

Mangazeya Mining Ltd announces receipt of “NI 43-101 Technical Report on Mineral Resource and Ore Reserve Estimate for the Nasedkino Gold Project, Russian Federation”

Tortola, BVI – 28 August 2017 – **Mangazeya Mining Ltd (NEX: MGZ.H)** (“Mangazeya” or the “Company”) announces receipt of the Technical Report titled “NI 43-101 Compliant Mineral Resource and Ore Reserve Estimates for the Nasedkino Gold Project, Russian Federation” (the “NI 43-101 Technical Report”) for Daltsvetmet (an affiliated company of Mangazeya). This review was to assess the data and potential for the Mineral Resource estimate to be classified in compliance with the JORC Code (2012), which is acceptable under the National Instrument (NI) 43-101. The NI 43-101 Technical Report states that the Nasedkino Mineral Resource estimate amounted to approximately 10.2 Mt at 2.25 g/t Au resulting in a contained content of 740 Koz Au. The Ore Reserve estimates amounted to approximately 9.1 Mt at 2.17 g/t Au resulting in a contained content of 634 Koz Au; this Ore Reserve estimate represents an 11% increase in Mineral Resource contained ounces and a 21% increase in Ore Reserve contained ounces compared to the Mineral Resource and Ore Reserve estimates previously estimated by SRK Consulting in the technical report issued in October 2012. This NI 43-101 Technical Report was prepared by Wardell Armstrong International Ltd (“WAI”) and issued in August 2017 as an integral part of the Company's evaluation of the Nasedkino development and additional exploration. This NI 43-101 Technical Report will be filed on SEDAR. The updated Mineral Resource and Ore Reserve estimates are set out in the tables below. This 43-101 Technical Report updates the “43-101 Technical Report for Nasedkino Project, Mogocho, Transbaikal Region, Russian Federation dated October 10, 2012 by SRK Consulting (“SRK”).

Highlights:

- The NI 43-101 Technical Report estimated that the Indicated Mineral Resources of the Nasedkino project amount to approximately 10.2 Mt at 2.25 g/t Au, 740 Koz. Au, and
- Ore reserves amount to approximately 9.1 Mt at 2.17 g/t Au, 634 Koz. Au.

Mineral Resources and Ore Reserves

WAI made a review of the methods and quality of the exploration in 2006-2008, 2011-2012, and 2015, including the processes and methodology of mineral resource estimation with the JORC Code (2012). Table 1 summarizes the classified Mineral Resources (reported under the JORC Code (2012), effective estimation date 10 February 2017).

Table 1: Classification of Mineral Resources

Area	Category	Tonnes, '000 t	Au grade, g/t	Au, t	Au, koz
Pridolinny	Indicated	5,410	1.79	9.70	312
	Inferred	895	1.84	1.64	53
Gora 5	Indicated	1,926	2.26	4.35	140
	Inferred	375	1.87	0.70	23
Zhelanny	Indicated	1,748	3.77	6.59	212
	Inferred	402	1.83	0.74	24
Pravoberezhny	Indicated	1,128	2.11	2.38	77
	Inferred	1,669	1.80	3.00	97
Total	Indicated	10,212	2.25	23.02	740
	Inferred	3,341	1.82	6.08	196

The ore reserves have been estimated using modifying factors, such as losses and dilution.

Table 2: Ore Reserve Estimation

Area	Category	Ore, '000 t	Au grade, g/t	Au, t	Au, koz
Pridolinny	Probable	1,761	2.22	3.91	126
Gora 5	Probable	4,567	1.67	7.63	245
Zhelanny	Probable	1,021	1.96	2.00	64
Pravoberezhny	Probable	1,760	3.51	6.18	199
Total	Probable	9,109	2.17	19.72	634

The gold price of US\$1,100/oz was used for the Ore Reserve estimate.

It is intended to develop the Pridolinny, Gora 5, Zhelanny and Pravoberezhny areas by four open pits. The current report uses the optimal total production capacity of 1.1 Mtpa. The strategic schedule is optimised by maximum NPV, taking into account the mining conditions. The proposed Life of Mine (LOM) is nine (9) years. The truck and shovel mining method is employed with the total amount of overburden estimated to be 94.2 Mt and delivered to four dumps located outside the pit walls. The LOM stripping ratio is 3.7 m³/t.

Processing

Studies of the ore material composition indicated that it is advisable to use a single processing flowsheet for the ores from four different areas.

The processing flowsheet involves primary crushing, SAG mill grinding, gravity processing with the gravity concentrate and tailings leached separately, carbon adsorption and desorption and smelting of the cathode product.

