

Mako Mining Reports Second Quarter 2021 Financial Results and Refinances Short-Term Debt

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VANCOUVER, Aug. 30, 2021 - [Mako Mining Corp.](#) (TSX-V: MKO) (OTCQX: MAKOF) ("Mako" or the "Company") is pleased to report financial results for the three ("Q2 2021") and six months ("H1 2021") ended June 30, 2021 as well as the signing of a loan agreement with [Sailfish Royalty Corp.](#) ("Sailfish") for an \$8 million gold-linked loan to refinance existing short-term debt.

All amounts are expressed in United States dollars, unless otherwise stated.

The Company declared commercial production on July 1, 2021 (see press release dated July 13, 2021) and many of the financial highlights below are presented on a pre-production basis. A more detailed financial summary is expected for the reporting period ending September 30, 2021 and subsequent reporting periods.

Q2 2021 Financial Highlights

- Pre-production revenue of \$4.8 million (H1 2021 - \$4.8 million)
- Loss for the period of \$2.3 million (H1 2021 - \$5.3 million income, due to a gain on disposal of subsidiaries)
- Exploration and evaluation expenses of \$0.9 million, including \$0.4 million expensed and \$0.5 million capitalized (H1 2021 - \$2.1 million, including \$1.3 million expensed and \$0.9 million capitalized)
- Cash and cash equivalents of \$1.8 million (December 31, 2020 - \$2.6 million)

Financial Highlights Subsequent to Q2 2021

- A reduction in accounts payable and accrued liabilities of \$2.6 million
- On July 29, 2021, the Company made voluntary principal prepayments of \$0.5 million and \$0.2 million to funds managed by Wexford Capital LP ("Wexford") and to Nebari Natural Resources Credit Fund I, LP ("Nebari"), respectively
- Acceleration of the 50,000-meter exploration program (budgeted at \$8.5 million) announced February 1, 2021, with the requisition of three additional rigs, bringing the total rig count to five

Monthly Financial Snapshot of Operations

The monthly financial information below is intended to provide a snapshot of the revenue and total operating expenses of the Company's San Albino gold mine ("San Albino") in northern Nicaragua and excludes expenses that are not directly related to operating San Albino and interest expense.

(amounts in millions)	May*	June	July
Revenue**	\$1.6	\$3.2	\$5.3
Total operating expenses	\$1.3	\$1.6	\$2.0

*

Represents
the
period
from
May
12-31,
2021.

**

Revenue
disclosed
is
before
the
deduction
of
the
streaming
cost
to
Sailfish
of
\$0.3
million
from
May
to
July.
Revenue
for
May
and
June
represents
pre-production
revenue.

For a full operational update since May 12, 2021, please see the press release dated August 9, 2021.

Akiba Leisman, Chief Executive Officer of Mako states that, "the second quarter of 2021 is the last quarter before commercial production that the Company is expected to report. Since May 12, 2021, when the processing of high-grade mineralization began, the Company has been able to fund its growth objectives while simultaneously strengthening its balance sheet. This is highlighted by the reduction in payables, the repayment of debt and the increase in exploration expenditures. To further enhance the balance sheet, Mako has entered into a loan agreement with Sailfish for an \$8 million unsecured gold-linked loan to refinance existing short-term debt. The loan from Sailfish will allow Mako to fully repay Nebari, partially repay Wexford and does not have any operational negative covenants or balance sheet covenants. This will provide Mako with the maximum flexibility to continue funding an aggressive exploration program and start planning for the return of capital to shareholders."

Gold-Linked Loan Agreement

Mako and Sailfish have entered into a loan agreement (the "Loan Agreement") pursuant to which Sailfish will provide an \$8 million unsecured gold-linked term loan to Mako (the "Term Loan"). The proceeds of the Term Loan will be used by Mako to refinance existing short-term debt, specifically, the repayment of all outstanding principal and accrued interest (approximately \$6.2 million) owing to Nebari pursuant to a credit agreement dated February 18, 2021 between Nebari and Mako, and the repayment of \$1.8 million of principal owing to the Wexford lenders pursuant to a loan agreement dated February 20, 2020 between Wexford, as agent, and Mako, reducing the remaining outstanding principal owing under the Wexford loan agreement to approximately \$12.85 million.

