MAKO
MINING CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months and twelve months ended December 31, 2020

(Expressed in United States dollars)

This Management Discussion and Analysis ("MD&A") is intended to help the reader understand Mako Mining Corp. (the "Company" or "Mako"), the operations, financial position, and current and future business environment. This MD&A is intended to supplement and complement Mako's audited consolidated financial statements for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards ("IFRS").

Additional information regarding Mako, including the risks related to the business and those that are reasonably likely to affect Mako's financial statements in the future, is contained in the continuous disclosure materials, including the most recent audited consolidated financial statements and Management Information Circular, which are available on the Company's website at www.makominingcorp.com and under the Company's profile on the SEDAR website at www.sedar.com.

This MD&A has been prepared as of April 28, 2021. All amounts are expressed in United States (US) dollars, unless otherwise stated.

BUSINESS OVERVIEW

Mako Mining Corp. was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act.* The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "MKO". The Company's principal business activities are the development and exploration of its mineral interests in Nicaragua.

The San Albino gold deposit, located within the San Albino-Murra Property, is the Company's development project located in Nueva Segovia, Nicaragua ("San Albino"). It was a historical small-scale underground gold producer, commencing production in the early 1900's and operating on and off until approximately 1940. The Company is currently developing the San Albino mine, . The development and operation of San Albino is a strategic first step in the establishment of a gold camp in Nicaragua potentially hosting multiple high-grade, open-pit deposits.

The Company will be focusing its operations on further exploration and development of its San Albino deposit. San Albino is anticipated to be a high-margin gold mine. Once in production, projected free cash flow from San Albino is anticipated to fund exploration on Mako's prospective 188 square kilometer ("km") land package in Nicaragua.

In March 2019, the Company ceased mining activities and processed the remaining ounces ("oz.") on the leach pad during 2019 at La Trinidad mine, located in Sinaloa State, Mexico. Nearly all of the mining and process plant equipment was moved to the United States and sold, with the exception of the laboratory equipment, which was moved to Nicaragua. The remaining surplus supplies and equipment will continue to be sold over the coming months. During 2020, the Company sold gold in carbon and realized revenues of $0.9 million. Refer to section "*GR Silver Mining Ltd (formerly Goldplay Exploration Ltd)***".**

CHANGE OF YEAR END

The Company changed its year end from April 30 to December 31, beginning with December 31, 2019. The length and end date of the periods, including the comparative periods and annual financial statements to be filed for the new financial year are:

Transition Year	**New Financial Year**	**Comparative Annual Financial Statements to New Financial Year**
8 months ended 12/31/2019 ("FY 2019")	12/31/2020 ("FY 2020")	12 months ended 12/31/2020 8 months ended 12/31/2019 and 12 months ended 12/31/2019

HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS

Significant events and operating highlights for the three months ended December 31, 2020 ("Q4 2020"), and up to the date of this MD&A include the following:

