



(formerly Golden Reign Resources Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended January 31, 2019

This Management Discussion and Analysis (“MD&A”) of Mako Mining Corp. (the “Company” or “Mako”) provides an analysis of the Company’s financial results for the three and nine months ended January 31, 2019 (“Q3 2019”) and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements and the notes thereto for the three and nine months ended January 31, 2019 (“Q3 Financials”) and the audited consolidated financial statements and notes thereto for the fiscal year ended April 30, 2018, which are available on SEDAR at www.sedar.com. This MD&A has been prepared as of April 1, 2019.

The January 31, 2019 condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All amounts are expressed in Canadian dollars, unless otherwise stated.

Additional information relating to Mako Mining Corp. is available on the SEDAR website at www.sedar.com and on the Company’s website at www.makominingcorp.com.

THIRD QUARTER FINANCIAL HIGHLIGHTS AND MAJOR ACTIVITIES

- On November 9, 2018, completed the acquisition of Marlin Gold Mining Ltd. (“Marlin”). Marlin is primarily engaged in the exploration for, development of and production of gold in Mexico. Marlin’s main asset is the La Trinidad Mine in Sinaloa, Mexico.
- On November 9, 2018, changed corporate name from Golden Reign Resources Ltd. (“Golden Reign”) to Mako Mining Corp.
- Production of 2,886 ounces (“oz.”) of gold at the La Trinidad Mine for the three-month period ended January 31, 2019.
- Sale of 3,163 oz. of gold for three-month period ended January 31, 2019 from the La Trinidad Mine.
- Revenues of \$5.2 million for the three-month period ended January 31, 2019.
- Net loss of \$18.2 million for the three-month period ended January 31, 2019.
- Finished metal inventory of 230 oz., leach pad inventory of 7,305 oz., stockpile of 481 oz. of gold at the La Trinidad Mine as at January 31, 2019.
- Cash was \$1.9 million (April 30, 2018 – \$1.1 million) at January 31, 2019.
- Average market price of gold for the three-months ended January 31, 2019 was \$1,668 (US\$1,254) per oz.

Subsequent to January 31, 2019:

- On March 8, 2019 the Company completed a non-brokered private placement issuing 30 million common shares of the Company at a price of \$0.15 per share for gross proceeds of \$4.5 million.
- On March 8, 2019, the Company paid Sailfish \$0.8 million in accordance with the Amended and Restated Gold Purchase Agreement.
- As at the date of this MD&A the Company has a cash balance of \$3.8 million.

BUSINESS OVERVIEW

Mako Mining Corp. (formerly Golden Reign Resources Ltd.) was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act*. The Company is primarily engaged in the exploration for, development of and production of gold and silver in the Americas and is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “MKO”.



The Company owns a fully permitted open-pit heap leach mine, La Trinidad, located in Sinaloa State, Mexico. Subsequent to January 31, 2019, it was determined through a comprehensive geological/engineering study that a portion of the pit at La Trinidad would not be accessible to continue mining operations as a result of pit instability incurred during the hurricane event in late 2018. As a result, the Company has stockpiled the remaining minable tonnes as at the date of this MD&A, which will be crushed and stacked to the leach pad by the end of May 2019. The Company will be processing the remaining ounces on the leach pad through early 2020. The current stockpile of mineralized material generated from mining since January is over 200,000 tonnes, and contains approximately 9,000 ounces of gold, not including any gold residing in the leach pads or in the processing facilities.

The Company has a 100% interest in two mining properties – the San Albino-Murra Property and the El Jicaro Concession, which are located in north-central Nicaragua and cover an aggregate of 13,771 hectares (138 km²). These properties have a long history of exploration and mining. Hundreds of historical mines and workings exist within the Corona de Oro Gold Belt, which is approximately 3 kilometres wide by 20 kilometres long and spans the entirety of the Company's land package.

In Nicaragua, the San Albino Gold Deposit ("San Albino"), located within the San Albino-Murra Property, is the Company's most advanced project. It was a historical small-scale underground gold producer, commencing production in the early 1900's and operating on and off until approximately 1940, reportedly processing 10 tons per day of 1 oz/t gold material. Development and operation of San Albino is the strategic first step in the establishment of a gold camp hosting multiple high-grade, open-pittable deposits.

On November 9, 2018, Golden Reign completed a business combination with Marlin, whereby Golden Reign acquired all of the issued and outstanding common shares of Marlin in exchange for 0.5138 of a Golden Reign common share for each Marlin common share acquired. Upon closing the name of the parent company was changed from Golden Reign Resources Ltd. to Mako Mining Corp. and the Company began trading under the new symbol "MKO". (See Business Combination with Marlin Gold Mining Ltd. below).

The Company will be focusing its operations on further exploration and development of its' San Albino deposit. The San Albino deposit is a high-margin gold project with a estimated average mined grade of 8.02 g/t gold equivalent, and an open pit average mined grade of over 7.00 g/t gold equivalent. Once in production, projected free cash flow from San Albino of approximately \$20 million per year will fund exploration on Mako's prospective 138 square kilometers land package of in Nicaragua, and further exploration on the large Mexican tenements.

To fund the development of San Albino will require additional capital. The Company's largest shareholder has agreed to backstop any financing requirements required to build the mine. To ensure fair and equitable treatment for all shareholders, the Company is in the process of engaging an independent financial advisor, and Mako will be announcing its financing plans before the end of May 2019.

