

MANGAZEYA MINING LTD.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS - QUARTERLY HIGHLIGHTS

For the three and nine months ended September 30, 2017

Dated: November 29, 2017

This quarterly highlights ("QH") of the financial position and results of operations of Mangazeya Mining Ltd. ("Mangazeya Mining Ltd." or the "Company") should be read in conjunction with the unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2017 as well as the annual audited consolidated financial statements for the year ended December 31, 2016 and the corresponding MD&A. Those audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all amounts in this QH are expressed in thousands of Canadian dollars (\$). Information on risks, technical and scientific information under National Instrument 43-101 concerning the Company's mineral resources are contained in the Company's most recent filed annual MD&A and Technical Reports.

THIRD QUARTER AND NINE MONTHS 2017 HIGHLIGHTS

	Q3 2017	Q3 2016	Change	%	9m 2017	9m 2016	Change	%
Operational highlights								
Gold production, ounces	10,486	13,135	(2,649)	(20%)	18,843	21,245	(2,402)	(11%)
Gold sales, ounces	11,405	12,780	(1,375)	(11%)	17,600	19,382	(1,782)	(9%)
Ore mined, tonnes	327,128	322,778	4,350	1%	847,487	775,538	71,949	9%
Stripping ratio, m ³ /t	2.74	3.48	(0.74)	(21%)	3.91	4.13	(0.22)	(5%)
Ore stacked, tonnes	331,330	417,160	(85,830)	(21%)	848,268	953,725	(105,457)	(11%)
Ore grade in ore stacked, g/t	1.14	1.07	0.07	7%	1.17	1.21	(0.04)	(3%)
Financial highlights								
Revenue	18,978	21,509	(2,531)	(12%)	29,517	32,308	(2,791)	(9%)
Adjusted EBITDA ¹	7,538	11,575	(4,037)	(35%)	6,219	15,255	(9,036)	(59%)
Total cash cost per ounce (TCC), CAD ¹	654	611	43	7%	814	669	145	22%
Average gold price, CAD ¹	1,602	1,683	(81)	(5%)	1,668	1,657	11	1%
Cash balance	1,558	9,826	(8,268)	(84%)	1,558	9,826	(8,268)	(84%)
Cash flow from operating activities before changes in working capital	7,544	11,928	(4,384)	(37%)	6,224	16,411	(10,187)	(62%)
Cash flow from financing activities	(965)	760	(1,725)	(227%)	25,464	12,424	13,040	105%
Cash flow from investing activities	(10,865)	(11,368)	503	(4%)	(27,991)	(16,075)	(11,916)	(74%)

¹ Throughout this QH we use additional measures of Company performance. These are non-IFRS measures. Please see page 4 for an explanation and discussion of these non-IFRS measures.

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Corporate Overview

Mangazeya Mining Ltd. completed its continuance from the Province of Ontario to the British Virgin Islands under the BVI Business Companies Act, 2004, as amended, effective December 10, 2010, as approved by special resolution of the shareholders of Mangazeya Mining Ltd. at its annual and special meeting held on December 9, 2010. Mangazeya Mining Ltd., through its wholly-owned Cyprus subsidiary, Diascia Investments Limited (“**Diascia**”), owns interest in five wholly-owned subsidiaries Mangazeya Mining LLC. (“**Mangazeya Mining LLC**”), Dalsvetmet LLC (“**Dalsvetmet**”), Koryakmining LLC (“**Koryakmining**”), Vostokzvetmet LLC (“**Vostokzvetmet**”) and White Tiger Gold Management LLC (each subsidiary is an “**OpCo**” and collectively, the “**OpCos**”).

Approximately 88.7% of the issued and outstanding common shares are owned by Mr. Sergey Yanchukov through Mangazeya Center LLC (1,143,222,462 shares). Other 11.3% of shares trade on NEX of the Toronto Stock Exchange under symbol MGZ.H. With a strategic focus on the subsoil areas in the Russian Federation, the Company is engaged in exploring for precious metals on prospective areas, development of ore.

As of September 30, 2017, the Company holds four licenses through the three OpCos (Mangazeya Mining LLC, Dalzvetmet LLC and Koryakmining LLC). All licenses are “exploration and mining licenses”.

