



MANAGEMENT DISCUSSION AND ANALYSIS

*For the three months and the year ended December 31, 2022
(Expressed in United States dollars)*



For the three months and the year ended December 31, 2022

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, 2022, which have been 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 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 April 14, 2023. 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 production of gold and the exploration of its mineral interests in Nicaragua.

The Company’s main asset is the San Albino gold deposit, located within the San Albino-Murra Property, 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. Mako’s management brought the San Albino mine into commercial production on July 1, 2021.

The projected free cash flow from the San Albino Mine is anticipated to fund exploration on Mako’s prospective 188 square kilometer (“km”) land package in Nicaragua.

FINANCIAL HIGHLIGHTS, MAJOR ACTIVITIES AND SIGNIFICANT SUBSEQUENT EVENTS

- Revenues of \$16.1 million and \$63.4 million (Q4 2021 - \$16.6 million and YTD Q4 2021 – \$35.5 million) for the three months and the year ended December 31, 2022 (“Q4 2022” and “YTD Q4 2022”), respectively.
- Sales of 9,956 ounces (“oz”) and 36,890 oz (Q4 2021 – 9,588 oz and YTD Q4 2021 – 20,455 oz) of gold in Q4 2022 and YTD Q4 2022, respectively from the San Albino Mine.
- Net loss of \$0.8 million and \$12.0 million (Q4 2021 – net income of \$3.2 million and YTD Q4 2021 – net income of \$10.0 million) for Q4 2022 and YTD Q4 2022, respectively.
- Production of 9,830 oz and 36,736 oz (Q4 2021 – 9,669 oz and YTD Q4 2021 – 20,612 oz) of gold at the San Albino Mine for Q4 2022 and YTD Q4 2022, respectively.
- Cash generated from operating activities \$16.4 million (YTD Q4 2021 –\$2.6 million) in YTD Q4 2022.
- Three monthly repayment installments totaling \$1.1 million were made on the Sailfish Loan during Q4 2022 (YTD Q4 2022 - 12 monthly installments totaling \$4.5 million)

Subsequent to December 31, 2022:

- On March 8, 2023, the Company effected the consolidation of all of its issued and outstanding common shares on the basis of one new common share for ten previously issued and outstanding common shares. All share and per share amounts in this MD&A have been adjusted retroactively to reflect this change.
- Two monthly repayment installments totaling \$0.7 million were made on the Sailfish Loan. On March 2, 2023, the Sailfish Loan was modified whereby the remaining seven payments will be made in physical silver in lieu of



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cash. On March 10, 2023 and on April 2023, the Company delivered 18,278 and 16,328 ounces of silver in lieu of \$0.4 million and \$0.4 million cash.

- On March 1, 2023, the Company signed a binding letter of intent with Sailfish for a \$6 million silver stream to refinance existing debt.

RESULTS OF OPERATIONS

Financial Performance (in \$000's)	Three months ended			Twelve months ended		
	December 31, 2022	December 31, 2021	Change	December 31, 2022	December 31, 2021	Change
		(Restated)*			(Restated)*	
Revenue	\$ 16,087	\$ 16,647	(\$ 560)	\$ 63,375	\$ 35,497	\$ 27,878
Income (loss) for the period	(799)	3,184	(3,983)	(11,977)	9,963	(21,940)
Operating cash inflows (outflow) before changes in non-cash working capital	4,612	7,018	(2,406)	13,146	6,490	6,656
Net cash from (used in) operating activities	3,021	8,554	(5,533)	16,380	2,573	13,807
Financial Condition (in \$000's)	As at December 31, 2022	As at December 31, 2021	Change			
		(Restated)*				
Cash and cash equivalents	523	1,944	(1,421)			
Working capital deficit ⁽ⁱ⁾	(3,252)	(77)	(3,175)			
Total assets	45,171	54,972	(9,801)			
Equity	13,670	25,968	(12,298)			

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

* - for the restated refer to section ACCOUNTING CHANGES AND CRITICAL ESTIMATES adoption of new accounting policy.

San Albino Property, Nueva Segovia, Nicaragua

The Company holds 100% of four mineral concessions in Nueva Segovia, Nicaragua for a total land package of approximately 18,817 hectares (188 km²). The San Albino gold deposit, located within the San Albino-Murra Property, is the Company's new mine 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.

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, the objective of achieving a thorough understanding of the geology of the area 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



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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.

On July 1, 2021, the Company declared commercial production.

