

Mangazeya Mining Ltd.
Interim Condensed Consolidated Financial Statements
March 31, 2022
(Unaudited)

Contents

Management's responsibility for consolidated financial statements	3
Unaudited Interim Condensed Consolidated Statement of Financial Position	4
Unaudited Interim Condensed Consolidated Statement of Comprehensive Income (Loss)	5
Unaudited Interim Condensed Consolidated Statement of Cash Flows	6
Unaudited Interim Condensed Consolidated Statement of Changes in Equity	7
1. Nature of operations	8
2. Basis of presentation	8
3. Significant accounting policies	12
4. Trade and other receivables	12
5. Cash and cash equivalents.....	12
6. Inventories	12
7. Property, plant and equipment.....	13
8. Exploration and evaluation assets	13
9. Mine properties	13
10. Trade and other payables.....	14
11. Loans and borrowings, financial instruments.....	14
12. Administrative expenses	15
13. Finance income and finance expense	15
14. Commitments and contingencies.....	15
15. Related party transactions	16
16. Events after the reporting date.....	16

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 March 31, 2022 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 March 31, 2022 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.

May 30, 2022

(signed)
Mikhail Gusev
Chief Executive Officer

(signed)
Elena Rudenko
Chief Financial Officer

NOTICE TO THE 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	March 31, 2022	December 31, 2021
Assets			
Non-current Assets			
Property, plant and equipment	7	163,775	178,851
Right-of-use assets		3,096	3,999
Intangible assets		3,179	3,187
Exploration and evaluation assets	8	15,941	15,915
Mine properties and site restoration asset	9	26,926	29,596
Deferred income tax assets		31,595	30,307
Total Non-current assets		244,512	261,855
Current Assets			
Inventories	6	49,643	44,599
Short-term loans issued	15	15,632	14,865
Trade and other receivables	4	41,400	34,548
Current income tax prepayments		326	355
Cash and cash equivalents	5	27,574	37,799
Total Current Assets		134,575	132,166
Total Assets		379,087	394,021
Liabilities and Shareholders' equity			
Shareholders' equity			
Share capital		384,837	384,837
Share premium		44,210	44,210
Foreign currency translation reserve		(29,886)	(19,125)
Retained earnings		(328,281)	(328,780)
Total equity		70,880	81,142
Liabilities			
Non-current Liabilities			
Long-term loans and borrowings	11(a)	153,377	173,122
Deferred tax liability		8,632	5,239
Provisions		12,653	13,781
Long-term lease liabilities		1,160	1,809
Derivative financial instruments		28,312	30,364
Total non-current liabilities		204,134	224,315
Current Liabilities			
Short-term loans and borrowings	11(a)	76,627	62,307
Provisions		2,127	1,712
Trade and other payables	10	12,015	9,630
Current income tax payable		-	635
Derivative financial instruments	11(b)	11,309	12,075
Short-term lease liabilities		1,995	2,205
Total Current Liabilities		104,073	88,564
Total Liabilities		308,207	312,879
Total Equity and Liabilities		379,087	394,021

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

Liudmila Arutiunian

Signed "Gerald Rohan"

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)*

		Three months ended March 31	
	Notes	2022	2021
Revenue		53,614	27,606
Cost of sales		(18,010)	(13,679)
Gross profit		35,604	13,927
General and administrative expenses	12	(2,149)	(2,214)
Selling expenses		(5)	(2)
Impairment loss		(346)	(25)
Other operating income		160	1,020
Income from operating activities		33,264	12,706
Other items			
Finance income	13(a)	753	2,241
Finance expenses	13(b)	(32,976)	(12,132)
Net income before income tax		1,041	2,815
Income tax expense		(542)	272
Net income for the period		499	3,087
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(10,761)	(1,422)
Comprehensive income / (loss) for the period		(10,262)	1,665
Weighted average number of shares – basic and diluted		1,288,211,149	1,288,211,149
Total net income per share – basic & diluted		\$0.0004	\$0.0023