- On October 19, 2020, the Company reported the results of an updated mineral resource estimate prepared by Mine Development Associates ("MDA"), a division of RESPEC, out of Reno, Nevada, at Mako's wholly-owned San Albino gold project. This updated mineral resource estimate totals 177,800 Measured and Indicated oz. and 100,900 Inferred oz. of gold. Importantly, San Albino is open along strike and at depth, and with additional drilling, MDA believes that mineral resources are likely to be upgraded and expanded.
- On November 16, 2020, the Company announced that on November 17, 2020, 35.5 million common share purchase warrants (the "Warrants") commenced trading on the TSX-V under the symbol "MKO.WT.A". The Warrants were issued pursuant to a private placement financing of the Company completed on July 16, 2020 and are governed by a warrant indenture between the Company and Computershare Trust Company of Canada, as warrant agent. Each Warrant entitles the holder thereof to acquire one common share of the Company at a price of C$0.60 per share until January 16, 2022.
- On November 26, 2020, the Company announced that its previously issued audited consolidated financial statements for the eight months ended December 31, 2019, and the corresponding management's discussion and analyses had been restated and reissued. The initial filing included an accrual for mining concession taxes in Mexico that should have been reversed and value added taxes ("IVA") receivable relating to the settlement agreement with the mining contractor in Mexico that should also have been reversed. The net effect of reversing the accrual and the IVA receivable resulted in an increase in net income and working capital of $0.9 million.
- On February 1, 2021, the Company commenced the processing of stockpiled material at the San Albino in northern Nicaragua and announced the initiation of a 50,000 meter ("m") drilling program across the Company's district-scale land package. The Company also announced that the crushing, grinding and gravity circuit were all operational, and that the carbon-in-leach circuit would be operational by the end of April 2021.
- Run of mill stockpile of an estimated 3,977 oz. of contained gold at the San Albino Project as at December 31, 2020.
- On February 4, 2021, the Company announced the grant of 1 million incentive stock options to its newly appointed Chief Financial Officer (see Company's press release dated February 1, 2021) in accordance with the terms of the Company's Stock Option Plan. The stock options are exercisable at a price of C$0.345 per share for a term of five years, expiring on February 4, 2026, and shall vest as to 25% on the grant date, and as to 25% on each of the first, second and third anniversary of the grant date.
- On February 22, 2021, the Company announced that it entered into a credit facility with Nebari Natural Resources Credit Fund I, LP ("Nebari") to provide financing of US$6.34 million (the "Principal Amount"). The interest rate on the Principal Amount will be 8% with an original issue discount of 5.3% and a maturity date of March 31, 2022. There will be no prepayment penalties and no hedging. Closing of the credit facility took place on February 26, 2021.
- On March 31, 2021, the Company completed the sale of the Company's subsidiary Marlin Gold Mining Ltd. ("Marlin").
- On April 19, 2021, the Company reported grade and tonnage results from mining the first four benches of the San Albino vein at San Albino Project. The mined benches consisted of four, six-meter benches between 610 and 592 m above sea level and contained a total of 7,734 oz. of Au and 12,269 oz. Ag within 13,787 tonnes of diluted vein material grading 17.45 g/t Au and 27.7 g/t Ag. Additionally, 51,169 tonnes of historical dump material, grading 2.54 g/t Au were also mined from these four benches as well as from areas that did not include the San Albino vein, bringing the total stockpile to over 11,900 oz. of gold.

COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far reaching. To date there have been significant stock market declines, significant volatility in commodity and foreign exchange markets and the global movement of people and some goods has become restricted. While the Company continues to operate its business and finalize the development of the San Albino Project, there is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on future production, future cash flows in 2021, estimates regarding deferred income taxes and valuation allowances and on global financial markets. The impact of COVID-19 on the global economic environment, and the local jurisdictions in which the Company operates, could result in changes to the way the Company runs its mines. These changes could result in revenues or costs being different from the Company's expectations. This impact could be material.

Financial Performance (in $000's)	Three months ended December 31, 2020	Year ended December 31, 2020	Eight months December 31, 2019	Change
Revenue	413	1,398	8,583	(7,185)
Income (loss) for the period	(4,543)	(12,129)	(9,275)	(2,854)
Operating cash outflow before changes in non-cash working capital	(3,304)	(9,736)	(4,858)	(4,878)
Net cash used in operating activities	(717)	(9,127)	(9,413)	286

Financial Condition (in $000's)	As at December 31, 2020	As at December 31, 2019	Change
Cash and cash equivalents	2,633	4,253	(1,620)
Working capital (deficit) (i)	(13,169)	(3,124)	(10,045)
Total assets	49,429	17,843	31,586
Equity (deficit)	16,910	6,054	10,856

(i) Working capital calculated as current assets less current liabilities.

GR SILVER MINING LTD (FORMERLY GOLDPLAY EXPLORATION LTD.) ("GR SILVER")

On March 31, 2021, the Company completed the sale with GR Silver pursuant to which GR Silver will acquire 100% of the common shares of Mako's wholly-owned subsidiary, Marlin, from the Company. Marlin owns, amongst other assets, Oro Gold de Mexico, S.A. de C.V. ("Oro Gold"), that owns the La Trinidad mine facilities, which are currently being reclaimed. Oro Gold also controls 100% of nine concessions totaling 104,094.5 hectares ("ha") located adjacent to GR Silver's existing portfolio of properties. The Company will continue to be responsible for all necessary reclamation obligations until it receives an acknowledgement from SEMARNAT (the Mexican environmental authority) that Oro Gold's closure plan is complete. In consideration for the sale of the common shares of Marlin to GR Silver, Mako will receive C$50,000 in cash (received), a 1% net smelter return royalty ("NSR") on all concessions currently owned by Oro Gold and the assumption of liability by GR Silver of approximately US$8.9 million in unpaid concession taxes, which are currently accrued on the Company's statement of financial position. GR Silver will be granted the right to purchase the NSR at any time upon making a one-time payment of US$2 million. Any net proceeds received from the lawsuit the Company has filed against their insurers and reinsurers related to damages from Hurricane Willa will be for the benefit of the Company, and the Company will be responsible for the costs of this litigation.

