MANAGEMENT DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2021

(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 unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2021, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

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 for the year ended December 31, 2020, which is 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 August 27, 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 exploiting 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 commercial 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. 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.

On March 31, 2021, the Company completed the transaction with GR Silver Mining Ltd ("GR Silver") pursuant to which GR Silver acquired 100% of the common shares of Mako's wholly-owned subsidiary, Marlin Gold Mining Ltd ("Marlin"), from the Company. Refer to section *"GR Silver Mining Ltd"*.

HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS

Significant events and operating highlights for the three months ended June 30, 2021 ("Q2-2021"), and up to the date of this MD&A include the following:

- On April 19, 2021, the Company reported grade and tonnage results from mining the first four benches of the San Albino vein at the San Albino Project. The mined benches consisted of four, six-meter benches between 610 and 592 meter ("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 estimated stockpile to over 11,900 oz. of contained gold.

- On May 3, 2021, the Company reported initial results from a reconnaissance exploration program on its recently granted La Segoviana exploration and exploitation concession (the "La Segoviana Concession") (see Company's press release dated April 7, 2020). Initial mapping and sampling have identified at least four prospects within the La Segoviana Concession with high-grade gold values and vein-characteristics similar to those currently being mined at the San Albino Deposit. On May 20, 2021, the Company provided an operating update regarding its San Albino operation, announcing that all components of the processing plant are fully operational, and achieving throughputs above 75% of rated capacity, and current data indicates that gold recoveries will be higher than 90%; the mining operation is proceeding at 982 tonnes per day ("tpd"). The stockpile contains approximately 15,687 ounces of gold.
- On July 13, 2021, the Company declared commercial production effective July 1, 2021, the Company also provided a summary of its production operating results for May and June 2021, which indicated that the plant in San Albino had been fully operational since the beginning of May, and that 3,405 oz. of gold were shipped to the third party refinery in the second quarter.
- On August 9, 2021, the Company provided an operations update and reported that since May 12th, an average of 560 tpd of diluted vein, historical dump material and other mineralized material above cutoff grade have been mined, with a strip ratio of 16.3. The stockpile is now approximately 121,167 tonnes with a total of 10,898 ounces of gold. Since May 12, 2021, 9,116 ounces of gold have been recovered and 6,390 ounces of gold have been shipped.
- On August 18, 2021, the Company provided a regional exploration update, which included further confirmation of up to 850 m of strike potential at Las Conchitas and multiple high-grade channel samples across four prospects at La Segoviana yielding grades of up to 82.5 g/t gold over 1.0 m.
- On August 27, 2021, the Company entered into a loan agreement with Sailfish pursuant to which Sailfish will provide an $8 million unsecured gold-linked term loan to the Company (the "Sailfish Loan"). The proceeds of the Sailfish Loan will be used by the Company to refinance existing short-term debt, specifically, the repayment of all outstanding principal and accrued interest owing on the Nebari Loan and the repayment of a portion of the principal owing on the Wexford Loan.

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 has been significant volatility in stock, 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, 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 and political environment, and the local jurisdictions in which the Company operates, could result in changes to the way the Company runs its mine. These changes could result in revenues or costs being different from the Company's expectations. This impact could be material. The current impact of COVID-19 on the Company has been the delay in the commencement of production.

Financial Performance (in $000's)	Three months ended June 30, 2021	Three months ended June 30, 2020	Change	Six months ended June 30, 2021	Six months ended June 30, 2020	Change
Revenue	-	52	(52)	-	552	(552)
(Loss) / income for the period	(2,290)	(6,098)	3,808	5,325	(2,796)	8,121
Operating cash outflow before changes in non-cash working capital	(1,757)	(2,396)	639	(5,795)	(4,756)	(1,039)
Net cash used in operating activities	(1,332)	(3,084)	1,752	(4,801)	(4,879)	78

Financial Condition (in $000's)	As at June 30, 2021	As at December 31, 2020	Change
Cash and cash equivalents	1,777	2,633	(856)
Working capital deficit [(i)]	(18,865)	(13,169)	(5,696)
Total assets	59,431	49,429	10,002
Equity	21,578	16,910	4,668

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

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 km^2).

