Anaconda Mining

Management Discussion and Analysis

For the three and nine months ended September 30, 2019 and September 30, 2018
(Expressed in Canadian Dollars)

This management discussion and analysis ("MD&A") dated November 4, 2019 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 and nine months ended September 30, 2019. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and the related notes for the three and nine months ended September 30, 2019 and September 30, 2018, 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, 2018. 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 and nine months ended September 30, 2019, the audited annual financial statements for the year ended December 31, 2018, the Company's Annual Information Form for the year ended December 31, 2018, 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. In 2018, Anaconda created a wholly-owned subsidiary to hold these highly-prospective exploration projects, with the aim of developing strategic alternatives to realize value from them. Under the terms of the transaction, Anaconda will exchange all of the issued and outstanding common shares of its wholly-owned subsidiary, 2647102 Ontario Inc., in exchange 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 is conditional on Magna Terra raising a minimum of $1.5 million to advance to the projects, and Anaconda will be entitled to board representation and participation rights going forward.

Consolidated Results Summary

Financial Results	Three months ended September 30 2019	2018	Nine months ended September 30 2019	2018
Revenue ($)	**8,778,562**	6,923,738	**23,040,960**	21,971,955
Cost of operations, including depletion and depreciation	**5,954,877**	6,237,829	**17,770,962**	17,335,327
Mine operating income ($)	**2,823,685**	685,909	**5,269,998**	4,636,628
Net income (loss) ($)	**1,083,438**	(936,755)	**602,825**	(1,337,080)
Net income (loss) per share ($/share) – basic and diluted	**0.01**	(0.01)	**0.00**	(0.01)
Cash generated from operating activities ($)	**3,217,085**	1,572,020	**4,581,431**	5,508,525
Capital investment in property, mill and equipment ($)	**523,237**	357,834	**2,048,287**	1,738,946
Capital investment in exploration and evaluation assets ($)	**2,595,838**	1,309,749	**9,492,019**	3,966,183
Average realized gold price per ounce*	**US$1,428**	US$1,227	**US$1,327**	US$1,289
Operating cash costs per ounce sold*	**US$800**	US$801	**US$837**	US$729
All-in sustaining cash costs per ounce sold*	**US$1,208**	US$1,163	**US$1,238**	US$1,102

	September 30, 2019	December 31, 2018
Total assets ($)	**65,790,915**	57,942,367
Non-current liabilities ($)	**6,246,868**	5,290,646

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

Operational Results	Three months ended September 30 2019	2018	Nine months ended September 30 2019	2018
Ore mined (t)	**134,347**	51,620	**289,837**	228,293
Waste mined (t)	**545,873**	380,580	**1,252,710**	987,354
Strip ratio	**4.1**	7.4	**4.3**	4.3
Ore milled (t)	**114,373**	120,374	**291,026**	350,892
Grade (g/t Au)	**1.49**	1.52	**1.53**	1.45
Recovery (%)	**85.6**	86.6	**81.7**	85.9
Gold ounces produced	**4,687**	5,099	**11,770**	14,024
Gold ounces sold	**4,652**	4,314	**13,057**	13,170

Third Quarter 2019 Highlights

- Anaconda sold 4,652 ounces of gold in Q3 2019, generating metal revenue of $8.8 million at an average realized gold price* of $1,885 per ounce. As at September 30, 2019, the Company also had over 650 ounces in gold doré inventory, which were sold in October 2019.
- The Pine Cove Mill processed 114,373 tonnes during Q3 2019 and achieved mill availability of 97%, a significant improvement from the second quarter of 2019 when the mill experienced low availability resulting from unplanned

maintenance of the regrind mill and the decision to accelerate other maintenance programs to minimize future down time.