On June 21, 2022, the Company announced that drilling has confirmed gold mineralization over an area of approximately 530m x 470m (strike x dip) in an area that was initially identified in the 2020 Mineral Resource Estimate as the SW Pit which at the time measured approximately 50m x 50m. On October 13, 2022, the Company reported intersects containing 36.65 g/t Au and 29.5 g/t Ag over 3.1m (Estimated True Width) in the same area, and updated resource comprising the SW pit will be delivered before the end of Q3 2023.

On October 13, 2023 the Company announced intersects of 36.65 g/t Au and 29.5 g/t Ag over 3.1m at the SW Pit area.

On January 5, 2023, the Company announced that it intersected 98.50 g/t Au and 66.3 g/t Ag over 1.9m (Estimated True Width) 39 m from Surface at the San Albino SW Pit.

The table below shows the main variables used by management to measure operating performance of the mine: throughput, grade, recovery metal production and cost.

Operating data	Three months ended		Twelve months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Tonnes Mined	1,518,632	771,550	5,624,392	2,103,827
Tonnes Milled	49,204	38,313	189,857	88,000
Availability	95%	82%	92%	80%
Avg Tonnes per day	563	507	563	465
Gold sold (ounces)	9,956	9,588	36,890	20,455
Average realized gold price (\$/oz sold)	\$ 1,616	\$ 1,736	\$ 1,718	\$ 1,735
Cash Cost (\$/oz sold) ⁽¹⁾	\$ 715	\$ 589	\$ 840	\$ 688
Total Cash Cost (\$/oz sold) ⁽¹⁾	\$ 733	\$ 670	\$ 884	\$ 770
AISC (\$/oz sold) ⁽¹⁾	\$ 1,062	\$ 831	\$ 1,149	\$ 914
EBITDA (in \$000's) ⁽¹⁾	\$ 3,381	\$ 7,270	\$ 12,847	\$ 19,128
Adjusted EBITDA (in \$000's) ⁽¹⁾	\$ 7,817	\$ 8,915	\$ 26,923	\$ 13,457

⁽¹⁾ Refer to *Non-IFRS Measures*

EXPLORATION UPDATE

On the exploration front, during Q4 2022, there were operating seven diamond drill rigs at the San Albino-Murra and Potrerillos Concession. At the San Albino- Murra Concession two of them conducted drilling on the SW Pit area of the San Albino deposit. One of those two diamond drill rigs has completed two drill holes at the prospect known as San Albino North. The remaining five diamond drill rigs have completed 86 drill holes at the 3 areas of Las Conchitas (North, Central and South) .

During 2022, 17,576 meters (“m”) were drilled within the San Albino deposit. In the Las Conchitas Area, 10,135 m was completed during Q4 2022 for a grand total of 39,781 m of the 2022 drilling campaign.



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.

The Las Conchitas area covers approximately 3.75 km² and is situated immediately to the south of San Albino, where the Company is currently operating a 500 tonne per day (“tpd”) mining and milling operation and immediately to the north of the historical El Golfo Mine located within the Company’s El Jicaro Concession.

Las Conchitas contains numerous mineralized structures over a 1,700 m by 800m area and it has been subdivided into three primary areas: Las Conchitas norte (“LC-North”), Las Conchitas central (“LC-Central”) and Las Conchitas sur (“LC-South”). Each of these areas are comprised of multiple subparallel, northeast-southwest striking and gently dipping mineralized veins.

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; as demonstrated by results of drilling reported on August 18, 2021; 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 2011, 65,205 m have been drilled on the property as of December 31, 2022. On March 17, 2022; the Company reported positive drill results from LC-South, highlighting that it had intersected 138.29 g/t Au over 1.3 m estimated true width.

On July 28, 2022, the Company announced the Discovery of “Crucita” which consists of gold bearing structures containing 37.28 g/t of Au and 34.94 g/t of Ag over 2.5 m. Crucita is located approximately 1.44 km south of the San Albino gold mine and is part of LC- Norte.

The Company has released results for LC-Norte, LC-Sur and LC-Central, these results show intercepts with high grade mineralization over minable widths and shallow depths, which may indicate the potential for a significantly larger resource.

On August 18, 2022, the Company announced that it intersected 85.10 g/t Au and 153.0 g/t Ag over 0.8 m (Estimated True Width) at Las Conchitas Central Connecting Mina Bonanza and Cruz Grande and Expanding the Known Strike Length to Over 295m in this Zone.

On September 8, 2022, the Company reported that it intersected 15.36 g/t Au and 16.0 g/t Ag over 6.7m Estimated True Width at Las Conchitas Central with Additional Intercepts at Las Conchitas North and South.

On October 24, 2022, the Company announced that it intersected 42.59 g/t Au over 2.1 m (Estimated True Width) at Las Conchitas North, 25.07 g/t Au over 2.2 m (ETW) at Las Conchitas Central and 65.45 g/t Au over 1.8 m (ETW) at Las Conchitas South.

