

**MAKO GOLD LIMITED**

**A.C.N. 606 241 829**

**ANNUAL REPORT 30 JUNE 2017**

**MAKO GOLD LIMITED  
ANNUAL REPORT 2017**

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**CORPORATE INFORMATION**

This annual report covers Mako Gold Limited (“Company” or “Mako”) as a consolidated entity comprising Mako Gold Limited and its subsidiaries (‘the Consolidated Entity’). A description of the operations and of the principal activities is included in the directors’ report and the review of operations. The directors’ report is not part of the financial report.

**DIRECTORS**

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

**SECRETARY**

Paul Marshall

**AUSTRALIAN BUSINESS NUMBER**

ABN 84 606 241 829

**REGISTERED OFFICE**

Level 8  
Waterfront Place  
1 Eagle St  
Brisbane Qld 4000  
Telephone: (07) 3108 3500  
Facsimile: (07) 3108 3501  
Email: [admin@makogold.com.au](mailto:admin@makogold.com.au)  
Web: [www.makogold.com.au](http://www.makogold.com.au)

**AUDITORS**

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

**SOLICITORS**

HopgoodGanim  
Level 8  
Waterfront Place  
1 Eagle St  
Brisbane Qld 4000

# MAKO GOLD LIMITED ANNUAL REPORT 2017

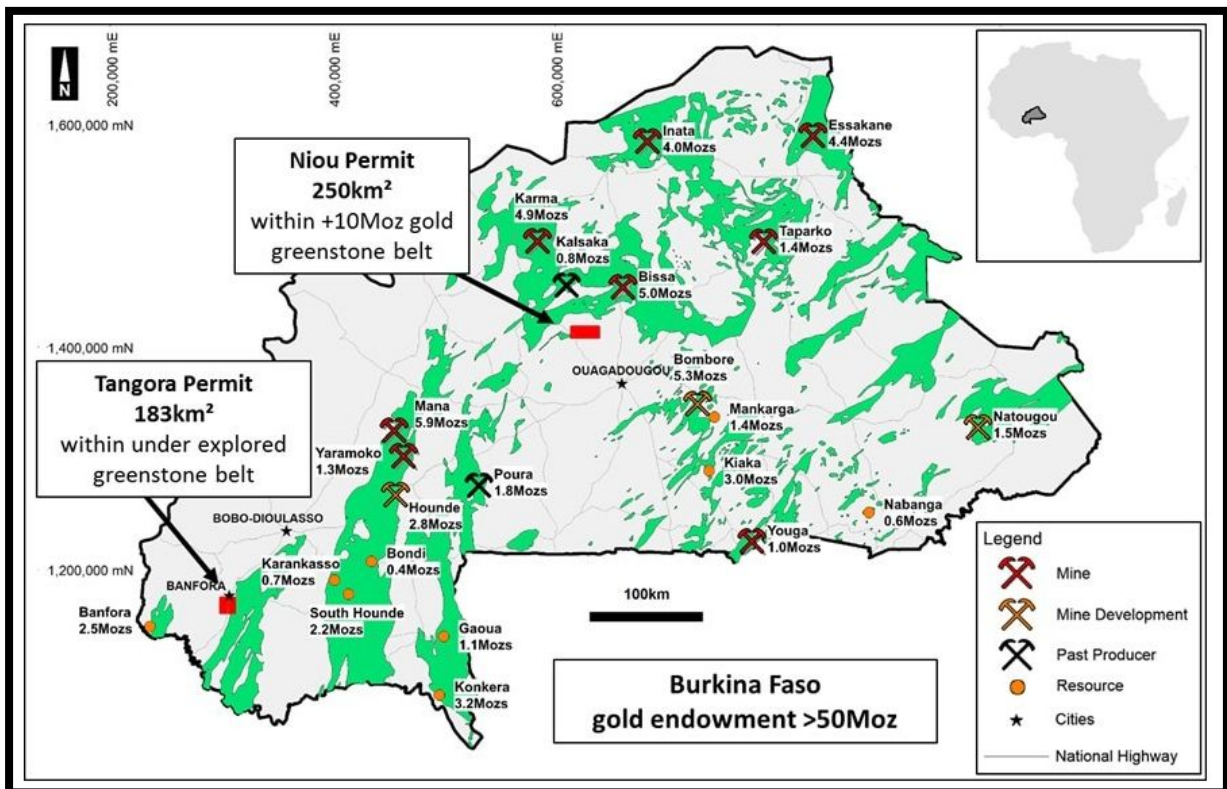
The directors present their review of operations for the year ended 30 June 2017.

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

The Company was established in June 2015 and acquired its first project interests in July 2016. It raised \$700,000 in seed capital from investors in April 2017. The conversion of Mako Gold to a public company was completed in June 2017 and Mako is seeking to list on the ASX in the near term.

Mako Gold's first two gold projects are in highly mineralised terrain in Burkina Faso that have no known drilling and which contain extensive artisanal workings indicating the presence of gold mineralisation.

The Niou Project is located in the central part of the Burkina Faso. It is only 50km north of Burkina Faso's capital Ouagadougou it is easily accessed by a good road system. The Tangora Project is located in the Banfora greenstone belt in the southwest of Burkina Faso.



## Burkina Faso Projects

Initial exploration work was undertaken on the Burkina Faso projects during May and June 2017 with the following highlights:

- An airborne helicopter survey was completed at the Niou Gold Project with the entire 250km<sup>2</sup> permit was flown for a total of 2750 line kilometres at a spacing of 100m and a survey height of 30m. Lines were flown north-south to intersect regional east-west structures and local NW-SE and NE-SW structures that appear to be associated with gold mineralisation.
- Geology crew finished a rock chip sampling and preliminary mapping of the extensive artisanal mining sites on the Niou Gold Project and on the Tangora Gold Project.
- Visible gold was observed in samples excavated from an artisanal mining shaft on Niou Project.
- An exploration office was established in Ouagadougou.

