

NEWS RELEASE

Mangazeya Mining announces the filing of its first quarter 2022 Financial Statements and MD&A quarterly highlights

TORONTO, ONTARIO, May 30, 2022 – Mangazeya Mining Ltd. (“**Mangazeya**” or the “**Company**”) (NEX: MGZ.H) announced the filing of its unaudited interim condensed consolidated financial statements (“**Financial Statements**”) and management’s discussion and analysis (“**MD&A**”) quarterly highlights for the three months ended March 31, 2022 as required by the National Instrument 51-102 Continuous Disclosure Obligations.

All figures are quoted in thousands of Canadian dollars unless otherwise indicated.

First quarter 2022 highlights:

	1Q 2022	1Q 2021	Change	%
Gold production, ounces	20,560	13,397	7,163	53.4%
Refining gold, ounces	22,424	13,573	8,851	65.2%
Gold sales, ounces	23,108	12,506	10,602	84.8%
Ore mined, tonnes	381,001	294,606	86,395	29.3%
Average stripping ratio, m ³ /t	4.85	2.86	1.99	69.6%
Ore processed, tonnes	283,591	156,771	126,820	80.9%
Average ore grade in ore processed, g/t	2.57	2.46	0.11	4.5%
Revenue	53,614	27,606	26,008	94.2%
Adjusted EBITDA ¹	39,141	19,197	19,944	103.9%
Total cash cost per ounce Kochkovskoye (TCC), CAD ¹	433	1,008	(575)	(57.0%)
Total cash cost per ounce Nasedkino (TCC), CAD	606	830	(224)	(27.0%)
Average gold price, CAD ¹	2,313	2,136	177	8.3%
Cash balance	27,574	33,436	(5,862)	(17.5%)
Cash flow from operating activities before changes in working capital	38,748	17,350	21,398	123.3%
Cash flow used in investing activities	(10,580)	(7,361)	(3,219)	63.3%
Cash flow used in financing activities	(16,369)	(13,269)	(3,100)	23.4%

- In the first quarter of 2022 the total revenue of the Group increased by 94% as compared to the first quarter of 2021 in line with the increase in the sales volumes by 85%.
- The total gold produced in the first quarter of 2022 amounted to 20.6k ounces, which represents a 53% increase in comparison with the first quarter of the previous year, due to higher volumes of ore mining and processing.
- The Group had a net negative cash flow of \$6.9 million in the first quarter of 2022, following the negative cash flow in 2021 of \$7.3 million, that also excludes a payment under the bank loan agreement in the amount of \$15.6 million (12.5 million USD) that was rescheduled from March 2022 to June 2022 as the Company was not able to effect the payment according to the schedule for technical reasons associated with the current financial restrictions.
- The decrease of the total cash cost per ounce expressed in CAD is attributed mostly to the effect of the exchange rate of ruble against CAD and USD that experienced a significant depreciation in February-March of 2022.
- The recent developments in relation to the geopolitical environment since the end of February 2022 and the corresponding serious sanction measures imposed on Russia continue to represent significant challenges for the Company’s operations and its financial position.

Savkinskoye deposit

The Company resumed mining and stripping activities at the end of 2021 that were continued in the first quarter of 2022. The processing and production are planned during 2022.

¹The adjusted EBITDA, total cash cost and average gold price are non-IFRS performance measures explained on page 3 of this News Release. 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.

Kochkovskoye deposit

In the first quarter of 2022 the mining activities were carried according to the Company's plans, but there was no gold produced as the Company scheduled the processing and production of the mined volumes for the second quarter of the year.

The sales of gold decreased to 0.6k in the first quarter of 2022 from 1.9k of ounces in first quarter of 2021.

Nasedkino deposit

In the first quarter of 2022 20.6k ounces of gold were produced representing a 53% increase over the first quarter of the previous year due to higher volumes of processing of ore with a higher concentration of gold.

In the first quarter of 2022 22.5k ounces of gold were sold, representing an increase over the first quarter of the previous year in line with the higher amount of production.

The TCC for gold sold amounted to \$606 per ounce that is by 27% lower than in the comparative period due to depreciation of the functional currency (Russian Ruble) in which the major part of costs is incurred against CAD.

- The gross consolidated profit of Mangazeya Mining Ltd for the first quarter of 2022 amounted to \$35.6 mln, and the gross profit margin was 66%. The increase of gross profit against the comparative period is due to a higher revenue as well as the effect of foreign exchange on the cost of sales expressed in CAD due to depreciation of ruble.
- The general and administrative expenses for the first quarter of 2022 were \$2.1 mln, remaining at the level of the comparative period of the previous year.
- In the first quarter of 2022 the Company had a positive adjusted EBITDA of \$39.1 million and an adjusted EBITDA margin of 73%.
- The finance expenses of the Company in first quarter of 2022 totaled \$33.0 million, including the foreign exchange losses of \$24.7 mln, expenses on derivative financial instruments of \$5.0 mln as well as interest expenses on bank loans in the amount of \$2.7 mln.
- The net income of the Company for the first quarter of 2022 was \$0.5 million.

Cash flow and capital resources

- In the first quarter of 2022 the Company had a positive cash flow of \$38.7 million from operating activities before changes in working capital, being a result of increased volumes of sales and stable market prices.
- During the first quarter of 2022 the Company invested \$8.3 million in the technical enhancement of the production facilities and exploration and evaluation activities.
- In the first quarter of 2022 the Company's cash outflow on financing activity was \$16.4 million, representing settlements under bank loan agreement, payments in regard to finance lease obligations and financial instruments. This excludes the payment under the bank loan agreement in the amount of \$15.6 million (12.5 million USD) that was technically rescheduled from March 2022 to June 2022.

Going concern

The deterioration of the geopolitical situation resulting from the conflict in Ukraine rapidly developing since the end of February 2022 has led to severe economic sanctions adopted by the United States, the European Union, the United Kingdom, Canada and other countries against Russian Federation. The already adopted measures and announced future restrictions represent significant challenges and an increased level of uncertainty for the Russian economy in general and specific industries in particular,

including the metals and mining sector. The management of the Company considers the main factors of risk:

- the global disruptions in the supply chains, leading to higher operational and capital costs for the Company.
- the sanctions imposed on the banking system imply difficulties of access to capital markets, resulting in increased borrowing rates
- the general macroeconomic environment may affect the gold sales by the increased discounts to the gold price.

While the management assumes that the Company will be able to continue its current operational activities and work on the achievement of its business goals, the unprecedented sanctions already adopted and possible in the future, and further unpredictable developments of economic and political situation are expected to have an impact on the financial results of 2022.

Subsequent events

On May 16, 2022, in conformity with the BVI Business Companies Act, 2004 (as amended) and its articles of association, the Company resolved to redeem the outstanding shares held by the Minority shareholders that comprise approximately 9.99% of the share capital of the Company at a proposed redemption price of 0.045 CAD per share, which represents a fair market price determined by an independent appraiser firm FBK LLC.

Non-IFRS measures

- The adjusted EBITDA is a non-IFRS measure used by the Company to analyze its performance in regard to its ordinary operational activity and also for comparison purposes with the other companies in the industry excluding non-recurring and irregular items.
- The Total Cash Cost (TCC) is a non-IFRS measure that is used by the Company to evaluate and analyze its performance and for comparison purposes between own assets as well as with other companies in the industry.
- The average price of gold sales is a non-IFRS measure that is used for analytical purposes and represents the total revenue from the sales of gold divided by the total amount of units sold.

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

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.