

**Mangazeya Mining Ltd.**  
**Interim Condensed Consolidated Financial Statements**  
**September 30, 2021**  
**(Unaudited)**

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## MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements (“the **Financial Statements**”) of Mangazeya Mining Ltd. (the “**Company**”) are the responsibility of the Board of Directors.

The Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Financial Statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of September 30, 2021 and for the periods presented by the Financial Statements and (ii) the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of September 30, 2021 and for the periods presented by the Financial Statements.

The Board of Directors is responsible for reviewing and approving the Financial Statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the Financial Statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Financial Statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

November 29, 2021

(signed)  
Mikhail Gusev  
Chief Executive Officer

(signed)  
Elena Rudenko  
Chief Financial Officer

## NOTICE TO READER

The management of Mangazeya Mining Ltd. is responsible for the preparation of the accompanying Financial Statements. These Financial Statements have been prepared in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, namely IAS 34, *Interim Financial Reporting* and are considered by management to present fairly the financial position, operation results and cash flows of the Company. These Financial Statements have not been audited, reviewed or otherwise verified for accuracy and completeness of information by the auditor of the Company.

**Mangazeya Mining Ltd.****Unaudited Interim Condensed Consolidated Statement of Financial Position***(Amounts are presented in thousands of Canadian dollars)*

	Notes	September 30, 2021	December 31, 2020
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	7	181,701	170,067
Long-term loans issued	14(b)	2,996	-
Right-of-use assets		4,761	3,621
Intangible assets		1,702	35
Exploration and evaluation assets	8	13,555	11,938
Mine properties and site restoration asset	9	30,508	32,704
Deferred income tax assets		4,578	11,905
<b>Total Non-current assets</b>		<b>239,801</b>	<b>230,270</b>
<b>Current Assets</b>			
Inventories	6	38,909	32,039
Short-term loans issued	14(b)	23,439	22,830
Trade and other receivables	4	21,242	13,704
Current income tax prepayments		423	1,544
Cash and cash equivalents	5	13,003	45,734
<b>Total Current Assets</b>		<b>97,016</b>	<b>115,851</b>
<b>Total Assets</b>		<b>336,817</b>	<b>346,121</b>
<b>Liabilities and Shareholders' equity</b>			
<b>Shareholders' equity</b>			
Share capital		384,837	384,837
Share premium		44,210	44,210
Foreign currency translation reserve		(16,683)	(18,001)
Retained earnings		(361,083)	(380,620)
<b>Total equity</b>		<b>51,281</b>	<b>30,426</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Long-term loans and borrowings	11(a)	182,478	226,871
Deferred tax liability		1,163	2,122
Provisions		13,147	12,285
Long-term lease liabilities		2,430	2,106
Derivative financial instruments	11(b)	6,711	10,001
<b>Total non-current liabilities</b>		<b>205,929</b>	<b>253,385</b>
<b>Current Liabilities</b>			
Short-term loans and borrowings	11(a)	56,820	37,474
Provisions		-	1,766
Trade and other payables	10	14,088	12,024
Derivative financial instruments	11(b)	6,442	9,915
Short-term lease liabilities		2,257	1,131
<b>Total Current Liabilities</b>		<b>79,607</b>	<b>62,310</b>
<b>Total Liabilities</b>		<b>285,536</b>	<b>315,695</b>
<b>Total Equity and Liabilities</b>		<b>336,817</b>	<b>346,121</b>

**APPROVED ON BEHALF OF THE DIRECTORS****Signed "Liudmila Arutiunian"**

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Liudmila Arutiunian

**Signed "Gerald Rohan"**

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Gerald Rohan

The accompanying notes form an integral part of these Consolidated Financial Statements.

