Anaconda Mining

Annual Management Discussion and Analysis

As at and for the year ended December 31, 2019
(Expressed in Canadian Dollars)

This management discussion and analysis ("MD&A") dated February 28, 2020 of Anaconda Mining Inc. ("Anaconda" or the "Company") provides a discussion of the Company's consolidated financial position and the results of its consolidated operations for the year ended December 31, 2019. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2019 and the year ended December 31, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with the risk factors described in the "Risk Factors" section at the end of this document. Additional information including the audited consolidated financial statements for the year ended December 31, 2019 and press releases have been filed through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under the Anaconda Mining Inc. profile at www.sedar.com.

All amounts presented are in Canadian Dollars unless otherwise stated.

Certain non-IFRS measures are included in this MD&A, including operating cash cost per ounce and all-in sustaining costs ("AISC") per ounce. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. Anaconda believes that these measures, in addition to that information prepared in accordance with IFRS, provides investors with useful information to evaluate the Company's performance and ability to generate cash flow from its operations. 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. For further information, refer to the "Non-IFRS Measures" section of this MD&A.

Company Overview

Anaconda Mining is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in the top-tier Canadian mining jurisdictions of Newfoundland and Nova Scotia. The Company operates mining and milling operations in the prolific Baie Verte Mining District of Newfoundland which includes the fully-permitted Pine Cove Mill, tailings facility and deep-water port, as well as ~11,000 hectares of highly prospective mineral property, including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade Mineral Resource and the subject of an on-going feasibility study.

Anaconda's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "ANX" and on the OTCQX under the symbol "ANXGF". Anaconda Mining Inc. is incorporated under the laws of Ontario, with its registered head office located at 150 York Street, Suite 410, Toronto, Ontario, M5H 3S5. Further information about Anaconda Mining can be found in the Company's regulatory filings, including the Annual Information Form, available on SEDAR at www.sedar.com and on the Company's website at www.anacondamining.com.

Corporate Update

On October 15, 2019, the Company announced that it had entered into a definitive Share Purchase Agreement with Magna Terra Minerals Inc. ("Magna Terra") to divest of its Cape Spencer Project in New Brunswick and Great Northern Project in Newfoundland. Under the terms of the transaction, Anaconda will exchange all of the common shares of its wholly-owned subsidiary, 2647102 Ontario Inc., for an aggregate number of common shares of Magna Terra equal to 100% of the outstanding Magna Terra common shares on the closing date of the Transaction. The transaction was approved by Magna Terra shareholders on February 27, 2020 and closing of the transaction, expected to close in March 2020, is conditional on Magna Terra raising a minimum of $1.5 million to advance to the projects.

During the fourth quarter of 2019, the Company executed a term sheet with a venture capital firm to finance further advancement of its Narrow Vein Mining Project. As part of the funding arrangement, the technology and related agreements will be transferred into a subsidiary company, to be held initially by the Company, the venture capital firm, and certain individuals, including a member of the Company's management team. The Company expects to complete the transaction in the first quarter of 2020.

Consolidated Results Summary

Financial Results	Three months ended December 31 2019	Three months ended December 31 2018	Year ended December 31 2019	Year ended December 31 2018
Revenue ($)	**6,506,722**	9,759,181	**29,547,682**	31,731,136
Cost of operations, including depletion and depreciation	**4,919,066**	8,490,772	**22,690,028**	25,826,099
Mine operating income ($)	**1,587,656**	1,268,409	**6,857.654**	5,905,037
Net income (loss) ($)	**(209,207)**	(356,333)	**373,047**	(1,693,413)
Net income (loss) per share ($/share) – basic and diluted	**(0.00)**	(0.00)	**0.00**	(0.01)
Cash generated from operating activities ($)	**(215,942)**	3,385,823	**4,372,224**	8,894,347
Capital investment in property, mill and equipment ($)	**133,609**	284,911	**2,181,896**	2,023,857
Capital investment in exploration and evaluation assets ($)	**1,451,810**	4,057,912	**10,943,829**	8,024,095
Average realized gold price per ounce*	**US$1,489**	US$1,207	**US$1,360**	US$1,265
Operating cash costs per ounce sold*	**US$1,039**	US$805	**US$878**	US$755
All-in sustaining cash costs per ounce sold*	**US$1,282**	US$1,014	**US$1,247**	US$1,074

	December 31, 2019	December 31, 2018
Total assets ($)	**63,757,965**	57,942,367
Non-current liabilities ($)	**6,903,274**	5,290,646

**Refer to Non-IFRS Measures section for reconciliation*

During the fourth quarter of 2019, the Company processed the Goldboro Bulk Sample (the "Bulk Sample") at its Pine Cove Mill (see press release dated January 16, 2020). Fourth quarter and annual mill statistics are presented both including the Bulk Sample, and on a Point Rousse stand-alone basis. Proceeds from gold recovered and sold from the Bulk Sample were recorded as a credit against the Goldboro exploration and evaluation asset, and the related processing costs at the Pine Cove Mill were also reallocated to the Goldboro asset on a proportionate basis.

Operational Results	Three months ended December 31 2019	Three months ended December 31 2018	Year ended December 31 2019	Year ended December 31 2018
Ore mined (t)	**132,302**	99,998	**413,139**	328,291
Waste mined (t)	**518,698**	300,952	**1,771,408**	1,288,306
Strip ratio	**4.2**	3.0	**4.3**	3.9
Ore milled (t) – including Bulk Sample	**110,474**	110,547	**401,499**	461,439
Grade (g/t Au)	**1.49**	1.93	**1.52**	1.56
Recovery (%)	**83.1**	89.1	**82.3**	86.7
Gold ounces recovered	**4,411**	6,125	**16,181**	20,149
Gold ounces sold	**4,209**	6,120	**17,265**	19,290

Excluding the operating results from the Bulk Sample, the Pine Cove Mill Statistics specifically for production from the Point Rousse Complex are as follows:

	Three months ended December 31		Year ended December 31	
Operational Results	**2019**	2018	**2019**	2018
Ore milled (t)	**100,689**	110,547	**391,714**	461,439
Grade (g/t Au)	**1.27**	1.93	**1.46**	1.56
Recovery (%)	**84.0**	89.1	**82.8**	86.7
Gold ounces produced	**3,441**	6,125	**15,211**	20,149
Gold ounces sold	**3,306**	6,120	**16,362**	19,290

Highlights for the Year Ended December 31, 2019

- Anaconda sold 16,362 ounces of gold in 2019 from production at the Point Rousse Complex, generating metal revenue of $29.5 million at an average sales price* of C$1,804 (US$1,360) per ounce of gold. As at December 31, the Company also had over 420 ounces in gold doré inventory, which was subsequently sold in January.
- The Company also sold 903 ounces from the processing of the Goldboro Bulk Sample at the Pine Cove Mill in Q4 2019, generating a further $1.8 million in proceeds.
- Anaconda produced 15,211 ounces of gold in 2019 at the Point Rousse Complex, below its revised guidance of 16,000 to 17,000 ounces due to increased throughput time for the Bulk Sample to maximize recovery, displacing Pine Cove ore, and lower grades in Q4 2019 due to changes in mine sequencing.
- The Pine Cove Mill achieved annual throughput of 401,499 tonnes during 2019, including 9,785 tonnes from the Bulk Sample, down from 2018 due to low mill availability in Q2 resulting from unplanned maintenance of the regrind mill and the decision to accelerate other maintenance programs to minimize future down time.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q4 2019 were $1,371 (US$1,039), and $1,165 (US$878) for the year ended December 31, 2019, below the Company's revised annual guidance of $1,325 and $1,375 per ounce of gold sold as a result of better than planned throughput and grade in Q3 2019.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was $1,693 (US$1,282) for Q4 2019, and $1,655 (US$1,247) for the full year.
- In 2019, the Company invested $10.9 million in its exploration and development projects, including $9.2 million on the Goldboro Gold Project in Nova Scotia relating to the feasibility study, permitting, the bulk sample, and ongoing diamond drilling programs.
- The Point Rousse Complex generated EBITDA* of $1.6 million in Q4 2019 and $9.9 million for the year ended December 31, 2019, compared with $2.9 million and $12.2 million for the respective 2018 periods.
- Net income for the year ended December 31, 2019 was $373,047, or $0.00 per share, compared to net loss of $1,693,413, or $0.01 per share, for the year ended December 31, 2018.
- On October 31, 2019, the Company announced an update to the Mineral Resource Estimate for the Goldboro Gold Project, including a 6.9% increase in grade and a 15.9% increase in ounces within the Measured and Indicated Mineral Resources categories.
- The Company extended the amortization of its term loan with the Royal Bank of Canada, providing enhanced financial flexibility as the Company continues to advance the Goldboro Gold Project and Tilt Cove Project.
- As at December 31, 2019, the Company had a cash balance of $4.4 million, working capital* of $2.7 million, and additional available liquidity of $1,000,000 from an undrawn revolving line of credit facility.