EXPLORATION AND DEVELOPMENT UPDATE

The Company holds 100% of four mineral concessions in Nueva Segovia, Nicaragua for a total land package of approximately 18,817 hectares (188 km2).

San Albino Property, Nueva Segovia, Nicaragua

The San Albino gold deposit, located within the San Albino-Murra Property, is the Company's development project located in Nueva Segovia, Nicaragua. It was a historical small-scale underground gold producer, commencing production in the early 1900's and operating on and off until approximately 1940l. The Company is currently developing San Albino, with first gold being recovered during the first quarter of 2021.

On August 24, 2020, the Nicaraguan Ministry of Environmental and Natural Resources ("MARENA") has amended the environmental permit granted to the Company in 2017 (see press release dated September 12, 2017) to allow for the processing of up to 1,000 tonnes per day ("tpd") at the San Albino-Murra Property. The amendment is initially effective for a period of five years and can be renewed indefinitely so long as the Company complies with the conditions set forth by MARENA. All other provisions contained in the environmental permit granted in 2017 remain in force and are fully applicable apart from the increased throughput from 500 tpd to 1,000 tpd; total capacity of the two mills on site is 1,000 tpd.

Pre-development work commenced in May 2019 at the San Albino Property, with the objectives of testing the outer boundaries of the starter pits (West and Central Pits); confirming gold mineralization within historic mine dumps; improving the understanding of structural controls; verifying the geometry, grade and thickness of the mineralized zones; providing detailed grade control information; and affirming the continuity and grade of the "in-pit" resources.

On October 19, 2020, the Company reported the results of an updated mineral resource estimate, which confirmed San Albino's rank among the highest-grade open pit gold projects in the world. In addition, MDA, led by Principal Geologist Steve Ristorcelli, has conservatively reflected the selective open pit mining methods presently being utilized at San Albino, such that management has confidence that the fully diluted open pit grade of 9.54g/t gold ("Au") in the Measured and Indicated categories can be met or exceeded when mined. When the MDA Resource was released, it was stated that San Albino was open along strike and down dip. As is the case with many areas of San Albino, the SW Zone required additional drilling to better understand the geology before delineating a mineral resource; on March 16, 2020, the Company announced results that confirmed the existence of near surface high-grade gold, which the Company expects to convert to mineral resources as the San Albino drilling program advances.

During November 2020, two hurricanes went through Nicaragua that had minimal impact on the Company's operations.

On the exploration front, there are two active exploration drill rigs. Atotal of 4,175 m were drilled during Q4 2020 and as of the date of this report 5,581 m have been drilled. Available results have been news released (News Release March 29, 2021).

On February 1, 2021, the crushing circuit, grinding circuit and gravity circuit were operational at San Albino. Gravity concentrates were being produced, and a small amount of gold has been recovered. The carbon-in-leach ("CIL") tanks were full, cyanide and other consumables were being delivered to site, and gold extraction from the CIL circuit to supplement the gold being recovered from the gravity circuit. The Company expects to be processing lower-grade historical dump material until the mills have been properly bedded. The processing of high-grade mineralized material is expected to commence in April 2021. The Company continues to target commercial production in early Q2 2021.

Once in production, the Company is expected to be the third gold producer within Nicaragua and the high-grade, San Albino Property would be the first newly permitted commercial gold processing operation in the country in several years.

Las Conchitas Area

Las Conchitas is situated between two past-producers, the San Albino Mine and the El Golfo Mine. It lies only 2 km south of the proposed mine site for the San Albino Property.

As with the San Albino deposit, the conceptual model for the Las Conchitas mineralization consists of multiple parallel quartz veins that dip gently to the northwest, associated with extensive shear and fault systems which represent possible feeders for mineralized fluids and a favourable environment for precious metal deposition. These characteristics are consistent with the model for orogenic gold-bearing veins, which can extend to depths in excess of a km. Drilling at the San Albino Property has already established down-dip continuity of gold mineralization for over 900 m and it still remains open. Gold mineralization is not restricted solely to quartz veins, but also occurs in the host rock (phyllite/schist) containing quartz veinlets.

Considerable progress has been made on resource definition drilling at Las Conchitas since 2019 and there is no plan to stop drilling, unless constrained by finances or COVID-19. The Company's goal is to produce a maiden resource at Las Conchitas in 2022.

El Jicaro Concession

El Jicaro encompasses the southwest extension of the mineralized structures identified on the Corona de Oro Gold Belt. It covers an area of 5,071 ha (51 km^2). Several good exploration targets have been outlined on El Jicaro. The mapping and prospecting programs completed to date have defined four parallel zones of mineralization.