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 1940. The Company is exploiting San Albino, with first gold poured at the end of the first quarter of 2021 with pre-commercial production sales commencing in May 2021, and commercial production declared as at July 1st 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 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 (*Technical Report and Estimate of Mineral Resources* for The San Albino Project, Nueva Segovia, Nicaragua), which confirmed San Albino's rank among the highest-grade open pit gold projects in the world. In addition, Mine Development Associates, A division of RESPEC ("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. During the three months ended June 30, 2021, 2,510m were drilled in the Las Conchitas Area and 2,860m in the San Albino Deposit. Available results have been news released.

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 was being extracted from the CIL circuit to supplement the gold being recovered from the gravity circuit.

On May 20, 2021, the Company announced that all components of the processing plant were fully operational achieving throughputs above 75% during this start-up phase; at the same time mining operations continued at 982 tons per day.

Subsequently, on July 13, 2021 the Company provided pre-commercial production operating results for May and June 2021 and declared commercial production effective July 1, 2021; the Company indicated that the plant has been averaging 456 tpd at 71% availability, and has been exclusively processing high-grade material with an average grade of 12.52 grams per tonne.As a result 3,506 ounces of gold have been shipped as of June 30th 2021. The high-grade San Albino Property is the first newly permitted commercial gold processing operation in the country in more than 40 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 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 Las Conchitas has confirmed down-dip continuity of highly mineralized zones identified by trenching. 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, 27,963 m have been drilled on the property. 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 there. 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 at San Albino 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.

On May 3, 2021, the Company reported initial results from a reconnaissance exploration program. The initial mapping and sampling have identified four prospects within La Segoviana concession. A total of 35 channel samples were collected with 23 samples representing the in-situ vein and 12 samples representing dump material. The assays range in value from 0.02 to 43.5 g/t Au, with 12 samples reporting over 10 g/t Au and 15 samples reporting 1-10 g/t Au.

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

TREND ANALYSIS

Summary of Quarterly Results

	2021		2020				Eight months ended Dec 31, 2019	
(in $000's)	Apr - Jun	Jan - Mar	Oct - Dec	Jul-Sept	Apr-Jun	Jan-Mar	Nov-Dec	Aug-Oct
Revenue	-	-	413	433	52	500	532	1,855
Cost of sales	-	-	(85)	(2)	(82)	(501)	(7,093)	(2,484)
Gross profit (loss)	-	-	328	431	(30)	(1)	(6,561)	(629)
E&E expenses	(401)	(879)	(131)	(1,265)	(1,526)	(2,305)	(700)	(794)
G&A expenses	(1,444)	(2,294)	(1,036)	(1,498)	(1,666)	(1,120)	(704)	(1,478)
Other income (expenses)	(357)	10,789	(3,656)	(2,459)	(2,876)	6,729	160	4,456
Income taxes	(89)	-	(48)	-	-	-	(68)	-
Net income (loss)	(2,290)	7,615	(4,543)	(4,791)	(6,098)	3,303	(7,873)	1,555
Basic & diluted income (loss) per share	(0.00)	0.01	(0.01)	(0.01)	(0.01)	0.01	(0.01)	0.00

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

The Company changed its year end from April 30 to December 31, beginning with December 31, 2019.

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 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. A small amount of gold dore inventory remained at December 31, 2019, and was sold during the first quarter of 2020. 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 four quarters in 2020 compared to the eight months ended December 31, 2019.

On March 31, 2021, the Company completed the sale of the Marlin Group to GR Silver and recorded a gain on disposal of $12 million.

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 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.