Business Combination with Marlin Gold Mining Ltd.

On November 9, 2018, Golden Reign acquired all of the outstanding Marlin common shares in exchange for 0.5138 of a Golden Reign common share for each Marlin common share acquired. In addition, Marlin distributed an aggregate of 18,148,654 Golden Reign shares then held by Marlin to the Marlin shareholders on the basis of 0.1022 Golden Reign share for each Marlin common share, bringing the total Golden Reign shares received by Marlin shareholders to 0.6160 of a Golden Reign share for each Marlin common share outstanding at closing (the "Marlin Transaction"). The Marlin Transaction resulted in Marlin and certain of its subsidiaries, including Oro Gold de Mexico and Marlin Gold Trading, becoming wholly owned subsidiaries of Golden Reign. At closing of the Marlin Transaction, the shareholders of Marlin owned, in aggregate, approximately 45 per cent of the issued and outstanding common shares of the combined company and the shareholders of Golden Reign owned, in aggregate, approximately 55 per cent of the issued and outstanding common shares of the combined company.

Upon completion of the Marlin Transaction, the \$4 million Bridge Loan previously advanced by Marlin to Golden Reign became intercompany debt and the San Albino Gold Stream was restructured, as described in further detail below.



For the Three and Nine Months Ended January 31, 2019

Marlin Reorganization

Under the terms of the definitive agreement, as a condition to closing, Marlin undertook a corporate reorganization, pursuant to which it:

- (i) sold its Commonwealth silver and gold property in Cochise county, Arizona, to Wexford Capital LP (or funds controlled by it), Marlin's controlling shareholder, to extinguish all of Marlin's loans and any other debts and liabilities owing to Wexford;
- (ii) assigned to Sailfish its 1-per-cent net smelter return ("NSR") royalty on the Parral 2 claims on the La Cigarra project owned by Kootenay Silver Inc. and its 1.5-per-cent NSR royalty on the majority of the concessions at the El Compas project operated by Endeavour Silver Corp. and granted an option to Sailfish to purchase its Gavilanes property in Mexico, all as partial consideration for Sailfish agreeing to amend the existing gold stream on San Albino (see San Albino Gold Stream Restructure below);
- (iii) wound up certain of its non-material subsidiaries that were not acquired by Golden Reign under the Marlin Transaction; and
- (iv) arranged for the sale of 17,155,191 common shares of Golden Reign held by Marlin at a price of 15.39 cents on a private placement basis, pursuant to which Wexford purchased at least 85 per cent of such Golden Reign common shares and an aggregate of at least 993,464 of such Golden Reign common shares were purchased by the stock option holders of Marlin, consisting of Akiba Leisman, Marlin's executive chairman, and Cesar Gonzalez, Marlin's vice-president, corporate development. The full amount of the gross proceeds from the private placement of \$2,640,184 remained in Marlin on the closing of the Marlin Transaction. These preclosing transactions completed by Marlin are collectively referred to herein as the Marlin Reorganization.

As the Marlin Acquisition is an acquisition of a business as defined in IFRS 3, Business Combinations it will be accounted using the acquisition method.

The preliminary purchase price allocation is as follows:

	\$ (million)
Net assets acquired	
Working capital	1.0
Mine asset and equipment	6.9
Deferred tax liabilities	(0.2)
Provision for reclamation and rehabilitation	(7.0)
Rights to extinguish the gold stream arrangement	13.4
Total identifiable net assets	14.0
Total preliminary consideration	14.0
Total preliminary consideration satisfied by:	
Common shares issued	14.0
Cash balances acquired	(4.4)
Net cash inflow on the completion of the Marlin Acquisition	4.4

The fair value of the working capital includes inventory of \$16.1 million, receivables of \$6.1 million, Bridge Loan of \$4.2 million and accounts payable of \$30.4 million.

On November 9, 2018, the Company exercised its right to extinguish the gold stream arrangement and recorded a loss of \$13.4 million which was offset by the gain recognized on the extinguishment of the gold stream arrangement liability of \$1.5 million (see San Albino Gold Stream Restructure below).

San Albino Gold Stream Restructure

At the closing of the Marlin Transaction (Note 3) the Company, Marlin and Sailfish entered into an agreement to restructure the existing gold stream on San Albino (the "Amended and Restated Gold Purchase Agreement"). Accordingly, Golden Reign and its subsidiaries, Marlin and one of its material subsidiaries and Sailfish entered into a master agreement (the "Master Agreement") whereby the parties agreed:

- (a) to the substantial form of and the terms and conditions of the Amended and Restated Gold Purchase Agreement, equivalent to a 3% NSR royalty, effective as of the closing of the Marlin Transaction, with respect to a certain area of interest on San Albino concession (the “AOI”), which included as a schedule to the Amended and Restated Gold Purchase Agreement, the substantial form of and terms and conditions of a new royalty agreement was entered into between the Company and its subsidiaries, and Sailfish, with respect to a 2% NSR royalty on production from the San Albino-Murra Mining Concession (exclusive of the AOI) and the El Jicaro Concession;
- (b) that Marlin make cash payments to Sailfish in respect of any amounts recovered by Marlin in certain lawsuits Marlin has filed against the Mexican tax authority for the purpose of obtaining previously denied Mexican value added tax refunds net of certain interest and inflation adjustments and applicable legal fees. As of January 31, 2019, the Company had received \$2.1 million in IVA receivable that is owed to Sailfish and is expecting to receive a further \$1.3 million, which is included in IVA receivable. For the quarter ended January 31, 2019, the Company had paid to Sailfish \$620,402 and had a remaining liability to Sailfish of \$2.8 million that is included in accounts payable as at January 31, 2019;
- (c) Sailfish extinguished the Company’s Gold Streaming Arrangement liability of \$1.5 million associated with the existing gold stream on San Albino;
- (d) Sailfish’s existing funding obligation of approximately US\$13.9 million was eliminated; and,
- (e) to the substantial form of and the terms and conditions of certain assignment, option and royalty agreements, entered into as partial consideration payable to Sailfish in consideration for entering into the Amended and Restated Gold Purchase Agreement. Such agreements provide for Marlin’s assignment to Sailfish, for no additional consideration, of the El Compas Royalty and La Cigarra Royalty in Mexico. Such agreements also provide for Marlin’s agreement to transfer of its Gavilanes property in Mexico, to a designee of Sailfish

La Trinidad Mine, Sinaloa, Mexico

The Company’s operating mine - the Taunus deposit at the La Trinidad Mine, is located in Sinaloa, Mexico. The Taunus deposit hosts the historic La Trinidad gold mine that was operated by Eldorado Gold Corporation (“Eldorado”) from 1996 until 1999. Marlin’s management, which has extensive mine development experience in Mexico, brought the La Trinidad Mine back into commercial production on November 1, 2014.

The La Trinidad Area consists of nine claims of mineral concessions that are either owned by, or optioned to, the Company. The La Trinidad Area is located in a region having excellent infrastructure and it is less than 100 kilometres southeast of Mazatlán.

The La Trinidad Mine is an open pit heap leach operation; the support infrastructure and processing facility includes a staff camp, offices, warehousing, an analytical laboratory, three-stage crushing, screening, agglomeration and conveying and stacking on a leach pad. Gold is recovered by way of a conventional carbon adsorption plant. The entire mine and processing plant were designed using tried and proven methods.

On November 1, 2014, Marlin put the La Trinidad Mine into commercial production based on the mine plan in its preliminary economic assessment (“PEA Mine Plan”). The La Trinidad Mine does not have proven and probable reserves. The Company currently expects to mine the La Trinidad Mine through early 2019 and recover approximately 26,800 ounces of gold through to the end of 2019.

San Albino-Murra Property, Nueva Segovia, Nicaragua

San Albino Gold Deposit

Environmental Permit Received

On September 12, 2017, Golden Reign announced that it had received its environmental permit (the “Environmental Permit”) for the development, construction and operation of up to a 500 ton per day operation at San Albino. This permit was the final significant hurdle to moving the project forward. The Company must now enter into an Engineering, Procurement and Construction Management (“EPCM”) contract prior to making a final development decision.

The Company had previously received its Water Use Permit, Forestry Permit, Mill Permit, Construction Permit, Soil Use Permit, Road Permit and Waste Disposal Permit. Other governmental approvals will be sought as required.

The Environmental Permit was received after a Public Consultation Meeting was held on August 25, 2017, where the project received the support of governmental agencies and ministries, municipal authorities, judicial and political party representatives, businesses and members of the public. The Company delivered an in-depth 3-hour presentation on the San Albino Gold Project, explaining the proposed mining operations, as well as its potential environmental, economic and social impact.

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

Las Conchitas Area

Las Conchitas is situated between two past-producers, the San Albino Mine and the El Golfo Mine. It lies only 500 metres south of the San Albino Gold 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 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 often extend to depths in excess of a kilometre. Drilling at the San Albino Gold Deposit has already established down-dip continuity of gold mineralization for over 900 meters and it still remains open. Gold mineralization is not restricted solely to quartz veins, but also occurs in the host rock (phyllite/schist) containing quartz veinlets.

2018 Drill Program

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

Positive trenching results (see below) were followed up by exploratory drilling. The goal of the 2018 drilling program at Las Conchitas was to confirm the sub-surface down-dip continuation of mineralization encountered in trenches and to test for additional veins within the area, specifically targeting near surface open-pittable portions of the mineralized zones. The Company completed 49 shallow drill holes totaling 2191.74 metres.

Highlights to date from the 2018 drill program include (see news releases dated November 28 and December 5, 2018):

SP18-03	6.00 metres of 4.13 g/t Au and 3.8 g/t Ag (vertical)
including	1.20 metres of 10.42 g/t Au and 7.5 g/t Ag
INT18-19	1.20 metres of 16.65 g/t Au and 12.1 g/t Ag (vertical)
LD18-43	6.10 metres of 16.48 g/t Au and 27.7 g/t Ag (vertical)
CG18-24	5.65 metres of 23.63 g/t Au and 25.1 g/t Ag (vertical)
CG18-25	4.15 metres of 11.31 g/t Au and 12.2 g/t Ag (vertical)
MB18-28	2.30 metres of 10.17 g/t Au and 18.2 g/t Ag (vertical)
MB18-38	1.80 metres of 17.61 g/t Au and 31.2 g/t Ag (vertical)

(Lengths are reported as core lengths. True widths vary depending on drill hole dip; the mineralized intervals shown above utilize a 1.0 g/t gold cut-off grade with no greater than 1.5 metres of internal dilution).