Potrerillos Concession

In December 2019, the Company purchased the Potrerillos exploration and exploitation concession ("Potrerillos Concession") formerly owned by a subsidiary of Condor Gold Plc ("Condor"). The Potrerillos Concession comprises 12 km^2 of subsurface mineral rights and is contiguous to and along strike from the San Albino gold project. The Potrerillos Concession is valid until December 2031 with the ability to renew for an additional 25 years by the Company.

The property was explored by Condor between 2007 and 2009, with a number of channel samples taken on trenches and former mine adits. Recent drilling indicates that the Potrerillos mineralization is an extension of the San Albino deposit. The Company plans to begin exploration work to evaluate its ability to expand San Albino, unless constrained by finances or COVID-19.

La Segoviana Concession

On April 7, 2020, the Company announced that its wholly-owned Nicaraguan subsidiary, Nicoz Resources, S.A., was granted a new concession by Nicaraguan Ministry of Mines and Energy ("MEM"). The new concession, called La Segoviana, covers an area of 3,845.80 ha (approximately 38.5 km^2) and is contiguous to the north and northwest of the Company's San Albino-Murra concession in Nueva Segovia, Nicaragua. The La Segoviana concession allows for both exploration and exploitation and is valid for a period of 25 years, until March 12, 2045.

Unless constrained by finances or COVID-19, the Company plans to dispatch an exploration crew to La Segoviana, to carry out both a reconnaissance examination of this newly acquired exploration area and to conduct a preliminary sampling of mineral prospects in order to define areas suitable for further exploration.

For details on all previously-reported drill results, please see the Company's filings on SEDAR.

TREND ANALYSIS

Selected Annual Information

	Year ended December 31, 2020	Eight months ended December 31, 2019	Year ended April 30, 2019
Revenue	1,398	8,583	(2,149)
Loss for the period	(12,129)	(9,275)	(25,229)
Basic & diluted loss per share	($0.02)	($0.02)	($0.11)
As at	**December 31, 2020**	**December 31, 2019**	**April 30, 2019**
Total assets	49,429	17,843	18,149
Total non-current liabilities	16,535	10,197	23,882

During the year ended December 31, 2020, the Company focused on the development of the San Albino Property. In addition to selling the remaining gold dore inventory management also sold gold in carbon from the La Trinidad Mine.

During the eight months ended December 31, 2019, mining operations at the La Trinidad Mine in Mexico were wound up. The Company ceased mining activities in March 2019, but continued to process the remaining oz. on the leach pad through to the end of the year. A small amount of gold dore inventory remained at December 31, 2019, and was sold during the first quarter of 2020. Nearly all of the mining and process plant equipment has been moved to the United States and subsequently sold to a third party, with the exception of the laboratory equipment which was moved to Nicaragua. The total assets are primarily comprised of mineral property, plant and equipment in Nicaragua. The majority of the noncurrent liabilities relates to a provision for reclamation and remediation for the La Trinidad Mine.

The Marlin Transaction, which was effective November 9, 2018, was a transformative event for the Company. With the addition of the La Trinidad Mine, the Company immediately became a gold producer and began recognizing revenue and cost of sales. In addition, there was an associated increase in total assets, primarily due to acquired inventories and receivables, and an increase in non-current liabilities associated with recognizing a provision for reclamation and remediation. While the restructuring of the gold stream arrangement as part of the Marlin Transaction resulted in a $20.6-million loss during the year ended April 30, 2019, it removed a substantial encumbrance on the San Albino Property.

Summary of Quarterly Results

	2020				Eight months ended Dec 31, 2019			Year ended Apr 30, 2019
(in $000's)	Oct - Dec	Jul-Sept	Apr-Jun	Jan-Mar	Nov-Dec	Aug-Oct	May-Jul	Feb-Apr
Revenue	413	433	52	500	532	1,855	6,196	3,994
Cost of sales	(85)	(2)	(82)	(501)	(7,093)	(2,484)	(5,080)	(3,465)
Gross profit (loss)	328	431	(30)	(1)	(6,561)	(629)	1,117	529
E&E expenses	(131)	(1,265)	(1,526)	(2,305)	(700)	(794)	(2,684)	617
G&A expenses	(1,036)	(1,498)	(1,666)	(1,120)	(704)	(1,478)	(730)	(875)
Other income (expenses)	(3,656)	(2,459)	(2,876)	6,729	160	4,456	(659)	(7,460)
Income taxes	(48)	-	-	-	(68)	-	-	(75)
Net income (loss)	(4,543)	(4,791)	(6,098)	3,303	(7,873)	1,555	(2,956)	(7,264)
Basic & diluted income (loss) per share	(0.01)	(0.01)	(0.01)	0.01	(0.01)	0.00	(0.01)	(0.05)

The sum of the quarters may not equal the annual results due to rounding.

