

**MANGAZEYA MINING LTD.**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**For the three and nine months ended September 30<sup>th</sup>, 2021**

**Dated: November 29<sup>th</sup>, 2021**

*This MD&A 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, 2021 as well as the audited consolidated financial statements for the year ended December 31, 2020 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 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 2021 HIGHLIGHTS**

	3Q 2021	3Q 2020	Change	%	9M 2021	9M 2020	Change	%
<b>Operational highlights</b>								
Gold production, ounces	19,838	20,088	(250)	(1.2%)	50,818	34,234	16,584	48.4%
Refining gold, ounces	19,665	17,690	1,975	11.2%	48,701	29,663	19,038	64.2%
Gold sales, ounces	19,876	17,482	2,394	13.7%	49,097	31,004	18,093	58.4%
Ore mined, tonnes	593,567	379,187	214,380	56.5%	1,396,701	1,041,176	355,525	34.1%
Stripping ratio, m <sup>3</sup> /t	2.05	2.03	0.02	1.0%	2.34	1.93	0.41	21.3%
Ore processed, tonnes	415,839	561,177	(145,338)	(25.9%)	965,499	1,014,033	(48,534)	(4.8%)
Average gold grade in ore processed, g/t	2.06	1.45	0.61	42.4%	2.08	1.47	0.61	41.1%
<b>Financial highlights</b>								
Revenue	44,570	45,746	(1,176)	(2.6%)	109,422	75,274	34,148	45.4%
Adjusted EBITDA <sup>1</sup>	23,008	22,411	597	2.7%	60,217	33,464	26,753	79.9%
Total cash cost per ounce Savkino (TCC), CAD <sup>1</sup>	-	1,283	(1,283)	(100.0%)	-	1,452	(1,452)	(100.0%)
Total cash cost per ounce Kochkovskoye (TCC), CAD <sup>1</sup>	2,009	1,006	1,003	99.7%	1,793	1,165	628	53.9%
Total cash cost per ounce Nasedkino (TCC), CAD <sup>1</sup>	650	1,229	(579)	(47.1%)	743	1,229	(486)	(39.5%)
Average gold price, CAD <sup>1</sup>	2,242	2,617	(375)	(14.3%)	2,229	2,428	(199)	(8.2%)
Cash balance	13,003	30,834	(17,831)	(57.8%)	13,003	30,834	(17,831)	(57.8%)
Cash flow received from operating activities before changes in working capital	23,148	21,230	1,918	9.0%	59,690	30,903	28,787	93.2%
Cash flow (used in) / provided by financing activities	(14,837)	6,144	(20,981)	(341.5%)	(42,300)	51,690	(93,990)	(181.8%)
Cash flow used in investing activities	(8,835)	(15,908)	7,073	(44.5%)	(25,090)	(39,288)	14,198	(36.1%)

Corporate Overview .....	2
Strategic Goals and Recent Developments .....	2
Overall Performance results.....	3
Financial results .....	5
Summary of Quarterly Results (prepared in accordance with IFRS) .....	7
Financial condition and liquidity .....	7
Going concern.....	8
Related Party Transactions.....	8
Critical Accounting Estimates.....	8
Significant Accounting Policies .....	8
Off Balance Sheet Arrangements.....	8
Qualified person .....	8
Cautionary Statement on Forward Looking Information.....	8

<sup>1</sup>Throughout this report additional non-IFRS measures of the Company's performance are used, that are explained and discussed further.

## MANGAZEYA MINING LTD.

### INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

(Tabular amounts are presented in thousands of Canadian dollars unless otherwise stated).

#### 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**") and a 99% interest in SZM LLC. Vostokzvetmet LLC, White Tiger Gold Management LLC and Kalarzvetmet LLC were reorganized and merged to Mangazeya Mining LLC on December 26, 2017.

Approximately 90.01% of the issued and outstanding common shares are owned by Mr. Sergey Yanchukov. The remaining 9.99% 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 strategic objectives of the Company for the year 2021 are to continue mining and production activities and to reach the full operational capacity of the Nasedkino deposit, to continue the production at Kochkovskoye deposit as well as to carry on with exploration and research activities both with existing as well as new resources in order to improve the Company's production and resource base.