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The Company also entered into a Farm-in and Joint Venture Agreement (JV) on the Napié Permit in Côte d'Ivoire, West Africa on September 7, 2017 with Perseus Mining Limited's Côte d'Ivoire subsidiary, Occidental Gold SARL (OG).

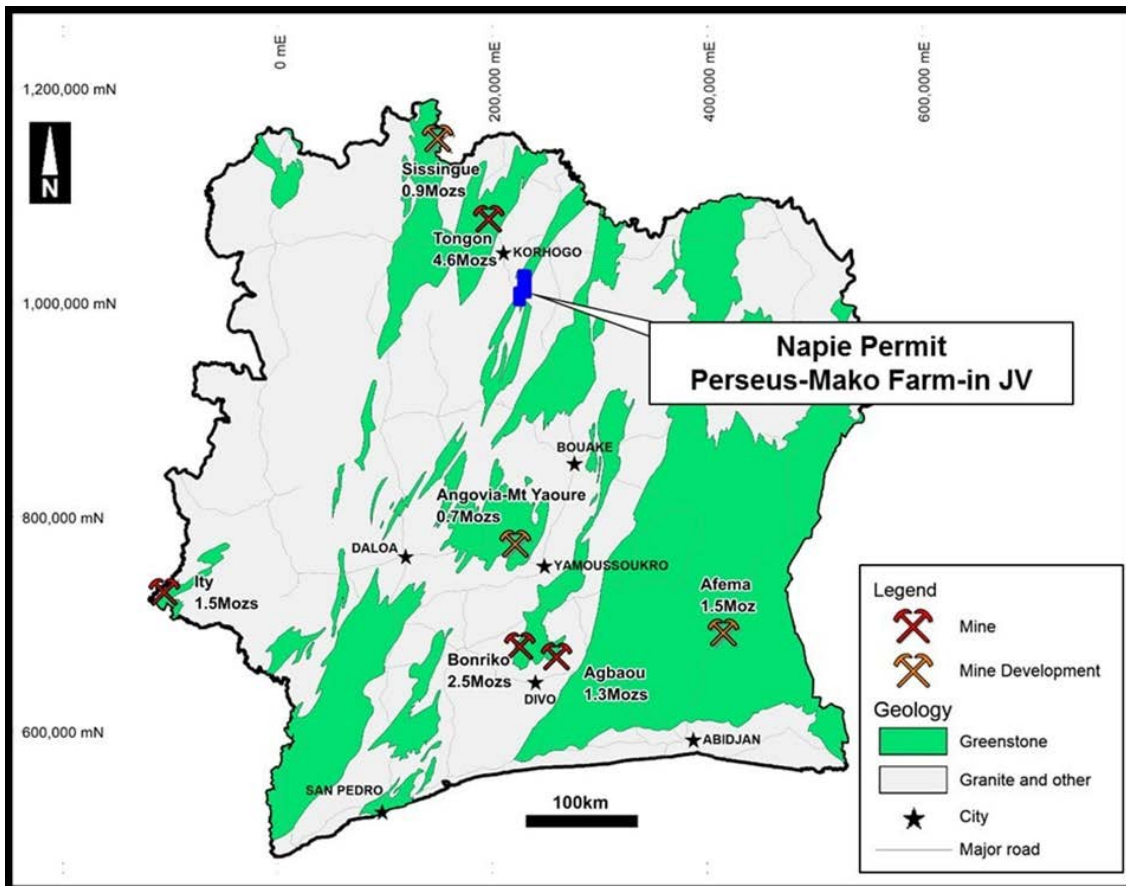
The agreement gives Mako the right to earn 51% by spending US\$1.5M within 3 years and 75% by sole funding to completion of a Feasibility Study.

If Mako chooses not to fund to feasibility after having earned its 51% interest, Mako's interest would drop to 39%. The agreement is subject to successful completion of legal and technical due diligence and successful IPO on the ASX.

OG's original joint venture partner in respect of the Napié Permit, African American Investment Fund SA (AAIF), retains a 10% free carry to feasibility and can elect to contribute post feasibility. OG can elect to contribute on a pro-rata basis once Mako has reached its 51% interest.

The project has strong and extensive historic gold-in-soil geochemical anomalies over four prospect areas with historic high-grade rock chip samples, up to 59.4g/t Au, along favourable geology and structure. Significant gold intercepts in historic RAB drilling along the anomalous gold trend include:

- 5m @ 3.66g/t – ended in mineralisation
- 4m @ 8.49g/t
- 9m @ 3.76g/t – ended in mineralisation
- 16m @ 2.08g/t
- 6m @ 3.12g/t – ended in mineralisation



**Napié Permit in Côte d'Ivoire**

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## Directors' Report

The directors present their report on Mako Gold Limited and its controlled entities (the "company", "consolidated entity", "Group" or "Mako") for the year ended 30 June 2017.

### Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

### ***Names, qualifications, experience and special responsibilities***

SM Elliott (Non-Executive Chairman) *Dip Appl Geology, PhD, FAICD, FAusIMM(CP Geol), FAIG, FSEG*

Appointed 14 March 2017

Mark Elliott, a founder of Mako Gold, is a Chartered Professional (CP) geologist with over 40 years' experience in economic geology, exploration, mining, project development and in corporate management roles as chairman and managing director for a number of ASX-listed resource companies.

Mark has extensive experience in managing companies and exploration/mining operations in a wide range of commodities including gold. His management experience includes founding IPOs from commencement of project acquisition, exploration to production, capital raising and negotiating joint ventures. Dr Elliott is a Non-Executive Director of environmental audit and hazardous materials analytical laboratory and geothermal developer company HRL Holdings Limited and a Non-Executive Director of Western Australian Archean gold explorer, Nexus Minerals Limited.