Only a small number of the most prospective trenching results were previously drill tested, with 18 holes across 3,040 metres. Highlights from 2011 drilling at Las Conchitas include:

2011 Drilling:

INT13-03	21.3 metres of 7.20 g/t Au and 14.2 g/t Ag (vertical)	(see news release dated September 11, 2013)
including	5.0 metres of 28.45 g/t Au and 53.7 g/t Ag	
LC11-01	3.0 metres of 62.96 g/t Au and 61.7 g/t Ag (vertical)	(see news release dated February 22, 2012)

LC11-02	3.0 metres of 12.01 g/t Au and 13.1 g/t Ag (vertical)	(see news release dated February 22, 2012)
LC11-05	5.0 metres of 8.63 g/t Au and 3.5 g/t Ag (vertical)	(see news release dated February 22, 2012)

2017/2018 Trenching Activities

In late April 2017, the Company announced the resumption of exploration activities at Las Conchitas. A two-staged trenching program totaling approximately 2,150 metres is intended to provide further information on the size and grade of existing open-pittable targets and identify additional near-surface mineralized zones.

The first stage of work, consisting of 21 trenches totaling approximately 1,050 metres, was designed to expand on mineralization previously intersected by drilling and trenching. Additionally, the trenching tested for mineralization within the host phyllites. Previous sampling confirmed that gold is not restricted solely to the mineralized quartz veins but is distributed within the host rock containing quartz stringers and fragments. Values from trench LC11-TR-26, phyllites with quartz fragments, reported 15.0 metres of 3.29 g/t Au and 5.8 g/t Ag (see news release dated September 17, 2012). This style of mineralization produces significantly thicker zones, offering greater tonnage potential.

The second stage of work, comprising an additional 21 trenches totaling approximately 1,100 metres, was designed to further test and confirm the strong nature of gold mineralization within the Las Conchitas Area.

Two strong gold-in-soil anomalies, Mina Francisco and Intermediate targets, of 600 metres and 1,300 metres in length, respectively, extend beyond the area tested with trenches.

The structural setting and style of mineralization for the Mina Francisco and Intermediate targets are similar to the San Albino Gold Deposit. The conceptual model for the Las Conchitas mineralization consists of multiple closely spaced, parallel quartz veins that dip gently to the northwest. Gold mineralization is not restricted solely to quartz veins but occurs in the host rock (phyllite/schist) containing quartz veinlets. The best result from sampling country rock returned 1.0 metre of 22.40 g/t Au and 25.2 g/t Ag (SAM17-CATA 18).

The trenching program at the Intermediate Zone has extended two known mineralized zones. A 250-metre long zone named the “SW Extension” appears to be a continuation of the Intermediate Zone to the southwest, for a total strike length of 600 metres, after a 125 metre break in sampling. Sampling returned;

- 8.7 metres of 8.50 g/t gold and 11.5 g/t silver (along dip)
- 0.5 metres of 25.40 g/t gold and 24.6 g/t silver (vertical),

Plus the following results from country rock:

- 10.0 metres grading 9.64 g/t gold and 13.8 g/t silver (along dip)
- 0.7 metres of 9.90 g/t gold and 9.05 g/t silver (vertical), and
- 1.9 metres of 5.43 g/t gold and 4.8 g/t silver (vertical).

The Mango Zone has been extended 150 metres to the southwest, returning:

- 1.1 metres of 11.23 g/t gold and 65.2 g/t silver (along dip)
- 2.5 metres of 6.74 g/t gold and 2.5 g/t silver (vertical) and,
- 1.8 metres of 13.00 g/t gold and 11.1 g/t silver (vertical)

(The full set of exploration results are included in the table accompanying the news release dated January 18, 2018)

A fifth, previously identified mineralized zone – Cruz Grande – was tested by also trenching. Originally discovered in 2012 during sampling of surface exposures of the Cruz Grande zone in trench SAM12-TR 11, the zone returned values in a vertical sample of 1.5 metres of 7.15 g/t Au and 29.7 g/t Ag and values along dip of 7.0 metres of 12.14 g/t Au and 28.4 g/t Ag (see news release from February 25, 2013). The 2017 trenching program at the Cruz Grande zone exposed high-grade gold mineralization and demonstrates the potential to extend the zone for more than 250 metres in strike length. Two trenches were designed to test the southwest extension of the Cruz Grande zone.

Trench SAM17-TR-17 returned values of:

- 8.6 metres of 7.33 g/t gold and 8.5 g/t silver (along dip)

- 2.6 metres of 5.54 g/t gold and 20.4 g/t silver (vertical)
- 2.6 metres of 5.22 g/t gold and 9.3 g/t silver (vertical)

Sampling of trench SAM17-TR-19 returned values of:

- 11.8 metres of 2.74 g/t gold and 1.6 g/t silver (along dip)
- 0.9 metres of 9.96 g/t gold and 4.9 g/t silver (vertical)

One trench and an exploration pit, designed to test the continuity of the mineralized zone to the northeast, returned values of: SAM17-TR-18- 1.5 metres of 13.20 g/t gold and 6.5 g/t silver (vertical); and SAM17-CATA23 (Exp Pit) - 1.0 metre of 2.55 g/t gold and 2.4 g/t silver (along dip). *(The full set of exploration results are included in the table accompanying the news release dated January 25, 2018)*

