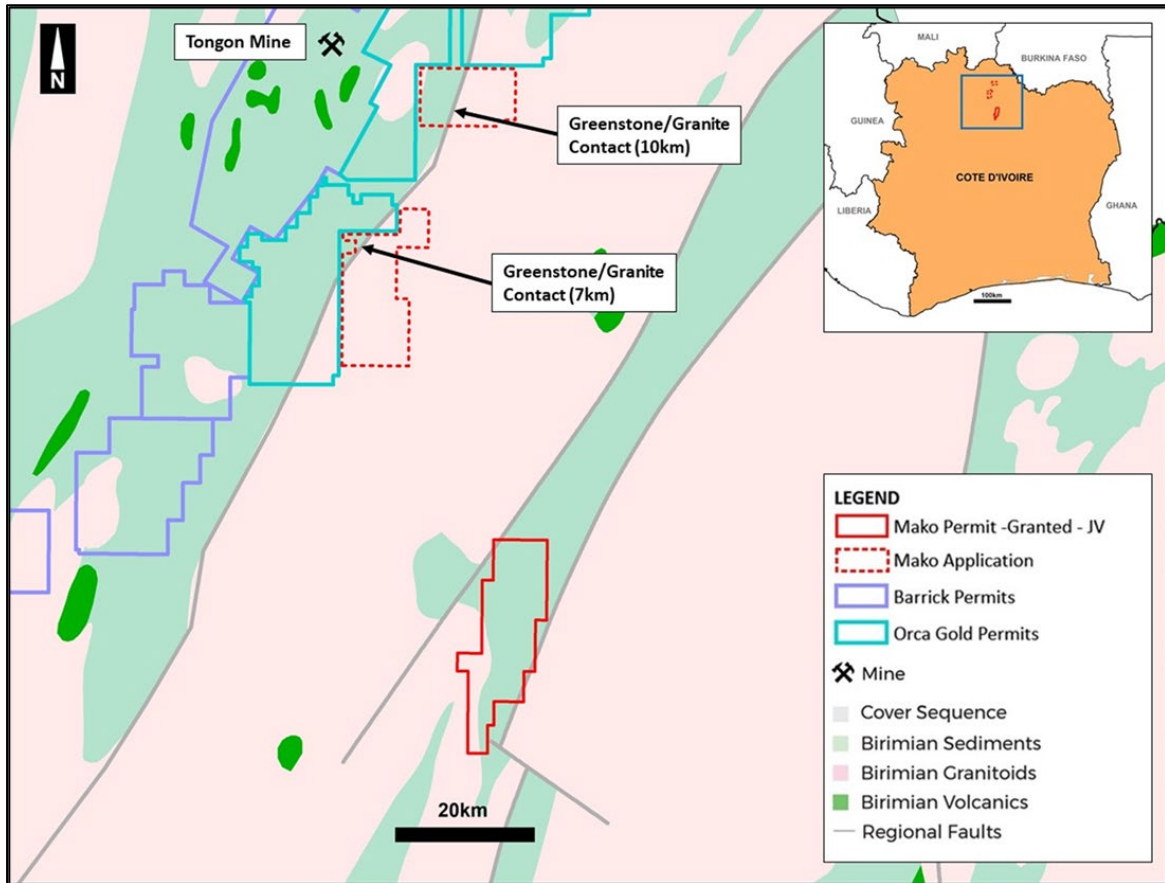


Figure 5: Mako Permit applications and granted Napié Permit

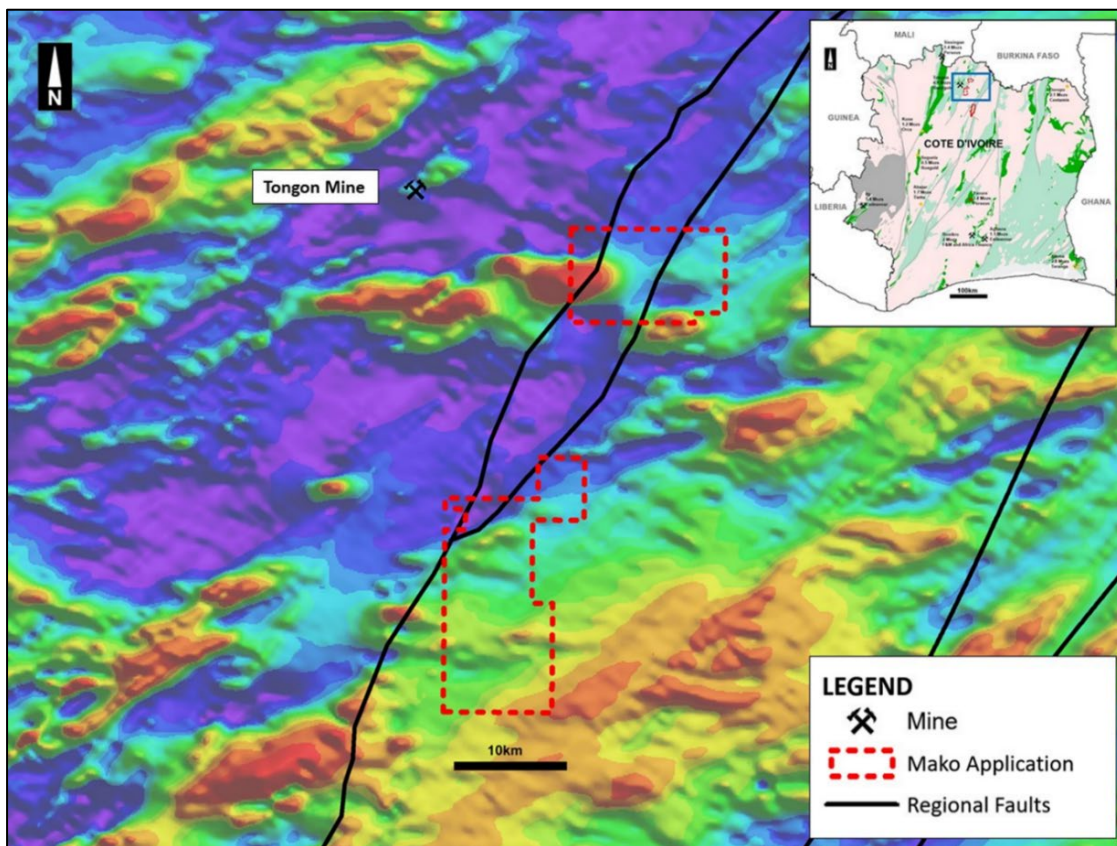


Figure 6: Regional magnetic geophysics (RTP) with Mako permit applications

**MAKO GOLD LIMITED
DIRECTORS' REPORT**

Auditor Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration is attached and forms part of the Directors' Report for the half-year ended 31 December 2019.

Signed in accordance with a resolution of the Directors.

A handwritten signature in dark ink, appearing to read 'M Elliott', is positioned above the printed name and title.

**Mark Elliott
Director**

Brisbane 12 March 2020

**MAKO GOLD LIMITED
AUDITOR'S INDEPENDENCE DECLARATION**



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Australia

DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF MAKO GOLD LIMITED

As lead auditor for the review of Mako Gold Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mako Gold Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over a light blue horizontal line.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 12 March 2020

MAKO GOLD LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	31 December 2019 \$	31 December 2018 \$
Interest income		2,017	7,252
Exploration write down		-	(554,260)
Depreciation		(29,594)	-
Interest		(2,384)	-
Employment costs		(117,000)	(117,000)
Other expenses		(180,015)	(149,199)
Loss before tax		(326,976)	(813,207)
Income tax expense		-	-
Loss for the period		(326,976)	(813,207)
<u>Other Comprehensive Income</u>			
Foreign currency translation differences on foreign operations		(136,216)	29,651