- Mining operations produced 134,347 tonnes of ore during the third quarter, a 72% increase over Q2 2019, when mining was focused at the Stog'er Tight Mine and development at the Pine Cove Pit. A stockpile of over 39,100 tonnes of ore at an estimated average grade of 1.45 grams per tonne ("g/t") was available at quarter-end.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q3 2019 was $1,057 (US$800), and $1,113 (US$837) for the first nine months of 2019, tracking in-line with the Company's original guidance of $1,050 and $1,100 and significantly below the revised guidance of $1,325 and $1,375 per ounce of gold sold as a result of better than plan throughput and grade in Q3 2019.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was $1,594 (US$1,208) for Q3 2019, and $1,645 (US$1,238) for the first nine months of 2019.
- In the first nine months of 2019, the Company invested $9.5 million in its exploration and development projects, including $8.2 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 $3.7 million in Q3 2019 and $8.2 million for the first nine months of 2019, compared with $2.3 million and $9.3 million for the three and nine months ended September 30, 2018, respectively.
- Net income for the three months ended September 30, 2019 was $1,083,438, or $0.01 per share, compared to net loss of $936,755, or $0.01 per share, for the three months ended September 30, 2018.
- Following the positive drill results in February 2019 which successfully infilled and extended mineralization near the margins of the existing pit outlines at Pine Cove and Stog'er Tight, the Company initiated further drilling at these locations which continue to demonstrate the potential for further expansion of mine life.
- On October 2, 2019, the Company announced that Kevin Bullock was being appointed President and Chief Executive Officer, with Dustin Angelo stepping down from the role of President and from the board of directors of the Company.
- 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.
- On July 10, 2019, Anaconda successfully completed a non-brokered private placement for $4.7 million, which will fund exploration at the Tilt Cove Gold Project, continued advancement of the Goldboro Gold Project, and continued investment at the Point Rousse Complex and other corporate initiatives.
- As at September 30, 2019, the Company had a cash balance of $7.0 million, positive working capital of $1.4 million*, and additional available liquidity of $1,000,000 from an undrawn revolving line of credit facility. The Company is also currently processing the bulk sample from the Goldboro Gold Project, and related revenues are expected to be realized in November 2019.

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

2019 Guidance

As a result of recent successful infill and expansion drilling at the Pine Cove open pit mine announced in February 2019, the Company continues to see the potential for continued expansion at Pine Cove and consequently has deferred the development of the Argyle Deposit into 2020. As a result, the Company revised its guidance for 2019 to 16,000 to 17,000 ounces of gold from its initial guidance of 19,000 to 20,000 ounces. The Pine Cove Mine is immediately adjacent to the Company's processing facility and is very well understood geologically and from a mining perspective, limiting technical risk, and requires low capital expenditure to continue production.

The Company also revised its operating cash costs guidance for the full year from between $1,050 and $1,100 per ounce of gold sold to between $1,325 and $1,375 per ounce of gold sold (US$990 - US$1,025 at an approximate exchange rate of 0.75), to reflect the lower gold sales in Q2 2019 and the continued mining at Pine Cove for the balance of 2019 at lower grades than the previous production plan, which included Argyle. The Company however achieved significantly better operating cash costs in Q3 2019 of $1,057 as a result of higher throughput and grade in Q3 2019 compared to plan, consequently the Company expects operating cash costs for 2019 of approximately $1,250 per ounce of gold sold.

Third Quarter 2019 Review

Operational Performance

Anaconda sold 4,652 ounces of gold during the third quarter of 2019, generating metal revenue of $8.8 million at an average realized gold price of C$1,885 per ounce, and year-to-date has sold 13,057 ounces to generate metal revenue of $23.0 million. Gold production was down relative to the comparative three and nine month periods of 2018, mainly due to the impact of lower mill availability during Q2 2019 on throughput and the impact of unplanned maintenance on recovery rates.

