MAKO MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020,
for the eight month transitional fiscal year ended December 31, 2019 and
the year ended April 30, 2019
(Expressed in United States dollars)

Independent auditor's report

To the Shareholders of Mako Mining Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mako Mining Corp. and its subsidiaries (together, the Company) as at December 31, 2020, December 31, 2019 and April 30, 2019, and its financial performance and its cash flows for the year ended December 31, 2020, the eight months ended December 31, 2019 and the year ended April 30, 2019, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020, December 31, 2019 and April 30, 2019;
- the consolidated statements of loss and comprehensive loss for the year ended December 31, 2020, the eight months ended December 31, 2019 and the year ended April 30, 2019;
- the consolidated statements of changes in shareholders' equity for the year ended December 31, 2020, the eight months ended December 31, 2019 and the year ended April 30, 2019;
- the consolidated statements of cash flows for the year ended December 31, 2020, the eight months ended December 31, 2019 and the year ended April 30, 2019; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Dean Larocque.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in thousands of United States dollars

As at	Note	December 31, 2020	December 31, 2019	April 30, 2019
ASSETS				
Current				
Cash and cash equivalents		$ 2,633	$ 4,253	$ 3,361
Receivables and refundable taxes	5	149	1,405	2,925
Inventories	6	375	1,136	11,017
Prepaid expenses, and other		209	279	154
Total current assets		3,366	7,073	17,457
Exploration and evaluation assets	7	765	765	130
Mineral property, plant and equipment	8	45,298	10,005	563
TOTAL ASSETS		**$ 49,429**	**$ 17,843**	**$ 18,150**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	9, 11	$ 6,851	$ 2,704	$ 20,743
Mexico mining concession taxes	9	8,878	6,080	-
Provision for reclamation and rehabilitation	10	806	1,413	3,139
Total current liabilities		16,535	10,197	23,882
Accounts payable and accrued liabilities	9	-	870	-
Provision for reclamation and rehabilitation	10	834	722	2,091
Term loan	11	15,150	-	-
Total liabilities		32,519	11,789	25,973
Shareholders' equity (deficit)				
Share capital	12	87,262	70,295	50,078
Contributed surplus		11,634	7,673	6,948
Accumulated other comprehensive income (loss)		3,634	1,577	(633)
Deficit		(85,620)	(73,491)	(64,216)
Total shareholders' equity (deficit)		16,910	6,054	(7,823)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 49,429**	**$ 17,843**	**$ 18,150**

Approved by the Audit Committee of the Board of Directors on April 28, 2021

"John Hick", Audit Committee Chair

"Akiba Leisman", Director

Nature of Operations and Going Concern (Note 1)
Commitments (Note 20)
Events after the reporting period (Note 21)

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

MAKO MINING CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in thousands of United States dollars, except per share amounts

	Note	For the year ended December 31, 2020	For the eight months ended December 31, 2019	For the year ended April 30, 2019
Revenue		$ 1,398	$ 8,583	$ 7,931
Cost of sales				
Production costs		(21)	(5,033)	(11,930)
Change in inventories		(558)	(946)	1,892
Writedown of inventories		-	(8,617)	-
Depreciation, depletion and amortization		(91)	(61)	(42)
		(670)	(14,657)	(10,080)
Gross (loss) income		728	(6,074)	(2,149)
Exploration and evaluation expenses		(5,227)	(4,178)	(3,541)
General and administrative expenses	17	(5,320)	(2,913)	(2,282)
Other income (expense)				
Accretion and interest expense		(104)	(40)	(176)
Change in provision for reclamation and rehabilitation	10	(1,066)	2,275	-
Extinguishment of gold stream arrangement		-	-	(20,641)
Gain on disposal of equipment		907	67	-
Loss on disposal of supplies and spare parts		(21)	-	-
Provision for obsolete supplies and spare parts		(475)	-	-
Gain on settlement of accounts payable		-	4,754	-
Foreign exchange gain (loss)		(1,576)	(3,616)	3,460
Transaction cost		-	-	(518)
Interest income		73	518	695
Loss before income taxes		(12,081)	(9,207)	(25,152)
Income tax expense		(48)	(68)	(75)
Loss for the period		**$ (12,129)**	**$ (9,275)**	**$ (25,227)**
Other comprehensive income (loss)				
Loss for the period		(12,129)	(9,275)	(25,227)
Items subject to reclassification into statement of loss:				
Foreign currency translation adjustment		2,057	2,210	(1,054)
Other comprehensive income for the period		2,057	2,210	(1,054)
Comprehensive loss for the period		**$ (10,072)**	**$ (7,065)**	**$ (26,281)**
Basic and diluted loss per common share		$ (0.02)	$ (0.02)	$ (0.11)
Weighted average common shares outstanding (thousands)		616,941	498,803	239,008

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

MAKO MINING CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in thousands of United States dollars

	Number of shares (000s)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance at April 30, 2018	192,104	**$ 36,056**	**$ 6,560**	**$ 421**	**$ (38,988)**	**$ 4,049**
Shares issued on business combination	91,233	10,632	-	-	-	10,632
Shares issued on private placement	30,000	3,416	-	-	-	3,416
Share issue costs	-	(44)	-	-	-	(44)
Shares issued on exercise of warrants	67	11	-	-	-	11
Transfer of warrant value	-	7	(7)	-	-	-
Share-based compensation	-	-	395	-	-	395
Net loss	-	-	-	-	(25,229)	(25,229)
Other comprehensive loss	-	-	-	(1,054)	-	(1,054)
Balance at April 30, 2019	313,404	**$ 50,078**	**$ 6,948**	**$ (633)**	**$ (64,217)**	**$ (7,824)**
Shares issued on rights offering	270,017	20,385	-	-	-	20,385
Share issue costs	-	(200)	-	-	-	(200)
Shares issued on exercise of options	280	21	-	-	-	21
Transfer of option value	-	11	(11)	-	-	-
Share-based compensation	-	-	736	-	-	736
Net loss	-	-	-	-	(9,274)	(9,274)
Other comprehensive income	-	-	-	2,210	-	2,210
Balance at December 31, 2019	583,701	**$ 70,295**	**$ 7,673**	**$ 1,577**	**$ (73,491)**	**$ 6,054**
Shares issued on units private placement	71,000	17,453	-	-	-	17,453
Share issue costs	-	(885)	-	-	-	(885)
Fair value of warrants	-	-	3,494	-	-	3,494
Shares issued on exercise of options	1,430	399	(167)	-	-	232
Share-based compensation	-	-	634	-	-	634
Net loss	-	-	-	-	(12,129)	(12,129)
Other comprehensive income	-	-	-	2,057	-	2,057
Balance at December 31, 2020	656,131	**$ 87,262**	**$ 11,634**	**$ 3,634**	**$ (85,620)**	**$ 16,910**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in thousands of United States dollars