As compensation for making the Term Loan available to Mako, Sailfish shall be entitled to certain cash compensation (the "Lender Compensation") based on the prevailing price of gold per ounce, subject to a floor price of \$1,750 and a ceiling price of \$2,000. Mako will make 24 monthly cash payments to Sailfish on account of the principal amount of the Term Loan and the Lender Compensation, which shall equal the cash equivalent of 205 ounces of gold multiplied by the preceding month's average gold price pursuant to the terms of the Loan Agreement. The Term Loan does not have any operational negative covenants or balance sheet covenants, and there are no restrictions on dividends and/or share repurchases, which the Company expects to pursue in the near term.

Multilateral Instrument 61-101

The Term Loan transaction is considered to be a "related party" transaction under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"), as a result of both Mako and Sailfish being controlled by the same controlling shareholder, Wexford Capital LP. The Term Loan is not a transaction that requires a formal valuation pursuant to section 5.4 of MI 61-101, and the Company is exempt from the minority approval requirements of MI 61-101 pursuant to section 5.7(1)(f) - Loan to Issuer, No Equity or Voting Component. As a result of the Term Loan being a related party transaction and the potential for conflicts of interest held by Cesar Gonzalez, Vice President, Corporate Development and Akiba Leisman, Chief Executive Officer of Mako, who are also members of management and the Board of Sailfish, respectively, and by Mr. Paul Jacobi, a director of Mako who is also a Managing Director at Wexford Capital LP, the board of directors of Mako appointed an independent special committee to assist with the negotiation and review of the Term Loan transaction and to make a recommendation to the Board regarding approval of the Term Loan.

INFOR Financial Inc. acted as advisor to the independent special committee of the board of directors in regard to the review of the debt restructuring.

On behalf of the Board,

Akiba Leisman
Chief Executive Officer

About Mako

[Mako Mining Corp.](#) is a publicly listed gold mining, development and exploration company. The Company operates the high-grade San Albino gold mine in Nueva Segovia, Nicaragua, which ranks as one of the highest-grade open pit gold mines globally. Mako's primary objective is to operate San Albino profitably and fund exploration of prospective targets on its district-scale land package.

For further information: Forward-Looking Information: Some of the statements contained herein may be considered "forward-looking information" within the meaning of applicable securities laws. The forward-looking information contained herein is based on the Company's current plans and expectations, and includes statements with respect to the Company's plan to provide a more detailed financial summary for the reporting period ending September 30, 2021 and subsequent reporting periods; that the loan from Sailfish will allow Mako to fully repay Nebari and repay \$1.8 million of principal owing to the Wexford lenders, and provide maximum flexibility to continue funding an aggressive exploration program and start planning for the return of capital to shareholders, including through potential dividends and/or share repurchases, which the Company expects to pursue in the near term; and with respect to the Company's primary objective to operate San Albino profitably and fund exploration of prospective targets on its district-scale land package. Such forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking information, including, without limitation, the Term Loan not allowing the Company to make the debt repayments as planned and provide sufficient capital to fund exploration and the planned return of capital to shareholders in the near term through dividends and/or share repurchases; that the Company is unable to operate San Albino profitably and is thus unable to fund explorations of prospective targets on its land package, as well as other risks and uncertainties as disclosed in the Company's public disclosure filings on SEDAR at www.sedar.com. Forward-looking information contained herein represents management's best judgment as of the date hereof, based on information currently available and is included for the purposes of providing investors with the

Company's current plans and expectations with respect to its current debt restructuring, and may not be appropriate for other purposes. Mako does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE [Mako Mining Corp.](#)

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