On January 31, 2018, the Company announced trenching results from the Las Dolores zone, a highly prospective area bordering the Company's El Jicaro Concession to the south. Las Dolores hosts near-surface high-grade mineralization in a geological setting similar to that of the San Albino Gold Deposit and has to-date been traced along strike for over 1,000 metres. This zone returned the highest values of the 2017 trenching campaign with 1.0 metre of 138.20 g/t gold and 156.0 g/t silver (vertical sample). Other notable, high-grade results include:

- SAM17-TR-21 0.9 metres of 66.50 g/t Au and 98.8 g/t Ag (vertical)
- SAM17-TR-21 1.5 metres of 16.30 g/t Au and 9.7 g/t Ag (vertical)
- SAM17-TR-27 2.0 metres of 8.94 g/t Au and 21.1 g/t Ag (vertical)
- SAM17-TR-27 2.0 metres of 13.80 g/t Au and 27.4 g/t Ag (vertical)
- SAM17-TR-27 0.5 metres of 35.50 g/t Au and 48.3 g/t Ag (vertical)

Three additional trenches were dug to test the extension and continuity of the gold mineralization previously exposed by trenches (see news release dated September 17, 2012): LC11-TR 22 returning 4.0 m of 20.54 g/t Au (along dip) and 7.0 m of 10.81 g/t Au and 15.3 g/t Ag (along dip); and LC11-TR 23 returning 4.0 m of 5.35 g/t Au and 5.1 g/t Ag (along dip).

- SAM17-TR-22 7.3 m of 9.34 g/t Au and 10.9 g/t Ag (along dip)
- SAM17-TR-22 1.5 m of 10.20 g/t Au and 2.5 g/t Ag (vertical)
- SAM17-TR-22 1.6 m of 8.48 g/t Au and 7.6 g/t Ag (vertical)
- SAM17-TR-22 2.5 m of 4.00 g/t Au and 5.8 g/t Ag (vertical)
- SAM17-TR-23 1.5 m of 1.01 g/t Au and 3.3 g/t Ag (along dip)
- SAM17-TR-28 1.0 m of 5.91 g/t Au and 0.3 g/t Ag (vertical)

To assess the upside potential of these open-pittable targets, two exploration pits and four trenches were designed to test the continuity and grade of the zone. The results are presented below:

- SAM17-CATA-109 (Exp Pit) 1.3 m of 13.80 g/t Au and 12.7 g/t Ag (vertical)
- SAM17-CATA-111 (Exp Pit) 2.50 m of 8.19 g/t Au and 12.0 g/t Ag (along dip)
- SAM17-CATA-111 (Exp Pit) 1.70 m of 8.06 g/t Au and 12.5 g/t Ag (vertical)
- SAM17-CATA-111 (Exp Pit) 1.00 m of 138.20 g/t Au and 156.0 g/t Ag (vertical)
- SAM17-TR-28 1.0 m of 5.91 g/t Au and 0.3 g/t Ag (vertical)
- SAM17-TR-29 1.5 m of 3.36 g/t Au and 9.1 g/t Ag (vertical)

Trenches SAM17-TR24, SAM17-TR25 and SAM17-TR26 were excavated over shallow historical workings, returning anomalous gold values below the cut-off grade of 1.0 g/t of gold.

Until the 2018 exploration program mentioned above no drilling had been completed within the Las Dolores zone; however, the down dip extension of the mineralized structure has been tested by underground workings as previously reported in historical documents (1921) on Mina Dolores. These report an average vein width of 5.5 feet (1.7 metres), strike length of 500 feet (155 metres) and developed depth of 200 feet (62 metres). The two best samples collected and reported in 1921 returned 5.1 feet (1.6 metres) grading 1.5 ounces (47 g/t) of gold and 5.5 feet (1.7 metres) grading 1.14 ounces (35 g/t) gold. *Note: The information regarding Mina Dolores is historical in nature and therefore is not NI 43-101 compliant. It should not be relied upon.*



For the Three and Nine Months Ended January 31, 2019

To date, the Company has completed detailed exploration of only a small portion of the overall surface expression of the Las Conchitas area. Numerous other targets, including geochemical soil anomalies and historical workings are present and remain untested. Work completed to date indicates the likelihood of multiple mineralized, high-grade structures close to the surface.

Central & Northern Districts

The Central and Northern Districts of the San Albino-Murra Property host a number of highly prospective targets. Our work to date in both areas has been preliminary in nature. However, a number of prospective targets have been identified within the structural corridor that spans our landholdings.

El Jicaro Concession, Nueva Segovia, Nicaragua

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 hectares (51 km²), nearly doubling the Company's land package in the region to an aggregate of 13,771 hectares (138 km²). Several good exploration targets have been outlined on El Jicaro. The mapping and prospecting programs completed to date have defined four parallel zones of mineralization.

El Golfo

The Company plans to carry out a preliminary exploration program at the historic El Golfo mine, situated directly south and contiguous to Las Conchitas area, on its wholly-owned El Jicaro Concession. Exploration activities will include soil sampling, geological mapping and limited trenching.

