

MANGAZEYA MINING LTD.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the three and nine months ended September 30, 2019

Dated: November 29, 2019

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, 2019 as well as the annual audited consolidated financial statements for the year ended December 31, 2018 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 2019 HIGHLIGHTS

	3Q 2019	3Q 2018	Change	%	9m 2019	9m 2018	Change	%
Operational highlights								
Gold production, ounces	17,643	12,177	5,465	45%	26,728	19,149	7,579	40%
Refining gold, ounces	19,521	12,777	7,344	60%	26,315	19,149	7,166	37%
Gold sales, ounces	16,360	8,391	7,969	95%	22,386	12,012	10,374	86%
Ore mined, tonnes	493,584	503,375	(9,971)	(2%)	1,031,815	1,000,595	31,220	3%
Stripping ratio, m ³ /t	1.41	3.38	(1.96)	(58%)	1.65	4.40	(2.75)	(63%)
Ore stacked, tonnes	393,025	455,835	(62,810)	(14%)	804,763	811,839	(7,076)	(1%)
Ore grade in ore stacked, g/t	1.95	1.39	0.55	40%	1.78	1.37	0.41	30%
Financial highlights								
Revenue	32,191	13,906	18,285	131%	42,782	20,215	22,567	112%
Adjusted EBITDA ¹	13,895	3,453	10,442	302%	10,394	(3,400)	13,794	406%
Total cash cost per ounce Savkinskoye (TCC), CAD ¹	1,597	939	658	70%	1,520	1,038	482	46%
Total cash cost per ounce Kochkovskoye (TCC), CAD ¹	1,227	1,427	(200)	(14%)	1,686	1,427	259	18%
Average gold price, CAD ¹	1,968	1,593	375	24%	1,911	1,665	246	15%
Cash balance	7,445	1,523	5,922	389%	7,445	1,523	5,922	389%
Cash flow (used in)/received from operating activities before changes in working capital	(58,287)	3,163	(61,450)	(1,943%)	(61,185)	(6,010)	(60,175)	1,001%
Cash flow (used in)/provided by financing activities	78,940	18,688	60,252	322%	132,156	37,493	94,663	252%
Cash flow (used in)/provided by investing activities	(8,736)	(6,261)	(2,475)	40%	(40,823)	(13,947)	(26,876)	193%

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 three wholly-owned subsidiaries Mangazeya Mining LLC (“**Mangazeya Mining LLC**”), Dalsvetmet LLC (“**Dalsvetmet**”), Koryakmining LLC (“**Koryakmining**”). Vostokzvetmet LLC, White Tiger Gold Management LLC and Kalarzvetmet LLC were reorganized and merged to Mangazeya Mining LLC on December 26, 2017.

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 exploration for precious metals on prospective areas, the development of ore and placer gold deposits, and the production of precious metals.

Strategic Goals and Recent Developments

Trends, risks, demands

The main strategy of the Company in 2019 year is to prepare Nasedkino and Zolinsko-Arkiinskaya areas for production and to continue the exploration of areas at and near Savkinskoye, Nasedkino and Zolinsko-Arkiinskaya to find new resources in order to improve the Company's resource base.

Savkinskoye update

During 2018 the operations of Savkinskoye were carried out in accordance with the development plan. The Company continued mining of Central and South-West parts of the deposit, and started mining of Khlebniy deposit (from February 2017). In the fourth quarter of 2017 the Company developed and sent to the state authority the project on exploration works for reserves of Savkinskoye' flanks (Filevskiy). The positive State Expertise approval was obtained with respect to the project in Q1 2018.

There were no exploration works during the 9 months of 2019. For 9m 2018 on Filevskiy flanks the Company performed 1,486 m of core drilling on 18 drill holes, 17,139 m³ of trenching on 19 tranches, made 1,759 core samplings, 2,138 trench samplings, 3,410 analyses. For 3Q 2018 the Company performed 11,746 m³ of trenching on 15 tranches, made 1,614 trench samplings, 1,127 analyses.