Lastly, on January 24, 2023, the Company announced results which indicated intercepts of 33.91g/t gold over 1.7m Estimated True Width (ETW) at Las Conchitas Central, 12.73 g/t Au over 4.2m ETW at Las Conchitas South and Multiple High Grade Silver Intercepts up to 3,792.0 g/t Silver over 1.0m across Las Conchitas.

Further details can be found in the respective press releases. The Company’s goal is to produce a maiden resource at Las Conchitas in 2023.



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 km²). Several good exploration targets have been outlined there. The mapping and prospecting programs completed to date have defined four parallel zones of mineralization. During Q4 2022, 410 m were drilled at El Jicaro

Potreros 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 km² 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; 1,109 m have been drilled during the 2022 drilling campaign. The Company plans to begin exploration work to evaluate whether the San Albino mine can be expanded into this area, unless constrained by finances .

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 km²) 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 the 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.

On August 18, 2021, the Company reported the results of initial mapping and sampling which identified at least four prospects. Initial channel sampling across the four prospects yielded grades of up to 82.5g/t gold.

On March 24, 2022, the Company reported the results from a follow-up reconnaissance exploration program. A total of 367 channel and grab samples were collected within the concession from quartz veins exposed in prospects and historical workings with 169 samples yielding more than 1.0 g/t gold, and one of them yielding 105.7 g/t Au over 1.5 m estimated true width; details can be found in the respective press release.

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



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TREND ANALYSIS

Select Annual Information

(in \$000's)	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	63,375	35,497	1,398
Income (loss) for the period	(11,976)	9,963	(12,129)
Basic & diluted income (loss) per share	(\$0.18)	\$0.15	(\$0.20)
As at		December 31, 2021	December 31, 2020
Total assets		45,171	54,972
Total non-current liabilities		15,345	18,996

On July 1, 2021, the Company declared commercial production at the San Albino Mine.

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.

The total assets are primarily comprised of mineral property, plant and equipment in Nicaragua. The majority of the non-current liabilities relates to term loans for all the years presented and the provision for reclamation and remediation for the San Albino and La Trinidad Mine.



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Summary of Quarterly Results

(in \$000's excluding per share)	2022				2021			
	Oct - Dec	Jul - Sept	Apr - Jun	Jan-Mar	Oct - Dec	Jul - Sept	Apr - Jun	Jan - Mar
Revenue	16,087	13,637	16,373	17,278	16,647	14,288	4,562	-
Cost of sales	(11,693)	(14,608)	(14,537)	(12,701)	(9,664)	(9,750)	(3,623)	-
Gross profit (loss)	4,394	(971)	1,836	4,577	6,983	4,538	939	-
E&E expenses	(3,054)	(3,878)	(2,718)	(1,867)	(1,667)	(1,525)	(1,139)	(1,356)
G&A expenses	(1,283)	(1,613)	(1,593)	(1,744)	(1,332)	(1,262)	(1,444)	(2,294)
Other income (expenses)	(405)	(36)	(113)	(1,415)	(403)	95	(382)	10,714
Income taxes	(451)	(492)	(610)	(542)	(397)	(15)	(89)	-
Net income (loss)	(799)	(6,990)	(3,198)	(991)	3,184	1,831	(2,115)	7,064
Basic & diluted income (loss) per share	(0.01)	(0.01)	(0.05)	(0.01)	0.06	0.03	(0.04)	0.11
<i>The sum of the quarters may not equal the annual results due to rounding.</i>								
Gold ounces produced	10,010	8,370	9,018	9,519	9,572	7,554	3,486	-
Gold ounces sold	9,956	8,327	9,027	9,580	9,588	8,280	2,586	-
Average realized gold price (\$/oz)	\$ 1,616	\$ 1,665	\$ 1,814	\$ 1,804	\$ 1,736	\$ 1,726	\$ 1,783	-
Ore Mined (tonnes)	50,883	52,084	47,220	49,780	44,160	51,209	41,769	-
Ore Milled (tonnes)	49,204	44,452	49,332	46,869	38,313	33,441	16,246	-
Grade milled (g/t Au)	7.34	7.66	7.36	7.05	9.01	8.25	8.82	-
Recovery %	82.3%	76.5%	74.8%	85.3%	92.6%	93.1%	94.6%	-

Revenue: During Q4 2022, increase in revenue is as a result of an increase in ounces produced and ounces sold during the quarter together with the decrease in the average realized gold price per ounce sold when compared to the previous quarters in 2022.