**Refer to Non-IFRS Measures section below for reconciliation.*

2020 Guidance

Anaconda is projecting to produce and sell between 18,000 and 19,000 ounces of gold in 2020, which at a budgeted gold price of $1,800 (approximately US$1,350) will generate approximately $33.3 million of revenue. Mill feed in 2020 will be exclusively from mining in the Pine Cove Pit, as the Company has continued to successfully expand the mining operations at Pine Cove, which is well understood geologically and from a mining perspective, limiting technical risk. The Company continues to progress the Argyle Project, where infill drilling is ongoing, with development expected to commence towards the middle of 2020. The Company has now received a Mining Lease for Argyle and has submitted the development and rehabilitation plan for review by the Department of Natural Resources in Newfoundland. Operating cash costs per ounce for the full year are expected to be between $1,050 and $1,100 per ounce of gold sold (US$775 - US$825 at an approximate exchange rate of 0.75), which is consistent with historical levels for the Point Rousse Complex, although expected to be higher earlier in 2020 due to the grade profile of the mine plan.

2019 Operating and Financial Review

Operational Performance - Anaconda sold 17,265 ounces of gold in 2019, including 903 ounces from the Bulk Sample which was processed in the fourth quarter. The Point Rousse Complex produced 15,211 ounces of gold during 2019, coming in below the revised guidance of 16,000 to 17,000 ounces of gold, mainly due to a slower than planned throughput rate for the Bulk Sample to maximize recovery, which displaced Pine Cove ore, and lower grades during the fourth quarter as slope conditions required a change to mine sequencing.

The Pine Cove Mill has re-established itself as a cornerstone asset of the Company, after a challenging first half of the year when unplanned maintenance of the regrind mill impacted mill availability, which in turn impacted throughput and recovery. Anaconda took the opportunity to accelerate other planned maintenance programs, invest in critical spares, bolster preventative maintenance programs, and appoint experienced senior mining leadership to minimize future mill downtime. The Pine Cove Mill processed 401,499 tonnes during 2019, including 9,875 tonnes from the Bulk Sample, a decrease of 15.1% compared to 2018 largely due to the challenges in the second quarter. Mill availability has returned to historical levels of 97% in the second half of the year, up significantly from 85.8% in Q2 2019.

Average grade from production from the Point Rousse Complex in 2019 was 1.46 g/t, down 6.4% from 2018 when mill feed was predominantly from the higher grade Stog'er Tight Mine. The average grade in 2019 was also impacted by lower than planned grade in the fourth quarter due to a change in the mine sequence. The mill achieved an average recovery rate of 82.8% in 2019, excluding the impact of the Bulk Sample, a significant decrease from an average recovery rate of 86.7% in 2018 due to the challenges in Q2 2019 when the recovery rate was 74.7%.

Mine operations moved 413,139 tonnes of ore during the year at an average grade of 1.54 g/t and a strip ratio of 4.3 waste tonnes to ore tonnes. In general, mined tonnes have increased in the third and fourth quarters of 2019 compared to the first half of the year, when mining activity was focused at Stog’er Tight and on the development of the Pine Cove Pit. Tonnes of ore produced increased 26% and total material moved increased 35% compared to 2018, when mining was focused on the lower-tonnage profile Stog’er Tight Mine. In 2020, mine production will remain focused on production from the south and southwest areas of the Pine Cove Pit, with the strip ratio expected to decrease over the year.

Financial Performance - Anaconda sold 16,362 ounces of gold in 2019 from Point Rousse to generate metal revenue of $29.5 million at an average realized gold price of C$1,804 per ounce (US$1,360). Revenue was lower than initial guidance of approximately $30.0 million due to the net impact of the lower ounces sold and the higher average realized gold price compared to the budgeted gold price of C$1,600 per ounce. Anaconda generated a further $1,773,091 in proceeds from the 903 ounces of gold recovered and sold from the Bulk Sample that was recorded as a credit against the Goldboro asset. As at December 31, 2019, the Company had over 420 ounces of gold doré inventory, which was sold in January.

	Three months ended December 31		Year ended December 31	
	2019	2018	**2019**	2018
Revenue	**6,506,722**	9,759,181	**29,547,682**	31,731,136
Cost of operations				
Operating expenses	**4,498,317**	6,215,098	**18,648,582**	18,626,974
Royalties	**42,825**	295,803	**443,325**	366,248
Depletion and depreciation	**377,924**	1,979,871	**3,608,121**	6,832,877
Total cost of operations	**4,919,066**	8,490,772	**22,690,028**	25,826,099
Mine operating income	**1,587,656**	1,268,409	**6,857,654**	5,905,037

Operating expenses for the year ended December 31, 2019 were $18,648,582, compared to $18,626,974 in the year ended December 31, 2018. Operating expenses for 2019 included mining costs of $9,366,509, and increase from $7,005,663 in the previous year, as the Company moved 35% more material in 2019 while mining in the Pine Cove Pit. Processing costs in 2019 were $8,923,013, a decrease from $9,428,149 in 2018 mainly related to 15% less mill throughput. Operating expenses were also impacted by an inventory adjustment credit of $995,977 due to the build-up in inventory at December 31, 2019. Operating cash costs per ounce sold during 2019 were C$1,165 (US$878), below the Company's revised 2019 annual operating cash cost guidance of C$1,325-C$1,375 as a result of better than planned throughput and grade in the second half of 2019.

The royalty expense for 2019 was $443,325, an increase over 2018 as a greater proportion of production was from Stog'er Tight, which carries a 3% net smelter royalty. Depletion and depreciation for the year ended December 31, 2019 was $3,608,121, a significant decrease from 2018 due to the continued expansion of the mine life at Pine Cove, which results in a higher denominator for depletion and depreciation on a units-of-production basis relative to the denominator used in the fourth quarter of 2018.

Mine operating income for the year ended December 31, 2019 was $6,857,654, an increase from mine operating of $5,905,037 in 2018, mainly due to lower depletion and depreciation offsetting lower revenue due to the displacement of Point Rousse ore from the processing of the Bulk Sample.

Corporate administration expenditures were $4,373,751 during 2019, an increase over 2018 as the result of one-time severance costs incurred as part of the Company's ongoing effort to streamline costs and renew its focus on increasing its production profile. The Company also recorded research and development costs of $592,942 in 2019 relating to the research and a potential field trial for the narrow vein mining research project, as well as other research initiatives such as tailings repurposing.

Share-based compensation was $861,429 during the year ended December 31, 2019, compared to $544,560 in the comparative 2018 period. The increase reflects the higher fair value and vesting expense of the share units granted during the first half of 2019.

Finance expense for the year ended December 31, 2019 was $417,072, significantly higher than 2018 as a result of the $5 million term loan entered into with the Royal Bank of Canada ("RBC") in March 2019 and was extended in December 2019 to April 2022, which carries a 4.6% interest rate.

