

MANGAZEYA MINING LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2020

Dated: April 27, 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 consolidated financial statements for the year ended December 31, 2020. 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 (\$).

2020 HIGHLIGHTS

	2020	2019	Change	%
Operational highlights				
Gold production, ounces	51,562	44,363	7,199	16.2%
Refining gold, ounces	50,729	44,363	6,366	14.3%
Gold sales, ounces	51,995	41,513	10,482	25.2%
Ore mined, tonnes	1,343,775	1,492,421	(148,646)	(10.0)%
Stripping ratio, m ³ /t	2.00	1.51	0.49	32.5%
Ore processed, tonnes	1,340,975	1,025,605	315,370	30.7%
Gold grade in ore processed, g/t	1.60	1.87	(0.27)	(14.4)%
Financial highlights				
Revenue	128,361	79,925	48,436	60.6%
Adjusted EBITDA ¹	58,731	26,424	32,307	122.3%
Total cash cost per ounce Savkino (TCC), CAD ¹	1,533	1,453	80	5.5%
Total cash cost per ounce Kochkovskoye (TCC), CAD ¹	1,200	924	276	29.9%
Total cash cost per ounce Nasedkino (TCC), CAD ¹	1,001	-	1,001	-
Average gold price, CAD ¹	2,469	1,925	544	28.3%
Cash balance	45,734	23,108	22,626	97.9%
Cash flow received from operating activities before changes in working capital	51,478	22,673	28,805	127.0%
Cash flow provided by financing activities	63,201	91,379	(28,178)	(30.8)%
Cash flow used in investing activities	(58,292)	(83,136)	24,844	(29.9)%

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

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 88.95% of the issued and outstanding common shares are owned by Mr. Sergey Yanchukov. The remaining 11.05% 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 highlights of the Company in year 2020 were the start of mining operations at Nasedkino deposit, continuous production at Kochkovskoye deposit as well as focus on exploration activities to find new resources in order to improve the Company's resource base.

Savkinskoye update

In 2020 the Company developed the project to perform exploration works on Savksinskoye deposit.
In 2020 the Report on results of exploration works which took place in 2017-2018 years on Khlebniy-3 area of Savkinskoe deposit with calculation of reserves as of 01/01/2020 was finalized and provided for the statutory expertise, the reserves were recorded on a state balance.
In July 2020 the Company obtained a licence for performing exploration and evaluation works at Mayachny area in Nerchisk-Zavodskoy district of Zabaikalsky Region. In October 2020 the statutory expert commission provided a positive conclusion on the Company's exploration and evaluation plans for this area scheduled for 2021.
In 2020 the Company performed exploration works at Yugo-Zapadny area for the total volume of 1,676 m, selecting 1,775 samples. No mining works were performed in 2020, the Company has been processing the ore previously mined in 2019.

Nasedkino update

In 2020 the Company continued the analysis of the data obtained during the field works at Nasedkino deposit flanks (Malouryumskoye) conducted in the previous year.
In 2020 the Company continued mine development works, performing 27,068 m³ of trenching on 11 tranches and selecting 3,331 samples
In 2020 the Company prepared the mine development program and RC drilling plan for the year 2021.
In Q1 2020 the permit for the construction of the mine transportation part of the gold processing plant of Nasedkino deposit was obtained.
In Q2 2020 the Company launched mining works on Nasedkino site in accordance with the development plan.
Since Q3 2020 the Company started ore processing at the gold processing plant.

Zolinsko-Arkiinskaya update

Ore deposit.

In 2020 the Report on Operational changes of reserves on Kochkovskoye ore deposit as of 01/01/2020 was prepared, the reserves were recorded on the state balance.
In 2020 the Company continued technological works on 3 core samples with total weight 2,500 kg of primary ores of Kochkovskoye to determine the conditions of floatation beneficiation in order to extract gold and sulfides. The research concluded that gravitational method of enrichment is impractical.
During 2020 the Company performed field exploration works totalling 884 m, 939 samples were selected.
During 2020 mining operations of Kochkovskoye deposit were carried out in accordance with the development plan.

