

Mangazeya Mining Announces Filing of its Q1 2017 Financial Statements and MD&A Quarterly Highlights

TORONTO, ONTARIO, May 29, 2017 – Mangazeya Mining Ltd. (“**Mangazeya**” or the “**Company**”) (NEX: MGZ.H) announced the filing of its unaudited interim condensed financial statements (“Financial Statements”), management’s discussion and analysis – quarterly highlights (“QH”) for the first quarter ended March 31, 2017. All figures are quoted in Canadian dollars unless otherwise indicated.

Highlights for 1Q include¹:

- In Q1 2017 the **production of gold** was 1,599 ounces comparing to 1,850 ounces in the corresponding period of 2016, the **sale of gold** was 1,354 ounces comparing to 1,127 ounces in Q1 2016 (all production came from Savkinskoye mine).
- **Revenues** for the period made up \$2,383k and \$2,026 for Q1 2016. The **average gold price** in 1Q 2017 didn’t change significantly comparing with the average gold price for 1 Q 2016 from \$1,632 to \$1,636 per ounce (from 1,190 USD to 1,226 USD to per ounce or by 3%);
- **Total cash cost** (TCC¹) for Q1 2017 (\$1,032 per ounce) increased by 9% comparing with average TCC for 1Q 2016 (\$943 per ounce) as a result of mining new areas;
- The Company reached negative **adjusted EBITDA¹** in Q1 2017 in the amount of (\$2,313k) comparing with positive adjusted EBITDA in Q1 2016 in the amount of \$481k;
- **Cash flow from operating activities** before changes in working capital amounted to (\$2,313k) for 1Q 2017 compared to cash flow received from operating activities of \$744 in Q1 2016;
- **Capital expenditures** for 1Q 2017 amounted to \$11,639k with \$11,284k spent for the Nasedkino on capital investments - \$4,436k, advances for PPE - \$6,313k and others \$215k and for the Savkinskoye mine - \$320k mainly on production equipment, transport and other capital expenditures; on M&A - \$112k on alluvial deposit of Zolinsko-Arkiinskaya area; and \$238k spent on EEA (Nasedkino – \$76k and Zolinsko-Arkiinskaya area – \$162k). For the same period of 2016 the capital expenditures were \$2,224k including \$1,753k spent on mining equipment for the Savkinskoye mine; on M&A - \$199k on alluvial deposit of Zolinsko-Arkiinskaya area; and \$230k spent on EEA (Savkinskoye – \$100k and Zolinsko-Arkiinskaya area – \$86k);
- In April 2017 the Group entered into the agreement with Sberbank PLC on revolving credit lines for US\$ 4 million to finance the Group’s operational activity.

Sergey Yanchukov, CEO of Mangazeya, stated: “First quarter 2017 was in line with our annual production plan. The Company is on stable production phase and we are looking forward to stable mining operations at Savkinskoe and further progress with our Nasedkino and Zolinsko-Arkiinskaya projects.”

¹ Non-IFRS financial measures (average gold price, total cash cost per ounce of gold, adjusted EBITDA). See definition and reconciliation the MD&A for 2015. Non-IFRS performance measures provide additional information and should not be considered in isolation or a substitute for measure of performance prepared in accordance with IFRS.

Financial Results for Q1 2017

The Company reported operating loss of 2,389k in Q1 2017 compared to income of \$401k in Q1 2016. The operating loss was mainly the result of the increase in total cash cost and increase in administrative and other expenses in 1 Q 2017.

Administrative costs for Q1 2017 increased by 231% to \$1,926k from \$581k in 1Q 2016 due to changes in agreements of services as a result of the active construction and exploration works in Nasedkino and Zolinsko-Arkiinskaya areas.

During Q1 2017, the Company incurred finance expenses of \$216k compared to \$1,260k in Q1 2016 due to conversion of loans to equity in March 2016.

Cash used in operating activity (before changes in working capital) in Q1 2017 was \$2,313k as compared to inflow of \$744k in Q1 2016. Cash flow used in investing activities in Q1 2017 was \$13,346k as compared to inflow of \$5,207k in Q1 2016. The outflow was mainly due to acquisition of property, plant and equipment, exploration and evaluation assets. Cash from financing activities in Q1 2017 was \$21,075k compared to cash used in financing activities of \$30k in Q1 2016. In Q1 2017 the Company received \$21,222k loan under the loan agreements with Sberbank PLC and paid interest of \$147k. As at 31 March 2017 year the Company had two agreements with Sberbank PLC. The first non-revolving credit line agreed for US \$8 million with maturity December 31, 2017, the second non-revolving credit line agreed for US \$10 million with maturity December 31, 2018.

The Financial Statement and MD&A are available on Mangazeya's website at <http://mangazeyamining.ru/> and have been filed on SEDAR at www.sedar.com.

About Mangazeya Mining Ltd.

Mangazeya Mining Ltd. is a NEX-listed mining and exploration company, focused on the development of mineral resources in the Russian Federation.

Caution Concerning Forward-Looking Information

This news release contains forward looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements") relating, but not limited to, the Company's expectations, intentions and beliefs (including, without limitation, statements regarding, the Bridge Loan (including the timing of advances thereunder and the terms thereof), the Company's financial position, financial alternatives and the Company's ability to continue operations and the Loan Facility (including the occurrence of an event of default thereunder and its potential effect on the Company)). Words such as "may", "will", "should", "anticipate", "plan", "expect", "believe", "estimate" and similar terminology are used to identify forward-looking statements. Such statements are based on assumptions, estimates, opinions and analysis made by the management of the Company in light of their experience, current conditions and their expectations of future developments as well as other factors which they believe to be reasonable and relevant. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Risks and uncertainties that may cause actual results to vary include but are not limited to: the Company's ability to obtain additional financing on acceptable terms or at all; the Company's ability to demonstrate compliance with NEX listing requirements; changes in equity and debt markets; inflation; uncertainties relating to the availability and costs of financing needed to complete exploration, development and production activities; failure to establish estimated mineral resources or mineral reserves (the Company's mineral resource and mineral reserve figures are estimates and no assurances can be given that the indicated levels of gold will be produced); exploration costs

varying significantly from estimates; delays in the exploration and development of, and/or commercial production from, the properties in which the Company has an interest; unexpected geological or hydrological conditions; the speculative nature of mineral exploration and development, including the uncertainty of reserve and resource estimates; operational and technical difficulties, including the failure of major mining and/or milling equipment; the ability of the Company to service its existing debt facilities; fluctuations in gold and other commodity prices; the existence of undetected or unregistered interests or claims, whether in contract or in tort, over the property of the Company; success of future exploration and development initiatives; competition; operating performance of facilities; environmental and safety risks, including increased regulatory burdens, seismic activity, weather and other natural phenomena; inability to, or delays in, obtaining necessary permits and approvals from government authorities; risks relating to labour; and other exploration, development and operating risks; changes to and compliance with applicable laws and regulations, including environmental laws; political, economic and other risks arising from the Company's activities in Russia; fluctuations in foreign exchange rates; and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

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.

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