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## Mako Mining Corp.

MAKOF / Other OTC / \$0.22

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### Business Overview

- o Mako Mining Corp. (the Company) is developing the high-grade San Albino gold project in Nueva Segovia, Nicaragua. The project is believed to be one of the highest-grade open pit development projects globally, with indicated mineral resources (in-pit) of 150.4koz at 7.13 g/t Au and inferred mineral resources (in-pit) of 192.0koz at 6.78 g/t Au. A 2015 Preliminary Economic Assessment (PEA) estimated initial capex at only US\$21.1 million, with a payback period of 1.7 years; a 54.2% IRR after tax and royalties; and an NPV (@ 5% discount) of US\$173.9 million. The all-in sustaining cost gold equivalent was estimated at US\$395/oz, with average annual gold payable production of 41,300 AuEq oz and a life of mine gold production of 675,345 AuEq oz.
- o The San Albino project is fully permitted, and mine construction is underway. The first gold pour is planned for late summer 2020.
- o Management has an infill grade-control drilling program for San Albino. One objective was to find the strike and dip extension of the near-surface and high-grade Porcelana-style mineralization encountered in a hole that showed 60.72 g/t Au and 66.4 g/t Ag over 3.1m. The infill hole 35m along strike then intersected 50.78 g/t Au and 13.0 g/t Ag over 5.3m (5.1m estimated true width), including 173.3 g/t Au and 26.0 g/t Ag over 1.1m (1.0m estimated true width). The intercept was only 18m below surface and within the open pit mine plan. The area remains open along strike. Another hole within the open-pit mine plan showed 28.36 g/t Au and 44.40 g/t Ag over 5.4m (4.8m estimated true width) approximately 11m below surface. More assay results are in the September 26, 2019 press release.
- o The Company has a district-scale land package (approximately 150 sq. km) in Nicaragua, and its exploration program of prospective targets is active. Mako has completed a trenching program at the Las Conchitas area, approximately 2.5 km south of San Albino. Preliminary testing showed recoveries of 95.7% gold and 68.5% silver, grading on average 8.70 g/t Au and 20.10 g/t Ag. Drilling has confirmed down-dip continuity of highly mineralized zones identified by trenching. The Company has a number other, earlier-stage targets that show promise.
- o In December 2019, the Company purchased the Potreros exploration and exploitation concession from Condor Gold Plc for US\$600,000. Drilling shows that this concession appears to be along strike and down dip from the San Albino project. The transfer of the concession is subject to the approval by December 2020 of the Nicaraguan Ministry of Mines and Energy.
- o The Republic of Nicaragua has been headed since 2006 by Sandinista party President Daniel Ortega and his Vice President wife. Politics take place in a framework of presidential representative democratic republic, whereby the President is both head of state and head of government, and of a multi-party system. The country has a burgeoning mining district with modern mining law. It offers 25-year exploration and exploitation concessions, a reasonable tax regime (30% corporate tax, 3% royalty), skilled labor, a modern infrastructure, and allowance of capital and profits repatriation. According to the United Nations Development Program, Nicaragua is the safest country in Central America and one of the safest in Latin America.

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## 2020 Focus

- o Management is highly focused on bringing the San Albino gold mine into production by late summer while continuing to better define the extent of the resource.
- o The land package is extensive, and there are many promising targets that require additional drilling.
- o The Company recently purchased a concession contiguous to the San Albino project, and it plans to begin exploration work to evaluate the possibility of expanding San Albino.

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## Management

- o Akiba Leisman, CEO and a Director, was previously Executive Chairman and Interim CEO of Marlin Gold Mining Ltd. He is presently a consultant to Wexford Capital LP where he oversees the precious metals public and private equity portfolios. He had also been an analyst at Red Kite Capital Management for the Mine Finance funds.
- o The backgrounds of the other members of the management team are outlined on the Mako website.

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## Financials

- o Income Statement (6 months through 10/31/19 vs. 10/31/18 as restated) (C\$)

Revenue: 10,674,978 vs. 0  
Production costs: 6,238,237 vs. 0  
Other cost of sales: 2,825,855 vs. 0  
Gross profit: 1,610,886 vs. 0  
Exploration & evaluation expenses: 4,611,164 vs. 2,142,726  
G&A expense: 2,927,965 vs. 1,363,452  
Other income (expense): 4,478,967 vs. 12,627  
Income (loss): (1,449,276) vs. (3,493,551)  
Foreign currency translation adjustment: 1,755,495 vs. 929,168  
Comprehensive income (loss): 306,219 vs. (2,564,383)  
Earnings (loss) per basic and diluted common share: (0.00) vs. (0.02)  
Weighted average common shares outstanding: 470,657,285 vs. 192,133,779

- o Balance Sheet (10/31/19) (C\$)

Cash & equivalents: 14,807,056  
Receivables and refundable taxes: 3,109,119  
Inventories: 11,422,916  
Total current assets: 29,553,830  
Mineral property, plant & equipment: 6,891,331  
Total assets: 36,603,081  
Accounts payable & accrued liabilities: 13,691,612  
Provision for reclamation and rehabilitation: 3,934,565  
Total current liabilities: 17,626,177  
Long-term liabilities: 3,902,266  
Total liabilities: 21,528,443  
Stockholders equity: 15,074,638  
Number of common shares outstanding (02/25/20): 583,700,000  
Options: 50,200,000 at a weighted average strike price of approximately C\$0.25

- On February 21, 2020, the Company announced the closing of a US\$15,150,000 unsecured term loan, available in up to three drawdowns, from various Wexford funds, each managed by the Mako controlling shareholder. The bulk of the proceeds were earmarked for construction, development, and exploration activities in Nicaragua.
  - In December 2019, the Company entered into an LOI with Goldplay Exploration Ltd., pursuant to which Goldplay shall have the right until year-end 2020 to acquire 100% of Mako's subsidiary that owns the La Trinidad mine in Mexico. Terms of any definitive agreement await completion of the Goldplay due diligence.
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## Valuation Considerations

- The PEA for the San Albino project shows a very high IRR (54.2% after tax and royalties), an NPV (at 5% discount) of US\$173.9 million, and a very low AISC (US\$395/oz AuEq). These statistics are aided by an estimated average mined diluted grade of 8.02 g/t.
  - The Company appears to have potential to expand the San Albino project, and it has a number of other promising prospects within its large land package (approximately 150 sq. km).
  - As of January 31, 2020, Wexford Capital LP owned 50.9% of the common shares outstanding. Akiba Leisman, CEO, is a consultant to Wexford. Wexford backstopped a C\$27 million rights offering that closed in 2019 and committed to a US\$15 million unsecured term loan that closed in February 2020 to fund the expected upfront capex at San Albino.
  - The impact from COVID-19 remains an uncertainty. In addition, the Mako SEDAR filings and website include considerable additional information and detail a number of risk factors. These sources of information are hereby incorporated by reference.
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