The saleable product of the processing plant is Dore bars. The overall gold recovery is estimated to be at 91.5%. In total, 18.04 t of gold in Dore bars will be produced over the life of the mine.

The saleable product output schedule is based on the designed flowsheet as shown in Table 3.

Table 3: Saleable Product Output Schedule

Item	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Ore, '000 t	613	1,196	1,267	1,031	1,118	1,101	1,099	1,100	585	9,109
Waste, '000 m ³	3,613	5,943	6,113	3,632	4,519	2,959	2,893	2,893	1,140	33,705
Stripping ratio, m ³ /t	5.9	5.0	4.8	3.5	4.0	2.7	2.6	2.6	1.9	3.7
Average ROM grade, g/t Au	2.59	3.82	2.25	1.87	2.14	1.70	1.68	1.56	1.64	2.17
Gold in the ore mined, kg	1,584	4,572	2,852	1,924	2,394	1,875	1,847	1,715	961	19,723
Recovery rate, %	93.8	93.8	91.4	92.5	91.8	88.8	88.8	88.8	88.8	91.5
Gold in Dore bars, kg	1,396	4,152	2,346	2,261	2,199	1,666	1,641	1,523	854	18,038

Marketing and Economics

The Nasedkino Project will require total pre-production capital costs of US\$84.2M (including contingency of 10%) with overall LOM capital requirements of US\$99M. The capital cost breakdown is given in Table 4, below.

Table 4: Capital Costs for Construction

Cost item	Cost, US\$ M
Project design, Engineering Study, Permitting	1.5
Mining Equipment	18.6
Gold Processing Plant	37.9
Power Infrastructure	5.5
General Purpose Infrastructure	15.7
Mining Equipment Maintenance	5.6
Plant Maintenance Cost	3.9
Contingency (10%)	7.9
Mine Closure and Reclamation	2.22
Total Capital Costs	99

The project economics were assessed using the discounted net cash flow method as part of the income-based approach. The assessment is based on the operating costs, capital costs and expected sale revenues.

The LOM cost of production was estimated at US\$244M or total cash cost of US\$420/oz and includes operating mining and processing costs, auxiliary works and general and administration, royalty (mineral tax) and property tax.

The exchange rate used in the report is fixed at 65 RUB/US\$.

Mine Location

Nasedkino deposit is located in Mogocha district, in the north-east of Eastern Trans-Baikal Territory, in the western part of Cheremnoy range, Russian Federation. The mine is located in the underdeveloped area. The nearest

settlements are the town of Mogocha, the district centre, located 40 km (straight line) and 56 km (along the winter road) off the mine.

Property

Dalvetmet holds two mining licenses valid through 1 December 2025 (Gora 5 and Pridoliny) and through 31 December 2036 (Zhelanny and Pravoberezhny).

Qualified Persons

Richard Ellis, C.Geo. and Mark Mounde, C.Eng. who by reason of education, experience and professional registration, fulfill the requirements of an independent Qualified Persons (QP) as defined in NI 43-101, has reviewed and approved the scientific and technical information in this press release.

About Mangazeya Mining Ltd.

Mangazeya Mining Ltd is a gold mining and exploration company with its assets based in eastern Russia. The common shares of Mangazeya Mining Ltd are listed and posted for trading on the Toronto Stock Exchange (NEX) with the “MGZ.H” ticker.

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Caution Concerning Forward-Looking Information

This news release contains “forward-looking information” within the meaning of applicable Canadian securities laws (collectively, “forward-looking statements”) relating, but not limited to, Mangazeya Mining Ltd.’s expectations, intentions and beliefs (including, without limitation, statements regarding the Nasedkino licence area (including the potential thereof), exploration and development plans (including the timing thereof), exploration results, future plans and objectives of Mangazeya Mining Ltd and plans with respect to the filing of the NI 43-101 Technical Report (including the timing thereof)). 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 management of Mangazeya Mining Ltd in light of its experience, current conditions and its 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: changes in equity and debt markets; uncertainties relating to the availability and costs of financing needed to complete exploration, development and production activities; failure to establish

mineral resources at the Nasedkino license area; exploration costs varying significantly from estimates; delays in the exploration and development of the Nasedkino license area; unexpected geological or hydrological conditions; operational and technical difficulties, including the failure of major mining and/or milling equipment; the availability to Mangazeya Mining Ltd of suitable financing alternatives; as well as other risks and uncertainties which are more fully described in Mangazeya Mining Ltd's annual and quarterly Management's Discussion and Analysis and in other filings made by Mangazeya Mining Ltd with Canadian securities regulatory authorities and available at www.sedar.com.

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