Strategic Goals and Recent Developments

Trends, risks, demands

The main strategy of the Company in 2017 – 2018 years is to prepare Nasedkino and Zolinsko-Arkiinskaya areas for the production and to continue the exploration of areas at and near Savkinskoe, Nasedkino and Zolinsko-Arkiinskaya to find new resources in order to improve the Company's resource base. For this the Company plans to exploit the maximum capacity of Savkinskoye. However, the Company is heavily dependent on the price of gold. The recent growth trend of gold price allows the Company to develop ore with a lower grade that was previously uneconomic.

Savkinskoye update

During 2016 the Company continued the estimation of reserves of Savkinskoye's flanks (Khlebniy and Filevskiy) for submission to the state authority. In Q3 2016 the Company received state (GKZ) approval on reserves of Savkinskoye's flanks (Khlebniy). During Q4 2016 the Company prepared the plan of development of Savkinskoye's flanks (Khlebbiy) to start works in 2017.

In Q4 2017 the Company is planning to send to the state authority the project on exploration works for reserves of Savkinskoye's flanks (Filevskiy) for the submission.

During 9m 2017 the operations of Savkinskoye were carried out in accordance with the plan of development. The Company continued mining of Central and South-West part of the deposit, and started mining of Khlebniy deposit (from February 2017).

During the first half of 2017 were no exploration works, in Q3 2017 on ore areas of the deposit the Company passed 2,057 m of core drilling on 43 drill holes on Khlebniy deposit, 31,170 m³ of trenching on 9 tranches on Filevskiy deposit, made 2,242 core samplings, 1,399 trench samplings and 3,640 analyses were carried out. During 9m 2016 there were no exploration works.

Nasedkino update

In April 2016 the Company received another exploration and mining license for additional areas of Nasedkino. It is expected that the new areas will lead to a significant increase of estimated reserves of Nasedkino. In June 2016 the Company submitted the feasibility report on mineral deposits of Nasedkino including flanks under new license. In Q3 2016 the state review of the feasibility report was finalized. The Company also prepared the project of evaluation works on the far flanks of Nasedkino. In Q4 2016 the Company received state (GKZ) approval on the reserves.

During 9m 2017 the Company continued the preparatory works for the construction of a factory to start mining works. Platforms for the construction of the gold recovery plant, reservoirs, fuel, machinery repair shop, stream diversion channel, tailing pond were prepared, the Nasedkin-Kisly Klyuch road construction is at the stage of completion. Based on the building permits received, the construction of the field camp was started, the construction of bridge on river Bolshoy Urym was completed, on the gold recovery plant continues the pouring of foundations under the frame and pachuki, the fuel depot was reconstructed on the basis of the Kislyi Klyuch, the dead end siding was put into operation on the basis of the Kislyi Klyuch, the construction of a reserve overhead power transmission line was started, the formation of the dam of the reservoir and the base for the geomembrane was completed, the construction of stream diversion channel was continued.

In August 2017, Wardell Armstrong International Ltd (“WAI”) completed 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 Dalzvetmet. This NI 43-101 Technical Report was prepared as an integral part of the Company's evaluation of the

Nasedkino development and additional exploration. This 43-101 Technical Report updates the “43-101 Technical Report for Nasedkino Project, Mogocha, Transbaikal Region, Russian Federation dated October 10, 2012 by SRK Consulting (“SRK”). The report’s release with comments was filed and available on SEDAR (www.sedar.com).

In Q3 2017 the Company continued the works on the technical project of development of the deposit’s first stage.

In Q3 2017 on ore areas of the deposit the Company passed 5,785 m³ of trenching and made 250 trench samplings, during 9 months of 2017 the Company passed 8,894 of trenching and made 250 trench samplings. During 9m 2016 there were no exploration works.

Zolinsko-Arkiinskaya update

Ore deposit. In 2016 the Company continued exploration in order to assess the reserves of deposit. During 2016 the Company started to create the wire frame and block model of the deposit for further estimation. In Q3 2017 the Company completed the feasibility report of the Kochkovskiy ore deposit. In Q3 2017 the Company completed the project for assessment and exploration works on ore deposit within the license area, including the Kochkovsky site. The Company sent to the state authority the feasibility report and the project for assessment and explorations works of the Kochkovskiy ore deposit for the submission.

The project of pilot-industrial mining of the oxidized ores on the Kochkovsky deposit is under development.

During the first half of 2017 were no exploration works, in Q3 2017 the Company passed 5,653 m of core drilling, 26,250 m³ of trenching, made 5,731 core samplings, 2,516 trench samplings and 5,250 analyses were carried out. In the nine months of 2016 year the Company passed 10,766 m of core drilling and 115,315 m³ of trenching, made 10,171 core samplings and 8,900 trench samplings.