##### *Savkinskoye update*

In March 2021 the resources of Filefsky site have been approved and recorded on the statutory balance with the Far East territorial statutory resources commission ("Dalnedra") in accordance with the submitted report (Protocol 1831 as of 11.03.2021). In the 2<sup>nd</sup> quarter of 2021 the Company continued the elaboration of technical support for permanent geological conditions with the calculation of resources of Savkinskoye deposit to be presented for statutory review in the 4<sup>th</sup> Quarter of 2021.

In the 3<sup>rd</sup> Quarter of 2021 a project on evaluation and exploration works on the site Arbukansky of the Savkinskoye deposit has been developed and submitted to statutory geological agency (Rosgeolexpertiza).

In the 2<sup>nd</sup> and 3<sup>rd</sup> Quarter of 2021 field evaluation works on the site Mayachny have been performed, selecting 2,026 samples for laboratory analysis.

No mining or production activities were performed during the 3<sup>rd</sup> quarter and 9 months of 2021.

##### *Nasedkino update*

In 1Q 2021 the Company developed the exploration and evaluation program for 2021 to finalize the evaluation of the flanks of the deposit. The Company continued the RC exploratory drilling works performing 8,124 m of drilling and selecting 5,471 samples for analysis.

In 2Q 2021 the Company performed exploration drilling at the section Zhelanny of Nasedkno deposit for the total volume of 1,042 m and selecting 1,464 samples for analysis. As a result of the works carried out a report on the outcomes of the exploration and evaluation works on the flanks of the Nasedkino deposit (Malouryumskoye) with the resources estimate as of 01.08.2021 has been prepared and submitted for the statutory review by the territorial resources commission (Dalnedra).

In the 3<sup>rd</sup> Quarter and 9 months of 2021 the Company performed the mining and production activities at Nasedkino deposit in accordance with the Company's annual plan for the year 2021 and the mine development program.

##### *Zolinsko-Arkiinskaya update*

##### *Ore deposit.*

In 3<sup>rd</sup> quarter and 9 months of 2021 the Company performed exploratory drilling works and sample selection for the laboratory analysis. The study program for 2021 technological update of the deposit has been developed.

In the 2<sup>nd</sup> quarter of 2021 no field exploration works have been performed. The Company started to prepare the technical support for permanent geological conditions with the resources calculation to be presented for the review by the statutory commission in the 4<sup>th</sup> quarter of 2021; a program for hydrogeological works has been developed.

During the 9 months of 2021 the mining operations at Kochkovskoye deposit were carried out in accordance with the Company's plan.

##### *Alluvial deposit.*

During 1Q 2021 the Company continued the exploratory drilling campaign on Talovskaya and Kuvshikhinskaya sites performing 1,590m of drilling and selecting 3,181 samples for analysis.

In the 2Q of 2021 the report on the exploration results at Kuvshikhinskaya site with the resources calculation as of 01.05.2021 was finalized and statutory expertise was carried out by the territorial resources commission (Dalnedra). The resources were confirmed and recorded on statutory balance. Exploration works continued on Talovskaya site for the total amount of 1,469 m of exploratory drilling. The project on exploration of alluvial gold within Zolinsko-Arkiinskaya area has been developed and received a positive expert opinion on September 20<sup>th</sup>, 2021.

<sup>1</sup> Adjusted EBITDA is non-IFRS measure which is further explained in this section on page 5.

MANGAZEYA MINING LTD.  
 INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE AND NINE  
 MONTHS ENDED SEPTEMBER 30, 2021

(Tabular amounts are presented in thousands of Canadian dollars unless otherwise stated).

**Overall Performance results**

**Savkinskoye**

The following table shows production and cost information for the Savkinskoye Mine for the three and nine months ended September 30, 2021 and September 30, 2020:

	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) <sup>1</sup>
Three months ended September 30, 2021	-	-	-	-	-	-	-
Three months ended September 30, 2020	-	-	10,001	0.53	1,739	731	\$1,283
Nine months ended September 30, 2021	-	-	-	-	-	-	-
Nine months ended September 30, 2020	-	-	58,992	1.03	4,781	5,437	\$1,452

**Mining production**

- In 3<sup>rd</sup> quarter and 9 months of 2021 no mining or stripping works were performed.

**Processing**

- In 3<sup>rd</sup> quarter and 9 months of 2021 there was no processing activity.

