



# Mako Gold

A.C.N. 606 241 829

**ANNUAL REPORT 30 JUNE 2021**



Drilling on Napié Project in Côte d'Ivoire

**MAKO GOLD LIMITED**  
**ANNUAL REPORT 2021**

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# **MAKO GOLD LIMITED**

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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**

Michele Muscillo (Non-Executive Chairman)  
Peter Ledwidge (Managing Director)  
Steven Zaninovich (Non-Executive Director)

### **COMPANY SECRETARY**

Paul Marshall

### **AUSTRALIAN BUSINESS NUMBER**

ABN 84 606 241 829

### **REGISTERED OFFICE**

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Postal Address: Locked Bag A14, Sydney South, NSW 1235

### **ASX SECURITIES**

MKG – Fully paid ordinary shares

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## The directors present their review of operations for the year ended 30 June 2021

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.

## Key activities and achievements for the 12 months ended 30 June 2021<sup>1</sup>

- Multiple successful RC and DD drilling programs delivering wide and high-grade intersections including **41m at 4.51g/t Au, 32m at 7.1g/t Au and 10m at 18.98g/t Au** including **1m at 174.60g/t Au** on the **Tchaga Prospect** at the Napié Project in Côte d'Ivoire
- Structural and 3D modelling at **Tchaga** prompted a change of drilling direction from W to E to NW to SE which identified high-grade stacked lodes and resulted in the **increase of strike length of gold mineralisation to 2km**
- Drill intercept of **9.85m at 6.63g/t Au** extended **depth of gold mineralisation** at **Tchaga** to **200m vertical depth**
- Successful RC drill programs at **Gogbala Prospect** returning high-grade intersections including **7m at 6.70g/t Au** and **6m at 4.97g/t Au** outlined a **2km-long high-priority area** confirming potential for a **major high-grade gold system similar to Tchaga**
- RC drill program completed at **Tchaga East** to **test 800m of 8km-long shear** with **12 of the 16 holes intersecting gold** including **1m at 14.59g/t Au**
- **Consolidation of Napié Project ownership from 51% to 90%** through the execution of binding agreement with Perseus Mining Ltd (ASX: PRU) to acquire their 39% interest in the Napié Permit
- Capital raised totalling \$22.7M (before costs) completed during and subsequent to the period with strong institutional participation including strategic **cornerstone support of \$6.3M** received from high quality North American and European strategic investors including **Dundee Goodman Merchant Partners, DELPHI and Sparta AG**, with Mako now having **over 30% institutional ownership**
- **Two permit applications granted in Côte d'Ivoire within 30km of Barrick's Tongon mine** and processing plant. Collectively, the permits constitute **the Korhogo Project**
- Airborne magnetic/ radiometric geophysical survey and first-pass soil geochemical sampling program completed on newly granted **Korhogo Project** – infill soils and **10,000m drilling planned**
- Finalised sale agreement to **sell the Niou Project in Burkina Faso to Nordgold** and received **payment of US\$700K** while retaining a **1% NSR** which Nordgold can purchase any time for **US\$4.5M**

## Napié Project - Continuous and ongoing drilling

Mako Gold's flagship 224km<sup>2</sup> Napié Project is located in north-central Côte d'Ivoire within the Daloa greenstone belt (Figure 1).

The Company drilled continuously other than for short 3-4 week breaks during the wet season and at Christmas during and subsequent to the reporting period. A total of 46,043m of Reverse Circulation (RC) and 3,857m of diamond drilling (DD) for 395 RC holes and 35 DD holes were completed on the Napié Project. Total drilling on Napié was 49,000m for 430 holes drilled.

The Company focussed the majority of its drilling on the Tchaga Prospect and the Gogbala Prospect, in order to progress towards a maiden Mineral Resource Estimate at Tchaga and Gogbala (Figure 2). In addition, a small drill program was completed at Tchaga East, three holes drilled at Tchaga North (287m), and a few exploration holes elsewhere on the permit.

Mako has recently **commenced a 35,000m drilling program** on the Napié Project.

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<sup>1</sup> Includes events reported to ASX post 30 June 2021

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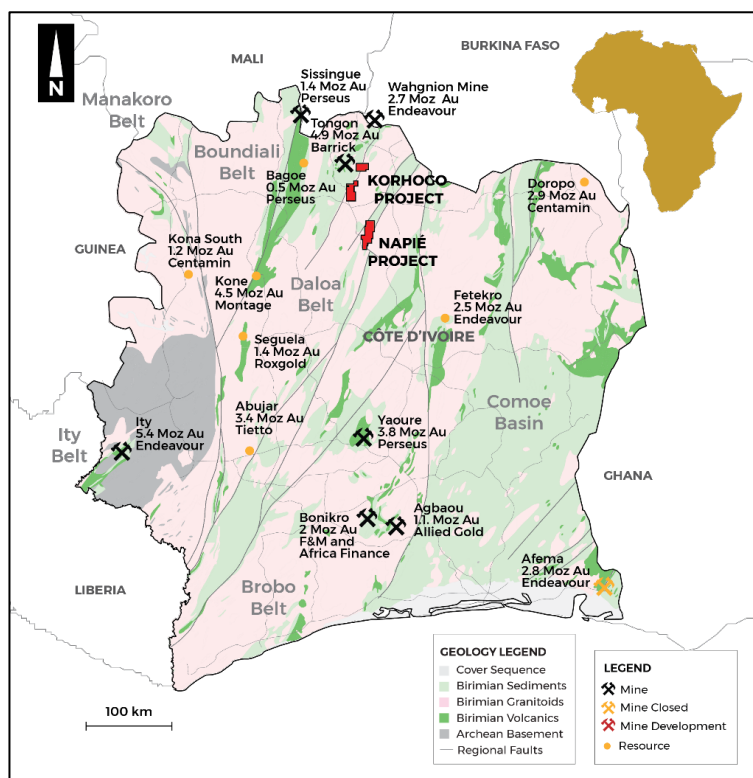


Figure 1: Mako projects on simplified geology with mines and deposits

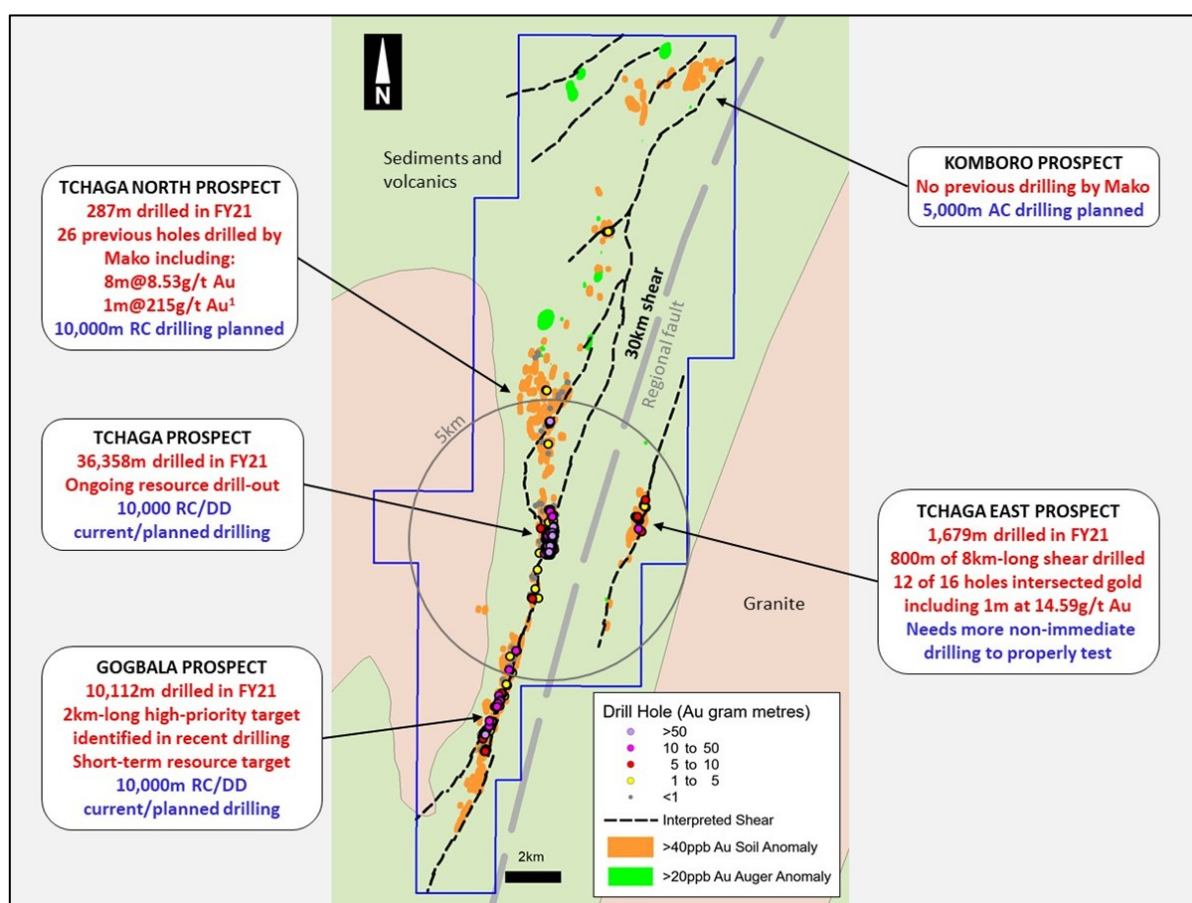


Figure 2: Napié Project with recent/previous drilling (red) and planned drilling (blue) – note that Tchaga and Gogbala are the short-term focus for a maiden Mineral Resource Estimate



## Tchaga Prospect – 2km-long target has undergone extensive drilling as part of maiden JORC resource target

During and subsequent to the reporting period, a total of 32,501m of Reverse Circulation (RC) and 3,857m of diamond drilling (DD), for 272 RC holes and 35 DD holes respectively, were completed on the Tchaga Prospect.

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 on the Napié Project.

The results of the multiple drill programs during the reporting period were highly encouraging with drilling intersecting multiple zones with significant widths and grades of gold mineralisation which included **13m at 20.82g/t Au** in NARC145, **41m at 4.51g/t Au** in NARC216, **32m at 7.1g/t Au** in NARC184, and **10m at 18.98g/t Au** in NARC486 including **1m at 174.60g/t Au**. The drill programs have confirmed continuity of the wide and high-grade results and **extended the strike length of gold mineralisation at Tchaga to 2km** (Figure 3). Gold mineralisation is open laterally, along strike and at depth, with a large portion of the soil anomaly that remains untested. Significant gold mineralisation has been intersected at the southern end of Tchaga with the potential to further extend the gold mineralised footprint (Figure 3).

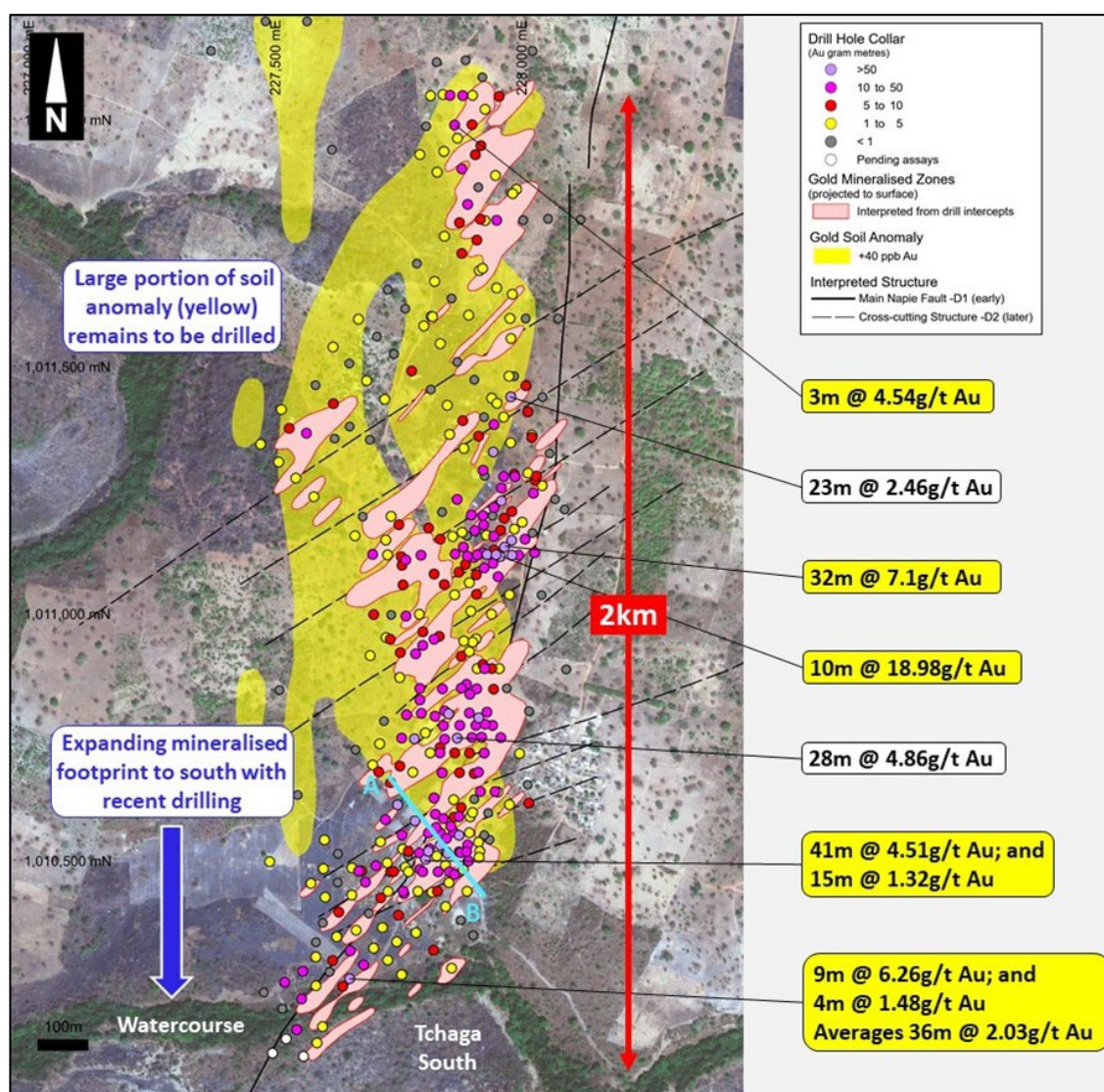


Figure 3: Tchaga Prospect – select FY-21 (yellow) and previous (white) gold intercepts - consistent wide and high-grade drill intercepts outline 2km strike-length target for maiden JORC resource