	Note	For the year ended December 31, 2020	For the eight months ended December 31, 2019	For the year ended April 30, 2019
Operating activities				
Net loss for the period		$ (12,129)	$ (9,275)	$ (25,227)
Interest received				
Non-cash items:				
Accretion expense		21	23	55
Depreciation, depletion and amortization		106	71	65
Change in provision for reclamation and rehabilitation		1,066	(2,275)	(109)
Gain on disposal of equipment		(861)	(67)	-
Loss on disposal of supplies and spare parts		21	-	-
Provision for obsolete supplies and spare parts		475	-	-
Gain on settlement of accounts payable		-	(4,754)	-
Writedown of inventory		-	8,617	-
Interest expense		72	17	140
Share-based payments		624	657	395
Extinguishment of gold stream arrangement		-	-	20,641
Unrealized foreign exchange loss		869	2,128	(986)
		$ (9,736)	$ (4,858)	$ (5,026)
Changes in non-cash working capital	19	609	(4,555)	(1,948)
Net cash used in operating activities		(9,127)	(9,413)	(6,974)
Investing activities				
Business acquisition, net of inflow of cash		-	-	3,315
Proceeds on sale of equipment		1,137	449	-
Purchase of exploration and evaluation asset		-	(645)	-
Expenditures on mineral property, plant and equipment		(29,967)	(9,806)	(113)
Net cash used in (funded by) investing activities		$ (28,830)	$ (10,002)	$ 3,202
Financing activities				
Advances from Marlin prior to the acquisition		-	-	3,037
Proceeds on issue of units and common shares, net of share issuance costs of ($885,743)		20,062	20,184	3,372
Drawdown on term loan		15,000	-	-
Proceeds on exercise of options		233	21	-
Proceeds on exercise of warrants		-	-	11
Interest paid		-	-	(45)
Net cash provided by financing activates		$ 35,295	$ 20,205	$ 6,375
Effect of foreign exchange on cash and cash equivalents		1,042	102	(77)
Change in cash and cash equivalents		(1,620)	892	2,526
Cash and cash equivalents, beginning of period		4,253	3,361	835
Cash and cash equivalents, end of period		**$ 2,633**	**$ 4,253**	**3,361**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mako Mining Corp. ("Mako" or the "Company") was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act.* The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol MKO. The address of the Company's corporate office and principal place of business is Suite 2833 – 595 Burrard Street, Vancouver, BC, Canada.

Due to the Company's change in year-end from April 30 to December 31 in the 2019 calendar year, the comparative figures in these consolidated financial statements are the eight months ended December 31, 2019 and the year ended April 30, 2019. The new financial year aligns the Company with its peers and the statutory requirements of its subsidiaries.

The Company's primary asset is the San Albino-Murra Property in Nicaragua ("San Albino Property"), which is in the development stage.

These consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations for the foreseeable future.

As at December 31, 2020, the Company had cash and cash equivalents of $2,633,410, a working capital deficit of $13,169,019 (December 31, 2019 – $3,123,618 and April 30, 2019 - $6,425,970) which includes the mining concession taxes payable of $8,878,454 related to the Mexican subsidiary for which the Company has subsequently disposed of to GR Silver Mining Ltd. (formerly Goldplay Exploration Ltd.) ("GR Silver"), (refer to Note 21 (c)) and an accumulated deficit of $85,620,270 (December 31, 2019 - $73,490,620 and April 30, 2019 - $64,216,242). The Company recorded net losses of $12,129,650 for the year ended December 31, 2020 (for the eight months ended December 31, 2019 – $9,274,378 and the year ended April 30, 2019 - $25,228,711); and for the year ended December 31, 2020, had cash outflows from operating activities of $9,127,765 (for the eight months ended December 31, 2019 - $9,412,158 and for the year ended April 30, 2019 - $6,974,254) and investing outflows of $28,829,878 (for the eight months ended December 31, 2019 - $10,001,784 and the year ended April 30, 2019 – funded by $3,201,985). Subsequent to December 31, 2020, the Company secured a credit arrangement for $6.34 million (Note 21 (b)).

The Company's working capital position and its reliance on additional funding to be able to meet its liabilities as they fall due constitute a material uncertainty that may give rise to significant doubt as to the Company's ability to continue as a going concern.

The Company has primarily raised funds through the sale of securities and more recently, through debt. The Company expects that it will continue to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. These consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

All tabular amounts are in thousands of United States dollars unless otherwise stated

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements were approved for issuance by the Board of Directors on April 28, 2021.

(b) Basis of presentation

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

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions, balances, revenues and expenses have been eliminated upon consolidation.

Subsidiaries are included in the consolidated financial statements from the date of acquisition or control until the date of disposition or control ceases. Control exists when the Company has exposure or rights to variable returns from its involvement with an entity, and the ability to affect those returns through its power over the entity.

The consolidated financial statements of the Company include the following subsidiaries:

Subsidiary	Referred to as	Place of incorporation	Ownership interest	Principal activity
Gold Belt, S.A.	"Gold Belt"	Nicaragua	100%	Holds mineral interest in Nicaragua.
Marlin Gold Mining Ltd.	"Marlin"	Canada	100%	Parent of Marlin Trading, Oro Gold and Prestadora.
Marlin Gold Trading Inc.	"Marlin Trading"	Barbados	100%	Commodity streaming company.
Nicoz Resources, S.A.	"Nicoz"	Nicaragua	100%	Holds mineral interest in Nicaragua
Oro Gold de Mexico, S.A. de C.V.	"Oro Gold"	Mexico	100%	Holds mineral interest in Mexico.
Prestadora de Servicos Zacatecas, S.A. de C.V.	"Prestadora"	Mexico	100%	Performs payroll functions in Mexico.
Mako US Corp.	"Mako US"	United States	100%	Incorporated on June 19, 2019, service company

(d) Functional currency

The financial statements of each company within the consolidated group are measured using their functional currency which is the currency of the primary economic environment in which an entity operates. The Company's functional currency is the Canadian dollar and the functional currencies of its subsidiaries are:

- Marlin – Canadian dollar ("C$");
- Gold Belt, Nicoz, Oro Gold, Marlin Trading and Mako US – United States dollar ("US dollar");
- Prestadora – Mexican peso.

(e) Presentation currency

In the prior year, the Company elected to change its presentation currency from the Canadian dollar to the US dollar effective from November 1, 2019. The change in presentation currency was a voluntary change which was accounted for retrospectively. The financial statements were restated to US dollars using the procedures outlined below:

- Statement of Income (Loss) and Comprehensive Income (Loss) and Statement of Cash Flows were translated into US dollars using average foreign currency rates prevailing for the relevant period.
- Assets and liabilities in the Statement of Financial Position were translated into US dollars at the closing foreign currency rates on the relevant balance sheet dates.
- The equity section of the Statement of Financial Position was translated into US dollars using historical rates.
- Earnings per share disclosures were restated to US dollars to reflect the change in presentation currency.