**Kochkovskoye**

The following table shows production and cost information for the Kochkovskoye deposit for the three and nine months ended September 30, 2021 and September 30, 2020:

	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) <sup>1</sup>
<b>Three months ended September 30, 2021</b>	<b>189,167</b>	<b>1.61</b>	<b>250,355</b>	<b>1.49</b>	<b>5,521</b>	<b>5,715</b>	<b>\$2,009</b>
<i>Including</i>							
<i>Ore gold</i>					5,288	5,563	\$2,002
<i>Placer gold</i>					233	152	\$2,263
<b>Three months ended September 30, 2020</b>	<b>51,966</b>	<b>1.28</b>	<b>370,177</b>	<b>1.39</b>	<b>12,086</b>	<b>12,696</b>	<b>\$1,006</b>
<i>Including</i>							
<i>Ore gold</i>					11,432	12,035	\$961
<i>Placer gold</i>					654	661	\$1,818
<b>Nine months ended September 30, 2021</b>	<b>391,841</b>	<b>1.59</b>	<b>433,217</b>	<b>1.54</b>	<b>10,087</b>	<b>9,669</b>	<b>\$1,793</b>
<i>Including</i>							
<i>Ore gold</i>					9,854	9,356	\$1,789
<i>Placer gold</i>					233	314	\$1,917
<b>Nine months ended September 30, 2020</b>	<b>591,089</b>	<b>1.48</b>	<b>774,041</b>	<b>1.47</b>	<b>23,189</b>	<b>21,513</b>	<b>\$1,165</b>
<i>Including</i>							
<i>Ore gold</i>					22,275	20,753	\$1,142
<i>Placer gold</i>					914	760	\$1,810

<sup>1</sup> Adjusted EBITDA is non-IFRS measure which is further explained in this section on page 5.

MANGAZEYA MINING LTD.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

(Tabular amounts are presented in thousands of Canadian dollars unless otherwise stated).

**Mining production**

- The volume of mining in 3<sup>rd</sup> quarter of 2021 was 189k tons, which is by 263% higher than in 3Q 2020 due to additional exploration works over the mining area that led to identification of additional volumes of ore. For the 9 months of 2021 the volume of ore mined was 392k tons, representing a decrease of 34% compared to previous year. The reduction is due to the processing of oxidized ore in stock mined previously.

**Processing**

- In 3Q and 9 months of 2021 there were 250k and 433k tons of ore stacked, representing respectively a 32% and 44% decrease in comparison with the same periods of the previous year. The decrease is due to the lower amount of ore mined.

**Total Cash cost of production (TCC)<sup>1</sup>**

- TCC for gold for the nine months of 2021 was \$1,793 per ounce, which represents a 54% increase in comparison with the same period of the previous year (\$1,165) due to the decrease of production volumes of ore and placer gold by more than twice, while the fixed cost share in the cost of sales structure remained unchanged.

**Nasedkino**

The following table shows production and cost information for the Nasedkino Mine for the three and nine months ended September 30, 2021 and September 30, 2020:

	Ore mined (t)	Ore grade in ore mined (g/t)	Ore processed (t)	Ore grade in ore processed (g/t)	Gold produced (oz)	Gold sold (oz)	Total cash cost per ounce of gold sold(\$/Au oz)
Three months ended September 30, 2021	404,400	1.61	165,484	2.94	14,317	14,161	\$650
Three months ended September 30, 2020	327,221	1.22	181,492	1.61	6,264	4,054	\$1,229
Nine months ended September 30, 2021	1,004,860	1.91	532,282	2.51	40,731	39,428	\$743
Nine months ended September 30, 2020	450,087	1.24	181,492	1.61	6,264	4,054	\$1,229

**Mining production**

- The volume of mining in the 3Q and 9 months of 2021 was 404k and 1.005k tons respectively. The increase of the volumes respect to the comparative periods of the prior year is due to the reach of full operational capacity in 2021.

**Processing**

- 165 and 532 tons of ore were processed in the 3Q and 9 months of 2021 respectively. The gold grade in ore processed is 2.5-2.9 g/t that is higher than in the previous year due to a higher grade in the mined ore.

**Total Cash cost of production (TCC)<sup>1</sup>**

- In 3Q and 9 months of 2021 the total cash cost of gold sold amounted to \$650 and \$743 per ounce respectively that is lower than in the previous year due to increase in production volume by more than twice while the fixed cost amount in the structure of cost of sales remained at the same level.