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)*

	Notes	Three months ended March 31	
		2022	2021
Cash flows from operating activities			
Net profit for the period		499	3,087
Adjustments for:			
Depreciation and impairment of property, plant and equipment		5,165	4,334
Losses less gains on disposals of property, plant and equipment		360	394
Income tax expense / (recovery)		543	(272)
Finance income	13	(753)	(2,241)
Finance expenses	13	8,214	5,612
Foreign currency translation differences	13	24,721	6,436
Operating cash flows before working capital changes		38,748	17,350
Decrease/(Increase) in trade and other receivables		(9,259)	1,148
Increase in inventories		(9,005)	(4,625)
Increase/(Decrease) in trade and other payables		3,002	(935)
Changes in working capital		(15,262)	(4,412)
Income taxes paid		(708)	(1,303)
Interest income received		582	371
Interest paid		(3,356)	(4,025)
Net cash from operating activities		20,004	7,981
Cash flows from investing activities			
Purchases of property, plant and equipment, mine properties and exploration and evaluation assets		(8,301)	(6,697)
Acquisition of intangible assets		(329)	(30)
Loans granted to related parties		(1,950)	(634)
Net cash (used in) investing activities		(10,580)	(7,361)
Cash flows from financing activities			
Repayment of borrowings		(8,190)	(9,656)
Payment of financial instruments		(7,281)	(2,465)
Repayment of lease		(898)	(1,148)
Net cash from financing activities		(16,369)	(13,269)
Net increase in cash and cash equivalents		(6,945)	(7,264)
Effect of exchange rate changes on cash and cash equivalents		(3,280)	(671)
Cash and cash equivalents at the beginning of period	5	37,799	45,734
Cash and cash equivalents at the end of the period	5	27,574	37,799

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
Balance at January 1, 2021	384,837	44,210	(18,001)	(380,620)	30,426
Comprehensive profit for the period					
Profit for the period	-	-	-	3,087	3,087
Other comprehensive loss for the period	-	-	(1,422)	-	(1,422)
Total comprehensive income / (loss) for the period	-	-	(1,422)	3,087	1,665
Balance at March 31, 2021	384,837	44,210	(19,423)	(377,533)	32,091
Balance at January 1, 2022	384,837	44,210	(19,125)	(328,780)	81,142
Comprehensive loss for the period					
Loss for the period	-	-	-	499	499
Other comprehensive loss for the period	-	-	(10,761)	-	(10,761)
Total comprehensive income / (loss) for the period	-	-	(10,761)	499	(10,262)
Balance at March 31, 2022	384,837	44,210	(29,886)	(328,281)	70,880

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

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

Mangazeya Mining Ltd.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2022

(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 March 31, 2022 and as at December 31, 2021 the Parent Company's major shareholder was Mangazeya Group LLC with 88.7% ownership interest. 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, Daltsvetmet LLC, Koryakmining LLC and through Mangazeya Mining LLC a 100% interest in SZM LLC (together - the "Group"). These companies are Russian limited liability companies as defined in the Civil Code of the Russian Federation and possess licenses for exploration and mining activities.

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 the global pandemic (COVID-19) and to implement the required measures to protect the health of its employees and ensure the sustainability of the Group's operations.

The recent developments in relation to the geopolitical environment since the end of February 2022 have resulted in serious sanction measures imposed by the United States, Canada, European and other countries on Russian governmental institutions and businesses, resulting in major fluctuation of the exchange rates and devaluation of Russian assets on financial markets. These actions eventually lead to reduced access to capital markets, weakening of the currency, disruptions in supply-chains, increased operational and capital costs and other economic outcomes that adversely affect the financial position of the Group. The management takes into consideration the highly increased political and economic risks in the analysis of the going concern and for the further planning of its business activities, although the precise impact on the financial position and operations of the Group of these already adopted and further announced measures is difficult to be determined at present with a high degree of certainty.

Management monitors the current financial results and strongly believes that the Company will achieve its ongoing business objectives. The Company has incurred a profit for the three months ended March 31, 2022 of \$499 thousand, and had accumulated losses of \$328,281 thousand and a working capital of \$30,502 thousand as at March 31, 2022.