Foreign exchange differences that arise on the translation of monetary items that form part of the net investment in a foreign operation are recognised as currency translation differences, as part of other comprehensive income (loss) in the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New accounting policy and disclosures

Borrowing costs

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset. Capitalization of borrowing costs begin when there are borrowings and activities commence to prepare an asset for its intended use. Capitalization of borrowing costs ends when substantially all activity necessary to prepare a qualifying asset for its intended use are complete. Borrowing costs directly attributable to the construction of the San Albino Property have been capitalized within construction in progress costs.

New accounting standards not yet 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. This amendment is effective for the Company's annual reporting period beginning January 1, 2022, with early adoption permitted. The Company is in the process of assessing the impact of the adoption of this amendment.

None of the remaining standards and amendments to standards and interpretations which have been issued but are not yet effective are expected to have a significant effect on the consolidated financial statements of the Company.

Summary of significant accounting policies

Except as disclosed above, the accounting policies adopted are consistent with those disclosed in the audited consolidated financial statements for the eight months ended December 31, 2019.

(a) Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the consolidated statement of loss immediately. Transaction costs are expensed as incurred.

(b) Cash and cash equivalents

Cash and cash equivalents include cash, term deposits and short-term highly liquid investments with an original term to maturity of three months or less.

(c) Foreign currencies

Transactions and balances

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 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. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. 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 consolidated statement of loss.

Parent and subsidiary companies

The financial statements of entities that have a functional currency different from the presentation currency are translated into US dollars as follows:

- assets and liabilities are translated at the closing rate at the date of the statement of financial position; and
- income and expenses are translated at the average rate for the applicable 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. These differences are recognized in the consolidated statement of loss in the period in which the operation is disposed.

(d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments are initially recorded at fair value, adjusted for directly attributable transaction costs. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

Financial assets

Financial assets are classified and measured at: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset i.e. whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions: the financial asset is held with the objective to collect contractual cash flows; and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI"). This is referred to as the SPPI test.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is recognized as part of finance income. Gains and losses are recognized when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include:
- cash equivalents; and
- receivables.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value i.e. fail the SPPI test. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of loss.

An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at FVTPL in its entirety.

Impairment

An expected credit loss ("ECL") impairment model applies which requires a loss allowance to be recognized based on ECLs. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original EIR, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments.

Gains or losses on financial liabilities at FVTPL are recognized in the consolidated statement of loss.

Loans and borrowings and payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. Gains and losses are recognized when the financial liability is derecognized.

The Company's financial liabilities at amortized cost include:

- accounts payable; and
- term loan

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive loss.

(e) Fair value measurement

From time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or a cash generating unit at fair value less cost of disposal ("FVLCD").

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

(f) Inventories

Inventories are valued at the lower of average cost and net realizable value (“NRV”).

Ore in process inventory consists of stockpiled ore, ore on leach pads, crushed ore, and in-circuit material. Finished metal inventory consists of gold in doré awaiting refinement, or bullion.

Ore in process and finished metal costs consist of direct production costs including mining; crushing, leaching and processing; site administration costs; and allocated indirect costs, including depreciation and amortization of mineral property, plant and equipment. Inventory costs are charged to production costs on the basis of quantity of metal sold. The Company regularly evaluates and refines estimates used in determining the costs charged to production costs and costs absorbed into inventory carrying values based upon actual gold recoveries and operating plans. NRV is the estimated selling price, less the estimated costs of completion and selling expenses. Any write-downs of inventory to NRV are recorded as cost of sales in the consolidated statement of loss. If there is a subsequent increase in the value of inventories, the previous write-downs to NRV are reversed to the extent that the related inventory has not been sold.

Supplies and spare parts inventory consists of consumables used in operations, such as fuel, chemicals, reagents and spare parts, which are valued at the lower of average cost and NRV and, where appropriate, less a provision for obsolescence. Costs include acquisition, freight and other directly attributable costs. NRV is estimated based on replacement costs.

(g) Exploration and evaluation expenditures

All exploration and evaluation expenditures are expensed, except for costs related to the acquisition of exploration and evaluation assets which are capitalized.

Management reviews the capitalized costs on its exploration and evaluation assets to consider if there is an impairment to take into consideration from current exploration results and management’s assessment of the exploration results and of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and accumulated exploration and evaluation costs are written off to profit or loss. If the carrying value of a project exceeds its estimated value, an impairment provision is recorded.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are tested for impairment and then reclassified to development assets within mineral property, plant and equipment.

(h) Mineral property, plant and equipment

Mineral properties

Mineral properties are carried at cost, less accumulated depletion and any accumulated impairment charges. Costs include:

- The fair value of mineral properties acquired;
- The carrying value, less impairments, of exploration and evaluation assets reclassified to development assets;
- Development costs on an area of interest once management has determined the property has achieved technical feasibility and commercial viability. Development expenditures include operating and site administration costs;
- Development costs on a property after commercial production is achieved are capitalized when it is probable that additional economic benefit will be derived from future operations.

Mining properties are depleted over the economic life of the property on a units-of-production basis based on mineral reserves and, where included in the mine plan, mineral resources.

Plant and equipment

Plant and equipment are carried at cost, less accumulated amortization and impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs relating to any producing mineral interests are amortized on a unit-of-production basis over the estimated saleable ounces of gold. Costs incurred after the property is placed into production that increase production volume or extend the life of a mine are capitalized.

(i) Impairment of non-current assets

At each reporting period, the Company assesses whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, or when the decision to proceed with the development of a particular project is taken based on its technical and commercial viability, the Company estimates the recoverable amount of the asset or group of assets and compares it against the carrying amount. The recoverable amount is the higher of the FVLCD and the asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of comprehensive loss for the period.

In calculating the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The cash flows are based on best estimates of expected future cash flows from the continued use of the asset.

(j) Provision for reclamation and rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the dismantling, remediation and ongoing treatment and monitoring of a mine and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates. Discount rates using a pre-tax rate that reflects the time value of money and the risk associated with the liability are used to calculate the net present value. These costs are capitalized and then charged against the consolidated statement of loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating a finance expense in the consolidated statement of loss.

Decommissioning costs are also adjusted at each reporting date for changes in estimates. These may include revised expected cash flows, the timing of the cash flows and discount rate. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in the consolidated statement of loss. The operations of the Company have been, and may in the future be, affected by changes in environmental regulations, including those for site restoration costs.

(k) Revenue recognition

The Company's primary source of revenue is from the sale of gold doré or bullion. The Company does not sell on commercial terms that requires it to provide freight services after the date at which control of the product passes to the customer. As such, the Company's sole performance obligation relates to the delivery of these products to its customers, with each shipment representing a separate performance obligation.

The refiners who received doré from the Company, refine the materials on the Company's behalf. Control over the refined gold produced from doré is transferred to the customer upon delivery to the customer's bullion account. Refined metals are sold at spot prices and revenue is recognized on the trade settlement date.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when control has transferred, which is generally considered to occur when title passes to the customer. Once the title has passed to the customer, the significant risks and rewards of ownership have been transferred and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the goods.

(l) Income tax

Income tax is recognized in net income (loss) for the period except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or equity, respectively.