The Company ceased mining activities at the La Trinidad Mine in March 2019, but continued to process the remaining oz. on the leach pad through to the end of 2019. The last of the La Trinidad Mine gold dore inventory was sold during Q2 2020. The Company sold gold in carbon at the La Trinidad Mine and realized revenues of $0.9 million during FY 2020. As a result, there was a trend of decreasing revenue and cost of sales over the past four quarters compared to the eight months ended December 31, 2019.

In October 2019, the Company entered into a settlement agreement with the Company's mining contractor in Mexico. The Company had an outstanding liability of $11.3 million with the two parties agreeing to settle the balance of the liability for $6 million. The gain on settlement of the mining contractor accounts payable was $4.8 million. The gain on settlement was disclosed as part of other income.

In Q1 2020, the weakening of the Canadian dollar against the US dollar resulted in an unrealized foreign exchange gain in other income. Whereas the strengthening of the Canadian dollar against the US dollar during Q4 2020 resulted in unrealized foreign exchange loss in other expenses.

The increase in in general and administrative ("G&A") expenses in Q2 2020 relate to share-based compensation expenses associated with the issuance of stock options to the directors.

The Company is focused on acquiring, exploring and developing exploration and evaluation assets in Nicaragua. At the end of July 2019, the Company made the decision to develop the San Albino project. Beginning in August 2019, development expenditures are capitalized as part of mineral properties, plant and equipment and resulted in a decrease in exploration and evaluation ("E&E") expenses. Expenditures related to exploration outside of the San Albino development project continue to be expensed.

Subsequent to the Marlin Transaction the Company saw an increase in G&A and other expenses associated with operating subsidiaries in multiple jurisdictions and increased corporate activities. Furthermore, with the ramp up of activities at San Albino, there has been a corresponding increase in G&A expenses. The increase in G&A expenses in the three months ended October 31, 2019 relate to share-based compensation expenses associated with the issuance of stock options to management.

The Company's planned level of activity and development during fiscal 2020 was impacted by the COVID-19 Pandemic, and the start of the operation had to be rescheduled for Q1 2021, at the time of this report the Company is preparing its first shipment of Dore he Company's E&E expenditures depend on the Company's operations and exploration prospects, as well as general market conditions relating to the availability of funding for resource companies. The Company's G&A expenditures are also related to the level of financing and development and exploration activities that are being conducted.

Other than as herein disclosed, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Company's expenses, income from investing, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

FINANCIAL REVIEW

Revenue

(in $000s)	**For the year ended December 31, 2020**	**For the eight months ended December 31, 2019**	**Change**
Revenue	1,398	8,583	(7,185)
Gold sold (ozs.)	1,050	7,673	(6,623)
Average realized gold price ($ per oz.)	1,331	1,119	212

The Company's revenue comes entirely from the La Trinidad Mine, which was acquired as part of the Marlin Transaction. The Company ceased mining activities in March 2019 but continued to process the remaining oz. on the leach pad through to the end of 2019. During 2020, the Company sold carbon rods that contained gold and was able to recognize revenues of $0.9 million. Revenue recognized during FY 2020 reflects this winding down of gold production at the La Trinidad Mine.

Cost of sales

(in $000s, unless otherwise noted)	For the year ended December 31, 2020	For the eight months ended December 31, 2019	Change
Production costs	-	(4,898)	4,898
Depreciation, depletion and amortization	(91)	(61)	(30)
Total cost of production	(91)	(4,959)	4,868
Gold produced (ozs.)	-	-	-
Cost per ounce produced ($/oz.)	-	-	-
Change in gold inventories	(558)	(946)	388
Writedown of inventories	-	(8,617)	8,617
Royalties	(5)	(85)	80
Selling costs	(16)	(50)	34
Total cost of sales	(670)	(14,657)	13,987
Gold sold (ozs.)	1,050	7,673	(6,623)
Cost per ounce sold ($/oz.)	(637)	(1,910)	1,273

Exploration and evaluation expenses

Expenses by property (in $000s)	For the year ended December 31, 2020	For the eight months ended December 31, 2019	Change
El Jicaro	133	58	75
San Albino - Las Conchitas	2,004	2,751	(747)
La Trinidad	3,090	1,369	1,721
	5,227	4,178	1,049

For the year ended December 31, 2020, expenses were primarily associated with the exploration drilling at the Las Conchitas property 2 km to the south of San Albino.

