Anaconda Mining

Management Discussion and Analysis

For the three months ended March 31, 2020 and March 31, 2019
(Expressed in Canadian Dollars)

This management discussion and analysis ("MD&A") dated May 13, 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 three months ended March 31, 2020. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and the related notes for the three months ended March 31, 2020 and March 31, 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. Since the condensed interim consolidated financial statements do not include all disclosure required by IFRS for annual statements, they should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2019. 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 condensed interim consolidated financial statements for the three months ended March 31, 2020, the audited annual financial statements for the year ended December 31, 2019, the Company's Annual Information Form 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.

COVID-19 Pandemic and Preparedness

As of the date of this MD&A, Point Rousse continues to operate and to the Company's knowledge, no employees, contractors, or consultants directly involved with Anaconda, whether at corporate or at site, have been diagnosed with COVID-19. Strict health and safety protocols, including social distancing, remain in place and are continually reviewed based on recommendations from medical authorities. The Company's corporate office remains closed for the foreseeable future, and where possible, employees across the Company, including those in the corporate office, are working from home.

The Company made the decision to suspend its exploration programs at the Tilt Cove Gold Project several weeks earlier than planned, in light of issues related to personnel travel across multiple regions and ensuring adherence to the principals of social distancing. Certain other programs at Point Rousse, Argyle, and Zone 278, will also continue.

At this point, production activities have not been impacted by the COVID-19 pandemic, and a number of strict health and safety protocols have been established to minimize risk to our employees and contractors, including strict social distancing policies, limitations on group sizes, additional cleaning, and sterilization measures. All work-related travel has been banned, and anyone returning from international or out of province travel has adhered to a two-week quarantine period.

The Company has established an internal committee that meets regularly to monitor the situation and refine protocols based on recommendations from medical authorities. Anaconda will continue to closely monitor the situation and will provide updates as they become available.

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 is conditional on Magna Terra raising a minimum of $1.5 million to advance the projects. The deadline for the final condition has been mutually extended to July 25, 2020, due to the impact of the COVID-19 pandemic.

On March 31, 2020, the Company announced that Mary-Lynn Oke has been appointed to it Board of Directors. Ms. Oke brings over 23 years of business experience built through a career which has included tax, finance, corporate, and senior leadership roles. Ms. Oke was previously with Hudbay Minerals Inc. where she was the Vice President, Finance and the Chief Financial Officer of the Manitoba Business Unit.

On April 9, 2020, the Company, through a subsidiary called Novamera Inc., completed a spin-out and $2.0 million financing with a venture capital firm to further the advancement of its Narrow Vein Mining Project (the "Project"). As part of the funding arrangement, the technology and related agreements were transferred to Novamera Inc., of which the Company retains a 34% undiluted interest and has no further direct financial obligations to advance the Project forward.

Consolidated Results Summary

Financial Results	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenue ($)	**10,535,021**	8,776,703
Cost of operations, including depletion and depreciation ($)	**6,901,599**	6,454,694
Mine operating income ($)	**3,633,422**	2,322,009
Net income ($)	**1,471,399**	1,157,851
Net income per share ($/share) – basic and diluted	**0.01**	0.01
Cash generated from operating activities ($)	**4,380,125**	4,135,074
Capital investment in property, mill and equipment ($)	**659,342**	289,177
Capital investment in exploration and evaluation assets ($)	**1,096,630**	4,357,390
Average realized gold price per ounce*	**US$1,526**	US$1,257
Operating cash costs per ounce sold*	**US$867**	US$735
All-in sustaining cash costs per ounce sold*	**US$1,151**	US$987
	March 31, 2020	**December 31, 2019**
Total assets ($)	**65,768,601**	63,757,965
Non-current liabilities ($)	**6,669,747**	6,903,274

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

Operational Results	Three months ended March 31, 2020	Three months ended March 31, 2019
Ore mined (t)	**103,222**	77,367
Waste mined (t)	**561,763**	279,412
Strip ratio	**5.4**	3.6
Ore milled (t)	**113,136**	79,758
Grade (g/t Au)	**1.57**	1.92
Recovery (%)	**87.4**	84.8
Gold ounces produced	**4,997**	4,176
Gold ounces sold	**5,132**	5,251