In Q3 2019, Final Report on Exploration and Evaluation of Ore Gold in Ildikan area was prepared. The state geological expertise was conducted, and approval protocol with respect to the opinion of state geological expertise on the Report on Evaluation of Filevsky site, Ildikan ore area as of 01.01.2019 was obtained. Technical project for the development of Filevsky site, Ildikan ore area was prepared and approved. In August 2019, the Company started pilot industrial development of Filevsky site: 62.4 kt of ore with 195.4 kg of metal in ore were mined, 61.7 kt of ore were stacked for heap leaching.

Nasedkino update

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 Dalsvetmet. 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, Mogocho, Transbaikal Region, Russian Federation dated October 10, 2012 by SRK Consulting (“SRK”). The report's release with comments was filed and available on SEDAR at www.sedar.com.

On October 20, 2017, the project documentation “Technical Project for Open Pit Mining at Nasedkino Deposit” was approved by the Central Committee for solid mineral deposits development.

In Q4 2018 year the Company started the laboratory study of data obtained in the course of field geological exploration Nasedkino (Malourymskoye). In Q1 2019 laboratory study of data obtained in the course of field geological exploration in 2018 was continued.

During the 9 months of 2019 the Company performed 36,487 m³ of trenching on 14 tranches, made 3,701 trench samplings, 2,668 tests on Nasedkino deposit. For Q3 2019 the Company performed 17,720 m³ of trenching on 9 tranches, made 2,123 trench samplings. During 9m of 2018 the Company performed 20,387 m³ of trenching on 5 tranches, made 488 analyses and

1,143 trench samplings on Nasedkino site (Malourymskoe). For Q3 2018 the Company performed 20,387 m³ of trenching on 5 tranches, made 1,143 trench samplings.

During 2018 the Company continued preparation for the construction of a gold plant and start of mining works, completed the water pond and stream channel. Construction of the road from Nasedkino to the nearby railway station Kislyi Klyuch is at the stage of completion. The Company has also started the construction of the field camp, completed the bridge crossing river Bolshoy Urym and finished reconstruction of the fuel storage facility and the dead end siding on the Kislyi Klyuch station. Construction of a backup power transmission line is completed. During 2018, construction of stream diversion channel, rotation camp (installation works at the amenities and bath building, dormitory and canteen), main building of gold recovery factory, coarse crushing facility, crushed ore storage and tailings pond was conducted. In 4Q2018 the major construction was conducted at coarse crushing facility, crushed ore storage, main building of gold recovery building, tailings pond dam and stream diversion channel.

In Q1 2018, the permit for the construction of gold recovery plant at Nasedkino gold deposit (gold recovery plant and utilities) was obtained. In Q3 2018, engineering design "Mining and Processing Plant at Nasedkino Gold Deposit. Mining and Conveying Facilities" with respect to the development of four sites was completed and the design documentation was submitted for Environmental Impact Assessment. In Q4 2018, office studies commenced with respect to data obtained during field works for the Prospect evaluation survey project for Nasedkino gold deposit flanks (Malouryumskoye). Favourable opinion was obtained with respect to the project. Additionally, in Q4 2018 the Nasedkino project received positive Opinion of the State Geological Expertize with respect to project documentation for Mining and Processing Plant at Nasedkino gold deposit; Mining Allotment Certificate.

The Company is planning to start ore mining and processing in 2020. In Q3 2019, the Company continued construction of the main building, coarse crushing facility building, crushed ore storage facility, reagent storage facility and other facilities.

Zolinsko-Arkiinskaya update

Ore deposit. In the third quarter of 2017 the Company completed the feasibility report of the Kochkovskiy ore deposit. In the third quarter of 2017 the Company completed the project for assessment and exploration works on ore deposit within the license area, including the Kochkovskiy site. The Company sent to the state authority the feasibility report and the project for assessment and explorations works of the Kochkovskiy ore deposit. In the fourth quarter of 2017, the exploration work project was prepared for the Kochkovskiy ore deposit. The project received a positive opinion from the state geological expertise and included in the State Register.

