MAKO MINING CORP.

(formerly Golden Reign Resources Ltd.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended October 31, 2019

(Expressed in Canadian dollars)

(Unaudited)

MAKO MINING CORP.

(formerly Golden Reign Resources Ltd.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian dollars
(Unaudited)

	Note		October 31, 2019		April 30, 2019
ASSETS					
Current					
Cash and cash equivalents		$	14,807,056	$	4,511,536
Receivables and refundable taxes	4		3,109,119		3,925,663
Inventories	5		11,422,916		14,788,177
Prepaid expenses, and other			214,739		205,872
Total current assets			29,553,830		23,431,248
Exploration and evaluation assets	6		157,920		268,866
Mineral property, plant and equipment	7		6,891,331		756,272
TOTAL ASSETS		**$**	**36,603,081**	**$**	**24,456,386**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	8	$	13,691,612	$	30,073,485
Provision for reclamation and rehabilitation	9		3,934,565		4,212,908
Total current liabilities			17,626,177		34,286,393
Accounts payable and accrued liabilities	8		1,316,000		-
Provision for reclamation and rehabilitation	9		2,586,266		2,806,147
Total liabilities			21,528,443		37,092,540
Shareholders' equity (deficit)					
Share capital	10		85,172,375		58,393,099
Contributed surplus	10		8,424,438		7,611,399
Accumulated other comprehensive income (loss)			1,745,805		(11,102)
Deficit			(80,267,980)		(78,629,550)
Total shareholders' equity (deficit)			15,074,638		(12,636,154)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**36,603,081**	**$**	**24,456,386**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MAKO MINING CORP.

(formerly Golden Reign Resources Ltd.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
Expressed in Canadian dollars
(Unaudited)

	Three months ended		Six months ended	
	October 31, 2019	**October 31, 2018** *(Restated - Note 3)*	**October 31, 2019**	**October 31, 2018** *(Restated - Note 3)*
Revenue	$ 2,444,881	$ -	$ 10,674,978	$ -
Cost of sales				
Production costs	(488,634)	-	(6,238,237)	-
Change in inventories	(84,374)	-	(1,054,240)	-
Writedown of inventories to net realizable value	(1,710,678)		(1,710,678)	
Depreciation, depletion and amortization	(33,362)	-	(60,937)	-
	(2,317,048)	-	(9,064,092)	-
Gross profit	127,833	-	1,610,886	-
Exploration and evaluation expenses	(1,045,941)	(1,209,743)	(4,611,164)	(2,142,726)
General and administrative expenses	(1,958,548)	(909,318)	(2,927,965)	(1,363,452)
Other income (expense)				
Accretion and interest expense	(8,579)	-	(24,942)	-
Gain on settlement of accounts payable (note 8)	7,084,732		7,084,732	
Gain on disposal of equipment	140,479	-	140,479	
Foreign exchange loss	(2,081,891)	(158)	(3,374,173)	(12,037)
Interest income	218,924	14,960	652,871	24,664
Income (loss) for the period	**$ 2,477,009**	**$ (2,104,259)**	**$ (1,449,276)**	**$ (3,493,551)**
Other comprehensive income (loss)				
Income (loss) for the period	2,477,009	(2,104,259)	(1,449,276)	(3,493,551)
Items subject to reclassification into statement of loss				
Foreign currency translation adjustment	(154,332)	385,511	1,755,495	929,168
Other comprehensive income (loss) for the period	(154,332)	385,511	1,755,495	929,168
Comprehensive income (loss) for the period	**$ 2,322,677**	**$ (1,718,748)**	**$ 306,219**	**$ (2,564,383)**
Basic and diluted loss per common share	$ -	$ (0.01)	$ -	$ (0.02)
Weighted average common shares outstanding	583,701,484	192,170,920	470,657,285	192,133,779

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MAKO MINING CORP.

