MAKO GOLD LIMITED

A.C.N. 606 241 829

ANNUAL REPORT 30 JUNE 2020

Drilling on Napié Project in Côte d'Ivoire

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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)

COMPANY SECRETARY
Paul Marshall

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

Chairman's Letter

Dear Shareholder

Mako Gold Limited ("Mako" or "The Company") has had another exciting year and made excellent progress at our Napié Project in Côte d'Ivoire, reaching our first stage earn-in equity of 51% early in July 2019. The Company is now continuing exploration and can earn up to 75% by completing further exploration and a feasibility study. The permit is held by a subsidiary of Perseus Mining Ltd (ASX:PRU) a successful gold producer which is currently developing their third mine in West Africa.

The Tchaga Prospect is our most advanced prospect on the Napié Project and has been the focus during our current reporting year with multiple and ongoing drilling programs. It is one of five known gold prospects at Napié, located within the 30km long mineralised structural belt. Multiple, wide, high-grade zones continue to be intersected, such as 13m at 20.82g/t Au in hole NARC145 and 36m at 3.09g/t Au in hole NARC107.

Mako has extended mineralisation to over a 1.6km strike length at the Tchaga Prospect with mineralisation open in all directions. Preliminary metallurgical test work on the Tchaga Prospect on primary and oxide mineralisation involving cyanidation bottle roll tests provided encouraging results averaging over 94% gold recoveries in both oxide and fresh rock. These preliminary results indicate the mineralisation tested is amenable to conventional cyanide extraction methods.

During the 2020 financial year, Mako raised $2.361 million with a further $7.518 million raised after 30 June plus a further placement for $5.165 million contracted - with shares to be issued in October 2020 following approval at an EGM held on September 28 2020, giving a total of $15.045 million before costs. The Company is now financed to fully undertake aggressive exploration programs over the Napié Project at the Tchaga and Gogbala prospects, along with other known prospects in the underexplored 30km long mineralised structural belt.

Exploration will also commence on the two new applications, when granted, as well as any other potential opportunities as they arise.

During the year, Mako saw more opportunity in Côte d'Ivoire and decided to sell its Niou Project in Burkina Faso to Nordgold, a 1 million ounce per annum gold producer, which has three operating mines in Burkina Faso . On 2 June 2020, Mako announced the Definitive Sale Agreement with Nordgold's Burkina Faso subsidiary for US$700,000. Mako retains a 1% Net Smelter Return royalty if Nordgold discovers a minimum of 2million ounces of gold on the permits, which Nordgold can buy back at any time for US$4.5M.

The Directors would like to thank all staff, consultants and contractors for their contribution to the continuing development and success of the Company. Finally, I would like to thank Mako shareholders for their support during the past twelve months.

Mark Elliott
Chairman

The directors present their review of operations for the year ended 30 June 2020.

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 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.

Key Activities and Achievements for the 12 months ended 30 June 2020

- Successful multiple RC and DD drilling programs with wide and high-grade intersections including 13m at 20.82g/t Au on the Napié Project in Côte d'Ivoire
- Increase of strike length of gold mineralisation on the Tchaga Prospect (Napié Project) to 1.6km with focus on 1km strike length for maiden resource target
- Extended depth of gold mineralisation at Tchaga Prospect to 185m vertical metres
- Preliminary metallurgical test work returned excellent results with gold recoveries over 94% for primary and oxide mineralisation at the Tchaga Prospect
- Milestone earn-in of 51% of Napié Project from JV partner Occidental Gold [subsidiary of Perseus Mining Ltd (ASX:PRU)] ahead of schedule
- Exercised option for 100% ownership of Niou permit, and received the decree, also received the decree for the granting of Niou Sud permit application and signed a definitive sales agreement to sell the Niou Project in Burkina Faso to Nordgold for US$700K (~AU$1 million)
- Signed a drill-for-equity agreement with Geodrill for up to US$1 million
- Lodging of two new permit applications in Côte d'Ivoire within 30km of Barrick's Tongon mine and processing plant

Napié Project - Côte d'Ivoire

Mako Gold's flagship 224km^2 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 the operator of the project.

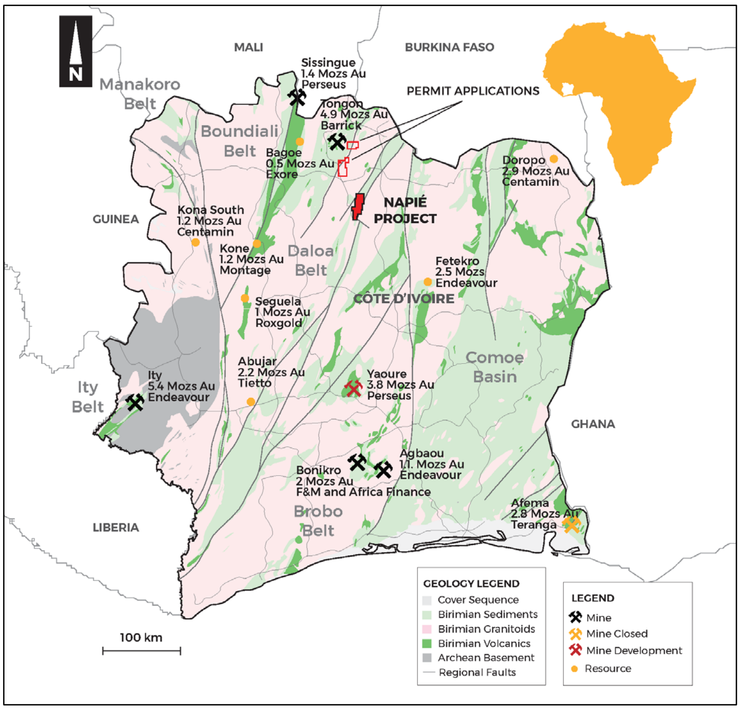

Figure 1: Napié Project location - Côte d'Ivoire

Multiple Drilling Programs Completed on Napié Project

The company completed three Reverse Circulation (RC) and one diamond drilling (DD) programs during the reporting period totalling 3,671m of RC and 412m of DD drilling for 33 RC holes and 4 DD holes. A further 4837 metres of RC and 1467 metres of DD, totalling 47 RC holes and 14 DD holes were drilled subsequent to the reporting period as part of an ongoing 10,000m drill program.

The Company focussed its drilling on the Tchaga Prospect, one of five large prospects identified to date on the Napié Project, in order to progress towards a maiden JORC resource at Tchaga (Figure 2).

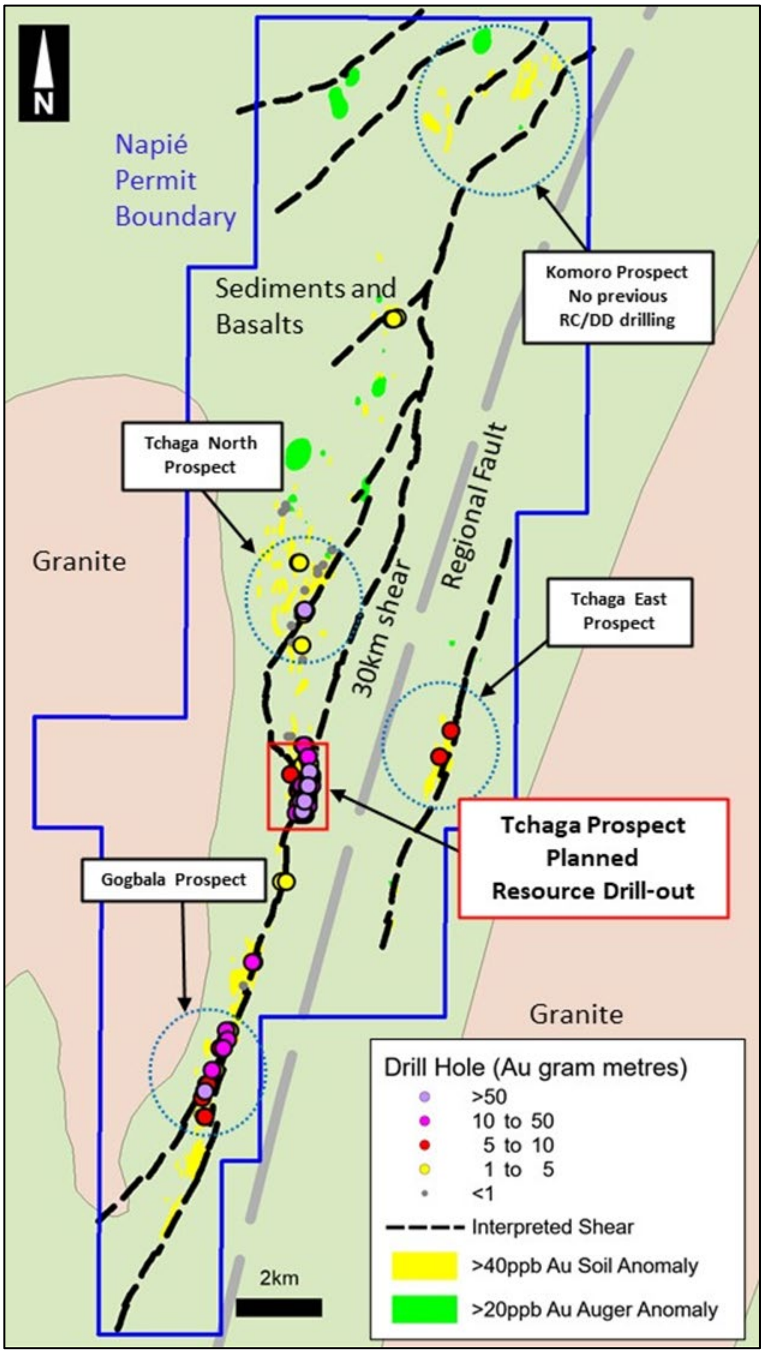

Figure 2: Napié Project with Tchaga Prospect in red rectangle

Tchaga Prospect – 1 km long target for maiden JORC resource- open in all directions

The drill programs followed up on previously reported gold mineralisation, which included **28m at 4.86g/t Au** and **25m at 3.43g/t Au**. The Tchaga Prospect covers only a very small portion of the 23km long main +40ppb soil/auger anomaly coincident with the 30km shear identified from the re-interpretation of the geophysical airborne magnetics survey.

The results of the multiple drill programs during the reporting period were very pleasing with drilling intersecting multiple zones with significant widths and grades of gold mineralisation which included **36m at 3.09g/t Au** in NARC107. The drill programs have confirmed continuity of the wide and high-grade results over a strike length of 1.6km at Tchaga, however the company is currently focussing on the 1km-long area to outline a maiden resource in the near term (shown in the blue dashed rectangle in Figure 3).

Gold mineralisation is open laterally, along strike and at depth.