General and administrative expenses

(in $000s)	For the three months ended December 31, 2020	For the year ended December 31, 2020	For the eight months ended December 31, 2019	Change
Accounting and legal	365	1,407	727	680
Directors' fees	40	155	98	57
General office expenses	(56)	1,024	341	683
Management and consulting fees	427	1,585	918	667
Salaries and benefits	(43)	303	48	255
Stock-based compensation	240	624	657	(33)
Travel	63	222	124	98
	1,036	5,320	2,913	2,407

The most significant G&A expenses for the FY 2020 comprise accounting and legal expenses, management and consulting fees, and general office expenses. The magnitude of these expenses are related to the level of financing and development and exploration activities that were conducted during the FY 2020. For the year ended December 31, 2020, Accounting and legal expenses included legal fees of $1.0 million (FY 2019 - $0.3 million) of which $0.5 million was incurred for the lawsuit against the insurance company that declined the claim at the La Trinidad mine. For the year ended December 31, 2020, General office expenses included insurance expenses of $0.3 million (FY 2019 - $29,548); communication and investor relations of $0.2 million (FY 2019 - $64,497); rent expenses of $0.2 million (FY 2019 – 41,139) and IT expenditures of $0.3 million (FY 2019 - $0.1 million).

Other (expense) income

(in $000s)	For the three months ended December 31, 2020	For the year ended December 31, 2020	For the eight months ended December 31, 2019	Change
Accretion and interest expense	18	(104)	(40)	(64)
Gain on settlement of accounts payable	-	-	4,754	(4,754)
Gain (loss) on change in provision for	-			
reclamation and rehabilitation	387	(1,066)	2,275	(3,341)
Gain on disposal of equipment	907	907	67	840
Loss on disposal of supplies and spare parts	(477)	(496)	-	(496)
Foreign exchange gain (loss)	(4,498)	(1,576)	(3,616)	2,040
Interest income	7	73	518	(445)
	(3,656)	(2,262)	3,958	(6,220)

Accretion and interest expense primarily relates to accretion on the provision for reclamation and remediation at the La Trinidad Mine.

In October 2019, the Company entered into a settlement agreement with the Company's mining contractor in Mexico. The Company had an outstanding liability of $11.3 million with the two parties agreeing to settle the balance of the liability for $6 million. The gain on settlement of the mining contractor accounts payable was $4.8 million.

During two-month period ended December 31, 2019, the Company updated its closure plan for the La Trinidad Mine and submitted it to the Mexican authorities. Primarily as a result of reclamation performed during this period and the downward revisions to the amount of cash outflows estimated, the provision for reclamation and remediation decreased. As a result, a gain on the change in provision for reclamation and rehabilitation was recognized during FY 2019. With the ramp up in the development at the San Albino mine, the provision for reclamation and remediation increased.

Foreign exchange gains and losses arise from the translation of foreign-denominated transactions and balances into the relevant functional currencies of the Company and its subsidiaries. There are significant foreign-denominated intercompany balances held by certain subsidiaries of the Company. Fluctuations between the functional currency of the subsidiary and the currency of the intercompany balance result in significant non-cash, unrealized foreign exchange gains and losses. These unrealized gains and losses are recognized in the consolidated net income of the Company.

Interest income for 2019 primarily relates to the inflationary increase and interest earned on the IVA receivable.

LIQUIDITY AND CAPITAL RESOURCES

Financial condition

(in $000s)	**December 31, 2020**	**December 31, 2019**	**Change**
Cash and cash equivalents	2,633	4,253	(1,620)
Working capital (deficit)	(13,169)	(3,124)	(10,045)

Cash and cash equivalents decreased by $1.6 million during the FY 2020 due funds being invested in the development of the San Albino mine.

Working capital deficit increased during FY 2020 primarily due to a decrease in cash and cash equivalents which was offset by an increase in current liabilities (accounts payable and accrued liabilities and the current portion of the reclamation and remediation provision).

Cash flows

(in $000s)	For the year ended December 31, 2020	For the eight months ended December 31, 2019	Change
Operating cash flows before changes in working capital	(9,736)	(4,858)	(4,878)
Changes in working capital	609	(4,555)	5,164
Net cash flows used in operating activities	(9,127)	(9,413)	286
Net cash flows (used in) provided by investing activities	(28,830)	(10,002)	(18,828)
Net cash flows provided by financing activities	35,295	20,205	15,090
Effect of foreign exchange on cash and cash equivalents	1,042	102	940
Change in cash and cash equivalents	(1,620)	892	(2,512)

Net cash flows used in operations during the FY 2020 reflect the cash components of E&E expenses, G&A expenses and Other expenses.