The Pine Cove Mill processing facility re-established itself as a cornerstone asset of the Company, after a challenging second quarter 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 to minimize future mill downtime and made significant investments in critical spares and upgrading key parts of the mill. The Company appointed a new General Manager with strong mining experience to provide the oversight required to ensure sustainability of the operation and bolstered the maintenance team and preventative maintenance programs. As a result, the Pine Cove Mill is back to operating at historical levels, milling 114,373 tonnes during Q3 2019, an 18% improvement from Q2 2019. The mill achieved throughput of 1,282 tonnes per day in Q3 2019 and was able to exceed 1,300 tonnes per day in September. Mill availability of 97% was a significant improvement from 85.8% in Q2 2019, and back in-line with the availability achieved in the corresponding period of 2018.

Average grade during the third quarter of 2019 was 1.49 g/t from ore feed primarily from the Pine Cove Pit, a slight decrease over Q3 2018 when a greater proportion of mill feed was from the higher-grade Stog'er Tight Mine. It however represents a 19% increase over the second quarter of 2019 when mill feed included lower-grade development ore from pushbacks at the Pine Cove Pit. The mill achieved an average recovery rate of 85.6% during Q3 2019, a significant increase from 74.7% in Q2 2019, resulting in quarterly gold production of 4,687 ounces for the third quarter of 2019.

The mine operation produced 134,347 tonnes of ore from the Pine Cove Pit in Q3 2019, an increase from Q2 2019 when mining activity was focused at the Stog'er Tight Mine and Pine Cove development. Similarly, tonnes mined were higher compared to the same period in 2018 when mining was exclusively focused at Stog'er Tight. Total material moved in Q3 2019 was 680,220 tonnes, a 35% increase over the second quarter of 2019 when mine operations were scaled back during mill downtime, and a 57% increase over Q3 2018 when mining was taking place at Stog'er Tight. The mine operations achieved a strip ratio of 4.1 waste tonnes to ore tonnes in Q3 2019, a decrease from a strip ratio of 5.5 in the second quarter of 2019 when mining activity at Pine Cove was focused on development.

Mine production for the remainder of 2019 will focus on pushbacks and ore delivery from the south and southwest areas of the Pine Cove Pit. The Company continues to advance permitting for the Argyle Deposit; it 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.

Financial Performance

	Three months ended September 30		**Nine months ended September 30**	
	2019	2018	**2019**	2018
Revenue	**8,778,562**	6,923,738	**23,040,960**	21,971,955
Cost of operations				
Operating expenses	**4,916,099**	4,472,273	**14,140,265**	12,411,876
Royalties	**6,769**	51,368	**400,500**	70,445
Depletion and depreciation	**1,032,009**	1,714,188	**3,230,197**	4,853,006
Total cost of operations	**5,954,877**	6,237,829	**17,770,962**	17,335,327
Mine operating income	**2,823,685**	685,909	**5,269,998**	4,636,628

Anaconda sold 4,652 ounces of gold during the third quarter of 2019, generating metal revenue of $8.8 million at an average realized gold price of C$1,885 per ounce, and year-to-date has sold 13,057 ounces to generate metal revenue of $23.0 million. As at September 30, 2019, the Company also had over 650 ounces of gold doré inventory, which will be sold in October. Gold sales were generally in-line relative to the comparative three and nine month periods of 2018, with the increase in revenue attributable to the significant increase in gold price since late Q2 2019.

Operating expenses for the three and nine months ended September 30, 2019 were $4,916,099 and $14,140,265, respectively, compared to $4,472,273 and $12,411,876 in the three and nine months ended September 30, 2018, respectively. Mining costs were higher in the first nine months of 2019 due to moving 27% more material. Operating cash costs per ounce sold during Q3 2019 were $1,057 (US$800), a significant improvement over operating cash costs of $1,421 (US$1,062) during Q2 2019, contributing to operating cash costs of $1,113 (US$837) for the nine months ended September 30, 2019, below the Company's revised 2019 annual operating cash cost guidance of C$1,325-C$1,375.