(formerly Golden Reign Resources Ltd.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian dollars
(Unaudited)

	Number of shares		Share capital		Contributed surplus		Accumulated other comprehensive income		Deficit		Total
Balance at May 1, 2018	**192,103,920**	**$**	**39,886,352**	**$**	**7,100,999**	**$**	**1,028,685**	**$**	**(42,818,656)**	**$**	**5,197,380**
Shares issued on exercise of warrants	67,000		14,740		-		-		-		14,740
Transfer of warrant value	-		9,500		(9,500)		-		-		-
Share-based compensation	-		-		519,900		-		-		519,900
Net loss	-		-		-		-		**(3,493,551)**		(3,493,551)
Other comprehensive income	-		-		-		**929,168**		-		929,168
Balance at October 31, 2018	192,170,920	**$**	**39,910,592**	**$**	**7,611,399**	**$**	**1,957,853**	**$**	**(46,312,207)**	**$**	**3,167,637**
Shares issued on business combination	91,233,386		14,040,993		-		-		-		14,040,993
Shares issued on private placement	30,000,000		4,500,000		-		-		-		4,500,000
Share issue costs	-		(58,486)		-		-		-		(58,486)
Net loss	-		-		-		-		(32,317,343)		(32,317,343)
Other comprehensive loss	-		-		-		(1,968,955)		-		(1,968,955)
Balance at April 30, 2019	313,404,306	**$**	**58,393,099**	**$**	**7,611,399**	**$**	**(11,102)**	**$**	**(78,629,550)**	**$**	**(12,636,154)**
Shares issued on private placement	270,017,178		27,001,718		-		-		-		27,001,718
Share issue costs	-		(265,488)		-		-		-		(265,488)
Shares issued on exercise of options	280,000		28,000		-		-		-		28,000
Transfer of option value	-		15,046		(15,046)		-		-		-
Share-based compensation	-		-		828,085		-		-		828,085
Net loss	-		-		-		-		(1,449,276)		(1,449,276)
Other comprehensive income	-		-		-		1,755,495		-		1,755,495
Balance at October 31, 2019	583,701,484	**$**	**85,172,375**	**$**	**8,424,438**	**$**	**1,744,393**	**$**	**(80,078,826)**	**$**	**15,262,380**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MAKO
MINING CORP.

(formerly Golden Reign Resources Ltd.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Expressed in Canadian dollars
(Unaudited)

For the six months ended October 31,		**2019**		**2018** *(Restated - Note 3)*
Cash provided by (used for):				
Operating activities				
Net loss for the period	$	(1,449,276)	$	(3,493,551)
Interest received		162,022		-
Non-cash items:				
Accretion expense		24,942		-
Gain on sale of fixed assets		(140,479)		-
Gain on settlement of accounts payable		(7,084,732)		-
Change in ARO estimate		104,885		-
Writedown of inventory to NRV		1,710,678		-
Depreciation, depletion and amortization		125,077		1,885
Unrealized foreign exchange loss		1,667,589		-
Share-based payments		738,944		277,300
		(4,140,350)		(3,214,366)
Changes in non-cash working capital				
Receivables and refundable taxes		612,965		(57,121)
Prepaid expenses, and other		(60,566)		(26,335)
Inventories		1,387,972		-
Accounts payable and accrued liabilities		(9,075,329)		463,844
Net cash used in operating activities		(11,275,308)		(2,833,978)
Investing activities				
Proceeds on sale of fixed assets		235,081		-
Expenditures on mineral property, plant and equipment		(5,416,271)		-
Net cash used in investing activities		(5,181,190)		-
Financing activities				
Proceeds on issue of shares, net of share issuance costs		26,736,230		-
Advances from Marlin prior to the acquisition		-		4,000,000
Proceeds on exercise of warrants		-		14,740
Proceeds on exercise of options		28,000		-
Net cash provided by financing activates		26,764,230		4,014,740
Effect of foreign exchange on cash and cash equivalents		(12,212)		134,980
Change in cash and cash equivalents		10,295,520		1,315,742
Cash and cash equivalents, beginning of period		4,511,536		1,072,150
Cash and cash equivalents, end of period	**$**	**14,807,056**	**$**	**2,387,892**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Mako Mining Corp. ("Mako" or the "Company"), formerly Golden Reign Resources Ltd., 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 address of the Company's corporate office and principal place of business is Suite 2833 – 595 Burrard Street, Vancouver, BC, Canada.