Net comprehensive income for the year ended December 31, 2019, was $373,047, or $0.00 per share, compared to net comprehensive loss of $1,693,413, or $0.01 per share, in the comparative period of 2018. The improvement from the prior year was driven by higher mine operating in 2019 and a net income tax recovery of $41,000 as a result of the significantly higher gold price environment (2018 – net income tax expense of $1,624,445).

Fourth Quarter Review

Operational Performance - Gold production of 3,441 from the Point Rousse Complex in Q4 2019 was lower than plan, mainly the result of a slower than planned throughput rate for the Bulk Sample to maximize recovery, which displaced Pine Cove ore, and lower grades during the fourth quarter as slope conditions required a change to mine sequencing.

The Pine Cove Mill has returned to consistent operations, milling a total of 110,474 tonnes during the fourth quarter, including 9,875 tonnes from the Bulk Sample. Mill throughput has continued to increase since the Company addressed second quarter challenges, achieving 1,318 tonnes per day in the fourth quarter for Pine Cove mill feed (noting that the mill throughput rate was purposely slowed for the processing of the bulk sample to maximize recoveries on Goldboro material). Average grade during the fourth quarter was 1.27 g/t from ore feed predominantly from Pine Cove, lower than planned due to a change in the mine sequence, and a decrease compared to the corresponding period of 2018 when mill feed was predominantly from the higher grade Stog'er Tight Mine. The mill achieved an average recovery rate for Point Rousse ore feed of 84.0% during the fourth quarter, a significant increase from 74.7% in Q2 2019, resulting in quarterly gold production of 3,441 ounces. Including the mill throughput from the Bulk Sample, the Pine Cove Mill recovered 4,411 ounces of gold at an overall average recovery rate of 83.1% during Q4 2019.

The mine operation produced 123,302 tonnes of ore in Q4 2019 mainly from the Pine Cove Pit and some residual mining at Stog’er Tight, an 8% decrease from Q3 2019 as slope conditions on the western wall resulted in a change to mine sequencing, which also impacted the total material moved for the quarter. In general, mined tonnes have increased in the second half of 2019 compared to the first half of the year, when mining activity was focused at Stog’er Tight and on the development of the Pine Cove Pit.

***Financial Performance* –** During the fourth quarter, the Company sold 3,306 ounces of gold from production from the Point Rousse Complex, generating metal revenue of $6,506,722 at an average realized gold price of C$1,966 per ounce (US$1,489). Anaconda generated a further $1,773,091 in proceeds from gold recovered and sold from the Bulk Sample. Gold revenue was 33% lower compared to Q4 2018 due to 46% decrease in ounces sold from Point Rousse, which was partially offset by a 23% increase in the price of gold.

Operating expenses were $4,498,317 during Q4 2019, a decrease from $6,215,098 in the fourth quarter of 2018. The higher operating expenses in the prior year were the result of higher relative haulage costs at Stog’er Tight, and higher mill throughput which resulted in higher processing costs. Furthermore, the operating expenses in Q4 2019 were impacted by an inventory adjustment credit of $995,977 due to the build-up in inventory at December 31, 2019. Operating cash costs per ounce sold in Q4 2019 were $1,371 (US$1,039), compared to $1,063 (US$805) in the prior period, primarily due to the decrease in ounces sold and higher strip ratio in the most recent quarter. The royalty expense of $42,825 during the fourth quarter was down significantly from Q4 2018, when production was predominantly from Stog’er Tight, which carries a 3% net smelter return royalty. Depletion and depreciation for Q4 2019 was $377,924, representing a significant decrease from Q4 2018 due to the continued expansion of the mine life at Pine Cove, which results in a higher denominator for depletion and depreciation on a units-of-production basis relative to the denominator used in the fourth quarter of 2018.

Overall, mine operating income for the fourth quarter was $1,587,656, an increase from $1,268,409 in corresponding period of 2018, as lower gold revenue and higher operating expenses were offset by lower royalty expenses and a significant decrease in depletion and depreciation.

Net loss for the three months ended December 31, 2019 was $229,778, or $0.00 per share, compared to net loss for the three months ended December 31, 2018 of $356,333, or $0.00 per share.

Company Strategy and Outlook

Anaconda Mining is an established gold producer in the stable, low-risk jurisdiction of Atlantic Canada with two mine operating centers and a strong production growth profile in the near-term, with the aim of growing to annual production of 150,000 ounces per annum over the next 3 to 5 years in a safe and efficient manner. The Company has been producing profitably in Newfoundland for over 9 years, and has developed the infrastructure, management team, and experienced workforce to serve as the platform for near-term growth.

Major highlights and progress during 2019 to advance the Company's strategy include the following (further detailed below):

- Appointment of Kevin Bullock as President and Chief Executive Officer, a Professional Engineer with over 30 years of senior mining experience, encompassing mine development and operations, exploration and capital markets.
- Completion of a non-brokered private placement for $4.7 million in July 2019, which includes $2.6 million in flow-through financing to fund exploration at the Tilt Cove Gold Project and continue the advancement of the Goldboro Gold Project.
- Expanded the footprint of the Tilt Cove Gold Project, which now comprises a total of 6,075 hectares of prospective mineral lands with a record of past gold and copper production, and initiated in Q4 2019 a trenching program and a diamond drilling program of up to 4,000 metres.
- Commenced a Feasibility Study for the Goldboro Gold Project and announced of results of a metallurgical test program conducted as part of the Feasibility Study for the Goldboro Gold Project.
- Signed a Memorandum of Understanding in June 2019 with the Assembly of Nova Scotia Mi'kmaw Chiefs.
- Completed the mining of a 10,000-tonne underground bulk sample at Goldboro in January 2019, which was processed at the Pine Cove Mill.
- Completed a 5,000 metre drill program at Goldboro to expand the East Goldbrook Gold System and better define the extents of the high-grade plunging chutes previously intersected, and also infill drilling portions of the Boston Richardson Gold System with the goal of converting high-grade Inferred Resources to Indicated Resources.
- Completed an infill drill program at Argyle to better define portions of the deposit planned for development. The results from the western portion of the Argyle Deposit confirmed mineralization as outlined in the existing Mineral Resource. The results from the eastern portion of the Argyle Deposit intersected mineralization as outlined in the Mineral Resource at approximately the same thickness of previous drilling in this area.

THE GOLDBORO GOLD PROJECT, NOVA SCOTIA

The Goldboro Gold Project ("Goldboro") is a 100%-owned, high-grade Mineral Resource located in Guysborough County, Nova Scotia, located approximately 180 kilometres northeast of Halifax and covering 600 hectares. The Goldboro Mineral Resource occurs in three spatially contiguous zones along the Upper Seal Harbour anticline, consisting of the Boston Richardson Zone, the East Goldbrook Gold Zone ("EG Gold System"), and the West Goldbrook Zone ("WG Gold System").

➢ Moving Towards Goldboro Development

Anaconda is targeting to complete an economic feasibility study on the Project in the first quarter of 2020, while it progresses with the permitting process in parallel. In February 2019, Anaconda commenced a feasibility study of the Project (the "Study"), retaining WSP Canada Inc. ("WSP") to lead the Study and work on the mine design, project infrastructure, and economics. Ausenco Solutions Canada Inc. ("Ausenco") has also been engaged to support WSP with respect to process optimization and mill design for the Study (Ausenco was involved in the engineering and construction of Atlantic Gold Corporation's mill at the Moose River Consolidated Project in Nova Scotia). The Study will incorporate additional metallurgical testing (the "Met Program"), performed by Base Metallurgical Laboratories Ltd, based in Kamloops, British Columbia. The Met Program returned extremely high processing recoveries averaging 97%, with a range from 87% to 99%, and that all of the tests showed low reagent consumption and strong gravity recovery. No deleterious elements were found within the Goldboro samples which contained approximately 3% sulphide minerals.

