

## Mangazeya Mining Announces Filing of its Q3 and 9 months 2016 Financial Statements and MD&A Quarterly Highlights, and approval of the Charter of the Board of Directors, Confidentiality, Disclosure and Insider trading policy of Mangazeya Mining Ltd

**TORONTO, ONTARIO**, November 28, 2016 – 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 – quarterly highlights (“QH”) for the third quarter and nine months ended September 30, 2016. All figures are quoted in Canadian dollars unless otherwise indicated.

### Highlights for 9 months and Q3 2016 include<sup>1</sup>:

	3Q 2016	3Q 2015	Change	%	9m 2016	9m 2015	Change	%
<b>Operational highlights</b>								
Gold production, ounces	<b>13,135</b>	15,984	-2,849	-18%	<b>21,245</b>	21,050	195	1%
Gold sales, ounces	<b>12,780</b>	15,152	-2,372	-16%	<b>19,382</b>	18,454	928	5%
Ore mined, tonnes	<b>322,778</b>	416,830	-94,052	-23%	<b>775,538</b>	894,953	-119,415	-13%
Stripping ratio, m <sup>3</sup> /t	<b>3.48</b>	1.88	1.60	85%	<b>4.13</b>	2.86	1.27	44%
Ore stacked, tonnes	<b>417,160</b>	499,655	-82,495	-17%	<b>953,725</b>	968,682	-14,957	-2%
Ore grade in ore stacked, g/t	<b>1.07</b>	1.53	-0.46	-30%	<b>1.21</b>	1.43	-0.22	-15%
<b>Financial highlights</b>								
Revenue, kCAD	<b>21,509</b>	23,195	-1,686	-7%	<b>32,308</b>	27,735	4,573	16%
Adjusted EBITDA <sup>1</sup> , kCAD	<b>11,575</b>	11,270	305	3%	<b>15,255</b>	10,751	4,504	42%
Total cash cost per ounce (TCC), CAD <sup>1</sup> , kCAD	<b>611</b>	614	-3	-1%	<b>669</b>	640	29	5%
Average gold price, CAD <sup>1</sup>	<b>1,683</b>	1,531	152	10%	<b>1,657</b>	1,503	154	10%
Cash balance, kCAD	<b>9,826</b>	7,224	2,602	36%	<b>9,826</b>	7,224	2,602	36%
Cash flow from operating activities before changes in working capital, kCAD	<b>11,928</b>	11,357	571	5%	<b>16,411</b>	8,516	7,895	93%
Cash flow from financing activities, kCAD	<b>760</b>	-5,489	6,249	-114%	<b>12,424</b>	-1,991	14,415	-724%
Cash flow from investing activities, kCAD	<b>-11,368</b>	-3,534	-7,834	222%	<b>-16,075</b>	4,297	-20,372	-474%

- During 9m 2016 Mangazeya increased **production of gold** from 21,050oz to 21,245oz comparing to 9m 2015; **sale of gold** from 18,454oz to 19,382oz (all production came from Savkinskoye mine). In Q3 2016 the production of gold was 13,135oz comparing to 15,984oz in the corresponding period of 2015, the sale of gold was 12,780oz comparing to 15,152oz in Q3 2015.
- **Revenues** for the period made up \$21,509k for Q3 2016 and \$32,308k for 9m 2016. The **average gold price** in Q3 2016 increased comparing with the average gold price for Q3 2015 from \$1,531 to \$1,683 per ounce or by 10%; from \$1,503 for 9m 2015 to \$1,657 for 9m 2016 (from US\$1,194 to US\$1,255 per ounce).
- For 9m 2016 total cash cost (TCC<sup>1</sup>) per ounce of gold sales made up \$669 (US\$507) comparing to \$640 (US\$508).
- The reported **net income** for Q3 2016 was \$9,079k or \$0.0071 per share, for Q3 2015 the net loss from continuing operations was \$11,878k or \$0.02 per share.