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Significant drill intersections received during the reporting period from the Tchaga Prospect include:

- **10m at 18.98g/t Au** from 7m including **1m at 174.60g/t Au** from 14m in NARC486
- **41m at 4.51g/t Au** from 17m in NARC216
- **32m at 7.10g/t Au** from 13m in NARC184
- **13m at 20.82g/t Au** from 32m in NARC145
- **14m at 5.46g/t Au** from **surface** in NARC124
- **26m at 4.34g/t Au** from **surface** in NARC214
- **5m at 21.99g/t Au** from 70m in NARC243
- **9.85m at 6.63g/t Au** from 213m including **2m at 30.15g/t Au** from 217m in NARC419DD
- **13.8m at 4.91g/t Au** from 118m in NARC307DD
- **30m at 2.10g/t Au** from 1m in NARC210
- **38m at 1.64g/t Au** from 5m in NARC180
- **4m at 14.26g/t Au** from 33m in NARC185
- **9m at 6.26g/t Au** from 16m in NARC379
- **15m at 3.59g/t Au** from 16m in NARC182
- **26m at 2.02g/t Au** from 51m in NARC190
- **17m at 3.06g/t Au** from 129m in NARC404DD

Significant previous drill intersections from the Tchaga Prospect include:

- **36m at 3.09g/t Au** from 43m in NARC107DD
- **28m at 4.86g/t Au** from 83m in NARC057
- **25m at 3.43g/t Au** from 53m in NARC017
- **18m at 3.25g/t Au** from 39m in NARC080
- **23m at 2.46g/t Au** from 15m in NARC084
- **17m at 2.43g/t Au** from 86m in NARC055
- **30m at 1.16g/t Au** from 117m in NARC101
- **7.7m at 11.65g/t Au** from 169m in NARC058DD

During the reporting period the maximum **vertical depth of mineralisation was increased to 200m vertical metres** in NARC419DD which returned **9.85m at 6.63g/t Au** as shown on Section A-B on Figure 4. Mineralisation at Tchaga remains open at depth.

During the reporting period the drilling direction was changed to the southeast based on 3D modelling and structural studies. Drilling in the revised SE direction outlined continuity in stacked high-grade lodes at Tchaga, as shown on Figure 3 and Figure 5. The change in drilling direction contributed to the increase of the length of the mineralised zone at Tchaga to 2km. Select drilling results from the 2km mineralised zone are shown in the long section of the 3D model on Figure 5. The Company believes that these high-grade stacked lodes may extend to the north and the south of the currently identified lodes at Tchaga and will be targeting them as drilling progresses.

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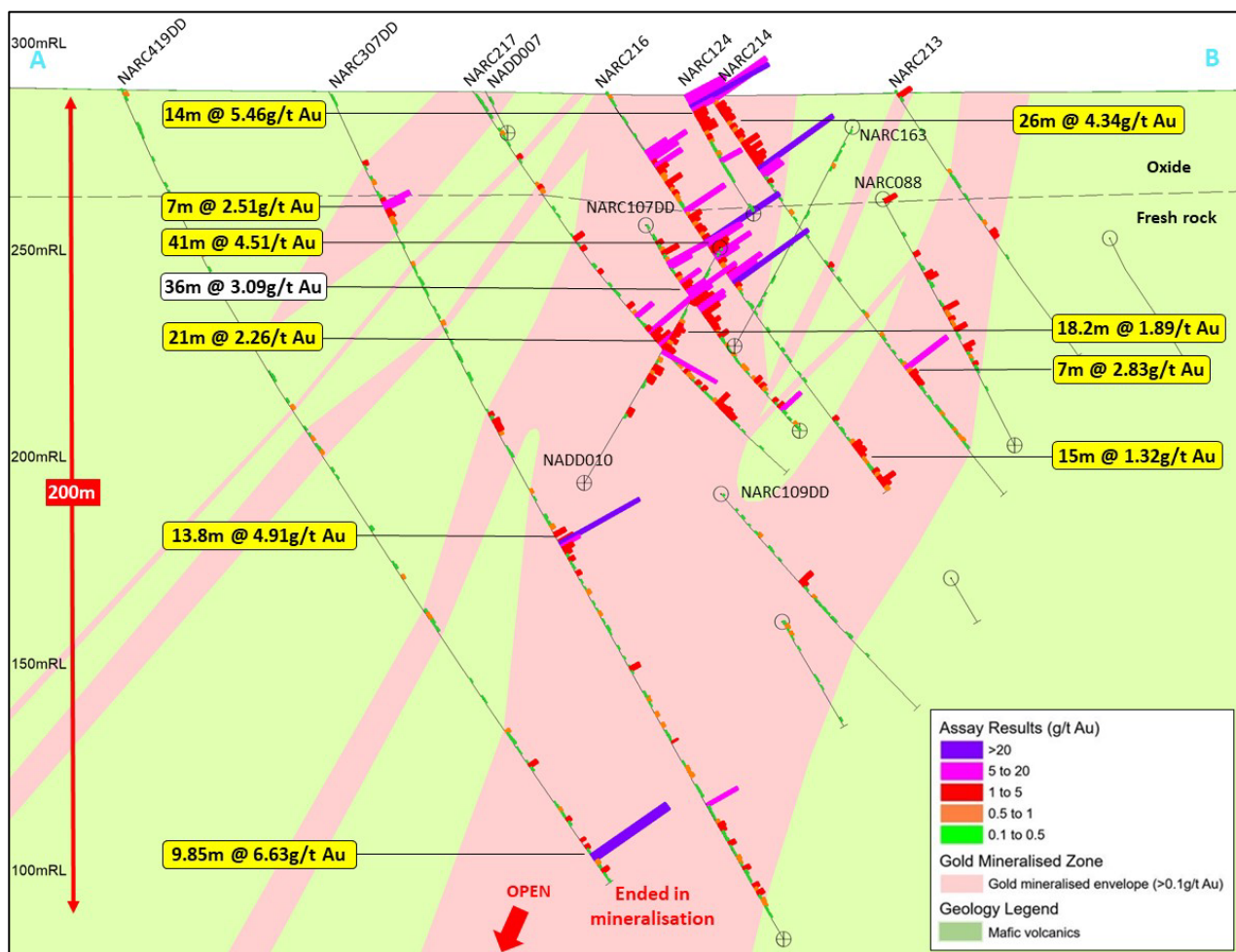


Figure 4: Section AB showing deep mineralisation open at depth - select FY-21 (yellow) and previous (white) gold intercepts

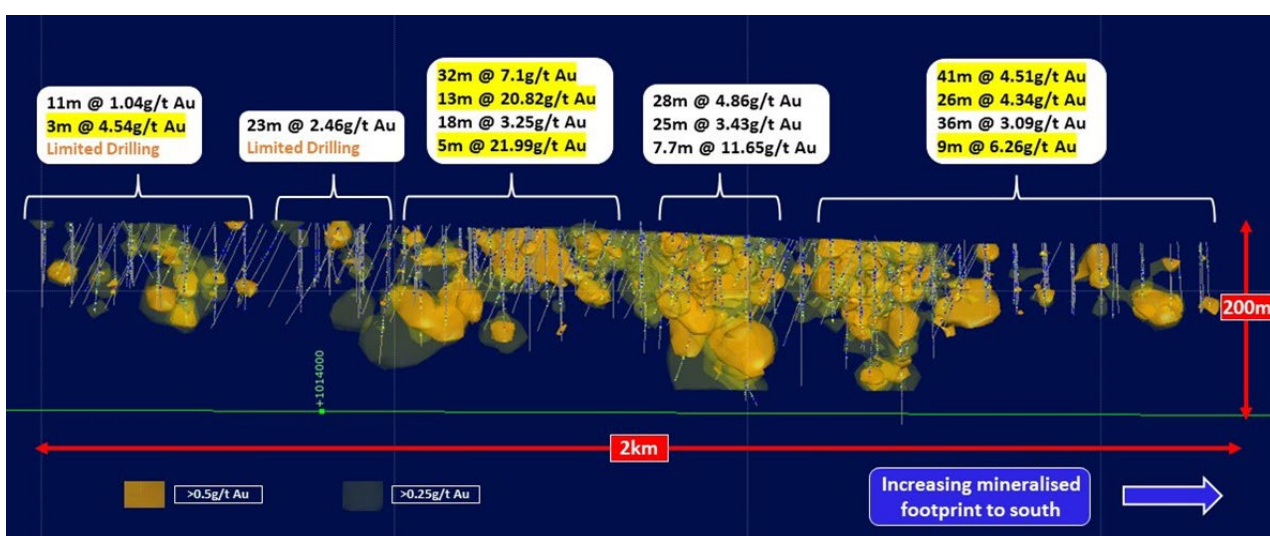


Figure 5: Tchaga 3D Leapfrog Long Section looking east - select FY-21 (yellow) and previous (white) gold intercepts



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### **Gogbala Prospect – Successful drill programs identified a high-priority 2km-long area confirming the potential for a major high-grade gold system similar to Tchaga**

During and subsequent to the reporting period, a total of 91 RC drill holes were completed for 10,112m drilled at the Gogbala Prospect.

The aim of the Gogbala drill programs were to target high-grade areas identified from previous drilling by the Company and to work outwards with the goal of delineating stacked lodes similar to the Tchaga Prospect located a few kilometres to the north. The Company hopes to **include drilling from Gogbala in the upcoming Maiden Mineral Resource Estimate.**

Gogbala is located along the same 23km-long +40ppb gold soil/ auger anomaly (orange/ green on Figure 2) coincident with a +30km-long shear zone (black dashed lines) as Tchaga, which is thought to be a major control for gold mineralisation.

After reviewing the results of the 53-hole drilling program completed in January and February 2021 in conjunction with the previous 24 holes drilled by the Company in 2018 and 2019, the Company identified a **2km-long high-priority target, which is approximately the same size as the Tchaga Prospect** that has consistently delivered wide and high-grade results (Figure 6).

**A 10,000m follow-up drill program commenced in Q1-FY21.** Initial results (from the southern portion of the 2km target) from the first 15 holes of the first phase of the planned 10,000m drill program were very positive with 12 of the 15 holes intersecting significant mineralisation including **7m at 6.70g/t Au** from 6m in NARC518 and **8m at 2.87g/t Au** from 49m in NARC524 (Figure 7). Assays are pending from the northern portion of the target and are shown as white dots on Figure 6.

Mako sees many similarities in structurally controlled gold deposition between Gogbala and Tchaga. The “pinch and swell” characteristic of mineralisation observed at Tchaga is also present at Gogbala, which lends itself well to follow-up drilling along strike and down dip as shown by the planned drill-hole on Figure 8 to target a widening zone of the “pinch and swell”.

Mako believes that Gogbala **has the potential to host similar stacked gold lodes as those identified at Tchaga Prospect** and that the **potential of repeated lodes could apply along the entire 30km north-south shear on the Napié permit.**

Significant drill intersections received during the reporting period from the Gogbala Prospect include:

- **7m at 6.70g/t Au** from 6m in NARC518
- **6m at 4.97g/t Au** from 68m in NARC317
- **8m at 2.87g/t Au** from 49m in NARC524
- **3m at 6.4g/t Au** from 58m in NARC313
- **6m at 2.00g/t Au** from 87m in NARC312

Significant previous gold intersections on the Gogbala Prospect from drilling include:

- **12m at 5.39g/t Au** from 11m in NARC035
- **17m at 1.68g/t Au** from 45m in NARC027
- **6m at 2.67g/t Au** from 42m in NARC034
- **7m at 2.73g/t Au** from 77m in NARC065; and
- **2m at 16.81g/t Au** from 2m and **5m at 2.12g/t Au** from 19m in NARC066

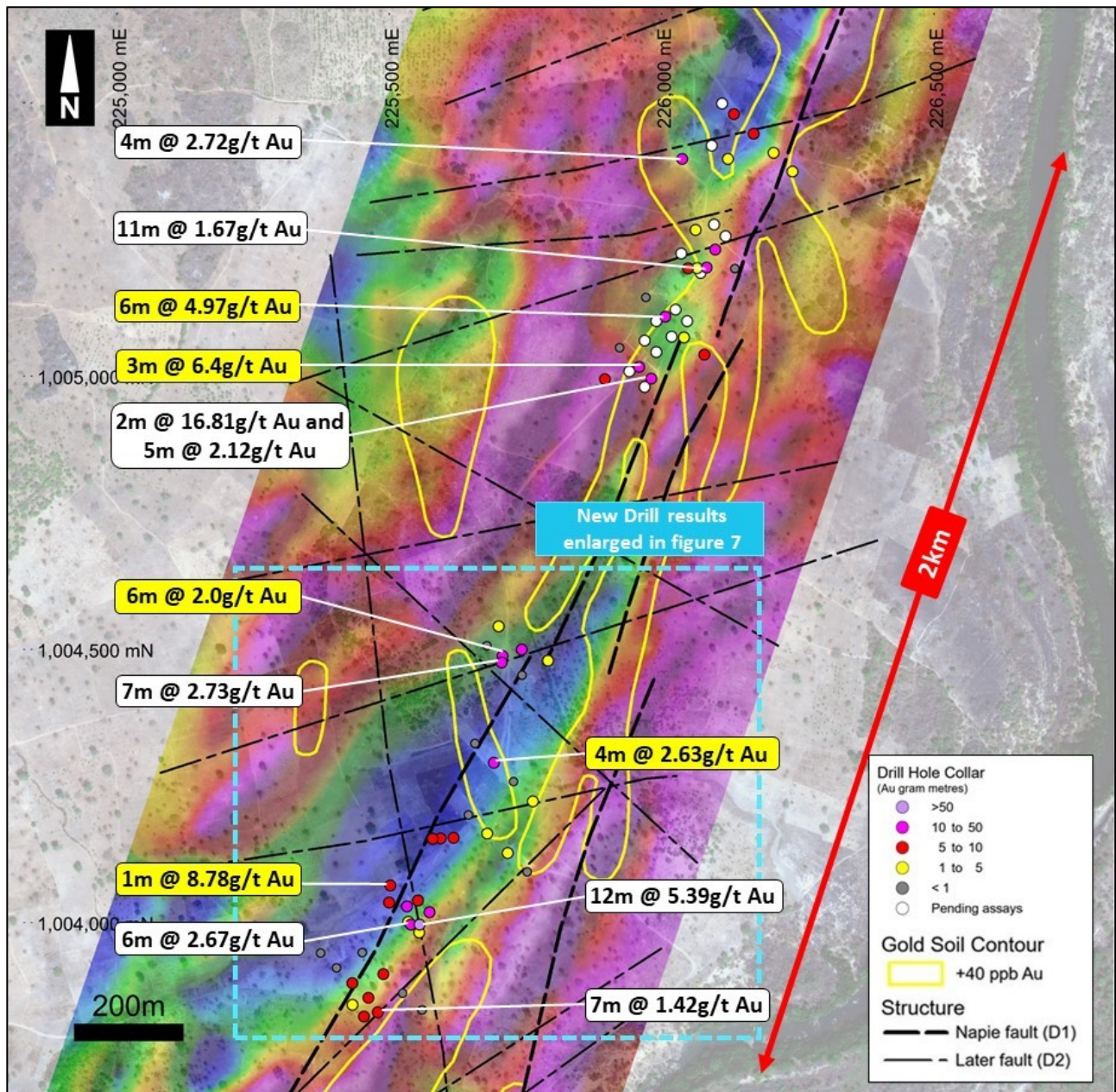


Figure 6: Gogbala Prospect - High-priority 2km target subject to Phase 1 of 10,000m drill program (currently drilling) - select FY-21 (yellow) and previous (white) gold intercepts on IP geophysics