EXPLORATION AND EVALUATION ASSETS

	January 31, 2019	April 30, 2018
Acquisition Costs	\$ 5,916,017	\$ 5,777,388
Deferred Exploration Costs	37,209,024	33,505,187
	\$ 43,125,041	\$ 39,282,575

For the Nine Months ended January 31, 2019:

	San Albino-Murra	El Jicaro	Total
Acquisition costs			
Balance, April 30, 2018	\$ 5,623,356	\$ 154,032	\$ 5,777,388
Translation adjustment	134,933	3,696	138,629
	\$ 5,758,289	\$ 157,728	\$ 5,916,017
Deferred exploration costs			
Balance, April 30, 2018	\$ 33,251,611	\$ 253,576	\$ 33,505,187
Consulting	149,559	-	149,559
Depreciation	895	13,276	14,171
Field office	686,211	-	686,211
Geological consulting	245,986	-	245,986
Professional fees	18,429	658	19,087
Project expenses	1,620,663	124,612	1,745,275
Reports	48,444	-	48,444
Share-based compensation	242,600	-	242,600
Travel	48,981	-	48,981
Subtotal, deferred exploration costs	36,313,379	392,122	36,705,501
Translation adjustment	497,227	6,296	503,523
	\$ 36,810,606	\$ 398,418	\$ 36,435,624
Balance, January 31, 2019	\$ 42,568,895	\$ 556,146	\$ 43,125,041

Summary of Quarterly Results

The following table summarizes selected financial and non-financial data for the last eight quarters which have been derived from the unaudited interim consolidated financial statements of the Company, which are prepared in accordance with IFRS as applicable to interim financial reporting:

	2019			2018				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	5,248,754	-	-	-	-	-	-	-
Interest and other income								
Net loss	\$(17,489,492)	\$(894,516)	\$(456,309)	\$(223,850)	\$(171,603)	\$(248,657)	\$(127,194)	\$(134,258)
Basic and diluted loss per share	(\$0.09)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)
Gold ounces sold	3,163	-	-	-	-	-	-	-
Average realized gold price per ounce in CAD	\$1,660	-	-	-	-	-	-	-

For the three months ended January 31, 2019 compared to the three months ended January 31, 2018

The Company reported a net loss of \$17.5 million for the three-month period ended January 31, 2019 (“Current Quarter”), as compared to a net loss of \$171,603 for the same period in the prior fiscal year (the “Comparative Quarter”). The difference is primarily attributable to the loss on acquisition of Marlin and gross loss on the sale of gold dore.

Revenue for the Current Quarter was \$5.2 million, as a result of selling 3,163 oz. of gold in the Current Quarter.

Production costs were \$4.3 million for producing the ounces of gold sold in the Current Quarter.

Inventory write down was \$2.7 million. The inventory write-down relates to determining the carrying value of inventory i.e., lower of cost versus net realizable value (“NRV”). The carrying value of ounces in inventory are affected by the amortization of the La Trinidad Mine asset that are allocated to ounces in inventory as they are processed. The amortization rate of the La Trinidad Mine fluctuates based on increased capitalized construction expenditures and deferred stripping costs. As such, NRV charges are a result of the on-going nature of the Company’s operations and are also affected by the current market price of gold.

Depreciation, depletion and amortization was \$1.5 million. The rate of depreciation allocated to an ounce of gold sold was \$466.

Transaction costs of \$0.1 million include accounting and legal fees arising from the completion of the Marlin Transaction.

Exploration expenses increased to \$526,929 arising from accrued concession taxes for the Current Quarter and the exploration of a prospective area south of the current pit in operation in Mexico, the Taunus pit.

General administrative expenses for the Current Quarter totaled \$151,719 (Comparative Quarter – \$31,215), and includes communication and investor relations expense of \$53,773 (Prior Quarter – \$6,860) and insurance costs of \$72,544 (Comparative Quarter – \$11,852). The increase is attributed to the Marlin Transaction.

Management and consulting fees increased to \$259,620, increase attributed to the new interim chief finance officer, chief operating officer and accounting staff and other consultants for the Marlin Transaction.

Salaries and benefits for the Current Quarter increased by \$389,817 over the prior period at \$458,543 (Comparative Quarter - \$68,726) as the Company recorded severance payments.

Extinguishment of gold stream arrangement expense of \$12.0 million was recorded during the Current Quarter arising from the Company exercising its right to extinguish the gold stream arrangement and recording a loss of \$13.4 million which was



For the Three and Nine Months Ended January 31, 2019

offset by the gain recognized on the extinguishment of the gold stream arrangement liability of \$1.4 million on November 9, 2018 when the Marlin Transaction that was completed

For the nine months ended January 31, 2019 compared to the nine months ended January 31, 2018

The Company reported a net loss of \$18.8 million for the nine month period ended January 31, 2019 (“Current Period”), as compared to a net loss of \$547,454 for the same period in the prior fiscal year (“Prior Period”). The difference is primarily attributable to the loss on acquisition of Marlin and gross loss on the sale of gold dore.

Revenue for the Current Period was \$5.2 million, as a result of selling 3,263 oz. of gold in the Current Period.

Production costs were \$4.3 million for producing the ounce of gold sold in the Current Period.

Inventory write down for the Current Period was \$2.7 million. The inventory write-down relates to determining the carrying value of inventory i.e., lower of cost versus NRV. The carrying value of ounces in inventory are affected by the amortization of the La Trinidad Mine asset that are allocated to ounces in inventory as they are processed. The amortization rate of the La Trinidad Mine fluctuates based on increased capitalized construction expenditures and deferred stripping costs. As such, NRV charges are a result of the on-going nature of the Company’s operations and are also affected by the current market price of gold.