Alluvial deposit. During 2016 the Company completed evaluation works on the basin of river Urov. In Q2 2016 the Company submitted to the state authority a feasibility report on alluvial areas on the basin of river Shirokaya. In Q3 2016 the report was approved. In Q1 2017 the Company submitted to the state authority a Report on exploration results on upstream of Urov river (left bank) and Urumkan river water gap (Tayna feeder), placer gold reserves estimation on Talovka and Kuvshikha locations as of April 1, 2017. The Company received approval on the reserves (TKZ).

During the nine months of 2017 there were no exploration works. In the nine months of 2016 the Company passed 4,815.8 m of core drilling on 614 holes, made 13,949 core samplings. During the nine months of 2017 there were no mining operation.

The conceptual plan for the construction of the Kochkovsky mine is under construction.

Overall Operating Performance Results

The following table shows production and cost information for the Savkinskoye Mine for the three and nine months ended September 30, 2017 and September 30, 2016:

	Ore mined (t)	Ore grade in ore mined (g/t)	Ore stacked (t)	Ore grade in ore stacked (g/t)	Gold produced (oz)	Gold sold (oz)	Total cash cost per ounce of gold sold (\$/Au oz) ¹
Three months ended September 30, 2017	327,128	1.34	331,330	1.14	10,486	11,405	\$654
Three months ended September 30, 2016	322,778	1.14	417,160	1.07	13,135	12,780	\$611
Nine months ended September 30, 2017	847,487	1.27	848,268	1.17	18,843	17,600	\$814
Nine months ended September 30, 2016	775,538	1.06	953,725	1.21	21,245	19,382	\$669

Mining production

- Total ore mined for 9m 2017 increased by 9.3% compared to 9m 2016 due to the development of new areas (South-West part of the Central pit and Khlebniy deposit). However, ore mined in Q3 2017 was in line with Q3 2016. Mining works on Khlebniy deposit were temporary suspended because of the exploration and evaluation activities on the

¹ The Company has included a non-IFRS performance measure, total cash cost per ounce of gold, in this MD&A. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures, prepared in accordance with IFRS, certain investors use this information to evaluate the Company’s performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. A reconciliation of cash cost to the applicable IFRS measure is shown below.

deposit during September 2017.

- Ore grade in ore mined increased by 19.8% in 9m 2017 compared to 9m 2016, and increased by 17.5% in Q3 2017 compared to Q3 2016. Average grade in ore mined was higher than was planned, due to development of areas with higher grading (South-West part of the deposit).
- Ore stacked in 9m 2017 was decreased by 11.1% compared to 9m 2016. Ore stacked decreased by 20.6% in Q3 2017 comparing to the corresponding period of 2016 and explained by the temporary flooding of a South-West part of the deposit and inability of the immediate involvement in processing. The grading decreased by 3.3% in 9m 2017 and increased by 6.5% in Q3 2017 comparing to corresponding period of 2016. The ore grade in ore stacked directly depends on the feed ore.

Processing

- In 9m 2017 the gold production decreased by 11.3% compared to the corresponding period of previous year, gold production in Q3 2017 was 20.2% lower than the comparative quarter of 2016. The production volume decreased compared to the corresponding period because of the decrease in ore stacked.

Total Cash cost of production (TCC)¹

- TCC in 9m 2017 increased by 21.7% compared to 9m 2016 as a result of growth in basic, supporting materials, fuel expenses included into cost of sales and currency rate fluctuation. TCC in Q3 2017 increased by 7% compared to Q3 2016 due to the same reasons.
- The stripping ratio was lower by 5.3% in 9m 2017 and by 21.3% in Q3 2017 comparing to corresponding period, Stripping ratio decreased from 4.13 m³/t in 9m 2016 to 3.91 m³/t in 9m 2017 or by 5.3% and from 3.48 m³/t in Q3 2016 to 2.74 m³/t in Q3 2017 or by 21.4%. Stripping and stripping ratio decreased because of the redistribution of the mining works to deliver the maximum results thereafter.