In Q1 2018, the project for the pilot industrial development of oxide ores of Kochkovskoye deposit was approved by the Central Committee for solid mineral deposits development. Start of operation at Kochkovskoye deposit is scheduled for Q2 2018. In Q1 2018, the deposit was being prepared for development (construction of heap leaching site, field camp, and warehousing facilities was started). In Q1 2018, ground water exploration was conducted for the purposes of water supply for the field camp, 200 m of drilling was performed on 3 holes. Water pumping results showed that the quality and volume of the ground water were sufficient to be used as a potable and domestic water supply.

From April 2018, mining operations started at Kochkovskoye deposit, the operations of Kochkovskoye were carried out in accordance with the development plan. In 2018, the Company pursued achievement of performance goals and adjusted performance indicators at Kochkovskoye deposit. The Savkinskoye production team participates in the trial development of the Kochkovskoye deposit.

In Q1 2019 preparation of Report on Exploration and Evaluation of gold from hard-rock deposit and Related Compounds at Kochkovsko-Arkiinsky Site, Zolinsko-Arkiinskaya Ore Area (Kochkovsky Deposit) started. Three technological ore samples totaling 2,500 kg were taken for technological testing. Works on the Report and ore samples analysis were continued in Q2 2019. In Q3 2019, Report preparation was continued, and the results on the internal and external geological control of ore sample analysis were received.

During 9 months of 2019 there were no exploration works. During 9 months of 2018 the Company performed 8,243 m of core drilling on 60 drill holes, 41,960 m³ of trenching on 48 tranches, 320 m of hydrogeological drilling on 5 drill holes, made 8,539 core samplings, 6,057 trench samplings, 15,171 analyses on Kochkovskoye deposit. For Q3 2018 the Company performed 4,778 m of core drilling on 38 drill holes, 36,702 m³ of trenching on 42 tranches, 120 m of hydrogeological drilling on 2 drill holes, made 4,821 core samplings, 4,413 trench samplings, 9,809 analyses.

Alluvial deposit. In the first quarter of 2017 the Company submitted 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 at April 1, 2017 to the state authority.

In Q1 2018, subcontractor agreement for the development of placer gold on Srednya river and the Mostovaya river feeder was concluded. In Q2 2018, the Amendments to project "Development of Placer Gold on upstream of Srednya river and the Mostovaya river feeder" was submitted. In Q3 2018, mining allotment design for Srednya river and the the Mostovaya river feeder with the mining allotment certificate, and mining development plan for 2018 were approved by the Rosprirodnadzor bodies. In Q3 2018, Xiaolong company conducted mining at the deposit under a contractor agreement.

During Q2 2019 mining works on placer gold on Srednya river and the Mostovaya river feeder were held according to the technical project "Further development of the remaining assets of placer gold site on Srednya river and the Mostovaya river feeder". Mining works are continued in Q3 2019.

During 9 months of 2019 and 2018 there were no exploration works.

Overall Operating Performance Results

Savkinskoye

The following table shows production and cost information for the Savkinskoye Mine for the three and nine months ended September 30, 2019 and September 30, 2018:

	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, 2019	75,831	2.77	110,741	1.69	4,377	4,189	\$1,597
Three months ended September 30, 2018	258,740	1.19	298,756	1.14	7,605	4,651	\$939
Nine months ended September 30, 2019	140,864	2.06	361,518	1.27	8,665	6,852	\$1,520
Nine months ended September 30, 2018	609,033	1.24	596,098	1.19	14,362	8,272	\$841

Mining production

- Total ore mined for 9m 2019 decreased by 76.9% compared to 9m 2018 resulted from the decrease in ore production caused by the final development of Khlebny pit (Savkinskoye deposit). In Q3 2019, total ore mined decreased by 70.7% as compared to 3Q 2018.
- The average gold grade in ore mined was 2.06 g/t for 9m 2019, which was higher by 65.6% than in 9m 2018. In Q3 2019, the average gold grade in ore mined increased to 2.77 g/t compared to 1.19 g/t in Q3 2018.
- For 9m 2019, the average stripping ratio was 3.14 m³/t, the stripping ratio decreased by 46.5% as compared to 9m 2018. The reduction was caused by the final development of lower horizons of Khlebny site. In Q3 2019, the average stripping ratio was 2.31 m³/t, the difference of 52.9% compared to Q3 2018.