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 May 30, 2022. 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 2021 that have been prepared in accordance with IFRS.

Mangazeya Mining Ltd.**Notes to the Consolidated Financial Statements****For the years ended March 31, 2022***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***2 Basis of presentation (continued)****(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	
			March 31, 2022	December 31, 2021
Diascia Investments Limited	Cyprus	Investment and financing	100%	100%
Diascia Holdings (BVI) Ltd	British Virgin Islands	Dormant	100%	100%
Dalstvetmet LLC	Russian Federation	Mining and production	100%	100%
Koryakmining LLC	Russian Federation	Mining and production	100%	100%
Mangazeya Mining LLC	Russian Federation	Exploration and mining	100%	100%
SZM LLC	Russian Federation	Exploration and mining	100%	100%

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:

Currency	Average rate for the		Average rate for the	
	Closing rate as at March 31, 2022	three months ended March 31, 2022	Closing rate as at December 31, 2021	three months ended March 31, 2021
RUB / CAD	65.5308	68.0324	59.2066	58.7968
RUB / USD	81.8873	86.1424	75.0751	74.4374
USD / CAD	0.8003	0.7898	0.7886	0.7899

(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.

2 Basis of presentation (continued)

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:

- 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 indication 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.

2 Basis of presentation (continued)

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.

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) Other provisions

The Group has recognized a provision for certain liabilities associated with its loss of control of its interest in Century Mining Corporation ("Century") in 2012. These provisions are management's best estimate of expected future liabilities associated with its interest in Century based on available information. The amount payable, if any, is dependent on the outcome of the disposition of the assets of Century by the receiver, confirmation by the counter parties to these liabilities and assessment by the Group's insurer with respect to certain directors' and officers' insurance claims submitted by the Group.

(viii) 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.

Mangazeya Mining Ltd.**Notes to the Consolidated Financial Statements****For the years ended March 31, 2022***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***2 Basis of presentation (continued)**

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 December 31, 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 2021.

4 Trade and other receivables

Receivables as at March 31, 2022 and December 31, 2021 consisted of the following:

	March 31, 2022	December 31, 2021
Trade receivables	1,809	1,011
Other receivables	12,455	12,869
Provision for expected credit losses of trade and other receivables	(295)	(327)
Total financial assets within trade and other receivables	13,969	13,553
Advances to suppliers	18,811	12,702
Other tax receivables	8,574	8,262
Employee costs in advance	-	3
Other receivables, net	105	93
Provision for expected credit losses of non-financial receivables	(59)	(65)
Total trade and other receivables	41,400	34,548

As at March 31, 2022, a provision for uncollectible trade receivable past due and individually impaired amounted to 354 thousand (December 31, 2021 - \$392 thousand).

5 Cash and cash equivalents

Cash and cash equivalents as at March 31, 2022 and December 31, 2021 consisted of the following:

	March 31, 2022	December 31, 2021
Bank accounts in RUB	202	369
Bank accounts in USD	12	18
Bank deposits in RUB	27,360	37,411
Total cash and cash equivalents	27,574	37,798

The weighted average interest rate on cash deposits in RUB for the three months ended March 31, 2022 is 10.92% (as at December 31, 2021 - 4.82%).

6 Inventories

Inventories as at March 31, 2022 and December 31, 2021 comprised the following:

	March 31, 2022	December 31, 2021
Gold	494	1,427
Semi-finished goods and work-in-process, ore in stockpiles	39,244	32,995
Materials and supplies	10,567	10,909
Provision for obsolete inventory	(662)	(732)
Total inventories	49,643	44,599

As at March 31, 2022, the amount for slow-moving raw materials of \$662 thousand (December 31, 2021 - \$733 thousand) was recognized.