In July 2019, the Company signed a Memorandum of Understanding with the Assembly of Nova Scotia Mi'kmaw Chiefs that will govern the process by which the parties will work together in good faith to resolve a Mutual Benefits Agreement in a way that reflects a desire to build a mutually beneficial relationship that will be sustained for the life of the Goldboro Gold Project.

In January 2020, the Company announced the positive results of an underground bulk sample program (the "Bulk Sample") undertaken at the Goldboro Gold Project The objectives of the Bulk Sample were to confirm the geological interpretation of the deposit, test for spatial and grade continuity of the mineralized structures, validate key assumptions of the updated Mineral Resource model, and test certain types of mining methods. The Bulk Sample successfully tested a large area within the 2019 Mineral Resource Estimate with respect to continuity of gold grade and geological interpretation, confirming the position and continuity of mineralized zones. The average head grade of 3.81 g/t gold from the Pine Cove Mill showed a positive reconciliation of 8.5% to the mine grade of 3.51 g/t gold, demonstrating an upside bias within an acceptable range, while the high gravity recovery of 51% confirmed metallurgical test work.

The Company in parallel is advancing the Project through the permitting process, engaging GHD Limited ("GHD") of Nova Scotia for that process, the same group that worked with Atlantic Gold Corporation during its permitting of the Moose River Consolidated Project. In September 2019, Anaconda announced that it intends to file a new Environmental Assessment Registration Document ("EARD") for the Project, as the environmental and engineering work to date has resulted in material changes and improvements from the original concept outlined in the initial EARD, including a modified project layout and a reduction in mining at surface. The new EARD will also contemplate a full processing facility at Goldboro which will produce gold doré bars, reflecting the growing mineral resource and the potential for a longer-life mining operation.

Update on Bulk Sample Claim - In July 2019, the Company began shipping the bulk sample material to the Pine Cove Mill with NIL Group Limited (“NIL”). On July 23, 2019, the Company announced that NIL has filed a Statement of Claim (the “Claim”), alleging that the Company was responsible for certain additional costs in relation to the shipment. As a result, NIL issued and served an arrest warrant with respect to the 1,132 tonnes (“Arrested Ore”) which were yet to be discharged from the barge at the time of filing of the Claim, from a total initial delivery of 3,900 tonnes. The Company considers the Claim to be without merit and on August 16, 2019, the Company filed its Statement of Defense and Counterclaim against NIL and its principals, alleging, among other things, contractual breach, negligent and/or fraudulent misrepresentation, and fraudulent deceit. The Company subsequently engaged Atlantic Towing Limited to ship the remaining tonnes, which were successfully unloaded at the end of September at Pine Cove. In October 2019, the Company obtained a Court order in order to process the Arrested Ore on condition that the proportional gross revenue generated from the Arrested Ore of $208,838 would be deposited to an escrow account with the Court pending further legal proceedings. Such funds were paid to the Court in January 2020 and have been reflected as restricted cash on the statement of financial position.

- **Expanding Footprint in Nova Scotia Proximal to Goldboro**

In July 2019, the Company announced that it had entered into two option agreements to acquire 100% of the Country Harbour and Lower Seal Harbour properties, which comprise approximately 1,150 hectares of prospective mineral land and are within close proximity (15 and 5 km, respectively) from Goldboro. The geological setting and mineralization at these two properties are very similar to the high-grade gold Goldboro Deposit, and a review of the historic data indicate that there is ample room to grow these existing mineralized zones.

- **Expanding the Mineral Resource**

On December 18, 2019, the Company filed an updated Mineral Resource Estimate ("Mineral Resource") prepared in accordance with National Instrument 43-101 ("NI 43-101") for Goldboro, with an effective date of August 21, 2019. The Mineral Resource includes 27,467 metres of drilling conducted by the Company including 15,112 metres of diamond drilling in 57 holes since the previous Mineral Resource Estimate of July 19, 2018.

Resource Type	Au Cut-off (g/t)	Category	Tonnes (Rounded)	Au (g/t)	Troy Ounces (Rounded)
Open Pit	0.50	Measured	844,000	2.40	65,200
		Indicated	111,000	2.63	9,400
		Measured and Indicated	**955,000**	**2.43**	**74,600**
		Inferred	**22,000**	**2.79**	**2,000**
Underground	2.00	Measured	967,000	6.08	189,200
		Indicated	2,174,000	6.22	434,800
		Measured and Indicated	**3,141,000**	**6.18**	**624,000**
		Inferred	**2,985,000**	**7.12**	**254,400**
Combined Open Pit and Underground	0.50/2.00	Measured	1,811,000	4.37	254,400
		Indicated	2,285,000	6.05	444,200
		Measured and Indicated	**4,096,000**	**5.30**	**698,600**
		Inferred	**3,007,000**	**7.09**	**685,100**

Mineral Resource Estimate Notes

1. *Mineral Resources were prepared in accordance with NI 43-101 and the CIM Definition Standards (2014). Mineral Resources that are not mineral reserves do not have demonstrated economic viability. This estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*
2. *Open pit Mineral Resources are reported at a cut-off grade of 0.5 g/t gold that is based on a gold price of CAD$1,753/oz (~US$1,350/oz) and a gold processing recovery factor of 95%.*
3. *Underground Mineral Resource is reported at a cut-off grade of 2.0 g/t gold that is based on a gold price of CAD$1,753/oz (~US$1,350/oz) and a gold processing recovery factor of 95%.*
4. *Appropriate mining costs, processing costs, metal recoveries, and inter ramp pit slope angles were used by WSP to generate the pit shell.*
5. *Appropriate mining costs, processing costs, metal recoveries and stope dimensions were used by WSP to generate the potential underground resource.*
6. *Rounding may result in apparent summation differences between tonnes, grade, and contained metal content.*
7. *Tonnage and grade measurements are in metric units. Contained gold ounces are in troy ounces.*
8. *Contributing assay composites were capped at 80 g/t Au.*
9. *A bulk density factor was calculated for each block based on a regression formula.*

The Mineral Resource was prepared by WSP Canada Inc. ("WSP") under the supervision of Todd McCracken, P. Geo., an "Independent Qualified Person", as defined in NI 43-101. The effective date of this Mineral Resource is August 21, 2019 and includes historical diamond drilling as well as 27,467 metres of drilling conducted by Anaconda up to August 2019.

BAIE VERTE MINING DISTRICT, NEWFOUNDLAND

The Baie Verte Mining District in north-central part of Newfoundland is a prolific mining camp for gold deposits, hosting five known gold deposits and home to two past producing high-grade gold mines at Nugget Pond and Hammerdown. The Baie Verte Mining District is the location of two of the company's key projects – the Point Rousse Complex and the Tilt Cove Gold Project.

- **Production and Operating Cash Flow – The Point Rousse Complex**

The Point Rousse Complex is located in the Baie Verte Mining District in the north-central part of Newfoundland, accessible year-round by paved roads and a 5.5-kilometre mine road. Point Rousse includes the Pine Cove open pit, the Stog'er Tight open pit mine, and the Argyle Development Project. Point Rousse is anchored by complete mill infrastructure with current throughput of up to 1,300 tonnes per day and a fully permitted and operational in-pit tailings storage facility with 15 years of capacity at existing throughput rates.