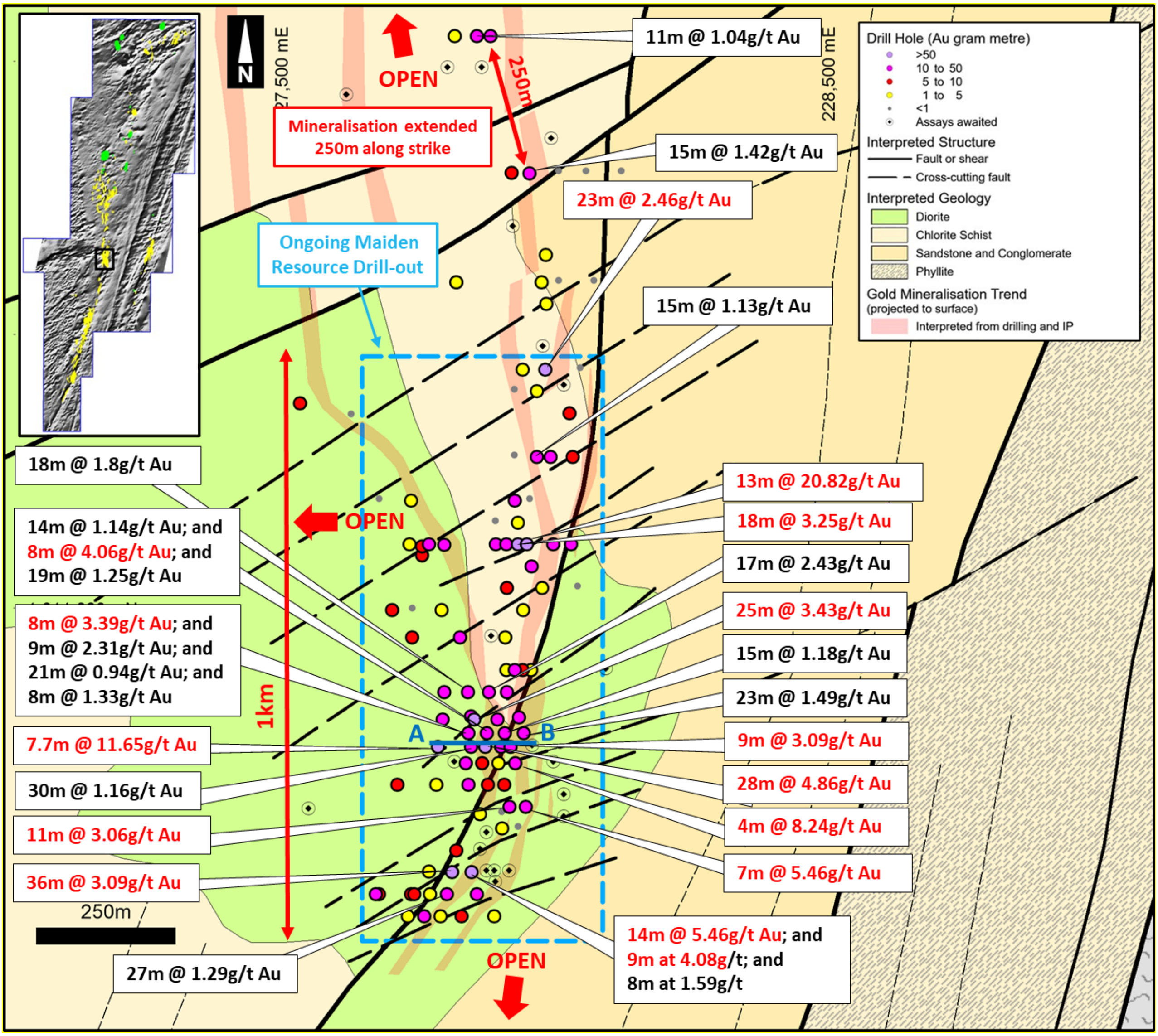

Figure 3: Tchaga Prospect – Consistent wide and high-grade drill intercepts outlining 1km strike-length target for maiden JORC resource- higher-grade intervals shown in red

Significant drill intersections from the Tchaga Prospect to date include:

- **13m at 20.82g/t Au** from 32m in NARC145
- **36m at 3.09g/t Au** from 43m - hole NARC107
- **28m at 4.86g/t Au** from 83m - hole NARC057
- **25m at 3.43g/t Au** from 53m - hole NARC017
- **14m at 5.46g/t Au** from **surface** - hole NARC124
- **18m at 3.25g/t Au** from 39m - hole NARC080
- **23m at 2.46g/t Au** from 15m - hole NARC084
- **17m at 2.43g/t Au** from 86m - hole NARC055
- **30m at 1.16g/t Au** from 117m - hole NARC101
- **7.7m at 11.65g/t Au** from 169.9m - hole NARC058DD
- **4m at 8.24g/t Au** from 70m - hole NARC130

Significantly, multiple wide, very high-grade intervals were intersected during or subsequent to the reporting period including **14m at 5.46g/t Au from surface** in NARC124 and **13m at 20.82 g/t Au from 32m** in NARC145 which include four one meter intervals over 20g/t Au, including **1m at 102.5 g/t Au** (Figure 4).

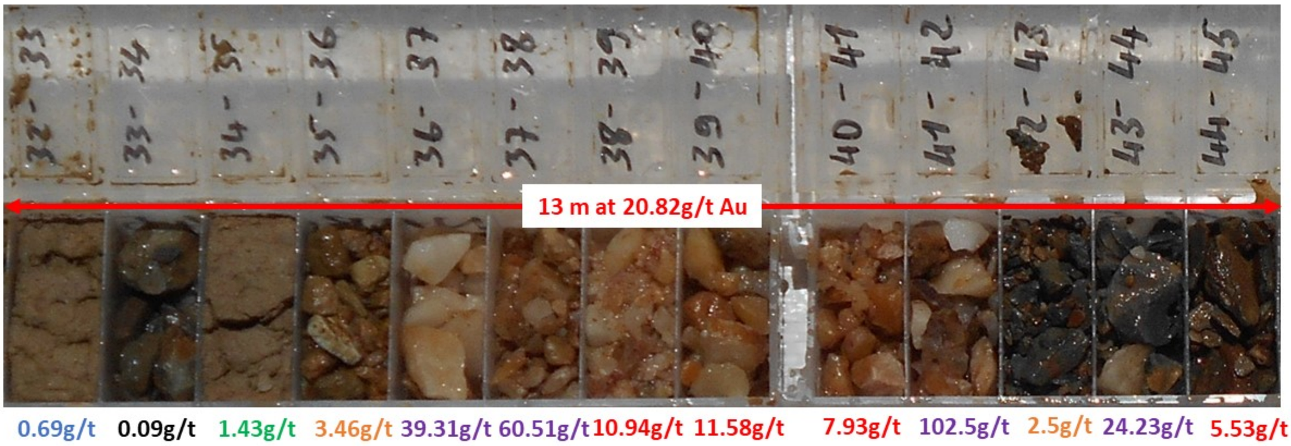

Figure 4: NARC145 RC chips-purple are assays over 20g/t Au

During the reporting period the maximum vertical depth of mineralisation intersected to date was increased to 185m vertical metres with NARC058DD which is a DD extension of a previously drilled RC drill hole as shown on Section A-B in Figure 5. As shown, the mineralisation at Tchaga remains open at depth.

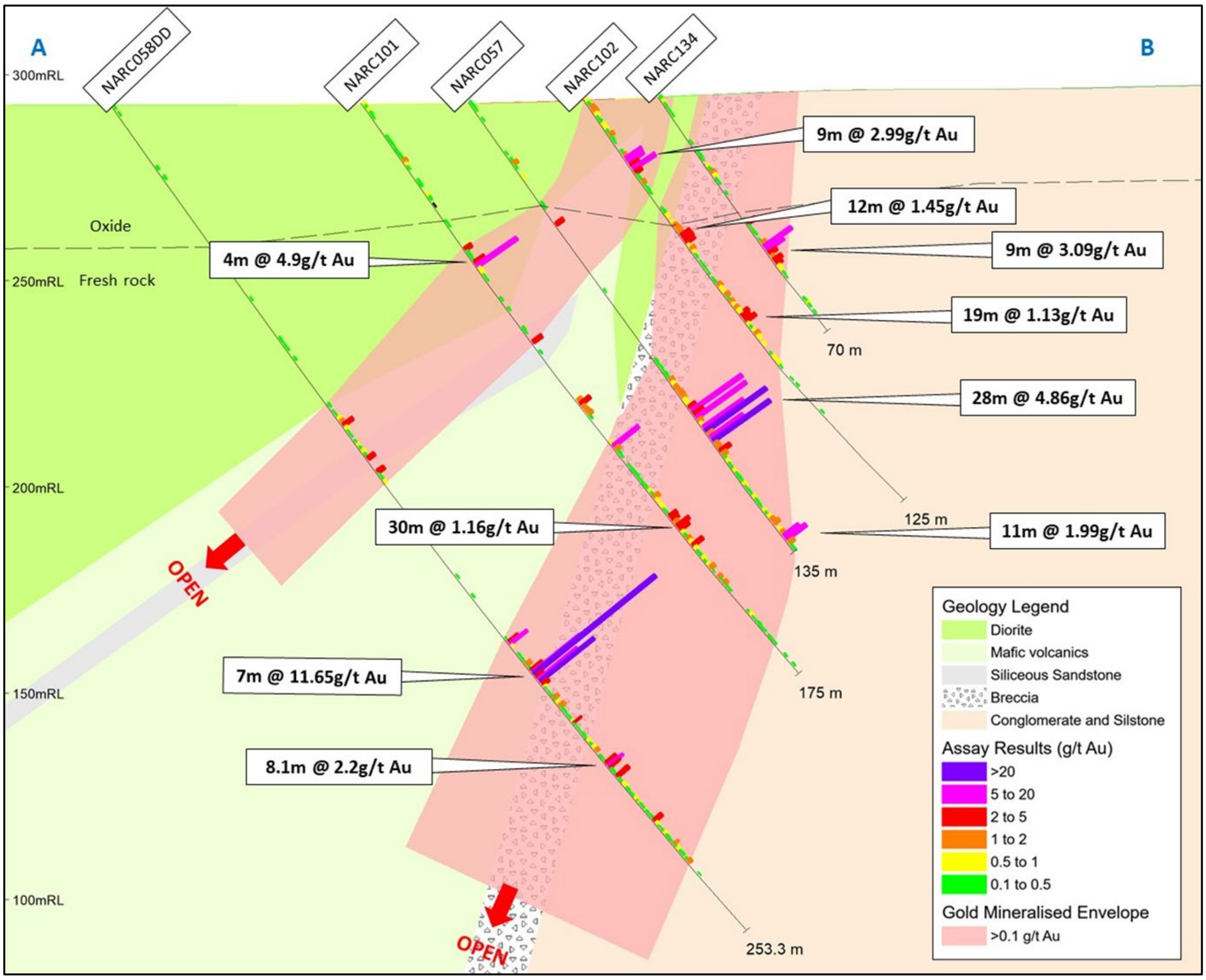

Figure 5: Section AB showing deep mineralisation open at depth

Gogbala Prospect – IP geophysical survey planned ahead of drilling program

The Company is planning an Induced Polarization (IP) geophysical program over the 5 km-long soil anomaly at the Gogbala Prospect, (6km SSW of Tchaga) which is coincident with the 30km-long shear crossing the entire Napié permit from SSW to NNE. Mako has not drilled the Gogbala Prospect since 2018, when the Company drilled 24 wide spaced RC holes over a strike length of approximately 4km (Figure 6). The IP survey which has consistently worked very well at Tchaga to identify drill targets will be followed up by a significant drill program once the results of the IP survey are received.