Mangazeya Mining Ltd.**Notes to the Consolidated Financial Statements****For the years ended March 31, 2022***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***7 Property, plant and equipment**

	Facilities	Machinery and equipment	Transport	Other	Construction-in-progress	Total
Cost						
At December 31, 2021	149,966	38,901	18,276	564	25,743	233,450
Additions	14,204	673	861	2	(9,360)	6,380
Disposals	-	(7)	(79)	(108)	(3)	(197)
Foreign currency revaluation	(13,633)	(3,465)	(1,734)	(53)	(2,714)	(21,599)
At March 31, 2022	150,537	36,102	17,324	405	13,679	218,047
Accumulated depreciation and impairment						
At December 31, 2021	(19,746)	(12,621)	(14,466)	(374)	(7,392)	(54,599)
Depreciation charge	(2,975)	(650)	(231)	(9)	-	(3,865)
Impairment	-	-	(1)	-	(344)	(345)
Disposals	-	6	8	38	-	52
Foreign currency revaluation	1,792	1,193	1,388	36	76	4,485
At March 31, 2022	(20,929)	(12,072)	(13,302)	(309)	(7,660)	(54,272)
Net book value						
At December 31, 2021	130,220	26,280	3,810	190	18,351	178,851
At March 31, 2022	129,608	24,030	4,022	96	6,019	163,775

For the three months ended March 31, 2022, depreciation directly attributable to construction in progress is \$136 thousand (For the three months ended March 31, 2021 - \$96 thousand).

8 Exploration and evaluation assets

	2022
Cost as at 1 January	15,915
Additions	1,976
Transfer to mine properties	(471)
Foreign currency revaluation	(1,479)
Cost as at March, 31	15,941

9 Mine properties

	2022
Cost as at 1 January	52,206
Transferred from exploration and evaluation assets	471
Foreign currency revaluation	(4,090)
Cost as at March, 31	48,587
Accumulated depreciation and impairment	
Accumulated depreciation and impairment as at 1 January	(22,610)
Depreciation charge	(714)
Foreign currency revaluation	1,663
Accumulated depreciation and impairment as at March, 31	(21,661)
Net book value at March, 31	26,926

Mangazeya Mining Ltd.**Notes to the Consolidated Financial Statements****For the years ended March 31, 2022***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***10 Trade and other payables**

Trade and other payables as at March 31, 2022 and December 31, 2021 consisted of the following:

	March 31, 2022	December 31, 2021
Trade payables	8,563	8,062
Other payables - financial	40	17
Total financial trade and other payables	8,603	8,079
Amounts received in advance	2	34
Accrued payables to employees	1,651	768
Other non-financial liabilities and other creditors	25	73
Taxes other than income tax payable	1,734	676
Total non-financial trade and other payables	3,412	1,551
Trade and other payables	12,015	9,630

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

	March 31, 2022	December 31, 2021
Short-term loans and borrowings		
Short-term bank loans	76,627	62,307
Total short-term loans and borrowings	76,627	62,307
Long-term loans and borrowings		
Long-term bank loans	142,040	160,728
Long-term borrowings from related parties	11,337	12,394
Total long-term loans and borrowings	153,377	173,122
Total loans and borrowings	230,004	235,429

As at March 31, 2022 and December 31, 2021 the carrying value of the Group's loans approximate their fair value.

On 20 March 2020, Daltsvetmet LLC signed off Credit line agreement with PJSC Bank "Finance Corporation Otkrytie". The credit line was provided in US dollars with the limit of US\$ 200 million with the final repayment date of December 31, 2025. In May 2021 Daltsvetmet LLC borrowed funds in the amount of \$1,333 under a new credit line agreement with the bank PJSC "Bank Otkritie Financial Corporation" with the total limit of US\$30,000 thousand and final repayment date at December 31, 2027.

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

As at March 31, 2022, the Loans received from related parties were \$3,192 thousand from Mangazeya Zoloto LLC, \$8,145 thousand from Mangazeya Development LLC. As at December 31, 2021, the loans received from related parties were \$3,489 thousand from Mangazeya Zoloto LLC and \$8,905 thousand from Mangazeya Development LLC.

