

## Mako Mining Corporation (TSXV:MKO) San Albino Could Be Much Bigger than Previously Thought

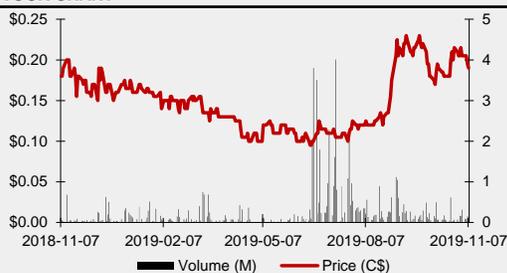
Operations Update  
November 8, 2019

(Currency is C\$ unless noted otherwise)

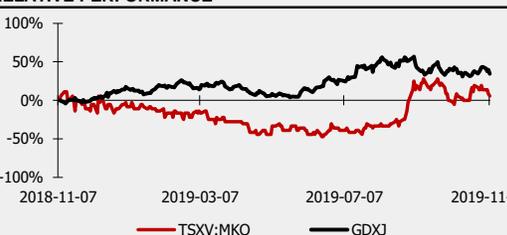
Closing Price (C\$/sh)	\$0.19
NAV (C\$/sh)	\$0.93
Fair Value Estimate (C\$/sh)	\$0.65
52 Week Low / High (C\$/sh)	\$0.09 / \$0.24
P/NAV	0.20x

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	583.7	636.9
Market Capitalization (C\$M)		\$110.9
Enterprise Value (C\$M)		\$83.4
Cash & Cash Equivalents (C\$M)		\$27.5
Total Debt (C\$M)		\$0.0

### STOCK CHART



### RELATIVE PERFORMANCE



NET ASSET VALUE	(C\$M)	(C\$/Sh)
San Albino - CIL (Au-Ag), (100% Ownersh)	\$799.3	\$1.3
Current Taxes	\$ (224.9)	\$ (0.4)
San Albino U/G Resource (US\$30/oz AuE)	\$ 40.9	\$ 0.1
La Trinidad	\$ 6.7	\$ 0.0
Corporate adjustments	\$ (25.3)	\$ (0.0)
<b>Total Post-Financing NAVPS</b>	<b>\$596.6</b>	<b>\$0.93</b>

RELATIVE VALUATION	P/NAV
Explorer/Developer Peers*	0.45x
Producer Peers*	0.67x
Mako Mining Corp.	0.20x

\*Capital IQ Consensus

MAJOR SHAREHOLDERS
Management (2%), Wexford Capital LP (55.3%), U.S. Global Investors, Inc. (0.6%)

DISCLOSURE CODE:	1, 2, 3, 4
(Please refer to the disclosures listed on the back page)	

Source: RCKS estimates, Company Information, Capital IQ

### Company Description

Mako Mining Corp. engages in the acquisition, exploration, and development of mineral properties in Nicaragua and Mexico. It primarily explores for gold deposits, as well as explores silver deposits. The company holds interest in the San Albino-Murra Property and the El Jicaró Property, which covers an aggregate area of 13,771 hectares located in north-central Nicaragua. It also holds interest in the La Trinidad open-pit, heap leach gold mine in Sinaloa State, Mexico.

### Impact: Mildly Positive

Mako Mining provided a positive corporate update including a drill hole (assays pending) that has the potential to materially expand the San Albino pit. Additionally, the company announced a reduction in its liabilities at its La Trinidad operations, which are in the process of being wound down. **In our view, we expect the stock to progressively re-rate as it adds ounces with the drill bit and marches towards production in H2/20.**

### Highlights:

- **Step-out hole at San Albino could be a game-changer.** Mako announced that hole SA19-299 intersected a wide zone of mineralization outside the planned San Albino pit limits. The hole intersected a ~4m thick sulfide bearing zone and based on the visible gold in photo (Figure 1) we would expect this hole to return typical or better results (pit grade is ~8 g/t AuEq). Should the San Albino in-pit resource grow by 50% (from 400k oz to 600k oz at ~8 g/t AuEq), our pre-tax NAVPS<sub>8%</sub> estimate for the project would increase by 9%. We note the small impact on our NAVPS is a result of us already including substantial exploration upside in our estimates.
- **More drilling planned.** Based on exploration success at the San Albino deposit, the company has expanded the planned program to 9,600m (was 7,000m). The additional drilling is focused on testing the strike and down dip extensions of near surface mineralization intersected in hole SA19-199. Additionally, once drilling at San Albino is complete, the drills are expected to move to Las Conchitas, where we expect Mako to define a substantial resource (RCS estimate 1,186 k oz at 8.1 g/t AuEq).
- **La Trinidad liabilities reduced.** Mako has reduced an US\$11.3M liability owed to its mining contractor to payments of US\$4M this year, and two subsequent payments US\$1M payments in 12 and 24 months (we previously modeled a single US\$5M payment in CQ4/19). Based on the pending lawsuit for Hurricane Willa insurance proceeds and the sale of equipment, we continue to value La Trinidad at C\$6.7M, excluding the contractor liability.

### Valuation:

**Ongoing exploration and mine development updates to drive near-term re-rating.** Our fair value estimate of C\$0.65/sh is based on 0.70x times our base case NAVPS estimate of C\$0.93/sh (unchanged). Mako currently trades at 0.2x NAV and 1.4x 2021E EBITDA versus peers at 0.67x and 3.8x, respectively. We expect the stock to progressively re-rate as the company progresses towards first production and continues to deliver exploration success. **Upcoming Catalysts include:** 1) Infill drill results (ongoing), 2) Las Conchitas drill results (ongoing) and 3) Production start at San Albino (CQ3/20).

Figure 1: 4m thick sulfide bearing zone – SA19-299



Source: Akiba Leisman (CEO of Mako Mining Corp.) Twitter account



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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Mako Mining Corp.	TSXV:MKO	1,2,3,4

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