Highlights for the Three Months Ended March 31, 2020

- Anaconda sold 5,132 ounces of gold in Q1 2020 from production at the Point Rousse Complex, generating metal revenue of $10.5 million at an average sales price* of C$2,051 (US$1,526) per ounce of gold.
- Anaconda produced 4,997 ounces of gold in Q1 2020, a 20% increase compared to Q1 2019, due to higher mill throughput.
- Mine operations moved 103,222 tonnes of ore during the first quarter from the Pine Cove open pit at an average grade of 1.47 g/t at a strip ratio of 5.4 waste tonnes to ore tonnes. The Company ended the first quarter with over 45,000 tonnes of ore in stockpiles.
- The Pine Cove Mill processed 113,136 tonnes during Q1 2020 and achieved a recovery rate of 87.4%, an increase in throughput of 42% compared to Q1 2019 when unplanned maintenance of the regrind mill led to lower mill availability.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q1 2020 were C$1,165 (US$867), compared to C$977 (US$735) in the three months ended March 31, 2019.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, were C$1,546 (US$1,151) for Q1 2020.
- The Company invested $1.1 million in its growth projects during Q1 2020, including $0.4 million on the Goldboro Gold Project in Nova Scotia and $0.5 million on exploration programs at the Tilt Cove Project.
- The Point Rousse Complex generated EBITDA* of $4.5 million in Q1 2020, compared with $3.8 million for the respective 2019 period.
- Net income for the three months ended March 31, 2020 was $1.5 million, or $0.01 per share, compared to $1.2 million, or $0.01 per share, for the three months ended March 31, 2019.
- Initiated exploration programs at multiple locations at the Point Rousse Project, which includes 5,500 metres of diamond and percussion drilling proximate to the Pine Cove, Argyle, and Stog'er Tight Deposits.
- As at March 31, 2020, the Company had a cash balance of $6.4 million, working capital* of $3.6 million, and additional available liquidity of $0.3 million 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. Mill feed in 2020 will be primarily 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 in the third quarter of 2020. The Company has submitted the Argyle development and rehabilitation plans for review by the Department of Natural Resources in Newfoundland and anticipates that the approval for these plans and the issuance of the mining lease will occur at the end of the second quarter of 2020. 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.

First Quarter 2020 Operating and Financial Review

Operational Performance - Anaconda produced 4,997 ounces of gold in the first quarter of 2020, a 20% increase over Q1 2019, predominantly due to higher throughput as a result of better mill availability. Low mill availability in Q1 2019 was due to planned maintenance on the main ball mill and unplanned maintenance on the regrind mill, which also impacted the average recovery rate. The Company remains on track to meet guidance and produce and sell between 18,000 and 19,000 ounces of gold from continued mining at the Pine Cove Pit.

The Pine Cove Mill processed 113,136 tonnes during Q1 2020 at an average grade of 1.57 g/t. The 42% increase in throughput compared to Q1 2019 is the result of reduced mill availability in Q1 2019. The average grade was 18% lower than the first quarter of 2019, when mining was focused at the higher-grade Stog'er Tight Mine (but an increase of 27% over Q4 2019). The mill achieved an average recovery rate of 87.4%, an increase from 84.8% achieved in the corresponding quarter of 2019 despite the lower grade profile in Q1 2020.

During the first quarter of 2020, the mine operations produced 103,222 tonnes of ore from the Pine Cove Pit, which is expected to be the primary source for ore in 2020. Ore mined during Q1 2020 was up significantly compared to the first quarter of 2019, which reflects the higher mining rate at the Pine Cove Pit compared to the lower tonnage profile of mining at Stog'er Tight. From a production perspective, the higher tonnes mined from Pine Cove has offset the higher relative grade profile of Stog'er Tight, as demonstrated by the 20% increase in gold ounces produced in Q1 2020. The strip ratio in Q1 2020 was 5.4 waste tonnes to ore tonnes, an increase compared to Q4 2019 as higher waste development was required to access ore zones for the second quarter. The strip ratio is expected to decrease throughout 2020. The strip ratio is higher compared to Q1 2019 when planned pushbacks to the Pine Cove Pit were delayed to the second quarter of 2019.

Financial Performance - Anaconda sold 5,132 ounces of gold during the first quarter of 2020, generating gold revenue of $10.5 million at an average realized gold price of C$2,051 per ounce (US$1,526).

	Three months ended March 31, 2020	**Three months ended March 31, 2019**
Revenue	**10,535,021**	8,776,703
Cost of operations		
Operating expenses	**5,939,601**	4,886,614
Royalties	**49,196**	248,295
Depletion and depreciation	**912,802**	1,319,785
Total cost of operations	**6,901,599**	6,454,694
Mine operating income	**3,633,422**	2,322,009

Operating expenses for the three months ended March 31, 2020 were $5,939,601, compared to $4,886,614 in the three months ended March 31, 2019. Operating expenses for Q1 2020 included mining costs of $2,472,545 and were 20% higher than the comparative period primarily due to the 86% increase in material mined and the higher strip ratio at Pine Cove compared to Stog'er Tight in Q1 2019. Processing costs of $2,465,836 in Q1 2020 were also higher than the comparative period due to the 42% increase in ore tonnes milled during the period. Operating cash costs per ounce sold in the first three months of fiscal 2020 were C$1,165 (US$867); the Company remains on track to meet its annual operating cash cost guidance of C$1,050-C$1,100 (US$775 - US$825), with operating cash costs per ounce expected to be higher in the first half of the year.