(b) Derivative financial instruments

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 the estimation of the fair value of the financial liability on the forward agreement the Group considered the difference between the agreed forward price according to the contract and the forecasted market prices used by the Group for the future cash flow estimates. The fair value of the financial liability on these arrangements as at March 31, 2022 was \$39,351 thousand (as at December 31, 2021 - \$42,439 thousand).

Mangazeya Mining Ltd.**Notes to the Consolidated Financial Statements****For the years ended March 31, 2022***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***12 Administrative expenses**

Administrative expenses for the year ended March 31, 2022 and March 31, 2021 comprise the following:

	Three months ended March 31	
	2022	2021
Services of the management company	2,081	2,083
Audit, accounting, advisory and legal fees	41	88
Wages and salaries incl. social taxes	27	43
Total general and administrative expenses	2,149	2,214

13 Finance income and finance expense**a) Finance income**

	Three months ended March 31	
	2022	2021
Interest income from bank deposits	583	359
Interest income from non-bank loans	170	338
Gain on derivative financial instruments	-	1,546
Total finance income	753	2,241

b) Finance expense

	Three months ended March 31	
	2022	2021
Foreign exchange loss	24,721	6,436
Loss on derivative financial instruments	5,043	2,465
Interest expense on bank loans	2,664	2,701
Site-restoration provision discounting	245	190
Interest expense on lease liability	137	134
Interest expense on non-bank loans	125	121
Bank services	41	85
Total finance expense	32,976	12,132

The foreign exchange loss in the three months ended March 31, 2022 is attributed mainly to the revaluation of the US dollar bank loan of Daltsvetmet LLC (see note 11a) due to a strong appreciation of the US dollar against Russian ruble in February-March of 2022.

14 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's 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. The Group is currently defending a claim by a contractor for breach of a repayment schedule related to services performed. At this time, the outcome of the litigation cannot be predicted with any certainty. In the opinion of management, other than this claim, there are no other matters which might have an adverse effect on the financial statements of the Group.

Capital commitments

As at March 31, 2022, the Group had commitments to purchase equipment totaling \$2,358 thousand. As at December 31, 2021, the Group had commitments to purchase equipment totaling \$3,707 thousand.

Mangazeya Mining Ltd.**Notes to the Consolidated Financial Statements****For the years ended March 31, 2022***(Unless otherwise stated, amounts are presented in thousands of Canadian dollars)***15 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 March, 31	
	2022	2021
Salaries and bonuses	249	302
Contributions to Russian state pension fund	79	94
Total management remuneration	328	396

(b) Transactions with other related parties

	Transactions for the three months ended		Balance outstanding	
	March 31, 2022	March 31, 2021	March 31, 2022	December 31, 2021
Loans issued				
Company under common control	1,950	634	15,632	14,865
Trade and other receivables (Note 4)				
Controlling shareholder	-	-	10,232	11,325
Company under common control	-	-	7,198	4,881
Loans received (Note 11)				
Company under common control	-	-	11,337	12,394
Trade and other payables (Note 10)				
Company under common control	-	-	1,343	2,068
Cost of sales				
Company under common control	2,576	2,159	-	-
Administrative services				
Company under common control	2,081	2,083	-	-
Other operating expenses (income)				
Company under common control	17	14	-	-
Other related parties	2	5	-	-
Interest income				
Controlling shareholder	-	166	-	-
Company under common control	170	172	-	-
Interest expense				
Controlling shareholder	-	160	-	-
Company under common control	87	71	-	-
Other related parties	38	36	-	-
Purchases of PPE, exploration assets				
Company under common control	478	742	-	-
Purchases of Inventories				
Company under common control	4	-	-	-

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

16 Events after the reporting date

On May 16, 2022, in conformity with the BVI Business Companies Act, 2004 (as amended) and its articles of association, the Company resolved to redeem the outstanding shares held by the Minority shareholders that comprise approximately 9.99% of the share capital of the Company at a proposed redemption price of 0.045 CAD per share, which represents a fair market price determined by an independent appraiser firm FBK LLC.