Deferred tax is provided using the balance sheet method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Mining taxes and royalties are considered to have the characteristics of an income tax when they are imposed under government authority and the amount payable is calculated by reference to taxable income. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognized as current provisions and included in cost of sales.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Outlined below are all of the areas which require management to make significant estimates and assumptions in determining carrying values.

(a) Estimated mineral resources

Mineral resources are estimates of the amount of metal that can be extracted from the Company's properties, considering both economic and legal factors. The Company estimates the quantity and/or grade of its mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires judgments to interpret the complex geological data. Calculating mineral resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, metallurgical recoveries, and production costs along with geological assumptions and judgments made in estimating the size, and grade of the ore body. Changes in the mineral resources may affect the Company's financial position in a number of ways, including:

i. asset carrying values may be affected due to changes in estimated future cash flows;
ii. prospective depreciation charges in the Company's consolidated statement of comprehensive loss may change when such charges are determined by the unit-of-production basis, or when the useful lives of assets change; and
iii. provision for reclamation liabilities balances may be affected as the estimated timing of reclamation activities is adjusted for changes in the estimated mine life as determined by the available mineral resources.

(b) Deferred income taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretation of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

(c) Impairment of non-current assets

Management applies significant judgment in its assessment and evaluation of asset or cash generating units at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties, plant and equipment. External sources of information considered are changes in the Company's economic, legal and regulatory environment, which it does not control, but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Calculating the fair value less costs of disposal of cash generating units for impairment tests requires management to make estimates and assumptions with respect to future production levels, operating, capital and closure costs, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

(d) Reclamation and remediation provisions

Reclamation and remediation provisions represent the present value of estimated future costs for the reclamation of the Company's mines and properties. These estimates include assumptions as to the cost of services, timing of the reclamation work to be performed, inflation rates, exchange rates and interest rates. The reclamation and closure estimates are more uncertain the further into the future the activities are to be performed.

The actual cost to reclaim a mine may vary from the estimated amounts because there are uncertainties in factors used to estimate the cost and potential changes in regulations or laws governing the reclamation of a mine. Management periodically reviews the reclamation requirements as new information becomes available and will assess the impact of new regulations and laws as they are enacted. Any changes to assumptions will result in an adjustment to the provision which affects the Company's liabilities and either its mineral property, plant and equipment or profit and loss.

(e) Capitalization of costs

Judgment is required in evaluating whether expenditures meet the criteria to be capitalized, including the probability that future economic benefits will be generated. Determination of probable future economic benefit is based on management's evaluation of the technical feasibility and commercial viability of the geological properties of a given ore body based on information obtained, including metallurgical testing, resource and reserve estimates and the economic assessment of whether the ore body can be mined economically.

(f) Functional currency determination

The functional currency is the currency of the primary economic environment in which the parent entity and each of its subsidiaries operate. Determination of functional currency may involve certain judgments to identify the primary economic environment. Management reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment.

(g) COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far reaching. To date there have been significant stock market declines, significant volatility in commodity and foreign exchange markets and the global movement of people and some goods has become restricted. While the Company continues to operate its business and finalize the development of the San Albino Project, there is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on future production, future cash flows in 2021, estimates regarding deferred income taxes and valuation allowances and on global financial markets. The impact of COVID-19 on the global economic environment, and the local jurisdictions in which the Company operates, could result in changes to the way the Company runs its mines. These changes could result in revenues or costs being different from the Company's expectations. This impact could be material.

All tabular amounts are in thousands of United States dollars unless otherwise stated

5. RECEIVABLES AND REFUNDABLE TAXES

As at	December 31, 2020	December 31, 2019	April 30, 2019
Value added taxes (IVA)	$ -	$ 1,329	$ 2,822
Other	149	76	$ 103
	$ 149	$ 1,405	$ 2,925

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

6. INVENTORIES

As at	December 31, 2020	December 31, 2019	April 30, 2019
Leachpad	$ -	$ -	$ 9,275
Stockpile	-	-	422
Finished metal	-	558	423
Supplies and spare parts	375	578	897
	$ 375	$ 1,136	$ 11,017

As at December 31, 2019, finished metal inventory was recorded at cost. As at April 30, 2019, all inventories were recorded at cost. For the eight months ended December 31, 2019, the Company recognized write downs of $8,617,107 in cost of sales related to the unrecovered ounces on the leachpad upon ceasing leaching operations. As at April 30, 2019, inventories were recorded at cost.

7. EXPLORATION AND EVALUATION ASSETS

The following exploration and evaluation assets (acquisition costs) are located in Nicaragua:

	Potrerillos	San Albino	El Jicaro	Total
Balance, April 30, 2018	$ -	$ 4,381	$ 120	$ 4,501
NSR granted as part of the Marlin Transaction	-	(4,371)	-	(4,371)
Balance, April 30, 2019	$ -	$ 10	$ 120	$ 130
Transfer to mineral property, plant and equipment	-	(10)	-	(10)
Acquired during the period	645	-	-	645
Balance, December 31, 2019 and 2020	$ 645	$ -	$ 120	$ 765

Potrerillos Concession, Nicaragua

On December 17, 2019, the Company purchased the Potrerillos Concession from Condor Gold Plc. The Potrerillos Concession is contiguous to and along strike from the Company's San Albino gold project.

The Potrerillos Concession is valid until December 2031 and may be renewed for an additional 25 years.

San Albino Property, Nicaragua

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

The Company has provided Sailfish Royalty Corp ("Sailfish") with the right to purchase 4% of the mineral resources at a discount on the spot price at the time of sale with respect to the San Albino Concession area of interest ("AOI"). This has not been determined to be a financial liability, but a transfer of interest in the underlying asset and has therefore been recorded as a reduction in the carrying value of the San Albino Property. In addition, on November 9, 2018, the parties agreed to a new royalty agreement whereby the Company and its subsidiaries granted Sailfish a 2% net smelter return royalty ("NSR") royalty on production from the San Albino-Murra Mining Concession exclusive of the AOI. There is also an NSR of 3% payable to the Nicaraguan government pursuant to existing mining laws.

At the time of the transition, in 2019, from exploration and evaluation to property, plant and equipment, the Company completed an impairment test as required by IFRS 6. The impairment test compared the carrying amount of the San Albino Project to its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs of disposal. The Company estimated the recoverable amount based on the fair value less costs of disposal using a discounted cash flow model with feasibility study economics. The significant assumptions that impact the resulting fair value include future gold prices, capital cost estimates, operating cost estimates, estimated resources and the discount rate. Upon completion of the impairment test, the Company concluded there was no impairment.

El Jicaro Concession, Nicaragua

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

The Company granted Sailfish a 2% NSR royalty on production from the El Jicaro Concession. No value was attributed to the 2% NSR.