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. The 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

	Three months ended			Six months ended		
(in $000s)	June 30, 2021	June 30, 2020	Change	June 30, 2021	June 30, 2020	Change
Revenue	-	52	(52)	-	552	(552)
Gold sold (ozs.)	-	31	(31)	-	349	(349)
Average realized gold price ($ per oz.)	-	1,711	(1,711)	-	1,581	(1,581)

The Company's revenue came entirely from the La Trinidad Mine, which was acquired as part of the Marlin Transaction in November 2018. 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 Q2 2021, no revenue was recognized in the statement of loss.

Note that during the three months ended June 30, 2021, there were some pre-production sales from San Albino mine of 2,586. ounces for $4.6 million. As the Company was not yet in commercial production these sales proceeds have been recorded against Construction in Progress in Property Plant and Equipment per our accounting policy.

Exploration and evaluation expenses

Expenses by property	Three months ended			Six months ended		
(in $000s)	June 30, 2021	June 30, 2020	Change	June 30, 2021	June 30, 2020	Change
El Jicaro	4	-	4	37	30	7
San Albino - Las Conchitas	397	1,423	(1,026)	956	2,864	(1,908)
La Trinidad	-	103	(102)	287	937	(650)
	401	1,526	(1,124)	1,280	3,831	(2,551)

During Q2 2021, expenses continued to be primarily associated with the exploration drilling at the Las Conchitas property 2 km to the south of San Albino.

General and administrative expenses

	Three months ended			Six months ended		
(in $000s)	June 30, 2021	June 30, 2020	Change	June 30, 2021	June 30, 2020	Change
Accounting and legal	299	348	(49)	1,147	583	564
Consulting fees	82	175	(94)	144	233	(89)
Directors' fees	54	45	9	95	76	19
General office expenses	231	397	(165)	409	522	(113)
Rent	14	27	(13)	28	137	(109)
Salaries and benefits	542	456	86	1,489	672	817
Stock-based compensation	113	141	(28)	234	287	(53)
Telephone and IT services	55	50	5	83	177	(94)
Travel	54	26	28	109	100	9
	1,444	1,665	(221)	3,738	2,787	951

The most significant G&A expenses for Q2-2021 are salaries and benefits which increased during the current quarter with a corresponding decrease in consulting fees as a result of replacing consultants with salaried employees.

The most significant G&A expenses for the six months ended June 30, 2021 ("YTD Q2-2021") comprise accounting and legal expenses, salaries and benefits, 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 YTD Q2-2021. During YTD Q2-2021, accounting and legal expenses included legal fees of $0.7 million (YTD Q2-2020 - $0.3 million) of which $0.4 million was incurred for pursuing damages against the insurance company that declined the claim at the La Trinidad mine; salaries and benefits included bonuses of $0.7 million (YTD Q2-2020 - $Nil) granted to 3 senior officers; and general office expenses included insurance expenses of $151,526 (YTD Q2-2020 - $249,946); communication and investor relations of $86,141 (YTD Q2-2020- $99,033).

Other (expense) income

(in $000s)	Three months ended June 30, 2021	Three months ended June 30, 2020	Change	Six months ended June 30, 2021	Six months ended June 30, 2020	Change
Accretion and interest expense	88	20	68	143	47	96
(Gain) /loss on change in provision for reclamation and rehabilitation	(37)	660	(697)	350	469	(119)
Foreign exchange gain (loss)	305	2,197	(1,892)	1,160	(4,316)	5,476
Gain on disposal of subsidiaries	-	-	-	(12,083)	-	(12,083)
Interest income	-	(1)	1	(2)	(53)	51
	356	2,876	(2,520)	(10,432)	(3,853)	(6,579)

Accretion and interest expense primarily relates to accretion on the Nebari Loan, provision for reclamation and remediation at the La Trinidad Mine and the accretion on the final instalment of the settlement agreement entered into in October 2019 with the Company's mining contractor in Mexico. At the time of the GR Silver sale the outstanding liability due in October 2021, is $1 million which the Company is still responsible for.

During YTD Q2-2021, with the ramp up in the development at the San Albino mine, the provision for reclamation and remediation increased.