P Ledwidge (Managing Director) *BSc Geology, MAusIMM*

Appointed 4 June 2015

Peter Ledwidge, a founder of Mako Gold, is a qualified geologist with over 30 years' experience in the exploration and mining industry. His career has focussed primarily on gold exploration along with some base metals exploration. Peter has worked extensively in Canada, Africa and Australia, in a variety of roles in exploration, development and mining projects.

Most recently he spent six years working for ASX-listed Orbis Gold in progressive senior management roles whereby he secured all of Orbis' permits in Burkina Faso and Côte d'Ivoire. Peter played a critical role in the discovery of the Nabanga gold deposit in Burkina Faso and thereafter contributed geological ideas which helped achieve success for the company including the discovery of the Natougou gold deposit, currently being developed by TSX-listed Semafo.

Peter is fluently bilingual in French and has established and maintained good professional contacts in Burkina Faso and Cote d'Ivoire in government as well as the private sector.

M Muscillo (Non-Executive Director) *LLB*

Appointed 20 April 2017

Michele Muscillo is a Partner specialising in corporate law with HopgoodGanim Lawyers. He is an admitted Solicitor and has a practice focusing almost exclusively on mergers and acquisitions, and capital raising. He has a Bachelor of Laws from Queensland University of Technology and was a recipient of the QUT University Medal.

In his role with HopgoodGanim Lawyers, Mr Muscillo has acted on a variety of corporate transactions including initial public offerings, takeovers and other acquisitions. Michele's experience brings to the Board expertise on corporate regulation, governance and compliance matters.

Mr Muscillo was previously a director of ASX-Listed Orbis Gold Limited until its takeover by TSX-Listed Semafo, and is a non-executive director of ASX-Listed Aeris Resources Limited.

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## Company Secretary

P Marshall LLB, ACA  
Appointed 13 April 2017

Paul Marshall holds a Bachelor of Law degree and is a Chartered Accountant. He has more than thirty years experience including over twenty years spent in commercial roles as Company Secretary and CFO for a number of listed and unlisted companies mainly in the resources sector.

Ann Ledwidge BSc Geology (hon), MAusIMM  
Appointed 16 May 2016, resigned 13 April 2017

Ann Ledwidge, the Company's Exploration Manager, was the initial Company Secretary from the date of Mako's incorporation up to the appointment of Paul Marshall in April 2017.

## Interests in the shares and options of the Company

Interests of the directors in the shares and options of the Company as at the date of this report are:

	Ordinary Shares
Mark Elliott	8,666,667
Peter Ledwidge	18,333,433
Michele Muscillo	500,000

## Corporate Information

### Corporate Structure

Mako Gold Limited is a company limited by shares that is incorporated and domiciled in Australia. Mako Gold Limited has prepared a consolidated financial report encompassing the entities that it controlled or had significant influence over during the financial year: Mako Gold Limited had the following investments in controlled companies throughout the financial year:

- Mako Gold SARL (Incorporated in Burkina Faso - 100%)

### **Principal Activities**

The principal activities of the consolidated entity during the year were the acquisition of and exploration of gold tenements.

### **Operating Results**

During the year Mako acquired its first project interests in Burkina Faso.

### Revenue

As an early stage exploration company, Mako Gold Limited does not generate any income.

### Expenses

The Consolidated Entity's main sources of expenses are as follows:

	<b>2017</b>
	<b>\$</b>
Employment and consultancy expenses	17,333
Corporate & Administration expenses	46,235
Total expenses	53,568

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Comparison with Prior Year

For the year ended 30 June 2017, the loss for the Consolidated Entity after providing for income tax was \$62,879 (2016: loss of \$26,399):

	2017	2016
	\$	\$
Revenue and other income	690	-
Employment costs	(17,333)	-
Travel costs	-	(18,082)
Other expenses	(46,235)	(8,317)
Loss before income tax	(62,879)	(26,399)
This increase is attributable to:		\$
Increase in employee costs		17,333
Reduction in travel costs		(18,082)
Other net changes in sundry revenue, administrative and other costs		37,229
		36,480

**Review of Financial Condition**

Capital structure

In the 2017 financial year Mako issued the following new securities:

- April 2017 issue of founders shares - 29,000,000 at \$0.001 per share
- April 2017 issue of 1,000,000 shares to NED & Company Secretary at \$.01 per share
- May 2017 issue of 14,000,000 shares at \$0.05 to seed capital applicants

At 30 June 2017, the Company had 44,000,100 ordinary shares on issue.

Treasury policy

The Company does not have a formally established treasury function. The Board is responsible for managing the Company's currency risks and finance facilities.

Liquidity and funding

The Company has in the 2017 financial year raised initial seed capital of \$700,000 (before costs of issue) with the aim being that these funds will be sufficient to see the company through to an IPO and a listing on ASX.

**Dividends**

No dividend was paid during the year and none is recommended as at 30 June 2017.

**Significant Changes in the State of Affairs**

There were no significant changes in the State of Affairs of the Consolidated Entity during the year apart from those items covered in the review of operations above.

**Matters Subsequent to the End of the Financial Year**

The Company also entered into a Farm-in and Joint Venture Agreement (JV) on the Napié Permit in Côte d'Ivoire, West Africa on September 7, 2017 with Perseus Mining Limited's Côte d'Ivoire subsidiary, Occidental Gold SARL (OG).

The agreement gives Mako the right to earn 51% by spending US\$1.5M within 3 years and 75% by sole funding to completion of a Feasibility Study.



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If Mako chooses not to fund to feasibility after having earned its 51% interest, Mako's interest would drop to 39%. The agreement is subject to successful completion of legal and technical due diligence and successful IPO on the ASX.

OG's original joint venture partner in respect of the Napié Permit, African American Investment Fund SA (AAIF), retains a 10% free carry to feasibility and can elect to contribute post feasibility. OG can elect to contribute on a pro-rata basis once Mako has reached its 51% interest.

No other matter or circumstance has arisen since 30 June 2017, that has significantly affected, or, may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in financial years subsequent to 30 June 2017.