The royalty expense for Q1 2020 was $49,145 compared to $248,295 in Q1 2019, as production in the prior year was predominantly from Stog'er Tight, which carries a 3% net smelter royalty. The royalty expense in Q1 2020 related to the processing of residual Stog'er Tight stockpiles. Depletion and depreciation for the three months ended March 31, 2020 was $912,802, a significant decrease from $1,319,785 in Q1 2019 due to the 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 first quarter of 2019.

Mine operating income for the three months ended March 31, 2020 was $3,633,422, compared to $2,322,009 in the corresponding period of 2019, with higher comparable operating costs during Q1 2020 being offset by higher revenue and lower depreciation in the quarter.

Corporate administration costs, which includes senior management compensation, regulatory and listing costs, and marketing and investor relations, were $860,179 for the first three months of fiscal 2020, a decrease of 18% from Q1 2019, as the Company streamlined corporate costs over the second half of 2019. The Company also incurred $52,720 in research and development costs in Q1 2020, compared to a net recovery of research and development costs of $129,558, which included funding received for the narrow vein mining research project.

Finance expense for the quarter was $72,040 for Q1 2020, compared to $36,156 for the three months ended March 31, 2019. Finance costs were higher than the comparative 2019 period as a result of the $5 million term loan entered into with the Royal Bank of Canada ("RBC") in March 2019.

In Q1 2020, the Company recorded a recovery of $167,676 as a deferred premium on flow-through shares, representing the proportion of the remaining qualifying exploration expenditures that were spent from the July 2019 flow-through financing in the three months ended March 31, 2020.

Net comprehensive income for the three months ended March 31, 2020, was $1,471,399, or $0.01 per share, compared to $1,157,851, or $0.01 per share. The improvement compared to the three months ended March 31, 2019 was the result of higher mine operating income, driven by stronger production and record high Canadian gold prices, offset by a higher net income tax expense, as the Company recorded a current income tax expense of $352,528 relating to provincial mining tax and a deferred income tax expense of $826,000 during the three months ended March 31, 2020 (three months ended March 31, 2019 – $268,163 and a recovery of $102,000, respectively).

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 2020 to advance the Company's strategy include the following (further detailed below):

- Established an internal committee to monitor the COVID-19 pandemic and establish appropriate occupational health and safety measures, including strict social distancing policies, to maintain the resilience of the business.
- Appointment of Mary-Lynn Oke to the Board of Directors, a Chartered Professional Accountant with over 23 years of senior financial experience in financial reporting, mine project accounting, business acquisitions and divestitures, capital structuring, and organizational redesign.
- Announced the results of the Goldboro bulk sample program, which 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.
- Initiated exploration programs at multiple locations at the Point Rousse Project, which includes 5,500 metres of diamond and percussion drilling proximal to the Pine Cove, Argyle, and Stog'er Tight Deposits.
- Announced the initiation of a 5,500 metre diamond drill program at Goldboro to convert and add Mineral Resources to the Feasibility Study, potentially extending the mine life and improving various economic parameters of the Goldboro Project.
- Engaged Nordmin Engineering Inc., who brings significant experience with narrow-vein underground mining, to optimize the Goldboro mine plan and finalize the Feasibility, which is now expected to be completed in the fourth quarter of 2020.

- Initiated a diamond drill program at 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, which was suspended several weeks earlier than planned in light of issues related to personnel travel across multiple regions and ensuring adherence to social distancing principles.
- Completed the spin-out and financing of its Narrow Vein Mining Project, which will advance the innovative technology with no further direct financial commitment from the Company.

THE GOLDBORO GOLD PROJECT, NOVA SCOTIA

The Goldboro Gold Project ("Goldboro" or the "Project") 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**

During the first quarter of 2020, in light of feedback from Nova Scotia Environment and recent Anaconda personnel changes, a detailed review of all permitting activity to date was undertaken to identify further work required to support the filing of an Environmental Assessment Registration Document ("EARD"). As a result, it was determined that additional data collection and predictive work would be required. GHD Limited ("GHD") is now leading the permitting activities for the Project and is overseeing the water monitoring program and other work to support the EARD and the subsequent Industrial Approval Application (GHD was involved with ongoing projects and permitting by St Barbara Limited in Nova Scotia).