All tabular amounts are in thousands of United States dollars unless otherwise stated

8. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Land	Building	Equipment	Total
Cost					
As at April 30, 2018	$ -	$ -	$ 124	$ 493	$ 617
Acquired through business combination	-	-	-	456	456
Additions	-	-	-	113	113
Foreign currency translation adjustment	-	-	-	(2)	(2)
As at April 30, 2019	$ -	$ -	$ 124	$ 1,060	$ 1,184
Transfer from exploration and evaluation assets	10	-	-	-	10
Additions	7,765	1,452	-	367	9,584
Disposals	-	-	-	(63)	(63)
Foreign currency translation adjustment	-	-	-	1	1
As at December 31, 2019	$ 7,775	$ 1,452	$ 124	$ 1,365	$ 10,716
Additions	35,055	429	-	124	35,608
Disposals	-	-	-	(302)	(302)
Foreign currency translation adjustment	179	-	-	-	179
As at December 31, 2020	$ 43,009	$ 1,881	$ 124	$ 1,187	$ 46,201
Accumulated depreciation					
As at April 30, 2018	$ -	$ -	$ 83	$ 475	$ 558
Depreciation	-	-	11	53	64
Foreign currency translation adjustment	-	-	-	(2)	(2)
As at April 30, 2019	$ -	$ -	$ 94	$ 526	$ 620
Disposals	-	-	-	(58)	(58)
Depreciation	-	-	8	140	148
Foreign currency translation adjustment	-	-	-	1	1
As at December 31, 2019	$ -	$ -	$ 102	$ 609	$ 711
Disposals	-	-	-	(73)	(73)
Depreciation	-	-	12	253	265
As at December 31, 2020	$ -	$ -	$ 114	$ 789	$ 903
Net book value as at April 30, 2019	$ -	$ -	$ 30	$ 534	$ 564
Net book value as at December 31, 2019	$ 7,775	$ 1,452	$ 22	$ 756	$ 10,005
Net book value as at December 31, 2020	$ 43,009	$ 1,881	$ 10	$ 398	$ 45,298

San Albino Property, Nicaragua

During the eight months ended December 31, 2019, the Company’s Board approved the development of the San Albino Property. The Company made the decision to develop the mine based on a preliminary economic assessment, combined with other factors. Effective the date of this decision, all capitalized exploration and evaluation costs associated with San Albino were transferred to construction in progress, a non-depreciable category of mineral property until it is ready for its intended use.

La Trinidad Mine, Mexico

The La Trinidad mine property is located in Sinaloa, Mexico and is comprised of 9 concessions, subject to the following agreements:

Don Paulino Agreement

Included in the La Trinidad area concessions, Nancy, Santa Cesilia and La Poderosa, are subject to an option to purchase agreement originally dated February 9, 2006, (as amended). Pursuant to the Don Paulino Agreement, the Company has a 1.5% NSR payable. The NSR consideration will be 0.5% if the price per ounce of gold is less than \$400; 1% if the price is greater than \$400 but less than \$499.99; and 1.5% if the price is equal or greater than \$500. The NSR can be purchased by the Company for \$1,000,000.

Camargo Agreement

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

Letter of Intent with GR Silver Mining Ltd. (formerly Goldplay Exploration Ltd). ("GR Silver")

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

Under the LOI, GR Silver was granted the exclusive right to acquire 100% of the Marlin shares until December 31, 2020. Refer to Note 21(c)

All tabular amounts are in thousands of United States dollars unless otherwise stated

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	December 31, 2020	December 31, 2019	April 30, 2019
Trade payables	$ 4,117	$ 1,506	$ 15,040
Trade payables - mining contractor	942	1,000	-
Term loan (Note 11)	1,718	-	-
Due to related parties (Note 13)	74	198	1,385
	6,851	2,704	16,425
Mexico mining concession taxes	8,878	6,080	4,318
	$ 15,729	$ 8,784	$ 20,743
Non-current liability			
Trade payables - mining contractor	-	870	-
	$ 15,729	$ 9,654	$ 20,743

On October 7, 2019, the Company entered into a settlement agreement with the Company's mining contractor in Mexico. The Company had an outstanding liability of $11,343,338 with the two parties agreeing to settle the balance of the liability for $6,000,000, payable as follows:

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

Management has discounted the value of the remaining liability using a rate of 8%, which is management's estimate of the weighted average cost of capital for the Company.

10. RECLAMATION AND REHABILITATION OBLIGATIONS

As at	December 31, 2020	December 31, 2019	April 30, 2019
Opening balance	$ 2,135	$ 5,229	$ -
Acquired through business combination	-	-	5,283
Cash outflows for reclamation and rehabilitation activities	(2,325)	(842)	-
Changes in estimate	1,798	(2,275)	(108)
Accretion expense	32	23	55
Closing balance	$ 1,640	$ 2,135	$ 5,230
Current portion	$ 806	$ 1,413	$ 3,139
Long-term portion	834	722	2,091
	$ 1,640	$ 2,135	$ 5,230

The Company has recognized liabilities relating to the La Trinidad mine and the San Albino Project and has determined that no significant closure and reclamation liabilities exist in connection with the activities on its other properties. The Company has calculated the present value of the closure and reclamation provision as at December 31, 2020 using the undiscounted estimate of cash outflows associated with reclamation activities is

$1,860,509 (December 31, 2019 - $2,160,963 and April 30, 2019 - $5,387,890), with $897,722 associated to the La Trinidad mine and $963,489 associated with the San Albino Project. The provision was determined using a discount rate of 0.09% - 1.45% (December 31, 2019 – 1.59% and April 2019 – 2.33%) and an inflation rate of 1.97% (December 31, 2019 – 1.97% and April 2019 – 1.99%). The Company intends to complete the reclamation activities on La Trinidad by the end of 2021.

11. TERM LOAN

On February 20, 2020, the Company entered into a $15,150,000 unsecured term loan facility (the "Term Loan") from Wexford Catalyst Trading Limited, Wexford Spectrum Trading Limited and Debello Trading Limited (collectively, the "Lenders"), each private investment funds managed by the Company's controlling shareholder, Wexford Capital LP ("Term Loan Agreement"). The Term Loan matures in August 2022. The Term Loan may also be prepaid at any time, in whole or in part, at par plus accrued but unpaid interest, without penalty or premium ("Obligations Termination Date"). The Term Loan bears interest at the rate of 8.0% per annum until the first anniversary of the closing date, increasing to 10% per annum thereafter, which interest is payable semi-annually on June 30th and December 31st each year, with the first interest payment due on December 31, 2020. The Company paid a non-refundable up-front fee of $150,000 to the Lenders on the closing of the Term Loan.

On December 31, 2020, the Company received a waiver from the Lenders on the requirement to make the first interest payment on December 31 , 2020, subject to the following conditions:
(a) the first interest payment date shall be June 30, 2021;
(b) all accrued and unpaid interest on the outstanding principal amount of the Loan as of December 31, 2020 shall accrue interest from and after December 31 , 2020 at the applicable interest rate; and
(c) all accrued and unpaid interest on the outstanding principal amount of the Loan as of December 31, 2020, together with interest thereon as set out in paragraph (b) above, shall be due and payable on June 30, 2021.