Other comprehensive income		(136,216)	29,651
Total comprehensive income for the half-year		(463,192)	(783,556)
Total comprehensive income for the half year is attributable to:			
Owners of Mako Gold Limited		(463,192)	(783,556)
Basic loss per share (cents per share)	4	(0.37)	(1.29)
Diluted loss per share (cents per share)	4	(0.37)	(1.29)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

MAKO GOLD LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	30 June 2019 \$
Current Assets			
Cash and cash equivalents		1,423,626	1,650,536
Short term investment		42,900	42,900
Trade and other receivables		30,265	13,536
Other current assets		44,683	42,797
Total Current Assets		<u>1,541,474</u>	<u>1,749,769</u>
Non-Current Assets			
Exploration and evaluation assets	6	5,959,743	4,861,733
Right of use assets		98,645	-
Total Non-Current Assets		<u>6,058,388</u>	<u>4,861,733</u>
Total Assets		<u>7,599,862</u>	<u>6,611,502</u>
Current Liabilities			
Trade and other payables	7	275,073	719,956
Provisions		77,071	81,138
Lease liabilities		57,843	-
Total Current Liabilities		<u>409,987</u>	<u>801,094</u>
Non-Current Liabilities			
Lease liabilities		45,844	-
Total Non-Current Liabilities		<u>45,844</u>	<u>-</u>
Total Liabilities		<u>455,831</u>	<u>801,094</u>
Net Assets		<u>7,144,031</u>	<u>5,810,408</u>
Equity			
Issued capital	2	9,409,696	7,615,756
Reserves		(48,067)	85,274
Accumulated losses		(2,217,598)	(1,890,622)
Total Equity		<u>7,144,031</u>	<u>5,810,408</u>

The Consolidated Balance Sheet should be read in conjunction with the accompanying notes