Alluvial deposit.

During 2020 the Company developed a project plan for additional exploration of the alluvial deposit area (r. Talovka).
In December 2020 the Company started exploration drilling, the total volume of works amounted to 429 m.
In 2020 the mining activities at the areas of r. Sredniya and r. Mostovaya were continued in accordance with the production plan of the Company.

Overall Performance results

Savkinskoye

The following table shows production and cost information for the Savkinskoye Mine for the years ended December 31, 2020 and December 31, 2019:

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(Tabular amounts are presented in thousands of Canadian dollars unless otherwise 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) ¹
Three months ended 31 December, 2020	-	-	-	-	384	1,420	\$1,843
Three months ended 31 December, 2019	86,953	2.46	76,614	2.80	6,290	6,548	\$1,382
Year ended 31 December, 2020	-	-	58,992	1.03	5,166	6,857	\$1,533
Year ended 31 December, 2019	227,817	2.21	438,132	1.54	14,954	13,400	\$1,453

Mining production

- In 2020, no mining or stripping works were performed due to deposit development and production of gold from earlier mined ore. In 2019 ore mined was 228 kt, average grade in ore mined was 2.21 g/t, average stripping ratio was 2.70 m3/t.

Processing

- The volume of ore stacked in 2020 reduced by 86.5% YoY due to lack of mining in 2020. In Q4 2020 there was no ore stacked.
- In 2020, the volume of production reduced by 65.0% YoY. The change was caused by the completion of deposit development.

Total Cash cost of production (TCC)¹

- TCC for 2020 increased by 6% as compared to TCC for 2019 and by 33% in the 4Q 2020 compared to 4Q 2019 mainly due to the decrease of sales while the fixed cost component remained at the same level.

Kochkovskoye

The following table shows production and cost information for the Kochkovskoye deposit for the years ended December 31, 2020 and December 31, 2019:

	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 31 December, 2020	5,039	1.34	148,698	1.51	6,365	7,623	\$1,294
<i>Including</i>							
<i>Ore gold</i>					6,203	7,473	\$1,291
<i>Placer gold</i>					162	150	\$1,427
Three months ended 31 December, 2019	373,653	1.81	144,228	1.90	11,346	12,578	\$1,010
<i>Including</i>							
<i>Ore gold</i>					11,004	11,849	\$993
<i>Placer gold</i>					342	729	\$1,292
Year ended 31 December, 2020	596,128	1.48	922,739	1.48	29,554	29,135	\$1,200
<i>Including</i>							
<i>Ore gold</i>					28,477	28,225	\$1,182
<i>Placer gold</i>					1,077	910	\$1,746
Year ended 31 December, 2019	1,264,603	1.99	587,473	2.12	29,409	28,112	\$924
<i>Including</i>							
<i>Ore gold</i>					26,903	25,606	\$883
<i>Placer gold</i>					2,506	2,506	\$1,344

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 in the section "Financial results".

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MANAGEMENT'S DISCUSSION AND ANALYSIS – FOR THE YEAR ENDED DECEMBER 31, 2020

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

Mining production

- The volume of mining in 2020 was 596k tons, which is by 53% lower than in 2019. In 4Q 2020 the reduction was 99%, as the Company processed the available stock of oxide ore in October 2020. The gold in ore mined in 2020 and 4Q 2020 reduced by 65% and 99% due to lower volume of mining as well as lower grade of gold in ore mined, which has decreased by 26% due to mining of ore less rich in gold.

Processing

- In 2020, ore stacked was 923k tons, or by 57% more YoY. The volume of ore stacked increased due to the improved processing flow and the start of ore stacking in March 2020, while in 2019, ore stacking started in May, after completion of construction of crushing-and-screening unit. In 4Q 2020 and 4Q 2019 149k tons and 144k tons of ore were stacked, respectively.
- In 2020, average gold grade in ore stacked reduced by 30% YoY (from 2.12 g/t to 1.48 g/t) due to the mining of lower-grade ore.