Depreciation, depletion and amortization was \$1.5 million. the rate of depreciation allocated to an ounce of gold sold was \$466 in the Current Period.

Transaction costs of \$0.7 million include accounting and legal services required for the completion of the Marlin Transaction in the Current Period.

Exploration expenses increased to \$526,929 arising from accrued concession taxes for the Current Period and the exploration of a prospective area south of the current pit in operation in Mexico, the Taunus pit in the Current Period.

Management and consulting fees increased to \$334,620, increase attributed to the new interim chief finance officer, chief operating officer and accounting staff and other consultants for the Marlin Transaction.

Salaries and benefits for the Current Period increased by \$480,067 over the Prior Period at \$683,273 (2017 - \$203,206) as the Company recorded the accrual of vacation pay owing to various employees and severance payments.

Share-based compensation expense was \$277,300 (2017 - \$88,900), related to the grant of stock options that vested during the Current Period.

Extinguishment of gold stream arrangement expense of \$12.0 million was recorded during the Current Period arising from the Company exercising its right to extinguish the gold stream arrangement and recording a loss of \$13.4 million which was offset by the gain recognized on the extinguishment of the gold stream arrangement liability of \$1.4 million on November 9, 2018 when the Marlin Transaction that was completed .

Trends

Volatile market conditions and the availability of financing may affect the Company’s planned level of activity and development during Fiscal 2019.

The Company’s general and administrative expenditures are related to the level of financing, and development and exploration activities that are being conducted, which may in turn depend on the Company’s operations and exploration prospects, as well as general market conditions relating to the availability of funding for resource companies.

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.

Market Trends

In recent years, the gold price has experienced high levels of volatility. During the nine months ended January 31, 2019, the gold price has ranged from US\$1,178 to US\$1,324 per oz. (Source: www.kitco.com). Silver is currently trading at approximately US\$15/oz.

LIQUIDITY AND CAPITAL RESOURCES

During the Current Period, the Company experienced cash outflows of \$3.7 million (Prior Period - \$443,566) from operating activities. Investing activities provided cash of \$0.5 million (Prior Period – used cash of \$2.6 million), which was primarily spent on the Company’s Nicaraguan projects. Financing activities realized positive cash flows of \$4.0 million (Prior Period - \$22,194) arising from the exercise of warrants \$14,740 in the current period and \$4 million (2017 - \$Nil) recorded in respect of an advance received from Marlin (see below).

At January 31, 2019, the Company held cash and cash equivalents of \$1.9 million, had a working capital deficit of \$6.5 million, has not yet achieved profitable operations, has commitments due in the coming fiscal year, and had an accumulated deficit of \$33.6 million (April 30, 2018 - \$14.0 million) since inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

On May 14, 2018, Golden Reign and Marlin entered into a definitive bridge loan agreement for a bridge loan from Marlin to Golden Reign of \$4 million, having a term of one year and bearing interest at 8% per annum (the “Bridge Loan”). Upon completion of the Marlin Transaction, the Bridge Loan became intercompany debt and was eliminated on consolidation; and Sailfish extinguished the Company’s prepayment liability associated with the San Albino gold stream arrangement, which was restructured upon closing of the Marlin Transaction.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to advance its mineral property interests, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Development of the Company’s initial operation at the San Albino Gold Mine is anticipated to be funded mainly by cash generated by the La Trinidad Mexican operation. However, additional funds may be required.

Prior to completion of the Marlin Transaction, the Company did not derive any revenues from operations; however, commencing on November 9, 2018 the Company is generating revenue from its new Mexican operations at La Trinidad.

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 general and administrative expenses in the long term.



For the Three and Nine Months Ended January 31, 2019

There is no assurance that additional funding will be available to allow the Company to fully explore its exploration and evaluation assets. Failure to obtain financing could result in the delay or indefinite postponement of further exploration and the possible partial or total loss of the Company's interest in certain properties. The Company may be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized. Refer to Note 1 of the January 31, 2019 condensed interim consolidated financial statements.

Other than as described herein, debt financing has not been used to fund the Company's property acquisitions and exploration activities. The Company, other than as stated herein, has no current plans to use debt financing for such transactions and activities. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management includes directors (executive and non-executive), the CEO, President, CFO, and VP of Exploration. The Compensation paid or payable to key management for employee services is shown below:

	Three months ended January 31,		Nine months ended January 31,	
	2019	2018	2019	2018
Management & consulting fees (included in E&E assets)	\$ 99,000	\$ 99,000	\$ 297,000	\$ 316,200
Wages	42,000	42,000	422,654	126,000
Consulting	117,461	-	117,461	-
Share-based compensation	242,000	-	242,000	88,500
Total	\$ 500,461	\$ 141,000	\$ 1,079,114	\$ 530,700

As at January 31, 2019, \$Nil (April 30, 2018 - \$8,780) is owing to related parties and is disclosed in accounts payables and accrued liabilities. The amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment. These transactions were in the normal course of operations.

PROPOSED TRANSACTIONS

There are no proposed transactions.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to January 31, 2019, the Company completed a non-brokered private placement issuing 30.0 million common shares of the Company at a price of \$0.15 per share for gross proceeds of \$4.5 million and paid Sailfish \$0.8 million in accordance with the Amended and Restated Gold Purchase Agreement.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the financial reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of profit or loss.