With respect to other costs of operations, royalty expense of Q3 2019 was only $6,769, a decrease from $51,368 in Q3 2018, and a significant decrease from the first and second quarters of 2019. Production in Q3 2019 was predominantly from Pine Cove, whereas production in the comparative quarters was mainly from Stog'er Tight, which carries a 3% net smelter return royalty. Depletion and depreciation three and nine months ended September 30, 2019 was $1,032,009 and $3,230,197, respectively, representing a decrease from the comparative periods of 2018 due to the higher expected production from Pine Cove, resulting in a higher denominator on a units-of-production basis, and higher depreciation in 2018 when production was focused on Stog'er Tight.

Mine operating income for the three months ended September 30, 2019 was $2,823,685, a significant increase from mine operating of $685,909 in Q3 2018, mainly due to higher gold sales and gold price, and lower depreciation and depletion. Importantly, mine operating income was up significantly from the $124,304 achieved in Q2 2019, when the operation faced challenges in the mill. Despite the operational challenges in Q2 2019, on a year-to-date basis mine operating income of $5,269,998 was 11% higher than the comparative period of 2018, with the increase in gold revenue from higher gold prices and lower depletion and depreciation partially offset by higher operating expenses.

Corporate administration expenditures were $1,649,560 during the third quarter of 2019, higher than the corresponding quarter of 2018 and also relative to the first two quarters of 2019, as a result of one-time severance costs incurred as part of the Company's ongoing effort to streamline costs and renew its focus on developing the Goldboro Gold Project and growing gold production at its Point Rousse Complex. The Company also recorded research and development costs of $144,977 in Q3 2019 relating to the narrow vein mining research project, relating to a potential field trial.

Share-based compensation was $201,260 during Q3 2019, compared to $106,967 in the third quarter of 2018, and $620,761 for the first nine months of 2019, compared to $206,338 in the first nine months of 2018. 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 quarter was $111,165 for Q3 2019 and $303,667 for the first nine months of 2019, significantly higher than the comparative periods of 2018 as a result of the $5 million term loan entered into with the Royal Bank of Canada ("RBC") in March 2019, which carries a two-year term and a 4.6% interest rate.

Net comprehensive income for Q3 2019, was $1,083,438, or $0.01 per share, compared to net comprehensive loss of $936,755, or $0.01 per share, in the comparative period of 2018. The improvement was driven by higher mine operating income from higher gold sales and gold prices, and a lower net income tax expense, as the Company recorded a deferred income tax recovery of $693,000 in Q3 2019 as a result of the significantly higher gold price environment (Q3 2018 – income tax expense of $229,000). For the nine months ended September 30, 2019, net income was $602,825, or $0.00 per share, compared to net loss of $1,337,080 for the first nine months of 2018, similarly due to higher period over period mine operating income and a lower net income tax expense, predominantly driven by a significantly higher gold price environment.

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 the nine months ended September 30, 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.
- Commenced a Feasibility Study for the Goldboro Gold Project, retaining WSP Canada Inc. to lead the Study and work on the mine design, project infrastructure, and economics, and Ausenco Solutions Canada Inc. to support WSP with respect to process optimization and mill design for the Study.
- Announced the results of a metallurgical test program conducted as part of the Feasibility Study for the Goldboro Gold Project which returned extremely high processing recoveries averaging 97%, with a range of 87%-99%.
- Signed a Memorandum of Understanding in June 2019 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 for the life of the Goldboro Gold Project.
- Expanded its footprint in Eastern Nova Scotia through the execution of two options agreements to acquire 100% of the Country Harbour and Lower Seal Harbour properties, which are within 15 and 5 km, respectively, of Goldboro, within a similar geological setting and with similar mineralization characteristics.
- Completed the mining of a 10,000-tonne underground bulk sample at Goldboro in January 2019, which is currently being processed at the Pine Cove Mill.
- 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 field work in June 2019, which includes site investigation of all exploration sites, review of historic core, geological mapping, soil geochemistry, prospecting as well as a detailed drone-borne magnetic survey, with the aim of initiating a 4,000 metre drill program in Q4 2019.
- 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, at approximately the same thickness of previous drilling in this area but with grades approximately 25% greater. 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 committed to completing and publishing a full feasibility study on the Project by the end of 2019, and in parallel continue with the permitting process such that Goldboro is in a shovel-ready state in 2020. 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. No deleterious elements were found within the Goldboro samples which contained approximately 3% sulphide minerals.