Furthermore, there are evolving Federal regulatory requirements at the regional level with respect to waterways and the potential location of any mine waste (including tailings facilities), which the Company anticipates will require further assessment and predictive work and extend the permitting timelines. The Company expects to file the updated EARD in the third quarter of 2020 and as a result, based on the aforementioned matters, expects to receive required permits (including release from the Environmental Assessment, the Industrial Approval, and Mining Lease) in the second half of 2021.

The revised permitting timeline has provided the Company an opportunity to optimize the Project, as it has identified many opportunities to increase the net present value of the Project based on initial results and feedback arising from the work undertaken to date in connection with the Feasibility Study (the "Study"). The Company has engaged Nordmin Engineering Inc., ("Nordmin") replacing the previous consultants on the Study, to evaluate these opportunities and complete the Study. Nordmin is well placed for this optimization work as they bring significant experience with narrow-vein underground mining. Anaconda is now targeting to complete the Study in the fourth quarter of 2020.

Furthermore, Anaconda is initiating an approximately 5,500-metre diamond drill program at Goldboro with the aim of converting Inferred Mineral Resources proximal to planned development into Indicated Mineral Resources. Based on conversion rates observed to date in over 27,000 metres of drilling, the Company believes the drill program has the potential to add significant value by possibly extending the life of mine and improving the Project's economics. The diamond drill program will be funded from the remaining flow-through funds from the July 2019 flow-through financing.
The Company has commenced activities required to permit the drill program, and critically consider logistical matters given the ongoing COVID-19 pandemic, to ensure that any drill programs are executed in a way that ensures the absolute health and safety of our personnel, contractors, and the communities where we operate.

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.

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 consolidated statement of financial position. As at March 31, 2020, the Company had been named as a third-party defendant in separate claims filed by two suppliers which were engaged by NIL. The Company had no contractual relationship with either plaintiff and consequently the Company considers both claims to be without merit and will be filing a Statement of Defense against each claim.

➢ 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.

BAIE VERTE MINING DISTRICT, NEWFOUNDLAND

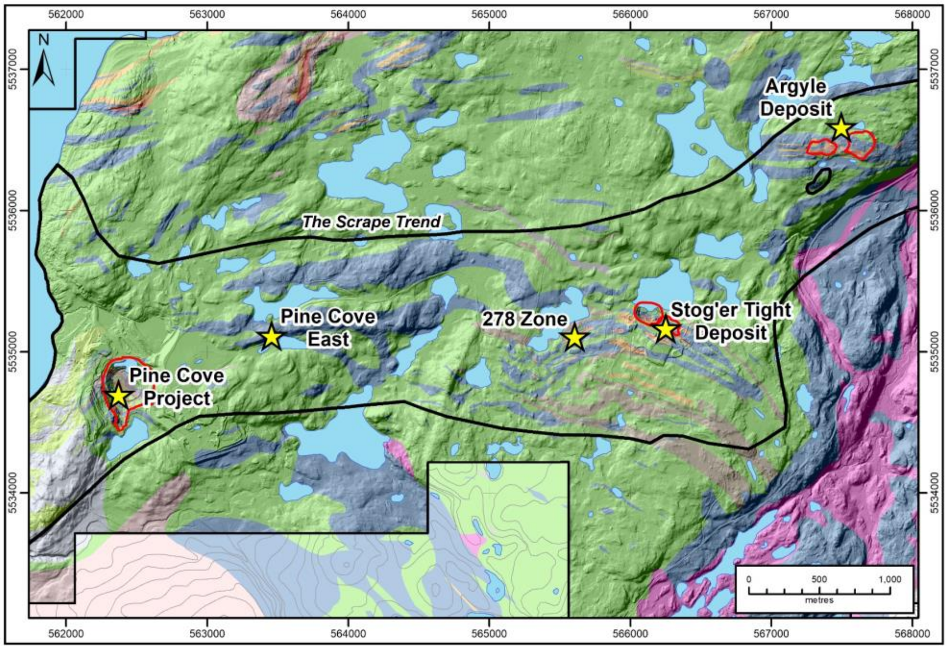
The Baie Verte Mining District in north-central part of Newfoundland is a prolific mining camp for gold deposits, hosting five known gold deposits and home to two past producing high-grade gold mines at Nugget Pond and Hammerdown. The Baie Verte Mining District is the location of two of the company's 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. Mill feed in 2020 will be primarily 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 has initiated exploration activities on.

❑ **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.