### Likely Developments and Expected Results of Operations

There are no developments of which the directors are aware which could be expected to affect the results of the Consolidated Entity's operations in subsequent financial years other than information which the directors believe comment on or disclosure of, would prejudice the interests of the Consolidated Entity.

### Share Options

At balance date and at the date of this report there are no options outstanding.

### Meetings of Directors

The following table sets out the number of director's meetings held during the year ended 30 June 2017 and the number of meetings attended by each director. There are no separate Board Committees.

Director	Directors' Meetings	
	A	B
M Elliott	3	3
P Ledwidge	3	3
M Muscillo	1	1

A = Number of meetings held during the time the Director held office during the year.

B = Number of meetings attended.

### Indemnification of Officers or Auditor

The Company has entered into Deeds of Indemnity with each of the Directors. The Company has not indemnified its auditor.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was not a party to any such proceedings during the year.

### Environmental Regulation and Performance

The Company held authorisations under various exploration licences. There have been no known breaches of the authorisation or licence conditions.

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The Auditor's Independence Declaration is attached and forms part of the Director's Report for the year ended 30 June 2017.

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

The Board of Directors has considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year no fees were paid or are payable for non-audit services provided by the auditor of the parent entity, BDO Audit Pty Ltd and its related practices.

Signed in accordance with a resolution of the Board of Directors



**M Elliott**  
**Chairman**  
**Brisbane, 28 November 2017**

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**AUDITOR'S INDEPENDENCE DECLARATION**



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
www.bdo.com.au

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

**DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF MAKO GOLD LIMITED**

As lead auditor of Mako Gold Limited for the year ended 30 June 2017, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'D P Wright', with a small flourish at the end.

**D P Wright**  
Director

**BDO Audit Pty Ltd**

Brisbane, 5 December 2017

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**CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017**

		<b>Consolidated</b>	
		<b>2017</b>	<b>4 June 2015 to 30 June 2016</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	2	-	-
Other Income/(Expenses)	2	690	-
Employment costs	3	(17,333)	-
Other expenses	3	(46,236)	(26,399)
<b>Loss before tax</b>		<u>(62,879)</u>	<u>(26,399)</u>
Income tax expense	4	-	-
<b>Loss for the year</b>		<u>(62,879)</u>	<u>(26,399)</u>
Other comprehensive income		(6,401)	(45)
Total comprehensive income for the year		<u>(69,280)</u>	<u>(26,444)</u>
<b>Total comprehensive income for the year is attributable to: Owners of Mako Gold Limited</b>		<u>(69,280)</u>	<u>(26,444)</u>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	18	(0.75)	(26,398.89)

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

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**BALANCE SHEET  
AS AT 30 JUNE 2017**

	Note	Consolidated	
		2017 \$	2016 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	434,477	100
Trade and other receivables	6	6,084	1,130
Other receivables	7	3,170	-
<b>Total Current Assets</b>		443,731	1,230
<b>Non-Current Assets</b>			
Exploration and evaluation assets	9	332,737	-
Other assets	10	1,256	1,256
<b>Total Non-Current Assets</b>		333,993	1,256
<b>Total Assets</b>		777,724	2,486
<b>Current Liabilities</b>			
Trade and other payables	11	101,037	4,682
Borrowings	12	33,311	24,148
<b>Total Current Liabilities</b>		134,348	28,830
<b>Non-Current Liabilities</b>			
Borrowings		-	-
<b>Total Non-Current Liabilities</b>		-	-
<b>Total Liabilities</b>		134,348	28,830
<b>Net Assets</b>		643,376	(26,344)
<b>Equity</b>			
Equity attributable to equity holders of the parent			
Share capital	13	739,100	100
Reserves	14	(6,446)	(45)
Accumulated losses	14	(89,278)	(26,399)
<b>Total Equity</b>		643,376	(26,344)

The above balance sheet should be read in conjunction with the accompanying notes

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

Consolidated	Share Capital	Foreign Currency Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 4 June 2015</b>	-	-	-	-
Loss after income tax	-	-	(26,399)	(26,399)
Foreign currency translation differences of foreign operations	-	(45)	-	(45)
<b>Total comprehensive income</b>	-	(45)	(26,399)	(26,444)
<b>Transactions with owners in their capacity as owners</b>				
Shares issued during the year	100	-	-	100
<b>At 30 June 2016</b>	<b>100</b>	<b>(45)</b>	<b>(26,399)</b>	<b>(26,344)</b>
<b>At 1 July 2016</b>	100	(45)	(26,399)	(26,344)
Loss after income tax	-	-	(62,879)	(62,879)
Foreign currency translation differences of foreign operations	-	(6,401)	-	(6,401)
<b>Total comprehensive income</b>	100	(6,401)	(62,879)	(69,280)
<b>Transactions with owners in their capacity with owners</b>				
Shares issued during the year	739,000	-	-	739,000
<b>At 30 June 2017</b>	<b>739,100</b>	<b>(6,446)</b>	<b>(89,278)</b>	<b>643,376</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated	
		2017	4 June 2015 to 30 June 2016
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Receipts		-	-
Payments to suppliers and employees		(51,213)	(24,102)
Interest received		690	-
Interest paid		-	-
<b>Net Cash Used in Operating Activities</b>	15	(50,523)	(24,102)
<b>Cash Flow From Investing Activities</b>			
Payments for exploration & development		(256,863)	-
<b>Net Cash Flow Used in by Investing Activities</b>		(256,863)	-
<b>Cash Flow from Financing Activities</b>			
Proceeds from issue of shares		720,667	100
Loan received – Director loan facility		27,497	24,148
<b>Net Cash Flow from Financing Activities</b>		748,163	24,248
Net increase/(decrease) in cash held		440,778	145
Net foreign exchange differences		(6,401)	(45)
Cash at the beginning of the financial year		100	-
<b>Cash at the end of the financial year</b>	15	434,477	100

The above statement of cash flows should be read in conjunction with the accompanying notes

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## Notes to the Financial Statements

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### 1. CORPORATE INFORMATION

#### Introduction

Mako Gold Limited is incorporated and domiciled in Australia.