Significant gold intersections on the Gogbala Prospect from drilling to date include:

- **12m at 5.39g/t Au** from 11m in hole NARC035
- **17m at 1.67g/t Au** from 45m in hole NARC027
- **6m at 2.67g/t Au** from 42m in hole NARC034
- **7m at 2.73g/t Au** from 77m in hole NARC065
- **2m at 16.81g/t Au** from 2m and **5m at 2.12g/t Au** from 19m in hole NARC066

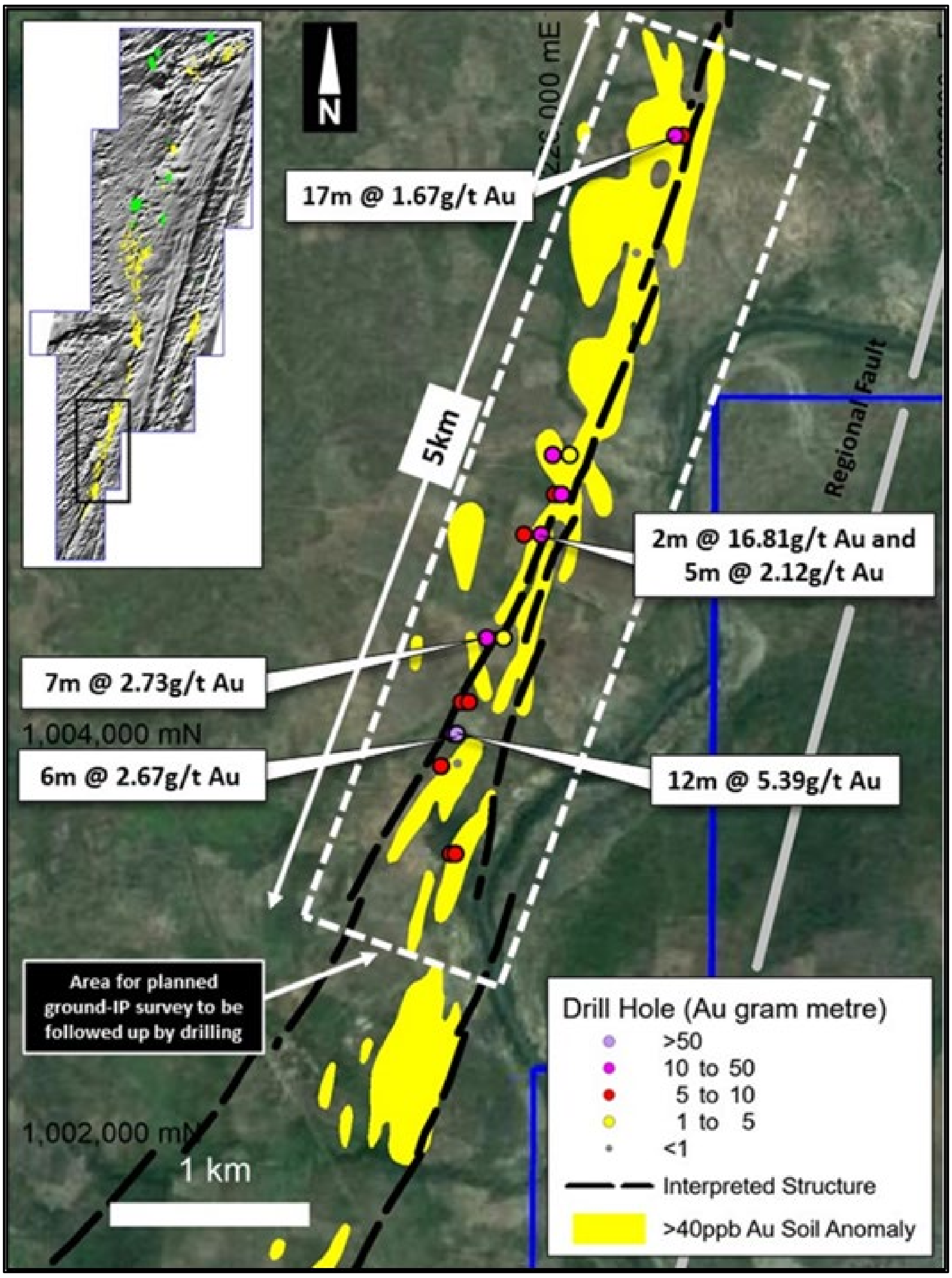

Figure 6: Gogbala Prospect - area of planned ground IP program scheduled for October - to be followed up by drilling program.

Excellent preliminary metallurgical test work returned on Tchaga Prospect

During the reporting period the Company received 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 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% passing75 microns

Earn-in of 51% on Farm-in JV achieved

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 for the 224 km^2 Napié Permit and earned-in 51% interest on 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 under two years, and just over one year after listing on the ASX. Mako can now earn up to 75% of the Napié permit by completing a feasibility study. There are no clawbacks in the Farm-in JV nor monetary or size constraints on the feasibility study.

Niou Project - Burkina Faso- Exercised option to earn 100% of Niou permit, granting of Niou Sud permit application and divestment of Niou Project to Nordgold

The Niou Project is located in central Burkina Faso (Figure 7). The option to acquire the permit under a 3-year option agreement with local owners was exercised and Mako now has 100% ownership with Mako having received the decree for the Niou Permit.

The Niou Sud permit application was granted during the reporting period with Mako having 100% ownership.

Mako is in the final stages of selling the Niou Project to Nordgold for US$700,000 (~AU$1 million) and has retained a 1% Net Smelter Return (NSR) royalty on the permit if Nordgold discovers a minimum of 2 million ounce resource on the permit. Nordgold can purchase the royalty at any time for US$4.5 million. The funds received from the sale of the Niou Project will be applied to exploration on the Company's flagship Napié Project in Côte d'Ivoire

Mako announced a gold discovery from its RC maiden drilling program in January 2020. Drilling intersected multiple zones with significant widths and grades of gold mineralisation with individual 1m assays up to 53.80g/t Au and separately widths up to 24m at 2.73g/t Au. In addition, several drill holes intersected multiple zones of gold mineralisation throughout the entire length of the drill hole, up to 150m long, and ended in mineralisation (Figure 8). The discovery was a result of methodical exploration completed by Mako, including soil sampling, geological mapping and airborne geophysics followed up by carefully chosen drill holes.

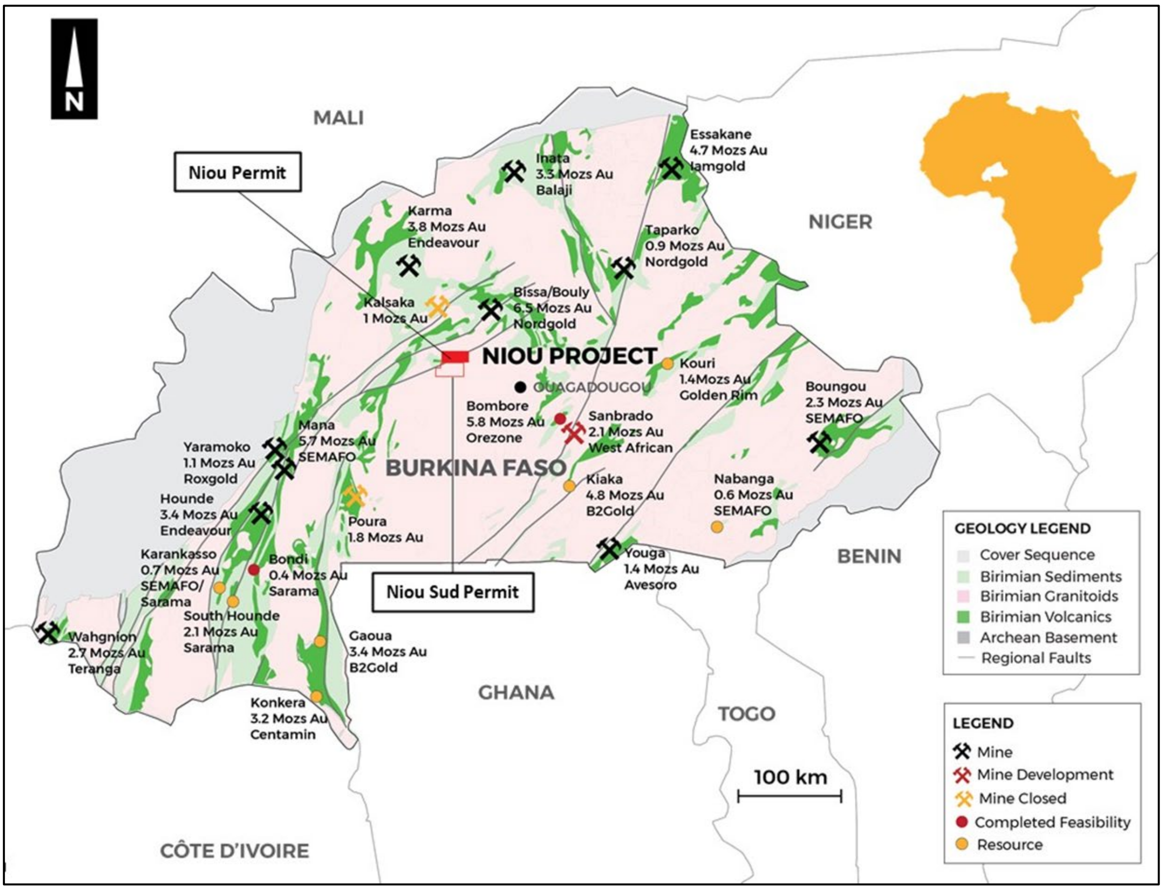

Figure 7: Niou Project location - Burkina Faso

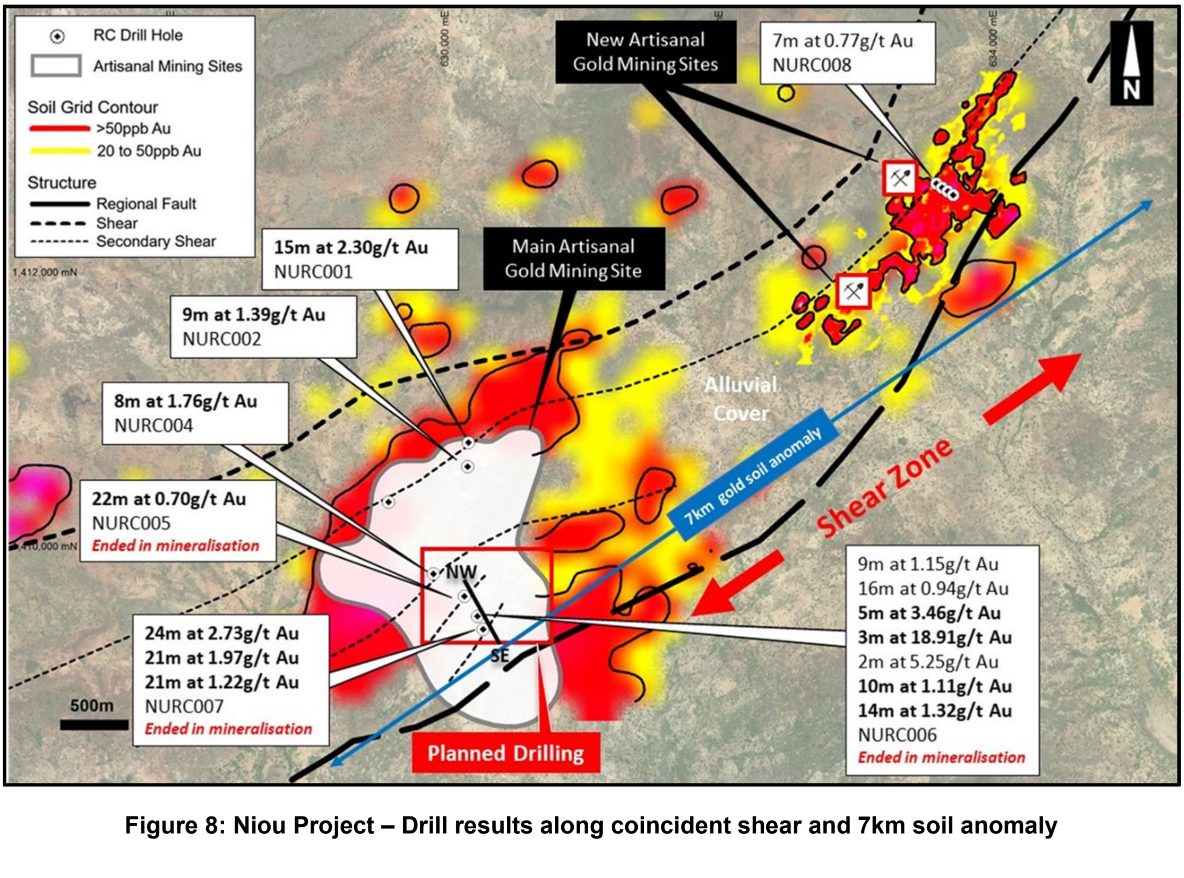

Figure 8: Niou Project – Drill results along coincident shear and 7km soil anomaly