Cost of sales: During Q4 2022, the cost of sales decreased partially due to a lower depreciation charge and a decrease in production costs largely to deferred stripping costs related to the West Pit phase 3 which is expected to start extracting ore in 2023 when compared to previous quarters.

G&A expenses: Decrease during Q4 2022 is contributed to the reversed an accrual of \$0.5 million for non-executive staff.

Other income (expenses): Decrease during Q4 2022, arises from the change in the provision for reclamation and rehabilitation and the increase in the foreign exchange loss weakening of the exchange rate between the Canadian dollar and US dollar.

Revenue: During Q3 2022, decrease in revenue is referable to the decrease in ounces produced and the ounces sold during the quarter together with the decrease in the average realized gold price per ounce sold when compared to the previous quarters in 2022.

Cost of sales: During Q3 2022, the cost of sales increased due largely to a combination of mining costs, with increased hauling costs, as the distances covered are now longer, and mill processing costs increases following the metal recovery issues experienced during the quarter where preg-robbing material going through the mill was high, the Company



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conducted a number of tests using different methodologies, reagent quantities and studies, that resulted in a considerable increase in cost of sales, compared to previous quarters in 2022.

The Q3 2022 cost of sales includes a write-down of stockpiled ore of \$0.8 million related to historical dump material containing 2.75 g/t of gold that is not being utilized in the current mine plan but management anticipates incorporating this historical dump material in the revised expanded San Albino mine plan expected to be released in 2023.

During Q3 2022, the expansion drilling program at the Las Conchitas area is contributing to the increase in exploration and evaluation expenses.

During Q1 2021, management fees, included in G&A expenditures, included bonus payments of \$0.7 million declared to the senior executives and a \$0.2 million severance payment paid to the former CFO.

The Company recorded its first sale of gold from the San Albino mine in Q2 2021 and declared commercial production on July 1, 2021.

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 other income.

During Q1 2022, other expenses includes an accrual of the cash bonus interest of \$0.6 million, the cash equivalent of 321.25 oz of gold on the Wexford Loan gain on the gold stream derivative asset.

The Company's planned level of activity and development during fiscal 2020 was impacted by the COVID-19 Pandemic, and the start-up of the San Albino pre-production operation had to be rescheduled for Q1 2021. The Company is still impacted by the supply chain issues created by the COVID-19 Pandemic.

Revenue

	Three months ended			Twelve months ended		
	December 31, 2022	December 31, 2021	Change	December 31, 2022	December 31, 2021	Change
Revenue	\$16,087	\$16,647	(\$560)	\$63,375	\$35,497	\$27,878
Gold sold (ozs.)	9,956	9,588	368	36,890	20,455	16,435
Average realized gold price (\$ per oz.)	\$1,616	\$1,736	(\$120)	\$1,718	\$1,735	(\$17)

The Company's revenue for 2022 and 2021 came entirely from the San Albino Mine. The first sale took place in May 2021. The increase in revenue of \$27.9 million (increase of 78.5%) for the YTD Q4 2022 compared to YTD Q4 2021 is a result of selling an additional 27,878 oz in YTD Q4 2022 and realizing a slightly lower average gold price by \$17 (decrease of 0.21%) per ounce.

During Q4 2022, although an additional 368 oz were sold during the quarter, the average realized gold price was \$120 less per ounce sold (decrease of 6.9%) resulting in a decrease in revenue of \$0.6 million.

The Company sells gold at the spot rate. The average spot gold price for Q4 2022 was \$1,616 (Q4 2021 - \$1,736), down 6.9% over Q4 2021, and closed on December 31, 2022, at \$1,812 per oz, down 0.4% from the closing price on December 31, 2021.



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Exploration and evaluation expenses

Expenses by property (in \$000s)	Three months ended			Twelve months ended		
	December 31,	December 31,	Change	December 31,	December 31,	Change
	2022	2021		2022	2021	
El Jicaro	-	-	-	61	61	-
San Albino	355	1,178	(823)	4,140	3,665	475
Las Conchitas	1,931	489	1,442	6,205	1,674	4,531
Other	765	-	765	1,111	-	1,111
La Trinidad	-	-	-	-	287	(287)
	3,051	1,667	1,384	11,517	5,687	5,830

During Q4 2022 and Q4 2021, expenses continued to be primarily associated with the drilling program at the San Albino deposit and the expansion drilling program at the Las Conchitas property 2 km to the South of San Albino.