Financial results

The following table presents the results from continuing operations for the three and nine months ended September 30, 2017 and the corresponding period of 2016.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Total revenue	18,978	21,509	29,517	32,308
Cost of sales	(8,488)	(8,465)	(16,175)	(14,022)
Gross profit	10,490	13,044	13,342	18,286
Administrative expenses	(1,662)	(601)	(5,468)	(1,899)
Income from continuing operations	5,388	9,079	3,461	10,115
Adjusted EBITDA ¹	7,538	11,575	6,219	15,255
(Loss) income per share from continuing operations (basic and diluted)	\$0.0042	\$0.0071	\$0.0027	\$0.0092

- **Revenue.** For 9m 2017 the revenue decreased by 9% comparing to 9m 2016, the company sold **17,600** ounces of gold and **7,503** ounces of silver (9m 2016 – 19,382 ounces of gold and 9,650 ounces of silver). In Q3 2017 revenue was **11%** lower than the comparative quarter of 2016, the company sold **11,405** ounces of gold (Q3 2016 – 12,780 ounces of gold).
- The average gold price for 9m 2017 increased from \$1,657 to **\$1,668** per ounce or by 1% (from US\$1,255 to **US\$1,276** per ounce or by 2%). Silver is a by-product and the Company sold silver occasionally.
- **Gross profit margin** decreased from 57% for 9 months 2016 to **45%** for 9 months 2017. The gross profit margin in Q3 2017 was **55%** comparing to 61% in Q3 2016.
- **Administrative expenses** during 9m 2017 increased by 188% due to changes in agreements of services as a result of the active construction and exploration works in Nasedkino and Zolinsko-Arkiinskaya areas.
- **Adjusted EBITDA** for 9m 2017 decreased by 59% comparing to 9m 2016 mainly due to decrease of the gold sales, the adjusted EBITDA margin was 21% for 9m 2017 comparing to 47% for 9m 2016.

Cash Cost per Ounce Reconciliation for Savkinskoye Mine

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Cost of Sales	8,488	8,465	16,175	14,022
Less: Depreciation and Amortization included in cost of sales	(1,034)	(659)	(1,842)	(1,056)
Cost of sales less Depreciation and Amortization	7,454	7,806	14,333	12,966
Gold sold (oz)	11,405	12,780	17,600	19,382
Total Cash Cost per ounce of gold sold	\$654	\$611	\$814	\$669

Adjusted EBITDA

EBITDA represents net loss from continuing operation before: (1) interest (income)/ expense net, (2) income tax provision, (3) depreciation, depletion, and amortization. Adjusted EBITDA represents EBITDA as further adjusted for non-cash impairment and foreign exchange loss. The management believes that foreign exchange loss is primarily connected to loans received from related party and should be excluded from EBITDA calculation in the same way as interest expenses.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net profit (loss) (continuing operations)	5,388	9,079	3,462	10,115
Interest (income) / expense, net	12	(534)	(231)	827
Income tax provision	1,601	2,394	1,357	3,432
Depreciation, depletion and amortization	1,041	674	1,858	1,097
Foreign exchange gain	(504)	(38)	(227)	(216)
Adjusted EBITDA	7,538	11,575	6,219	15,255

Summary of Quarterly Results (prepared in accordance with IFRS)

The Company's quarterly results are affected by, among other things, the severe climatic variations in Eastern Russia. Higher revenues and operating profits are generally expected during the second half of the year than during the first half of the year because of the seasonal nature of operations. This variation is reflected in the results shown in the table below for the quarters ending December 31, 2015 to September 30, 2017.

	2017			2016				2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Gold production (oz)	10,486	6,758	1,599	6,108	13,135	6,260	1,850	12,867
Gold sales (oz)	11,405	4,841	1,354	8,139	12,780	5,475	1,127	15,146
Revenue	18,978	8,156	2,383	13,130	21,509	8,773	2,026	22,720
Gross Profit	10,490	1,938	914	1,774	13,044	4,346	896	8,360
Net income (loss)	5,388	(613)	(1,313)	676	9,079	1,938	(902)	8,715
Earnings (loss) per share from continuing activities (basic and diluted)	0.0042	(0.0005)	(0.001)	(0.001)	0.0071	0.0015	(0.0013)	(0.01)
Cash provided by (used in) operating activities	12,129	(580)	(8,058)	4,942	14,760	2,702	(4,257)	13,537

Financial condition and liquidity

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net cash (used in) provided by operating activities before working capital	7,544	11,928	6,224	16,411
Net cash (used in) provided by operating activities after working capital	12,479	14,760	3,841	13,205
Net cash (used in) provided by investing activities	(10,865)	(11,368)	(27,991)	(16,075)
Net cash (used in) provided by financing activities	(965)	760	25,464	12,424
Loans and borrowings				
- Short-term	10,175	13,150	10,175	13,150
- Long-term	17,601	-	17,601	-
Cash and cash equivalents	1,558	9,826	1,558	9,826
Working capital	30,775	34,028	30,775	34,028

(a) Cash flow and capital resources**Working capital**

The working capital decreased by 5% or \$1,701k as at September 30, 2017 compared to December 31, 2016 as a result of increase of total current liabilities by 104% in loans and borrowings (by 292%) and trade and other payables (by 106%).