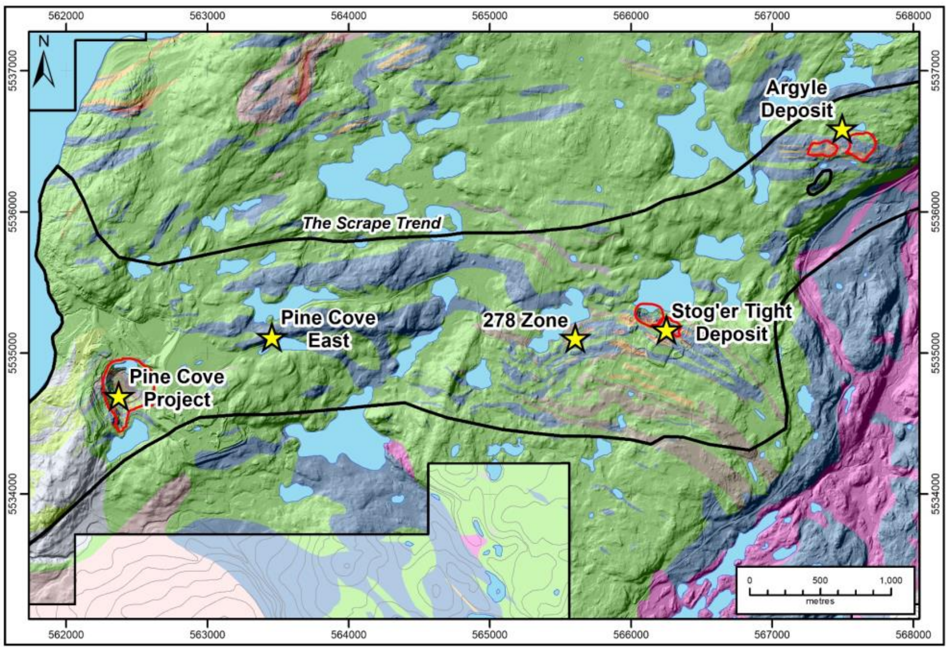
As the only operating gold mine in the Newfoundland, Anaconda has developed a unique advantage from its excellent infrastructure and experienced local workforce. As a result, the Company is positioned to fast track discoveries of gold resources through development and into production.

Anaconda is projecting to produce and sell between 18,000 and 19,000 ounces of gold in 2020 from the Point Rousse Complex, which at a budgeted gold price of $1,800 (approximately US$1,350) will generate approximately $33.3 million of revenue. Mill feed in 2020 will be exclusively from mining in the Pine Cove Pit, at annual operating cash costs per ounce of $1,050 to $1,100 per ounce of gold sold (US$775 - US$825). The Company continues to progress the Argyle Project, where infill drilling is ongoing, with development expected to commence towards the middle of 2020.

- **Exploration Upside and Mine Life Extension**

Anaconda is confident that it will continue to extend the life of the Point Rousse operation, and has identified the following prospective targets that the Company is planning to explore.

- **Pine Cove Pond**
  - Drill testing shallow mineralization beneath Pine Cove Pond at the Pine Cove Mine, which was previously inaccessible
  - Recent percussion drilling in the area included 6.62 g/t over 15.0 metres and 1.82 g/t over 14 metres



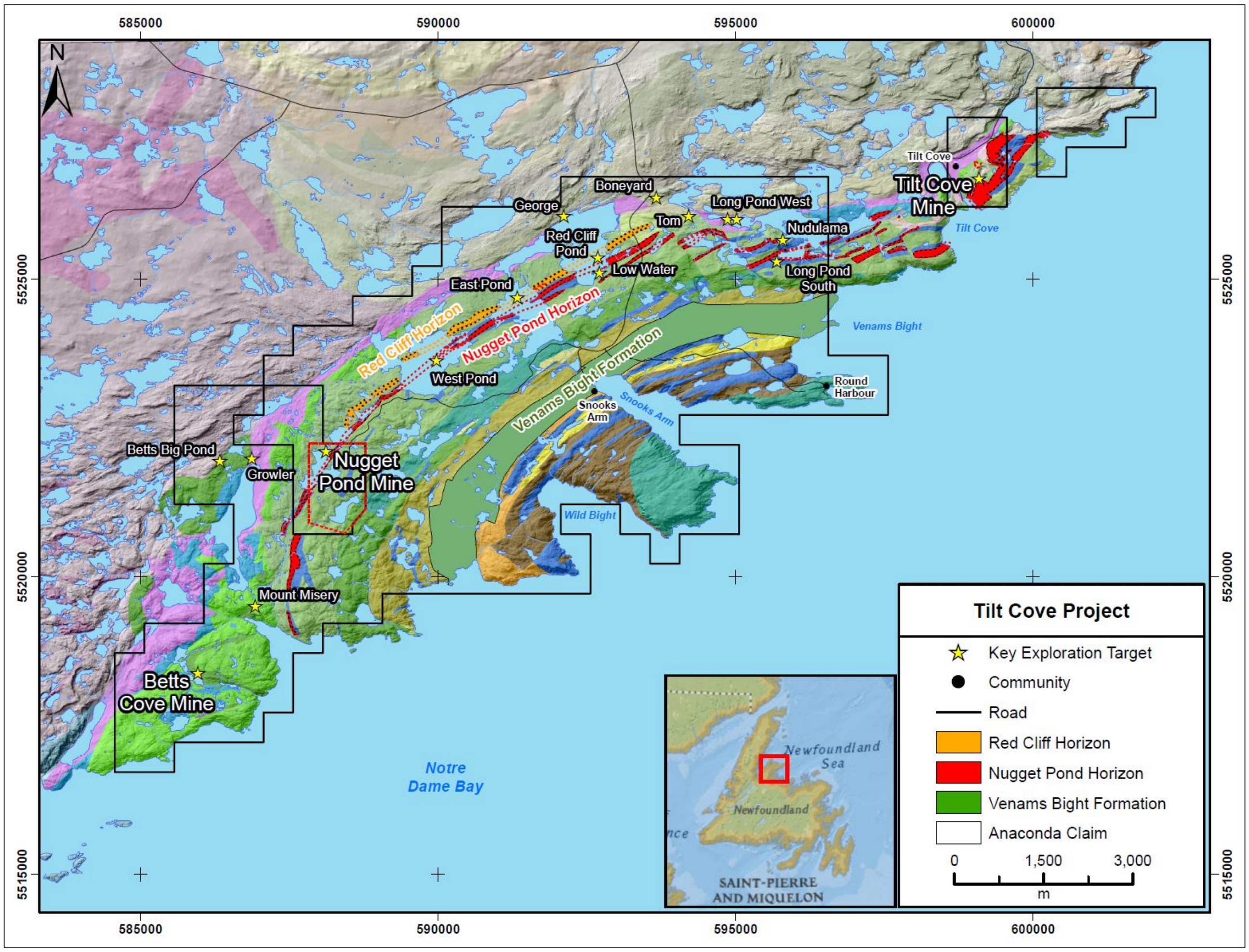
- **Argyle Deposit**
  - Resource expansion at the east end of the deposit which intersected 7.87 g/t over 7.0 metres and 12.47 g/t over 5.0 metres;
  - Infill drilling at shallow levels of the deposit to expand current pit design, targeting 150,000 tonnes.

- **278 Zone – Stog'er Tight**
  - Drilling ~500 metres southwest along strike from the Stog'er Tight Mine;
  - Following up on previous drilling and channel sampling including 1.28 g/t gold over 8.8 metres and 3.81 g/t gold over 3.0 metres;

- **Pine Cove East**
  - Drill testing three IP anomalies in rocks that host the Pine Cove deposit located 1 km east of the Pine Cove mine

➢ **Significant Exploration Potential – The Tilt Cove Gold Project**

In May 2019, Anaconda announced that it had significantly expanded the footprint of its Tilt Cove Project, located approximately 45 km by road from the Pine Cove Mill, with the consolidation of a property package covering a 20 km strike extent of the Betts Cove Complex, a highly prospective geological terrane with a record of past gold and copper production. The Tilt Cove Project now comprises a total of 6,075 hectares of prospective mineral lands acquired via a combination of staking by the Company and the execution of option agreements, marking the first time the package has been assembled in 20 years. The land position includes the Nugget Pond Horizon, which hosts the past-producing high-grade Nugget Pond Mine that produced 168,748 ounces of gold, with an average grade of 9.85 g/t gold.



The Company initiated a fully-funded $1.5 million exploration program at Tilt Cove in June 2019. Field work included the collection of 569 prospecting rock samples and 2,192 soil samples, a detailed drone magnetic survey, the completion of a LiDAR survey over the entire area, and a review of all available drill core.