ASX References

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

- 17 September 2020 - Drilling at Tchaga Extends Gold Mineralisation by 250m
- 11 August 2020 - Tchaga Shallow Drilling Intersects 13m at 20.82g/t Au
- 04 August 2020 - Tchaga Continues to Deliver Wide and High-Grade Gold
- 15 July 2020 - Tchaga Prospect Delivers Multiple High-Grade Intercepts
- 25 June 2020 - Mako Commences 10,000 Metre Drill Program at Napie Project
- 2 June 2020 - Mako signs Definitive Sale Agreement for Niou Project
- 1 May 2020 - Binding Term Sheet to Sell Niou Project – Burkina Faso
- 5 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 US1$M
- 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 of up to 28m@4.86g/t from Napie
- 29 January 2019 - Gold Discovery at Niou Project – Burkina Faso
- 9 July 2018 - Significant Gold Mineralisation at Second Prospect at Napie
- 22 June 2018 - Wide High-Grade Gold Intersected in Maiden Drilling Program
- 13 April 2018 - Section 9.2 of Mako Gold's Prospectus and section 4.7 of Mako Gold's Supplementary Prospectus

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 had access to this facility for twelve months and could, 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 allowed 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 has used the drill-for-equity facility to pay 50% of drill contractor costs during the reporting period and is no longer using the facility. Mako set up the facility to help during difficult times in uncertain market conditions. Mako is not seeking to renew the facility as the company is fully financed to execute its exploration programs.

New Permit Applications

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 296km^2 (Figure 9) The permit applications were strategically selected by Mako to cover significant greenstone-granite contact as these contacts present excellent targets for shear-hosted orogenic high-grade gold deposits. The northern permit application has a greenstone-granite contact of 10km, while the southern application has a greenstone-granite contact of 7km.

The northern and southern permit applications are respectively located 15km and 30km from Barrick Gold's Tongon mine processing plant.

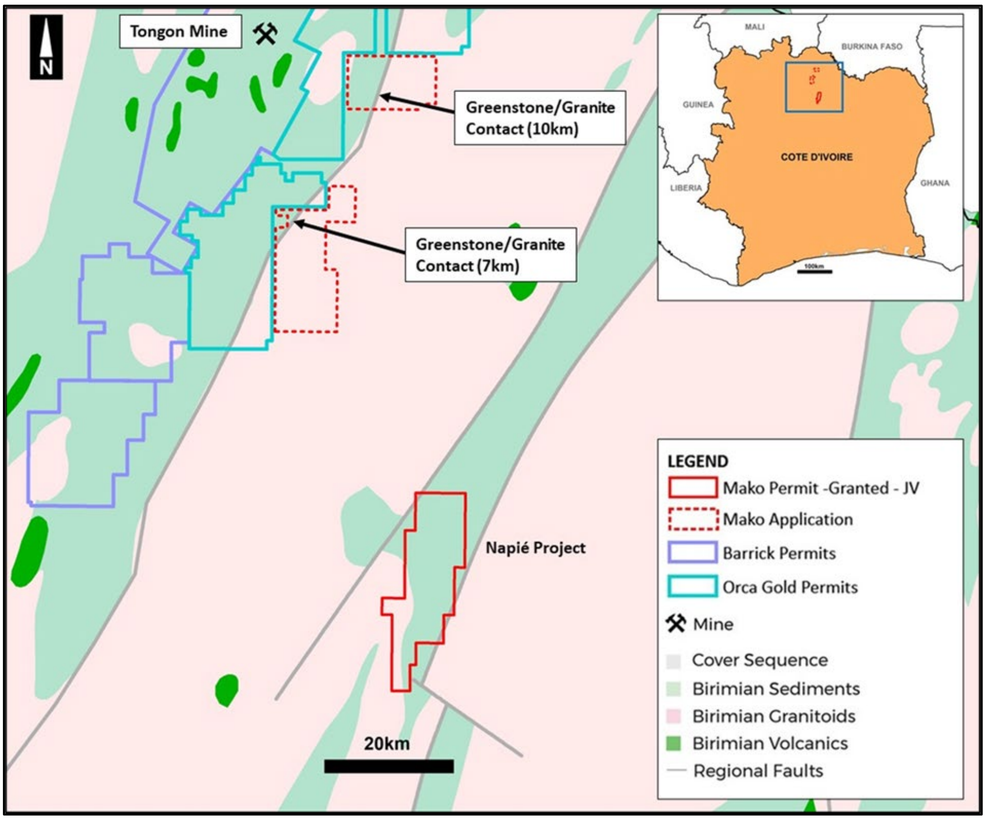

Figure 9: Mako Permit applications and granted Napié Permit

Both permits are located on a regional fault shown as a grey line between the greenstone and the granite on Figure 9. 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. 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. The permit applications have advanced through the regulatory steps for granting, therefore Mako believes that the permits will be granted shortly. Work programs are planned on the permits, beginning with regional soil sampling programs, which, depending on the results would be followed up by scout drilling programs.

Mako's response to COVID-19 crisis

In response to the COVID-19 crisis, which delayed fieldwork activities while the issue was being considered and addressed - but otherwise had limited financial impact, Mako Gold designed and rolled out new policies to mitigate potential risks associated with the pandemic which include but are not limited to:

- Daily temperature checks and health questionnaire at job site
- Frequent sanitising of all common surfaces
- Social distancing and use of face masks
- Education of staff regarding hygiene

Corporate

Since the end of the 2019 financial year Mako has raised (or has contracted to raise) a total of $15,044,684 by the issue of shares as noted below. It has also issued a total of 4,885,854 shares to pay for $486,166 of drilling services under a drill for equity agreement entered into with Geodrill Limited entered into in October 2019 and approved at the 2019 AGM under which the Company has approval (up to 14 November 2020) to issue up to 5,000,000 Shares to Geodrill Ltd as payment for drilling services supplied. Under this agreement

Mako has the option to pay drilling 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.

Month	Capital Raising	$
August 2019	Placement of 13,113,934 shares at $0.085	1,114,684
December 2019	Placement of 9,714,286 shares at $0.07	680,000
June 2020	Tranche 1 Placement of 11,334,875 shares at $0.05	566,744
July 2020	Tranche 2 Placement of 53,665,125 shares at $0.05	2,683,256
August 2020	Tranche 1 Placement of 42,038,232 shares at $0.115	4,834,397
October 2020*	Tranche 2 Placement of 44,918,290 shares at $0.115	5,165,603
		15,044,684

* still to be issued as at the date of this report

Following the completion of the current capital raise program and the issue of the October 2020 shares noted above the company will have the following securities on issue:

Ordinary Shares:	256,448,746
Options	
Listed $0.30 16/4/21 Options:	14,999,983
Unlisted $0.30 26/4/21 Options:	2,500,000
Unlisted $0.30 30/4/21 Options:	1,000,000
Unlisted $0.10 30/11/20 Options:	1,722,856
Unlisted $0.075 30/6/22 Options:	2,500,235
Unlisted $0.175 30/9/22 Options*:	4,000,000

* still to be issued as at the date of this report

Subsequent Events

Since the end of the 30 June 2020 financial year the company has issued (or has contracted to issue) a total of 140,621,647 ordinary shares raising $12,683,256 (before costs) to enable it to swiftly progress exploration activities - mainly on the Napie project. The company has also issued a further 2,589,872 shares to pay for drilling services of $306,149 under the drill for equity agreement noted above.

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 2020.

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

<u>SM Elliott (Non-Executive Chairman)</u> *Dip Appl Geology, PhD, FAICD, FAusIMM(CP Geol), FAIG*
Appointed 14 March 2017

Dr Mark Elliott is a Chartered Professional (CP) geologist with over 45 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 and managing companies from commencement of project acquisition, exploration to production, capital raising and negotiating joint ventures. Dr Elliott is a Non-Executive Director of ASX listed exploration companies Nexus Minerals Limited and Aruma Resources Limited. He was a Director of HRL Holdings Limited from 2007 until November 2018.

<u>P Ledwidge (Managing Director)</u> *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 Limited 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, which recently began gold production 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.

<u>M Muscillo (Non-Executive Director)</u> *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, he 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.

Michele was previously a director of ASX-Listed Orbis Gold Limited, until its takeover by TSX-Listed Semafo in March 2015, and he is a non-executive director of ASX-Listed Aeris Resources Limited, Xanadu Mines Limited and Cardinal Resources Limited.

Company Secretary

<u>P Marshall</u> *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.

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	3,416,667
Peter Ledwidge	8,014,862
Michele Muscillo	558,823

Meetings of Directors

The following table sets out the number of director's meetings held during the year ended 30 June 2020 and the number of meetings attended by each director.

	Directors' Meetings	
Director	A	B
M Elliott	6	6
P Ledwidge	6	6
M Muscillo	6	6

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

All matters relating to committees – Audit, Remuneration and Nomination are covered at the Board meetings as required.

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%)
- Mako Cote D'Ivoire SARL (Incorporated in Cote D'Ivoire - 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 continued with exploration activities on its projects in Burkina Faso and in Cote D'Ivoire.

Revenue
As an early stage exploration company, Mako Gold Limited does not generate any operating income - the revenue recorded in the period to 30 June 2020 of $64,705 relates to interest revenue $2,205 and COVID related cashflow boost of $62,500.

Expenses
The Consolidated Entity's main expenses were as follows:

	2020
	$
Corporate and Administration expenses	377,643
Write off of exploration expenses	1,020,000
Amortisation and interest for right of use assets	63,804
Employment expenses	255,250
Total expenses	1,716,697

The write down of exploration expenditure relates to the Niou project in Burkina Faso. In June 2020 Mako signed an agreement to sell the Niou project based in Burkina Faso. Mako is to receive US$700,000 cash consideration and retain a 1% NSR if Nordgold discovers a resource of at least 2Moz gold and advances the resource to production. Nordgold has the right to repurchase the NSR for US$4.5M at any time. Mako, as a result of the sale agreement, has written down the carrying value of the Niou project by $1,020,000 to $1,023,555 (USD$700,000) and has recorded the revised carrying value as a current asset as at 30 June 2020.