On November 9, 2018, the Company completed the acquisition of Marlin Gold Mining Ltd. (the "Marlin Transaction"). Subsequent to the Marlin Transaction, the Company's principal business activities are the production of gold in Mexico and the acquisition, exploration, and development of exploration and evaluation assets in Nicaragua. The Company's primary exploration and evaluation asset in Nicaragua is the San Albino-Murra Property ("San Albino Property"), which is in the development stage.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS"). Accordingly, they do not include all the information and notes to the consolidated financial statements required by IFRS for complete financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements for the year ended April 30, 2019 and the condensed consolidated interim financial statements for the three months ended July 31, 2019.

On December 17, 2019, the Company's Board of Directors approved these condensed consolidated interim financial statements for issuance.

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value.

(c) Use of judgements and estimates

The preparation of these condensed consolidated interim financial statements 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 judgments 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.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended April 30, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes described below, the accounting policies applied are consistent with those of the previous financial year.

New accounting policy

IFRS 16 – Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive right, then the asset is not identified.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purposed the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

  - The Company has the right to operate the asset; or
  - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered, or changed, on or after May 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

The Company recognizes a right-to-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful life of the right-to-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise prices under a purchase price option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office space that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Impact of transition to IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach and, accordingly, the comparative information has not been restated and continues to be reported under IAS 17 and related interpretations.

On transition to IFRS 16, the Company elected to apply the new definition of a lease to all its contracts.

Expressed in Canadian dollars

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

There were no leases classified as finance leases at transition.

Changes in accounting policies and disclosures

As disclosed in Company's audited consolidated financial statements for the year ended April 30, 2019, the Company changed its accounting policy for exploration and evaluation expenditures to be expensed rather than capitalized.

The impact on the consolidated statement of income (loss) and comprehensive income (loss) for the three and six months ended October 31, 2018 is as follows:

For the three months ended October 31, 2018	**As previously reported**	**Adjustment**	**Restated**
Exploration and evaluation expenses	$ -	$ (1,209,743)	$ (1,209,743)
Loss for the period	$ (894,516)	$ (1,209,743)	$ (2,104,259)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding	192,170,920		192,170,920

For the six months ended October 31, 2018	**As previously reported**	**Adjustment**	**Restated**
Exploration and evaluation expenses	$ -	$ (2,142,726)	$ (2,142,726)
Loss for the period	$ (1,350,825)	$ (2,142,726)	$ (3,493,551)
Basic and diluted loss per common share	$ (0.01)	$ (0.00)	$ (0.02)
Weighted average number of common shares outstanding	192,133,779		192,133,779

Impact on the consolidated statement of cash flow for the six months ended October 31, 2018 is as follows:

	As previously reported	**Adjustment**	**Restated**
Net cash used in operating activities	$ (880,777)	$ (1,953,201)	$ (2,833,978)
Net cash used in investing activities	$ (1,953,201)	$ 1,953,201	$ -

Expressed in Canadian dollars

4. RECEIVABLES AND REFUNDABLE TAXES

	October 31, 2019	April 30, 2019
Value added taxes (IVA)	$ 2,937,022	$ 3,788,071
Other	172,097	137,592
	$ 3,109,119	$ 3,925,663

Value added taxes (IVA) are refundable from the Government of Mexico and represent 16% of qualifying expenditures.

5. INVENTORIES

	October 31, 2019	April 30, 2019
Leachpad	$ 9,673,593	$ 12,450,344
Stockpile	-	567,057
Finished metal	900,731	567,366
Supplies and spare parts	848,592	1,203,410
	$ 11,422,916	$ 14,788,177

As at October 31, 2019, leachpad and finished metal inventories were recorded at net realizable value. For the three and six months ended October 31, 2019, the Company recognized write downs of $1,710,678 in cost of sales.