#### *Operations and principal activities*

Principal activities comprise of acquisition of projects for mineral exploration and development.

#### *Scope of financial statements*

The consolidated financial statements consist of Mako Gold Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017.

#### *Currency*

The financial report is presented in Australia dollars and rounded to the nearest one dollar.

#### *Authorisation of financial report*

The financial report was authorised for issue on 10 November 2017.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Mako Gold Limited is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### *Compliance with IFRS*

The consolidated financial statements of Mako Gold Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates and judgements*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

#### *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 30 June 2017, the facts and circumstances do not suggest that the carrying amount of an asset may exceed its recoverable amount. 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".

#### *Going concern basis for accounting*

The Group does not generate revenue to fund operations and ongoing investment in exploration activities. The ability of the Group to continue as a going concern is dependent on its ability to raise additional equity.

Based on the success of the seed capital raising and on the anticipation of being able to complete a listing on ASX in the 2017/18 financial year, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. As at the date of this report the Directors are in the process of seeking a further \$500,000 in seed capital to ensure sufficient funds are in place to enable the IPO prospectus to be completed and lodged in 2018.



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### Notes to the Financial Statements

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The Directors are confident of securing funds as and when necessary to meet the Consolidated Entity's obligations as and when they fall due.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, the Consolidated Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

No adjustment have been made to the financial statements relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

Should the consolidated entity 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 statements.

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 consolidated entity be unable to continue as a going concern.

#### **Principles of Consolidation**

##### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

##### *Joint Ventures*

The consolidated entity's share of the assets, liabilities, revenue and expenses of joint ventures are included in the appropriate items of the consolidated financial statements.

#### **Foreign Currencies**

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### **Exploration and Evaluation Assets**

##### *Costs carried forward*

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but does not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

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### Notes to the Financial Statements

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#### *Restoration costs*

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction and production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, plant closure and other costs associated with the restoration of the site. In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such mines in the future.

Both for close down and restoration and for environmental clean-up costs, provision is made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

For close down and restoration costs, which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, movements in provision other than the amortisation of the discount, such as those resulting from changes in the cost estimates, lives of operations or discount rates, are capitalised into the carrying amount of development and amortised against future production.

#### **Revenue Recognition**

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimate future cash receipts through the expected life of the financial asset to that asset's net carrying value.

#### **Taxes**

##### *Income taxes*

The income tax expense or benefit for the period is the tax payable on the current periods taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### **Goods and Services Tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of GST, except where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable, and except for receivables and payables which are stated inclusive of GST.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the taxation authority are classified as operating cash flows. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the balance sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

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### Notes to the Financial Statements

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#### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

#### Receivables

All trade receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision of doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

The carrying amounts of the loans are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the loan is impaired to its recoverable amount. The recoverable amount of the receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

#### Investments and Other Financial Assets

The consolidated entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

##### *(i) Financial Assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges.

##### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Such assets are carried at amortised cost using the effective rate interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

##### *(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity.

##### *(iv) Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date – the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investment are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in profit or loss within other income or other expenses in the period in which they arise.

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Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes, in the carrying amount of the security. The translation differences are recognised in profit and loss and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are reclassified to profit or loss as gains and losses from investment securities.

The fair values of quoted investment are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in profit or loss.

#### **Payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Interest, when charged by the lender, is recognised as an expense on an accruals basis. Trade account payables are usually settled on a 30 day basis.

#### **Borrowings**

All loans and convertible notes are initially measured at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

#### **Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Forfeited partly paid shares that are held in trust pending disposal are disclosed as treasury shares.

#### **Employee Benefits**

##### *(i) Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and any vesting sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### **Loss per Share**

##### *Basic earnings per share*

Basic earnings per share is determined by dividing net profit after income tax attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of the ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary

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shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### Parent entity financial information

The financial information for the parent entity, Mako Gold Limited, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

##### *(i) Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the individual financial statements of the parent entity.

#### New Accounting Standards and Interpretations

The Consolidated Entity adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2017. There were no material impacts on the financial statements of the Consolidated Entity as a result of adopting these standards.

##### AASB 9 Financial Instruments

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Consolidated Entity has not yet evaluated the impact adoption of this standard will have.

##### AASB 15 Revenue from Contracts with Customers

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2017. This standard requires recognised revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue. The Consolidated Entity has not yet evaluated the impact adoption of this standard will have.

##### AASB16 Leases

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this standard will replace the current accounting requirements applicable to leases in AASB117 Leases and related interpretations. AASB16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for all leases, a right-to-use asset and a liability will be recognised, with the right-to-use asset being depreciated and the liability being unwound in principal and interest components over the life of the lease. The Consolidated Entity has not yet evaluated the impact adoption of this standard will have.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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	<b>Consolidated Entity</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>

**2. REVENUE AND OTHER INCOME**

**Other income**

Bank interest income	690	-
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**3. EXPENSES**

Loss from ordinary activities before income tax includes the following specific items:

**Other costs**

Capital raising costs	17,279	-
Legal expenses	28,530	-
Travel expenses	-	18,082
Gains/(losses) on foreign exchange	559	-

**Employee and consultancy expenses**

Consultancy expenses	17,333	-
Defined contribution superannuation expense	-	-
Other employee benefits expenses	-	-
Total employee benefits expenses	17,333	-

**4. INCOME TAX**

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2017 and 2016 is as follows:

Accounting (loss) before tax from continuing operations	(62,879)	(26,399)
At the statutory income tax rate of 30% (2016: 30%)	(18,864)	(7,920)
Non-deductible expenses	13,851	1,823
Deferred tax assets not brought to account	5,013	6,097
Income tax expense	-	-

**Current tax liabilities**

Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority. The Consolidated Entity did not have any current tax liabilities at 30 June 2017 (2016: Nil).