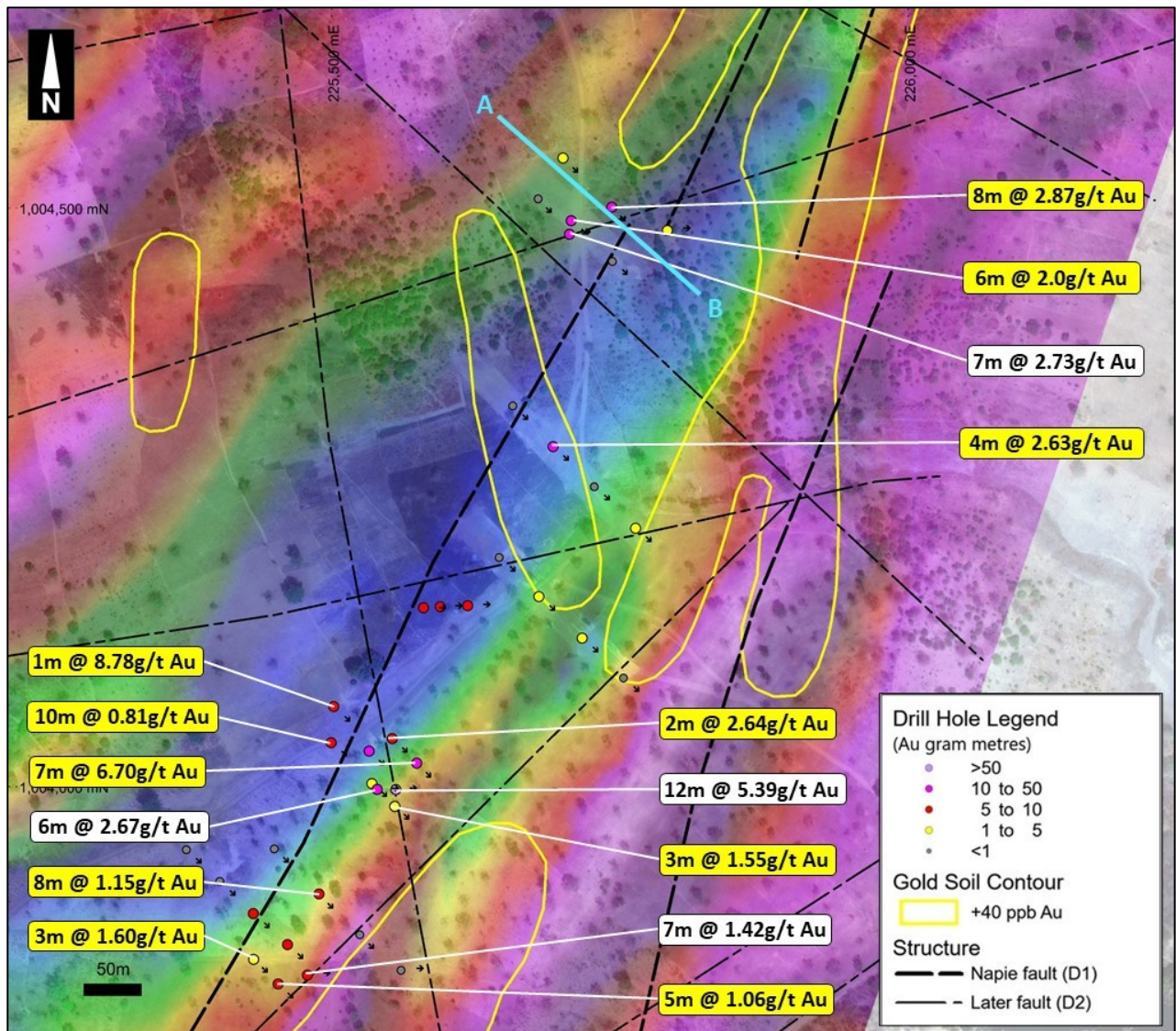
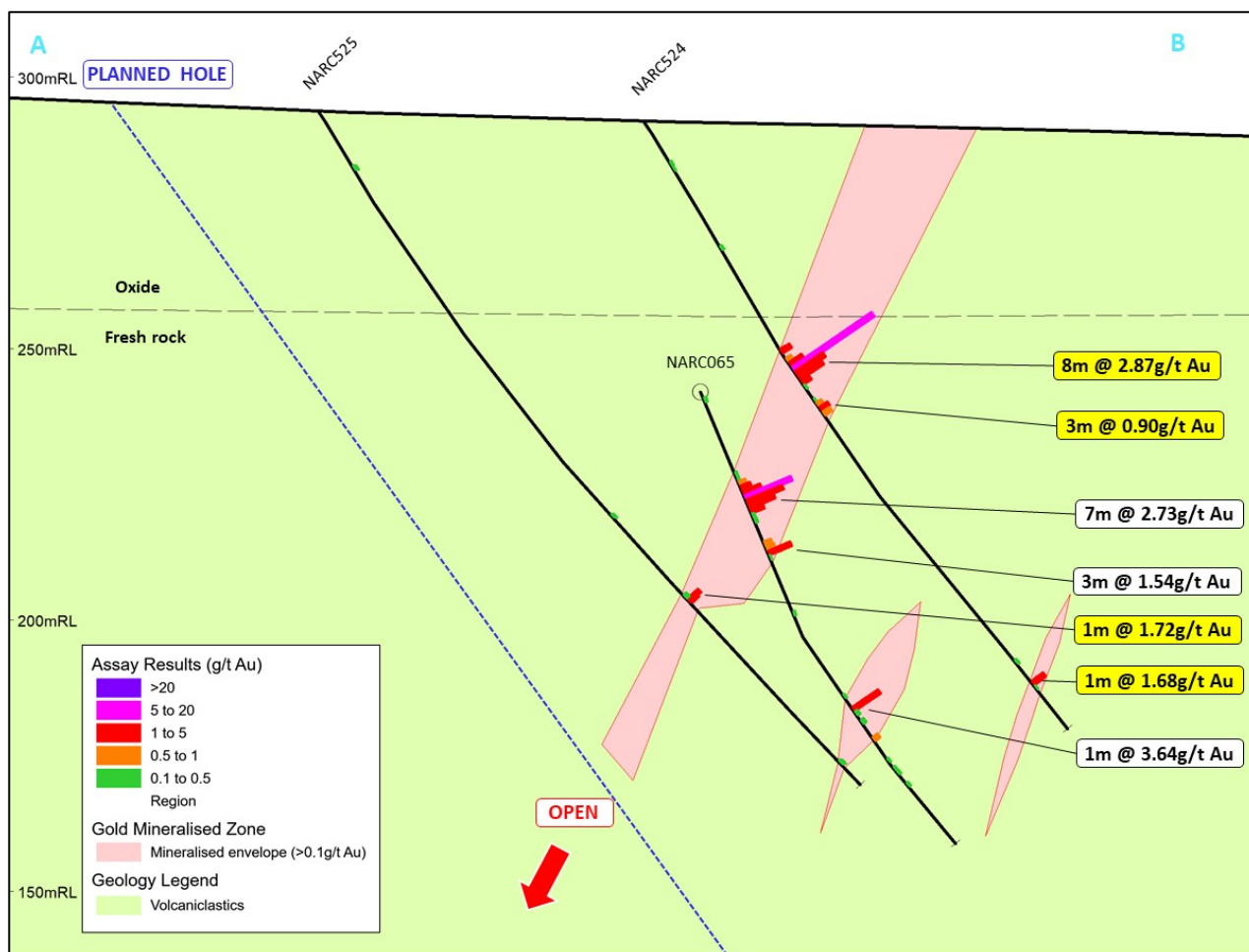


Figure 7: Select FY-21 (yellow) and previous (white) gold intercepts on southern portion of 2km-long high-priority target area at Gogbala (see location of enlarged area on Figure 6)

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**Figure 8: Section AB looking northeast with select FY-21 (yellow) and previous (white) gold intercepts - note the planned drill hole which will test for deeper “pinch and swell” mineralisation**

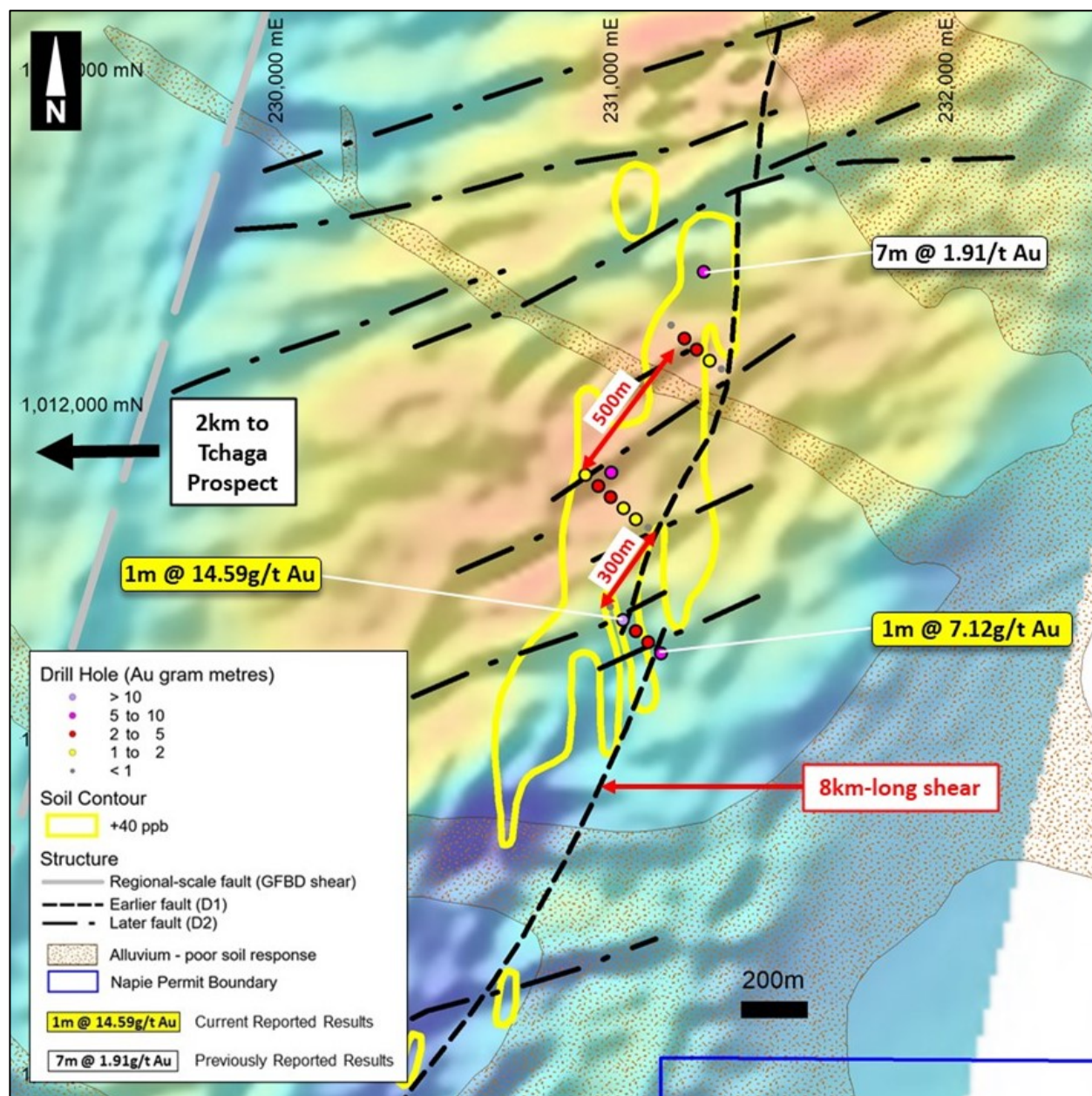
## Tchaga East – 12 of 16 holes drilled returned gold values over 800m of 8km shear

A 1,679m, 16-hole RC drill program was completed during the reporting period on the Tchaga East Prospect, which is located approximately 2km east of the Tchaga prospect along an 8km-long interpreted shear (Figure 9).

**Gold was intersected in 12 of the 16 RC drill holes** completed at Tchaga East. Three widely spaced fences of drill holes were designed over an 800m-long section of the 8km interpreted shear (D1 structure on Figure 9) to test the intersection of D1 (earlier) and D2 (later) structures interpreted from the airborne magnetic survey, which are coincident with the +40ppb soil anomaly. The southern-most fence of holes intersected **1m at 14.95g/t Au** in NARC283 and **1m at 7.12g/t Au** in NARC280 (Figure 9). At this early stage of exploration on this prospect, it is encouraging that the majority of holes contained mineralisation.