The Company has made drawdowns of $5,150,000 on February 21, 2020, $5,000,000 on April 1, 2020 and $5,000,000 on May 15, 2020. As at December 31, 2020, the Term Loan was fully drawn.

If the Loan is not repaid in full on or prior to the first anniversary of the closing date, then the Company must pay to the Lenders 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 ounces 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 Term Loan Agreement ("Cash Bonus Interest").

On February 20, 2021, the Company received a waiver from the Lenders on the requirement to make the Cash Bonus Interest on February 20, 2021, subject to the following conditions:

(a) the Cash Bonus Interest amount shall be due and payable on the earlier of June 30, 2021 and the date on which the Term Loan is repaid in full by the Company to the Lenders (such earlier date, the "Deferred Payment Date");
(b) the Company shall pay to the Lenders, additional cash bonus interest on the Deferred Payment Date in an amount equal to the price of 178.75 ounces 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; and

(c) if the Obligations Termination Date does not occur on or before February 20, 2022, then the cash bonus interest payment that will become due and payable on February 20, 2022 will be calculated in accordance with the applicable formula set out in the Term Loan Agreement, except that, for purposes of this payment only, the amount will be the cash equivalent of 321.25 ounces of gold rather than 500 ounces of gold.

During the year ended December 31, 2020, the Company recorded accrued interest on the Term Loan of $905,410, which has been capitalized to construction in progress. Due to the uncertainty of COVID-19 management has assumed that the Term Loan will be outstanding on the first anniversary of the closing date. As such, the Company has accrued a Cash Bonus Interest of $812,925 based on a gold futures price per ounce of $1,895. The total interest liability of $1,718,335 has been disclosed in accounts payable.

12. SHARE CAPITAL

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

(b) Issued

(i) On July 16, 2020, the Company completed a private placement of 71,000,000 units for gross proceeds of $20,947,506 (C$28,400,000),of which, 41,000,000 units were issued to Wexford Spectrum Trading Limited and Wexford Catalyst Trading Limited, funds managed by Wexford Capital LP (collectively, “Wexford”); and the remaining 30,000,000 units was a bought deal private placement (the “Bought Deal”). Each unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each Warrant is exercisable by the holder thereof to purchase one common share of the Company at an exercise price of C$0.60 until January 16, 2022. The fair value of these Warrants was calculated as $3,403,970 (C$4,615,000) using the Black-Scholes model (note 12 (e)).

(ii) The Company paid the underwriters a cash fee equal to 6.0% of the gross proceeds of the Bought Deal and issued to the underwriters broker warrants the equivalent of 5.0% of the number of units sold pursuant to the Bought Deal (the “Broker Warrants”). Each Broker Warrant is exercisable by the holder thereof to purchase one common share of the Company at an exercise price of C$0.40 until January 16, 2022. The fair value of these Broker Warrants was calculated as $199,149 (C$270,000) using the Black-Scholes model (note 12 (e)). The Company also incurred share issuance costs of $885,743 (C$1,197,907).

(iii) In December 2020, the Company issued 135,000 common shares on the exercise of 135,000 stock options for gross proceeds of $26,438 (C$33,750). The fair value associated with these options was $19,142 which was transferred from contributed surplus to share capital.

(iv) In August 2020, the Company issued 470,000 common shares on the exercise of 470,000 stock options for gross proceeds of $89,150 (C$117,000). The fair value associated with these options was $64,938 which was transferred from contributed surplus to share capital.

(v) On May 26, 2020, the Company issued 825,000 common shares on the exercise of 825,000 stock options for gross proceeds of $117,348 (C$160,063). The fair value associated with these options was $82,558 which was transferred from contributed surplus to share capital.

All tabular amounts are in thousands of United States dollars unless otherwise stated

(vi) On July 23, 2019, the Company completed a rights offering whereby the Company issued 270,017,178 common shares of the Company for gross proceeds of $20,384,809 (C$27,001,718) and incurred share issuance costs of $200,574 (C$265,488).

(vii) On March 8, 2019, the Company completed a non-brokered private placement issuing 30,000,000 common shares of the Company at a price of C$0.15 per share for gross proceeds of $3,416,338 (C$4,500,000).

(viii) On November 9, 2018, the Company issued 91,233,386 common shares at a fair value of C$0.1539 per common share, for a total of $10,632,283 (C$14,040,993), in exchange for all the common shares of Marlin.

(c) Share purchase warrants

As at December 31, 2020, the Company had 35,500,000 share purchase warrants issued and outstanding, exercisable at C$0.60 per warrant and expiring on January 16, 2022.

As at December 31, 2020, the Company had 1,500,000 Broker Warrants issued and outstanding, exercisable at C$0.40 per warrant and expiring on January 16, 2022.

As at December 31, 2019 and April 30, 2019 there were no warrants outstanding.

During the year ended April 30, 2019, 67,000 warrants were exercised to C$0.22 for gross proceeds of $11,190 (C$14,740) and 583,091 warrants with an exercise price of C$0.22 expired unexercised.

(d) Share options

	For the year ended December 31, 2020		**For the eight months ended December 31, 2019**		**For the year ended April 30, 2019**	
	Number of options	WAEP	Number of options	WAEP	Number of options	WAEP
Opening balance	50,160,000	C$0.25	10,660,000	C$0.22	12,465,512	C$0.23
Granted	1,300,000	0.51	42,500,000	0.26	5,145,000	0.195
Forfeited	(497,500)	0.26	-	-	-	-
Exercised(1)	(1,430,000)	0.22	(280,000)	0.10	-	-
Expired	(1,250,000)	0.30	(2,720,000)	0.15	(6,950,512)	0.23
Ending balance	**48,282,500**	**C$0.26**	**50,160,000**	**C$0.25**	**10,660,000**	**C$0.22**
Options exercisable	26,530,000	C$0.26	18,285,000	C$0.20	9,335,000	C$0.22

WAEP = Weighted average exercise price

(1) The weighted average share price at the date of exercise for the year ended December 31, 2020 C$0.45.
The weighted average share price at the date of exercise for the eight months ended December 31, 2019 C$0.11

All tabular amounts are in thousands of United States dollars unless otherwise stated

On July 21, 2020, the Company granted 1,300,000 stock options to its non-executive directors, each exercisable to acquire one common share of the Company at an exercise price of C$0.51 until July 21, 2025. The stock options vest as to 25% on the date of grant, and as to 25% on each of the first, second and third anniversary of the date of grant. The fair value of these options was calculated as $276,282 (C$374,620) using the Black-Scholes model. The Company recorded share-based payments of $125,620 for the year ended December 31, 2020, which is included in general and administrative expenses in net income (loss).
In December 2020, 135,000 stock options were exercised at C$0.25 for gross proceeds to the Company of $26,438 (C$33,750). The weighted average share price at the date of exercise was C$0.35.

In August 2020, 470,000 stock options were exercised at C$0.25 for gross proceeds to the Company of $89,150 (C$117,500). The weighted average share price at the date of exercise was C$0.47.

