

## **Mangazeya Mining Announces Filing of 2017 Year-End Financial Statements, MD&A and Financial Results for 2017**

**TORONTO, ONTARIO**, April 30, 2018 – Mangazeya Mining Ltd. (“**Mangazeya**” or the “**Company**”) (NEX: MGZ.H) announced the filing of its annual audited financial statements (“**Financial Statements**”), management’s discussion and analysis (“**MD&A**”) for the Company’s financial year ended December 31, 2017 as required by National Instrument 51-102 Continuous Disclosure Obligations.

All figures are quoted in Canadian dollars unless otherwise indicated.

### **Highlights for 2017 include <sup>1</sup>:**

- In 2017, Mangazeya produced 24.3 koz of gold (-11% year-on-year) on the back of decreased volumes of ore stacked (-4% year-on-year) and low grades in ore stacked (-3% year-on-year); in Q4 2017, gold production decreased by 11% to 5.5 koz compared to 6.1koz in Q4 2016;
- Revenue decreased to \$40.3 million for 2017 or by 11% compared to 2016. In 2017, Mangazeya sold 24.1 Koz of gold and 13.2 Koz of silver (2016: 27.5 koz of gold and 9.6 koz of silver). In Q4 2017, revenue decreased by 18% to \$10.7 million from \$13.1 million in Q4 2016, the Company sold 6.5koz of gold compared to 8.2koz of gold in Q42016. In 2017, The average gold price was \$1,657 (1% year-on-year) (US\$1,268); and \$1,618 in Q42017 compared to \$1,624;
- In 2017, the total cash costs (TCC) per ounce of gold sold equals \$988 (US\$ 756) compared to \$834 (US\$ 630) in 2016. TCC increased by 18% in 2017 compared to 2016 mainly because of currency rate fluctuation (average RUB/CAD currency rate decreased by 11% compared to 2016) as well as growth in general expenses, expenses for fuels and lubricants and other expenses included into COGS. TCC increased by 19% in Q42017 compared to Q42016 due to the same reasons;
- The gross margin decreased to 33% in 2017 from 44% in 2016;
- Administrative expenses during 2017 increased by 259% to \$8.6 million from \$2.4 million in 2016 due to active construction and exploration works in Nasedkino and Zolinsko-Arkiinskaya areas and resulting increase in management service fees;
- Adjusted EBITDA for 2017 equals \$0.1 million compared to EBITDA of \$13.8 million in the corresponding period of 2016. For Q4 2017 adjusted EBITDA decreased to negative \$6.1 million compared to negative \$1.4 million in Q4 2016. Adjusted EBITDA margin was 0.3% for 2017 and -57% for Q4 2017;
- The finance expenses for 2017 decreased by 31% (\$1.22 million in 2017 and \$1.77 million in 2016); and increased by 141% in Q4 2017 compared to Q4 2016;
- The net loss for 2017 was \$3.5 million comparing with the net income of \$10.79 million in 2016. The Company reported a net loss of \$6.98 million for Q4 2017 compared to a net income of \$0.67 million for Q4 2016;

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

- For 2017, cash used in operating activity before changes in working capital was \$0.5 million in comparison with cash received in 2016 of \$14.1 million. Cash used in investing activities in 2017 was \$31.9 million as compared to \$22.5 million in 2016. Cash provided by financing activities in 2017 was \$34.9 million compared to cash provided by financing activities of \$1.7 million in 2016;

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<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 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.*

- For Q4 2017, cash used in operating activity before changes in working capital was \$6.7 million in comparison with cash used in Q4 2016 of \$2.2 million. Cash used in investing activities in Q4 2017 was \$3.9 million as compared to \$6.4 million in Q4 2016. Cash provided by financing activities in Q4 2017 was \$9.5 million compared to cash used in financing activities of \$10.8 million in Q4 2016;
- The Company invested \$33.9 million in 2017 compared to \$22.5 million in 2016. In PPE - \$29.9 million (\$14.5 million for 2016); in Mine properties – \$1.3 million (\$0.8 million for 2016); in Exploration and evaluation assets - \$2.7 million (\$5.6 million for 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](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.

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### ***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.*