The cash used in investing activities during the FY 2020 relates to the development activities at the San Albino Property in Nicaragua.

Financing activities during the FY 2020 primarily reflect the Term Loan draw down of $15 million by the Company and the closing of the private placement. Financing activities during the FY 2019 reflect $3.4 million in net proceeds from the issuance of shares and $3.0 million recorded in respect of an advance received from Marlin.

Liquidity

As at December 31, 2020, the Company had cash and cash equivalents of $2.6 million, a working capital deficit of $12.6 million and an accumulated deficit of $85.6 million. For FY 2020, the Company had negative operating cash flows before changes in working capital of $9.7 million and a net loss of $12.1 million.

During FY 2020, the Company secured a credit arrangement from its controlling shareholder for $15.15 million ("Term Loan"). The Term Loan matures in August 2022 and may be prepaid at any time, in whole or in part, at par plus accrued but unpaid interest, without penalty or premium. The Term Loan bears interest at the rate of 8.0% per annum until the first anniversary of the closing date, increasing to 10% per annum thereafter, which interest is payable semi-annually on June 30th and December 31st each year, with the first interest payment due on December 31, 2020. The Company paid a non-refundable up-front fee of $150,000 to the Lenders on the closing of the Term Loan. On December 31, 2020, the Company received a waiver on the first interest payment with its payment being deferred to June 30, 2021.

In addition, if the Loan is not repaid in full on or prior to the first anniversary of the closing date, then the Company must pay to the Lenders a cash bonus interest on the first anniversary of the closing date and on each successive anniversary in an amount equal to the cash equivalent of 500 oz. of gold calculated based on the average Gold Fixing Price in the London Bullion Market during the most recently completed calendar month at the time the payment is made, in accordance with the applicable formula set out in the term loan agreement.

On February 20, 2021, the Company received a waiver from the Lenders deferring the cash bonus interest payment to the earlier of June 30, 2021 and the date on which the Term Loan is repaid in full (such earlier date, the "Deferred Payment Date") and the following additional conditions: that the Company shall pay to the Lenders, an additional cash bonus interest on the Deferred Payment Date in an amount equal to the price of 178.75 ounces of gold calculated in accordance with the applicable formula set out in the term loan agreement; and if the Obligations Termination Date does not occur on or before February 20, 2022, then the cash bonus interest payment that will become due and payable on February 20, 2022 will be calculated in accordance with the applicable formula set out in the Term Loan Agreement, except that, for purposes of this payment only, the amount will be the cash equivalent of 321.25 ounces of gold rather than 500 ounces of gold.

The Company is using these funds for construction, development and exploration activities in Nicaragua, for general corporate purposes, and for fees and expenses incurred in connection with the loan. The Company had drawn down an additional $5 million on April 1, 2020 and an additional $5 million on May 15, 2020. As at December 31, 2020, the Company had drawn down a total of $15.2 million.

On July 16, 2020, the Company completed a private placement of 71 million units for gross proceeds of C$28.4 million. Proceeds of the private placement will be used to complete the development of the Company's San Albino project and general working capital purposes.

In February 2021, the Company completed a credit facility with Nebari to provide financing of US$6.34 million. The interest rate on the Principal Amount is 8% with an original issue discount of 5.3% and a maturity date of March 31, 2022. There will be no prepayment penalties and no hedging.

The Company's financial performance is dependent upon many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, and impacted by changes in domestic and international political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production are difficult to predict. Changes in events could materially affect the financial performance of the Company.

The Company's mineral exploration activities to date have provided the Company with no sources of income and a history of losses and deficit positions. However, given the nature of its business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of the Company's performance and valuation.

The Company is dependent on raising funds through the issuance of shares and/or debt instruments or disposing of interests it has in exploration and evaluation assets in order to finance further acquisitions, undertake exploration and development activities on exploration and evaluation assets and meet G&A expenses in the long term.

Based on the Company's construction, development and exploration activities in Nicaragua and its current level of spending for general corporate purposes, the Company will require additional funding within the next twelve months. The Company has historically raised funds through the sale of securities. The Company expects that it will continue to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. The Company is expected to start generating cash inflows from metal sales during Q2 2021.

As at December 31, 2020, the Company had contractual commitments at the San Albino project of $1.8 million.

Outstanding securities

As of the date of this MD&A, the Company had 656,756,484 common shares issued, 37,000,000 warrants and 47,860,000 options outstanding.