The Company had previously drilled three RC holes at Tchaga East in 2018, two of which returned intersects greater than 5 gram-metres including **7m at 1.91g/t Au** in NARC041. Since only 3 drill fences over 800m of the 8km-long interpreted shear were tested, follow-up drilling is recommended in the future to further test Tchaga East as a potential high-grade satellite deposit, being just 2km away from Tchaga where the Company is working towards a maiden mineral resource estimate, however priority will be given to the other prospects.





**Figure 9: Tchaga East Prospect - Select new (yellow) and previous (white) drill results on total field airborne magnetics and soil anomaly - note the three wide-space drill fences which tested 800m of the 8km-long interpreted shear**

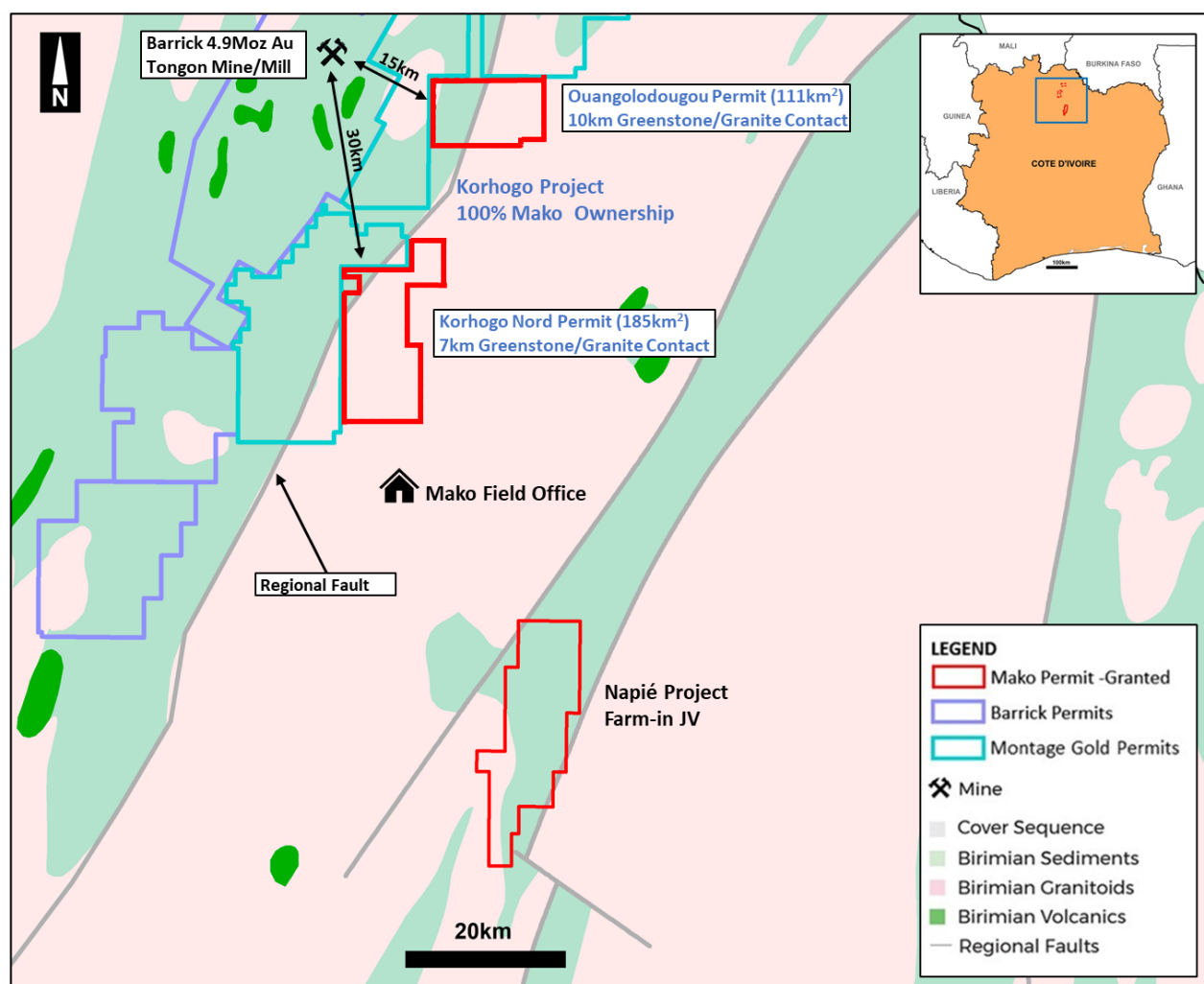
### Korhogo Project - Two new permits granted 100% Mako owned

During the reporting period, two applications for exploration permits were granted to Mako by the Ministry of Mines in Côte d'Ivoire covering a total area of 296km<sup>2</sup> (Figure 10).

The permits are located in the same greenstone belt that hosts Barrick's 4.9 million-ounce Tongon gold mine and Montage Gold's 4.5 million-ounce Kone gold deposit, both in Côte d'Ivoire, as well as Endeavours' 2.7 million-ounce Wahgnion gold mine across the border in Burkina Faso (Figure 1). The proximity to Barrick's Tongon processing and mine infrastructure (within 30km) has the potential to create accretive development and processing synergies should Mako be successful in discovering a gold deposit on the permits.

Both permits are located on a regional fault shown as a grey line between the greenstone and the granite on Figure 10. 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 presents excellent targets for high-grade orogenic shear-hosted gold deposits.



**Figure 10: Location of Mako permits including the newly granted Ouangolodougou and Korhogo permits which constitute the Korhogo Project**

### **Korhogo Project - Airborne magnetic/ radiometric geophysical survey and first-pass soil geochemical sampling program completed - 10,000m drilling planned**

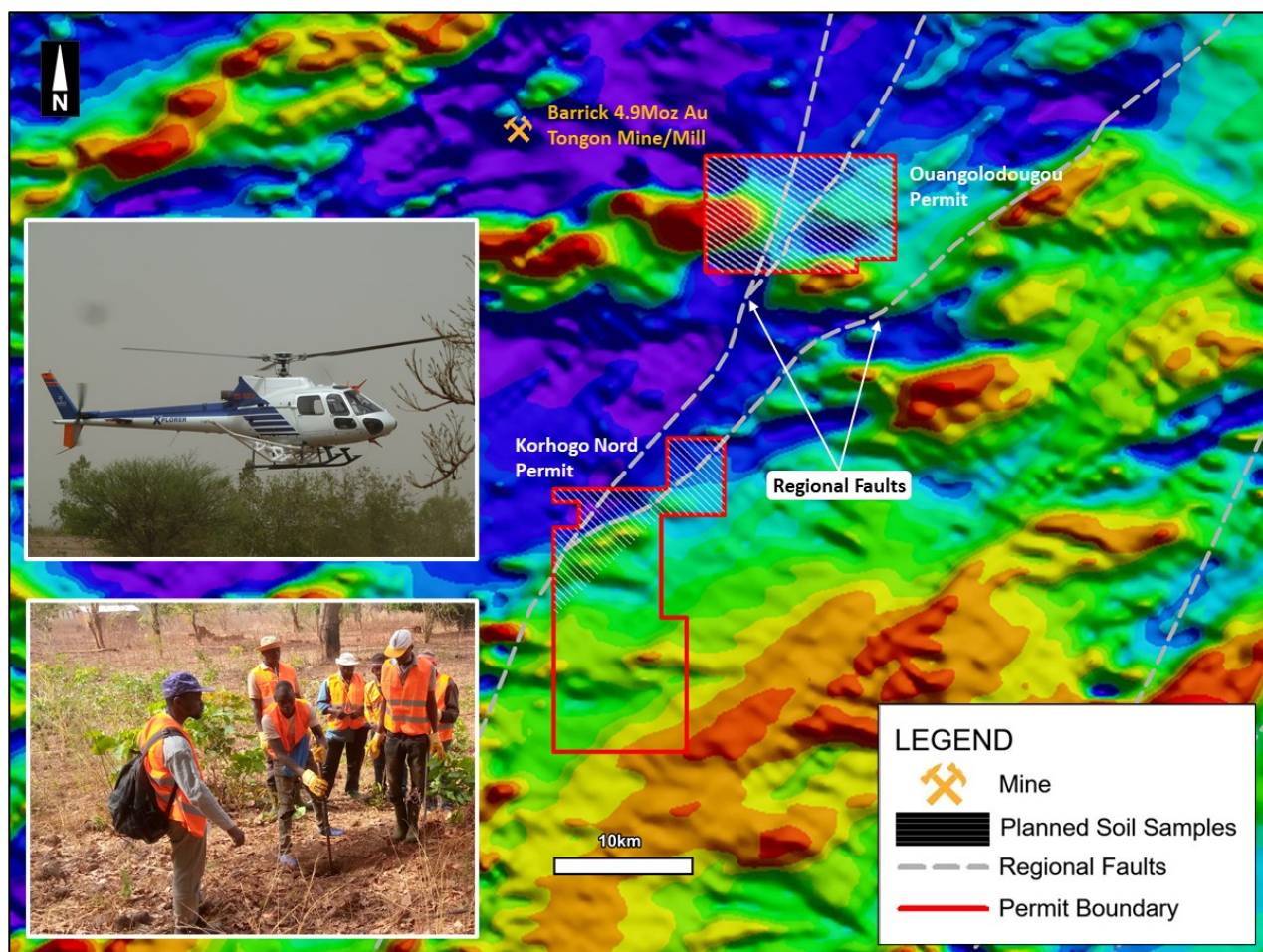
During the reporting period, an airborne helicopter magnetic/ radiometrics geophysical survey and first-pass soil geochemical sampling program was completed on the Korhogo Project (Figure 11).

The geophysical survey was flown along 100m spaced lines at an altitude of 20-30m in a northwest and southeast direction to fly perpendicular to the regional faults and splays. The survey collected magnetic and radiometric data on both permits. Regional faults (grey dashed lines on Figure 11) are a key conduit or “plumbing system” for gold bearing fluids at Korhogo.

Soil geochemical samples were collected over a wide-spaced grid with 400m spaced lines and 100m sample spacing. A total of 2,351 and 1,447 samples were collected on the Ouangolodougou and Korhogo Nord permits, respectively. The geochemical soil program targeted the greenstone-granite contact along a regional fault therefore only the northern part of the Korhogo Nord permit was sampled since the southern part of the



permit is entirely granite. A follow-up tighter-spaced (100m spaced lines and 50m sample spacing) soil geochem sampling program is planned over anomalous areas identified in the first-pass soil sampling program after the wet season. Once the results from the follow-up program are received a **10,000m air core (AC) maiden drill program is planned on the Korhogo Project.**



**Figure 11: Korhogo Project - Completed soil sampling grids over regional magnetics (RTP) covering splayed regional faults (grey dashed lines) on Korhogo permits. Inset - soil sampling crews and helicopter used for airborne geophysical survey**

### CSR - Water well drilled for local community

During the reporting period Mako partnered (50/50) with Geodrill (TSX:GEO) our drilling contractor, to drill and install a water well for one of the communities on the Napié permit. Access to clean water is one of the primary health concerns in the developing world. The Company aligns itself with contractors who share our fundamental beliefs of helping the communities where we operate. We thank Geodrill for their assistance in helping improve the lives of the local communities. The ribbon cutting ceremony for the water well was held in January with administrative and traditional dignitaries of the larger community (Figure 12).



Figure 12: Geodrill and Mako representatives with dignitaries and villagers at the ribbon cutting of the water well

### Niou Project - Finalised sale of project to Nordgold

During the reporting period Mako completed the sale agreement with Nord Gold SE (“**Nordgold**”) to sell the Niou Permit and Niou Sud Permit, non-core assets in Burkina Faso (Figure 13).

Mako has received US\$700,000 (circa A\$945,000) cash payment for the sale. In addition, Mako retains a 1% Net Smelter Royalty (“**NSR**”) if Nordgold discovers a NI 43-101 compliant resource of at least 2Moz gold and advances the resource to production. Nordgold has the right to purchase the NSR at any time for **US\$4.5M**.

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

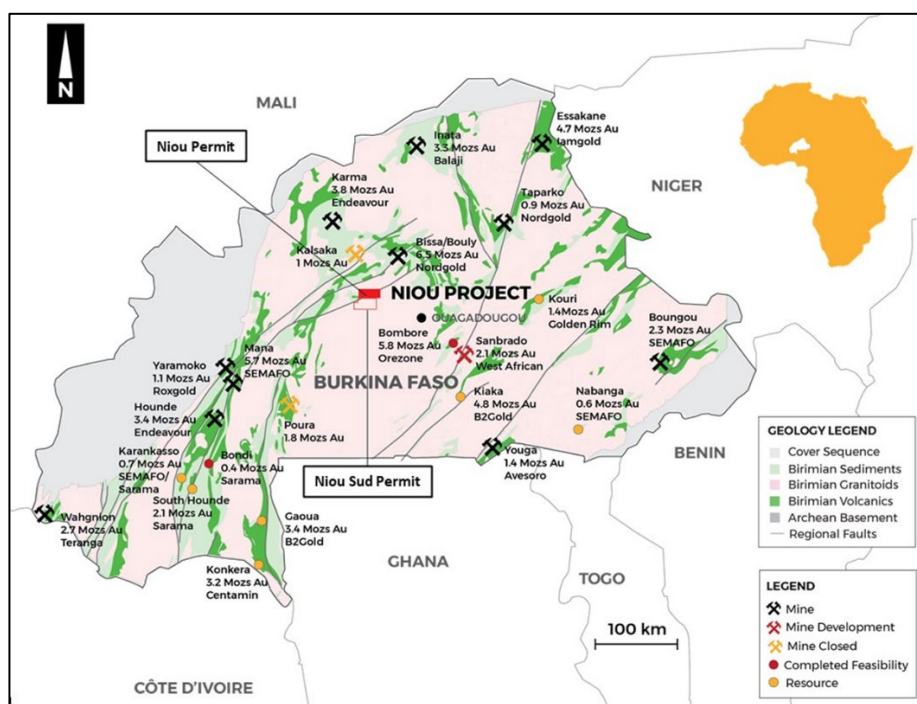


Figure 13: Niou Project location - Burkina Faso



## **Changes to Board of Directors**

During the reporting period the Company announced the appointment of a Non-Executive Director and restructure of its board to support the evolution of Mako.