**Deferred tax balances**

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the statement of comprehensive income except where it relates to items that may be recognised directly in equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Future income tax benefits in relation to tax losses have not been brought to account at this stage as it is not probable that the benefit will be utilised. The temporary differences and tax losses do not expire under current tax legislation.

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	<b>Consolidated Entity</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Unrecognised temporary differences and tax losses</b>		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	366,947	20,322
<b>Recognised temporary differences and tax losses</b>		
Exploration expenditure	-	-
Provisions	-	-
Other	-	-
Tax losses carried forward	-	-
<b>Net deferred tax liability/(asset)</b>	-	-

	<b>Consolidated Entity</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>5. CASH AND CASH EQUIVALENTS (CURRENT)</b>		
Cash at bank and in hand	434,477	100

<b>6. TRADE AND OTHER RECEIVABLES (CURRENT)</b>		
Other receivables	6,084	1,130

Allowance for impairment loss

Current trade and other receivables are non-interest bearing and are generally on 0-90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

<b>Consolidated</b>	<b>2017</b>			<b>2016</b>		
	<b>Total</b>	<b>Amount Impaired</b>	<b>Amount not impaired</b>	<b>Total</b>	<b>Amount Impaired</b>	<b>Amount not impaired</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Not past due	6,084	-	6,084	1,130	-	1,130
Past due [0-90] days	-	-	-	-	-	-
Past due [>90] days	-	-	-	-	-	-
<b>Total</b>	6,084	-	6,084	1,130	-	1,130

Fair value and credit risk

Due to the short term nature of the current receivables the carrying value is assumed to approximate their fair value. Collateral is not held as security.

	<b>Consolidated Entity</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>7. OTHER RECEIVABLES (CURRENT)</b>		
Prepayments	3,170	-

**8. INVESTMENTS IN CONTROLLED ENTITIES**

	<b>Percentage of equity interest</b>	
Investments held by Mako Gold Limited:	<b>2017</b>	<b>2016</b>
Subsidiary company incorporated in Burkina Faso	<b>%</b>	<b>%</b>
Mako SARL	100	100

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	<b>Consolidated Entity</b>	<b>2016</b>
	<b>2017</b>	<b>2016</b>
	\$	\$
<b>9. EXPLORATION AND EVALUATION ASSETS (NON CURRENT)</b>		
Exploration costs carried forward in respect of areas of interest		
- Exploration phase	332,737	-
	332,737	-
<u>Reconciliation</u>		
Exploration expenditure capitalised		
- Opening balance	-	-
- Current year expenditure	332,737	-
- Write off/disposed in current year	-	-
Carried forward	332,737	-

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.

	<b>Consolidated Entity</b>	<b>2016</b>
	<b>2017</b>	<b>2016</b>
	\$	\$
<b>10. OTHER ASSETS (NON CURRENT)</b>		
Other	1,256	1,256
	1,256	1,256

	<b>Consolidated Entity</b>	<b>2016</b>
	<b>2017</b>	<b>2016</b>
	\$	\$
<b>11. TRADE AND OTHER PAYABLES (CURRENT)</b>		
Trade creditors	37,499	4,682
Other payables and accruals	63,538	-
	101,037	4,682

Included in the above are aggregate amounts payable to the following related parties

Directors and director related entities	40,000	-
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Terms and conditions relating to the above financial instruments

- (i) Trade creditors are unsecured, non-interest bearing and are normally settled on 30-60 day terms
- (ii) Other creditors are unsecured, non-interest bearing
- (iii) Details of the terms and conditions of related party payables are set out in note 20.

		<b>Consolidated Entity</b>	<b>2016</b>
		<b>2017</b>	<b>2016</b>
		\$	\$
<b>12. BORROWINGS (CURRENT)</b>			
<b>Unsecured</b>			
Loan from Director related entity	20	33,311	24,148
		33,311	24,148



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	<b>Consolidated Entity</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>13. SHARE CAPITAL</b>		
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	739,100	100

<b>(b) Movements in shares on issue</b>	<b>2017</b>		<b>2016</b>	
	<b>Nos of shares</b>	<b>\$</b>	<b>Nos of shares</b>	<b>\$</b>
Ordinary shares fully paid				
Beginning of the financial year	100	100	-	-
Increases				
- Initial share capital (1)	-	-	100	1000
- Issued to company founders (2)	29,000,000	29,000	-	-
- Issue to NED and Co Sec (3)	1,000,000	10,000	-	-
- Placement of shares (4)	14,000,000	700,000	-	-
	44,000,100	739,100	100	100

- (1) Initial share capital issued at \$1 per share  
(2) Issue of shares to founding directors and staff at \$0.001 cents per share, with 18,333,333 issued to repay a loan advance and 10,666,667 issued for cash  
(3) Issue of shares to NED and Company Secretary at \$0.01 per share  
(4) Subscriptions for shares at \$0.05 per share

**(c) Capital management**

The capital structure of the consolidated entity consists of equity attributable to equity holders of the Parent Entity, comprising share capital and reserves as disclosed in the Statement of Changes in Equity.

When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements. In order to maintain or adjust the capital structure, the Group may seek to issue new shares. Consistent with other exploration companies, the Group and the parent entity monitor capital on the basis of forecast exploration and evaluation expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve.