6. EXPLORATION AND EVALUATION ASSETS

	San Albino	El Jicaro	Total
Balance April 30, 2018 - (Restated - Note 3)	$ 5,623,356	$ 154,032	$ 5,777,388
NSR granted as part of the Marlin Transaction	(5,772,727)	-	(5,772,727)
Foreign currency translation adjustment	257,161	7,044	264,205
Balance, April 30, 2019	$ 107,790	$ 161,076	$ 268,866
Transfer to Mineral property, plant and equipment	(12,668)	-	(12,668)
Foreign currency translation adjustment	(95,122)	(3,156)	(98,278)
Balance, October 31, 2019	$ -	$ 157,920	$ 157,920

San Albino Property, Nicaragua

On May 7, 2012, the Company completed the terms of an 80% earn-in interest property agreement which was signed on June 26, 2009 with Nicoz, and on October 31, 2012 the Company acquired the remaining 20% interest in the San Albino Property by making cash payments of US$1,100,000, incurring aggregate exploration expenditures of US$5,000,000 and issuing 6,100,000 common shares at a value of $2,813,770.

The Company, as part of the Marlin transaction, has provided Sailfish Royalty Corp. ("Sailfish") with the right to purchase 4% of the mineral resources at a discount on the spot price at the time of sale with respect to the San

Albino Concession area of interest ("AOI"). This has not been determined to be a financial liability, but a transfer of interest in the underlying asset and has therefore been recorded as a reduction in the carrying value of the San Albino Property. In addition, the parties agreed to a new royalty agreement whereby the Company and its subsidiaries granted Sailfish a 2% net smelter royalty ("NSR") royalty on production from the San Albino-Murra Mining Concession exclusive of the AOI.

There is also an NSR of 3% payable to the Nicaraguan government pursuant to existing mining laws.

The San Albino Property license is valid until February 3, 2027 and may be renewed for another 25-year term.

El Jicaro Concession, Nicaragua
In January 2012, the Company paid $119,472 (USD$120,000) to acquire a 100% interest in the El Jicaro Concession, which is contiguous to the San Albino Property.

As part of the Marlin transaction, the Company granted Sailfish a 2% NSR royalty on production from the El Jicaro Concession. No value was attributed to the 2% NSR.

The El Jicaro Concession license is valid for a period of 25 years until September 28, 2033 and may be renewed for another 25-year term.

Expressed in Canadian dollars

7. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Building	Equipment	Total
Cost				
As at April 30, 2018	$ -	$ 159,178	$ 632,906	$ 792,084
Acquired through business combination	-	-	601,989	601,989
Additions	-	-	151,439	151,439
Foreign currency translation adjustment		7,286	36,224	43,510
As at April 30, 2019	$ -	$ 166,464	$ 1,422,558	$ 1,589,022
Transfer from exploration and evaluation assets	12,668	-	-	12,668
Additions	5,435,038		962,069	6,397,107
Disposals	-		(117,528)	(117,528)
Foreign currency translation adjustment	(34,693)	(3,261)	(33,062)	(71,016)
As at October 31, 2019	$ 5,413,013	$ 163,203	$ 2,234,037	$ 7,810,253
Accumulated depreciation				
As at April 30, 2018	$ -	$ 106,017	$ 609,364	$ 715,381
Depreciation	-	15,241	71,792	87,033
Foreign currency translation adjustment	-	4,849	25,487	30,336
As at April 30, 2019	$ -	$ 126,107	$ 706,643	$ 832,750
Disposals	-		(22,926)	(22,926)
Depreciation	-	7,527	117,550	125,077
Foreign currency translation adjustment	-	(2,527)	(13,452)	(15,979)
As at October 31, 2019	$ -	$ 131,107	$ 787,815	$ 918,922
Net book value at April 30, 2019	$ -	$ 40,357	$ 715,915	$ 756,272
Net book value at October 31, 2019	$ 5,413,013	$ 32,096	$ 1,446,222	$ 6,891,331

San Albino Property, Nicaragua

During the three months ended July 31, 2019, the Company's Board approved the development of the San Albino Property. The Company is not basing its development decision on a feasibility study of mineral reserves demonstrating economic and technical viability and does not intend to complete a prefeasibility or feasibility study prior to commencing production. Instead, management made the decision to develop the mine based on a preliminary economic assessment, combined with other factors. Effective the date of this decision, all capitalized exploration and evaluation costs associated with San Albino were transferred to construction in progress, a non-depreciable category of mineral property until it is ready for its intended use.