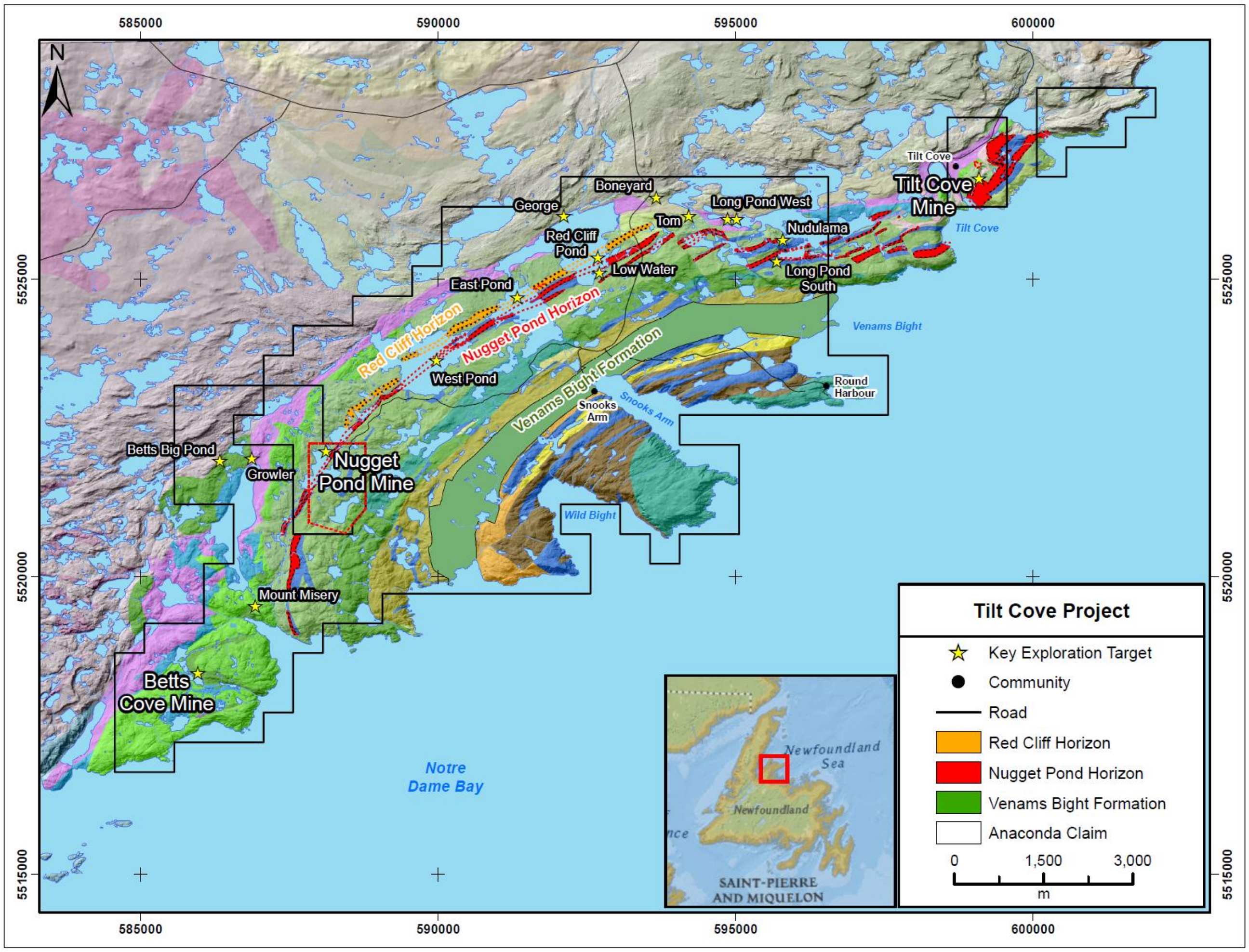
❑ **Pine Cove East**

- 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. The program was suspended several weeks earlier than planned in March 2020 in light of issues related to personnel travel across multiple regions and ensuring adherence to social distancing principles.

Liquidity and Capital Resources

Anaconda manages its liquidity by generating positive cash flows from the Point Rousse operations, funding capital and growth expenditures with 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, and corporate expenses.