Processing

- In 9m 2019, ore stacked reduced by 39.4% compared to 9m 2018 due to the reduction in ore production in 2019. The reduction of ore stacked for heap leaching mainly resulted from the reduction of ore mined. Ore stacked in Q3 2019 was lower by 62.9% as compared to Q3 2018, and the average gold ratio in ore stacked increased by 48.2% in comparison with Q3 2018.
- In 9m 2019, gold production reduced by 39.7% compared to 9m 2018 due to the decrease in ore stacked from 596k tons in 2018 to 362k tons in 2019, and completion of deposit final development. In Q3 2019, gold production reduced by 42.5% in comparison with Q3 2018.

Total Cash cost of production (TCC)¹

- TCC for 9m 2019 (\$1,520 per ounce) increased by 31.7% as compared to TCC for 9m 2018 (\$1,038 per ounce) as a result of a decrease in gold production and in gold sales. TCC in Q3 2019 increased by 70.1% compared to Q3 2018.

Kochkovskoye

The following table shows production and cost information for the Kochkovskoye deposit for the three and nine months ended September 30, 2019 and September 30, 2018:

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.

(Tabular amounts are presented in thousands of Canadian dollars if otherwise is not stated)

	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) ²
Three months ended September 30, 2019	417,753	1.86	282,284	2.05	13,266	12,171	1,212
<i>Including</i>							
<i>Ore gold</i>					12,120	10,709	1,227
<i>Placer gold</i>					1,146	1,462	1,088
Three months ended September 30, 2018	244,635	1.90	157,079	1.87	4,572	3,740	1,365
<i>Including</i>							
<i>Ore gold</i>					3,456	3,096	1,427
<i>Placer gold</i>					1,116	644	1,065
Nine months ended September 30, 2019	890,951	2.06	443,245	2.19	18,063	15,534	1,625
<i>Including</i>							
<i>Ore gold</i>					15,899	13,758	1,686
<i>Placer gold</i>					2,164	1,777	1,157
Nine months ended September 30, 2018	391,562	1.93	215,749	1.88	4,787	3,740	1,365
<i>Including</i>							
<i>Ore gold</i>					3,671	3,096	1,427
<i>Placer gold</i>					1,116	644	1,065

Mining production

- The volume of mining in 9m 2019 was as follows: total ore mined was 891k tons, gold in ore mined was 1,835 kg, average gold grade in ore mined was 2.06 g/t, as compared to 392k tons, 757 kg and 1.93 g/t, respectively, in 9m 2018. The volume of mining increased due to the earlier start of mining in 2019 as compared to 2018 (in 2019 – in February, in 2018 – in April) and more active operations in Q3 2019. In Q3 2019, the volume of ore mined was 418k tons, gold in ore mined - 777 kg, average gold grade – 1.86 g/t. In Q3 2018, 245k tons, 464 kg and 1.9 g/t, respectively.

Processing

- In 9m 2019, ore stacked was 443k tons, or by 105.4% more YoY (216k tons in 9m 2018). The volume of ore stacked increased due to the improved processing flow and the start of ore stacking in 2019 one month earlier than in 2018. In Q3 2019, the volume of ore stacked was by 79.7% more YoY.
- Gold produced increased from 4.79k ounces in 9m 2018 to 18.06k ounces in 9m 2019 as, in winter period, gold was produced from ore stacked in 2018. In Q3 2019, 13.27k ounces of gold were produced, in Q3 2018 – 4.57k ounces.