**Mangazeya Mining Ltd.****Unaudited Interim Condensed Consolidated Statement of Comprehensive Income (Loss)***(Amounts are presented in thousands of Canadian dollars except share and per share amounts)*

	Notes	Three months ended September 30		Nine months ended September 30	
		2021	2020	2021	2020
Revenue		44,570	45,746	109,422	75,274
Cost of sales		(25,582)	(25,231)	(60,899)	(40,045)
<b>Gross profit</b>		<b>18,988</b>	<b>20,515</b>	<b>48,523</b>	<b>35,229</b>
General and administrative expenses	12	(2,166)	(2,344)	(6,693)	(9,299)
Selling expenses		(5)	(239)	(8)	(553)
Impairment loss		(359)	-	(583)	-
Other operating income	12	(4,636)	172	(3,142)	795
<b>Income from operating activities</b>		<b>11,822</b>	<b>18,104</b>	<b>38,097</b>	<b>26,172</b>
<b>Other items</b>					
Finance income		1,569	600	11,410	2,804
Finance expenses		(8,466)	(31,132)	(23,558)	(116,033)
<b>Net income before income tax</b>		<b>4,925</b>	<b>(12,428)</b>	<b>25,949</b>	<b>(87,057)</b>
Income tax expense		(93)	771	(6,412)	18,313
<b>Net income / (loss) for the period</b>		<b>4,832</b>	<b>(11,657)</b>	<b>19,537</b>	<b>(68,744)</b>
<b>Other comprehensive loss</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences		1,630	(2,460)	1,318	(7,360)
<b>Comprehensive income / (loss) for the period</b>		<b>6,462</b>	<b>(14,117)</b>	<b>20,855</b>	<b>(76,104)</b>
<b>Weighted average number of shares – basic and diluted</b>		1,288,211,149	1,288,211,149	1,288,211,149	1,288,211,149
<b>Total net income / (loss) per share – basic and diluted</b>		\$0.005	(\$0.011)	\$0.016	\$(0.059)

The accompanying notes form an integral part of these Consolidated Financial Statements.

**Mangazeya Mining Ltd.****Unaudited Interim Condensed Consolidated Statement of Cash Flows***(Amounts are presented in thousands of Canadian dollars)*

		<b>Nine months ended September 30</b>	
	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Net profit (loss) for the period		19,537	(68,744)
<b>Adjustments for:</b>			
Depreciation and impairment of property, plant and equipment		16,113	4,488
Losses less gains on disposals of property, plant and equipment		1,888	802
Income tax expense / (recovery)		6,412	(18,313)
Finance income		(8,673)	(2,804)
Finance expenses		23,162	62,495
Loss due to difference in gold price on loan payment in gold		-	10,917
Change in site restoration provision		-	(559)
Revaluation of the asset contributed to a subsidiary	12	3,987	-
Foreign currency translation differences		(2,736)	42,621
<b>Operating cash flows before working capital changes</b>		<b>59,690</b>	<b>30,903</b>
Increase in trade and other receivables		(7,538)	(2,081)
Increase in inventories		(10,915)	(233)
Increase /(Decrease) in trade and other payables		2,062	(5,529)
<b>Changes in working capital</b>		<b>(16,391)</b>	<b>(7,843)</b>
Income taxes paid		776	(3,338)
Interest income received		983	-
Interest paid		(10,969)	(13,936)
<b>Net cash from / (used in) operating activities</b>		<b>34,089</b>	<b>5,786</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment, mine properties and exploration and evaluation assets		(21,384)	(39,288)
Acquisition of intangible assets		(1,655)	-
Loans granted to related parties		(2,051)	-
<b>Net cash used in investing activities</b>		<b>(25,090)</b>	<b>(39,288)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,324	310,096
Repayment of borrowings		(27,991)	(247,867)
Payment of financial instruments		(13,075)	(9,020)
Repayment of lease		(2,558)	(1,519)
<b>Net cash (used in) / from financing activities</b>		<b>(42,300)</b>	<b>51,690</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(33,301)</b>	<b>18,188</b>
Effect of exchange rate changes on cash and cash equivalents		570	(10,412)
<b>Cash and cash equivalents at the beginning of period</b>		<b>45,734</b>	<b>23,108</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>13,003</b>	<b>30,834</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

**Mangazeya Mining Ltd.**  
**Unaudited Interim Condensed Consolidated Statement of Changes in Equity**  
(Amounts are presented in thousands of Canadian dollars)