Upon receipt of all prospecting and soil sample assays and geophysical data sets, Anaconda conducted a full evaluation of all available data to determine the highest priority targets prior to drilling. In Q4 2019, the Company initiated a trenching program and a diamond drilling program of up to 4,000 metres, including initial trenching and 1,000 metres of drill testing at the Growler Showing, West Pond, and Red Cliff Pond targets.

Liquidity and Capital Resources

Anaconda manages its liquidity by generating positive cash flows from the Point Rousse operations, equipment leases, and term loans, and raising funds through the issuance of equity (including flow-through financing) to support growth projects. The Company's primary uses of cash include the development of Goldboro, operating and sustaining expenditures at the Point Rousse Complex, exploration expenditures (e.g.- Tilt Cove) and corporate expenses.

(In $)	**December 31, 2019**	December 31, 2018
Cash and cash equivalents	**4,351,588**	6,425,129
Inventory	**5,576,343**	4,906,935
Other current assets	**1,321,246**	1,455,177
	11,249,177	12,787,241
Trade and other payables	**5,134,303**	7,637,312
Current taxes payable	**553,598**	1,001,000
Current portion of loans	**2,311,210**	804,770
Other current liabilities	**522,004**	146,319
	8,521,116	9,589,401
Working capital*	**2,728,061**	3,197,840

**** Refer to Non-IFRS Measures section***

As at December 31, 2019, the Company had working capital of $2,728,061, which included cash and cash equivalents of $4,351,588. Trade and other payables have decreased since the prior year mainly due to the payment of invoices relating to the Bulk Sample at Goldboro. Current taxes payable reflect an estimate of Newfoundland mining taxes. The increase in other current liabilities reflects the flow-through premium recognized as part of the non-brokered financing completed in July 2019, which included $2.6 million of flow-through financing.

The increase in the current portion of loans relates to a $5 million term loan with the Royal Bank of Canada ("RBC"), entered into in March 2019. The term loan is subject to an existing general security agreement with RBC and a debt service coverage ratio covenant to be measured on an annual basis, based on a ratio of a measure of earnings to interest expense and scheduled principal payments. The term loan carries a fixed interest rate of 4.6% and performance guarantee fee by Export Development Canada ("EDC") of 1.85%, payable quarterly based on the proportional amount outstanding. In January 2020, the Company announced that it had extended the amortization period on the term loan to April 2022, providing enhanced financial flexibility in 2020 as it continues to advance the Goldboro Gold Project and the Tilt Cove Gold Project.

The Company also maintains a $1,000,000 revolving credit facility as well as a $750,000 revolving equipment lease line of credit with RBC. Under the terms of the Agreement, RBC maintains a first-ranking general security agreement including a specific security interest in the Company's ball mill and cone crushers. As at December 31, 2019, the Company had not drawn against the revolving credit facility.

Cash Flow Analysis

Anaconda generated $4,372,224 in operating cash flows during the year ended December 31, 2019, after accounting for corporate administration costs. Revenue less cash operating expenses and royalties from the Point Rousse Project was $10,465,775, based on gold sales of 16,362 ounces at an average gold price of C$1,804 per ounce sold and operating cash costs of C$1,165 per ounce sold. Corporate administration costs in 2019 were $4,457,000, which included one-time severance costs.

During 2019, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent $10,943,829 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at December 31, 2019), primarily on the continued advancement of the Goldboro Project ($9,136,476). The Company also invested $2,181,896 into the property, mill and equipment at the Point Rousse Project, with capital investment focused on development activity on a pushback of the Pine Cove Mine.

Financing activities during the year ended December 31, 2019 included the net proceeds of $4,508,680 from a non-brokered private placement completed in July 2019, the $5 million term loan with RBC (and corresponding monthly repayments), and the repayment of other capital lease obligations and government loans. The Company also received $33,750 from the exercise of stock options and $4,000 from the exercise of warrants.

Commitments

As of December 31, 2019, the Company has the following contractual obligations:

	1 year	1 - 3 years	More than 3 years	**Total**
	$	$	$	**$**
Trade payables and accrued liabilities	5,134,304	-	-	**5,134,304**
RBC loan	1,407,853	1,976,271	-	**3,384,124**
Provincial government loan	82,559	77,914	-	**160,473**
Federal government loan	100,800	71,600	-	**172,400**
Lease liabilities	388,400	241,650	14,566	**644,616**
Other loans	331,598	-	-	**331,598**
Flow-through commitment	1,836,246	-	-	**1,836,246**
Interest payable	152,355	72,990	-	**225,345**
	9,434,115	2,440,425	14,566	**11,889,106**

As at December 31, 2019, the Company has a commitment to spend $1,836,246 of flow-through funds on eligible exploration expenses, related to the private placement completed in July 2019.

In November and December 2019, the Company locked into forward sales on a delivery basis for 1,270 ounces of its production for January and February 2020. The gold price for the orders was locked in at an average of $1,960 per ounce with delivery in January and February 2020.

The Company has royalty obligations on its various mineral properties as follows:

- A net smelter return ("NSR") of 3% is payable to a third-party on gold sold from the Stog'er Tight Property.
- A $3,000,000 capped NSR on 4 mineral exploration licenses in the Point Rousse Project, which forms part of the Argyle property, is calculated at 3% when the average price of gold is less than US$2,000 per ounce for the calendar quarter and is 4% when the average price of gold is more than US$2,000 per ounce for the calendar quarter.
- A $3,000,000 capped NSR of 3% on a property that forms part of the Argyle Property. Once the aggregate limit has been met and 200,000 ounces of gold has been sold from the property, the NSR decreases to 1%.
- A net profits interest ("NPI") agreement over the Point Rousse Mining Leases with Royal Gold Inc. whereby the Company is required to pay Royal Gold Inc. 7.5% of net profits, calculated as the gross receipts generated from the claims less all cumulative development and operating expenses. At December 31, 2019, the Company has determined it has approximately $23 million in expenditures deductible against future receipts.

The Company also has royalties payable to various vendors of mineral leases located outside the currently anticipated mining areas.

In June 2017, the Company commenced a research and development project to potentially develop new technology to mine steeply-dipping narrow gold veins (the "Narrow Vein Mining Project" or the "Project"). The total Project cost is estimated at $3,787,000, of which over $2,000,000 will be funded through agreements in place with various government agencies.

Off-Balance Sheet Items

As at December 31, 2019, the Company did not have any off-balance sheet items.

Outstanding Share and Equity Instrument Information

The Company's share capital and equity instruments outstanding comprised the following:

	December 31, 2019	December 31, 2018
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	**135,216,962**	118,766,635
Issued: Common share purchase warrants	**23,795,615**	16,360,071
Issued: Stock options	**7,772,875**	8,310,375
Issued: Share units	**1,967,256**	-

As at the date of this MD&A, the fully paid common shares outstanding of Anaconda was 135,225,295.

On July 10, 2019, the Company completed a non-brokered private placement for aggregate gross proceeds of $4,690,646, whereby it issued 7,515,701 flow-through units of the Company (the "FT Units") at a price of $0.35 per FT Unit, and 7,630,185 units of the Company (the "Units") at a price of $0.27 per Unit. Each FT Unit consists of one flow-through common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Unit consists of one common share and one-half of one Warrant. Each Warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.45 until January 10, 2021. A cash commission of 6% of certain proceeds from the issuance of Units and FT Units, for a total cost of $79,499, and 264,600 non-transferable finder warrants were issued in connection to the private placement. Each finder warrant is exercisable for one common share of the Company at a price of $0.45 until January 10, 2021.

The terms of the Company's equity incentive plans, including the stock options plan and share unit plan, are outlined in the Company's audited financial statements for the year ended December 31, 2019.