Total Cash cost of production (TCC)¹

- TCC for ore gold for 9m 2019 was \$1,686 per ounce in comparison with 9m 2018 (\$1,427) due to higher rate of TCC in the first half of 2019. In Q3 2019 TCC for ore gold decreased to \$1,227 from \$1,427 for Q3 2018 due to growth in production and sales volume in the 2nd half of 2019 year.
- TCC for placer gold where mining is performed by the contractor for 9m 2019 is in line with TCC for 9m 2018 (2%) and there is a slight growth of 9% in Q3 2019 in comparison with Q3 2018 due to inflation.

² 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.

Financial results

The following table presents the results from continuing operations for the three and nine months ended September 30, 2019 and the corresponding period of 2018.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Total revenue	32,191	13,906	42,782	20,215
<i>Savkinskoye</i>	8,147	7,667	12,814	13,976
<i>Including Gold</i>	8,085	7,667	12,735	13,761
<i>Kochkovskoye</i>	24,044	6,239	29,968	6,239
<i>Including Gold from hard rock deposit</i>	21,166	5,141	26,518	5,141
<i>Including Gold from placers</i>	2,833	1,098	3,385	1,098
<i>Intercompany operations and IFRS adjustments</i>	-	-	-	-
Cost of sales	(14,956)	(8,382)	(22,815)	(13,525)
<i>Savkinskoye</i>	(6,693)	(5,666)	(10,421)	(10,809)
<i>Including Gold</i>	(6,689)	(5,666)	(10,417)	(10,804)
<i>Kochkovskoye</i>	(18,769)	(5,128)	(27,653)	(5,128)
<i>Including Gold from hard rock deposit</i>	(16,818)	(4,442)	(25,222)	(4,442)
<i>Including Gold from placers</i>	(1,947)	(686)	(2,427)	(686)
<i>Intercompany operations and IFRS adjustments</i>	10,506	2,412	15,259	2,412
Gross profit	17,235	5,524	19,967	6,690
<i>Savkinskoye</i>	1,454	2,001	2,393	3,167
<i>Including Gold</i>	1,396	2,001	2,318	2,957
<i>Kochkovskoye</i>	5,275	1,111	2,315	1,111
<i>Gold from hard rock deposit</i>	4,348	699	1,296	699
<i>Gold from placers</i>	886	412	958	412
Administrative expenses	(3,479)	(2,722)	(10,544)	(8,856)
Income (loss) from continuing operations	(3,762)	1,259	(7,154)	(6,598)
Adjusted EBITDA ¹	13,895	3,453	10,394	(3,400)
(Loss) income per share from continuing operations (basic and diluted)	\$(0.0029)	\$(0.0010)	\$(0.0055)	\$(0.0051)

- For 9m 2019 the revenue increased by 112% comparing to 9m 2018, the company sold 22,386 ounces of gold and 6,854 ounces of silver (9m 2018 – 12,012 ounces of gold and 10,572 ounces of silver). In Q3 2019 revenue increased by 131% comparing to Q3 2018, the company sold 16,360 ounces of gold and 4,950 ounces of silver (Q3 2018 - 8,391 ounces of gold and 1,909 ounces of silver). 1,259 ounces of gold in Q3 2019 were transferred as the performance of contractual obligations under the gold loan agreement.
- The average gold price was increased by 15% to \$1,911 for 9m 2019 in comparison to \$1,665 for 9m 2018 (increase in Q3 2019 to Q3 2018 is 24%). Silver is a by-product and the Company sold silver occasionally.
- Gross profit margin was 47% for 9m 2019 and 33% as for 9m 2018. The gross profit margin in Q3 2019 was 54% comparing to 40% in Q3 2018. Gross profit increased by 198% for 9m 2019 comparing to 9m 2018 due to increase of revenue and gold sold.
- Administrative expenses for 9m 2019 increased by 19% compared to 9m 2018 due to active construction and exploration works in Nasedkino and exploration works in Zolinsko-Arkiinskaya areas and resulting increase in management service fees.
- As a result the Company increased the positive adjusted EBITDA for 9m 2019 (\$10,394k) from negative \$3,400k for 9m 2018. The positive adjusted EBITDA for 3Q 2019 increased to \$13,895k from \$3,453k in Q3 2018.