Main changes in cash flows are:

Operating activities

- the positive effect from income in operations with the growth of Russian Rubles during 9m 2017 was resulted in the cash inflow from operating activities before changes working capital;

Investing activities

- during 9m 2017 the repayment of loans by related party amounted to \$6,315k and the loans issue to related party was \$7,581k compared to 9m 2016 year. The repayment of loans by related party amounted to \$7,886k and the loans issue to related party was \$8,469k;
- the Company invested **\$27,263k** in 9m 2017 comparing to \$15,536k in 9m 2016. In PPE - **\$24,959k** (Savkinskoye - \$704k; Nasedkino - \$24,238k mainly on construction of infrastructure; Zolinsko-Arkiinskaya area - \$18k), in Mine properties – **\$212k** (**\$132k** on alluvial deposit of Zolinsko-Arkiinskaya area and **\$80k** on Savkinskoye); in Exploration and evaluation assets - **\$2,062k** (Nasedkino - \$828k, Zolinsko-Arkiinskaya area - \$1,234k) and IA - **\$30k** for different licenses.

For the same period of 2016 the Company invested **\$15,536k**: in PPE - **\$10,542k** (Savkinskoye - \$7,003; Nasedkino - \$3,506k; Zolinsko-Arkiinskaya area - \$33k), in Mine properties - **\$1,099k** on alluvial deposit of Zolinsko-Arkiinskaya area, in Exploration and evaluation assets - **\$3,851k** (Nasedkino - \$1,920k; Savkinskoye - \$120k, Zolinsko-Arkiinskaya area - \$1,811k) and IA - **\$44k**.

Financing activities

- During 9m 2017 the Company received \$26,195k loan under the loan agreement with Sberbank PLC, \$731k accrued interest was repaid.
- For 9m 2016 the Company received loans of \$14,091k loan under the loan agreement with Sberbank PLC, \$1,388k of Sberbank loan was repaid, \$249k accrued interest was repaid. \$30k used in the period was related to costs for issue of shares within conversion of the loans to equity.

Going concern

These Financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company has profit for the nine months ended September 30, 2017 of \$3,462k, and had an accumulated deficit of \$339,617k and a working capital surplus of \$30,775k at September 30, 2017.

Commitments

As at September 30, 2017, the Company had commitments to purchase equipment totaling \$15,500k.

(b) Financial position

Current assets as at September 30, 2017, increased by 24% or \$10,933k comparing to the end of 2016. The cash and cash equivalents increased by 592% or \$1,333k, inventories increased by 31% or \$6,465k (mainly due to increase of in-process gold by 23%, finished goods by 881% and raw materials by 28%) and increase of accounts receivable by 13% or \$3,135k.

Due to additions of PPE, EEA, MA described above, *non-currents assets* increased by 41% or \$22,554k.

Current liabilities increased by 104% comparing to the end of 2016. There were significant changes of current liabilities due to the increase in trade and other payables by 106% or 6,096k and increase in loan under the loan agreement with Sberbank PLC by 292% or 7,577k. Current taxes payable decreased by 92.0% from \$1,119k to \$85k mainly due to loss for the 9m 2017 year comparing to 9m 2016 year.

Non-current liabilities increased by 1052% (12x times) correspondingly due to loan under the loan agreement with Sberbank PLC.

Subsequent events

Mangazeya Mining Ltd. signed gold loan agreement with VTB Bank (PJSC) to enter into senior secured term loan facility of up to 800 000 grams of fine weight (Eight Hundred Thousand grams of gold) to fund the Company's production, development and exploration activities. The deal was approved by the Board of Directors of the Company on October 20, 2017. The funds are to be made available in three tranches – Tranche 1 size: max US\$22 million or max 600 000 grams of gold, Tranche 2 size: max US\$8 million or max 230 000 grams of gold, Tranche 3 size: max US\$5 million or max 80 000 grams of gold.

Subject Matter of the Agreement: The Bank shall transfer the Metal to the ownership of the Borrower under the terms and conditions as set forth in the Agreement, and the Borrower shall undertake to return the equal volume of Metal (and, in case of the Creditor's exercising its contractual rights, the RUB equivalent of such volume of Metal), to pay interest on Loan and perform other contractual obligations. Final repayment: on the date falling One Thousand Ninety Five (1,095) calendar days after the date of the Agreement. The Loan repayment in metal shall be made by the Borrower in unallocated metal of the same kind as has been provided to the Borrower by the Bank.