Comparison with Prior Year
For the year ended 30 June 2020, the loss for the Consolidated Entity after providing for income tax was $1,651,992 (2019: loss of $1,127,580):

	2020 $	2019 $
Other income	64,705	10,041
Amortisation and interest for right of use assets	(63,804)	-
Write off of exploration expenses	(1,020,000)	(554,260)
Employment costs	(255,250)	(234,000)
Corporate and admistration expenses	(377,643)	(349,361)
Loss after income tax	(1,651,992)	(1,127,580)

Excluding the current year exploration write offs which are not recurring in nature nor comparable, the adjusted loss for the 2020 financial year is approximately $59k higher than the adjusted loss of 2019 with the increased costs attributable to:

	$
Increase in other income	54,664
Increase in employee costs	(21,250)
Amortisation and interest for right of use assets	(63,804)
Increase in corporate, administrative and other costs	(28,282)
	(58,672)

Review of Financial Condition

Capital structure
In the 2020 financial year Mako issued the following securities:

Ordinary Shares
- 13/8/19 issue of 13,113,934 shares at $0.085 by way of a placement
- 19/12/19 issue of 9,714,286 shares at $0.07 by way of a placement
- 19/12/19 issue of 333,261 shares at $0.082 to pay for drilling services
- 19/12/19 issue of 956,229 shares at $0.086 to pay for drilling services
- 31/3/20 issue of 1,006,492 shares at $0.07 to pay for drilling services
- 4/6/20 issue of 11,334,875 shares at $0.05 by way of a placement

Options
- 19/12/19 issue of 1,942,856 unlisted 30/11/20 $0.10 options

At 30 June 2020, the Company had 113,017,227 ordinary shares on issue. The company also had a total of 18,499,983 listed and unlisted $0.30 April 2021 options and 1,942,856 November 2020 $0.10 options 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 since the end of the 2019 financial year been successful in raising $15,044,684 (before costs), with $12,683,256 being raised since the end of the 2020 financial year, and has also paid for drilling services of $486,166 by the issue of shares. The funds raised have been and will be utilised to progress its activities in the 20/21 financial year.

Dividends

No dividend was paid during the year and none is recommended as at 30 June 2020.

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. In particular COVID-19 delayed fieldwork activities, while the issue was being considered and addressed - but otherwise had limited financial impact.

Matters Subsequent to the End of the Financial Year

In July 2020 the company issued 53,665,125 ordinary shares at $0.05 per share raising $2,683,256 by way of a placement announced in May 2020 and approved by shareholders in July. In August 2020 the company announced a two tranche placement to raise $10,000,000 at $0.115 per share – as at the date of this report the first tranche of $4,838,397 has been received with the balance of $5,165,603 due to be received in early October. Apart from this no matter or circumstance has arisen since 30 June 2020, 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 2020.

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.

Indemnification of Officers Directors or Auditor

The Company has entered into Deeds of Indemnity with each of the Directors. The contracts prohibit the disclosure of the nature of the liabilities covered and the amount of the premium paid. The Corporations Act 2001 does not require disclosure of this information in these circumstances. 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 obligations under various exploration licences. There have been no known breaches of the obligations or licence conditions.

Share Options

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

		Movements				
Expiry Date	**Exercise Price**	**1 July 2019**	**Issued**	**Exercised**	**Expired**	**30 June 2020**
a) 16 April 2021	$0.30	14,999,983	-	-	-	14,999,983
b) 26 April 2021	$0.30	2,500,000	-	-	-	2,500,000
c) 30 April 2021	$0.30	1,000,000	-	-	-	1,000,000
d) 30 November 2020	$0.10	-	1,942,856	-	-	1,942,856
		18,499,983	1,942,856	-	-	20,442,839

<u>Option details</u>

a) Listed options issued on a 1 for 2 basis at IPO
b) Unlisted options fully vested issued as a fee for corporate advisory services
c) Unlisted employee/contractor options fully vested.
d) Unlisted options issued as part of a placement of ordinary shares

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Auditor

The Auditor's Independence Declaration is attached and forms part of the Director's Report for the year ended 30 June 2020. 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 the following 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.

- $2,500 in relation to taxation compliance and advice services

Remuneration Report (Audited)

This report details the nature and amount of remuneration for Directors and Key Management Personnel of the Company.

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

Remuneration Committee

The Board established a Remuneration Committee during the year who are responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Committee did not meet in the financial year.

The Committee will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Officers are given the opportunity to receive their base emoluments in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the company.

Remuneration structure

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions.

To assist in achieving this objective, the Board considers the nature and amount of Executive Directors' and Officers' emoluments alongside the company's financial and operational performance. The expected outcomes of the remuneration structure are the retention and motivation of key Executives, the attraction of quality management to the Company and performance incentives which allow Executives to share the rewards of the success of the company.

In accordance with best practice corporate governance, the structure of Executive and Non-Executive Director remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Mako Gold Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in a General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for Directors' fees is for a total of $300,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Directors or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of Non-Executive Directors for the year ended 30 June 2020 is detailed in this Remuneration Report.

Executive Director and Senior Management Remuneration

The Company aims to reward Executive Director and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward Executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Director and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short-term and long-term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board, and the process consists of a review of company wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices. No remuneration consultants were engaged during the year.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the year.

The remuneration of the Executive Directors and Senior Management for the period ended 30 June 2020 is detailed in this Remuneration Report.

Details of Directors and other Key Management – Mako Gold Limited

Name	Position	Period of Service
Directors		
Mark Elliott	Non-Executive Chairman	Appointed 1 March 2017
Peter Ledwidge	Managing Director	Appointed 4 June 2015
Michele Muscillo	Non-Executive Director	Appointed 20 April 2017
Key Management		
Ann Ledwidge	General Manager Exploration	Appointed 4 June 2015
Paul Marshall	CFO/Company Secretary	Appointed 17 April 2017

Employment contracts

It is the Board's policy that employment agreements are entered into with all Directors, Executives and employees. The current employment agreements with the Managing Director and with the General Manager Exploration have a three month notice period. All other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have contracts of employment. None of these contracts have termination benefits.

<u>Non-Executive Chairman Arrangements</u>
The Company has entered into a service arrangement with Dr Mark Elliott as Non-Executive Chairman of the Company commencing from 1 March 2017. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $80,000 per annum;
- No notice period.

<u>Non-Executive Director Arrangements</u>
The Company entered into a service arrangement with Mr Michele Muscillo as a Non-Executive Director of the Company commencing from 20 April 2017. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $50,000 per annum;
- No notice period.

Executive Director Arrangements
The Company entered into an employment contract with Mr Peter Ledwidge as Managing Director of the Company commencing from 1 March 2017. The key terms of the contract are:

- Ongoing contract – no fixed term;
- Salary of $255,000 per annum, inclusive of statutory superannuation;
- Four weeks annual leave;
- Annual bonus at the Board's discretion;
- Three month notice period.

General Manager Exploration Arrangements
The Company entered into an employment contract with Mrs Ann Ledwidge as General Manager Exploration of the Company commencing from 1 March 2017. The key terms of the contract are:

- Ongoing contract – no fixed term;
- Salary of $205,000 per annum, inclusive of statutory superannuation contributions;
- Four weeks annual leave;
- Annual bonus at the Board's discretion.
- Three month notice period.

Chief Financial Officer / Company Secretary Arrangements
The Company entered into a service arrangement with Mr Paul Marshall as Company Secretary and Chief Financial Officer of the Company commencing from 1 May 2017. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $104,000 per annum;
- One month notice period.

Key management personnel equity holdings

Shareholdings

	Balance 1 July 2019	Acquired through capital raising	Acquired on market	Other additions /disposals/transfers	Balance 30 June 2020
Directors					
Mark Elliott	3,416,667	-	-	-	3,416,667
Peter Ledwidge*	7,768,727	-	246,135	-	8,014,862
Michele Muscillo	558,823	-	-	-	558,823
Key Management					
Ann Ledwidge*	7,768,727	-	246,135	-	8,014,862
Paul Marshall	625,000	-	-	-	625,000

* Shares are jointly owned by Peter and Ann Ledwidge

Remuneration of Directors and other Key Management Personnel – 2020

	Short Term Benefits				Post Employment Benefits	Equity Based Benefits			
	Salary/ Director fees	Consulting fees	Non-monetary benefits	Leave benefits	Superannuation	Options	**Total**	Performance Related %	% of bonus forfeited
Directors									
Mark Elliott	80,000	-	-	-	-	-	80,000	-	-
Peter Ledwidge	233,013	-	-	10,720	21,987	-	265,720	-	-
Michele Muscillo	50,000	-	-	-	-	-	50,000	-	-
Key Management									
Ann Ledwidge	187,557	-	-	6,172	17,443	-	211,172	-	-
Paul Marshall	104,000	-	-	-	-	-	104,000	-	-
	654,570	**-**	**-**	**16,892**	**39,430**	**-**	**710,892**		

Remuneration of Directors and other Key Management Personnel – 2019

	Short Term Benefits				Post Employment Benefits	Equity Based Benefits			
	Salary/ Director fees	Consulting fees	Non-monetary benefits	Leave benefits	Superannuation	Options	**Total**	Performance Related %	% of bonus forfeited
Directors									
Mark Elliott	80,000	-	-	-	-	-	80,000	-	-
Peter Ledwidge	233,150	-	-	1,793	21,850	-	256,793	-	-
Michele Muscillo	50,000	-	-	-	-	-	50,000	-	-
Key Management									
Ann Ledwidge	187,900	-	-	723	17,100	-	205,723	-	-
Paul Marshall	104,000	-	-	-	-	-	104,000	-	-
	655,050	**-**	**-**	**2,516**	**38,950**	**-**	**696,516**		

There were no termination benefits paid or accrued for the years ended 30 June 2020 or 2019.

Transactions with related parties

Transactions with Key Management Personnel related parties

Transaction	Entity	Association	2020 $	2019 $
Legal services	HopgoodGanim	Michele Muscillo	41,488	38,797

Mr Michele Muscillo is a partner of HopgoodGanim solicitors. All of the above transactions were based on normal commercial terms and conditions.

Trade and other payable balances with related parties

Nature	Entity	Association	2020 $	2019 $
Legal services	HopgoodGanim	Michele Muscillo	12,081	-
Director fees	Hopgood Ganim	Michele Muscillo	16,667	-

Loans to related parties

There were no loans provided to related parties.

Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return in the past 5 years are summarised below:

Measures	2020 $	2019 $	2018 $	2017 $	2016 $
Share price at end of financial year	0.105	0.08	0.22	n/a	n/a
Market capitalisation at end of financial year ($M)	11.9	6.12	13.92	n/a	n/a
Net Profit/(loss) for the financial year	(1,651,992)	(1,127,580)	(673,764)	(62,879)	(26,399)
Basic and diluted earnings per share (cents)	(1.74)	(1.76)	(1.34)	(0.75)	(26,399)
Director and Key Management Personnel remuneration	710,891	696,516	468,857	79,233	-

Fixed remuneration is not linked to Group performance. It is set with reference to the individual's role, responsibilities, and performance and remuneration levels for similar positions in the market. The Board will consider the Consolidated Entity's performance in the above matters when setting remuneration along with other factors relevant to an exploration company including the following:

- the identification/acquisition of prospective tenements;
- subsequent design and execution of exploration programs;
- negotiating joint venture arrangements on terms favorable to the Company;
- establishing and expanding the level of mineral resources under the control of the company; and
- carrying out exploration and development programs in a timely and cost effective manner.

No dividends were paid by Mako Gold Limited nor was there any return of capital over the past 5 years.