On March 31, 2021, the Company completed the sale of the Marlin Group to GR Silver and recorded a gain on disposal of $12 million.

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.

LIQUIDITY AND CAPITAL RESOURCES

Financial condition

(in $000s)	June 30, 2021	December 31, 2020	Change
Cash and cash equivalents	1,777	2,633	(856)
Working capital (deficit)	(18,865)	(13,169)	(5,696)

Cash and cash equivalents decreased by $0.9 million during Q2 2021 due to funds being invested in the development of the San Albino mine.

Working capital deficit increased during YTD Q2-2021 primarily due to a decrease in cash and cash equivalents, an increase in current liabilities (accounts payable and accrued liabilities, current portion of the Term Loan and the current portion of the reclamation and remediation provision) which was offset by the removal of the mining concession taxes on the disposal of the Marlin Group.

Cash flows

(in $000s)	Six months ended June 30, 2021	June 30, 2020	Change
Operating cash flows before changes in working capital	(5,795)	(4,756)	(1,039)
Changes in working capital	994	(123)	1,117
Net cash flows used in operating activities	(4,801)	(4,879)	78
Net cash flows (used in) provided by investing activities	(4,717)	(13,443)	8,726
Net cash flows provided by financing activities	6,477	15,267	(8,790)
Effect of foreign exchange on cash and cash equivalents	2,185	(121)	2,306
Change in cash and cash equivalents	(856)	(3,176)	2,320

Net cash flows used in operations during Q2 2021 reflect the cash components of E&E expenses, G&A expenses and Other expenses.

The cash used in investing activities during Q2 2021 relates to the development activities at the San Albino Property in Nicaragua, which was offset by pre-production revenues of $4.6 million.

Financing activities during Q2 2021 primarily reflect the Term Loan draw down of $6 million by the Company. Financing activities during Q2 2020 reflect the Term Loan Draw down by the Company.

Liquidity and Going Concern

As at June 30, 2021, the Company had cash and cash equivalents of $1.7 million, a working capital deficit of $18.5 million and an accumulated deficit of $80.3 million. For Q2 2021, the Company had operating cash outflows before changes in working capital of $5.8 million and a net income of $5.3 million.

During 2020, the Company secured a credit arrangement from its controlling shareholder for $15.15 million ("Wexford Loan"). The Wexford 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 Wexford 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 Wexford Loan. As at June 30, 2021, the Wexford Loan is fully drawn. 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 Wexford 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 Wexford 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 Wexford 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 Wexford 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.

On June 30, 2021, the Company received another waiver from the Lenders to defer the accrued interest of $1.7 million and the cash bonus interest of $1.3 million, a total of $3.0 million ("Further Deferred Payment Amount"), on the conditions that the Company shall make a voluntary prepayment of a portion of the outstanding Wexford Loan in an aggregate principal amount equal to the Further Deferred Payment Amounts on or before July 30, 2021; the Further Deferred Payment Amount shall be due and payable on the earlier of the maturity date and the date that demand therefor is made by the Lender; and the Further Deferred Payment Amount shall accrue interest from and after June 30, 2021 at the applicable interest rate compounded monthly and, unless sooner paid by the Company, shall become due and be paid on the earlier of the maturity date and the date on which payment of the Further Deferred Payment Amounts is demanded by the Lender. On July 29, 2021, a principal repayment of $0.5 million was made

In February 2021, the Company completed a credit facility with Nebari to provide financing of US$6.34 million ("Nebari Loan"). 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 are no prepayment penalties. As at June 30, 2021, the Company had drawn down a total of $6 million. On July 29, 2021, a principal repayment of $0.2 million was made.

The Company is using the funds from the Wexford Loan and the Nebari Loan for construction, development and exploration activities in Nicaragua and for general corporate purposes.

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 any shortfall in the G&A expenses in the long term.

On July 1, 2021, the Company declared commercial production and the sales of gold are expected fund operations at the San Albino mine.