MAKO GOLD LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 \$	31 December 2018 \$
Cash Flows from Operating Activities			
Cash payments in the course of operations		(351,799)	(132,453)
Interest received		2,017	7,252
Net cash used in operating activities		<u>(349,782)</u>	<u>(125,201)</u>
Cash Flows from Investing Activities			
Deposits refunded		-	49,756
Payments for exploration & evaluation		(1,552,498)	(2,000,574)
Net cash used in investing activities		<u>(1,552,498)</u>	<u>(1,950,818)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		1,794,684	-
Payment of security issue costs		(119,040)	-
Net cash flows provided by financing activities		<u>1,675,644</u>	<u>-</u>
Net increase/(decrease) in cash held		(226,636)	(2,076,019)
FX Reserve		(274)	29,651
Cash at the beginning of the period		1,650,536	4,479,038
Cash at the end of the period		<u><u>1,423,626</u></u>	<u><u>2,432,670</u></u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

MAKO GOLD LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital \$	Foreign Currency Reserve \$	Share Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2018	6,556,961	1,868	94,823	(763,042)	5,890,610
Loss after income tax	-	-	-	(813,207)	(813,206)
Foreign currency translation differences of foreign operations	-	29,651	-	-	29,651
Total comprehensive income	-	29,651	-	(813,207)	(783,556)
Transactions with owners in their capacity with owners					
Share based payments	-	-	6,875	-	6,875
Total transactions with owners	-	-	6,875	-	6,875
Balance at 31 December 2018	6,556,961	31,519	101,698	(1,576,249)	5,113,929
Balance at 1 July 2019	7,615,756	(21,778)	107,052	(1,890,622)	5,810,408
Loss for the period	-	-	-	(326,976)	(326,976)
Foreign currency translation differences of foreign operations	-	(136,216)	-	-	(136,216)
Total comprehensive income	-	(136,216)	-	(326,976)	(463,192)
Transactions with owners in their capacity with owners					
Shares issued	1,904,248	-	-	-	1,904,248
Share issue costs	(110,308)	-	-	-	(110,308)
Share based payments	-	-	2,875	-	2,875
Total transactions with owners	1,793,940	-	2,875	-	1,796,815
Balance at 31 December 2019	9,409,696	(157,994)	109,927	(2,217,598)	7,144,031

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

MAKO GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2019 has been prepared in accordance with Australian Accounting Standard AASB134: Interim Financial Reporting and the Corporations Act 2001.

The interim report does not include all notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Mako Gold Limited during the interim reporting period.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. New and revised standards have been issued by the AASB during the half-year; being AASB 16 Leases and this has been adopted for the first time this period.

Fair Values

The fair values of cash and cash equivalents, trade and other receivables, security deposits, interest bearing loans and borrowings and trade and other payables approximate their carrying value due to their short term nature

Key judgements – exploration & evaluation assets

The consolidated entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

The Directors have assessed that for the exploration and evaluation assets recognised at 31 December 2019, the facts and circumstances do not suggest that the carrying amount of an asset may exceed its recoverable amount, or activities in the area have not reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. In considering this the Directors have had regard to the facts and circumstances that indicate a need for impairment as noted in Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources".

New accounting policies:

The following standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standards:

- AASB 16 *Leases*

The impact of the adoption of this standard and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

The following shows any new accounting policies which have been applied from 1 July 2019.

AASB 16 Leases

The company has adopted AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Accordingly, the information presented for 2019 has not been restated and is presented, as previously reported, under AASB 117 Leases.

Impact of Adoption

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.91%.

MAKO GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (cont'd)

	Consolidated Entity 2019 \$
Operating lease commitments disclosed as at 30 June 2019	135,233
Discounted using the lessee's incremental borrowing rate at 1 July 2019	(6,994)
Lease liability recognised as at 1 July 2019	128,239
Of which are:	
Current lease liabilities	55,392
Non-current lease liabilities	72,847

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets – increase by \$128,239.
- lease liabilities – increase by \$128,239.

There was no impact on accumulated losses on 1 July 2019.

In applying AASB 16 for the first time, the company used the following practical expedients permitted by the standard: the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases, the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

AASB 16 Leases - Accounting policies applied from 1 July 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, which includes: fixed payments (including in substance fixed payments), less any incentives receivable; variable lease payments that depend on index or a rate, residual value guarantees, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case The Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of The Group if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

MAKO GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (cont'd)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Company achieved a net loss of \$326,976 (and net operating and investing cash outflows of \$1,766,338 for the half-year ended 31 December 2019. As at 31 December 2019 the Company had a total cash balance of \$1,423,646.

The ability of the Company to continue as a going concern is principally dependent upon the following conditions:

- the ability of the Group to successfully raise capital, as and when necessary; and
- the ability to complete successful development and commercialisation of its projects in West Africa.