General and administrative expenses

(in \$000s)	Three months ended			Twelve months ended		
	December 31,	December 31,	Change	December 31,	December 31,	Change
	2022	2021		2022	2021	
Accounting and legal	380	265	115	816	1,300	(484)
Consulting fees	2	111	(109)	176	272	(96)
Directors' fees	88	46	42	241	233	8
Depreciation	33	3	30	59	20	39
General office expenses	40	34	6	233	141	92
Insurance	106	46	60	418	288	130
Investor relations and communications	82	46	36	290	164	126
Rent	(6)	18	(24)	19	62	(43)
Salaries and benefits	319	708	(389)	3,091	3,024	67
Stock-based compensation	154	(21)	175	544	340	204
Telephone and IT services	37	38	(1)	140	178	(38)
Transfer agent fees and regulatory fees	-	12	(12)	55	134	(79)
Travel	50	26	24	150	176	(26)
	1,285	1,332	(47)	6,232	6,332	(100)

Accounting and legal fees: Q4 2022 increased compared to Q4 2021 arises from additional legal advice sought on the impact of the US Sanctions against Nicaragua on the Company. YTD Q4 2022 decreased compared to YTD Q4 2021 as there were no transactions in the current year compared to the prior year. YTD Q4 2021 included legal and accounting services for the GR Silver transaction (Refer to section "GR Silver Mining Ltd").

Insurance expenses: increased in YTD Q4 2022 compared with YTD Q4 2021 is in line with the increase of premiums.

Investor relations and communications expenses increased in Q4 2022 and YTD Q4 2022 driven by the increased fees on dissemination of press releases and updates to the website and related promotional material.

Salaries and benefits: Q4 2022 decreased compared to Q4 2021 primarily due to a reversal of \$0.5 million of accrued bonuses for non-executive staff and a lower headcount due to staff departures. YTD Q4 2022 decrease compared to YTD



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Q4 2021 is attributed to lower bonuses being paid out in YTD 2022 and in YTD 2022 the executive bonus comprised of cash and non-cash whereas in YTD Q4 2021 it was all cash.

Increase in stock-based compensation during YTD Q4 2022 compared to YTD Q4 2021 is as a result of options that were issued in prior periods and restricted share units (“RSU”) and deferred shared units (“DSU”) granted in the current year. During YTD Q4 2022, 70,000 options were granted compared to 200,000 options granted in YTD Q4 2021. During YTD Q4 2022, 150,380 RSUs and 131,840 DSUs were granted, none were granted in prior year.

Other (expense) income

(in \$000s)	Three months ended			Twelve months ended		
	December 31, 2022	December 31, 2021	Change	December 31, 2022	December 31, 2021	Change
Accretion and interest expense	554	482	72	2,324	1,453	871
(Gain) /loss on change in provision for reclamation and rehabilitation	(241)	2	(243)	(185)	311	(496)
Change in fair value of Sailfish Loan	(1)	92	(93)	(71)	89	(160)
Gain on gold stream derivative asset	27	(33)	60	(13)	(670)	657
Foreign exchange gain (loss)	67	(8)	75	(84)	936	(1,020)
Gain on disposal of subsidiaries	-	(2)	2	-	(12,009)	12,009
Interest income	(1)	(131)	130	(2)	(133)	131
	405	402	3	1,969	(10,023)	11,992

Accretion and interest expense primarily relates to interest on the Wexford Loan.

The decrease in the change in provision for reclamation and rehabilitation arises from the asset retirement obligation on the La Trinidad mine in Mexico which was retained following the disposal of the Marlin Group to GR Silver.

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)	December 31, 2022	December 31, 2021	Change
Cash and cash equivalents	523	1,944	(1,421)
Working capital (deficit)	(3,252)	(77)	(3,175)



For the three months and the year ended December 31, 2022

Cash and cash equivalents decreased by \$1.4 million during YTD Q4 2022, funds generated from operating activities were utilized to make principal repayments of \$4.0 million on the Wexford Loan and repayment installments of \$4.5 million were made on the Sailfish Loan.

Working capital deficit increased during Q4 2022 primarily due to the increase in accounts payable and accrued liabilities and the increase in cash flows used in investing and financing activities compared to the prior year.

Cash flows

(in \$000s)	Twelve months ended		Change
	December 31, 2022	December 31, 2021	
Operating cash flows before changes in working capital	13,146	6,490	6,656
Changes in working capital	3,234	(3,917)	7,151
Net cash flows provided by (used in) operating activities	16,380	2,573	13,807
Net cash flows provided by (used in) investing activities	(8,799)	(6,301)	(2,498)
Net cash flows provided by (used in) financing activities	(8,986)	3,115	(12,101)
Effect of foreign exchange on cash and cash equivalents	(16)	(76)	60
Change in cash and cash equivalents	(1,421)	(689)	(732)

The Company generated positive cash flow from operations of \$16.4 million during YTD Q4 2022 which resulted from cash flows from operating activities improving greatly over the prior period following the start of commercial production at the San Albino mine on July 1, 2021.