Expressed in Canadian dollars

La Trinidad Mine, Mexico

The La Trinidad mine property was acquired as part of the Marlin Transaction, with a nil value assigned to it. The area is located in Sinaloa, Mexico and is comprised of 9 concessions, subject to the following agreements:

Don Paulino Agreement
Included in the La Trinidad area concessions, Nancy, Santa Cesilia and La Poderosa, are subject to an option to purchase agreement originally dated February 9, 2006, (as amended). Pursuant to the Don Paulino Agreement, the Company has a 1.5% NSR payable. The NSR consideration will be 0.5% if the price per ounce of gold is less than US$400; 1% if the price is greater than US$400 but less than US$500; and 1.5% if the price is equal or greater than US$500. The NSR can be purchased by the Company for US$1,000,000.

Camargo Agreement
Certain concessions, including La Nueva Trinidad and Nancy, are subject to an option to purchase agreement originally dated June 24, 2005, (as amended) . Pursuant to the Camargo Agreement, the Company is required to make NSR payments to Minera Camargo S.A. de C.V. ranging from 0.5% to 1.0%. The NSR consideration will be 0.5% if the price per ounce of gold is less than US$400 and 1% if the price is greater than or equal to US$400. Each 0.5% NSR can be purchased by Marlin for US$1,000,000.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		October 31, 2019		April 30, 2019
Trade payables	$	4,231,999	$	22,417,790
Trade payables - mining contractor		1,316,000		-
Due to Sailfish		-		1,650,691
Due to related parties		885,507		208,754
Mining concession taxes		7,258,106		5,796,250
	$	13,691,612	$	30,073,485
Non-current liability				
Trade payables - mining contractor		1,128,258		-
	$	14,819,870	$	30,073,485

The full and final balance due to Sailfish was settled during August 2019 (refer to 11 (c)).

On October 7, 2019, the Company entered into a settlement agreement with the Company's mining contractor in Mexico. The Company had an outstanding liability of US$11,353,338 with the two parties agreeing to settle the balance of the liability for US$6,000,000, payable as follows:

- US$4,000,000 (paid) on the date of signing the settlement agreement
- US$1,000,000 on the first anniversary of the settlement agreement
- US$1,000,000 on the second anniversary of the settlement agreement

Expressed in Canadian dollars

During the three and six months ended October 31, 2019, the Company recognized a gain on settlement of accounts payable of $7,084,732 (US$5,353,338) in the statement of income (loss) and comprehensive income (loss).

Management have considered the time value of the $2,632,000 (U$2,000,000) due on the first and second anniversary of the agreement, and has recognized a total liability of $2,444,258 million, of which $1,128,258 is accounted for as a long-term creditor. This value has been discounted at a rate of 8% based on management's judgement of the weighted average cost of capital for the Company.

9. RECLAMATION AND REHABILITATION OBLIGATIONS

	October 31, 2019	April 30, 2019
Opening balance	$ 7,019,055	$ -
Acquired through business combination	-	6,975,886
Cash outflows for reclamation and rehabilitation activities	(493,239)	-
Changes in estimate	104,886	(144,860)
Accretion expense	24,942	73,918
Foreign currency translation adjustment	(134,813)	114,111
Closing balance	$ 6,520,831	$ 7,019,055

Reclamation activities commenced during the three months ended October 31, 2019.

As at October 31, 2019, the undiscounted estimate of cash outflows associated with reclamation activities for La Trinidad Mine is $6,557,844 (April 30, 2019 - $7,232,165). The provision was determined using a discount rate of 1.57% (April 30, 2019 – 2.33%). As at October 31, 2019, the reclamation and rehabilitation obligations of $3,934,565 and $2,586,264 (April 30, 2019 - $4,212,908 and $2,806,147) are included in current and non-current liabilities, respectively.