No shares were issued on exercise of options issued as part of remuneration in 2020.

----------------------------- END OF REMUNERATION REPORT (AUDITED)-----------------------------

Signed in accordance with a resolution of the Board of Directors

M Elliott

M Elliott
Chairman
Brisbane, 29 September 2020

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

As lead auditor of Mako Gold Limited for the year ended 30 June 2020, 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 entities it controlled during the year.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2020

Additional ASX Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 17 September 2020.

Voting Rights

All fully paid ordinary shares carry one vote per share without restriction.

Distribution of equity securities

MKG – Ordinary Fully Paid Shares

Number of Securities Held	No's of holders
1 to 1,000	25
1,001 to 5,000	92
5,001 to 10,000	173
10,001 to 100,000	600
100,001 and over	319
Total	1,209
Number of unmarketable parcels	65

MKGO – Listed 16/4/21 $0.30 Options

Number of Securities Held	No's of holders
1 to 1,000	1
1,001 to 5,000	84
5,001 to 10,000	31
10,001 to 100,000	127
100,001 and over	19
Total	262

Twenty largest holders

MKG – Ordinary Fully Paid Shares

No.	Name of Shareholder	Holding	% Held
1	J P Morgan Nominees Australia Pty Limited	9,491,972	4.49%
2	Mr Peter Francis Rene Ledwidge & Mrs Ann Louise Ledwidge	7,533,433	3.56%
3	Equity Trustees Limited	6,788,536	3.21%
4	Delphi Unternehmensberatung Aktiengesellschaft	5,681,529	2.69%
5	Citicorp Nominees Pty Limited	4,759,644	2.25%
6	Syndicate Minerals Pty Ltd	4,630,574	2.19%
7	CS Third Nominees Pty Limited	3,868,015	1.83%
8	Mr David Harper	3,867,512	1.83%
9	Abbotsleigh Pty Ltd	3,571,429	1.69%
10	Sanperez Pty Ltd	3,535,113	1.67%
11	Elliott Nominees Pty Ltd	3,416,667	1.62%
12	Mr Terrance Frederick Burling	3,177,398	1.50%
13	Aigle Royal Superannuation Pty Ltd	3,116,746	1.47%
14	Pabasa Pty Ltd	3,088,407	1.46%
15	HSBC Custody Nominees (Australia) Limited	2,845,677	1.35%
16	Berto Nominees Pty Ltd	2,781,420	1.32%
17	Sacrosanct Pty Ltd	2,000,000	0.95%
18	Ibrahim Bondo	2,000,000	0.95%
19	WFC Nominees Australia Pty Ltd	1,800,000	0.85%
20	Robbie Hunt Pty Ltd	1,640,903	0.78%
	Total	**81,112,607**	**38.37%**

Substantial Shareholders

The company has received no substantial shareholder notices as at 17 September 2020:

Twenty largest holders

MKGO – Listed 16/4/21 $0.30 Options

No.	Name of Holder	Holding	% Held
1	Resolute (Treasury) Pty Ltd	5,000,000	33.33%
2	Basapa Pty Ltd	1,000,000	6.67%
3	Citicorp Nominees Pty Limited	1,000,000	6.67%
4	Mr Nicholas Dermott Mcdonald	580,000	3.87%
5	Ludo Capital Pty Ltd	394,310	2.63%
6	Mr Peter Capozzi & Mrs Jennifer Maree Capozzi	250,000	1.67%
7	Dural Holdings Pty Ltd	250,000	1.67%
8	Valleybrook Investments Pty Ltd	212,500	1.42%
9	Valleyrose Pty Ltd	212,500	1.42%
10	Mr David William Fox & Mr Rohan Stuart Fox	200,000	1.33%
11	Sanperez Pty Ltd	200,000	1.33%
12	Pershing Australia Nominees Pty Ltd	185,000	1.23%
13	Mrs Barbara Michaels	150,000	1.00%
14	Pontre Securities Pty Ltd	145,000	0.97%
15	Fylpane Pty Ltd	140,000	0.93%
16	Brearley Holdings Pty Ltd	137,878	0.92%
17	Robbie Hunt Pty Ltd	125,000	0.83%
18	Yea-Sayer Pty Limited	125,000	0.83%
19	Micjud Pty Ltd	100,000	0.67%
20	Sheather Super Pty Ltd	98,483	0.66%
	Total	10,505,671	70.04%

Unquoted Securities

There are the following unquoted securities as at 17 September 2020. Each option is convertible into one fully paid ordinary share.

Nos	Option Terms
2,500,000	Unlisted $0.30 options expiry date 25/4/21 – all held by CG Nominees Pty Ltd
1,000,000	Unlisted $0.30 options expiry date 30/4/21
1,722,856	Unlisted $0.10 options expiry date 30/11/20
2,500,235	Unlisted $0.075 options expiry date 30/6/22 – all held by Horizon Investment Services Pty Ltd

ASX Listing Rule Waiver Rule 7.3.2

Under an agreement entered into in October 2019 and approved at the 2019 AGM and also subject of a waiver from ASX listing Rule 7.3.2 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 (of not less than $0.05 per share) equal to the 15-day VWAP immediately prior to the date of the invoice. The company has to date issued 4,885,854 shares in accordance with the agreement. As at 17 September 2020 the Company has the capacity to issue up to a further 114,146 shares under the facility.

Interests in Mining Tenements

Mako Gold Limited held the following interests in mining and exploration tenements as at 18 September 2020:

Tenement Schedule

Location	Permit Name	Permit Number	Legal Holder	Mako Interest	Status
Côte d'Ivoire	Napié	281 /MIM/DGMG DU	Occidental Gold SARL	Earning up to 75%	Granted
Côte d'Ivoire	Oangolodougou	Permit Application	Mako Côte d'Ivoire SARLU	100% when granted	Pending
Côte d'Ivoire	Korhogo	Permit application	Mako Côte d'Ivoire SARLU	100% when granted	Pending
Burkina Faso	Niou	2020-123MMC/SG/DGCM	Mako Gold SARL	100% ownership	Granted
Burkina Faso	Niou Sud	2020-156MMC/SG/DGCM	Mako Gold SARL	100% ownership	Granted

Napié: On 7th September 2017 Mako Gold Limited signed a Farm-In and Joint Venture Agreement with Occidental Gold SARL. The agreement gives Mako the right to earn 51% of the Napié Permit by pending US$1.5M on the property within three years and the right to earn 75% by sole funding the property to completion of a Feasibility Study. Mako completed the expenditure requirement to earn the initial 51% in 2019.

Niou: The decree for the transfer of the Niou permit from Nouvelle COFIBI to Mako Gold SARL was received on 5 June 2020. The size of the permit is 187km^2. Mako Gold SARL, a 100%-owned Burkina Faso subsidiary of Mako Gold Limited, holds owns 100% interest in the Niou Permit.. The Niou Sud permit application was granted on 3 July 2020- subsequent to the reporting period. The size of the permit is 249km^{2}The company has entered into a sale agreement for the Niou Project, and is currently in the process of transferring the Niou and Niou Sud permits to Nordgold

ANNUAL MINERAL RESOURCE STATEMENT

In accordance with ASX Listing Rule 5.21, the Company reviews and reports its Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its Mineral Resources over the course of the year, the Company is required to promptly report these changes.

Material Changes and Resource Statement Comparison

Mako Gold Limited does not have any Mineral Resources as at the date of this report. There have been no changes to the Mineral Resource estimates during the review period from 1 July 2019 to 30 June 2020.

Governance Arrangements and Internal Controls

Mako has ensured that the processes for any Mineral Resources quoted are subject to good governance arrangements and internal controls. Any Mineral Resources to be reported will be generated by suitably qualified personnel who are experienced in best practices in modelling and estimation methods along with reviewing the quality and suitability of the underlying information used to determine the resource estimate.

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	2019 $
Other Income/(Expenses)	2	64,705	10,041
Write off of exploration expenditure	3, 7	(1,020,000)	(554,260)
Employment costs	3	(255,250)	(234,000)
Amortisation expenses	3	(59,188)	-
Finance expenses	3	(4,616)	-
Corporate and other expenses		(377,643)	(349,361)
Loss before tax		(1,651,992)	(1,127,580)
Income tax expense	4	-	-
Loss for the year		((1,651,992)	(1,127,580)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		21,978	(23,646)
Income tax expense		-	-
Other comprehensive income for the period, net of tax		21,978	(23,646)
Total comprehensive income for the year attributable to:			
Owners of Mako Gold Limited		(1,630,014)	(1,151,226)
Loss per share			
Basic and diluted loss per share (cents per share)	18	(1.74)	(1.76)

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

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Current Assets			
Cash and cash equivalents	5	602,805	1,650,536
Short term investment		42,900	42,900
Trade and other receivables	6	12,622	13,536
Exploration assets held for sale	7	1,023,555	-
Other current assets		49,465	42,797
Total Current Assets		1,731,347	1,749,769
Non-Current Assets			
Right of use assets	1	69,051	-
Exploration and evaluation assets	9	5,275,466	4,861,733
Total Non-Current Assets		5,344,517	4,861,733
Total Assets		7,075,864	6,611,503
Current Liabilities			
Trade and other payables	10	318,962	719,956
Lease liabilities	1	61,245	-
Provisions	12	104,010	81,138
Total Current Liabilities		484,217	801,094
Non-Current Liabilities			
Lease liabilities	1	11,602	-
Total Non-Current Liabilities		11,602	-
Total Liabilities		495,819	801,094
Net Assets		6,580,045	5,810,408
Equity			
Equity attributable to equity holders of the parent			
Share capital	13	10,010,875	7,615,756
Reserves	14	111,783	85,274
Accumulated losses	14	(3,542,613)	(1,890,622)
Total Equity		6,580,045	5,810,408

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	Share Capital	Foreign Currency Reserve	Share Based Payment Reserve	Accumulated Losses	Total
	$	$	$	$	$
At 1 July 2018	6,556,961	1,868	94,823	(763,042)	5,890,610
Comprehensive income					
Loss after income tax	-	-	-	(1,127,580)	(1,127,580)
Foreign currency translation differences of foreign operations	-	(23,646)	-	-	(23,646)
Total comprehensive income	-	(23,646)	-	(1,127,580)	(1,151,225)
Transactions with owners in their capacity as owners					
Shares issued during the year	1,131,184	-	-	-	1,131,184
Share issue costs	(72,389)	-	-	-	(72,389)
Share based payments	-	-	12,229	-	12,229
Total	1,058,795	-	12,229	-	1,071,024
At 30 June 2019	**7,615,756**	**(21,778)**	**107,052**	**(1,890,622)**	**5,810,408**
At 1 July 2019	7,615,756	(21,778)	107,052	(1,890,622)	5,810,408
Comprehensive income					
Loss after income tax	-	-	-	(1,651,992)	(1,651,992)
Foreign currency translation differences of foreign operations	-	21,978	-	-	21,978
Total comprehensive income	-	21,978	-	(1,651,992)	(1,630,014)
Transactions with owners in their capacity as owners					
Shares issued during the year	2,541,446	-	-	-	2,541,446
Share issue costs	(146,327)	-	-	-	(146,327)
Share based payments	-	-	4,531	-	4,531
Total	2,395,118	-	4,531	-	2,399,650
At 30 June 2020	**10,010,875**	**200**	**111,583**	**(3,542,613)**	**6,580,045**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	2019 $
Cash Flows from Operating Activities			
Receipts – COVID Cashflow Boost		50,000	-
Payments to suppliers and employees		(685,915)	(531,711)
Interest received		2,205	10,041
Interest paid		-	-
Net Cash Used in Operating Activities	15	(633,710)	(521,670)
Cash Flow From Investing Activities			
Payments for exploration & development		(2,620,698)	(3,357,570)
Payment for short term investment		-	(42,900)
Deposits refunded/(paid)		-	49,756
Net Cash Flow Used in by Investing Activities		(2,620,698)	(3,350,714)
Cash Flow from Financing Activities			
Proceeds from issue of shares		2,361,428	1,131,184
Share issue expenses and listing costs		(155,059)	(63,656)
Loan repaid – Director loan facility		-	-
Net Cash Flow from Financing Activities		2,206,369	1,067,528
Net increase/(decrease) in cash held		(1,048,039)	(2,804,856)
Net foreign exchange differences		308	(23,646)
Cash at the beginning of the financial year		1,650,536	4,479,038
Cash at the end of the financial year	15	602,805	1,650,536

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

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 2020.