The cash used in investing activities during YTD Q4 2022 relates to deferred stripping, the acquisition of land and the development activities at the San Albino Property in Nicaragua including the purchase of equipment.

Financing activities during YTD Q4 2022 primarily reflect principal repayments of \$4.0 million on the Wexford Loan; installment payments of \$4.5 million on the Sailfish Loan and \$0.5 million on the repurchase of the Company shares under the NCIB program.

Financing activities during YTD Q4 2021 primarily reflect the drawdown of the Nebari Loan of \$6 million and the Sailfish Loan of \$8 million offset with the repayment of the Nebari Loan.

Liquidity risk

The consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from December 31, 2022. As at December 31, 2022, the Company has cash and cash equivalents of \$0.5 million and a working capital deficiency of \$3.3 million. On August 12, 2022, the Company entered into an agreement that modifies the Wexford Loan Agreement extending the maturity date of the Wexford Loan from February 21, 2023 to March 31, 2024.

For YTD Q4 2022, the Company generated operating cash inflows operating activities of \$16.4 million and incurred a net loss of \$12.0 million.

During 2020, the Company secured a credit arrangement from its controlling shareholder for \$15.15 million ("Wexford Loan"). The Wexford Loan matures on March 31, 2024 (per the Fifth Waiver) and may be repaid at any time, in whole or in part, at par plus accrued but unpaid interest, without penalty or premium. The Wexford Loan had an interest rate of



For the three months and the year ended December 31, 2022

8.0% per annum until February 23, 2021, increasing to 10% per annum thereafter, and is payable semi-annually on June 30th and December 31st each year. The Company paid a non-refundable up-front fee of \$150,000 to the Lenders on the closing of the Wexford Loan. As at December 31, 2021, the Wexford Loan was fully drawn.

In addition, because the Wexford Loan was not repaid in full on or prior to the first anniversary of the closing date, February 20, 2021, 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. The applicable formula set out in the Wexford Loan Agreement is the principal amount less any principal repayments divided by the total loan facility multiplied by the price of gold based on the closing London Bullion Market monthly average.

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 was 8% with an original issue discount of 5.3% and a maturity date of March 31, 2022, and no prepayment penalties. On August 26, 2021, the Nebari loan was fully repaid.

On August 27, 2021, the Company entered into a loan agreement with Sailfish pursuant to which Sailfish provided an \$8 million unsecured gold-linked term loan to the Company (the "Sailfish Loan"). The proceeds of the Sailfish Loan were used by the Company to pay off the Nebari Loan (\$ 6.2 million) and to pay \$ 1.8 million of the Wexford Loan. The Sailfish Loan is to be repaid with 24 monthly payments, with each monthly payment equal to the cash equivalent of 205 ounces of gold at the average market gold price with a minimum price of \$1,750 and a maximum price of \$2,000.

During Q4 2022 and YTD Q4 2022, instalment payments totaling \$1.1 million and \$4.5 million were made on the Sailfish Loan, respectively. Subsequent to December 31, 2022, three installments totaling \$1.1 million were paid.

During Q4 2022 and YTD Q4 2022, the Company recorded \$0.3 million and \$1.7 million of accrued interest and cash bonus interest, respectively, on the Wexford Loan all of which has been expensed.

During Q4 2022 and YTD Q4 2022, the Company made voluntary principal repayments of \$nil and \$4.0 million, respectively on the Wexford Loan.

The Company's financial performance is dependent upon many external factors. Exploration, development and mining precious metals involve numerous inherent risks including but not limited to metal price risk as the Company derives its revenue from the sale of gold and silver, currency risks as the Company reports its financial statements in US dollars whereas the Company operates in jurisdictions where it conducts its business in other currencies. Although the Company minimizes these risks by applying high operating standards, including careful planning and management of its facilities, hiring highly qualified personnel and giving adequate training, these risks cannot be eliminated.



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 (collectively, the “Marlin Group”). 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 (paid on September 29, 2021). 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 S\$2 million. The Company recorded a gain of \$12 million on the disposal of the Marlin Group.

Outstanding securities

As of the date of this MD&A, the Company had 65,818,593 common shares issued and outstanding, plus 75,190 RSUs, 111,240 DSUs and 3,355,000 options outstanding.