10. SHARE CAPITAL

(a) Authorized - Unlimited number of common shares, without par value.

(b) Issued

(i) On July 23, 2019, the Company completed a rights offering whereby the Company issued 270,017,178 common shares of the Company for gross proceeds of $27,017,178 and incurred share issuance costs of $265,488.

(ii) On March 8, 2019, the Company completed a non-brokered private placement issuing 30,000,000 common shares of the Company at a price of $0.15 per share for gross proceeds of $4,500,000.

(iii) On November 9, 2018, the Company issued 91,233,386 common shares at a fair value of $0.1539 per common share, for a total of $14,040,993, in exchange for all the common shares of Marlin.

Expressed in Canadian dollars

(c) Share options

The Company has a share option plan, under which the Board of Directors is authorized to grant options to employees, directors, officers and consultants, enabling them to acquire up to 10% of the issued and outstanding share capital of the Company. The exercise price of each option is based at minimum on the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of five years. Options granted to investor relations consultants are subject to vesting provisions, as established by regulatory authorities, over a twelve-month period, with no more than ¼ vesting during any three-month period. Vesting provisions for other options are determined by the Company's Board of Directors.

	For the three months ended October 31, 2019		**For the year ended April 30,2019**	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance	10,660,000	$0.22	12,465,512	$0.23
Granted	42,500,000	0.26	5,145,000	0.195
Exercised	(280,000)	0.10	-	-
Expired	(2,720,000)	0.15	(6,950,512)	0.23
Ending balance	**50,160,000**	**$0.25**	**10,660,000**	**$0.22**
Options exercisable	18,285,000	$0.25	9,335,000	$0.22

During the three months ended October 31, the Company granted 42,500,000 stock options to its officers and directors. The stock options have a term of five years and vest as to 25% immediately upon grant and as to 25% on each of the three anniversaries of the grant date. The stock options have increasingly higher exercise prices as of each vesting date, ranging from $0.1625 to $0.35 per common share. The fair value of these options was calculated as $1,994,880 using the Black-Scholes model. The Company recorded share-based payments of $828,085 (2018 - $519,900) for the three and six months ended October 31, 2019 of which $739,944 (2018- $519,900) is included in general and administrative expenses in net income (loss) and $89,141 (2018- $Nil) is included in construction in progress in mineral property.

Exercise price	**Expiry date**	**Outstanding**	**Exercisable**	**Weighted average remaining contractual life**
0.10	February 19, 2021	250,000	250,000	1.56 years
0.25	June 14, 2021	2,235,000	2,235,000	1.87 years
0.30	August 25, 2021	2,415,000	2,415,000	2.07 years
0.26	August 21, 2022	385,000	385,000	3.06 years
0.35	October 2, 2022	150,000	150,000	3.18 years
0.195	August 9, 2023	2,225,000	2,225,000	4.03 years
0.165 – 0.3500	August 8, 2024	42,500,000	10,625,000	4.77 years
		50,160,000	18,285,000	4.41 years

Expressed in Canadian dollars

The fair value of stock options are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	October 31, 2019	April 30, 2019
Risk-free interest rate	1.51%	1.77 -2.26%
Expected dividend yield	-	-
Expected stock price volatility	66.02%	70.10 – 75.64%
Expected life in years	5 years	5 years
Weighted average fair value	$0.05	$0.12 - $0.22

11. RELATED PARTY TRANSACTIONS

(a) Key management compensation

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, VP Corporate Development, VP Exploration and Directors.

The compensation to key management was as follows:

	For the three months ended October 31,		For the six months ended October 31,	
	2019	**2018**	**2019**	**2018**
Director fees	$ 50,000	$ -	$ 98,687	$ -
Share-based compensation	738,994	242,000	738,994	242,000
Salaries, consulting and management fees	106,719	201,000	223,422	342,000
Total	$ 895,713	$ 443,000	$ 1,061,103	$ 584,000

As at October 31, 2019, $90,075 (April 30, 2019 - $76,773) is owing to key management and is included in accounts payables and accrued liabilities.