In June 2020, 800,000 stock options were exercised at C$0.195 and 25,000 stock options were exercised at C$0.1625 for gross proceeds to the Company of $117,348 (C$160,062). The weighted average share price at the date of exercise was C$0.45.

During the year ended December 31, 2020, the Company recorded share-based payments relating to the vesting of previously granted options of $508,031, of which $453,353 is included in general and administrative expenses in net income (loss) and $54,688 is included in construction in progress, respectively.

During the eight months ended December 31, 2019 the Company granted 42,500,000 stock options to its officers and directors. The stock options have a term of five years and vest as to 25% immediately upon grant and as to 25% on each of the three anniversaries of the grant date. The stock options have increasingly higher exercise prices as of each vesting date, ranging from C$0.1625 to C$0.35 per common share. The fair value of these options was calculated as $1,505,229 (C$1,994,880) using the Black-Scholes model. The Company recorded share-based payments of $735,912 for the eight months ended December 31, 2019 of which $656,693 is included in general and administrative expenses in net income (loss) and $79,219 is included in construction in progress within mineral property, plant and equipment.

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

	For the year ended December 31, 2020		For the eight months ended December 31, 2019		For the year ended December 31, 2020	
	Options	**Warrants**	**Options**	**Warrants**	**Options**	**Warrants**
Risk-free interest rate	0.35%	1.36%	1.51%	N/A	1.51%	N/A
Expected dividend yield	-	-	-	N/A	-	N/A
Expected stock price volatility	69.25%	77.83%	66.02%	N/A	66.02%	N/A
Expected life in years	5 years	1.5 years	5 years	N/A	5 years	N/A
Forfeiture rate	0.00%	0.00%	0.00%	N/A	0.00%	N.A
Weighted average fair value	C$0.29	C$0.13-C$0.18	C$0.05	N/A	C$0.05	N/A

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13. RELATED PARTY TRANSACTIONS

(a) Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprise the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, VP Corporate Development and Directors.

	For the year ended December 31, 2020	For the eight months ended December 31, 2019	For the year ended April 30, 2019
Director fees	$ 152	$ 94	$ 60
Salaries, consulting and management fees	746	395	737
Share-based compensation	573	662	184
Total	$ 1,471	$ 1,151	$ 981

As at	December 31, 2020	December 31, 2019	April 30, 2019
Amount included in accounts payable	$ 44	$ 64	$ 57

At December 31, 2020, $44,411 (December 31, 2019 - $64,032 and April 30, 2019 - $57,195) is included in accounts payable.

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

Tes-Oro is a private company controlled by the Company's Chief Operating Officer. Tes-Oro is a full-service engineering, procurement and construction management firm working exclusively with the Company. During the year ended December 31, 2020, the Company expensed fees relating to consulting services of $490,535 (for the eight months ended December 31, 2019 - $1,774,199) and $137,885 in general office expenses. During the year ended April 30, 2019, the Company expensed fees relating to consulting services of $522,795. Amounts payable to Tes-Oro as at December 31, 2020 were $29,130 (December 31, 2019 were $134,077 and April 30, 2019 - $96,151).

(c) Wexford LP("Wexford")

Wexford is the Company's controlling shareholder. Except as noted elsewhere in the financial statements, during the year, the Company expensed fees of $4,999 related to legal fees. Amounts payable to Wexford as at December 31, 2020 were $342 (December 31, 2019 were $nil).

(d) Sailfish Royalty Corp ("Sailfish")

Sailfish is listed on the TSX-V and has directors in common with the Company and as of July 22, 2019 has a common majority shareholder. In August 2019, the Company made the final payment of $250,000 to Sailfish under the terms of the Sailfish Master Agreement which was entered into on August 3, 2018 as part of the Marlin Transaction. As at December 31, 2020, $Nil (December 31, 2019 - $nil and April 30, 2019 - $1,229,748) is owing to Sailfish.

All tabular amounts are in thousands of United States dollars unless otherwise stated

14. INCOME TAX EXPENSE AND DEFERRED TAXES

(a) The provision for income taxes differs from the expected amount calculated using the Canadian federal and provincial statutory income tax rates is as follows:

	For the year ended December 31, 2020	For the eight months ended December 31, 2019
Loss for the year before income tax	$ (12,081,931)	$ (9,206,654)
Canadian statutory tax rate	27.0%	27.0%
Computed expected tax recovery	(3,262,121)	(2,485,797)
Change in deferred tax assets not recognized	1,792,481	964,986
Effect of change and difference in tax rates	(283,334)	(225,506)
Foreign exchange	1,426,549	(60,973)
Permanent differences	1,038,415	311,676
True up of prior year tax provision	(428,880)	(509,483)
Share issuance costs	(323,435)	-
Expiry of non-capital losses	-	1,894,034
Other	88,044	178,787
	$ 47,719	$ 67,724
Current income tax expense	$ 47,719	$ 67,724
Deferred income tax expense	-	-
Total income tax expense	$ 47,719	$ 67,724

(b) The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate future taxable income. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31, 2020	Expiry date range	December 31, 2019	Expiry date range
Exploration and evaluation assets	$ 47,309,000	No expiry dat	$ 47,960,000	No expiry date
Mineral property, plant and equipment	395,000	No expiry dat	2,825,000	No expiry date
Inventories	521,000	No expiry dat	-	No expiry date
Share issue costs	936,000	2020-2024	324,000	2039-2043
Non-capital losses available for future years	43,979,000	2029-2040	45,553,000	2019-2039
Provision for reclamation and rehabilitation	1,184,000	No expiry dat	2,136,000	No expiry date
Other	6,744,000	No expiry dat	4,844,000	No expiry date
Unrecognized deductible temporary differences	**$ 101,068,000**		**$ 103,642,000**	

All tabular amounts are in thousands of United States dollars unless otherwise stated

The Company's unused non-capital losses expire as follows:

Year of Expiry	Non-capital losses				
	Canada	Nicaragua	Mexico	Barbadian	United States
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	16,096,000	-	-
2026	-	-	1,582,000	-	-
2027	-	-	-	-	-
2028	-	-	4,100,000	-	-
2029	-	-	14,700,000	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-
2038	-	-	-	-	-
2039	1,524,000	-	-	-	-
2040	4,102,000	-	-	-	-
No expiry	-	-	-	-	1,874,000
Total	$ 5,626,000	$ -	$ 36,478,000	$ -	$ 1,874,000

Tax attributes are subject to review and potential adjustments by the tax authorities.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Carrying amount versus fair value

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

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

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

During the year ended December 31, 2020 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

(b) Risk management objectives and policies

The Company's principal financial liabilities are accounts payable. The main purpose of these financial instruments is to manage short-term cash flow. The Company's principal financial assets comprise cash and cash equivalents and receivables that arise directly from its operations.

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Company manages risks to minimize potential losses. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk with respect to its cash and cash equivalents and receivables. The Company's maximum exposure to credit risk is the amount disclosed in the consolidated statements of financial position.

