

NEWS RELEASE

**Mangazeya Mining announces the filing of its 2Q 2021 Financial Statements and MD&A Quarterly highlights**

**TORONTO, ONTARIO**, August 30, 2021 – 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 and six months ended June 30, 2021 as required by the National Instrument 51-102 Continuous Disclosure Obligations.

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

**Second quarter and six months 2021 highlights:**

	2Q 2021	2Q 2020	Change	%	6M 2021	6M 2020	Change	%
Gold production, ounces	17,585	9,129	8,456	92.6%	30,970	12,515	18,455	147.5%
Refining gold, ounces	15,463	9,378	6,085	64.9%	29,036	11,972	17,064	142.5%
Gold sales, ounces	16,716	10,279	6,437	62.6%	29,221	13,522	15,699	116.1%
Ore mined, tonnes	508,528	382,584	125,944	32.9%	803,134	661,989	141,145	21.3%
Stripping ratio, m <sup>3</sup> /t	2.37	2.14	0.23	10.7%	2.55	1.87	0.68	36.4%
Ore processed, tonnes	392,889	426,193	(33,304)	(7.8%)	549,660	452,856	96,804	21.4%
Ore grade in ore processed, g/t	1.94	1.48	0.46	31.1%	2.08	1.50	0.58	38.7%
Revenue	37,246	22,115	15,131	68.4%	64,852	29,528	35,324	119.6%
Adjusted EBITDA <sup>1</sup>	18,012	8,047	9,965	123.8%	37,209	11,053	26,156	236.6%
Total cash cost per ounce								
Savkino (TCC), CAD <sup>1</sup>	-	987	(987)	(100.0%)	-	1,145	(1,145)	(100.0%)
Total cash cost per ounce								
Kochkovskoye (TCC), CAD	1,626	1,306	320	24.5%	1,482	1,187	295	24.9%
Total cash cost per ounce								
Nasedkino (TCC), CAD	771	-	771	-	796	-	796	-
Average gold price, CAD <sup>1</sup>	2,228	2,151	77	3.6%	2,219	2,184	35	1.6%
Cash balance	22,652	24,360	(1,708)	(7.0%)	22,652	24,360	(1,708)	(7.0%)
Cash flow from operating activities before changes in working capital	19,192	8,997	10,195	113.3%	36,542	9,673	26,869	277.8%
Cash flow (used in) / provided by financing activities	(14,194)	23,831	(38,025)	(159.6%)	(27,463)	45,546	(73,009)	(160.3%)
Cash flow used in investing activities	(8,894)	(3,297)	(5,597)	169.8%	(16,255)	(23,380)	7,125	30.5%

- In 2Q 2021 the total revenue increased by 68% as compared to 2Q 2020 in line with the increase in sales volume by 63%. For the six months the revenue increase was 120%. The increased volume of revenue is related to production and sales of gold produced at Nasedkino deposit.
- The gold production in 2Q 2021 was 17.6k ounces, which represents a 93% increase in comparison with 2Q 2020, due to start of production at Nasedkino deposit in the second half of 2020.

*Savkinskoye deposit*

In 2Q and 6 months of 2021 no gold has been produced or sold.

*Kochkovskoye deposit*

<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 1Q 2021. 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 gold produced in 2Q and 6 months of 2021 amounted to 3.5 and 4.6k ounces respectively, which is approximately 52% lower than in the same periods of the previous year in line with reduced amounts of mining.

The gold sales were 2.1k and 4.0k ounces in 2Q 2021 and 6 months of 2021 respectively.

TCC for gold sold in 2Q 2021 was \$1,626 per ounce, which represents a 25% increase in comparison with 2Q 2020 (\$1,306) due to the decrease of production volumes, while the fixed cost share in the cost of sales structure remained stable.

#### *Nasedkino deposit*

In 2Q 2021 and 6 months 2021 14.6k and 25.3k ounces of gold were sold. TCC for gold sold was \$771 and \$796 per ounce respectively.

- The gross profit of Mangazeya Mining Ltd for six months of 2021 amounted to \$29.5 mln, and the gross profit margin was 46%. The increase of gross profit against the comparative period of the previous year is connected with the increase of revenue.
- Administrative expenses for the 2Q 2021 were \$2.3 mln, representing a decrease of 20% compared to 2Q 2020. Administrative expenses for the 6 months 2021 amounted to \$4.5 mln, which is 35% lower in respect of the comparative period of the previous year.
- In the first 6 months of 2021 the Company had a positive adjusted EBITDA of \$37.2 million and an adjusted EBITDA margin of 57.4%.
- The finance expenses of the Company in the 6 months of 2021 amounted to \$15.1 million, including the expenses on derivative financial instruments of \$8.3 mln as well as interest expenses on bank loans in the amount of \$5.5 mln.
- The Company's net income for the first quarter and 6 months of 2021 was \$11.6 million and \$14.7 million respectively.

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

- For the 6 months of 2021 the Company had a positive cash flow of \$36.5 million from operating activities before changes in working capital, being a result of increased sales and favorable market prices.
- In 6 months of 2021 the Company invested \$12.7 million and \$1.3 million in property, plant and equipment and exploration and evaluation assets respectively.
- In 6 months of 2021 the Company's cash outflow on financing activity was \$27.5 million, representing a settlement under bank loan agreements, payments under finance lease and financial instruments.

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](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.*