Mr. Michele Muscillo who had been a Non-Executive Director of Mako since 2017 was appointed as Non-Executive Chairman of the Company replacing Dr. Mark Elliott, a co-founder of Mako, who made the decision to retire. In addition, Mr. Steven Zaninovich was appointed as Non-Executive Director.

Mr. Zaninovich is a highly qualified engineer with over 25 years' mining project development and management experience. He has held Executive and Non-Executive Board roles with several public and private companies and has extensive in-country experience in West Africa including Burkina Faso, Mali, Côte d'Ivoire, and Ghana. He served as COO with Gryphon Minerals (ASX:GRY) prior to their takeover by Teranga Gold (TSX:TGZ) where he assumed the role of Vice President of Major Projects and completed the bankable feasibility study on the recently commissioned c.2.7-million-ounce Wahgnion Gold Mine in Burkina Faso. The changes to the board will add considerable insight and value to Mako as it seeks to unlock the value of its highly prospective projects in Côte d'Ivoire.

## **Mako's response to COVID-19 crisis**

Mako has maintained strict protocols regarding the COVID-19 crisis and is pleased to report that there has been no incidence of COVID-19 at any Company sites.

The government of Côte d'Ivoire took immediate measures to restrict the spread of COVID-19 when the pandemic began. Current restrictions in Côte d'Ivoire include mandatory use of facemasks indoors and in public gatherings and social distancing. In addition, travellers are required to show proof of a mandatory negative Covid test taken within five days prior to entering or leaving the country. Land and sea borders are closed other than for holders of a valid visa or work exemption permit.

## **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:

- 9 September 2021 Re-release of Gogbala Results Announcement
- 9 September 2021 – Gogbala High-Grade Results Confirm Similarities with Tchaga
- 30 August 2021 - \$10m Placement Completed and 45,000m Drill Program Commenced
- 17 August 2021 – Best Ever Grade in Continued Drilling at Tchaga
- 12 August 2021 – 10,000m Drill Program Commences on Gogbala Prospect
- 10 August 2021 – Mako Completes Sale of Niou Project in Burkina Faso
- 8 July 2021 – Strategic \$10m Equity Raise to Accelerate Napie Exploration
- 29 June 2021 – Updated Release re Increase of Interest in Napie Project
- 29 June 2021 – Interest in Napie Gold Project Increased from 51% to 90%
- 4 June 2021 – Tchaga Continues to Expand with Further High-Grade Results
- 26 May 2021 – Shallow High-Grade Results Extend Tchaga Strike to 1.8km
- 12 May 2021 – Korhogo and Napie Exploration Update
- 28 April 2021 – Tchaga Delivers Wide and High-Grade Results at Depth
- 20 April 2021 – Korhogo and Napie Exploration Updates
- 15 March 2021 – Gogbala Results Confirm Potential for High-Grade Gold System
- 11 March 2021 – Extension of Tchaga Shallow High-Grade Mineralisation
- 22 February 2021 – Exploration commences on Recently Granted Korhogo Permits
- 21 January 2021 – Mako granted Ouangolodougou Permit in Cote d'Ivoire
- 13 January 2021 – Tchaga Delivers Widest, High-Grade gold Intercept to Date

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- 14 December 2020 – Continuing Shallow, Wide, High-Grade Intersections at Tchaga
- 17 November 2020 – Shallow High-Grade gold Zone Confirmed at Tchaga
- 9 November 2020 – Wide and High-Grade Intercepts Continue at Tchaga
- 7 October 2020 – Mako Completes \$10M Capital Raising
- 2 October 2020 – Board Changes Director Appointment and Retirement
- 29 September 2020 – Korhogo Nord Permit Granted Exploration to Commence Shortly
- 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 US\$1M
- 25 September 2019 - Tchaga Prospect Excellent Preliminary Metallurgical Results
- 9 August 2019 - Mako Receives Final Drill Results for Napie Project
- 25 July 2019 - Strike Length of Mineralisation at Napie Project Doubles
- 24 July 2019 - Mako on Path to Earn up to 75% of Napie Permit
- 13 March 2019 - Wide High-Grade Gold Results 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

### Mako consolidates ownership of the Napié Project from 51% to 90%

During the reporting period **Mako** entered into a binding agreement with established West African gold producer, Perseus Mining Limited, to acquire their 39% interest in Mako's flagship Napié Gold Project in Côte d'Ivoire for an initial equity consideration and two deferred milestone payments. Perseus will emerge as a strategic shareholder of Mako at completion with a 5.1% equity holding and Mako to own 90% of the Napié Gold Project. The initial equity considerations consist of 13,800,000 shares equivalent to 5.1% of Mako's issued capital which was approved at an EGM held on 20 August 2021. The two milestone payments consist of the following:

- **Milestone 1 Resource Definition:** A A\$2,400,000 payment payable in cash or scrip at Mako's election upon delineation of a 1Moz Measured and Indicated Resource (representing a minimum of 25 million tonnes at a minimum grade of 1.25 grams per tonne gold or similar outcome which demonstrates potential economic viability) under the JORC Code at Napié.
- **Milestone 2 Commercial Production:** A A\$2,400,000 payment payable in cash or scrip at Perseus' election upon the first sale of gold doré or ore extracted from Napié.

The Transaction resolves the current fragmented ownership structure of Napié and **increases Mako's ownership from 51% to 90%.**

A pre-existing Joint Venture arrangement exists between Perseus' subsidiary Occidental Gold and African American Investment Fund SA (**AAIF**) whereby AAIF holds the remaining 10% interest in the permit. Mako is in discussion with AAIF to acquire their 10% ownership through a similar transaction as Perseus', which would then give Mako 100% ownership of the Napié Project.

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## Capital raises including cornerstone support by high quality North American and European institutional investors

During and since the end of the reporting period the Company raised \$22,683,256 by the issue of shares as noted below. Notably Prominent North American resource fund, Dundee Goodman Merchant Partners, cornerstoned a strategic \$10m placement for ~\$3.0M and resulting in a holding of 9.9% of Mako's pro-forma issued capital. In addition two strategic German Institutions: Delphi Unternehmensberatung AG ("DELPHI") the parent company of Deutsche Balaton AG and Sparta AG ("Sparta") a subsidiary of Deutsche Balaton participated in the raise for ~3.6M resulting in a holding of 12.7% of Mako's pro-forma issued capital. The placements ensure Mako is well funded to execute its strategic plan.

### Corporate

Along with the \$22,683,256 raised by the issue of shares a further \$101,286 was raised from the exercise of 30 November 2020 \$0.10 options. The company also issued a total of 2,589,872 shares to pay for \$306,149 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 had 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 had 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	\$
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
July 2021	Tranche 1 Placement of 64,310,400 shares at \$0.08	5,144,832
August 2021	Tranche 2 Placement of 60,689,600 shares at \$0.08	4,855,168
		<u>22,683,256</u>

Following the completion of the most recent capital raise program the company has the following securities on issue:

Ordinary Shares: 382,241,602

#### Options

Unlisted \$0.075 30/6/22 Options: 2,500,235  
 Unlisted \$0.175 30/9/22 Options: 4,000,000  
 Unlisted \$0.155 30/11/23 Options: 10,200,000  
 Unlisted \$0.12 31/8/23 Options: 4,000,000

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## Directors' Report

The directors present their report on Mako Gold Limited and its controlled entities (the "company", "consolidated entity", "Group" or "Mako") for the year ended 30 June 2021.

### 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***

##### M Muscillo (Non-Executive Chairman) LLB

Appointed 20 April 2017, Appointed as Chairman 2 October 2020

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 is a non-executive director of ASX-Listed Aeris Resources Limited and Xanadu Mines Limited and was previously a director of ASX-Listed Orbis Gold Limited, until its takeover by TSX-Listed Semafo in March 2015, and of Cardinal Resources Limited up to its takeover by China's Shandong Gold Mining Co. Ltd in February 2021.

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

Appointed 4 June 2015

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

Prior to founding Mako Gold, Peter was a senior manager with ASX-listed Orbis Gold 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 and thereafter contributed geological ideas towards the discovery of the Boungou mine, currently being mined by Endeavour Mining Corporation.

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

##### S Zaninovich (Non-Executive Director) B.Eng

Appointed 2 October 2020

Mr. Zaninovich is a highly qualified engineer with over 25 years' mining project development and management experience across a variety of commodities and jurisdictions. Steven has held Executive and Non-Executive Board roles with several public and private companies and has extensive in-country experience in West Africa including Burkina Faso, Mali, Côte d'Ivoire and Ghana.

He served as COO with Gryphon Minerals (ASX:GRY) prior to their takeover by Teranga Gold (TSX:TGZ) where he assumed the role of Vice President of Major Projects and completed the bankable feasibility study on the recently commissioned c.2.4 million ounce Wahgnion Gold Project in Burkina Faso.

Steven is currently a Non-Executive Director of Sarama Resources (TSX-V:SWA), Canyon Resources Ltd (ASX: CAY) and Maximus Resources (ASX: MXR). He is a former director of Indiana Resources (ASX: IDA) from which he resigned in February 2021 and was also previously an Executive Director with Lycopodium Minerals (key subsidiary of Lycopodium Ltd, ASX: LYL).

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

Appointed 14 March 2017, Resigned 2 October 2020

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.



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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.

### Company Secretary

P Marshall LLB, ACA  
Appointed 13 April 2017

Paul Marshall holds a Bachelor of Law degree and is a Chartered Accountant. He has more than thirty five years' experience including over twenty five 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:

	<u>Ordinary Shares</u>	<u>Unlisted \$0.155 30/11/23 Options</u>
Peter Ledwidge	8,014,862	2,000,000
Michele Muscillo	558,823	1,500,000
Steven Zaninovich	180,000	1,000,000

### Meetings of Directors

The following table sets out the number of formal director's meetings held during the year ended 30 June 2021 and the number of meetings attended by each director.

<u>Director</u>	<u>Directors' Meetings</u>	
	<u>A</u>	<u>B</u>
P Ledwidge	3	3
M Muscillo	3	3
S Zaninovich	3	3
M Elliott	-	-

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 Cote D'Ivoire.

#### Revenue

As an early-stage exploration company, Mako Gold Limited does not generate any operating income - the other income recorded in the period to 30 June 2021 of \$40,261 relates to interest revenue \$2,761 and COVID related cashflow boost of \$37,500.

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### Expenses

The Consolidated Entity's main expenses were as follows:

	2021
	\$
Corporate and Administration expenses	499,920
Write off of exploration expenses	263,257
Amortisation and interest for right of use assets	61,495
Share based payment expense	313,159
Employment expenses	390,454
Total expenses	1,528,285

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 received the US\$700,000 cash consideration in August 2021 as well as retaining 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 expensed all costs in relation to the Niou project (\$263,257) to bring the value in line with the USD\$700,000 proceeds.

The share-based payment expense relates to mainly to the value of the options issued to advisors in relation to the two significant capital raisings completed during the reporting period.

### Comparison with Prior Year

For the year ended 30 June 2021, the loss for the Consolidated Entity after providing for income tax was \$1,488,024 (2020: loss of \$1,651,992):

	2021	2020
	\$	\$
Other income	40,261	64,705
Amortisation and interest for right of use assets	(61,495)	(63,804)
Write off of exploration expenses	(263,257)	(1,020,000)
Share based payment expense	(313,159)	-
Employment costs	(390,454)	(255,250)
Corporate and administration expenses	(499,920)	(377,643)
Loss after income tax	(1,488,024)	(1,651,992)

Excluding the current year exploration write offs and the share-based payment expense that largely related to issues to corporate advisors in relation to corporate activities which are not recurring in nature nor comparable, the adjusted loss for the 2021 financial year is \$279,616 higher than the adjusted loss of 2020 with the increased costs attributable to:

	\$
Reduction in other income	(24,444)
Increase in employee costs	(135,204)
Amortisation and interest for right of use assets	2,309
Increase in corporate, administrative and other costs	(122,277)
	(279,616)

### Review of Financial Condition

#### Capital structure

In the 2021 financial year Mako issued the following securities:

#### Ordinary Shares

- 13/7/20 issue of 55,665,125 shares at \$0.05 by way of a placement
- 17/7/20 issue of 20,000 shares at \$0.10 following option exercise
- 7/8/20 issue of 663,912 shares at \$0.08 to pay for drilling services
- 7/8/20 issue of 786,667 shares at \$0.13 to pay for drilling services
- 31/8/20 issue of 42,038,232 shares at \$0.115 by way of a placement
- 4/9/20 issue of 607,121 shares at \$0.13 to pay for drilling services
- 4/9/20 issue of 532,172 shares at \$0.135 to pay for drilling services

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- 11/9/20 issue of 57,143 shares at \$0.10 following option exercise
- 18/9/20 issue of 142,857 shares at \$0.10 following option exercise
- 7/10/20 issue of 44,918,290 shares at \$0.115 by way of a placement
- 2/12/20 issue of 792,856 shares at \$0.10 following option exercise

### Options

- 13/7/20 issue of 2,500,235 unlisted 5/7/22 \$0.075 options
- 7/10/20 issue of 4,000,000 unlisted 30/9/22 \$0.1725 options
- 20/11/20 issue of 10,200,000 unlisted 30/11/23 \$0.155 options

At 30 June 2021, the Company had 321,552,002 ordinary shares on issue. The company also had 2,500,235 \$0.075 July 2022 options, 4,000,000 \$0.1725 September 2022 options and 10,200,000 \$0.155 November 2023 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 2021 financial year been successful in raising \$10,000,000 (before costs) to add to the cash and receivable for the sale of the Niou project of \$5,473,000 held at the year end. The funds raised have been and will be utilised to progress its activities in the 21/22 financial year.

### **Dividends**

No dividend was paid during the year and none is recommended as at 30 June 2021.

### **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 and August 2021 the company completed a two tranche placement to raise \$10,000,000 at \$0.08 per share. The company also received the US\$700,000 for the sale of the Niou project in Burkina Faso. Apart from this no matter or circumstance has arisen since 30 June 2021, 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 2021.

