

Mangazeya Mining Announces Filing of its Q2 and six months 2018 Financial Statements and MD&A Quarterly Highlights

TORONTO, ONTARIO, August 29, 2018 – 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 second quarter and the six months ended June 30, 2018. All figures are quoted in Canadian dollars unless otherwise indicated.

SECOND QUARTER AND SIX MONTHS 2018 HIGHLIGHTS¹

	2Q 2018	2Q 2017	Change	%	H1 2018	H1 2017	Change	%
Operational highlights								
Gold production, ounces	5,781	6,758	(977)	(14%)	6,972	8,357	(1,385)	(17%)
Gold sales, ounces	2,669	4,841	(2,172)	(45%)	3,621	6,195	(2,574)	(42%)
Ore mined, tonnes	372,537	247,555	124,982	50%	497,220	520,359	(23,139)	(4%)
Stripping ratio, m ³ /t	4.22	4.34	(0.12)	(3%)	5.44	4.64	0.80	17%
Ore stacked, tonnes	356,004	479,837	(123,833)	(26%)	356,004	516,938	(160,934)	(31%)
Ore grade in ore stacked, g/t	1.34	1.20	0.14	12%	1.34	1.19	0.15	13%
Financial highlights								
Revenue	4,591	8,156	(3,565)	(44%)	6,309	10,539	(4,320)	(40%)
Adjusted EBITDA ¹	(6,054)	995	(7,049)	(708%)	(10,954)	(1,319)	(9,635)	(730%)
Total cash cost per ounce (TCC), CAD ¹	1,044	1,132	(88)	(8%)	1,166	1,110	56	5%
Average gold price, CAD ¹	1,664	1,708	(45)	(3%)	1,692	1,674	18	1%
Cash balance	706	976	(270)	(28%)	706	976	(270)	(28%)
Cash flow (used in)/received from operating activities before changes in working capital	(7,486)	993	(8,479)	(854%)	(13,185)	(1,320)	(11,865)	(899%)
Cash flow (used in)/provided by financing activities	5,791	5,354	437	8%	18,805	26,429	(7,624)	(29%)
Cash flow (used in)/provided by investing activities	(3,346)	(3,780)	434	11%	(7,686)	(17,126)	9,440	55%

- Gold production was 6.97 koz in H1 2018, the difference of 17% YoY (Savkinskoye - 6,76 koz, Kochkovskoye - 0,21 koz). The difference at Savkinskoye deposit resulted from the decrease in ore stacked YoY and by the changed process resulting in the increased metal grade in product solutions and reduced dilution factor. In Q2 2018, gold production was 5.78 koz (Savkinskoye - 5,57 koz, Kochkovskoye - 0,21 koz)., the difference of 14% YoY;
- Revenue was \$6.3 million for H1 2018, a 40% YoY change. The company sold 3.62 koz of gold and 8.6 koz of silver (H1 2017 – 6.19 koz of gold and 7.5 koz of silver) at Savkinskoye deposit. Revenue changed by 44% for Q2 2018, the company sold 2.67 koz of gold and 2.9 koz of silver (Q2 2017 – 4,84 koz of gold). The average gold price increased from \$1,674 in H1 2017 to \$1,692 in H1 2018 per ounce or by 1% (from 1,255 USD to 1,324 USD per ounce or 6%);
- The total cash cost (TCC) per ounce of gold sold equals to \$1,166 per ounce (US\$ 912) for H1 2018 compared to \$1,110 per ounce (US\$ 832), the difference of 5% YoY (6% in US\$ YoY). The difference mainly resulted from the decrease in gold production and in gold sales. TCC in Q2 2018 changed by 8% YoY;

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.

- Gross profit margin changed from 27% in H1 2017 to 18% in H1 2018. The gross profit margin in Q2 2018 was 26% comparing to 24% in Q2 2017. Gross profit was \$1.2 million for H1 2018, the difference of 59% YoY, the reduction was caused mainly by the decrease in revenue and gold sold;
- Administrative expenses were \$6.1 million for H1 2018, the difference of 61% YoY. The difference was due to active construction and exploration works in Nasedkino and Zolinsko-Arkiinskaya areas and resulting increase in management service fees;
- Adjusted EBITDA for H1 2018 decreased to negative \$10.9 million compared to negative adjusted EBITDA \$1.3 million in H1 2017. Adjusted EBITDA for Q2 2018 equal to negative \$6.1 million compared to positive adjusted EBITDA \$1 million in Q2 2017;
- The finance expenses for H1 2018 changed by 114% YoY (\$1 million in H1 2018 and \$0.5 million in H1 2017) mainly because of the financial obligations under the loan agreement with VTB Bank (PJSC). The finance expenses for Q2 2018 changed by 37% YoY (\$0.2 million in Q2 2018 and \$0.3 million in Q2 2017);
- The net loss for H1 2018 was \$11.8 million comparing with the net loss of \$1.9 million in H1 2017. The net loss for Q2 2018 was \$6.6 million comparing with the net loss of \$0.6 million in Q2 2017.

Cash flow and capital resources:

- For H1 2018, cash used in operating activity before changes in working capital was \$13.2 million in comparison with cash used in H1 2017 of \$1.3 million. Cash used in investing activities in H1 2018 was \$7.7 million as compared to \$17.1 million in H1 2017. Cash received from financing activities in H1 2018 was \$18.8 million compared to cash received from financing activities of \$26.4 million in H1 2017;
- For Q2 2018, cash used in operating activity before changes in working capital was \$7.5 million in comparison with cash received from operating activities Q2 2017 of \$0.9 million. Cash used in investing activities for Q2 2018 was \$3.3 million as compared to \$3.8 million for Q2 2017. Cash received from financing activities in Q2 2018 was \$5.8 million compared to cash received from financing activities of \$5.3 million in Q2 2017;
- For H1 2018 the Company invested \$11.9 million (\$19.2 million in H1 2017). In property, plant and equipment - \$6.7 million (\$18.5 million in H1 2017); in Mine properties - \$2.7 million (\$0.2 million in H1 2017); in Exploration and evaluation assets - \$2.4 million (\$0.6 million in H1 2017).

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, 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.