

## Mangazeya Mining Announces Filing of its Q2 and six months 2019 Financial Statements and MD&A Quarterly Highlights

**TORONTO, ONTARIO**, August 29, 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 second quarter and the six months ended June 30, 2019. All figures are quoted in Canadian dollars unless otherwise indicated.

### SECOND QUARTER AND SIX MONTHS 2019 HIGHLIGHTS<sup>1</sup>

	2Q 2019	2Q 2018	Change	%	H1 2019	H1 2018	Change	%
<b>Operational highlights</b>								
Gold production, ounces	6,826	5,781	1,045	18%	9,085	6,972	2,114	30%
<i>Including Refining gold, ounces</i>	<i>5,077</i>	<i>5,780</i>	<i>(703)</i>	<i>(12%)</i>	<i>6,794</i>	<i>6,972</i>	<i>(178)</i>	<i>(3%)</i>
Gold sales, ounces	4,212	2,669	1,543	58%	6,026	3,621	2,045	66%
Ore mined, tonnes	348,215	372,537	(24,322)	(7%)	538,248	497,220	41,028	8%
Stripping ratio, m <sup>3</sup> /t	1.34	4.22	(2.88)	(68%)	1.86	5.44	(3.58)	(66%)
Ore stacked, tonnes	411,738	356,004	55,734	16%	411,738	356,004	55,734	16%
Ore grade in ore stacked, g/t	1.62	1.34	0.28	21%	1.62	1.34	0.28	21%
<b>Financial highlights</b>								
Revenue	7,478	4,591	2,887	63%	10,591	6,309	4,282	68%
Adjusted EBITDA <sup>1</sup>	(4,561)	(6,054)	1,493	(25%)	(9,180)	(10,954)	1,774	(16%)
Total cash cost per ounce Savkino (TCC), CAD <sup>1</sup>	1,557	1,044	513	49%	1,400	1,166	234	20%
Total cash cost per ounce Kochkovskoye (TCC), CAD <sup>1</sup>	1,560	-	1,560	100%	1,505	-	1,505	100%
Average gold price, CAD <sup>1</sup>	1,775	1,664	111	7%	1,757	1,692	65	4%
Cash balance	4,000	706	3,294	467%	4,000	706	3,294	467%
Cash flow (used in)/received from operating activities before changes in working capital	(9,005)	(7,486)	(1,519)	20%	(13,624)	(13,185)	(439)	3%
Cash flow (used in)/provided by financing activities	27,533	5,791	21,742	375%	53,216	18,805	34,411	183%
Cash flow (used in)/provided by investing activities	(18,469)	(3,346)	(15,123)	452%	(32,087)	(7,686)	(24,401)	317%

- Gold production was 9,085 k ounces in H1 2019, the difference of 30% YoY due to start of active mining works at Kochkovskoe deposit.

#### Savkinskoe deposit

In H1 2019, gold production reduced by 36.5% YoY due to processing of lower content gold (1.09 g/t) YoY (1.23 g/t in H1 2018), decrease in ore stacked from 297k tons in 2018 to 251k tons in 2019, and completion of deposit final development.

#### Kochkovskoe deposit

Gold produced increased from 0.21k ounces in H1 2018 to 4.80k ounces in H1 2019 due to gold production from ore stacked in 2018. The gold produced is mostly represented by gold from hard rock deposit.

<sup>1</sup> 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.

- Revenue was \$10.6 million for H1 2019, a 68% YoY change. The Company sold 6,026 ounces of gold out of which 315 ounces of placer gold and 1,028 ounces of silver (3.621k ounces of gold and 8.6k ounces of silver in H1 2018). The average gold price increased from \$1,692 in H1 2018 to \$1,757 in H1 2019 per ounce or by 4% (from 1,664 USD to 1,775 USD per ounce or 7% in Q2 2019).
- The total cash cost (TCC) per ounce of gold sold for Savkinskoe deposit equals to \$1,400 per ounce (US\$ 1,054) for H1 2019 compared to \$1,166 per ounce (US\$ 912), the difference of 20% YoY (15% in US\$ YoY). The difference mainly resulted from the decrease in gold production and in gold sales. TCC in Q2 2019 changed by 49% YoY.  
Total cash cost (TCC) per ounce of gold sold for Kochkovskoe deposit equals to \$1,505 per ounce (US\$ 1,132) for H1 2019 is relatively high due to the fact that active production and sales started recently and did not reach normal turnover to decrease the amount of permanent costs in cost of sales.
- Gross profit increased by 449% from \$1,166 thousand in H1 2018 to \$6,399 thousand in H1 2019 due to increase of volume of production and sales. In Q2 2019 gross profit was \$4,387 thousand and in Q2 2018 it was \$1,179 thousand.
- Administrative expenses in H1 2019 increased by 15% compared to H1 2018 due to active construction and exploration works in Nasedkino and Zolinsko-Arkiinskaya areas and resulting increase in management service fees.
- Adjusted EBITDA for H1 2019 increased to negative \$9.2 million compared to negative adjusted EBITDA \$10.9 million in H1 2018. Adjusted EBITDA for Q2 2019 equal to negative \$4.5 million compared to negative amount of \$6.1 million in Q2 2018.
- The finance expenses for H1 2019 increased significantly (\$5.6 million in H1 2019 and \$0.179 million in H1 2018 net) mainly because of the financial obligations under the loan agreement with VTB Bank (PJSC) and financial instruments related to this agreement. The finance expenses for Q2 2019 equal to \$4.5 million (\$0.3 million income in Q2 2018).
- The net loss for H1 2019 was \$9.1 million comparing with the net loss of \$11.9 million in H1 2018. The net loss for Q2 2019 was \$6.7 million comparing with the net loss of \$6.6 million in Q2 2018.

#### **Cash flow and capital resources:**

- For H1 2019, cash used in operating activity before changes in working capital of \$13.6 million is in line with cash used in H1 2018 of \$13.2 million. Cash used in investing activities in H1 2019 was \$32 million as compared to \$7.7 million in H1 2018. Cash received from financing activities in H1 2019 was \$53.2 million compared to cash received from financing activities of \$18.8 million in H1 2018.
- For Q2 2019, cash used in operating activity before changes in working capital was \$9 million in comparison with cash received from operating activities Q2 2018 of \$7.5 million. Cash used in investing activities for Q2 2019 was \$18.5 million as compared to \$3.3 million for Q2 2018. Cash received from financing activities in Q2 2019 was \$27.5 million compared to cash received from financing activities of \$5.8 million in Q2 2018.
- For H1 2019 the Company invested \$32 million (\$11.9 million in H1 2018). In property, plant and equipment - \$32 million (\$6.7 million in H1 2018); in Exploration and evaluation assets - \$0.05 million (\$2.4 million in H1 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](http://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](mailto: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.*