The Company has also engaged GHD Limited ("GHD") to assist with the advancement of the permitting process in the Province of Nova Scotia, 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 in the fourth quarter of 2019, 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.

The Company is also in the process of processing a 10,000-tonne underground bulk sample from Goldboro at its Pine Cove Mill. In July 2019, the Company began shipping the bulk sample material to the Point Rousse Complex in Newfoundland, to be processed at the Pine Cove Mill. Anaconda had engaged with NIL Group Limited ("NIL") to ship the bulk sample. On July 23, 2019, the Company announced that NIL has filed a Statement of Claim (the "Claim"), alleging that the Company is responsible for certain additional costs in relation to the shipment. As a result, NIL issued and served an arrest warrant with respect to the approximately 1,000 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. In the meantime, the Company engaged Atlantic Towing Limited to ship the remaining approximately 6,100 tonnes, which were successfully unloaded at the end of September at Pine Cove. Subsequent to period end, the Company obtained a court order allowing it to process the Arrested Ore and will post the proportional gross revenue generated from the Arrested Ore into an escrow account with the Court pending further legal proceedings.

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.

- **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.

Significant high-grade historical drill intercepts reported by previous exploration work conducted in the 1990's are as follows:

- Lower Seal Harbour:
  - 18.91 g/t gold over 1.69 metres including 87.54 g/t over 0.33 metres in hole LSH-88-21;
  - 7.49 g/t gold over 3.65 metres including 106.01 g/t over 0.25 metres in hole LSH-87-11;
  - 9.63 g/t gold over 1.46 metres in hole LSH-87-009; and
  - 5.14 g/t gold over 2.18 metres in hole LSH-88-021.
- Country Harbour:
  - 83.66 g/t gold over 0.30 metres in hole COHA-3;
  - 5.95 g/t gold over 1.67 metres in hole COHA-4;
  - 6.85 g/t gold over 0.61 metres in hole COHA-8; and
  - 7.54 g/t gold over 0.30 metres in hold COHA-9.

➢ **Expanding the Mineral Resource**

On October 31, 2019, the Company announced an updated Mineral Resource Estimate ("Mineral Resource") prepared in accordance with National Instrument 43-101 ("NI 43-101") for Goldboro. The Mineral Resource is based on validated results of 485 surface and underground drill holes, for a total of 93,916 metres of diamond drilling that was completed between 1984 and 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 Estimated of July 19, 2018. The effective date of this Mineral Resource is August 21, 2019.

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.

➢ **Preliminary Economic Assessment ("PEA")**

On December 10, 2018, the Company filed an updated PEA for Goldboro. The updated PEA ***does not incorporate*** updates to the Mineral Resource since July 19, 2018. With the increase in Mineral Resources, Anaconda believes there is the potential for increased mine life at the Project and higher potential future mill throughput and grades, which will be assessed in future studies.

Based on a long-term gold price assumption of C$1,550 (US$1,250 per ounce at an exchange rate of approximately 0.80 USD:CAD), highlights of the PEA are as follows:

- Pre-tax NPV (5%) of **$137 million** and a pre-tax IRR ("IRR") of **38%,** with a pre-tax payback period of **2.9** years;
- After-tax NPV (5%) of **$88 million** and an after-tax IRR of **29.3%**, with an after-tax payback period of **3.3** years;
- Gold production of **375,900 ounces** over a life of mine of **8.8 years**, with peak underground production of over **60,000 ounces**;
- LOM average operating cash cost of **$654 per ounce (~US$525 per ounce)** and all-in sustaining cash cost of **$797 per ounce (~US$640 per ounce)** at an 0.80 USD:CAD exchange rate; and
- The Project has pre-production capital expenditures of **$47 million** to establish the proposed initial open pit operations prior to underground development and production.