	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Total Equity
<b>Balance at January 1, 2020</b>	<b>384,837</b>	<b>44,210</b>	<b>(6,207)</b>	<b>(357,706)</b>	<b>65,134</b>
<b>Comprehensive loss for the period</b>					
Loss for the period	-	-	-	(68,744)	(68,744)
Other comprehensive loss for the period	-	-	(7,360)	-	(7,360)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(7,360)</b>	<b>(68,744)</b>	<b>(76,104)</b>
<b>Balance at September 30, 2020</b>	<b>384,837</b>	<b>44,210</b>	<b>(13,567)</b>	<b>(426,450)</b>	<b>(10,970)</b>
<b>Balance at January 1, 2021</b>	<b>384,837</b>	<b>44,210</b>	<b>(18,001)</b>	<b>(380,620)</b>	<b>30,426</b>
<b>Comprehensive income (loss) for the period</b>					
Income for the period	-	-	-	19,537	19,537
Other comprehensive loss for the period	-	-	1,318	-	1,318
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>1,318</b>	<b>19,537</b>	<b>20,855</b>
<b>Balance at September 30, 2021</b>	<b>384,837</b>	<b>44,210</b>	<b>(16,683)</b>	<b>(361,083)</b>	<b>51,281</b>

The accompanying notes form an integral part of these Interim Condensed Consolidated Financial Statements.

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**Mangazeya Mining Ltd.**

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

**For the nine months ended September 30, 2021**

*(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)*

**1 Nature of operations**

Mangazeya Mining Ltd. (the "Company" or "Mangazeya Mining"), the parent company, was incorporated in the Province of Ontario and 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. The registered office address is Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.

The Company is engaged in mineral exploration, development and production with a strategic focus on mineral properties in the Russian Federation with demonstrated potential for hosting economic mineral deposits consisting primarily of gold. All of the Company's operations and assets that support those operations are located in the Russian Federation and all of the Company's revenues are derived from operations in the Russian Federation.

Mangazeya Mining Ltd is listed on NEX of the Toronto Stock Exchange under the symbol MGZ.H.

As at September 30, 2021 the Parent Company's major shareholder was Mangazeya Center LLC ("Mangazeya Center") with 88.7% ownership interest (as at December 31, 2020: Mangazeya Center with 88.7%). The ultimate beneficiary of the Parent Company is Mr. Sergey Yanchukov.

Mangazeya Mining, through its wholly-owned Cyprus subsidiary, Diascia Investments Limited ("Diascia"), owns interests in three wholly-owned subsidiaries, being Mangazeya Mining LLC, Dalzvetmet LLC, Koryakmining LLC and 99.99999955% interest in SZM LLC (together "Group"). These companies are Russian limited liability companies as defined in the Civil Code of the Russian Federation. The Group holds four licenses for exploration and mining activities. As at December 26, 2017, three of its wholly-owned subsidiaries, Vostokzvetmet LLC, White Tiger Gold Management LLC and Kalarzvetmet LLC were reorganized and merged to Mangazeya Mining LLC.

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 management of the Group continues to monitor the impact of COVID-19 on its activities and adopts the required measures to ensure the safety of the employees and the sustainability of its operations. The future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

The management monitors the current financial results and strongly believes that the Company will achieve its ongoing business objectives. The Company has incurred a net profit 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.

**2 Basis of presentation**

**(a) Statement of compliance**

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and were approved by the Board on August 30<sup>th</sup>, 2021. The present interim condensed consolidated financial statements are to be considered together with the annual consolidated financial statements of the Group for the year ended 31 December 2020 that have been prepared in accordance with IFRS.

**(b) Consolidation**

The Financial Statements set out the assets, liabilities, revenues, expenses, and cash flows of the Company and its controlled subsidiaries, namely:

Subsidiary	Country of incorporation	Type of core activity	Ownership interest at	
			September 30, 2021	December 31, 2020
Diascia Investments Limited	Cyprus	Investment and financing	100%	100%
Diascia Holdings (BVI) Ltd	British Virgin Islands	Dormant	100%	100%
Mangazeya Mining LLC	Russian Federation	Mining and production	100%	100%
Dalzvetmet LLC	Russian Federation	Exploration	100%	100%
Koryakmining LLC	Russian Federation	Exploration and mining	100%	100%
SZM LLC	Russian Federation	Mining and production	99.9999%	99%

**Mangazeya Mining Ltd.**

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

**For the nine months ended September 30, 2021**

*(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)*

**2 Basis of presentation (continued)**

All intercompany transactions and balances have been eliminated.