(In $)	**March 31, 2020**	December 31, 2019
Cash and cash equivalents	**6,430,208**	4,351,588
Inventory	**5,161,704**	5,576,343
Other current assets	**1,149,609**	1,321,246
	12,741,521	11,249,177
Trade and other payables	**5,630,969**	5,134,303
Current taxes payable	**906,126**	553,598
Current portion of loans	**2,246,733**	2,311,210
Other current liabilities	**392,134**	522,004
	9,175,962	8,521,116
Working capital*	**3,556,559**	2,728,061

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

As at March 31, 2020, the Company had working capital of $3,556,559, which included cash and cash equivalents of $6,430,208. Trade and other payables have increased since the prior year mainly due to the exploration activity at Tilt Cove and timing. Current taxes payable reflect the Newfoundland mining taxes payable for 2019 and an estimate for the taxes for Q1 2020. The decrease in other current liabilities reflects the deferred flow-through premium recognized as a result of flow-through expenditures spent in the three months ended March 31, 2020.

The current portion of loans includes $1,423,329 outstanding from a $5.0 million term loan with the Royal Bank of Canada ("RBC"), entered into in March 2019. 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 March 2020, the Company amended its Line of Credit Agreement with RBC to amend the existing revolving credit facility to $250,000 and include a $725,000 revolving demand facility. The Company also maintains 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. During the three months ended March 31, 2020, the Company changed insurance companies which provide the surety bonds to backstop its performance obligations with respect to the Company's reclamation obligations. Under the terms of the replacement surety bonds, the Company was required to provide collateral of $713,048, equivalent to 25% of the value of the bonds. The collateral was provided in the form of an irrevocable letter of credit from RBC under the revolving demand facility. As at March 31, 2020, there were outstanding balances of $713,048 and $265,636 on the revolving demand facility and revolving equipment lease line of credit, respectively, and the Company had not drawn against the revolving credit facility.

Cash Flow Analysis

Anaconda generated $4,380,125 in operating cash flows during the three months ended March 31, 2020, after accounting for corporate administration costs. The Point Rousse Project generated EBITDA of $4,493,504, based on gold sales of 5,132 ounces at an average gold price of C$2,051 per ounce sold and operating cash costs of C$1,165 per ounce sold. Corporate administration costs in the three months ended March 31, 2020 were $860,179.

During Q1 2020, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent $1,096,630 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at March 31, 2020), primarily on the continued advancement of the Goldboro Project and exploration activities at

Tilt Cove and Argyle. The Company also invested $659,342 into capitalized stripping at the Pine Cove Pit and sustaining capital for the mill at the Point Rousse Project.

Financing activities during the three months ended March 31, 2020 were limited to the repayment of the RBC term loan, lease obligations, and government loans.

Commitments

As of March 31, 2020, the Company has the following contractual obligations:

	1 year	1 - 3 years	More than 3 years	**Total**
	$	$	$	**$**
Trade payables and accrued liabilities	5,630,969	-	-	**5,630,969**
RBC loan	1,423,329	1,614,546	-	**3,037,875**
Provincial government loan	83,180	56,884	-	**140,064**
Federal government loan	100,800	46,400	-	**147,200**
Lease liabilities	341,667	212,484	41,747	**595,898**
Other loans	297,757	-	-	**297,757**
Flow-through commitment	1,074,817	-	-	**1,074,817**
Interest payable	131,697	51,872	1,465	**185,034**
	9,084,216	1,982,186	43,212	**11,109,614**

As at March 31, 2020, the Company has a commitment to spend $1,074,817 of flow-through funds on eligible exploration expenses, related to the private placement completed in July 2019.

In the first quarter of 2020, the Company locked into forward sales on a delivery basis for 1,878 ounces of its production for the second quarter of 2020. The gold price for the orders was locked in at an average of $2,128 per ounce with delivery in the second quarter of 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 March 31, 2020, the Company has determined it has approximately $20 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 March 31, 2020, the Company did not have any off-balance sheet items, except for an irrevocable letter of credit from the Royal Bank of Canada in the amount of $713,048 which was issued as collateral against the Company's surety bonds with respect to its reclamation obligations (equivalent to 25% of the value of surety bonds).

Outstanding Share and Equity Instrument Information

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

	March 31, 2020	December 31, 2019
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	**135,730,436**	135,216,962
Issued: Common share purchase warrants	**23,795,615**	23,795,615
Issued: Stock options	**7,631,625**	7,772,875
Issued: Share units	**2,262,822**	1,967,256

As at the date of this MD&A, the fully paid common shares outstanding of Anaconda was 135,955,436.

The terms of the Company's equity incentive plans, including the stock options plan and share unit plan, are outlined in the Company's condensed interim consolidated financial statements for the three months ended March 31, 2020.

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 March 31, 2020, the Company had a net working capital of $3,565,559 (December 31, 2019 - $2,728,061), including cash of $6,430,208 (December 31, 2019 - $4,351,588).

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 March 31, 2020, 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 March 31, 2020, 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 $18,000.

