

NEWS RELEASE

Mangazeya Mining Announces Filing of 2Q 2020 Financial Statements, MD&A Quarterly Highlights

TORONTO, ONTARIO, August 31, 2020 – Mangazeya Mining Ltd. (“**Mangazeya**” or the “**Company**”) (NEX: MGZ.H) announced the filing of its unaudited interim condensed financial statements (“**Financial Statements**”) and the interim management’s discussion and analysis (“**MD&A**”) – quarterly highlights (“**QH**”) for the second quarter and six months ended June 30, 2020. All figures are quoted in Canadian dollars unless otherwise indicated.

Second quarter and six months 2020 highlights¹:

	2Q 2020	2Q 2019	Change	%	H1 2020	H1 2019	Change	%
Operational highlights								
Gold production, ounces	9,129	6,826	2,303	33.7%	12,515	9,085	3,430	37.8%
Refining gold, ounces	9,378	5,077	4,301	84.7%	11,972	6,794	5,178	76.2%
Gold sales, ounces	10,279	4,212	6,067	144.0%	13,522	6,026	7,496	124.4%
Ore mined, tonnes	382,584	348,215	34,369	9.9%	661,989	538,248	123,741	23.0%
Stripping ratio, m ³ /t	2.14	1.34	0.80	59.5%	1.87	1.86	0.01	0.5%
Ore stacked, tonnes	426,193	411,738	14,455	3.5%	452,856	411,738	41,118	10.0%
Ore grade in ore stacked, g/t	1.48	1.62	(0.14)	(8.5%)	1.50	1.62	(0.12)	(7.7%)
Financial highlights								
Revenue	22,115	7,478	14,637	195.7%	29,528	10,591	18,937	178.8%
Adjusted EBITDA ¹	8,047	(592)	8,639	(1459.3%)	11,053	(3,501)	(14,554)	415.7%
Total cash cost per ounce								
Savkino (TCC), CAD ¹	987	1,557	(570)	(36.6%)	1,145	1,400	(255)	(18.2%)
Total cash cost per ounce								
Kochkovskoye (TCC), CAD	1,818	2,797	(979)	(35.0%)	1,187	2,708	(1,521)	(56.2%)
Average gold price, CAD ¹	2,151	1,775	376	21.2%	2,184	1,757	427	24.3%
Cash balance	24,360	4,000	20,360	509.0%	24,360	4,000	20,360	509.0%
Cash flow from operating activities before changes in working capital	8,997	(5,015)	14,012	(279.4%)	9,673	(7,898)	17,571	(222.5%)
Cash flow from financing activities	23,831	27,533	(3,702)	(13.4%)	45,546	53,216	(7,670)	(14.4%)
Cash flow from investing activities	(3,297)	(18,469)	15,172	(82.1%)	(23,380)	(32,087)	8,707	(27.1%)

- The revenue for the 2Q and 6 months of 2020 increased by 196% and 179% respectively compared to 2019 due to higher sales price as well as increase in sales volume as a result of increased production at Kochkovskoye deposit and sales of volumes produced in 2019 at Savkinskoye deposit.
- Gold production in 2Q of 2020 increased from 6.8k ounces to 9.1k ounces YoY, and in 6 months from 9.1k ounces to 12.5k ounces YoY due to active works at Kochkovskoye deposit.
Savkinskoye deposit
Despite the decrease in production in 2Q and 6 months of 2020 by 48% and 29% YoY respectively, sales volumes were higher by 66% and 76% YoY respectively due to sales of ore produced at the end of 2019.
Kochkovskoye deposit
Gold production increased from 3.3k ounces in 2Q 2019 to 7.3k ounces in 2Q 2020, and from 4.8k ounces to 9.5k ounces due to higher volumes of ore mined and stacked.

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 2Q2020. 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.

- *Savkinskoye deposit*
TCC for 2Q and 6 months of 2020 decreased by 37% and 18% respectively in comparison with 2019, mainly due to decrease of fixed cost share in the cost of sales structure and depreciation of ruble.
- *Kochkovskoye deposit*
TCC for 2Q and 6 months of 2020 decreased by 35% and 56% respectively in comparison with 2019 mainly due to decrease of fixed cost share in the cost of sales structure and depreciation of ruble.
- The gross profit increased from \$1.9 million in 2Q 2019 to \$12.3 million in 2Q 2020 and from \$2.7 million in 6 months 2019 to \$16.1 million in 6 months 2020 due to higher revenue and decrease in TCC. The gross profit margin increased from 26% in 2Q and 6 months of 2019 to 55% in 2Q and 6 months of 2020.
- Administrative expenses in 2Q 2020 decreased by 20% compared to 2Q 2019.
- The company had a positive adjusted EBITDA of \$8.0 million and \$11.1 million for 2Q and 6 months of 2020. The adjusted EBITDA margin in 2Q and six months of 2020 was 36% and 38% respectively, mainly driven by higher sales.
- The finance expenses in 2Q and 6 months of 2020 increased compared to 2Q and 6 months of 2019 by \$31 million and \$72 million respectively, mainly because of the loss on repayment of the loan in gold, bank commissions on early debt repayment to VTB Bank (PJSC), as well as fair value measurement of the derivative financial instrument within the agreement with PJSC Bank “Finance Corporation “Otkrytie” (PJSC).
- The company had a net profit for 2Q 2020 in the amount of \$2.2 million compared to the net loss of \$2.7 million for 2Q 2019, and a net loss for the six months of 2020 of \$57.1 million compared to net loss for the six months of 2019 in the amount of \$3.4 million.

Cash flow and capital resources

- For 2Q and 6 months 2020 the company had a positive cash flow received from operating activities before changes in working capital of \$9.0 million and \$9.7 million respectively in comparison with cash used in 2Q and 6 months of 2019 of \$5.0 million and \$7.9 million respectively.
- The Company invested \$3.3 million in 2Q 2020 and \$23.4 million in 6 months of 2020 in property, plant and equipment and exploration and evaluation assets.
- In 2Q and 6 months of 2020 the company had a net positive cash flow from financing activities in the amount of \$23.8 and \$45.5 million, representing settlement and receipt of funds under bank loan agreements.

The Financial Statements and MD&A are available on Mangazeya Mining’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.

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Caution Concerning Forward-Looking Information

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