**(c) Basis of measurement**

The Financial Statements have been prepared on the historical cost basis unless otherwise explained in the following notes.

**(d) Functional and presentation currency**

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Functional Currency of Mangazeya Mining is the Canadian dollar ("CAD" or \$). The Functional Currency of Diascia Investment Ltd. is the United States dollar ("US\$"). For all subsidiaries domiciled in Russia, the Functional Currency is the Russian Ruble ("RUB").

These Financial Statements are presented in CAD. The assets and liabilities of subsidiaries with functional currencies other than CAD are translated to CAD at the closing balance sheet rate. Foreign exchange gains or losses resulting from this translation are recognized in the consolidated statement of other comprehensive income (loss) and included in the foreign currency translation reserve in shareholders' equity.

The Group normally uses average RUB/CAD exchange rates to translate its results for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). The principal CAD exchange rates used in the preparation of these financial statements are as follows:

<b>Currency</b>	<b>Closing rate as at September 30, 2021</b>	<b>Average rate for the nine months, ended September 30, 2021</b>	<b>Closing rate as at December 31, 2020</b>	<b>Average rate for the nine months, ended September 30, 2020</b>
RUB / CAD	57.1429	59.1710	58.2751	52.4700
RUB / USD	72.8057	74.0341	74.1958	71.0746
USD / CAD	0.7849	0.7992	0.7854	0.7382

**(e) Critical accounting judgments, estimates and assumptions**

The preparation of the Financial Statements in conformity with IFRS requires management of the Group 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 may differ from these estimates under different assumptions and conditions.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has identified the following critical accounting judgments in which significant estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

**(i) Reserve estimates**

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to evaluate reserves, estimates are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape, depth, metal content, density and recovery of metals in the ore body/bodies or field/fields to be determined by analyzing geological data such as drilling samples. This process might require complex and difficult geological judgments to interpret the data.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves might change from period to period. Changes in reported reserves could affect the Group's financial results and financial position in a number of ways, including the following:

**Mangazeya Mining Ltd.**

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

**For the nine months ended September 30, 2021**

*(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)*

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**2 Basis of presentation (continued)**

- Asset carrying amounts, including property, plant and equipment, exploration and evaluation assets and mine properties might be affected because of changes in estimated future cash flows.
- Depreciation, depletion and amortization charged in the statement of comprehensive income (loss) might change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- Overburden removal costs recorded on the statement of financial position or charged to the statement of comprehensive income (loss) may change because of changes in stripping ratios or the units of production basis of depreciation.
- Site restoration provisions might change where changes in estimated reserves affect expectations about the timing or cost of these activities.
- The carrying amount of deferred tax assets might change because of changes in estimates of the likely recovery of the tax benefits.

**(ii) Exploration and evaluation expenditure**

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions might change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount will be written off and recognized in profit or loss.

**(iii) Property, plant and equipment, and mine properties - recoverable amount**

In accordance with the Group's accounting policy, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the recoverable amount is performed and an impairment loss recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs of disposal and value in use. The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (see "Reserve estimates" above), operating costs and future capital expenditure.

These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

**(iv) Provision for site restoration**

The Group's accounting policy for the recognition of site restoration provisions requires significant estimates and assumptions such as requirements of the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties might result in future actual expenditure differing from the amounts currently provided.

The provision recognized is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognized in the balance sheet by adjusting both the closure and rehabilitation asset and provision.

**(v) Taxation**

The Group's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet.

Deferred tax assets, including those arising from unused tax losses, capital losses and temporary differences, are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognized unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

**Mangazeya Mining Ltd.**

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

**For the nine months ended September 30, 2021**

*(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)*

**2 Basis of presentation (continued)**

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, loan repayment, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions. Judgments are also required about the application of income tax legislation, and tax legislation in the Russian Federation is relatively new and subject to frequent changes. These judgments and assumptions are subject to risk and uncertainty hence there is a possibility that changes in circumstances will alter expectations, which might impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, part or all of the carrying amount of recognized deferred tax assets and liabilities might require adjustment, resulting in a corresponding credit or charge to profit or loss.