Total Cash cost of production (TCC)¹

- TCC for gold for 2020 was \$1,200 per ounce, which represents a 30% increase in comparison with 2019 (\$924) due to the decrease of production and sales volumes in the 4Q of 2020, while the fixed cost share in the cost of sales structure remained stable.

Nasedkino

The following table shows production and cost information for the Nasedkino Mine for the year ended December 31, 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)
Three months ended 31 December, 2020	297,559	2.20	177,752	2.40	10,579	11,948	\$923
Year ended 31 December, 2020	747,647	1.62	359,244	2.00	16,842	16,002	\$1,001

Mining production

- In 2020 the volume of mined ore was 748k tons and the average gold grade in ore mined was 1.62, The average stripping ratio in 2020 was 2.21 m3/t.

Processing

- In 2020 359 k tonnes of ore have been processed. The gold grade in ore processed was 2.0 g/t.

Total Cash cost of production (TCC)¹

- In 2020 the total cash cost of gold sold amounted to \$1,001 per ounce.

Financial results

The following table presents the results from continuing operations for the year ended December 31, 2020 and the corresponding period of 2019.

	Three months ended 31 December,		Years ended 31 December,		
	2020	2019	2020	2019	2018
Total revenue	53,087	37,143	128,361	79,925	37,211
<i>Savkinskoye</i>	3,398	12,678	13,781	25,492	23,932
<i>Including Gold</i>	3,398	12,661	13,736	25,396	23,932
<i>Kochkovskoye</i>	18,758	24,465	72,540	54,433	13,279
<i>Including Gold from hard rock deposit</i>	18,344	22,982	70,013	49,500	10,873
<i>Including Gold from placers</i>	356	1,483	2,353	4,803	2,406
<i>Nasedkino</i>	30,931	-	42,040	-	-
<i>Including Gold</i>	30,931	-	42,040	-	-

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

Cost of sales	(32,330)	(20,929)	(67,592)	(43,744)	(29,247)
<i>Savkinskoye</i>	(2,617)	(9,051)	(10,514)	(19,472)	(22,048)
<i>Including Gold</i>	(2,617)	(9,050)	(10,512)	(19,467)	(22,048)
<i>Kochkovskoye</i>	(11,310)	(13,882)	(38,002)	(29,566)	(12,668)
<i>Including Gold from hard rock deposit</i>	(11,057)	(12,934)	(36,284)	(26,187)	(10,923)
<i>Including Gold from placers</i>	(253)	(942)	(1,717)	(3,369)	(1,745)
<i>Nasedkino</i>	(12,927)	-	(20,596)	-	-
<i>Including Gold</i>	(12,927)	-	(20,596)	-	-
Intercompany operations and IFRS adjustments	(5,476)	2,004	1,520	5,294	5,469
Gross profit	20,757	16,214	60,769	36,181	7,964
<i>Savkinskoye</i>	781	3,627	3,267	6,020	1,884
<i>Including Gold</i>	781	3,611	3,224	6,020	1,884
<i>Kochkovskoye</i>	7,448	10,583	34,538	24,867	611
<i>Including Gold from hard rock deposit</i>	7,287	10,048	33,729	23,313	(50)
<i>Including Gold from placers</i>	103	476	636	1,434	661
<i>Nasedkino</i>	18,004	-	21,444	-	-
<i>Including Gold from placers</i>	18,004	-	21,444	-	-
Administrative expenses	(2,334)	(3,847)	(11,633)	(14,391)	(12,484)
Income (loss) from continuing operations	45,830	14,583	(22,914)	7,429	(18,539)
Adjusted EBITDA ¹	25,452	17,172	58,731	26,424	(9,045)
(Loss) income per share from operations (basic and diluted)	\$0.0356	\$0.1130	\$(0.0178)	\$0.0058	\$(0.0144)

- In 2020 revenue increased by 61% as compared to 2019 due to the increase in sales volume by 25% and average gold price per ounce by 28%.
- The increase in revenue is connected mainly with the start of mining and sales from Nasedkino deposit.
- The average gold price in USD increased from 1,451 USD to 1,841 USD per ounce or 27%. Silver is a by-product which the Company sells occasionally.
- The gross profit increased by 68% mainly due to the increase in revenue.
- Administrative expenses in 2020 have decreased by 19% compared to 2019.
- As a result the Company has a positive adjusted EBITDA in 2020 of \$58,731 thousand which represents an increase of 122% compared to the previous year.