Related Party Transactions

It is the policy of the Company to conduct all transactions and settle balances with related parties on market terms and conditions in the normal course of business.

Management remuneration

The key management personnel is defined as the executive management. The members of the executive management individually support the General Director of the Company in the leadership, management, coordination and control of operations and performance. The key management personnel received the following remuneration during the following periods:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Salaries and bonuses	302	127	796	318
Contributions to Russian state pension fund	76	40	216	94
Totals	378	167	1,012	412

Transactions with other related parties:

	Transactions for the nine months ended		Balance outstanding	
	September 30, 2017	September 30, 2016	September 30, 2017	December 31, 2016
Interest expense				
Controlling shareholder or entities related to the controlling shareholder	-	1,306	-	-
Administrative services				
Company under common control	4,912	1,147	-	-
Other operating expenses (income)				
Company under common control	91	67	-	-
Interest income				
Company under common control	325	61	-	-
Controlling shareholder or entities related to the controlling shareholder	759	598	-	-
Trade and other payables				
Company under common control	-	-	3,300	915
Controlling shareholder or entities related to the controlling shareholder	-	-	-	-
Other receivables				
Company under common control	-	-	572	185
Controlling shareholder or entities related to the controlling shareholder	-	-	1,101	868
Short-term loans issued to related party				
Company under common control	-	-	9,302	2,798
Controlling shareholder or entities related to the controlling shareholder	-	-	10,497	16,265

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS requires management of the Company to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the Financial Statements, and the reported revenue and expenses during the periods presented therein. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances. Actual results might differ from these estimates under different assumptions and conditions.

A detailed summary of critical accounting estimated is included in Note 2(e) of the Company's interim condensed consolidated financial statement for the period ended September 30, 2017.

Significant Accounting Policies

The accounting policies applied in these unaudited interim condensed consolidated financial statement are the same as those applied in the consolidated financial statement as at and for the year ended 31 December 2016.

Internal Controls

No changes were made to the Company's internal control over financial reporting during the period beginning on January 1, 2017 and ending on September 30, 2017 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Off Balance Sheet Arrangements

The Company does not enter into off-balance sheet arrangements in the normal course of its business and there were none at the date of this MD&A.

Qualified person

Mr. Alexander Lazarev, a member of the Australian Institute of Geoscientists who through education, training and experience is qualified to be the Company's independent "qualified person" ("QP") as defined in National Instrument 43-101 ("NI 43-101"), has reviewed, verified and approved the technical information included in this QH.

Cautionary Statement on Forward Looking Information

The following MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements") relating, but not limited to, Mangazeya Mining Ltd. expectations, intentions and beliefs (including, without limitation, statements regarding Mangazeya Mining Ltd.'s mines, projects and license areas, exploration and development plans including the projected cost and timing thereof) and potential, anticipated ore and gold production, exploration results, future plans and objectives of Mangazeya Mining Ltd., the Loan transactions (as defined herein), including the proposed terms thereof and potential financing initiatives. Words such as "might", "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. No assurance can be given as to whether these assumptions will prove to be correct. These assumptions should be considered carefully by investors. Investors are cautioned not to place undue reliance on the forward-looking information and statements or the assumptions on which the Company's forward-looking information and statements are based.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that might cause actual results to differ materially from those expressed or implied in the forward-looking statements. Risks and uncertainties that might cause actual results to vary include but are not limited to: 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 (Mangazeya Mining Ltd. mineral resource and mineral reserve figures are estimates and no assurances can be given that the indicated levels of gold will be produced); failure to complete potential financing initiatives; failure to obtain any regulatory and/or shareholder approvals required to complete any financing initiatives; the ability to demonstrate compliance with NEX listing requirements exploration costs varying significantly from estimates; delays in the exploration and development of, and/or commercial production from, the properties in which Mangazeya Mining Ltd. 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 availability of suitable financing alternatives to Mangazeya Mining Ltd.; the ability of Mangazeya Mining Ltd. 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 Mangazeya Mining Ltd.; 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 labor; 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 Mangazeya Mining Ltd. activities in Russia; fluctuations in foreign exchange rates; as well as other risks. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results might vary materially from those described in forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made and, except as might 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 because of the inherent uncertainty therein.