**(vi) Work in progress inventory**

The quantity of recoverable gold in process on leach pads or in circuit is estimated on the base of the expected grade and recovery of gold from the ore placed on the leach pad or entering the milling process. The expected data is based on geological testings. The nature of the leaching and milling processes inherently limits the ability to monitor inventory levels precisely. However, the estimate of recoverable gold placed on the leach pad or entered into the milling process is reconciled to actual production, and the estimates are refined based on actual results over time.

**(vii) Impairment**

The Group tests mining operations and exploration and evaluation assets for impairment at least annually as well as when there are any indications that such assets may be impaired. The recoverable amount for the cash-generating unit is determined by discounting future cash flows generated by the cash-generating unit.

An impairment loss, recognized for the assets in prior years is reversed if there has been a change in the assumptions and estimates used to determine the recoverable amount. As at September 30, 2021 management did not find indications of impairment and there are no changes in estimates and assumptions that might lead to reversal of the impairment loss recognized in the prior years.

**3 Significant accounting policies**

The accounting policies applied in these unaudited interim condensed consolidated financial statements are the same as those applied in the audited consolidated financial statement as at and for the year ended 31 December 2020.

**4 Trade and other receivables**

Receivables as at September 30, 2021 and December 31, 2020 consisted of the following:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Trade receivables	1,914	1,573
Other financial receivables	2,055	1,278
Provision for expected credit losses of trade and other receivables	(212)	(208)
<b>Total financial assets* within trade and other receivables</b>	<b>3,757</b>	<b>2,643</b>
Advances to suppliers	9,067	3,187
Other tax receivables	8,455	7,933
Other non-financial receivables, net	69	59
Provision for expected credit losses of non-financial receivables	(106)	(118)
<b>Total trade and other receivables</b>	<b>21,242</b>	<b>13,704</b>

As at September 30, 2021, a provision for uncollectible trade receivable past due and individually impaired amounted to 318 thousand (December 31, 2020 - \$326 thousand).

**Mangazeya Mining Ltd.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2021***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***5 Cash and cash equivalents**

Cash and cash equivalents as at September 30, 2021 and December 31, 2020 consisted of the following:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Bank accounts in RUB	11,156	2,781
Bank accounts in USD	9	36
Bank deposits in RUB	1,838	42,917
<b>Total cash and cash equivalents</b>	<b>13,003</b>	<b>45,734</b>

The weighted average interest rate on cash deposits in roubles for the nine months ended September 30, 2021 is 4.33% (3.90% for the corresponding period of 2020 year).

**6 Inventories**

Inventories as at September 30, 2021 and December 31, 2020 comprised the following:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Gold	679	936
Semi-finished goods and in process	28,590	21,293
Ore in stockpiles	-	2,521
Materials and supplies	10,202	7,840
Provision for obsolete inventory	(562)	(551)
<b>Total inventories</b>	<b>38,909</b>	<b>32,039</b>

As at September 30, 2021, the amount for slow-moving raw materials of \$562 thousand (December 31, 2020 - \$551 thousand) was recognized.

**7 Property, plant and equipment**

	<b>Facilities</b>	<b>Machinery and equipment</b>	<b>Transport</b>	<b>Other</b>	<b>Construction-in-progress</b>	<b>Total</b>
<b>Cost</b>						
<b>At December 31, 2020</b>	<b>112,084</b>	<b>38,139</b>	<b>18,240</b>	<b>467</b>	<b>37,746</b>	<b>206,676</b>
Additions	31,460	853	292	88	(11,266)	21,427
Disposals	-	-	(9)	-	-	(9)
Foreign currency revaluation	3,346	894	372	24	311	4,947
<b>At September 30, 2021</b>	<b>146,890</b>	<b>39,886</b>	<b>18,895</b>	<b>579</b>	<b>26,791</b>	<b>233,041</b>
<b>Accumulated depreciation and impairment</b>						
<b>At December 31, 2020</b>	<b>(7,862)</b>	<b>(8,593)</b>	<b>(13,071)</b>	<b>(302)</b>	<b>(6,781)</b>	<b>(36,609)</b>
Depreciation charge	(7,895)	(3,889)	(1,270)	(45)	-	(13,099)
Impairment	-	-	-	-	(583)	(583)
Disposals	-	-	9	-	-	9
Foreign currency revaluation	(436)	(423)	(304)	(20)	125	(1,058)
<b>At September 30, 2021</b>	<b>(16,193)</b>	<b>(12,905)</b>	<b>(14,636)</b>	<b>(367)</b>	<b>(7,239)</b>	<b>(51,340)</b>
<b>Net book value</b>						
<b>At December 31, 2020</b>	<b>104,222</b>	<b>29,546</b>	<b>5,169</b>	<b>165</b>	<b>30,965</b>	<b>170,067</b>
<b>At September 30, 2021</b>	<b>130,697</b>	<b>26,981</b>	<b>4,259</b>	<b>212</b>	<b>19,552</b>	<b>181,701</b>