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 29 September 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations as 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 and Interpretations (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 2020, the facts and circumstances do not suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. During the financial year the company wrote off costs amounting to $1,020,000 associated with the Niou project in Burkina Faso for which a sale agreement has been completed. 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.

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 $1,651,922 (and net operating cash outflows of $3,254,408 for the year ended 30 June 2020. As at 30 June 2020 the Company had a total cash balance of $602,805 and has raised or completed agreements to raise a further $12,683,256 (before costs) since 30 June 2020.

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 – with $12,683,256 being raised since the end of the 2020 financial year.

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.

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.

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.

Exchange differences arising from the translation of financial statements of foreign subsidiaries are taken to the foreign currency translation reserve at the balance date.

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.

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

Interest revenue is accrued on a time basis, by reference to the principal 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.

Government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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.

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.

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.

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.

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.

(ii)Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian Corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Share-Based Payments

The Group may provide benefits to Directors, employees or consultants in the form of share-based payment transactions, whereby services may be undertaken in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options granted to Directors, employees and consultants is recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the recipients become unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the profit or loss. If new options are substituted for the cancelled options and designated as a replacement, the combined impact of the cancellation and replacement options are treated as if they were a modification.

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 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

The following standard 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%.

	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 30 June 2020. 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.

During the 2020 financial year amortisation of $59,188 and finance charges of $4,616 were charged to expenses in relation to the leased asset. As at 30 June 2020 the company has the following position in relation to the lease.

Non Current Asset	
Right of use asset	$69,051
Current lease liability	$61,245
Non-current lease liability	$11,602

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.

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.

New Standards and Interpretations Not Yet Adopted or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. From management's review of the new Australian Accounting Standards and Interpretations issued not yet adopted, there is no significant impact on the financial performance or position of the Group envisaged.

2. OTHER INCOME

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Other income		
COVID Cashflow Boost	62,500	-
Bank interest income	2,205	10,041
	64,705	10,041

Subsidies

During the year, the Group received COVID-19 related support subsidies from the Australian Government as outlined below:

Government Subsidy	Start Date	Program Duration	Subsidy	Estimate FY 2021
Australia Cashflow Boost	31/03/2020	6 months	62,500	37,500

3. EXPENSES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Loss from ordinary activities before income tax includes the following specific items:		
Amortisation - Right of use asset	59,188	-
Finance cost – Lease liabilities	4,616	-
Exploration expenses written off	1,020,000	554,260
Operating lease expense	-	38,700
Employee and consultancy expenses		
Consultancy expenses	253,406	234,000
Defined contribution superannuation expense	1,844	-
Other employee benefits expenses	-	-
Total employee benefits expenses	255,250	234,000

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 2020 and 2019 is as follows:

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Accounting (loss) before income tax from continuing operations	(1,651,992)	(1,127,580)
At the statutory income tax rate of 27.5% (2019: 27.5%)	(454,298)	(310,084)
Overseas losses not deductable	280,500	152,421
Non-deductible expenses	1,044	-
Deferred tax assets not bought to account	172,754	157,663
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 2020 (2019: Nil).

4. INCOME TAX (continued)

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Unrecognised temporary differences and tax losses		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	2,140,684	2,045,968
Recognised temporary differences and tax losses		
Exploration expenditure	-	-
Provisions	-	-
Other	-	-
Tax losses carried forward	-	-
Net deferred tax liability/(asset)	**-**	**-**

There are no franking credits available (2019: nil).

5. CASH AND CASH EQUIVALENTS (CURRENT)

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Cash at bank and in hand	602,805	1,650,536

6. TRADE AND OTHER RECEIVABLES (CURRENT)

	2020	2019
Other receivables	12,622	13,536

7. EXPLORATION ASSETS HELD FOR SALE

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Exploration assets held for sale	1,023,555	-

In June 2020 Mako signed a contract to sell the Niou project based in Burkina Faso. Mako is to receive US$700,000 cash consideration and retain a 1% NSR if Nordgold discovers a resource of at least 2Moz gold and advances the resource to production. Nordgold has the right to repurchase the NSR for US$4.5M at any time.
The Sale Agreement is conditional on the transfer to Mako Gold SARL being approved by the Cadastre Minier and Minister of Mines of Burkina Faso. Immediately after Mako Gold SARL receives the decree for the Niou Permit, Mako is to initiate the transfer of the Niou Permit to Nordgold's Burkina subsidiary, Jilbey Burkina SARL. As at the date of this report these items are still in progress.

Mako, as a result of the sale agreement, has written down the carrying value of the Niou project by $1,020,000 to $1,023,555 (USD$700,000) and has recorded the revised carrying value as a current asset as at 30 June 2020.

8. INVESTMENTS IN CONTROLLED ENTITIES

Investments held by Mako Gold Limited:	**Percentage of equity interest**	
Subsidiary company incorporated in Burkina Faso	**2020 %**	**2019 %**
Mako Gold SARL (incorporated in Burkina Faso)	100	100
Mako Cote D'Ivoire SARL (incorporated in Cote D'Ivoire)	100	-

9. EXPLORATION AND EVALUATION ASSETS (NON CURRENT)

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Exploration costs carried forward in respect of areas of interest		
- Exploration phase	5,275,466	4,861,733
Reconciliation		
Exploration expenditure capitalised		
- Opening balance	4,861,733	2,202,209
- Current year expenditure	2,369,387	3,213,784
- Write off/disposed in current year (Note 7)	(1,020,000)	(554,260)
- Transferred to exploration asset held for sale (Note 7)	(1,023,555)	-
- Foreign exchange on intercompany balances	87,901	-
Carried forward	5,275,466	4,861,733

Included in the total capitalised exploration expenditure is an amount of $30,753 (2019: $60,185) that relates to computer equipment, software and other exploration equipment. All of these items are being utilised solely for exploration purposes in West Africa.

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.

10. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Trade creditors	222,704	420,882
Other payables and accruals	96,258	299,074
	318,962	719,956

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.

11. LEASE LIABILITY

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Current lease liability	61,245	-
Non-current lease liability	11,602	-

12. PROVISIONS (CURRENT)

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Employee Benefits	104,010	81,138

	Consolidated Entity 2020 $	2019 $
13. CONTRIBUTED CAPITAL		
(a) Issued and paid up capital		
Ordinary shares fully paid	10,010,875	7,615,756

(b) Movements in shares on issue	**2020** Nos of shares	$	**2019** Nos of shares	$
Ordinary shares fully paid				
Beginning of the financial year	76,558,150	7,615,756	63,250,100	6,556,961
Increases				
- Placement of shares (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	-	-
- Placement of shares to subscribers (5)	11,334,875	566,744	-	-
- Shares re drill for equity agreement (6)	2,295,982	180,018	-	-
- Costs of share issues (7)	-	(146,327)	-	(72,389)
	113,017,227	10,010,875	76,558,150	7,615,756

(1) Placement of shares at $0.085 per share
(2) Entitlement offer at $0.085 per share
(3) Placement of shares at $0.085 per share
(4) Placement of shares at $0.07 per share
(5) Placement of shares at $0.05 per share
(6) Issue of shares to Geodrill Ltd re Napie project drilling 2,295,982 shares - 333,261 at $0.082, 956,229 at $0.086 and 1,006,492 at $0.07. Under an agreement entered into in October 2019 and approved at the 2019 AGM the Company has approval (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 was able to issue up to a further 2,704,018 shares under this facility.
(7) Costs in relation to issue of shares.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares do not have a par value.

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

(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) 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	1-Jul-19	Issued	Exercised	Expired	30-Jun-20
Listed 16/04/2021 (1)	$0.30	14,999,983	-	-	-	14,999,983
Unlisted 26/04/2021 (2)	$0.30	2,500,000	-	-	-	2,500,000
Unlisted 30/04/2021 (3)	$0.30	1,000,000	-	-	-	1,000,000
Unlisted 30/11/20 (4)	$0.10	-	1,942,856	-	-	1,942,856
		18,499,983	1,942,856	-	-	20,442,839

(1) Issue of 14,999,983 listed 16/4/21 $0.30 options on a 1 for 2 basis in relation to IPO of the company
(2) Issue of 2,500,000 26/4/21 unlisted $0.30 options as a fee for ongoing corporate advisory services
(3) Issue of 1,000,000 30/4/21 unlisted $0.30 options in relation to ongoing employee/consultancy services
(4) Issue of 1,942,856 30/11/20 unlisted $0.10 options - one option for every five shares in the $0.07 placement noted above.

14. ACCUMULATED LOSSES & RESERVES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
(a) Accumulated losses		
Balance at the beginning of the year	(1,890,621)	(763,042)
Net profit/(loss) attributable to members of Mako Gold Limited	(1,651,992)	(1,127,580)
Balance at end of year	(3,542,613)	(1,890,622)
(b) Foreign exchange reserve		
Balance at the beginning of the year	(21,778)	1,868
Movement in period	21,978	(23,646)
Balance at end of year	200	(21,778)
(c) Share based payment reserve		
Balance at the beginning of the year	107,052	94,823
Movement in period	4,531	12,229
Balance at end of year	111,583	107,052

The foreign currency translation reserve records exchange rate differences arising from the translation of the financial statements of foreign subsidiaries.

The share based payments reserve is used to record the value of share based payments provided to employees as part of their remuneration and to consultants for services provided.

15. STATEMENT OF CASH FLOWS

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
(a) Reconciliation of the operating loss after tax to the net cash flows from operating activities		
Loss from ordinary activities after tax	(1,651,992)	(1,127,580)
Add (less) non-cash items		
Write off of capitalised exploration expenditure	1,020,000	554,260
Lease liability - right of use assets	(60,008)	-
Amortisation - right of use assets	59,188	-
Interest – lease liabilities	4,616	-
Changes in operating assets & liabilities during the year		
(Increase)/decrease in receivables	(641)	55,489
(Increase)/decrease in prepayments	(6,667)	(24,431)
(Decrease)/increase in creditors	19,902	17,080
(Decrease)/increase in accruals	(18,108)	3,512
	663,710	521,670
(b) Reconciliation of cash		
Cash at bank	602,805	1,650,536
(c) Reconciliation of net debt		
Cash and cash equivalents	602,805	1,650,536
Liquid investments	42,900	42,9000
Lease liability current	(61,245)	-
Lease liability non-current	(11,602)	-
	572,858	1,693,436

(d) Non cash financing and investing activities

Loan and Creditor Repayments

During the financial year $180,018 of exploration costs were paid by the issue of 2,295,982 shares under a drill for equity agreement with Geodrill Limited. In addition $4,531 (2019 - $12,229) in relation to options issued to employees or contractors have been capitalised in exploration assets.