The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as currency translation differences and taken into a separate component of equity. The Company's Mexican and Nicaraguan subsidiaries functional currency is the US dollar.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses in accumulated other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses in accumulated other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, receivables and accounts payable.

(a) **Fair value**

The Company's financial instruments include cash, receivables and accounts payable. The carrying values of cash, receivables, and payables approximate fair value because of the short-term nature of these instruments.

(b) **Credit and interest rate risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk arising from operations. The Company has cash balances but no interest-bearing debt subject to floating interest rates, as a result, interest rate risk is minimal. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and receivables. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. Receivables are primarily due from a government agency. The Company's exposure to credit risk has not changed significantly from the prior year.

(c) **Liquidity risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of year to identify financial requirements. These requirements are met by accessing financing through private placements and other tools. During the Current Period, the Company received a bridge loan from Marlin in the amount of \$4 million.

On completion of the Marlin Transaction, this bridge loan became intercompany debt. The Company also received gross proceeds of \$14,740 from the exercise of warrants. Upon completion of the Marlin Transaction, Sailfish extinguished the Company's prepayment liability associated with the San Albino gold stream arrangement, which was restructured upon closing of the Marlin Transaction. On March 8, 2019, the Company completed a non-brokered private placement issuing 30 million common shares of the Company at a price of \$0.15 per share for gross proceeds of \$4.5 million. There is no assurance that financing of sufficient amounts or on terms acceptable to the Company will be available. For further discussion, refer to Note 1 of the unaudited condensed interim consolidated financial statements for the nine months ended January 31, 2019.

(d) **Commodity risk**

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund operations, exploration or development activities is subject to risks associated with fluctuations in the market price of commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

(d) **Foreign currency risk**

The Company's functional currency is the Canadian dollar; however, its subsidiaries' functional currency is the US dollar and Mexican Peso. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates and the degree of volatility in these rates. A 1% change in rates would result in a nominal increase / decrease to monetary assets. The Company has not hedged its exposure to currency fluctuations.

OUTSTANDING SHARE DATA AS AT THE DATE OF THIS MD&A:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	313,405,472

(b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	2,000,000	1,375,000	\$ 0.10	February 19, 2021
Options	5,485,000	5,485,000	\$ 0.25	June 14, 2021
Options	2,415,000	2,415,000	\$ 0.30	August 25, 2021
Options	890,000	890,000	\$ 0.26	August 21, 2022
Options	150,000	150,000	\$ 0.35	October 2, 2022
Options	5,145,000	4,445,000	\$0.195	August 9, 2023
	16,085,000	14,760,000		
	0			

CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial statements requires management to make judgements, 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 Company's key sources of estimation uncertainty and critical accounting judgement are described in note 2 of the annual consolidated financial statements for the year ended April 30, 2018 and in Note 2 of the unaudited condensed interim consolidated financial statements for the three and nine months ended January 31, 2019 following the completion of the Marlin Transaction. They include:

- Estimated recoverable resources, ore in process and production costs
- Deferred income taxes
- Impairment of non-current assets
- Reclamation and remediation provisions
- Impairment of mineral property plant and equipment and resource property costs
- Stripping costs

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The accounting policies applied in preparation of the condensed interim consolidated financial statements are the same as those applied in the most recent annual consolidated financial statements except for the adoption of new accounting policies following the completion of the Marlin Transaction:

- Business combinations
- Inventories and inventory valuation
- Property, plant and equipment, specifically related to the mine asset
- Stripping costs
- Goodwill
- Provision for reclamation and rehabilitation
- Revenue recognition
- Taxes, with regards to Mining taxes and royalties; Value added tax (“IVA”)

The Company’s significant accounting policies are described in Note 2 of the annual consolidated financial statements for the year ended April 30, 2018 and the adopted new accounting policies are disclosed in Note 2 of the unaudited condensed interim consolidated financial statements for the three and nine months ended January 31, 2019.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

IFRS 15, Revenue from Contracts with Customers

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 applies to an annual reporting period beginning on or after January 1, 2018. The Company has concluded that IFRS 15 had no impact to the financial statements.

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments which replaces IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has concluded that IFRS 9 had no impact to the financial statements. All of the Company’s financial assets are short-term and are measured at amortized cost.

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 16, Leases

IFRS 16 specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019. The Company is in the process of determining the impact that these changes will have on its financial statements.

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 has had no source of revenue other than interest income. Moving forward, the San Albino Gold Deposit is expected to be largely financed by 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:

- production at La Trinidad Mine is based upon a PEA, a pre-feasibility study or feasibility study has not been completed on the La Trinidad Mine and, accordingly, there is no estimate of mineral reserves. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the PEA will be realized. As a result, there are additional risks in commencing commercial production based upon the PEA including additional risks as to capital and operating costs, mineral recovery and financial viability. There is no guarantee that financial results will be consistent with the PEA.
- maintaining the Company's operating and development permits in good standing;
- the likelihood of identifying economical reserves is extremely low;
- 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; and
- 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

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.

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.

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 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;
- other factors referenced under "Risks and Uncertainties"; and
- other risks normally incident to the acquisition, exploration, development and operation of mining properties.



For the Three and Nine Months Ended January 31, 2019

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.