Quarterly Information

($ thousands unless otherwise stated)	**Q1 2020**	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**
Revenue	10,535	6,507	8,779	5,486	8,777	9,759	6,924	7,452
Mine operating income	3,633	1,588	2,824	124	2,322	1,268	686	1,865
Net income (loss)	1,471	(230)	1,083	(1,638)	1,158	(356)	(936)	(550)
Net income (loss) per share (basic and diluted) *($ per share)*	0.01	(0.00)	0.01	(0.01)	0.01	(0.00)	(0.01)	(0.00)
Cash flow from operations	4,380	(209)	3,217	(2,771)	4,135	3,386	1,572	2,945
Total assets	65,769	63,758	65,791	60,292	64,803	57,942	56,156	54,379
Non-current liabilities	6,670	6,903	6,247	6,967	7,710	5,291	5,488	5,197

Related Party Transactions

Remuneration of Key Management and Transactions with Related Parties

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

	Three months ended March 31, 2020	Three months ended March 31, 2019
Salaries, bonuses, fees and short-term benefits ($)	**216,138**	353,102
Share-based compensation ($)	**71,839**	67,356
	287,977	420,458

As at March 31, 2020, included in trade and other payables is $240,266 (December 31, 2019 - $442,750) 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 9 of the condensed interim 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.

Novamera Inc.

As at March 31, 2020, an employee of the Company held a 10% interest in the Company's subsidiary, Novamera Inc. Subsequent to period end, Novamera Inc. completed a $2.0 million financing with a venture capital firm to further the advancement of the Narrow Vein Mining Project.

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 March 31, 2020	Three months ended March 31, 2019
Operating expenses per the consolidated statement of comprehensive income, including royalties	**5,988,797**	5,134,909
By-product silver sales credit	**(11,382)**	(4,660)
Operating cash costs ($)	**5,977,415**	5,130,249
Sustaining expenditures – property, mill and equipment	**659,342**	289,177
Sustaining expenditures – exploration and evaluation	**331,196**	332,928
Corporate administration costs	**860,179**	1,013,180
Share-based compensation	**104,676**	110,765
Rehabilitation – accretion and amortization (operating)	**3,066**	11,159
All-in sustaining cash costs (“AISC”) ($)	**7,935,874**	6,887,458
Gold ounces sold	**5,132**	5,251
Operating cash costs per ounce sold ($ / ounce)	**1,165**	977
AISC per ounce sold ($ / ounce)	**1,546**	1,312
Average US Dollar exchange rate during period	**0.7443**	0.7522
Operating cash costs per ounce sold (US$ / ounce)	**867**	735
AISC per ounce sold (US$ / ounce)	**1,151**	987

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 March 31, 2020	Three months ended March 31, 2019
Gold revenue ($)	**10,523,639**	8,772,043
Gold ounces sold	**5,132**	5,251
Average realized gold price per ounce sold ($)	**2,051**	1,671
Average US Dollar exchange rate during period	**0.7443**	0.7522
Average realized gold price per ounce sold (US$)	**1,526**	1,257

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 March 31, 2020	Three months ended March 31, 2019
Net income, per the consolidated statement of comprehensive income	**1,471,399**	1,157,851
Adjustments:		
Finance expense	**72,040**	36,156
Current income tax expense	**352,528**	268,163
Deferred income tax expense (recovery)	**826,000**	(102,000)
Depletion and depreciation	**912,802**	1,319,785
EBITDA	**3,634,769**	2,679,955
Corporate administration	**860,179**	1,013,180
Stock-based compensation	**104,676**	110,765
Deferred premium on flow-through shares	**(167,676)**	-
Other expenses (income)	**61,555**	(32,548)
Point Rousse Project EBITDA	**4,493,504**	3,771,352

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; risks related to the COVID-19 pandemic; 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.

COVID-19 Pandemic

The 2019 novel strain of coronavirus causing a contagious respiratory disease known as COVID-19, which was declared a global pandemic by the World Health Organization on March 11, 2020, poses a material risk to our business and operations. If a significant portion of our workforce becomes unable to work due to illness or provincial or federal government restrictions (included travel restrictions and "shelter-in-place" and similar orders restricting certain activities that may be issued or extended by authorities), the Company may be forced to reduce or suspend operations, which could reduce production and limit exploration activities and development project and impact liquidity and financial results. Illnesses or government restrictions related to COVID-19 may also disrupt the supply of raw goods, equipment, supplies, and services upon which the Company's operations rely. The refinery upon which the Company relies to refine and process its gold doré are also subject to these risks and may be required to reduce or suspend operations, which could impact the Company's ability to sell its products and generate revenues. The Company continues to monitor legislative initiatives to provide relief to businesses impacted by COVID-19 to determine their potential impacts or benefits (if any) to the Company.

