

Mangazeya Mining Announces Filing of its Q2 and six months 2017 Financial Statements and MD&A Quarterly Highlights

TORONTO, ONTARIO, August 28, 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 second quarter and the six months ended June 30, 2017. All figures are quoted in Canadian dollars unless otherwise indicated.

Highlights for the 6 months and 2Q 2017 include¹:

- During H1 2017 Mangazeya increased by 3% **production of gold** from 8,110oz to 8,357oz comparing to H1 2016; the **sale of gold** decreased by 6% from 6,602oz in H1 2016 to 6,195oz in H1 2017. In Q2 2017 the **production of gold** was 6,758oz comparing to 6,260oz in the corresponding period of 2016, the **sale of gold** was 4,841oz comparing to 5,475oz in Q2 2016. All production came from Savkinskoye mine;
- **Revenues** for the period made up \$8,156k for Q2 2017 and \$10,539k for H1 2017 compared to 8,773k for Q2 2016 and 10,799k for H1 2016. The **average gold price** in 2Q 2017 increased comparing with the average gold price for Q2 2016 from \$1,602 to \$1,708 per ounce or by 7%; from \$1,607 in H1 2016 to \$1,674 in H1 2017 per ounce or by 4% (from US\$ 1,209 to USD \$1,255 per ounce or 4%);
- **Total cash cost** (TCC¹) in H1 2017 increased by 42% compared to H1 2016 as a result of growth in depreciation and amortization expenses included into cost of sales and currency rate fluctuation. TCC in Q2 2017 increased by 51% compared to Q2 2016;
- The company reached negative **adjusted EBITDA¹** for the H1 2017 in the amount of \$1,319k comparing with positive adjusted EBITDA for the H1 2016 in the amount of \$3,680k. The **adjusted EBITDA¹** in Q2 2017 in the amount of \$995k comparing with Q2 2016 in the amount of \$3,199k;
- **Cash flow used in operating activities** before changes in working capital amounted to \$1,320k for H1 2017 compared to cash flow received from operating activities of \$4,483k in H1 2016;
- **Capital expenditures** for H1 2017 amounted to \$19,240k compared with \$9,649k in H1 2016. The Company invested in PPE - \$18,464k; in Mine properties – \$170k; in Exploration and evaluation assets - \$580k and IA - \$26k. For the same period of 2016 the Company invested in PPE - \$6,609k; in Mine properties - \$971k; in Exploration and evaluation assets - \$2,026k and IA - \$43k.

¹ Non-IFRS financial measures (average gold price, total cash cost per ounce of gold, adjusted EBITDA). See definition and reconciliation the MD&A – Quarterly Highlights for the three and the six months ended June 30, 2017. 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 the 6 months and 2Q 2017

The Company reported operating income of 253k in Q2 2017 compared to income of \$2,856k in Q2 2016. The decrease was mainly the result of decrease in sales volume by 12% and increase of total cash cost by 51%. For H1 2017, the operating loss amounted to \$2,136k compared to operating income of \$3,257k in H1 2016. The operating loss was mainly the result of the decrease in sales volume by 6%, increase in total cash cost by 42% in 1H 2017.

Administrative expenses in H1 2017 increased by 193% to \$3,806k from \$1,298 in 1H 2016 (in Q2 2017 increased by 162% to \$1,880k from \$717 in Q2 2016) due to changes in agreements of services as a result of the active construction and exploration works in Nasedkino and Zolinsko-Arkiinskaya areas.

In Q2 2017, the Company incurred finance expenses of \$274k compared to \$553k in Q2 2016 (the finance expenses decreased to \$490k for H1 2017 from \$1,813k for H1 2016) due to conversion of loans to equity in March 2016.

Cash received from operating activity before changes in working capital in Q2 2017 was \$993k as compared to \$3,739k in Q2 2016. Cash outflow from investing activities in Q2 2017 was \$3,780k as compared to outflow of \$9,914k in Q2 2016. The outflow was due to reduction of capital expenditure in Q2 2017 compared to Q2 2016. Cash received from financing activities in Q2 2017 was \$5,354k compared to cash received from financing activities of \$11,694k in Q2 2016.

For the six months 2017 year, the cash used in operating activity before changes in working capital was \$1,320k as compared to cash inflow of \$4,483k for the H1 2016. The negative effect of net loss for H1 2017 resulted in the cash outflow from operating activities before changes working capital. The cash outflow from investing activities in the H1 2017 was \$17,126k as compared to outflow of \$4,707k in the H1 2016. The cash received from financing activities for the six months 2017 was \$26,429k compared to the cash received from financing activities of \$11,664k during the H1 2016.

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:

Georgy Kandelaki

Corporate Secretary

Mangazeya Mining Ltd.

g.kandelaki@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 (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.