<sup>1</sup> Adjusted EBITDA is non-IFRS measure which is further explained in this section on page 5.

MANGAZEYA MINING LTD.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

(Tabular amounts are presented in thousands of Canadian dollars unless otherwise stated).

**Financial results**

The following table presents the results from continuing operations for the three and nine months ended September 30, 2021 and September 30, 2020:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Total revenue</b>	<b>44,570</b>	<b>45,746</b>	<b>109,422</b>	<b>75,274</b>
<i>Savkinskoye</i>	<b>0</b>	<b>1,569</b>	<b>10</b>	<b>10,383</b>
<i>Including Gold</i>	0	1,561	0	10,332
<b>Kochkovskoye</b>	<b>12,950</b>	<b>33,068</b>	<b>21,552</b>	<b>53,782</b>
<i>Including Gold from hard rock deposit</i>	12,798	31,244	20,388	51,669
<i>Including Gold from alluvial deposit</i>	515	1,764	890	1,997
<b>Nasedkino</b>	<b>31,620</b>	<b>11,109</b>	<b>87,860</b>	<b>11,109</b>
<i>Including Gold</i>	31,987	11,109	87,540	11,109
<b>Cost of sales</b>	<b>25,582</b>	<b>25,231</b>	<b>60,899</b>	<b>40,045</b>
<i>Savkinskoye</i>	<b>0</b>	<b>939</b>	<b>1</b>	<b>7,898</b>
<i>Including Gold</i>	0	938	0	7,895
<b>Kochkovskoye</b>	<b>11,758</b>	<b>13,443</b>	<b>19,532</b>	<b>26,700</b>
<i>Including Gold from hard rock deposit</i>	11,803	12,174	18,820	25,226
<i>Including Gold from alluvial deposit</i>	429	1,265	687	1,465
<b>Nasedkino</b>	<b>14,670</b>	<b>7,669</b>	<b>42,971</b>	<b>7,669</b>
<i>Including Gold</i>	14,667	7,669	42,660	7,669
Intercompany operations and IFRS adjustments	<b>(846)</b>	<b>3,180</b>	<b>(1,605)</b>	<b>(2,222)</b>
<b>Gross profit</b>	<b>18,988</b>	<b>20,015</b>	<b>48,523</b>	<b>35,229</b>
<i>Savkinskoye</i>	<b>0</b>	<b>630</b>	<b>9</b>	<b>2,485</b>
<i>Including Gold</i>	0	623	0	2,437
<b>Kochkovskoye</b>	<b>1,192</b>	<b>20,296</b>	<b>2,020</b>	<b>28,698</b>
<i>Including Gold from hard rock deposit</i>	995	19,678	1,568	27,970
<i>Including Gold from alluvial deposit</i>	86	562	203	630
<b>Nasedkino</b>	<b>16,950</b>	<b>6,127</b>	<b>44,889</b>	<b>6,127</b>
<i>Including Gold</i>	17,320	6,127	44,880	6,127
Administrative expenses	2,166	2,344	6,693	9,299
Income (loss) from continuing operations	4,832	(11,657)	19,537	(68,744)
Adjusted EBITDA <sup>1</sup>	23,008	22,411	60,217	33,464
(Loss) income per share from continuing operations (basic and diluted)	0.004	(0.009)	0.015	(0.053)

- For the 9 months of 2021 the revenue increased by 45% as compared to 9 months of 2020 in line with the increase in the volume of sales by 58%. The average gold price in USD in 9 months of 2021 and 2020 was 1,781 and 1,792 USD per ounce, respectively. In the 3<sup>rd</sup> quarter of 2021 the revenue slightly decreased by 3% in comparison with 3Q of 2021 due to a decrease in the sales price: the average gold price in USD in 3Q 2021 decreased by around 7% from 1,932 USD to 1,792 USD per ounce. Silver is a by-product which the Company sells occasionally.
- The gross profit for the 9 months of 2021 increased by 38% and amounted to \$48.5 million, in line with the increase in sales.
- The general and administrative expenses in 9 months of 2021 have decreased by 28% compared to the same period of the previous year.
- The Company obtained a positive adjusted EBITDA for the 3<sup>rd</sup> quarter and 9 months of 2021 of \$23.0 and \$60.2 million, respectively.

