

NEWS RELEASE

Mangazeya Mining Announces Filing of 3Q 2020 Financial Statements, MD&A Quarterly Highlights

TORONTO, ONTARIO, November 30, 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 third quarter and nine months ended September 30, 2020. All figures are quoted in Canadian dollars unless otherwise indicated.

Third quarter and nine months 2020 highlights¹:

	3Q 2020	3Q 2019	Change	%	9M 2020	9M 2019	Change	%
Operational highlights								
Gold production, ounces	20,088	17,643	2,445	13.9%	34,234	26,728	7,506	28.1%
Refining gold, ounces	17,690	19,521	(1,831)	(9.4%)	29,663	26,315	3,348	12.7%
Gold sales, ounces	17,482	16,360	1,122	6.9%	31,004	22,386	8,618	38.5%
Ore mined, tones	379,187	493,584	(114,397)	(23.2%)	1,041,176	1,031,815	9,361	0.9%
Stripping ratio, m ³ /t	2.03	1.41	0.62	43.9%	1.93	1.65	0.28	17.2%
Ore processed, tones	561,177	393,025	168,152	42.8%	1,014,033	804,763	209,270	26.0%
Ore grade in ore processed, g/t	1.45	1.95	(0.50)	(25.7%)	1.47	1.78	(0.31)	(17.4%)
Financial highlights								
Revenue	45,746	32,191	13,555	42.1%	75,274	42,782	32,492	75.9%
Adjusted EBITDA ¹	22,411	13,895	8,516	61.3%	33,464	10,394	23,070	222.0%
Total cash cost per ounce Savkino (TCC), CAD ¹	1,283	1,597	(314)	(19.6%)	1,452	1,520	(68)	(4.5%)
Total cash cost per ounce Kochkovskoye (TCC), CAD	1,006	1,227	(221)	(18.1%)	1,165	1,686	(521)	(30.9%)
Total cash cost per ounce Nasedkino (TCC), CAD	1,229	-	1,229	-	1,229	-	-	1,229
Average gold price, CAD ¹	2,617	1,968	649	33.0%	2,428	1,911	517	27.0%
Cash balance	30,834	7,445	23,389	314.2%	30,834	7,445	(23,389)	314.2%
Cash flow from operating activities before changes in working capital	21,230	(58,287)	79,517	(136.4%)	30,903	(66,185)	(97,088)	(146.7%)
Cash flow from investing activities	(15,908)	(8,736)	(7,172)	82.1%	(39,288)	(40,823)	1,535	(3.8%)
Cash flow from financing activities	6,144	78,940	(72,796)	(92.2%)	51,690	132,156	(80,466)	(60.9%)

- The revenue for the 3Q and 9 months of 2020 increased by 42% and 76% respectively compared to 3Q and 9 months 2019 due to higher sales price as well as increase in sales volumes as a result of the start of sales of gold produced at Nasedkino deposit and the increase in sales at Kochkovskoye deposit.
- Gold production in 3Q of 2020 increased from 17.6k ounces to 20.1k ounces YoY, and in 9 months 2020 from 26.7k ounces to 34.2k ounces YoY due to start of production at Nasedkino deposit.

Savkinskoye deposit

The production volume for 9 months 2020 was 4.8k ounces, which is 45% less than in the same period of the preceding year. In 3Q of 2020 1.7k ounces of gold were produced, which is 60% less than in the same period of the preceding year. The decrease is related to the completion of the deposit development.

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.

The sales volumes for 9 months 2020 decreased by 21% YoY. In 3Q 2020 the sales volumes decreased by 83% YoY. The decrease is attributed to the reduction in amount produced.

TCC for 3Q 2020 decreased by 19.6% in comparison with 3Q 2019, mainly due to depreciation of ruble. TCC for 9M 2020 decreased by 4.5% in comparison with 9M 2019.

Kochkovskoye deposit

Gold production increased by 28% from 18.0k ounces in 9M 2019 to 23.2k ounces in 9M 2020, due to higher volumes of ore mined and stacked. In the 3Q 2020 and 3Q 2019 12.1 and 13.2k ounces of gold were produced respectively.

Sales in 9 months 2020 increased by 39% in comparison with the same period of 2019, to the amount of 21.5k ounces. In 3Q 2020 and 3Q 2019 the sales were 12.7 and 12.2 k ounces respectively.

TCC for 3Q and 9 months of 2020 decreased by 18.1% and 30.9% respectively in comparison with 2019 mainly due to decrease of fixed cost share in the cost of sales structure and depreciation of ruble.

Nasedkino deposit

In 3Q 2020 6.2k ounces of gold were produced and 4.0k ounces of gold were sold.

- The gross profit increased twice from \$17.2 million in 3Q 2019 to \$23.9 million in 3Q 2020 and from \$20.0 million in 9 months 2019 to \$40.0 million in 9 months 2020 due to higher revenue and decrease in TCC. The gross profit margin in 3Q and 9M 2020 is 52% and 53% respectively. The gross profit margin in 3Q and 9M 2019 were 54% and 47% respectively.
- Administrative expenses in 3Q 2020 decreased by 33% compared to 3Q 2019, and by 12% in 9M 2020 YoY.
- The company had a positive adjusted EBITDA of \$22.4 million and \$33.5 million in 3Q and 9 months of 2020. The adjusted EBITDA margin in 3Q and 9 months of 2020 was 49% and 44% respectively, mainly driven by higher sales.
- The finance expenses in 9 months of 2020 increased by \$54 million compared to 9 months of 2019, 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 loss on foreign exchange for 3Q and 9M of 2020 amounted to \$35 and \$43 million respectively due to depreciation of the ruble on revaluation of a foreign currency loan.
- The company had a net loss for 3Q 2020 in the amount of \$11.7 million compared to the net loss of \$3.8 million for 3Q 2019, and a net loss for the 9 months of 2020 of \$68.7 million compared to net loss for the 9 months of 2019 in the amount of \$7.2 million.

Cash flow and capital resources

- For 3Q and 9 months 2020 the company had a positive cash flow received from operating activities before changes in working capital of \$21.2 million and \$30.9 million respectively.
- The Company invested \$15.9 million in 3Q 2020 and \$39.2 million in 9 months of 2020 in property, plant and equipment and exploration and evaluation assets.
- In 3Q and 9 months of 2020 the company had a net positive cash flow from financing activities in the amount of \$6.1 and \$51.6 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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