These conditions give rise to a material uncertainty which may cast significant doubt over the ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the Company's proven history of successfully raising funds including its initial public offering completed in April 2018 and subsequent successful capital raisings.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

2. ISSUED CAPITAL

Ordinary Shares	Half-year Ended Dec 2019		Year Ended June 2019	
	Nos of shares	\$	Nos of shares	\$
Ordinary shares fully paid				
Beginning of the financial period	76,558,150	7,615,756	63,250,100	6,556,961
Increases				
- Placement of shares to subscribers (1)	-	-	8,487,515	721,439
- Entitlement issue to shareholders (2)	-	-	4,820,535	409,745
- Placement of shares to subscribers (3)	13,113,934	1,114,684	-	-
- Placement of shares to subscribers (4)	9,714,286	680,000	-	-
- Issue of shares to pay for drilling (5)	1,289,490	109,563	-	-
- Costs of share issues (6)	-	(110,308)	-	(72,389)
End of financial period	100,675,860	9,409,696	76,558,150	7,615,756

(1) Placement of shares at \$0.085 per share

(2) Entitlement offer at \$0.085 per share

(3) Entitlement offer shortfall placement at \$0.085 per share

(4) Placement of shares at \$0.07 per share

(5) Issue of shares to Geodrill re Napie Drilling 1,289,490 shares - 333,261 at \$0.082 and 956,229 at \$0.086. Under an agreement entered into in October 2019 and approved at the 2019 AGM the Company is authorised (up to 14 November 2020) to issue up to 5,000,000 Shares to GeoDrill Ltd as payment for drilling services supplied. Mako has the option to pay invoices 50% in cash and 50% via the issue of shares, at an issue price equal to the 15-day VWAP immediately prior to the date of the invoice. As at balance date the Company is able to issue up to a further 3,710,510 shares under this facility.

(6) Costs in relation to securities issues.

MAKO GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

2. ISSUED CAPITAL (cont'd)

Share Options

Details of options issued, exercised and expired during the financial period are set out below:

Each option is convertible into one fully paid ordinary share on or before the expiry date

Expiry Date	Exercise Price	Movements				31-Dec-19
		1-Jul-19	Issued	Exercised	Expired	
Listed 16/04/2021	\$0.30	14,999,983	-	-	-	14,999,983
Unlisted 26/04/2021	\$0.30	2,500,000	-	-	-	2,500,000
Unlisted 30/04/2021	\$0.30	1,000,000	-	-	-	1,000,000
Unlisted 30/11/2020	\$0.10	-	1,942,856	-	-	1,942,856
		17,999,983	1,942,856	-	-	20,442,839

3. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent assets or liabilities.

4. LOSS PER SHARE

	Consolidated Entity	
	31 December 2019	31 December 2018
	\$	\$
Loss per share		
Basic and diluted loss per share (cents per share)	(0.37)	(1.29)
The following reflects the income and share data used in the calculations of basic and diluted loss per share:		
Loss for the period used in calculating basic and diluted loss per share	(326,976)	(813,207)
Weighted average no. of ordinary shares on issue	87,384,855	63,250,100

5. SEGMENT INFORMATION

Reportable Segments

During the financial year the company had exploration activities in West Africa (Burkina Faso and Cote D'Ivoire) while its head office was located in Australia.

The principal geographical areas of operation of the Consolidated Entity are as follows:

- Australia
- West Africa (Burkina Faso and Cote D'Ivoire)

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance. The group only has 1 reportable segment.

MAKO GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

6. EXPLORATION AND EVALUATION ASSETS

	Consolidated Entity	
	Half-year Ended 31 December 2019	Year Ended 30 June 2019
	\$	\$
Exploration costs carried forward in respect of areas of interest		
- Exploration phase	5,959,743	4,861,733
Reconciliation		
Exploration expenditure capitalised		
- Opening balance	4,861,733	2,202,209
- Net Current period/year expenditure	1,098,010	3,213,784
- Written off during the period/year	-	(554,260)
Carried forward	5,959,743	4,861,733

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

7. TRADE AND OTHER PAYABLES

	Consolidated Entity	
	Half-year Ended 31 December 2019	Year Ended 30 June 2019
	\$	\$
Trade creditors	213,877	420,882
Other payables and accruals	61,196	299,074
	275,073	719,956

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows, includes short-term deposits and cash as follows:.

	Consolidated Entity	
	Half-year Ended 31 December 2019	Year Ended 30 June 2019
	\$	\$
Cash at bank and in hand	1,423,626	1,650,536

MAKO GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Directors' Declaration

In the Directors' opinion:

- (a) the attached financial statements and notes as set out on pages 12 to 20 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

On behalf of the directors



Mark Elliott
Director

Brisbane
12 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mako Gold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mako Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement balance sheet as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd



R M Swaby
Director

Brisbane, 12 March 2020