As at September 30, 2021 the Current assets decreased by \$18,835k or by 16% compared to December 31, 2020. The change of current assets resulted mostly from the decrease in cash by \$32,731k (cash outflow mainly related to servicing of the loan and investment activity), partially offset by the increase in inventories by \$6,870k and trade and other receivables by \$7,538k.

As at September 30, 2021 the Non-current assets increased by \$9,531k or 4% compared to December 31, 2020 mainly due to increase in PPE as a result of capital expenditure.

As at September 30, 2021 the Current liabilities increased by \$17,297k or 28% compared to December 31, 2020 mainly as a result of the increase in the current portion of the long-term loan.

As at September 30, 2021 the Non-current liabilities decreased by \$47,456k or 19% compared to December 31, 2020 mainly due to the reclassification of part of long-term bank loan to current portion as well as due to the decrease in the long-term liability on the derivative financial instrument.

<sup>1</sup> Adjusted EBITDA is non-IFRS measure which is further explained in this section on page 5.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

(Tabular amounts are presented in thousands of Canadian dollars unless otherwise stated).

**Cash Cost per Ounce Reconciliation for Savkinskoye Mine**

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cost of Sales	-	938	-	7,895
Less: Depreciation and Amortization included in cost of sales	-	-	-	-
Cost of sales less Depreciation and Amortization	-	938	-	7,895
Gold sold (oz)	-	731	-	5,437
<b>Total Cash Cost per ounce of gold sold</b>	-	<b>\$1,283</b>	-	<b>\$1,452</b>

**Cash Cost per Ounce Reconciliation for Kochkovskoye Mine (gold from hard rock deposit)**

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cost of Sales	11,803	12,174	18,820	25,226
Less: Depreciation and Amortization included in cost of sales	(667)	(608)	(2,080)	(1,527)
Cost of sales less Depreciation and Amortization	11,136	11,566	16,740	23,699
Gold sold (oz)	5,563	12,035	9,356	20,753
<b>Total Cash Cost per ounce of gold sold</b>	<b>\$2,002</b>	<b>\$961</b>	<b>\$1,789</b>	<b>\$1,142</b>

**Cash Cost per Ounce Reconciliation for Kochkovskoye Mine (gold from alluvial deposit)**

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cost of Sales	429	1,265	687	1,465
Less: Depreciation and Amortization included in cost of sales	(86)	(63)	(86)	(89)
Cost of sales less Depreciation and Amortization	343	1,202	601	1,376
Gold sold (oz)	152	661	314	760
<b>Total Cash Cost per ounce of gold sold</b>	<b>2,263</b>	<b>1,818</b>	<b>\$1,917</b>	<b>\$1,810</b>

**Cash Cost per Ounce Reconciliation for Nasedkino Mine**

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cost of Sales	14,667	7,669	42,660	7,669
Less: Depreciation and Amortization included in cost of sales	(5,469)	(2,687)	(13,357)	(2,687)
Cost of sales less Depreciation and Amortization	9,198	4,982	29,303	4,982
Gold sold (oz)	14,161	4,054	39,428	4,054
<b>Total Cash Cost per ounce of gold sold</b>	<b>\$650</b>	<b>\$1,229</b>	<b>\$743</b>	<b>\$1,229</b>

**Adjusted EBITDA**

The adjusted EBITDA represents a net result from continuing operations before: (1) interest expense, (2) income tax expense (recovery), (3) depreciation, depletion, amortization and impairment, (4) result from revaluation of the asset contributed to the share capital and (5) the foreign exchange loss/(gain). The result from revaluation of the asset (4) is the difference between the book and the fair value of the asset transferred by the Group as a contribution to the share capital of a subsidiary in September of 2021 – this is a one-off transaction that does not represent an ordinary operational activity of the Group (see also Note 12 to the Interim unaudited consolidated financial statements for the 9 months ended September 30, 2021).

