

Mangazeya Mining Announces Filing of Q1 2019 Financial Statements, MD&A Quarterly Highlights

TORONTO, ONTARIO, May 30, 2019 – 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 (“MD&A”) – quarterly highlights (“QH”) for the first quarter ended March 31, 2019. All figures are quoted in Canadian dollars unless otherwise indicated.

Highlights for Q12019 include ¹:

	1Q 2019	1Q 2018	Change	%
Operational highlights				
Gold production, ounces	2,259	1,191	1,068	90%
<i>including Refining gold, ounces</i>	<i>1,717</i>	<i>1,191</i>	<i>526</i>	<i>44%</i>
Gold sales, ounces	1,814	952	862	91%
Financial highlights				
Revenue	3,113	1,718	1,395	81%
Adjusted EBITDA ¹	(4,619)	(4,900)	281	(6%)
Total cash cost per ounce Savkino (TCC), CAD ²	987	1,507	(520)	(35%)
Total cash cost per ounce Kochkovskoye (TCC), CAD	1,406	-	1,406	100%
Average gold price, CAD ²	1,716	1,676	40	2%
Cash balance	3,586	1,881	1,705	91%
Cash flow from operating activities before changes in working capital	(4,619)	(5,699)	1,080	(19%)
Cash flow from financing activities	25,683	13,014	12,669	97%
Cash flow from investing activities	(13,618)	(4,340)	(9,278)	214%

- Gold production was 2.3 koz in 1Q2019, a 90% YoY change, gold production of refining gold increases was 1.7 koz and increased by 44%.

Savkinskoye deposit.

Gold production was 0.73 koz in 1Q 2019, a decrease of 39% compared to 1Q2018. The difference has been caused by the decrease in the amount of gold in ore stacked in Q4 2018 YoY - the amount of gold in ore stacked reduced by 39.1%.

Kochkovskoye deposit

From April 2018, mining operations started at Kochkovskoye deposit. Gold from hard-rock deposit production was 1.53 koz.

- Revenue was \$3.1 million in Q1 2019, 81% YoY change. Mangazeya Mining sold 1.81 koz of gold (Q1 2018: 0.95 koz of gold and 5.8 koz of silver). The average gold price increased from \$1,676 per ounce in 1Q2018 to \$1,716 in Q1 2019 or by 2% (US\$1,325 per ounce in 1Q2018 and US\$1,291 per ounce in Q12019);
- *Savkinskoye deposit.*
TCC for 1Q 2019 (\$987 per ounce) decreased by 35% as compared to TCC for Q1 2018 (\$1,507 per ounce) as a result of a decrease in basic and auxiliary materials, fuels and lubricants, electricity, other production materials due to cost per unit regulation adoption, stronger budget control procedures and write-off norms revision.

¹ Non-IFRS financial measures (average gold price, total cash cost per ounce of gold, adjusted EBITDA). See definition and reconciliation with the IFRS measures in the MD&A for 1Q2018. 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.

² Throughout this QH we use additional measures of Company performance. These are non-IFRS measures. Please see page 4 for an explanation and discussion of these non-IFRS measures.

Kochkovskoye deposit

TCC for 3m 2019 was \$1,406 per ounce of gold sold due to seasonal fluctuation in COS (gold production and sales in 1Q are lower comparing to the remaining quarters) and high proportion of permanent production costs in COS. The proportion of permanent production costs will decrease as gold production and sales increase till the end of 2019.

- Gross profit increased from negative \$ 0.13 million in 1Q2018 to positive \$2.0 million in 1Q 2019 due to increase of revenue and decrease in TCC. The gross profit margin increased from (1%) in 1Q 2018 to 65% in Q1 2019.
- Administrative expenses during 1Q2019 decreased by 7% compared to 1Q2018. High administrative expenses explained by the active construction and exploration works in Nasedkino and Zolinsko-Arkiinskaya areas.
- Other operating expenses increased by 122% in Q1 2019 compared to Q12018. Mangazeya Mining LLC production team participates in the trial development of the Koryakmimg LLC and provides the mining operational services. Operational service expenses is the direct expenses Mangazeya Mining LLC in accordance with the Operational agreement between Mangazeya Mining LLC and Koryakmining LLC.
- As a result the Company decreased the negative adjusted EBITDA in Q1 2019 (\$4.6 million) comparing with the negative adjusted EBITDA in Q1 2018 (\$4.9 million).
- The finance expenses for Q1 2019 increased by 73% (\$1.5 million in Q 1 2019 and \$0.88 million in Q1 2018) mainly because of the financial obligations under the loan agreement with VTB Bank (PJSC);
- The net loss for Q1 2019 was \$2.4 million comparing with the net loss of \$5.3 million in Q1 2018;

Cash flow and capital resources:

- For Q1 2019, cash used in operating activity before changes in working capital was \$4.6 million in comparison with cash used in Q1 2018 of \$5.7 million. Cash used in investing activities in Q1 2019 was \$13.6 million as compared to \$4.3 million in Q 1 2018. Cash provided by financing activities in Q1 2019 was \$25,6 million compared to cash provided by financing activities of \$13 million in Q1 2018;
- The Company invested \$13.6 million in Q1 2019 compared to \$5.8 million in Q1 2018. In PPE - \$13.59 million (\$2.1 million for 1Q 2018); in Mine properties – None (\$1.8 million for 1Q 2018); in Exploration and evaluation assets - \$0.01 million (\$1.9 million for 1Q 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.

Contact:

Anton Grigoryev
Corporate Secretary
Mangazeya Mining Ltd.
a.grigoryev@mangazeya.ru

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, the Company's financial position, financial alternatives and the Company's ability to continue operations. 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.