As at December 31, 2020 Current assets increased by \$16,663k or 17% compared to December 31, 2019. The change of total current assets resulted from the increase in cash by \$22,626k (due to the increase in sales) offset by the decrease in inventories by \$5,216k, mainly due to the sales of the balances of finished goods and reduction in work-in-progress.

As at December 31, 2020 Non-current assets increased by \$24,793k or 12% compared to December 31, 2019 mainly due to additions of PPE and mine properties.

As at December 31, 2020 Current liabilities increased by \$10,432k or 20% compared to December 31, 2019 mainly as a result of the increase in the liability on derivative financial instruments in the amount of \$8,077k.

As at December 31, 2020 Non-current liabilities increased by \$65,732k or 35% compared to December 31, 2019 mainly due to the increase in secured bank loan in the amount of \$49,836k as well as due to the long-term liability on the derivative financial instrument in the amount of \$10,001k.

In preparation of the 2020 Consolidated Financial Statements the comparative amounts of Cost of sales and Gross profit for 2019 have been subject to some reclassifications, please find the detailed information in the Note 29 to the Consolidated Financial Statements.

¹ Adjusted EBITDA is non-IFRS measure which is further explained in this section on page 7.

Cash Cost per Ounce Reconciliation for Savkinskoye Mine

	Three months ended 31 December,		Years ended 31 December,		
	2020	2019	2020	2019	2018
Cost of Sales	2,617	9,050	10,512	19,467	22,048
Less: Depreciation and Amortization included in cost of sales	-	-	-	-	(3,328)
Cost of sales less Depreciation and Amortization	2,617	9,050	10,512	19,467	18,720
Gold sold (oz)	1,420	6,548	6,857	13,400	14,244
Total Cash Cost per ounce of gold sold	\$1,843	\$1,382	\$1,533	\$1,453	\$1,314

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

	Three months ended 31 December,		Years ended 31 December,		
	2020	2019	2020	2019	2018
Cost of Sales	11,057	12,934	36,284	26,187	10,923
Less: Depreciation and Amortization included in cost of sales	(1,409)	(1,171)	(2,936)	(3,574)	(110)
Cost of sales less Depreciation and Amortization	9,648	11,763	33,348	22,613	10,813
Gold sold (oz)	7,473	11,849	28,225	25,606	6,558
Total Cash Cost per ounce of gold sold	\$1,291	\$993	\$1,182	\$883	\$1,649

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

	Three months ended 31 December,		Years ended 31 December,		
	2020	2019	2020	2019	2018
Cost of Sales	253	942	1,717	3,369	1,745
Less: Depreciation and Amortization included in cost of sales	(39)	-	(128)	-	-
Cost of sales less Depreciation and Amortization	214	942	1,589	3,369	1,745
Gold sold (oz)	150	729	910	2,506	1,443
Total Cash Cost per ounce of gold sold	\$1,427	\$1,292	\$1,746	\$1,344	\$1,209

Cash Cost per Ounce Reconciliation for Nasedkino Mine

	Three months ended 31 December,		Years ended 31 December,		
	2020	2019	2020	2019	2018
Cost of Sales	12,927	-	20,596	-	-
Less: Depreciation and Amortization included in cost of sales	(1,895)	-	(4,582)	-	-
Cost of sales less Depreciation and Amortization	11,032	-	16,014	-	-
Gold sold (oz)	11,948	-	16,002	-	-
Total Cash Cost per ounce of gold sold	\$923	-	\$1,001	-	-