### **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.

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## Share Options

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

Expiry Date	Exercise Price	Movements				
		1 July 2020	Issued	Exercised	Expired	30 June 2021
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 2021	\$0.10	1,942,856	-	1,012,856	930,000	-
e) 5 July 2022	\$0.075	-	2,500,232			2,500,232
f) 30 September 2022	\$0.1725	-	4,000,000			4,000,000
g) 30 November 2023	\$0.155	-	10,200,000			10,200,000
		20,442,839	16,700,232	1,012,856	19,429,983	16,700,232

### Option details

- a) Listed options issued on a 1 for 2 basis at IPO issued on 6/4/18.
- b) Unlisted options fully vested issued as a fee for corporate advisory services issued on 26/4/18.
- c) Unlisted employee/contractor options fully vested 500,000 issued on 17/5/18 and 500,000 issued on 6/12/18.
- d) Unlisted options issued as part of a placement of ordinary shares issued on 19/12/19.
- e) Unlisted advisor options issued for corporate advisory services issued on 13/7/20.
- f) Unlisted advisor options issued for corporate advisory services issued on 7/10/20.
- g) Unlisted Company ESOP options issued to company personnel issued on 20/11/20.

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 2021. 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



# MAKO GOLD LIMITED

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### 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 and Nomination 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 2021 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

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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 2021 is detailed in this Remuneration Report.

## Details of Directors and other Key Management – Mako Gold Limited

Name	Position	Period of Service
<b>Directors</b>		
Michele Muscillo	Non-Executive Chairman	Appointed 2/4/17, appointed as Chair 2/10/20
Peter Ledwidge	Managing Director	Appointed 4/6/15
Steven Zaninovich	Non-Executive Director	Appointed 2/10/2020
Mark Elliott	Non-Executive Chairman	Appointed 1/3/17, resigned 2/10/20
<b>Key Management</b>		
Ann Ledwidge	General Manager Exploration	Appointed 4/6/2015
Paul Marshall	CFO/Company Secretary	Appointed 17/4/2017

## 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.

### Non-Executive Chairman Arrangements

The Company had entered into a service arrangement with Dr Mark Elliott as Non-Executive Chairman of the Company commencing from 1 March 2017 up to his resignation on 2 October 2020. Mr Michele Muscillo was appointed as Chairman on 2 October 2020 on the same terms. The key terms of the arrangement are:

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

### Non-Executive Director Arrangements

The Company had a service arrangement with Mr Michele Muscillo as a Non-Executive Director of the Company commencing from 20 April 2017 until his appointment as Chairman on 2 October 2020. Mr Steven Zaninovich was appointed as a Non-Executive Director of the Company commencing from 2 October 2020. The key terms of the NED arrangement are:

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

### 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 \$280,500 per annum as from October 2020 (prior to that the salary was \$255,000 per annum) inclusive of statutory superannuation;
- Four weeks annual leave;
- Annual bonus at the Board's discretion;
- Participation in Company ESOP;

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- 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 \$225,500 per annum as from October 2020 (prior to then salary was \$205,000 per annum) inclusive of statutory superannuation;
- Four weeks annual leave;
- Annual bonus at the Board's discretion;
- Participation in Company ESOP
- 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 \$114,400 per annum as from October 2020 - \$104,000 per annum prior to October 2020;
- Participation in Company ESOP
- One month notice period.

## Key management personnel equity holdings

### Shareholdings

	Balance 1 July 2020	Acquired through capital raising	Acquired on market	Other additions /disposals/transfers	Balance 30 June 2021
<b>Directors</b>					
Mark Elliott	3,416,667	-	-	-	3,416,667
Peter Ledwidge*	8,014,862	-	-	-	8,014,862
Steven Zaninovich	-	-	180,000	-	180,000
Michele Muscillo	558,823	-	-	-	558,823
<b>Key Management</b>					
Ann Ledwidge*	8,014,862	-	-	-	8,014,862
Paul Marshall	625,000	-	-	-	625,000

\* Shares are jointly owned by Peter and Ann Ledwidge

### Unlisted 30/11/23 \$0.155 ESOP options

	Balance 1 July 2020	Awarded in period	Exercised	Lapsed	Balance 30 June 2021	Vested and Exercisable	Unvested
<b>Directors</b>							
Peter Ledwidge	-	2,000,000	-	-	2,000,000	-	2,000,000
Steven Zaninovich	-	1,000,000	-	-	1,000,000	-	1,000,000
Michele Muscillo	-	1,500,000	-	-	1,500,000	-	1,500,000
<b>Key Management</b>							
Ann Ledwidge	-	1,500,000	-	-	1,500,000	-	1,500,000
Paul Marshall	-	1,000,000	-	-	1,000,000	-	1,000,000

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**Remuneration of Directors and other Key Management Personnel – 2021**

	Salary/ Director fees	Short Term Benefits Consulting fees	Non-monetary benefits	Leave benefits	Post Employment Benefits Superannuation	Equity Based Benefits Options	Total	Performance Related %	% of bonus forfeited
<b>Directors</b>									
Mark Elliott	40,000	-	-	-	-	-	40,000	-	-
Peter Ledwidge	250,342	-	-	8,222	23,783	33,678	316,025	10.66%	-
Michele Muscillo	72,500	-	-	-	-	25,258	97,758	25.84%	-
Steven Zaninovich	37,500	-	-	-	-	16,839	54,339	30.99%	-
<b>Key Management</b>									
Ann Ledwidge	200,913	-	-	5,007	19,087	25,258	250,265	10.09%	-
Paul Marshall	111,800	-	-	-	-	16,839	128,639	13.09%	-
	<b>713,056</b>	<b>-</b>	<b>-</b>	<b>13,229</b>	<b>42,869</b>	<b>117,872</b>	<b>887,026</b>		

**Remuneration of Directors and other Key Management Personnel – 2020**

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

There were no termination benefits paid or accrued for the years ended 30 June 2021 or 2020.

# MAKO GOLD LIMITED

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### Transactions with related parties

#### Transactions with Key Management Personnel related parties

Transaction	Entity	Association	2021 \$	2020 \$
Legal services	HopgoodGanim	Michele Muscillo	79,877	41,488

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	2021 \$	2020 \$
Legal services	HopgoodGanim	Michele Muscillo	3,300	12,081
Director fees	Hopgood Ganim	Michele Muscillo	-	16,667
Director fees	Michele Muscillo	Michele Muscillo	6,667	-
Director fees	Zivvo Pty Ltd	Steven Zaninovich	4,167	-

### Loans to related parties

There were no loans provided to related parties.

### FY2021 Long Term ESOP Plan

The Company implemented an updated policy in respect of, board, executive and employee remuneration in 2021. The Company's goal is to ensure that the mix and balance of remuneration is appropriate to attract, motivate and retain high calibre directors, senior executives and key management personnel, utilising a policy that is consistent with the Company's business strategy and contemporary corporate governance standards. As part of this review, the Directors resolved to implement an ESOP options scheme for Directors and management. Director participation was approved at the 2020 AGM and the scheme was implemented in November 2020. Remuneration under the Plan is in the form of unlisted 3 year options with an exercise price set at a 50% premium to the share price on the date of AGM approval. Each option that vests and is exercised converts to an ordinary share in the Company at a price of \$0.155. The options will vest on the basis of 1/3 of the total grant at each of 12, 24 and 30 months after their issue date.

#### Goals of the ESOP Plan

The ESOP Plan is designed to reward and motivate Directors and senior management for superior company performance over a three-year performance period.

The principal goals of the Plan are to:

- Focus Directors and senior management on long term outcomes;
- Retain key, high performing management;
- Align reward with shareholders' interests by payment in equity.

#### Fair value of performance rights granted

The Company has undertaken a valuation of the Director Options utilising the Black-Scholes Model. Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in the valuation applying the Black-Scholes Model is noted below:

Item	ESOP Options
Underlying security spot price	\$0.105
Exercise price	\$0.155
Valuation date	12/11/2020
Commencement of vesting period	1/12/20
Vesting dates	30/11/2021, 30/11/2022 and 30/05/2023
Vesting period (years)	1, 2 and 2.5 years
Expiry date	30/11/2023
Life of the Options (years)	3
Expected term (years)	2.41575
Volatility	90%
Risk-free rate	0.11%
Dividend yield	0
Valuation per Option	\$0.0446



## MAKO GOLD LIMITED ANNUAL REPORT 2021

The value of options granted, exercised and lapsed in the current year is set out in the below table.

	Nos Granted	Total Value Granted	Value in Reporting Period	Value Exercised	Value Lapsed
<b>Directors</b>					
Peter Ledwidge	2,000,000	\$89,200	\$33,678	-	-
Steven Zaninovich	1,000,000	\$44,600	\$25,258	-	-
Michele Muscillo	1,500,000	\$66,900	\$16,839	-	-
<b>Key Management</b>					
Ann Ledwidge	1,500,000	\$66,900	\$25,258	-	-
Paul Marshall	1,000,000	\$44,600	\$16,839	-	-

No shares were issued on exercise of options issued as part of remuneration in 2021.

### Relationship between remuneration and Company performance

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

Measures	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Share price at end of financial year	0.084	0.105	0.08	0.22	n/a
Market capitalisation at end of financial year (\$M)	21.61	11.9	6.12	13.92	n/a
Net Profit/(loss) for the financial year	(1,488,024)	(1,651,992)	(1,127,580)	(673,764)	(62,879)
Basic and diluted earnings per share (cents)	(0.63)	(1.74)	(1.76)	(1.34)	(0.75)
Director and Key Management Personnel remuneration	887,026	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.

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

Signed in accordance with a resolution of the Board of Directors



**M Muscillo**  
**Chairman**  
**Brisbane, 30 September 2021**

**MAKO GOLD LIMITED  
ANNUAL REPORT 2021**

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**AUDITOR'S INDEPENDENCE DECLARATION**



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**DECLARATION OF R M SWABY TO THE DIRECTORS OF MAKO GOLD LIMITED**

As lead auditor of Mako Gold Ltd for the year ended 30 June 2021, 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.

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

**R M Swaby**  
Director

**BDO Audit Pty Ltd**

Brisbane

30 September 2021

# MAKO GOLD LIMITED ANNUAL REPORT 2021

## 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 2021.

### 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	28
1,001 to 5,000	78
5,001 to 10,000	251
10,001 to 100,000	722
100,001 and over	386
Total	1,465
Number of unmarketable parcels	83

### Twenty largest holders

#### MKG – Ordinary Fully Paid Shares

No.	Name of Shareholder	Holding	% Held
1	Citicorp Nominees Pty Limited	61,152,268	16.00%
2	Sparta AG	37,500,000	9.81%
3	HSBC Custody Nominees (Australia) Limited	26,692,774	6.98%
4	Delphi Unternehmensberatung Aktiengesellschaft	11,228,261	2.94%
5	Mr Peter Francis Rene Ledwidge & Mrs Ann Louise Ledwidge	7,533,433	1.97%
6	Equity Trustees Limited	7,417,392	1.94%
7	WFC Nominees Australia Pty Ltd	5,831,379	1.53%
8	BNP Paribas Nominees Pty Ltd	5,729,905	1.50%
9	Mr Terrance Frederick Burling	5,635,827	1.47%
10	Mr Zbigniew Waldemar Lubieniecki	5,445,653	1.42%
11	BNP Paribas Nominees Pty Ltd Acf Clearstream	5,204,424	1.36%
12	Mr David Harper	4,721,156	1.24%
13	BNP Paribas Nominees Pty Ltd	4,673,913	1.22%
14	Sanperez Pty Ltd	4,388,426	1.15%
15	Pabasa Pty Ltd	3,850,000	1.01%
16	Rask Pty Ltd	3,713,284	0.97%
17	Berto Nominees Pty Ltd	3,706,492	0.97%
18	Abbotsleigh Pty Ltd	3,571,429	0.93%
19	Elliott Nominees Pty Ltd	3,416,667	0.89%
20	Robbie Hunt Pty Ltd	2,950,000	0.77%
<b>Total</b>		<b>214,362,683</b>	<b>56.08%</b>

### Substantial Shareholders

The company has received the following shareholder notices as at 17 September 2021:

- Dundee Resources Limited 9.9% - 37,841,919 shares
- Sparta AG and Delphi Unternehmensberatung Aktiengesellschaft 12.75% - 48,728,261 shares

# MAKO GOLD LIMITED ANNUAL REPORT 2021

## Unquoted Securities

There are the following unquoted securities as at 17 September 2021. Each option is convertible into one fully paid ordinary share.

Nos	Option Terms
2,500,235	Unlisted \$0.075 options expiry date 30/6/22 – all held by Horizon Investment Services Pty Ltd
4,000,000	Unlisted \$0.1725 options expiry date 30/9/22 – 50% held by Horizon Investment Services Pty Ltd and L39 Pty Ltd
4,000,000	Unlisted \$0.12 options expiry date 31/8/23 – 50% held by Horizon Investment Services Pty Ltd and 50% held by Goodman & Company Investment Counsel Inc
10,200,000	Unlisted \$0.155 options expiry date 30/11/23 – no holder has 20% or more of the options issued.

## Interests in Mining Tenements

Mako Gold Limited held the following interests in mining and exploration tenements as at 17 September 2021:

### Tenement Schedule

Location	Permit Name	Permit Number	Legal Holder	Mako Interest	Status
Côte d'Ivoire	Napié	PR281	Occidental Gold SARL	Earning up to 75% Agreement signed with Perseus Mining to acquire 90%	Granted
Côte d'Ivoire	Ouangolodougou	PR 867	Mako Côte d'Ivoire SARLU	100% ownership	Granted
Côte d'Ivoire	Korhogo Nord	PR862	Mako Côte d'Ivoire SARLU	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. On 29 June 2021 Mako announced that it has signed a binding agreement with Perseus Mining Limited to acquire their 39% interest in Napié. Upon Completion of the agreement Mako will have 90% ownership of the permit.

Korhogo Nord: The decree for the granting of the permit application was received on 25 September 2020. The size of the permit is 185km<sup>2</sup>. Mako Côte d'Ivoire SARLU, a 100%-owned Côte d'Ivoire subsidiary of Mako Gold Limited, holds 100% interest in the Korhogo Nord permit.

Ouangolodougou: The decree for the granting of the permit application was received on 19 January 2021. The size of the permit is 111km<sup>2</sup>. Mako Côte d'Ivoire SARLU, a 100%-owned Côte d'Ivoire subsidiary of Mako Gold Limited, holds 100% interest in the Korhogo Nord permit.