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 has commenced generating cash inflows from metals sales during Q2 2021.

GR SILVER MINING LTD ("GR SILVER")

On March 31, 2021, the Company completed the transaction with GR Silver pursuant to which GR Silver acquired 100% of the common shares of Mako's wholly-owned subsidiary, Marlin, from the Company. Marlin (incorporated in Canada) is the parent company of Marlin Gold Trading Inc (incorporated in Barbados) and of Oro Gold de Mexico, S.A. de C.V. (incorporated in Mexico) ("Oro Gold"), that owns the La Trinidad mine facilities, which are currently being reclaimed (collectively, the "Marlin Group"). 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 (1) all necessary reclamation obligations until it receives an acknowledgement from SEMARNAT (the Mexican environmental authority) that Oro Gold's closure plan is complete and (2) the final instalment of the settlement agreement entered into in October 2019 with the Company's mining contractor in Mexico. In consideration for the sale of the common shares of Marlin to GR Silver, Mako received C$50,000 in cash, 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$9.5 million in unpaid concession taxes. GR Silver will be granted the right to purchase the NSR at any time upon making a one-time payment of US$2 million. The Company recorded a gain of U$12 million on the disposal of the Marlin Group.

Nearly all of Oro Gold's mining and process plant equipment was moved to the United States and subsequently sold to a third party (Minera Alamos Inc), with the exception of the laboratory equipment which was moved to Nicaragua. The majority of the noncurrent liabilities relates to a provision for reclamation and remediation for the La Trinidad Mine.

Outstanding securities

As of the date of this MD&A, the Company had 659,308,984 common shares issued, 37,000,000 warrants and 45,735,000 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, VP Corporate Development and Directors. The compensation to key management was as follows:

	Three months ended		Six months ended	
(in $000s)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Director fees	$ 55	$ 45	$ 95	$ 76
Salaries, consulting and management fees	55	313	1,315	519
Share-based compensation	55	140	133	287
Total	$ 165	$ 498	$ 1,543	$ 882

As at	**June 30, 2021**	**December 31, 2020**
Amount included in accounts payable	$ 715	$ 44

During the three months ended March 31, 2021, the Company granted bonuses of $0.7 million to three senior members of management, these bonuses have not been paid yet to these senior members. Salaries, consulting, and management fees includes a severance payment of $0.2 million to the former Chief Financial Officer.

Other related party transactions

(a) Tes-Oro Mining Group, LLC ("Tes-Oro")

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 June 30, 2021, the Company expensed fees relating to consulting services of $18,421 and $69,947 (June 30, 2020 - $84,720 and $237,754); $25,288 and $63,132 in general office expenses and $nil (June 30, 2020 - $61,250 and $112,671) in construction in progress, respectively. Amounts payable to Tes-Oro as at June 30, 2021 were $1,568 (December 31, 2020 were $29,130).

(b) Wexford LP(“Wexford”)
Wexford is the Company’s controlling shareholder. Except as noted elsewhere in the financial statements, during the three and six months ended June 30, 2021, the Company expensed fees of $nil and $15,484 related to legal fees (June 30, 2020 were $nil). Amounts payable to Wexford as at June 30, 2021 were $3,657 (December 31, 2020 were $342).

(c) Sailfish Royalty Corp. (“Sailfish”)
During the period ended June 30, 2021, the Company received an advance of $143,338 and recorded pre-commercial proceeds of $63,418 sold to Sailfish, a company related by common shareholders, officers and directors. As at June 30, 2021, a balance of $97,135 remained from the advance received and is recorded in prepaid expense, and other

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.

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as “commercial production”) is a matter of significant judgement. In making this determination, management will consider several factors, including:
- when the mine is substantially complete and ready for its intended use;
- the mine has the ability to sustain ongoing production at a steady or increasing level;
- the mine has reached a level of predetermined percentage of design capacity;
- mineral recoveries are at or near the expected production level, and;
- a reasonable period of testing of the mine plant and equipment has been completed.

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.