(b) Tes-Oro Mining Group, LLC

Tes-Oro Mining Group, LLC ("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 three and six months ended October 31, 2019, the Company expensed fees relating to consulting services of $1,218,030 and $2,057,482 (2018 - $Nil and $Nil), respectively. Amounts payable to Tes-Oro as at October 31, 2019 were $795,433 (April 30, 2019 - $129,064).

(c) Sailfish Royalty Corp

Sailfish is listed on the TSX-V and has directors in common with the Company and as of July 22, 2019 has a common majority shareholder. In August 2019, the Company made the final payment of $328,700 to Sailfish. As at October 31, 2019, $Nil (April 30, 2019 - $1,650,691) is owing to Sailfish.

12. COMMITMENTS

The Company has entered into an operating lease agreement for its corporate head office premises. The approximate timing of payment is as follows:

	< 1 year	2 – 5 years	> 5 years
Operating leases	$ 10,282	-	-

13. FINANCIAL INSTRUMENTS

Carrying amount versus fair value

Financial Instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The Company's financial instruments include cash and cash equivalents, receivables and accounts payable. The carrying values of cash, receivables and accounts payables approximate fair value because of the short-term nature of these instruments or capacity of prompt liquidation.

The Company does not have any financial instruments that are measured using level 3 inputs.

During the six months ended October 31, 2019 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

14. SEGMENTED INFORMATION

As at October 31, 2019, the Company has one business segment, the production of gold and exploration of resources. The Company's principal product is gold doré with the refined gold bullion sold in the London spot market by the subsidiary in Barbados. The gold doré is produced at the La Trinidad Mine in Mexico.

Expressed in Canadian dollars

All of the Company's significant non-current assets are distributed by geographic locations as follows:

	Canada	Mexico	Nicaragua	Total
As at October 31, 2019				
Mineral property, plant and equipment	$ -	$ 388,977	$ 6,502,354	**$ 6,891,331**
Exploration and evaluation assets	-	-	157,920	**157,920**
As at April 30, 2019				
Mineral property, plant and equipment	1,238	554,213	200,821	**756,272**
Exploration and evaluation assets	-	-	268,866	**268,866**

15. EVENTS AFTER THE REPORTING PERIOD

(a) On December 17, 2019, the Company purchased the Potrerillos exploration and exploitation concession ("Potrerillos Concession") for US$600,000 from Condor Gold Plc ("Condor"). The Potrerillos Concession is contiguous to and along strike from Mako's San Albino gold project in Nuevea Segovia, Nicaragua. The Potrerillos Concession is valid until December 2031 with the ability to renew for an additional 25 years.

(b) On December 17, 2019 the Company entered into a Letter of Intent ("LOI") with Goldplay Exploration Ltd. ("Goldplay") pursuant to which Goldplay shall have the right to acquire 100% of the shares of Mako's wholly owned subsidiary Marlin. Marlin owns, amongst other assets, Oro Gold, a Mexican company that owns the La Trinidad mine.

Under the LOI, Goldplay was granted the exclusive right to acquire 100% of the Marlin shares until December 31, 2020. Goldplay is now moving forward with its legal, financial and technical due diligence review of Marlin, Oro Gold, La Trinidad and other assets owned by Marlin. Upon completion of due diligence, the parties expect to then negotiate the terms of a definitive agreement in relation to this acquisition.

The terms of the transaction are subject to negotiation and will include a nominal cash payment and the issuance of a small NSR royalty to Mako on the concessions currently owned by Oro Gold. Goldplay will assume all remaining tax liabilities of Oro Gold. Mako will be responsible for reclamation activities at La Trinidad and associated costs until it receives approval from the Mexican government that reclamation is complete. All proceeds from the lawsuit Mako, Marlin and Oro Gold have filed against their insurers and reinsurers related to damages from Hurricane Willa will be for the benefit of Mako, and Mako will be responsible for the costs of this litigation.