Financial Instruments Risk Exposure

The Company is exposed to financial risks sensitive to changes in commodity prices, foreign exchange, and interest rates. The Company's Board of Directors has overall responsibility for risk management oversight. Currently, the Company has not entered into any options, forward, and future contracts to manage its price-related exposures. Similarly, derivative financial instruments are not currently used to reduce these financial risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk
The Company's credit risk is primarily attributable to trade and other amounts receivable, which consist primarily of goods and services tax due from the Federal Government of Canada. The maximum exposure of credit risk is best represented by the carrying amount of the financial instruments. The Company considers credit risk negligible.

The Company's cash and restricted cash are held with an established Tier-1 Canadian financial institution, and consequently management believes that the credit risk with respect to this financial instrument is low and that the Company has no significant concentration of credit risk arising from operations.

Liquidity Risk
The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant payables that are outstanding past their due dates. As at December 31, 2019, the Company had a net working capital of $2,728,061 (December 31, 2018 - $3,197,840), including cash of $4,351,588 (December 31, 2018 - $6,425,129).

The Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Anaconda currently funds its obligations from the cash flow generated by the Point Rousse Project. If necessary, the Company may seek financing for capital projects or general working capital purposes. Such financing, if required, will depend on several unpredictable factors, which are often beyond the control of the Company. These would include the realized price of the actual gold produced from the Company's operating mines, and the expected expenditures for exploration and development.

At December 31, 2019, the carrying value and fair value amounts of the Company's financial instruments are approximately equal.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements ("price risk").

Foreign Currency Risk

The Company's functional currency is the Canadian Dollar. The Company sells its gold production and transacts business using the Canadian Dollar.

There are minimal operational expenses incurred by the Company in US dollars. The assets and liabilities of the Company are recorded in Canadian dollars. As a result, management has assessed that fluctuations in the US dollar against the Canadian dollar are negligible to the financial results of the Company.

Interest Rate Risk

The Company has no interest-bearing assets and only fixed-interest debts. Anaconda invests excess cash, when available, in a cashable money market account. The Company reviews its interest rate exposure periodically, giving consideration to potential renewals of existing positions and alternative financial investments.

Equity Securities Risk

The Company is exposed to equity securities price risk because of investments held by the Company, which are concentrated in the Canadian junior mining sector. As at December 31, 2019, had the fair values of the investments at fair value through profit or loss increased or decreased by 10%, with all other variables held constant, net income would have increased or decreased by approximately $32,000.

Quarterly Information

($ thousands unless otherwise stated)	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**
Revenue	6,507	8,779	5,486	8,777	9,759	6,924	7,452	7,597
Mine operating income	1,588	2,824	124	2,322	1,268	686	1,865	2,085
Net income (loss)	(230)	1,083	(1,638)	1,158	(356)	(936)	(550)	149
Net income (loss) per share (basic and diluted) *($ per share)*	(0.00)	0.01	(0.01)	0.01	(0.00)	(0.01)	(0.00)	0.00
Cash flow from operations	(209)	3,217	(2,771)	4,135	3,386	1,572	2,945	992
Total assets	63,758	65,791	60,292	64,803	57,942	56,156	54,379	50,607
Non-current liabilities	6,903	6,247	6,967	7,710	5,291	5,488	5,197	5,398

Related Party Transactions

Remuneration of Key Management and Transactions with Related Parties

Key management personnel include the members of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, and the Chief Operating Officer. Compensation of key management personnel (including directors) for the reporting period was as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries, bonuses, fees and short-term benefits ($)	**1,039,974**	1,028,636
Severance payments	**694,243**	-
Share-based compensation ($)	**734,450**	312,566
	2,468,667	1,341,202

As at December 31, 2019, included in trade and other payables is $442,750 (December 31, 2018 - $42,750) of amounts due for directors' fees and severance payments.

Sale of 2647102 Ontario Inc. (ExploreCo)

The Company and Magna Terra have certain key management personnel in common. As described in Note 13 of the consolidated financial statements, the Company has entered into a definitive Share Purchase Agreement with Magna Terra, whereby Magna Terra proposes to acquire all of the issued and outstanding common shares of the Company's wholly-owned subsidiary, ExploreCo.

Non-IFRS Measures

Anaconda has included in this MD&A certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. 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.

Operating Cash Costs per Ounce of Gold – Anaconda calculates operating cash costs per ounce sold by dividing operating expenses per the consolidated statement of comprehensive income (loss), net of silver sales by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation and rehabilitation costs.

All-In Sustaining Costs per Ounce of Gold – Anaconda has adopted an all-in sustaining cost performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines all-in sustaining costs as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), corporate administration costs, sustaining exploration, and rehabilitation accretion and amortization related to current operations. All-in sustaining costs excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, financing costs, debt repayments, and taxes. Canadian and US dollars are noted for realized gold price, operating cash costs per ounce of gold and all-in sustaining costs per ounce of gold. Both currencies are considered relevant and the Company uses the average foreign exchange rate for the period.

The operating cash costs per ounce and all-in sustaining costs per ounce are reconciled to the consolidated statement of comprehensive income as follows:

	Three months ended December 31, 2019	Three months ended December 31, 2018	**Year ended December 31, 2019**	Year ended December 31, 2018
Operating expenses per the consolidated statement of comprehensive loss, including royalties	**4,541,142**	6,510,901	**19,081,907**	18,993,222
By-product silver sales credit	**(8,392)**	(4,664)	**(22,786)**	(28,460)
By-product aggregates sales credit	**-**	-	**-**	(100,092)
Operating cash costs ($)	**4,532,750**	6,506,237	**19,059,121**	18,864,670
Sustaining expenditures – property, mill and equipment	**133,609**	284,911	**2,181,896**	2,023,855
Sustaining expenditures – exploration and evaluation	**33,302**	429,944	**557,421**	1,315,628
Corporate administration costs	**728,318**	830,710	**4,457,000**	4,025,435
Share-based compensation	**157,419**	96,713	**778,180**	544,560
Rehabilitation – accretion and amortization (operating)	**11,139**	40,844	**44,557**	68,198
All-in sustaining cash costs (“AISC”) ($)	**5,596,537**	8,189,359	**27,078,175**	26,842,346
Gold ounces sold	**3,306**	6,120	**16,362**	19,290
Operating cash costs per ounce sold ($ / ounce)	**1,371**	1,063	**1,165**	978
AISC per ounce sold ($ / ounce)	**1,693**	1,338	**1,655**	1,392
Average US Dollar exchange rate during period	**0.7576**	0.7575	**0.7537**	0.7721
Operating cash costs per ounce sold (US$ / ounce)	**1,039**	805	**878**	755
AISC per ounce sold (US$ / ounce)	**1,282**	1,014	**1,247**	1,074

Average Realized Gold Price per Ounce Sold – In the gold mining industry, average realized gold price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in a period from each ounce of gold sold.

Average realized gold price per ounce sold is reconciled to the consolidated statement of comprehensive income as follows:

	Three months ended December 31, 2019	Three months ended December 31, 2018	**Year ended December 31, 2019**	Year ended December 31, 2018
Gold revenue ($)	**6,498,330**	9,754,517	**29,524,896**	31,602,584
Gold ounces sold	**3,306**	6,120	**16,362**	19,290
Average realized gold price per ounce sold ($)	**1,966**	1,594	**1,804**	1,638
Average US Dollar exchange rate during period	**0.7576**	0.7575	**0.7537**	0.7721
Average realized gold price per ounce sold (US$)	**1,489**	1,207	**1,360**	1,265

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") - EBITDA is earnings before transaction costs, finance expense, current and deferred income tax expense and depletion and depreciation.

Point Rousse Project EBITDA is EBITDA before corporate administration, share-based compensation, deferred premium on flow-through shares, and all other expenses and other income.