## 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 2020 to 30 June 2021.

### 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.

**MAKO GOLD LIMITED**  
**ANNUAL REPORT 2021**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Consolidated 2021 \$	2020 \$
Other Income/(Expenses)	2	40,261	64,705
Write off of exploration expenditure	3, 7	(263,257)	(1,020,000)
Amortisation expenses	3	(59,188)	(59,188)
Finance expenses	3	(2,307)	(4,616)
Share based payments	21	(313,159)	-
Employment costs	3	(390,454)	(255,250)
Corporate and other expenses		(499,920)	(377,643)
<b>Loss before tax</b>		(1,488,024)	(1,651,992)
Income tax expense	4	-	-
<b>Loss for the year</b>		(1,488,024)	(1,651,992)
<b>Other comprehensive income</b>			
<i><u>Items that may be reclassified to profit or loss</u></i>			
Foreign currency translation differences for foreign operations		(1,486)	21,978
Income tax expense		-	-
Other comprehensive income for the period, net of tax		(1,486)	21,978
<b>Total comprehensive income for the year attributable to: Owners of Mako Gold Limited</b>		(1,489,510)	(1,630,014)
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	18	(0.63)	(1.74)

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

**MAKO GOLD LIMITED**  
**ANNUAL REPORT 2021**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2021**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash and cash equivalents	5	4,526,260	602,805
Short term investment		42,900	42,900
Trade and other receivables	6	254,470	12,622
Exploration assets held for sale	7	946,744	1,023,555
Other current assets		92,112	49,465
<b>Total Current Assets</b>		<b>5,862,486</b>	<b>1,731,347</b>
<b>Non-Current Assets</b>			
Right of use assets	1	9,863	69,051
Exploration and evaluation assets	9	13,782,543	5,275,466
<b>Total Non-Current Assets</b>		<b>13,792,406</b>	<b>5,344,517</b>
<b>Total Assets</b>		<b>19,654,892</b>	<b>7,075,864</b>
<b>Current Liabilities</b>			
Trade and other payables	10	1,700,666	318,962
Lease liabilities	11	11,602	61,245
Provisions	12	163,793	104,010
<b>Total Current Liabilities</b>		<b>1,876,061</b>	<b>484,217</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	11	-	11,602
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>11,602</b>
<b>Total Liabilities</b>		<b>1,876,061</b>	<b>495,819</b>
<b>Net Assets</b>		<b>17,778,831</b>	<b>6,580,045</b>
<b>Equity</b>			
Equity attributable to equity holders of the parent			
Share capital	13	22,334,291	10,010,875
Reserves	14	475,177	111,783
Accumulated losses	14	(5,030,637)	(3,542,613)
<b>Total Equity</b>		<b>17,778,831</b>	<b>6,580,045</b>

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



**MAKO GOLD LIMITED**  
**ANNUAL REPORT 2021**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

<b>Consolidated</b>	<b>Share Capital</b>	<b>Foreign Currency Reserve</b>	<b>Share Based Payment Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2019</b>	7,615,756	(21,778)	107,052	(1,890,621)	5,810,409
<b>Comprehensive income</b>					
Loss after income tax	-	-	-	(1,651,992)	(1,651,992)
Foreign currency translation differences of foreign operations	-	21,978	-	-	21,978
<b>Total comprehensive income</b>	-	21,978	-	(1,651,992)	(1,630,014)
<b>Transactions with owners in their capacity as owners</b>					
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
<b>Total</b>	2,395,118	-	4,531	-	2,399,650
<b>At 30 June 2020</b>	<b>10,010,875</b>	<b>200</b>	<b>111,583</b>	<b>(3,542,613)</b>	<b>6,580,045</b>
<b>At 1 July 2020</b>	10,010,875	200	111,583	(3,542,613)	6,580,045
<b>Comprehensive income</b>					
Loss after income tax	-	-	-	(1,488,024)	(1,488,024)
Foreign currency translation differences of foreign operations	-	(1,486)	-	-	(1,486)
<b>Total comprehensive income</b>	-	(1,486)	-	(1,488,024)	(1,489,510)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	13,090,691	-	-	-	13,090,691
Share issue costs	(767,275)	-	-	-	(767,275)
Share based payments	-	-	364,880	-	364,880
<b>Total</b>	12,323,416	-	364,880	-	12,688,296
<b>At 30 June 2021</b>	<b>22,334,291</b>	<b>(1,286)</b>	<b>476,463</b>	<b>(5,030,637)</b>	<b>17,778,831</b>

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

**MAKO GOLD LIMITED**  
**ANNUAL REPORT 2021**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>			
Receipts – COVID Cashflow Boost		50,000	50,000
Payments to suppliers and employees		(990,974)	(630,523)
Interest received		2,761	2,205
<b>Net Cash Used in Operating Activities</b>	15	<u>(938,213)</u>	<u>(578,318)</u>
<b>Cash Flow from Investing Activities</b>			
Payments for exploration & development		(7,092,868)	(2,620,698)
<b>Net Cash Flow Used in by Investing Activities</b>		<u>(7,092,868)</u>	<u>(2,620,698)</u>
<b>Cash Flow from Financing Activities</b>			
Proceeds from issue of shares		12,784,542	2,361,428
Share issue expenses		(767,275)	(155,059)
Principal elements of lease payments		(61,245)	(55,392)
<b>Net Cash Flow from Financing Activities</b>		<u>11,956,022</u>	<u>2,150,977</u>
Net increase/(decrease) in cash held		3,924,941	(1,048,039)
Net foreign exchange differences		(1,486)	308
Cash at the beginning of the financial year		602,805	1,650,536
<b>Cash at the end of the financial year</b>	15	<u><u>4,526,260</u></u>	<u><u>602,805</u></u>

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

# MAKO GOLD LIMITED - ANNUAL REPORT 2021

## Notes to the Financial Statements

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### 1. CORPORATE INFORMATION

#### Introduction

Mako Gold Limited is incorporated and domiciled in Australia.

#### *Operations and principal activities*

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

#### *Scope of financial statements*

The consolidated financial statements consist of Mako Gold Limited (the 'Company' or 'Mako') and the entities it controlled (the 'Group') at the end of, or during, the year ended 30 June 2021.

#### *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 2021.

### 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 2021, 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 \$263,257 (2020 - \$1,020,000) associated with the Niou project in Burkina Faso for which a sale agreement has been completed. Mako, as a result of the sale agreement, has adjusted the carrying amount of the Niou project to bring the value in line with the \$946,744 proceeds (US\$700,000).

#### *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 Group achieved a net loss of \$1,488,024 (and net operating cash and investing outflows of \$8,092,326 for the year ended 30 June 2021. As at 30 June 2021 the Group had a total cash balance of \$4,526,260 and has raised a further \$10,000,000 (before costs) since 30 June 2021.

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

# MAKO GOLD LIMITED - ANNUAL REPORT 2021

## Notes to the Financial Statements

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- 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 – since the start of the 2021 financial year to the date of this report Mako has raised a total of \$22,683,256 by the issue of shares. A further \$101,286 was raised from the exercise of 30 November 2020 \$0.10 options.

Should the Group 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 Group 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 profit or loss and other 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.



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In determining the restoration obligations, the Group 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.

#### **Other Income**

##### *Interest revenue*

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 are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

#### **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 of three months or less which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

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### Exploration assets held for sale

Exploration assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the on-current asset is recognised at the date of derecognition.

### 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

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### Notes to the Financial Statements

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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.

#### **Leases**

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 reasonably 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**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity has assessed the impact of these new standards and interpretations and does not expect that there would be a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

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	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>2. OTHER INCOME</b>		
<b>Other income</b>		
COVID Cashflow Boost	37,500	62,500
Bank interest income	2,761	2,205
	<u>40,261</u>	<u>64,705</u>

**Subsidies**

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

		<b>2021</b>	<b>2020</b>
	<b>Start Date</b>	<b>Program Duration</b>	
<b>Government Subsidy</b>			
Australia Cashflow Boost	31/03/2020	6 months	\$37,500      \$62,500

	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>

**3. EXPENSES**

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

Amortisation - Right of use asset	59,188	59,188
Finance cost – Lease liabilities	2,307	4,616
Exploration expenses written off	263,257	1,020,000
Share based payment expense	313,159	-
<b>Employee and consultancy expenses</b>		
Consultancy expenses	377,268	253,406
Defined contribution superannuation expense	10,969	1,844
Other employee benefits expenses	2,217	-
Total employee benefits expenses	<u>390,454</u>	<u>255,250</u>

	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>

**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 2021 and 2020 is as follows:

Accounting (loss) before income tax from continuing operations	(1,488,024)	(1,651,992)
At the statutory income tax rate of 26% (2020: 27.5%)	(386,886)	(454,298)
Overseas losses not deductible	68,447	280,500
Non-deductible expenses	80,886	1,044
Deferred tax assets not brought to account	237,553	172,754
Income tax expense	<u>-</u>	<u>-</u>

**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 2021 (2020: Nil).



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**4. INCOME TAX (continued)**

	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Unrecognised temporary differences and tax losses</b>		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	4,526,916	2,140,684
<b>Recognised temporary differences and tax losses</b>		
Exploration expenditure	-	-
Provisions	-	-
Other	-	-
Tax losses carried forward	-	-
<b>Net deferred tax liability/(asset)</b>	-	-

There are no franking credits available (2020: nil).

	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<b>5. CASH AND CASH EQUIVALENTS (CURRENT)</b>		
Cash at bank and on hand	4,526,260	602,805

**6. TRADE AND OTHER RECEIVABLES (CURRENT)**

Niou tenement costs to be refunded	221,845	-
Other receivables	32,625	12,622
	254,470	12,622

	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<b>7. EXPLORATION ASSETS HELD FOR SALE</b>		
Exploration assets held for sale	946,744	1,023,555
<b>Reconciliation</b>		
Project Expenditure at sale agreement/brought forward	1,023,555	2,043,555
Expenditure on project	186,446	-
Written-off during the period	(263,257)	(1,020,000)
	946,744	1,023,555

In June 2020 Mako signed an agreement to sell the Niou project in Burkina Faso. Mako received the US\$700,000 cash consideration in August 2021 following the transfer being approved by the Cadastre Minier and Minister of Mines of Burkina Faso. Mako retains 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.

Payment in full, of the carrying amount as at 30 June 2021, was received in August 2021. In addition Mako also received the costs of \$221,845, incurred in relation to the tenement and its transfer, recorded in trade receivables. Mako expensed \$263,257 in relation to the project during the 2021 year to record the carrying value as 30 June 2021 as \$946,744 (2020 - expense of \$1,020,000 to \$1,023,555).

**8. INVESTMENTS IN CONTROLLED ENTITIES**

Investments held by Mako Gold Limited:	<b>Percentage of equity interest</b>	
	<b>2021</b>	<b>2020</b>
	%	%
Subsidiary company incorporated in Burkina Faso		
Mako Gold SARL (incorporated in Burkina Faso)	100	100
Mako Cote D'Ivoire SARL (incorporated in Cote D'Ivoire)	100	100

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	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$

**9. EXPLORATION AND EVALUATION ASSETS (NON CURRENT)**

Exploration costs carried forward in respect of areas of interest

- Exploration phase	13,782,543	5,275,466
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Reconciliation

Exploration expenditure capitalised

- Opening balance	5,275,466	4,861,733
- Current year expenditure	7,991,189	2,369,387
- Write off/disposed in current year (Note 7)	-	(1,020,000)
- Transferred to exploration asset held for sale (Note 7)	-	(1,023,555)
- Foreign exchange on intercompany balances	515,888	87,901
Carried forward	<u>13,782,543</u>	<u>5,275,466</u>

Included in the total capitalised exploration expenditure is an amount of \$111,701 (2020: \$30,753) that relates to computer equipment, software and other field 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.

	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$

**10. TRADE AND OTHER PAYABLES (CURRENT)**

Trade creditors	1,419,989	222,704
Other payables and accruals	280,677	96,258
	<u>1,700,666</u>	<u>318,962</u>

Terms and conditions relating to the above financial instruments

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

	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$

**11. LEASE LIABILITY**

Current lease liability	11,602	61,245
Non-current lease liability	-	11,602

	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$

**12. PROVISIONS (CURRENT)**

Employee Benefits	163,793	104,010
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	<b>Consolidated Entity</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$

**13. CONTRIBUTED CAPITAL**

**(a) Issued and paid up capital**

Ordinary shares fully paid	22,334,291	10,010,875
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## Notes to the Financial Statements

### 13. CONTRIBUTED CAPITAL (CONT)

(b) Movement in shares on issue	2021		2020	
	Nos of shares	\$	Nos of shares	\$
Ordinary shares fully paid				
Beginning of the financial year	113,017,227	10,010,875	76,558,150	7,615,756
Increases				
- Placement of shares to subscribers (1)	-	-	13,113,934	1,114,684
- Placement of shares to subscribers (2)	-	-	9,714,286	680,000
- Placement of shares to subscribers (3)	53,665,125	2,683,256	11,334,875	566,744
- Shares re drill for equity agreement (4)	2,589,872	306,149	2,295,982	180,018
- Placement of shares to subscribers (5)	86,956,522	10,000,000	-	-
- Exercise of unlisted options (6)	1,012,856	101,286	-	-
- Costs of share issues (7)	-	(767,274)	-	(146,327)
	257,241,602	22,334,291	113,017,227	10,010,875

- (1) Placement of shares at \$0.085 per share  
(2) Placement of shares at \$0.07 per share  
(3) Placement of shares at \$0.05 per share  
(4) Issue of shares to Geodrill re Napie Drilling 2,589,872 - 663,912 at \$0.08, 1,393,788 at \$0.13 and 532,172 at \$0.135 (2020 - 2,295,982 shares - 333,261 at \$0.082, 956,229 at \$0.086 and 1,006,492 at \$0.07). Under an agreement approved at the 2019 AGM the Company was authorised (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.  
(5) Placement of shares at \$0.115 per share  
(6) Exercise of unlisted 30/11/20 \$0.10 options  
(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-20	Issued	Exercised	Expired	30-Jun-21
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	-	1,012,856	930,000	-
Unlisted 5/7/22 (5)	\$0.075	-	2,500,235	-	-	2,500,235
Unlisted 30/9/22 (6)	\$0.1725	-	4,000,000	-	-	4,000,000
Unlisted 30/11/23 (7)	\$0.155	-	10,200,000	-	-	10,200,000
		20,442,839	16,700,235	1,012,856	19,429,983	16,700,235

- (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  
(5) Issue of 2,500,235 5/7/22 unlisted \$0.075 options as a fee for ongoing corporate advisory services  
(6) Issue of 4,000,000 30/9/22 unlisted \$0.1725 options as a fee for ongoing corporate advisory services  
(7) Issue of 10,200,000 30/11/23 unlisted \$0.155 options in relation to company ESOP.