Credit risk associated with cash and cash equivalents is minimized by placing the majority of these instruments with major financial institutions with strong investment-grade ratings as determined by a primary ratings agency.

Credit risk associated with trade receivables is managed by dealing with reputable international metals trading companies. The Company assesses and monitors risk by performing an aging analysis of its trade receivables.

Liquidity risk (Note 1)

Liquidity risk represents the risk that the Company will be unable to meet its obligations associated with its financial liabilities. The Company manages liquidity risk by preparing an annual budget for approval by the Board of Directors and preparing cash flow and liquidity forecasts on a regular basis. The Company maintains credit facilities and endeavours to maintain sufficient cash balances to meet its liquidity requirements at any point in time. See Note 1.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market factors. Market risk comprises three types of risk: price risk, interest rate risk and currency risk.

Price risk

Price risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market prices.

The Company is exposed to the risk of fluctuations in prevailing market commodity prices for gold which it sells into global markets. The market price of gold is a key driver of the Company's capacity to generate cash flow. The Company is an unhedged producer to provide its shareholders with exposure to the changes in the market price of gold. The Cash Bonus Interest on the Term Loan is based on the gold futures price per ounce. A change of $100 in the gold futures price per ounce would result in a change of $42,896 in the Cash Bonus Interest liability.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risk on cash is considered insignificant due to the low interest rates in the current economic environment and short-term nature of its holdings and as such the Company does not take any actions to manage interest rate risk. The interest rate on the Term Loan is fixed at 8% per annum and increases to 10% per annum on February 20, 2021.

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates.

The Company's currency risk primarily arises from financial instruments denominated in US dollars that are held by Mako, as the functional currency of the Company is Canadian dollars. Conversely for the Company's subsidiaries whose functional currency is not the US dollar, currency risk primarily arises from financial instruments denominated in foreign currencies that are held at the subsidiary company level. As at December 31, 2020 a 5% change in the exchange rate between the Canadian Dollar and the U.S. dollar would result in a net impact of approximately $37,000, a 5% change in the exchange rate between the Mexican peso and the U.S. dollar would result in a net impact of approximately $509,000 and a 5% change in the exchange rate between the Nicaraguan córdoba and the U.S. dollar would result in a net impact of approximately $75,000 in the consolidated statement of loss. The Company does not consider the currency risk to be material to the future operations of the Company and, as such, does not have a hedging program or any other programs to manage currency risk.

All tabular amounts are in thousands of United States dollars unless otherwise stated

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, its expected funding requirements, and risk characteristics of the underlying assets. The Company's funding requirements are based on cash forecasts. In order to maintain or adjust the capital structure, the Company may issue new shares, debt and/or consider strategic alliances. Management reviews its capital management approach on a regular basis. The Company is not subject to any externally imposed capital requirements.

17. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31, 2020	For the eight months ended December 31, 2019	For the year ended April 30, 2019
Accounting and legal	$ 1,407	$ 727	$ 367
Directors' fees	155	98	$ 60
General office expenses	388	139	$ 134
Insurance	190	31	$ 57
Management and consulting fees	1,585	918	$ 884
Rent	172	41	$ 55
Salaries and benefits	303	48	$ 403
Stock-based compensation	624	657	$ 211
Telephone and IT services	274	130	$ 21
Travel	222	124	$ 90
	$ 5,320	$ 2,913	$ 2,282

All tabular amounts are in thousands of United States dollars unless otherwise stated

18. SEGMENTED INFORMATION

As at December 31, 2020, the Company has one business segment, the production of gold and exploration of resources. The Company's principal product is gold doré with the refined gold bullion sold in the London spot market by the subsidiary in Barbados and for the year ended December 31, 2020 included sales of gold in carbon. The gold doré is produced at the La Trinidad Mine in Mexico.

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

	Canada	Mexico	Nicaragua	Total
As at December 31, 2020				
Mineral property, plant and equipment	$ -	$ -	$ 45,298	**$ 45,298**
Exploration and evaluation assets	-	-	765	**765**
As at December 31, 2019				
Mineral property, plant and equipment	-	230	9,775	**10,005**
Exploration and evaluation assets	-	-	765	**765**
As at April 30, 2019				
Mineral property, plant and equipment	1	413	149	**563**
Exploration and evaluation assets	-	-	130	**130**

19. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital comprise the following:

	For the year ended December 31, 2020	For the eight months ended December 31, 2019	For the year ended April 30, 2019
Receivables and refundable taxes	$ 1,342	$ 1,523	$ 1,679
Inventories	191	1,264	(1,697)
Prepaid expenses, and other	(18)	(124)	388
Accounts payable and accrued liabilities	1,462	(6,376)	(2,318)
Due to related parties	(43)	-	-
Provision for reclamation and rehabilitation - current liability	(2,325)	(842)	-
	$ 609	**$ (4,555)**	**$ (1,948)**

20. COMMITMENTS

As at December 31, 2020, the Company had contractual commitments of $1,768,000 to certain contractors related to the development of the San Albino Project in addition to those disclosed elsewhere in these financial statements. These commitments are expected to be completed by the third quarter of 2021.

21. EVENTS AFTER THE REPORTING PERIOD

Except as disclosed in the notes above:

(a) On February 1, 2021, the Company granted 1,000,000 stock options to an officer of the Company, with an exercise price of C$0.345 per share for a term of five years, expiring on February 4, 2026, and shall vest as to 25% on the grant date and as to 25% on each anniversary of the grant date.

(b) On March 2, 2021, the Company completed a financing arrangement with Nebari Natural Resources Credit Fund I, LP ("Nebari"), whereby Nebari to provided financing of $6,340,000 (the "Principal Amount"). The interest rate on the Principal Amount is 8% with an original issue discount of 5.3% and a maturity date of March 31, 2022. There are no prepayment penalties . The interest rate increases to 14% if the Financing is delayed by mutual consent, or to 20% on any unpaid amount owing in an event of default. The Company has paid Nebari a fee of $10,000 to provide the bridge loan. The Financing is secured by a pledge of shares in favour of Nebari of the Company's Nicaraguan subsidiaries, Gold Belt and Nicoz.

(c) On March 31, 2021, the Company completed the sale with GR Silver pursuant to which GR Silver will acquire 100% of the common shares of Mako's wholly-owned subsidiary, Marlin, from the Company. The Company will continue to be responsible for all necessary reclamation obligations until it receives an acknowledgement from SEMARNAT (the Mexican environmental authority) that Oro Gold's closure plan is complete. In consideration for the sale of the common shares of Marlin to GR Silver, Mako will receive C$50,000 in cash (received), a 1% NSR on all concessions currently owned by Oro Gold and the assumption of liability by GR Silver of approximately US$8.9 million in unpaid concession taxes, which are currently accrued on the Company's statement of financial position. GR Silver will be granted the right to purchase the NSR at any time upon making a one-time payment of US$2,000,000. Any net proceeds received from the lawsuit the Company has filed against their insurers and reinsurers related to damages from Hurricane Willa will be for the benefit of the Company, and the Company will be responsible for the costs of this litigation.