TRANSACTIONS WITH RELATED PARTIES

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:

Key management compensation

(in \$000s)	Twelve months ended		Change
	December 31, 2022	December 31, 2021	
Director fees	241	233	8
Salaries, consulting and management fees	1,223	2,050	(827)
Share-based compensation	476	289	187
Total	1,940	2,572	(632)

As at	December 31, 2022	December 31, 2021
Amount included in accounts payable	\$ 56	\$ 216

During YTD Q4 2022, the Company granted bonuses of \$0.4 million to three senior members of management, respectively, whose bonuses are disclosed in general and administrative expenses. During YTD Q4 2021, the Company granted bonuses of \$0.7 million to three senior members of management and paid severance of \$0.4 million to the former Chief Financial Officer and to the former VP Corporate Development, respectively.

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 with the Company. During YTD Q4 2022, the



For the three months and the year ended December 31, 2022

Company expensed fees relating to consulting services of \$6,141 (YTD Q4 2021 - \$89,645), reclamation and rehabilitation expenses of \$21,842 and \$84,936 (YTD Q4 2021 - \$123,092) in general office expenses, respectively. Amounts payable to Tes-Oro as at December 31, 2022 were \$nil (December 31, 2021 - \$nil).

(b) Sonoran Resources, LLC (“Sonoran”)

Sonoran is a private company controlled by the Company’s Chief Operating Officer. Sonoran is a management, scientific, and technical consulting services industry firm which leases office equipment to the Company. During YTD Q4 2022, the Company expensed fees relating to general office expenses of \$2,581 (YTD Q4 2021 - \$nil). Amounts payable to Sonoran as at December 31, 2022 were \$nil (December 31, 2021 - \$nil).

(c) Wexford LP (“Wexford”)

Wexford is the Company’s controlling shareholder. Except as noted elsewhere in the financial statements, during YTD Q4 2022, the Company expensed fees of \$3,308 related to transaction costs (YTD Q4 2021 - \$19,631). Amounts payable to Wexford as at December 31, 2022, were \$nil (December 31, 2021 - \$2,874).

(d) Sailfish Royalty Corp. (“Sailfish”)

Sailfish is a publicly traded company related by common shareholders, officers (till December 17, 2021) and directors. In addition to the Sailfish Loan, during YTD Q4 2022, the Company’s subsidiary Nicoz:

- i. received advances of \$0.6 million (YTD Q4 2021 – 0.4 million) for the purchase of gold ounces, respectively;
- ii. sold 1,467 oz (YTD Q4 2021 – 845 oz) of gold to Sailfish for \$0.7 million (YTD Q4 2021 - \$0.4 million); of which \$0.4 million (YTD Q4 2021 - \$0.3 million) is recorded as production services revenue and \$0.3 million (YTD Q4 2021 - \$0.1 million) is included in the gain on gold stream derivative asset disclosed in the statement of income and comprehensive income, respectively.

As at December 31, 2022, \$23,556 is receivable from Sailfish (December 31, 2021 –\$5,543).

PROPOSED TRANSACTIONS

None.

ACCOUNTING CHANGES AND CRITICAL ESTIMATES

(a) Adoption of new accounting policy

On January 1, 2022, the Company adopted Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The consolidated financial statements now reflect the reversal of the pre-commercial revenue of \$4.6 million and related cost of sales of \$3.6 million which was previously recorded against mineral property, plant and equipment during the year ended December 31, 2021.

The adoption of this accounting policy is made retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

There was no impact on the consolidated statement of financial position as at January 1, 2021.

Impact on the consolidated statement of financial position as at December 31, 2021 is as follows:

(\$'000s)	As previously reported	Adjustment	Restated
Mineral property, plant and equipment	42,912	850	43,762
Total assets	54,122	850	54,972
Accumulated other comprehensive income	1,751	12	1,763
Deficit	(76,495)	838	(75,657)
Total shareholder's equity	25,118	850	25,968
Total liabilities and shareholder's equity	54,122	850	54,972

Impact on the consolidated statement of loss and comprehensive loss and the condensed interim consolidated statement of cash flows for the year ended December 31, 2021, is as follows:

(\$'000s)	As previously reported	Adjustment	Restated
Revenue	30,934	4,563	35,497
Cost of sales	(19,414)	(3,623)	(23,037)
Income for the year	9,125	838	9,963
Comprehensive income for the year	7,242	850	8,092

(\$'000s)	As previously reported	Adjustment	Restated
Net income for the year	9,125	838	9,963
Changes in non-cash working capital	(3,916)	(1)	(3,917)
Net cash provided (used by) operating activities	137	2,436	2,573
Net cash used in (funded by) investing activities	(3,864)	(2,437)	(6,301)

(b) Right-of-use asset and lease liabilities

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

- the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months or
- for leases of low value.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments and any variable lease payments where variability depends on an index or rate, less any lease incentives. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.



Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU assets and lease liabilities. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

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:

- Determination of commercial production
- Estimated mineral resources;
- Ore in process;
- Deferred income taxes;
- Impairment of non-current assets;
- Reclamation and remediation provision; and
- Functional currency determination.

Refer to Note 4 of our consolidated financial statements for the year ended December 31, 2022 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.

NON-IFRS MEASURES

The Company has included non-IFRS measures in this MD&A such as adjusted EBITDA, cash cost per ounce sold, total cash cost per ounce sold, AISC per ounce sold. These non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company’s underlying performance of its core operations and its ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

“Adjusted EBITDA” represents earnings before interest (including non-cash accretion of financial obligations and lease obligations), income taxes and depreciation, depletion and amortization (“EBITDA”), adjusted to exclude exploration activities, share-based compensation and change in provision for reclamation and rehabilitation.

“Cash costs per ounce sold” is production costs, calculated by deducting revenues from silver sales and dividing the sum of mining, milling and mine site administration costs.

“Total cash costs per ounce sold” is calculated by summing the numerator used to calculate cash costs, G&A from the sister subsidiaries supporting the production activities, production taxes and royalties and then dividing the sum by the number of gold ounces sold.

“AISC per ounce sold” includes total cash costs (as defined above) and adds the sum of G&A, sustaining capital and certain exploration and evaluation (“E&E”) costs, sustaining lease payments, provision for environmental fees, if applicable, and rehabilitation costs paid, all divided by the number of gold ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, capital and E&E costs related to expansion or growth projects are not included in the calculation of AISC per ounce. Additionally, certain other cash expenditures, including income and other tax payments, financing costs and debt repayments, are not included in AISC per ounce.



For the three months and the year ended December 31, 2022

The following table provides a reconciliation of production costs to cash costs and AISC:

(in \$000's)	<i>Three months ended</i>		<i>Year ended</i>	
	<i>December 31, 2022</i>		<i>December 31, 2022</i>	
Production costs (GAAP)	\$	7,120	\$	30,993
Supporting general and administrative expenses		180		1,635
Cash costs (non-GAAP)	\$	7,300	\$	32,628
General and administrative expenses		993		3,812
Sustaining capital expenditures		-		1,666
Accretion of the asset retirement costs (ARO) (Non-cash)		-		27
Deferred stripping expenses		2,281		4,259
Total AISC (\$)	\$	10,574	\$	42,392
Ounces of gold sold		9,956		36,890
Cash cost per gold ounce sold	\$	715	\$	840
Total cash cost per gold ounce sold	\$	733	\$	884
AISC per gold ounce sold	\$	1,062	\$	1,149

Earnings before interest (including non-cash accretion of financial obligations and lease obligations), income taxes and depreciation, depletion, and amortization ("EBITDA") Calculations:

(in 000's)	Three months ended		Twelve months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		<i>(Restated)</i>		<i>(Restated)</i>
Net (loss) income after taxes	\$ (798)	\$ 3,183	\$ (11,977)	\$ 9,963
Income tax expense	451	398	2,095	501
Finance cost, net of finance income	554	482	2,324	1,453
Depreciation and amortization	3,174	3,207	20,405	7,211
EBITDA ⁽¹⁾	\$ 3,381	\$ 7,270	\$ 12,847	\$ 19,128
Gain on disposal of subsidiaries	-	\$ (2)	-	\$ (12,009)
Share-based compensation (recovery) expense	154	\$ (21)	544	\$ 340
Exploration activities	3,051	\$ 1,667	11,517	\$ 5,687
Write-down of inventories	1,431	-	2,200	-
Change in provision for reclamation and rehabilitation	(203)	\$ 2	(185)	\$ 311
ADJUSTED EBITDA ⁽¹⁾	\$ 7,814	\$ 8,916	\$ 26,923	\$ 13,457

⁽¹⁾ Refer to *Non-IFRS Measures*

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 Nicaragua, which exposes the



For the three months and the year ended December 31, 2022

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:

- Implementation of additional directives, following the October 24, 2022, announcement by the United States Department of the Treasury's Office of Foreign Assets Controls relating to new U.S. sanctions imposed on the General Directorate of Mines in Nicaragua pursuant to Executive Order 13851, as well as the issuance of EO 14088.
- Maintaining the Company's operating and development permits, title, rights and licenses 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 gold price volatility and foreign exchange risks 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, including delays in delivery and shortage of supplies and spare parts.
- Nicaraguan political and economic risks including social unrest.
- Communication and customs risk associated with working in Nicaragua,
- Loss of key personnel and dependence on key personnel.
- 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.