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	Consolidated Entity 2021 \$	2020 \$
<b>14. ACCUMULATED LOSSES &amp; RESERVES</b>		
<b>(a) Accumulated losses</b>		
Balance at the beginning of the year	(3,542,613)	(1,890,621)
Net profit/(loss) attributable to members of Mako Gold Limited	(1,488,024)	(1,651,992)
Balance at end of year	<u>(5,030,638)</u>	<u>(3,542,613)</u>
<b>(b) Foreign exchange reserve</b>		
Balance at the beginning of the year	200	(21,778)
Movement in period	(1,486)	21,978
Balance at end of year	<u>(1,285)</u>	<u>200</u>
<b>(c) Share based payment reserve</b>		
Balance at the beginning of the year	111,583	107,052
Movement in period	364,880	4,531
Balance at end of year	<u>476,463</u>	<u>111,583</u>

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.

	Consolidated Entity 2021 \$	2020 \$
<b>15. STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of the operating loss after tax to the net cash flows from operating activities</b>		
Loss from ordinary activities after tax	(1,488,024)	(1,651,992)
<i>Add (less) non-cash items</i>		
Provision for employee entitlements	2,217	-
Write off of capitalised exploration expenditure	263,257	1,020,000
Amortisation - right of use assets	59,188	59,188
Share options expensed	313,159	-
<i>Changes in operating assets &amp; liabilities during the year</i>		
(Increase)/decrease in receivables	(6,430)	(641)
(Increase)/decrease in prepayments	(42,646)	(6,667)
(Decrease)/increase in creditors	(13,101)	19,902
(Decrease)/increase in accruals	(25,833)	(18,108)
	<u>(938,214)</u>	<u>(578,138)</u>
<b>(b) Reconciliation of cash</b>		
Cash at bank	<u>4,526,260</u>	<u>602,805</u>
<b>(c) Reconciliation of net debt</b>		
Cash and cash equivalents	4,526,260	602,805
Liquid investments	42,900	42,900
Lease liability current	(11,602)	(61,245)
Lease liability non-current	-	(11,602)
	<u>4,557,558</u>	<u>572,858</u>



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**15. STATEMENT OF CASH FLOWS (cont)**

	Liabilities from financing activities		Other assets		Total
	Leases	Sub-total	Cash	Short-term investments	
Net debt as at 1 July 2019	-	-	1,650,536	42,900	1,693,436
Cash flows	-	-	(1,048,039)	-	(1,048,039)
Foreign Exchange adjustments	-	-	308	-	308
Other changes	-	-	-	-	-
<b>Net debt as at 30 June 2020</b>	-	-	<b>602,805</b>	<b>42,900</b>	<b>645,705</b>
Recognised on adoption of AASB 16	(72,847)	(72,847)	-	-	(72,847)
	(72,847)	(72,847)	602,805	42,900	572,858
Cash flows	61,245	61,245	3,924,941	-	3,986,186
Foreign exchange movements	-	-	(1,486)	-	(1,486)
Other changes	-	-	-	-	-
<b>Net debt as at 30 June 2021</b>	<b>(11,602)</b>	<b>(11,602)</b>	<b>4,526,260</b>	<b>42,900</b>	<b>4,557,558</b>

**(d) Non cash financing and investing activities**

Loan and Creditor Repayments

During the financial year \$306,149 of creditors were paid by the issue of 2,589,872 shares (2020 - \$180,018 of creditors were paid by the issue of 2,295,982 shares) under the drill for equity agreement with Geodrill Limited. In addition \$51,721 (2020 - \$4,531) has been capitalised in exploration assets in relation to options issued to employees or contractors.

	Consolidated Entity	
	2021	2020
	\$	\$

**16. EXPENDITURE COMMITMENTS**

**Future exploration**

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

The commitments to be undertaken are as follows:

Payable

- not later than 12 months
- between 12 months and 5 years

	1,333,846	125,431
	1,056,014	1,645,757
	<u>2,389,860</u>	<u>1,771,188</u>

**17. CONTINGENCIES**

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

**18. LOSS PER SHARE**

	Consolidated Entity	
Loss per share	2021	2020
	\$	\$
Basic and diluted (loss) per share (cents per share)	(0.63)	(1.74)

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

Earnings used to calculate basic and diluted loss per share	(1,488,024)	(1,651,992)
	<u>Number</u>	<u>Number</u>
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	235,663,927	95,083,221
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	235,663,927	95,083,221

# MAKO GOLD LIMITED - ANNUAL REPORT 2021

## Notes to the Financial Statements

### 18. LOSS PER SHARE (cont)

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 2021

The company issued a total of 125,000,000 ordinary shares subsequent to the end of the financial year at an issue price of \$0.08 per share in relation to the placement of shares that raised \$10m before costs. The company also issued 4,000,000 unlisted 31/8/23 \$0.12 options to the advisors to the capital raise.

	<b>Consolidated Entity 2021</b>	<b>2020</b>
	\$	\$
<b>19. AUDITOR'S REMUNERATION</b>		
Amounts received or due and receivable by the Auditors for:		
(i) Audit & other assurance services – BDO Audit Pty Ltd		
- Audit & review of financial statements	43,669	52,232
(ii) Other services		
- Taxation advice and compliance	2,500	2,500
Total	<u>46,169</u>	<u>54,732</u>

### 20. RELATED PARTY DISCLOSURES

	<b>Consolidated Entity 2021</b>	<b>2020</b>
	\$	\$
<b>Key management personnel compensation</b>		
Short term benefits	713,056	654,571
Share based payments	117,872	-
Long term benefits	13,229	16,891
Post-employment benefits	42,869	39,429
Total	<u>887,026</u>	<u>710,891</u>

#### Transactions with related parties

Mr Michele Muscillo is a partner of HopgoodGanim solicitors. HopgoodGanim supplied legal services to Mako totalling \$79,877 in the year (2020:\$41,488). Services were on normal commercial terms and conditions. As at 30 June 2021 \$3,300 was owed to HopgoodGanim (2020: \$12,081).

#### 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.

# MAKO GOLD LIMITED - ANNUAL REPORT 2021

## Notes to the Financial Statements

### 21. SHARE BASED PAYMENTS

#### Advisor Options

During the 2021 financial year the Company granted two series of options to its capital advisors, Discovery Capital Partners Pty Ltd and Blue Ocean Equities Pty Ltd in connection with the ongoing capital markets strategy requirements of the Company. The first series options were granted for \$0.00001 per option while the second series were granted for \$nil. Both series 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:

Grant Date	Expiry Date	Exercise Price	Movements				
			1 July 2020	Issued	Vested	Exercised /Expired	30 June 2021
26 Apr 2018	26 Apr 2021	\$0.30	2,500,000	-	2,500,000	2,500,000	-
13 Jul 2020	5 Jul 2023	\$0.075	-	2,500,235	2,500,235	-	2,500,235
7 Oct 2020	30 Sept 2023	\$0.1725	-	4,000,000	4,000,000	-	4,000,000

The average remaining contractual life of advisor options outstanding at the end of the prior period was 2.16 years. The weighted average exercise price of the options is \$0.135.

#### Staff Options

The company issued 10,200,000 unlisted \$0.155 30/11/23 options during the financial year in relation to an ESOP approved at the 2020 AGM. During prior financial years the Company had granted options to employees/geological contractors engaged for the projects in Burkina Faso and Cote d'Ivoire. All options granted were 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.

Grant Date	Expiry Date	Exercise Price	1 July 2020	Issued	Vested	Exercised /Expired	30 June 2021
17 May & 18 Dec 2018	30 Apr 2021	\$0.30	1,000,000	-	1,000,000	1,000,000	-
20 Nov 2020	30 Nov 2023	\$0.155	-	10,200,000	-	-	10,200,000

The remaining contractual life of ESOP options outstanding at the end of the period was 2.42 years. The weighted average exercise price of the options is \$0.155.

#### 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. For the options issued in the 2018 and 2019 years value was then considered in light of the market price of listed MKGO 16/4/21 \$0.30 options and their value was deemed appropriate as it was considered this provided a more accurate valuation.

Inputs into pricing model for options issued in the period	Advisor Options	Advisor Options	Mako ESOP
Grant date	13-Jul-20	7-Oct-20	20-Nov-20
Issue price	\$0.00001	nil	nil
Exercise price	\$0.075	\$0.01725	\$0.0155
Vesting conditions	Fully vested	Fully vested	Refer below
Share price at grant date	\$0.061	\$0.13	\$0.105
Expiry date	5-Jul-22	30-Sep-22	30-Nov-23
Life of the instruments	2 years	2 years	3 years
Underlying share price volatility	90%	90%	90%
Expected dividends	Nil	Nil	Nil
Risk free interest rate	0.26%	0.26%	0.11%
Pricing model	Black Scholes	Black Scholes	Black Scholes

The Mako ESOP has the following vesting dates for the options issued: 1/3<sup>rd</sup> on 30/11/21, 1/3<sup>rd</sup> on 30/11/22 and 1/3<sup>rd</sup> on 31/5/23

# MAKO GOLD LIMITED - ANNUAL REPORT 2021

## Notes to the Financial Statements

### 21. SHARE BASED PAYMENTS (cont)

#### Shares for Drilling

The company also issued shares to Geodrill Ltd re Napie project drilling during the current and the prior year - in total 2,589,872 for a value of \$306,149 (2020- 2,295,982 shares for a total value of \$180,018). Under an agreement approved at the 2019 AGM the Company had 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	2021	2020
	\$	\$
Options issued expensed in period	313,159	-
Options issued to staff and contractors capitalised in exploration assets	51,304	7,023
Shares issued for drilling capitalised in exploration assets	306,149	177,526

### 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.

#### (c) Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows. At 30 June 2021 the Group has cash resources of \$4,526,260 (2020 - \$602,805). Subsequent to the end of the financial year the company has undertaken an additional capital raising of \$10,000,000 (before costs) and has sufficient cash to undertake its short term objectives as at the date of this report.

#### **Maturity Analysis –Consolidated Entity - 2021**

##### **Financial Liabilities**

Trade and Other Payables

Lease liability

Carrying Amount	Contractual Cash flows	<1 year	1 - 5 years	> 5 years
\$	\$	\$	\$	\$
1,700,666	1,700,666	1,700,666	-	-
11,602	11,672	11,672		
1,712,268	1,712,338	1,712,338	-	-

#### **Maturity Analysis –Consolidated Entity - 2020**

##### **Financial Liabilities**

Trade and Other Payables

Lease liability

318,962	318,962	318,962	-	-
72,847	75,220	63,548	11,672	-
391,809	394,182	382,510	11,672	-

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**Notes to the Financial Statements**

**22. FINANCIAL RISK MANAGEMENT (cont)**

**(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 2021 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:

2021	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2021	2021	2021	2021	2021
	\$	\$	\$	\$	%
<i>Financial assets</i>					
Cash and cash equivalents	4,315,796	-	210,464	4,526,260	0.01%
Short term investment	-	42,900	-	42,900	0.80%
Trade and other receivables	-	-	254,470	254,470	0.00%
Total financial assets	4,315,796	42,900	464,934	4,823,631	
<i>Financial liabilities</i>					
Trade and other payables	-	-	1,700,666	1,700,666	-
Lease liability	-	11,602	-	11,602	-
Total financial liabilities	-	11,602	1,700,666	1,712,268	

2020	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	2021	2021	2021	2021	2021
	\$	\$	\$	\$	%
<i>Financial assets</i>					
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	
<i>Financial liabilities</i>					
Trade and other payables	-	-	318,962	318,962	-
Lease liability	-	72,847	-	72,847	-
Total financial liabilities	-	72,847	318,962	391,809	

The consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk. At 30 June 2021 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 \$45,263 of interest income based on the closing cash balance of \$4,526,260 at 30 June 2021. This analysis assumes all other variables remain constant.

*(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 197,743 (2020 – AUD 99,242) 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.

*(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.

# MAKO GOLD LIMITED - ANNUAL REPORT 2021

## Notes to the Financial Statements

### 23. PARENT COMPANY INFORMATION

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

#### Parent Entity Financial Information

	2021	2020
	\$	\$
Current assets	4,449,973	578,857
Non-current assets	13,491,383	6,293,418
Total assets	<u>17,941,356</u>	<u>6,872,275</u>
Current liabilities	162,524	280,628
Non-current liabilities	-	11,602
Total liabilities	<u>162,524</u>	<u>292,230</u>
Net assets	<u>17,778,832</u>	<u>6,580,045</u>
Issued capital	22,334,291	10,010,875
Reserves	476,463	111,583
Accumulated losses	(5,031,923)	(3,542,413)
Total equity	<u>17,778,831</u>	<u>6,580,045</u>
Loss after income tax	(1,489,510)	(1,629,913)
Other comprehensive income	-	-
Total comprehensive income	<u>(1,489,510)</u>	<u>(1,629,913)</u>

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

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

### 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	
	2021	2020
	\$	\$
Australia	-	-
Africa	13,782,543	5,275,466
	<u>13,782,543</u>	<u>5,275,466</u>

### 25. SUBSEQUENT EVENTS

In July and August 2021 the company completed a two tranche placement to raise \$10,000,000 at \$0.08 per share. As part of the fees for the capital raising the company issued 4,000,000 unlisted \$0.12 30/8/23 options to the advisors to the raising. The company also received the US\$700,000 for the sale of the Niou project in Burkina Faso. Apart from this no matter or circumstance has arisen since 30 June 2021, 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 2021.



## 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 2021 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 Muscillo**  
Chairman

**Brisbane, 30 September 2021**

## 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 2021, 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 2021 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

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to note 9 in the annual report</p> <p>The Group carries exploration and evaluation assets as at 30 June 2021 in accordance with the Group's accounting policy for exploration and evaluation assets.</p> <p>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 <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i> ('AASB 6') in light of any indicators of impairment that may be present.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>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.</li> </ul>

## **Other information**

The directors are responsible for the other information. The other information comprises the information contained in annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 30 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Mako Gold Limited, for the year ended 30 June 2021, 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**



**R M Swaby**

Director

Brisbane, 30 September 2021