For the nine months ended September 30, 2021, the depreciation directly attributable to construction in progress was \$268 thousand.

**Mangazeya Mining Ltd.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2021***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***8 Exploration and evaluation assets**

	<b>2021</b>
<b>Cost as at 1 January</b>	<b>11,938</b>
Additions	2,541
Unsuccessful exploration expenditure derecognised	(1,520)
Foreign currency revaluation	596
<b>Cost as at September, 30</b>	<b>13,555</b>

**9 Mine properties**

	<b>2021</b>
<b>Cost as at 1 January</b>	<b>52,716</b>
Foreign currency revaluation	(1,024)
<b>Cost as at September, 30</b>	<b>51,692</b>
<b>Accumulated depreciation and impairment</b>	
<b>Accumulated depreciation and impairment as at 1 January</b>	<b>(20,012)</b>
Depreciation charge	(1,792)
Foreign currency revaluation	620
<b>Accumulated depreciation and impairment as at September, 30</b>	<b>(21,184)</b>
<b>Net book value at September, 30</b>	<b>30,508</b>

**10 Trade and other payables**

Trade and other payables as at September 30, 2021 and December 31, 2020 consisted of the following:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Trade payables	9,192	9,671
Other payables - financial	54	85
<b>Total financial trade and other payables</b>	<b>9,246</b>	<b>9,756</b>
Amounts received in advance	6	31
Accrued payables to employees	1,495	616
Other non-financial liabilities and other creditors	115	27
Taxes other than income tax payable	3,226	1,594
<b>Total non-financial trade and other payables</b>	<b>4,842</b>	<b>2,268</b>
<b>Trade and other payables</b>	<b>14,088</b>	<b>12,024</b>

**11 Loans and borrowings, financial instruments****(a) Loans and borrowings**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Short-term loans and borrowings</b>		
Short-term bank loans	56,820	37,474
<b>Total short-term loans and borrowings</b>	<b>56,820</b>	<b>37,474</b>
<b>Long-term loans and borrowings</b>		
Long-term bank loans	169,340	214,472
Long-term borrowings from related parties	13,138	12,399
<b>Total long-term loans and borrowings</b>	<b>182,478</b>	<b>226,871</b>
<b>Total loans and borrowings</b>	<b>239,298</b>	<b>264,345</b>

As at September 30, 2021 and December 31, 2020 the carrying value of the Group's loans approximate their fair value.

**Mangazeya Mining Ltd.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2021***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***11 Loans and borrowings, financial instruments (continued)**

On 20 March 2020, Dalzvetmet LLC signed off Credit line agreement with PJSC Bank "Finance Corporation Otkrytie". The credit line was provided in US dollars with the following limits: US\$ 180 million from March 21, 2020 to March 31, 2020 and US\$ 200 million from April 1, 2020 to December 31, 2025. The final repayment date of the funds received on the credit line is December 31, 2025.

Under the terms of the credit line agreement the Group pledged the 100% shares of Diascia Investments Limited, Mangazeya Mining LLC, Dalzvetmet LLC, and Koryakmining LLC.

In May 2021 the Group borrowed funds in the amount of \$1,315 under a new credit line agreement between Dalzvetmet LLC and the bank "FK "Otkrytie" with the total limit of US\$30,000 thousand and final repayment date at December 31, 2027.

As at September 30, 2021, the Loans received from related parties were \$3,571 thousand from Mangazeya Zoloto LLC, \$9,109 thousand from Mangazeya Development LLC and \$458 thousand from Mangazeya Center LLC.

As at December 31, 2020, the loans received from related parties were \$3,368 thousand from Mangazeya Zoloto LLC, and \$8,592 thousand from Mangazeya Development LLC and \$439 thousand from Mangazeya Center LLC.