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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 31 December,		Years ended 31 December,		
	2020	2019	2020	2019	2018
Net profit (loss) from operations	45,830	14,583	(22,914)	7,429	(18,539)
Interest expense	(14,731)	398	58,681	19,104	387
Income tax provision	12,504	3,402	(5,809)	5,307	(1,326)
Depreciation, depletion and amortization	3,343	1,171	7,646	3,574	3,438
Impairment loss	1,104	161	1,104	161	3,484
Foreign exchange loss / (gain)	(22,598)	(5,061)	20,023	(9,151)	3,511
Adjusted EBITDA	25,452	14,654	58,731	26,424	(9,045)

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 March 31, 2019 to December 31, 2020.

	fourth quarter of 2020	third quarter of 2020	second quarter of 2020	first quarter of 2020	fourth quarter of 2019	third quarter of 2019	second quarter of 2019	first quarter of 2019
Gold production (oz)	17,328	20,088	10,760	3,386	17,635	17,643	6,826	2,259
Gold sales (oz)	20,991	17,482	10,279	3,243	19,127	16,360	4,212	1,814
Revenue	53,087	45,746	22,115	7,413	37,143	32,191	7,478	3,113
Gross Profit	20,757	23,864	12,323	3,825	16,213	17,235	1,955	778
Net income (loss)	45,830	(11,657)	2,206	(59,293)	14,583	(3,762)	(2,684)	(708)
Earnings (loss) per share (Basic and Diluted)	\$0.0356	(\$0.0090)	\$0.0017	(\$0.0460)	\$0.0113	(\$0.0029)	(\$0.0021)	(\$0.0005)

The net income (loss) and earnings (loss) per share parameters during the year 2020 experienced 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 31 December,		Years ended 31 December,		
	2020	2019	2020	2019	2018
Net cash provided by / (used in) operating activities before changes in working capital	20,575	88,792	51,478	22,673	(12,460)
Net cash provided by / (used in) operating activities after changes in working capital	14,094	95,790	19,880	12,354	(29,793)
Net cash used in investing activities	(19,004)	(42,246)	(58,292)	(83,136)	(32,372)
Net cash provided by / (used in) financing activities	11,511	(40,777)	63,201	91,379	60,410
Loans and borrowings					
- Short-term,	37,474	24,216	37,474	24,206	20,832
- Long-term	226,871	176,249	226,871	177,035	74,339
Cash and cash equivalents	45,734	23,108	45,734	23,108	2,291
Working capital	53,541	46,524	53,541	47,310	8,546

Cash flow and capital resources

Working capital

The working capital increased by 13% or \$6,231k as at December 31, 2020 compared to December 31, 2019 as a result of increase of cash by \$22,626k offset by a decrease in inventories by \$5,216k as well as the increase in current liabilities by \$10,432k.

The Main changes in cash flow are:

Operating activities

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

Investing activities

- In 2020 the Company's main investment activity was connected with the development of Nasedkino site. The Company invested \$49,959k in PPE, \$3,533k in exploration and evaluation assets and \$3,830k in mine properties.

Capital Commitments

- As at December 31, 2020, the Group had commitments to purchase equipment totaling \$333 thousand. As at December 31, 2019, the Company had commitments to purchase equipment totaling \$23,822k.

Financing activities

- During 2020 the Company received \$294,044k under the loan agreement with PJSC Bank "Finance Corporation Otkritie" and received \$17,497k and repaid \$235,858k under the loan agreements with VTB Bank (PJSC). \$2,239k of lease liabilities were repaid and the payment on financial instruments amounted to \$10,243k.

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 year ended December 31, 2020 of \$22,914 thousand, and had accumulated losses of \$380,620 thousand and a working capital of \$53,541 thousand as at December 31, 2020.

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 28 to the consolidated financial statements for the period ended December 31, 2020.

Subsequent events

On March 1, 2021, Dalstvetmet LLC signed an additional Forward agreement with PJSC "Bank Otkritie Financial Corporation" for the sales of a fixed amount of gold during the year 2021 at a price range of \$1,710 1,720 per ounce.

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 consolidated financial statements for the period ended December 31, 2020.

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.

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.