TRANSACTIONS WITH RELATED PARTIES

Key management compensation

Except as disclosed in other areas, key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprise the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors. The compensation to key management was as follows:

(in $000s)	For the year ended December 31, 2020	For the eight months ended December 31, 2019
Director fees	$ 152	$ 94
Salaries, consulting and management fees	746	395
Share-based compensation	573	662
Total	$ 1,471	$ 1,151

As at	December 31, 2020	December 31, 2019
Amount included in accounts payable	$ 44	$ 64

Other related party transactions

Tes-Oro is a private company controlled by the Company's Chief Operating Officer. Tes-Oro is a full-service engineering, procurement and construction management firm working exclusively with the Company. During the year ended December 31, 2020, the Company expensed fees relating to consulting services of $0.5 million (FY 2019 - $1.8 million) and $0.1 million in general office expenses. Amounts payable to Tes-Oro as at December 31, 2020 were $29,130 (December 31, 2019 were $134,077).

PROPOSED TRANSACTIONS

None.

ACCOUNTING CHANGES AND CRITICAL ESTIMATES

Estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant assumptions and judgments about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following areas:

- Estimated mineral resources;
- Ore in process;

- Deferred income taxes;
- Impairment of non-current assets;
- Reclamation and remediation provision;
- Going concern;
- Capitalization of costs; and
- Functional currency determination.

Refer to Note 4 of our audited consolidated financial statements for the year ended December 31, 2020 for a detailed discussion of these accounting estimates and judgments.

CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and the respective accompanying Management's Discussion and Analysis.

DISCLOSURE CONTROLS

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making.

RISK AND UNCERTAINTIES

The Company's principal activity of mineral exploration and exploitation is generally considered to have high risk. It is exposed to a number of risks and uncertainties that are common to other mining exploration and development companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, inflation and other risks. Until completion of the Marlin Transaction in early November 2018, the Company had no source of revenue other than interest income. Moving forward, the San Albino Property is expected to be largely financed by debt and equity financings. The Company's mineral properties are located in Mexico and Nicaragua, which exposes the Company to risks associated with possible political or economic instability, changes to applicable laws, and impairment or loss of mining title or other mineral rights.

Some of the other significant risks are:

- Maintaining the Company's operating and development permits in good standing.

- Mineral resource amounts are estimates only and may be unreliable. The Company cannot be certain that any specified level of recovery of minerals from mineralized material will, in fact, be realized or that any of its mineral property interests or any other mineral deposit will ever qualify as a commercially mineable ore body that can be economically exploited. Material changes in the quantity of mineralization, grade or stripping ratio or mineral prices may affect the economic viability of the properties.
- The junior resource market where the Company raises funds is extremely volatile, companies are subject to high level of competition for the same pool of investment dollars, and there is no guarantee that the Company will be able to raise adequate funds in a timely manner to conduct its business.
- Although the Company has taken steps to verify title to its exploration and evaluation assets there is no guarantee that the exploration and evaluation assets will not be subject to title disputes or undetected defects.
- The Company is subject to laws and regulations related to environmental matters, including provisions for reclamation, discharge of hazardous material and other matters. The Company conducts its activities in compliance with applicable environmental legislation and is not aware of any existing environmental problems related to its mineral property interests that may be the cause of material liability to the Company.
- There is no assurance that any countries in which Mako operates or may operate in the future will not impose restrictions or taxes on the repatriation of earnings to foreign entities.
- Uncertainties of the impact created by the COVID-19 pandemic.
- Nicaragua is susceptible to hurricanes, earthquakes and volcanoes which could materially impact the Company's operations in the future.

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described above and the other information filed with the Canadian securities regulators before investing in the Company's common shares. The risks described are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business. If any of these risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed, and investors may lose all of their investment.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

In this MD&A, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: regulatory and permitting considerations, financing of the Company's acquisitions and other activities, exploration, development and operation of mining properties, future effect of the COVID-19 pandemic and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information as well as other risks and uncertainties referenced under "Risks and Uncertainties" in this MD&A.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out below and including those referenced in the "Risks and Uncertainties" section of this MD&A, and, as a result they may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation:

- financing, capitalization and liquidity risks;
- mineral exploitation and exploration program cost estimates;
- the nature and impact of drill results and future exploration;
- regulatory risks relating to mineral tenure, permitting, environmental protection, taxation, and royalties;
- volatility of currency exchange rates, metal prices and metal production;
- future effect of the COVID-19 pandemic;
- other factors referenced under "Risks and Uncertainties"; and
- other risks normally incident to the acquisition, exploration, development and operation of mining properties.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statements made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online at www.sedar.com.