<sup>1</sup> Non-IFRS financial measures (average gold price, total cash cost per ounce of gold, adjusted EBITDA). See definition and reconciliation the MD&A – Quarterly Highlights for the three and six months ended June 30, 2016. 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 accumulated **net income** for 9m 2016 was \$10,115k comparing to net loss from continuing operations for 9m 2015 of \$24,474k.
- **Adjusted EBITDA**<sup>1</sup> for 9m 2016 was \$15,255k (47% margin) compared to \$10,751k (39%) for 9m 2015, for Q3 2016 was \$11,575k (54%) compared to \$11,270k (49%) in Q3 2015.
- **Cash inflow from operating activities** before changes in working capital amounted to \$16,411k for 9m 2016 compared to cash outflow used in operating activities of \$8,516k for 9m 2015.
- **Capital expenditures** for 9m 2016 amounted to \$15,536k compared with \$3,976k for 9m 2015.

Roman Kashuba, CEO commented, *“With the increase of gold price and stable TCC we were able to deliver robust revenue and cash inflow from our Savkino deposit. Meanwhile we actively develop our other assets – Nasedkino and Zolinsk-Arkiinskoe deposits.”*

### **Financial Results for Q3 and 9m 2016**

The Company reported operating income of \$10,901k in Q3 2016 compared to income of \$11,105k in Q3 2015. The decrease was the result of decreased sales volume by 16% partially offset by increase of gold price by 10%. For 9m 2016, the operating income amounted to \$14,158k compared to \$10,397k for 9m 2015. The increase was the result of increase in sales volume by 5% and increase of average gold price by 10%.

Administrative expenses during 9m 2016 decreased by 26% due to changes in service agreement on third party services as a result of cost reduction. In Q3 2016 administrative expenses decreased by 39% comparing to Q3 2015.

During Q3 2016, the Company incurred finance expenses of \$175k compared to \$6,534k in Q3 2015. For 9m 2016 finance expenses was \$1,628k compared to \$18,735k in the corresponding period of 2015. Finance expenses in 2016 were accrued on new loan agreement with Sberbank PLC and partly on the related party's loan agreements, whereas in 2015 all finance expenses were accrued on the related party's loan agreements converted to shares in the early of 2016.

Cash received from operating activity (before changes in working capital) in Q3 2016 was \$11,928k mainly on the same level as compared to \$11,357k in Q3 2015. Cash outflow from investing activities in Q3 2016 was \$11,368k as compared to \$3,534k in Q3 2015. The outflow was due to significant capital expenditure in Q3 2016 and loans issued to related party. Cash received from financing activities in Q3 2016 was \$760k compared to cash used in financing activities of \$5,489k in Q3 2015. In Q3 2016 the Company received the loan under the agreements with Sberbank PLC, in Q3 2015 the Company partially repaid borrowings from related party.

For 9m 2016 cash received from operating activity (before changes in working capital) was \$16,411k as compared to \$8,516k in 9m 2015. Cash outflow from investing activities for 9m 2016 was \$16,075k as compared to inflow of \$4,297k for 9m 2015. The inflow in 9m 2015 was resulted from the sale of Geozvetmet. Cash received from financing activities for 9m 2016 was \$12,424k compared to cash outflow from financing activities of \$1,991k for 9m 2015. The change was due to loan received from Sberbank PLC in 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).

## **Approval of the Charter of the Board of Directors and Confidentiality, Disclosure and Insider trading police of Mangazeya Mining Ltd**

The Board of Directors considered during the meeting of the Board of Directors of the Company held on November 28, 2016 the Charter of the Board of Directors, Confidentiality, Disclosure and Insider trading police of the Company, and unanimously resolved to accept and approve the Charter of the Board of Directors and Confidentiality, Disclosure and Insider trading police of the Company.

The Charter of the Board of Directors and Confidentiality, Disclosure and Insider trading police of the Company 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.

### **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 (including, without limitation, statements regarding, the Bridge Loan (including the timing of advances thereunder and the terms thereof), the Company's financial position, financial alternatives and the Company's ability to continue operations and the Loan Facility (including the occurrence of an event of default thereunder and its potential effect on the Company)). 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.

**Contact:**

Roman Kashuba

Chief Executive Officer

Mangazeya Mining Ltd.

r.kashuba@mangazeya.ru