**(b) Derivative financial instruments**

Option and forward transactions are recognized as financial instruments carried at fair value and revalued at each reporting date with changes recognized as financial expenses within profit and loss in accordance with IFRS requirements. The DCF and Black-Scholes models are applied to determine the fair value using the market data such as forward rates for the respective periods sell and buy amounts, and implied volatility.

On March 20, 2020 the Group entered into the forward agreements with PJSC Bank "Finance Corporation Otkrytie" to hedge 17,500 ounces of gold with Koryakmining LLC and 175,000 ounces of gold with Dalzvetmet LLC. In March 2021 the Group additionally hedged with PJSC Bank "Finance Corporation Otkrytie" the amount of 41,628 ounces of gold with Dalzvetmet LLC.

The fair value of the financial liability on these agreements as at September 30, 2021 was \$13,153 thousand (as at December 31, 2020 - \$19,916 thousand).

**12 General and Administrative and other operating expenses**

The general and administrative expenses for the three and nine months ended September 30, 2021 and September 30, 2020 comprise the following:

	<b>Three months ended September 30</b>		<b>Nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Services of the management company	2,099	2,208	6,209	8,996
Audit, accounting, advisory and legal fees	40	99	387	205
Wages and salaries incl. social taxes	27	37	97	98
<b>Total general and administrative expenses</b>	<b>2,166</b>	<b>2,344</b>	<b>6,693</b>	<b>9,299</b>

Other operating expenses for the three and nine months ended September 30, 2021 include a difference between the book and the fair value of the assets that were transferred by the Group in September 2021 as a contribution into the share capital of one of the Group's subsidiaries (SZM LLC) in the amount of \$3,987 thousand.

**13 Commitments and contingencies**

The Group does not have full coverage in the Russian Federation for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Group's property or relating to the Group's activities. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group' activities and financial position

From time to time, the Group is involved in various litigation matters arising in the ordinary course of business. The Group accrues for such items when a liability is both probable of being incurred and a reliable estimate can be made.

**Mangazeya Mining Ltd.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements****For the nine months ended September 30, 2021***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***13 Commitments and contingencies (continued)****Capital commitments**

As at September 30, 2021, the Group had commitments to purchase equipment totaling \$4,468 thousand. As at December 31, 2020, the Group had commitments to purchase equipment totaling \$333 thousand.

**14 Related party transactions****(a) Management remuneration**

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. Key management personnel received the following remuneration during the period, which is included in personnel costs:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries and bonuses	256	254	997	874
Contributions to Russian state pension fund	49	43	235	210
<b>Total management remuneration</b>	<b>305</b>	<b>297</b>	<b>1,232</b>	<b>1,084</b>

**(b) Transactions with other related parties**

	Transactions for the three months ended September 30,		Transactions for the nine months ended September 30,		Balance outstanding at	
	2021	2020	2021	2020	September 30, 2021	December 31, 2020
<b>Loans issued to related party</b>						
Controlling shareholder	-	-	-	-	12,057	11,313
Companies under common control	-	-	-	-	14,378	11,517
<b>Interest expense</b>						
Controlling shareholder	6	4	18	17	-	-
Companies under common control	201	244	427	420	-	-
<b>Administrative services</b>						
Company under common control	2,099	2,208	6,209	8,996	-	-
<b>Other operating expenses (income)</b>						
Companies under common control	4	(199)	33	214	-	-
<b>Trade and other payables</b>						
Controlling shareholder	-	-	-	-	37	39
Company under common control	-	-	-	-	2,384	1,709
<b>Trade and Other receivables</b>						
Controlling shareholder	-	-	-	-	74	272
Company under common control	-	-	-	-	5,510	1,773
<b>Loans received</b>						
Controlling shareholder	-	-	-	-	458	439
Company under common control	-	-	-	-	12,680	11,959
<b>Interest income</b>						
Controlling shareholder	172	179	502	566	-	-
Company under common control	188	131	535	554	-	-

All transactions with the related parties are carried out on an arm's length basis.

During the three and nine months ended September 30, 2021 the Group capitalized exploration services rendered by a related party of \$50 and \$242 thousand and construction works of \$3,399 and \$5,251 thousand, respectively.