Cash Cost per Ounce Reconciliation for Savkinskoye Mine

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Cost of Sales	6,689	5,666	10,417	10,809
Less: Depreciation and Amortization included in cost of sales	-	(1,301)	-	(2,222)
Cost of sales less Depreciation and Amortization	6,689	4,365	10,417	8,587
Gold sold (oz)	4,189	4,651	6,852	8,272
Total Cash Cost per ounce of gold sold	\$1,597	\$939	\$1,520	\$1,038

Cash Cost per Ounce Reconciliation for Kochkovskoye Mine (ore gold)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Cost of Sales	16,818	4,442	25,222	4,442
Less: Depreciation and Amortization included in cost of sales	(1,883)	(24)	(2,031)	(24)
Cost of sales less Depreciation and Amortization	14,935	4,418	23,191	4,418
Gold sold (oz)	12,171	3,096	13,758	3,096
Total Cash Cost per ounce of gold sold	\$1,227	\$1,427	\$1,686	\$1,427

Cash Cost per Ounce Reconciliation for Kochkovskoye Mine (placer gold)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Cost of Sales	1,947	686	2,427	686
Less: Depreciation and Amortization included in cost of sales	(357)	-	(372)	-
Cost of sales less Depreciation and Amortization	1,590	686	2,055	686
Gold sold (oz)	1,462	644	1,777	644
Total Cash Cost per ounce of gold sold	\$1,088	\$1,065	\$1,157	\$1,065

Adjusted EBITDA

EBITDA represents net loss from continuing operation before: (1) interest income (expense) net, (2) income tax provision, (3) depreciation and depletion, and (4) 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,	
	2019	2018	2019	2018
Net profit (loss) (continuing operations)	(3,762)	1,259	(7,154)	(6,598)
Interest (income) / expense, net	11,689	(379)	17,330	(200)
Income tax provision	1,775	436	1,905	415
Depreciation, depletion and amortization	2,242	1,329	2,405	2,253
Foreign exchange gain	1,326	808	(4,717)	730
Adjusted EBITDA	13,895	3,453	10,394	(3,400)

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, 2017 to September 30, 2019:

	2019			2018				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Gold production (oz)	17,643	6,826	2,259	8,523	12,177	5,781	1,191	5,474
Gold sales (oz)	16,360	4,212	1,814	10,233	8,391	2,669	952	6,511
Revenue	32,191	7,478	3,113	16,996	13,906	4,591	1,718	10,729
Gross Profit	17,235	1,955	778	1,274	5,524	1,179	(13)	(49)
Net income (loss)	(3,762)	(2,684)	(708)	(11,941)	1,259	(2,571)	(5,286)	(6,979)
Earnings (loss) per share (Basic and Diluted)	(0.0029)	(0.0021)	(0.0005)	(0.0093)	0.0010	(0.0020)	(0.0041)	0.0054
Cash provided by (used in) continuing operating activities	(58,287)	(19,769)	(10,375)	(2,022)	(12,256)	(4,970)	(10,545)	(3,873)

Financial condition and liquidity

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net cash (used in) provided by operating activities before working capital	(58,287)	3,163	(66,186)	(6,010)
Net cash (used in) provided by operating activities after working capital	(65,298)	(11,068)	(85,437)	(25,040)
Net cash (used in) provided by investing activities	(8,736)	(6,261)	(40,823)	(13,947)
Net cash (used in) provided by financing activities	78,940	18,688	132,156	37,493
Loans and borrowings				
- Short-term	12,782	17,505	12,782	17,505
- Long-term	172,171	53,590	172,171	53,590
Cash and cash equivalents	7,445	1,523	7,455	1,523
Working capital	53,898	17,457	53,898	17,457

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

The working capital increased to \$53,898k as at September 30, 2019 compared to December 31, 2018 (\$8,546k) as a result of increase of total current assets by 85%: cash by 225%, accounts receivables by 33%, short-term borrowings given by 100% and inventories by 41% and decrease of total current liabilities by 7%: trade payables by 10%, obligations under finance lease 62%, current tax liabilities by 8% and in loans and borrowings by 39%.