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net profit (loss) from operations	4,832	(11,657)	19,537	(68,744)
Interest expense	5,639	(4,196)	16,904	73,412
Income tax provision (recovery)	93	(771)	6,412	(18,313)
Depreciation, depletion, amortization and impairment	6,575	3,707	16,113	4,488
Revaluation of the asset contributed into share capital	3,987	-	3,987	-
Foreign exchange loss / (gain)	1,882	35,328	(2,736)	42,621
<b>Adjusted EBITDA</b>	<b>23,008</b>	<b>22,411</b>	<b>60,217</b>	<b>33,464</b>

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

(Tabular amounts are presented in thousands of Canadian dollars unless otherwise stated).

**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, 2019 to September 30, 2021:

	third quarter of 2021	second quarter of 2021	first quarter of 2021	fourth quarter of 2020	third quarter of 2020	second quarter of 2020	first quarter of 2020	fourth quarter of 2019
Gold production (oz)	19,838	17,585	13,397	17,328	20,088	9,129	3,386	17,635
Gold sales (oz)	19,876	16,716	12,506	20,991	17,482	10,279	3,243	19,127
Revenue	44,570	37,246	27,606	53,087	45,746	22,115	7,413	37,143
Gross Profit	18,988	15,608	13,927	20,757	20,015	11,176	3,825	16,213
Net income (loss)	4,832	11,618	3,087	45,830	(11,657)	2,206	(59,293)	14,583
Earnings (loss) per share (Basic and Diluted)	\$0.0038	\$0.0090	\$0.0024	\$0.0356	(\$0.0090)	\$0.0017	(\$0.0460)	\$0.0113

The net income (loss) and earnings (loss) per share parameters experience fluctuations, the main reasons of which have been the gold price variations, foreign currency gains (losses) due to fluctuations of the USD and CAD against RUB as well as the fair value reassessment of the derivative financial instruments.

**Financial condition and liquidity**

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net cash provided by / (used in) operating activities before changes in working capital	23,148	21,230	59,690	30,903
Net cash provided by / (used in) operating activities after changes in working capital	14,343	22,271	34,089	5,786
Net cash used in investing activities	(8,835)	(15,908)	(25,090)	(39,288)
Net cash provided by / (used in) financing activities	(14,837)	6,144	(42,300)	51,690
Loans and borrowings				
- Short-term,	56,820	29,166	56,820	29,166
- Long-term	182,478	244,948	182,478	244,948
Cash and cash equivalents	13,003	30,834	13,003	30,834
Working capital	17,409	45,631	17,409	45,631

**Cash flow and capital resources**

**Working capital**

The working capital decreased by 67% or \$36,132k as at September 30, 2021 compared to December 31, 2020 as a result of decrease of cash and cash equivalents by \$32,731k due to investing activity and servicing of the debt.

The Main changes in cash flow are:

**Operating activities**

- The positive effect from increased sales volumes and stable gold prices facilitated the positive cash inflow from operating activities;

**Investing activities**

- During the 9 months of 2021 the Company invested \$18,8 mln in PPE and \$2,5 mln in exploration and evaluation assets.

**Capital Commitments**

- As at September 30, 2021 the Group had commitments to purchase equipment totaling \$4,5 million.

## INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

(Tabular amounts are presented in thousands of Canadian dollars unless otherwise stated).

### **Financing activities**

- During the 9 months of 2021 the Company repaid \$27,991k and received \$1,324 under the loan agreements with with PJSC Bank "Finance Corporation Otkritie". \$2,558k of lease liabilities were repaid and the payment on financial instruments amounted to \$13,075k.

### **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 a net income for the nine months ended September 30, 2021 of \$19,537 thousand, and had accumulated losses of \$361,083 thousand and a working capital of \$17,409 thousand as at September 30, 2021.

The Company is carefully monitoring the effects of ongoing global pandemic (COVID-19) and since its beginning has been implementing comprehensive measures addressed primarily to protect the health of its employees and ensure the sustainability of the Group's operations. The detailed information is provided in the Note 1 to the consolidated financial statements for the period ended December 31, 2020.

### **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 14 to the unaudited interim condensed consolidated financial statements for the period ended September 30, 2021.

### **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 estimates is included in Note 2(e) to the Company's unaudited interim condensed consolidated financial statements for the period ended September 30, 2021.

### **Significant Accounting Policies**

The significant accounting policies applied in the preparation of the consolidated financial statements are disclosed in Note 3 to the Company's consolidated financial statements for the period ended December 31, 2020.

### **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.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

(Tabular amounts are presented in thousands of Canadian dollars unless otherwise stated).

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.