The EBITDA and Point Rousse Project EBITDA amounts are reconciled to the consolidated statements of comprehensive loss as follows:

	Three months ended December 31, 2019	Three months ended December 31, 2018	**Year ended December 31, 2019**	Year ended December 31, 2018
Net income (loss), per the consolidated statement of comprehensive income (loss)	**(229,778)**	(356,333)	**373,047**	(1,693,413)
Adjustments:				
Transaction costs	**-**	-	**-**	854,131
Finance expense (income)	**113,405**	(4,738)	**417,072**	60,027
Current income tax (recovery) expense	**(114,304)**	194,000	**484,859**	1,007,445
Deferred income tax (recovery) expense	**700,000**	(43,000)	**(41,000)**	617,000
Depletion and depreciation	**377,924**	1,979,871	**3,608,121**	6,832,877
EBITDA	**847,247**	1,769,800	**4,842,099**	7,678,067
Corporate administration	**728,318**	830,710	**4,457,000**	4,025,435
Stock-based compensation	**157,419**	96,713	**778,180**	544,560
Write-down of exploration assets	**6,799**	240,836	**6,799**	240,836
Deferred premium on flow-through shares	**(103,173)**	-	**(175,019)**	(253,535)
Other expenses (income)	**6,626**	(1,950)	**(36,225)**	(265,258)
Point Rousse Project EBITDA	**1,643,236**	2,940,009	**9,872,833**	9,283,296

Working Capital – Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets. Working capital is reconciled to the amounts in the consolidated statement of financial position in the Liquidity and Capital Resources section of this MD&A.

Risk Factors

The exploration, development and mining of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Anaconda is subject to several financial and operational risks that could have a significant impact on its cash flows and profitability. The most significant risks and uncertainties faced by the Company include: the ability to obtain or generate additional funding for development and exploration; the fluctuating price of gold; success of exploration, development and operations activities; health, safety and environmental risks and hazards; uncertainty in the estimation of mineral reserves and mineral resources; replacement of depleted mineral reserves; the potential of production and cost overruns; risks relating to obtaining and maintaining licenses and permits; obligations as a public company; risks relating to government and taxation regulation; volatility in the market price of the Company's securities; risks relating to title and First Nations; risks relating to the construction and development of new mines; limitations on insurance coverage; competition within the mining industry; currency exchange rates (such as the Canadian dollar versus the United States dollar); risks relating to potential litigation; and risks from potential conflicts of interest. Risk related to taxation exists with respect to tax audits and the interpretation of tax regulations by the responsible tax authority. Possible areas of tax audit and interpretation may include the Company's judgements in respect of qualifying Canadian exploration expenses and the related tax deductions renounced to investors under flow-through common share financings.

The Company's ability to generate positive cash flow to generate returns and fund capital requirements and future growth and development is primarily dependent on the price of gold and the Company's ability to meet its production estimates at expected costs. The gold price is impacted by numerous macroeconomic factors outside of the Company's control, and a sustained decrease in the price of gold could impact the Company's profitability and financial position. Furthermore, actual production results may vary from Company estimates due to various factors, including but not limited to: mine dilution, lower than expected grades, recovery issues, power outages, weather related matters, or equipment and/or supply shortages. Lower than expected production could impact the Company's ability to generate cash flows to cover the cost of operations and fund sustainable capital expenditures. The Company mitigates the above risks by diligently tracking the gold price and production performance compared to forecast and budget and re-forecasting production plans accordingly so that required financial decisions can be made in a timely manner.

Readers are encouraged to read a full outline and description of the risk factors described in the Company's Annual Information Form for the year ended December 31, 2019 filed on SEDAR under the Anaconda Mining profile. The occurrence of any one, or combination of, the aforementioned risks could materially adversely impact the Company's business and as a result, the trading price of the Company's common shares could decline and investors could lose part or all of their investment.

Climate Change Risks

As part of the risk factors outlined in the Company's AIF, management and the Board have considered risks to the business from climate change. Climate change is an international concern and as a result poses risk of both climate changes and government policy in which governments are introducing climate change legislation and treaties at all levels of government that could result in increased costs, and therefore, decreased profitability at some of our operations. Climate change regulations may become more onerous over time as governments implement policies to further reduce carbon emissions, including the implementation of taxation regimes based on aggregate carbon emissions. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, the cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations, reducing the profitability of the Company's operations.

In addition, our operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, increased snow pack and extreme weather events. While the Company has not experienced these events at this point, such events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing and rehabilitation efforts, could create resource shortages and could damage our property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on our workforce and on the communities around our mines.

Critical Accounting Estimates and Judgments

The Company's significant accounting policies are described in Note 2 to the consolidated financial statements for the year ended December 31, 2019. The preparation of the consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements and reported amounts of expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets and are based on historical experience and other factors considered relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. For details of these estimates, assumptions and judgments, please refer to the Company's consolidated financial statements for the year ended December 31, 2019, which are available on the Company's website and on SEDAR.

Adoption of New Accounting Standards

The Company has adopted the following accounting standards, effective January 1, 2019. These adoptions were made in accordance with applicable transitional provisions and resulted in the changes in accounting policies described in Note 2 of the consolidated financial statements for the year ended December 31, 2019.

- **IFRS 16 – Leases ("IFRS 16")** was issued by the IASB on January 13, 2016, and has replaced IAS 17, *Leases*. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 was adopted using the modified retrospective transition method as at January 1, 2019 without restatement of comparatives. The impact of the transition to IFRS 16 is disclosed in note 4 of the consolidated financial statements.

- **IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments ("IFRIC 23")** was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. There were no changes to the consolidated financial statements as a result of the adoption of IFRIC 23.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information is gathered and reported to senior management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Anaconda's management, including the CEO and CFO, have as at December 31, 2019, designed Disclosure Controls and Procedures (as defined in National Instrument N1 52-109 of the Canadian Securities Administrators), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer is made to them by others, especially in a period where public filings are being prepared; and information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The Company's management, with the participation of the CEO and the CFO, has evaluated the design of the Company's disclosure controls and procedures as defined in *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators* and has concluded that disclosure controls and procedures were effective as of December 31, 2019.

Internal Control over Financial Reporting

Anaconda's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management used the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal controls for the year ended December 31, 2019.

Based on this evaluation, management concluded that the internal control over financial reporting was operating effectively as of December 31, 2019, to provide reasonable assurance that the financial information is recorded, processed, summarized and reported in a timely manner.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

Anaconda's management, including the CEO and CFO, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed.

Cautionary Statement

This MD&A contains forward-looking information and forward-looking statements about Anaconda Mining Inc. under Canadian securities legislation. Except for statements of historical fact relating to the Company, forward-looking information includes, but is not limited to, information with respect to the Company's expected production from, and the further potential of, the Company's properties; the Company's ability to raise additional funds; the future price of minerals, particularly gold; the estimation of mineral resources and mineral reserves; conclusions of economic evaluations; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying mineral resource and reserve mineral estimates and the realization of such estimates. Capital and operating cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include: the requirement for additional funding for development and exploration; the fluctuating price of gold; success of exploration, development and operations activities; health, safety and environmental risks and hazards; uncertainty in the estimation of mineral reserves and mineral resources; replacement of depleted mineral reserves; the potential of production and cost overruns; obligations as a public company; risks relating to government and taxation regulation; volatility in the market price of the Company's securities; risks relating to title and First Nations; risks relating to the construction and development of new mines; the availability of adequate infrastructure; limitations on insurance coverage; the prevalence of competition within the mining industry; currency exchange rates (such as the Canadian dollar versus the United States dollar); risks relating to potential litigation; risks relating to the dependence of the Company on outside parties and key management personnel; and risks in the event of a potential conflict of interest.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Technical Information

The technical and scientific information relating to exploration activities disclosed in this document have been reviewed and approved by Paul McNeill, P. Geo., Vice President Exploration with Anaconda Mining Inc., a "Qualified Person" as defined under National Instrument 43-101.

The technical and scientific information relating to mining operations disclosed in this document have been reviewed and approved by Kevin Bullock, P. Eng., President and Chief Executive Officer with Anaconda Mining Inc., a "Qualified Person" as defined under National Instrument 43-101.