16. EXPENDITURE COMMITMENTS

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Lease expenditure commitments		
Minimum lease payments		
- payable within one year	-	60,008
- payable between one and five years	-	75,225
Total contracted at balance date	-	135,233

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:

	2020 $	2019 $
Payable		
- not later than 12 months	125,431	552,310
- between 12 months and 5 years	1,645,757	1,760,903
	1,771,188	2,313,213

17. CONTINGENCIES

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

18. LOSS PER SHARE

Loss per share	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Basic and diluted (loss) per share (cents per share)	(1.74)	(1.76)

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

	2020	2019
Earnings used to calculate basic and diluted loss per share	(1,651,992)	(1,127,580)
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	95,083,221	64,186,559
Weighted average number of dilutive options outstanding during the period	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period, used in calculating diluted loss per share	95,083,221	64,186,559

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Options could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they were anti-dilutive in the financial year.

Conversions, calls, subscriptions or issues after 30 June 2020
In July 2020 the company issued 53,665,125 ordinary shares at $0.05 per share raising $2,683,256 by way of a placement (announced in May 2020 and approved by shareholders in July). A total of 2,500,235 unlisted $0.075 30/6/22 options were also issued at the same time. In August 2020 the company announced a two tranche placement to raise $10,000,000 at $0.115 per share – as at the date of this report the first tranche of $4,838,397 (42,038,232 shares) has been received with the balance of $5,165,603 (44,918,290) due to be received in early October. In addition the company in August 2020 issued 1,450,579 shares ($155,380) in relation to the drill for equity agreement with Geodrill Ltd.

19. AUDITOR'S REMUNERATION

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Amounts received or due and receivable by the Auditors for:		
(i) Audit & other assurance services – BDO Audit Pty Ltd		
- Audit & review of financial statements	52,232	46,256
(ii) Other services		
- Taxation advice and compliance	2,500	2,500
Total	54,732	48,756

20. RELATED PARTY DISCLOSURES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Key management personnel compensation		
Short term benefits	654,571	655,050
Share based payments	-	-
Long term benefits	16,891	2,516
Post-employment benefits	39,429	38,950
Total	710,891	696,516

Ultimate parent
Mako Gold Limited is the ultimate parent entity. Mako Gold Limited provides funding for its subsidiary companies Mako Gold SARL and Mako Cote D'Ivoire SARL. All loans advanced are interest free and any expenses paid on behalf of Mako Gold SARL and Mako Cote D'Ivoire SARL are repayable at cost. As at 30 June 2020 $2,416,469 (2019 - $2,416,469) was owed by Mako Gold SARL to Mako Gold Limited and $2,440,453 (2019 - $2,440,453) was owed by Mako Cote D'Ivoire SARL.

21. SHARE BASED PAYMENTS

Options

Advisor Options
During the 2018 financial year the Company granted options to its capital advisors, Canaccord Genuity (Australia) Limited in connection with the ongoing capital markets strategy requirements of the Company. The options were granted for nil consideration and are not quoted on the ASX. Options granted carry no dividend or voting rights. When exercised, each option converts into one ordinary share.

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

		Movements				
Expiry Date	**Exercise Price**	**1 July 2019**	**Issued**	**Vested**	**Exercised /Expired**	**30 June 2020**
26 April 2021	$0.30	2,500,000	-	2,500,000	-	2,500,000

The remaining contractual life of advisor options outstanding at the end of the prior period was 0.83 years. The weighted average exercise price of the options is $0.30.

21. SHARE BASED PAYMENTS (cont)

Staff Options
During the 2018 and 2019 financial years the Company granted options to an employee and a geological contractor engaged for the projects in Burkina Faso and Cote d'Ivoire. The options were granted for nil consideration and are not quoted on the ASX. Options granted carry no dividend or voting rights. When exercised, each option converts into one ordinary share. Details of options issued, exercised and expired during the financial year are set out below:

Expiry Date	Exercise Price	1 July 2019	Issued	Vested	Exercised /Expired	30 June 2020
30 April 2021	$0.30	1,000,000	-	1,000,000	-	1,000,000

The remaining contractual life of advisor options outstanding at the end of the prior period was 0.83 years. The weighted average exercise price of the options is $0.30.

Fair value of options granted
The assessed fair value at the date of grant of options issued is determined using a Black-Scholes option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the option, the underlying share's expected volatility, expected dividends and the risk free interest rate for the life of the instrument. This value is then considered in light of the market price of the listed MKGO 16/4/21 $0.30 options. For the options issued in the 2018 and 2019 years the value deemed appropriate was the market value of the listed options on the date of issue as it is considered this provided a more accurate valuation.

The company also issued shares to Geodrill Ltd re Napie project drilling during the year - in total 2,295,982 shares for a total value of $180,018 - 333,261 at $0.082, 956,229 at $0.086 and 1,006,492 at $0.07. Under an agreement entered into in October 2019 and approved at the 2019 AGM the Company has approval (up to 14 November 2020) to issue up to 5,000,000 Shares to Geodrill Ltd as payment for drilling services supplied. Mako had 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.

Expenses arising from share-based payment transactions	2020	2019
	$	$
Options issued to contractors capitalised in exploration assets	184,549	12,229

22. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with 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.

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.

22. FINANCIAL RISK MANAGEMENT (cont)

(c) Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows. At 30 June 2020 the Group had cash resources of $602,805 (2019 - $1,693,436). Subsequent to the end of the financial year the company has undertaken or contracted for additional capital raisings totalling $12,683,256 (before costs) and has sufficient cash to undertake its short term objectives as at the date of this report.

Maturity Analysis –Consolidated Entity - 2020	Carrying Amount	Contractual Cash flows	<1 year	1 - 5 years	> 5 years
Financial Liabilities	$	$	$	$	$
Trade and Other Payables	318,962	318,962	318,962	-	-
Lease liability	72,847	61,245	11,602		
	391,809	380,207	330,564	-	-

Maturity Analysis –Consolidated Entity - 2019					
Financial Liabilities					
Trade and Other Payables	719,956	719,956	719,956	-	-
	719,956	719,956	719,956	-	-

(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 2020 there are no interest paying financial liabilities. Cash resources are mostly deposited with a major Australian bank and earn interest at market rates. For further details on interest rate risk refer below:

2020	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total carrying amount as per the balance sheet**	**Weighted average effective interest rate**
	2020	**2020**	**2020**	**2020**	**2020**
	$	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	254,961	-	347,844	602,805	0.20%
Short term investment	-	42,900	-	42,900	1.55%
Trade and other receivables	-	-	12,622	12,622	-
Total financial assets	254,961	42,900	360,466	658,327	
Financial liabilities					
Trade and other payables	-	-	318,962	318,962	-
Lease liability	-	-	72,847	72,847	-
Total financial liabilities	-	-	391,809	391,809	

2019	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total carrying amount as per the balance sheet**	**Weighted average effective interest rate**
	2019	**2019**	**2019**	**2019**	**2019**
	$	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	1,197,336	-	453,200	1,650,536	0.15%
Short term investment	-	42,900	-	42,900	2.62%
Trade and other receivables	-	-	13,536	13,536	-
Total financial assets	1,197,336	42,900	466,736	1,706,972	
Financial liabilities					
Trade and other payables	-	-	719,956	719,956	-
Total financial liabilities	-	-	719,956	719,956	

The consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk. At 30 June 2020 the effect on profit and equity as a result of an increase of 1% in the interest rate is that the company could earn an additional $6,457 of interest income based on the closing cash balance as at 30 June 2020 (2019: $16,934). This analysis assumes all other variables remain constant.

22. FINANCIAL RISK MANAGEMENT (cont)

(ii) Currency Risk
Foreign currency risk arises as a result of having assets/cash flows denominated in a currency other than the functional currency in which they are reported. The consolidated entity does not have any material currency risk exposure under financial instruments entered into by the consolidated entity. The consolidated entity held CFA of AUD 99,242 (2019 – AUD 100,009) at the end of the year. These funds are to be used to meet expenditures incurred in Burkina Faso and Cote d'Ivoire in relation to the company's projects and as such there is no material currency risk associated with the CFA held at the year.

The consolidated entity has performed a sensitivity analysis relating to its exposure to currency risk. At 30 June 2020 the effect on profit and equity as a result of an increase of 1% in the CFA/AUD exchange rate is that the they would decrease by $1,000 of foreign exchange loss based on the closing cash balance as at 30 June 2019 (2019: $1,000 decrease). This analysis assumes all other variables remain constant.

(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.

23. PARENT COMPANY INFORMATION

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

Parent Entity Financial Information

	2020 $	2019 $
Current assets	578,857	1,630,917
Non-current assets	6,293,418	4,331,572
Total assets	6,872,275	5,962,489
Current liabilities	280,628	152,180
Non-current liabilities	11,602	-
Total liabilities	292,230	152,180
Net assets	6,580,045	5,810,309
Issued capital	10,010,875	7,615,757
Reserves	111,583	107,052
Accumulated losses	(3,542,413)	(1,912,500)
Total equity	6,580,045	5,810,309
Loss after income tax	(1,629,913)	(1,150,573)
Other comprehensive income	-	-
Total comprehensive income	(1,629,913)	(1,150,573)

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.

24. SEGMENT INFORMATION

Reportable Segments
The Group has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia and Africa. Operating segments are determined on the basis of financial information reported to the Board for the Group as a whole. The Group does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Group as having only one reportable segment, being exploration for base and precious metals. The financial results from this segment are equivalent to the financial statements of the Group. There have been no changes in the operating segments during the year.

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

	Geographical – non-current assets	
	2020	**2019**
	$	**$**
Australia	-	-
Africa	5,275,466	4,861,733
	5,275,466	4,861,733

25. SUBSEQUENT EVENTS

In July 2020 the company issued 53,665,125 ordinary shares at $0.05 per share raising $2,683,256 by way of a placement announced in May 2020 and approved by shareholders in July. In August 2020 the company announced a two tranche placement to raise $10,000,000 at $0.115 per share – as at the date of this report the first tranche of $4,838,397 has been received with the balance of $5,165,603 due to be received in early October. Apart from this no matter or circumstance has arisen since 30 June 2020, 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 2020.

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 2020 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;

(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; and

(d) the Remuneration disclosures contained in the Remuneration Report comply with section 300A of the Corporations Act 2001.

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, 29 September 2020

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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 subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2020, 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 the Group, 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 2020 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 (including Independence Standards)* (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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of exploration and evaluation assets

Key audit matter	***How the matter was addressed in our audit***
Refer to note 9 in the annual report The Group carries exploration and evaluation assets as at 30 June 2020 in accordance with the Group's accounting policy for exploration and evaluation assets. The recoverability of exploration and evaluation asset is a key audit matter due to the significance of the total balance and the level of procedures undertaken to evaluate management's application of the requirements of AASB *6 Exploration for and Evaluation of Mineral Resources* ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but were not limited to the following: • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains the tenements in good standing • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cash flow budget for the level of budgeted spend on exploration projects and held discussions with management of the Group as to their intentions and strategy • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest other than those already identified and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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, 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 at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

BDO

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 24 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Mako Gold Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

R Swaby

R M Swaby
Director

Brisbane, 29 September 2020