**(d) Terms and conditions of contributed equity**

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	<b>Consolidated Entity</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>14. ACCUMULATED LOSSES &amp; RESERVES</b>		
<b>(a) Accumulated losses</b>		
Balance at the beginning of the year	(26,399)	-
Net profit/(loss) attributable to members of Mako Gold Limited	(62,879)	(26,399)
Balance at end of year	(89,278)	(26,399)
<b>(b) Foreign exchange reserve</b>		
Balance at the beginning of the year	(45)	-
Movement in period	(6,401)	(45)
Balance at end of year	(6,446)	(45)

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	<b>Consolidated Entity</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>15. STATEMENT OF CASH FLOWS</b>		
<b>Reconciliation of the operating loss after tax to the net cash flows from operating activities</b>		
Loss from ordinary activities after tax	(62,879)	(26,399)
<i>Changes in operating assets &amp; liabilities during the year</i>		
(Increase)/decrease in receivables	(4,953)	(1,130)
(Increase)/decrease in prepayments	(3,170)	-
(Decrease)/increase in creditors	2,318	3,427
(Decrease)/increase in accruals	18,163	-
	(50,523)	(24,102)
<b>Reconciliation of cash</b>		
- Cash at bank	434,477	100

**Non cash financing and investing activities**

Loan and Creditor Repayments

During the financial year shares were issued to repay amounts owing by the company as follows:

- 18,333,333 shares were issued at \$0.001 per share to repay part of the loan from the company founders.

	<b>Consolidated Entity</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>

**16. EXPENDITURE COMMITMENTS**

**Future exploration**

The consolidated entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the consolidated entity.

The commitments to be undertaken are as follows:

<b>Payable</b>		
- not later than 12 months	265,055	-
- between 12 months and 5 years	-	-
	265,055	-

**17. CONTINGENCIES**

There are no contingent liabilities as at the date of this report.

**18. LOSS PER SHARE**

	<b>Consolidated Entity</b>	
<b>Loss per share</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Basic and diluted (loss) per share (cents per share)	(0.75)	(26,399)

The following reflects the income and share data used in the calculations of basic and diluted earnings/ (loss) per share:

Loss from continuing operations	(62,879)	(26,399)
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	<b>Number</b>	<b>Number</b>
Weighted average nos of ordinary shares on issue used in the calculation of basic earnings per share	8,437,086	100

**Conversions, calls, subscriptions or issues after 30 June 2017**

There have been no shares and other equity instruments issued subsequent to year end. As at the date of this report the Directors are in the process of seeking a further \$500,000 in seed capital to ensure sufficient funds are in place to enable the IPO prospectus to be completed and lodged in 2018.

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	<b>Consolidated Entity</b>	<b>2017</b>	<b>2016</b>
		\$	\$
<b>19. AUDITOR'S REMUNERATION</b>			
Amounts received or due and receivable by the Auditors for:			
(i) Audit & other assurance services – BDO Audit Pty Ltd			
- Audit & review of financial statements		-	-
(ii) Other services –			
- nil		-	-
<b>Total</b>		-	-

BDO fees for the audit and tax work on the 2016 and 2017 financial statements will be incurred and paid in the 2018 financial year.

	<b>Consolidated Entity</b>	<b>2017</b>	<b>2016</b>
		\$	\$
<b>20. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES</b>			
<b>Key management personnel compensation</b>			
Short term benefits		77,333	-
Share based payments		-	-
Post-employment benefits		1,900	-
<b>Total</b>		79,233	-

**Share holdings of Key management personnel**

<b>Ordinary Shares</b>					
<b>2017</b>	<b>Balance 1/7/16</b>	<b>Granted as Remuneration</b>	<b>On Appointment/Resignation</b>	<b>Net Change Other</b>	<b>Balance 30/6/17</b>
<b>Directors</b>					
M Elliott (appt 14/3/17)	-	-	-	8,666,667	8,666,667
P Ledwidge*	100	-	-	18,333,333	18,333,433
M Muscillo (appt 20/4/17)	-	-	-	500,000	500,000
<b>Key Management Personnel</b>					
A Ledwidge *	-	-	-	-	-
P Marshall (appt 13/4/17)	-	-	-	500,000	500,000
	100	-	-	28,000,000	28,000,100
<b>2016</b>					
<b>2016</b>	<b>Balance 1/7/15</b>	<b>Granted as Remuneration</b>	<b>On Appointment/Resignation</b>	<b>Net Change Other</b>	<b>Balance 30/6/16</b>
<b>Directors</b>					
P Ledwidge*	100	-	-	-	100
<b>Key Management Personnel</b>					
A Ledwidge *	-	-	-	-	-
	100	-	-	-	-

\* Ann Ledwidge and Peter Ledwidge are joint holders of the shares disclosed for Peter Ledwidge

**Loans with directors and key management personnel.**

As at 30 June 2017 a total of \$33,311 (2016 \$24,148) was owed by the company to Ann and Peter Ledwidge for company funding provided prior to the seed capital raising in April 2017. These funds have been advanced interest free.

**Other transactions and balances with directors and key management personnel and amounts recognised at the reporting date in relation to other transactions**

Nil

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**21. RELATED PARTY DISCLOSURES**

**Ultimate parent**

Mako Gold Limited is the ultimate parent entity. Mako Gold Limited provides funding for its subsidiary company Mako SARL. All loans advanced are interest free and any expenses paid on behalf of Mako SARL are repayable at cost. As at 30 June 2017 \$356,861 was owed by Mark SARL to Mako Gold. There were no other related party transactions during the year other than those disclosed in note 20 above.

**22. FINANCIAL RISK MANAGEMENT**

**(a) General objectives, policies and processes**

In common with all other businesses, the consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them. There have been no substantive changes in the consolidated entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable and a loan from a director related entity.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the consolidated entity's executive management. The consolidated entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the consolidated entity where such impacts may be material.

**(b) Credit Risk**

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Credit risk is reviewed regularly by the Board. It arises from exposure to customers as well as through deposits with financial institutions.

**(c) Liquidity risk**

Liquidity risk is the risk that the consolidated entity may encounter difficulties raising funds to meet financial obligations as they fall due. Liquidity risk is reviewed regularly by the Board.

The consolidated entity manages liquidity risk by monitoring forecast cash flows. At 30 June 2017 the Group has cash resources of \$434,477 (2016 - \$100). The consolidated entity is seeking to list on ASX in order to raise sufficient cash in order to undertake exploration programs on its projects. Current cash resources will be managed carefully until this can be achieved.