To the extent the COVID-19 pandemic adversely affects the Company's business and financial results, it may also have the effect of heightening many of the other risks described in the Company's Annual Information Form for the year ended December 31, 2019 filed on SEDAR under the Anaconda Mining profile, such as those relating to the Company's operation and indebtedness and financing. Because of the highly uncertain and dynamic nature of events relating to the COVID-19 pandemic, it is not currently possible to estimate the impact of the pandemic on the Company's business. However, these effects could have a material impact on operations, and the Company will continue to monitor the COVID-19 situation closely.

Critical Accounting Estimates and Judgments

The Company's significant accounting policies are described in Note 1 to the condensed interim consolidated financial statements for the three months ended March 31, 2020, and Note 2 to the audited annual 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.

The critical accounting estimates and judgments discussed below reflect updates from those applied and disclosed in the audited consolidated financial statements for the year ended December 31, 2019. For related details, please refer to the Company's condensed interim consolidated financial statements, which are available on the Company's website and on SEDAR.

COVID-19 Pandemic

The 2019 novel coronavirus ("COVID-19") was characterized as a global pandemic by the World Health Organization on March 11, 2020. Point Rousse continues to operate and to the Company's knowledge, no employees, contractors, or consultants directly involved with Anaconda, whether at corporate or at site, have been diagnosed with COVID-19. Strict health and safety protocols, including social distancing, remain in place and are continually reviewed based on recommendations from medical authorities. The Company's corporate office remains closed for the foreseeable future, with corporate staff working from home, and the exploration program at the Tilt Cove Project has been suspended (noting all related licenses remain in good standing). The Company has prepared contingency plans in the event that certain scenarios should occur, such as a temporary shutdown, and has proactively maintained financial flexibility during this period of unprecedented uncertainty.

Given the uncertainty, management exercised significant judgment in determining the impact of COVID-19 on the Company's condensed interim consolidated financial statements, including with respect to financial risks, including liquidity, and the assessment of going concern, life of mine estimates, and the carrying values of the Company's property, mill, and equipment assets and exploration and evaluation assets. The Company has assessed whether there are any impairment indicators for the Company's property, mill, and equipment assets and exploration and evaluation assets and did not note any indicators as of March 31, 2020. Based on management's judgment, as at the date of these condensed interim consolidated financial statements, there has been no impact from COVID-19 on the Company's estimates and assumptions that has resulted in the need to recognize impairment. The Company will continue to assess the impact of COVID-19 on commodity, credit, and equity markets, which may impact management's judgements in the future.

Sale of 2647102 Ontario Inc. ("ExploreCo")

Non-current assets and disposal groups are classified as assets held-for-sale in the condensed interim consolidated statement of financial position if it is determined to be highly probable that the value of these assets will be recovered primarily through the sale rather than through continuing use. For a proposed sale to be considered highly probable, the asset or disposal group must be available for immediate sale in its present condition, management must be committed to the plan of sale, the sale should be expected to be completed within one year from the date of classification, and actions required to complete the sale should indicate that it is unlikely that significant changes to the plan of sale will be made or that the plan of sale will be withdrawn. Judgment is required to determine whether a proposed sale is highly probable. On October 15, 2019, the Company announced that it had entered into a definitive Share Purchase Agreement with Magna Terra Minerals Inc. ("Magna Terra"), whereby Magna Terra proposes to acquire all of the issued and outstanding common shares of the Company's wholly-owned subsidiary, 2647102 Ontario Inc. ("ExploreCo")(the "Transaction"). As at March 31, 2020, the proposed sale was contingent on Magna Terra completing a financing for minimum gross proceeds of $1.5 million, among other requirements. Accordingly, the exploration and evaluation assets that are proposed for sale (the Great Northern Project in Newfoundland and the Cape Spencer Project in New Brunswick) have not been classified as held-for-sale in the condensed interim consolidated financial statement of financial position as at March 31, 2020.

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 March 31, 2020, 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 March 31, 2020.

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 design, and 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 three months ended March 31, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. ***Specifically, while the COVID-19 pandemic has resulted in certain changes to the Company's business with respect to social distancing and working remotely, this has not resulted in any material change to the Company's disclosure controls or internal controls 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 related to the COVID-19 pandemic; 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

Kevin Bullock, P. Eng., President and Chief Executive Officer, and Paul McNeill, P. Geo., Vice President Exploration, each with Anaconda Mining., are "qualified person(s)" as such term is defined under National Instrument 43-101 – Standards of Disclosure for Mineral Projects and have reviewed and approved the scientific and technical information and data included this MD&A.