Main changes in cash flow are:

Operating activities

- The negative effect from loss in operations during for 9m 2019 resulted in the cash outflow from operating activities before changes in working capital;

Investing activities

- The Company invested \$40,823k for 9m2019 compared to \$13,947k in 9m 2018.

For 9m 2019 the Company invested \$40,823k: PPE - \$39,801k (mainly to Nasedkino \$30,787k to CIP, \$4,765k to advances for PPE and \$1,466k to equipment for installation and to Zolinsko-Arkiinskaya area CIP - \$2,787k) and in In Exploration and evaluation assets - \$1,022k (\$683k Zolinsko-Arkiinskaya area and \$339k Nasedkino).

For 9m 2018 year the Company invested \$18,023k: PPE - \$14,484k (Savkinskoye - \$919k mainly to advances for PPE and CIP; Nasedkino: mainly to CIP- \$10,186k; Zolinsko-Arkiinskaya area - \$3,379k mainly to CIP); In Mine properties - \$1,979k on Savkinskoye; In Exploration and evaluation assets - \$1,560k (Zolinsko-Arkiinskaya area).

- During 9m 2019 no loans were issued to related parties. During 9m 2018 the loans issue to related party amounted to \$526k.

Financing activities

- During 9m 2019 the Company received \$123,112k under the new loan agreement between VTB Bank (PJSC) and Koryakmining LLC. The previous amount from Mangazeya Mining LLC (\$44,088k) was fully repaid in gold. The amount of loans received from related parties equals to \$9,123k during 9m 2019. Interest repaid for 9m 2019 was \$5,582k.

During 9m 2018 the Company received \$49,685k loan under the loan agreements with VTB Bank (PJSC) (Gold Loan agreement Tranche 4 on Savkinskoye and Loan Facility agreement on Nasedkino), and repaid \$12,511k of loan (Gold Loan agreement on Savkinskoye). During 9m 2018 the Company received \$9,694k loan from related parties and repaid \$6,645 k. Interest repaid for 9m 2018 was \$2,730k.

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 incurred losses for the nine months ended September 30, 2019 of \$7,154k, and had accumulated losses of \$372,289k and a working capital surplus of \$53,898k as at September 30, 2019.

Capital commitments

As at September 30, 2019, the Company had commitments to purchase equipment totaling \$9,671k.

(b) Financial position

As at September 30, 2019 Current assets increased by 85% compared to December 31, 2018. Cash increased by 225%, accounts receivables by 33%, short-term borrowings by 100% and inventories by 41% (Mainly due to increase in gold in production by 43% and finished goods by 1,133%).

As at September 30, 2019 Non-current assets increased by \$51,250 or 41% compared to December 31, 2018 mainly due to additions of PPE, MA and EEA described above and transfer of loans received to short-term from long term.

As at September 30, 2019 Current liabilities increased by 7% compared to December 31, 2018 as a result of change in short-term borrowings. As at 30 September 2019 Non-current liabilities increased by \$101,535k or 129% compared to December 31, 2018 due to long-term debt under the loan agreement between VTB bank (PJSC) and Koryakmining LLC.

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. You can find all of the Company's related party transactions in Note 16 of the consolidated financial statements for the period ended September 30, 2019.

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, 2019.

Significant Accounting Policies

The accounting policies applied in these unaudited interim condensed consolidated financial statement are the same as those applied in the audited consolidated financial statement as at and for the year ended 31 December 2018 except the accounting treatment of expenses on intragroup Operational agreement (please see disclosure 12 in financial statements).

Internal Controls

No changes were made to the Company's internal control over financial reporting during the period beginning on January 1, 2019 and ending on September 30, 2019 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 at 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.