<b>Maturity Analysis –Consolidated Entity - 2017</b>	<b>Carrying Amount</b>	<b>Contractual Cash flows</b>	<b>&lt;1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>
<b>Financial Liabilities</b>	\$	\$	\$	\$	\$
Trade and Other Payables	101,037	101,037	101,037	-	-
Loan from Director related entity	33,311	33,311	33,311	-	-
	<u>134,348</u>	<u>134,348</u>	<u>134,348</u>	<u>-</u>	<u>-</u>

<b>Maturity Analysis – Consolidated entity - 2016</b>	<b>Carrying Amount</b>	<b>Contractual Cash flows</b>	<b>&lt;1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>
<b>Financial Liabilities</b>	\$	\$	\$	\$	\$
Trade and Other Payables	4,682	4,682	4,682	-	-
Loan from Director related entity	24,148	24,148	24,148	-	-
	<u>28,830</u>	<u>28,830</u>	<u>28,830</u>	<u>-</u>	<u>-</u>

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**(d) Market Risk**

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

*(i) Interest rate risk*

As at 30 June 2017 there are no interest paying financial liabilities. Cash resources are deposited with a major Australian bank and earn interest at market rates. For further details on interest rate risk refer to the tables below:

2017	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2017	2017	2017	2017	2017
	\$	\$	\$	\$	%
<i>Financial assets</i>					
Cash and cash equivalents	339,690	-	94,787	434,477	0.50%
Trade and other receivables	-	-	6,084	6,084	0.00%
Total financial assets	-	-	100,871	440,560	
<i>Financial liabilities</i>					
Trade and other payables	-	-	101,037	101,037	-
Loan from Director related entity	-	-	33,311	33,311	-
Total financial liabilities	-	-	134,348	134,348	

2016	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2016	2016	2016	2016	2016
	\$	\$	\$	\$	%
<i>Financial assets</i>					
Cash and cash equivalents	-	-	100	100	0.00%
Total financial assets	-	-	100	100	
<i>Financial liabilities</i>					
Trade and other payables	-	-	4,682	4,682	-
Loan from Director related entity	-	-	24,148	24,148	-
Total financial liabilities	-	-	28,830	28,830	

The consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk. At 30 June 2017 the effect on profit and equity as a result of changes in the interest rate is minimal (2016: nil).

This analysis assumes all other variables remain constant.

*(ii) Currency Risk*

The consolidated entity does not have any material currency risk exposure under financial instruments entered into by the consolidated entity. The company held CFA of AUD 36,348 at the end of the period. These funds are to be used to meet expenditures incurred in Burkina Faso in relation to the company's projects and as such there is no currency risk associated with the CFA held at the period end.

*(iii) Other Price Risk*

The consolidated entity does not have any material other price risk exposures under financial instruments entered into by the consolidated entity.

**(e) Fair Values**

Due to their short term nature the fair values of trade and other receivables, security deposits, loans and borrowings and trade and other payables approximate their carrying value.

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**23. PARENT COMPANY INFORMATION**

The Parent Entity of the Consolidated Entity is Mako Gold Limited.

Parent Entity Financial Information

	2017	2016
	\$	\$
Current assets	398,844	216
Non-current assets	377,777	2,316
Total assets	<u>758,021</u>	<u>2,532</u>
Current liabilities	126,294	24,148
Non-current liabilities	-	-
Total liabilities	<u>126,294</u>	<u>24,148</u>
Net assets	<u>650,327</u>	<u>(21,616)</u>
Issued capital	739,100	100
Accumulated losses	(88,773)	(21,716)
Total equity	<u>650,327</u>	<u>(21,616)</u>
Loss after income tax	(67,057)	(21,716)
Other comprehensive income	-	-
Total comprehensive income	<u>(67,057)</u>	<u>(21,716)</u>

**Commitments, Contingencies and Guarantees of the Parent Entity**

The minimum committed expenditure for future periods of the Parent Entity is the same as those for the Consolidated Entity. Refer to Note 16 for details. The Parent Entity has no material contingent assets, contingent liabilities or guarantees at balance date.

**33. SUBSEQUENT EVENTS**

The Company also entered into a Farm-in and Joint Venture Agreement (JV) on the Napié Permit in Côte d'Ivoire, West Africa on September 7, 2017 with Perseus Mining Limited's Côte d'Ivoire subsidiary, Occidental Gold SARL (OG).

The agreement gives Mako the right to earn 51% by spending US\$1.5M within 3 years and 75% by sole funding to completion of a Feasibility Study.

If Mako chooses not to fund to feasibility after having earned its 51% interest, Mako's interest would drop to 39%. The agreement is subject to successful completion of legal and technical due diligence and successful IPO on the ASX.

OG's original joint venture partner in respect of the Napié Permit, African American Investment Fund SA (AAIF), retains a 10% free carry to feasibility and can elect to contribute post feasibility. OG can elect to contribute on a pro-rata basis once Mako has reached its 51% interest.

As at the date of this report the Directors are in the process of seeking a further \$500,000 in seed capital to ensure sufficient funds are in place to enable the IPO prospectus to be completed and lodged in 2018.

No other matter or circumstance has arisen since 30 June 2017, that has significantly affected, or, may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in financial years subsequent to 30 June 2017.

**DIRECTORS' DECLARATION**

In the Directors opinion:

- (a) the attached consolidated financial statements and notes and the remuneration report in the Directors' Report are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements, including:
  - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1 to the consolidated financial statements; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



**M Elliott**  
**Chairman**

**Brisbane, 28 November 2017**

## INDEPENDENT AUDITOR'S REPORT

To the members of Mako Gold Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Mako Gold Limited (the Company) and its subsidiary (the Group), which comprises the consolidated balance sheet as at 30 June 2017, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Mako Gold Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related 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 opinion is not modified in respect of this matter.



### **Other information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the corporate Information and Review of Operations report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**


Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

### **BDO Audit Pty Ltd**

BDO  


**D P Wright**

Director

Brisbane, 5 December 2017