The PEA demonstrates a robust mine operation that has strong leverage to increasing gold prices as follows:

After-Tax NPV* ($M)		**Gold Price (C$ / Ounce)**				
		$1,450	**$1,500**	**Base Case $1,550**	**$1,600**	**$1,700**
Discount Rates	0%	$101	$114	**$127**	$140	$166
	5%	$67	$78	**$88**	$99	$119
	Base Case 7%	$56	$66	**$76**	$85	$105
	10%	$42	$51	**$60**	$68	$85
IRR %		24	27	**29**	32	37
Payback – Years		3.6	3.4	**3.3**	3.1	2.9

Readers are cautioned that the PEA is preliminary in nature, it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

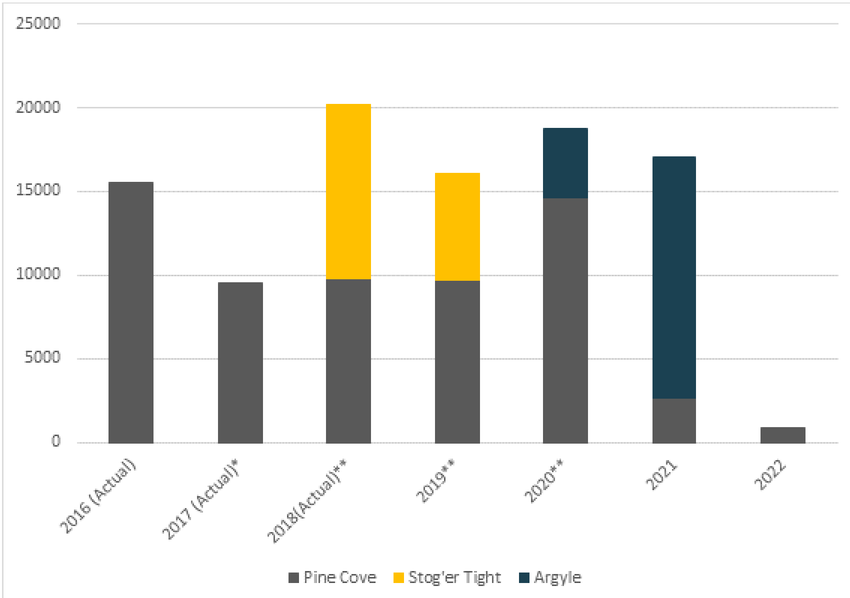
THE POINT ROUSSE COMPLEX, NEWFOUNDLAND

The Point Rousse Complex is located in the Baie Verte Mining District in the north-central part of Newfoundland. 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.

➢ Production and Mineral Resource Plan

In 2019, the Company is projecting to produce and sell between 16,000 and 17,000 ounces of gold from mining at Stog'er Tight and pushbacks to the Pine Cove Pit. As a result of recent successful infill drilling and expansion drilling at the Pine Cove Pit, the Company continues to see potential to expand the mine life at Pine Cove, which is immediately adjacent to the processing facility. Consequently, the Company will defer the development of the Argyle Deposit until 2020.

The current Mineral Resource Plan for the Point Rousse Project is as follows:



* 2017 reflects a seven-month stub year ending December 31, 2017

** Based on the Measured and Indicated Mineral Resources from the "NI 43-101 Technical Report, Mineral Resource and Mineral Reserve Update on the Point Rousse project Baie Verte, Newfoundland and Labrador, Canada". Effective Date: December 31, 2017.

Anaconda is confident that it will continue to extend the life of the Point Rousse operation, and in June 2018 the Company announced plans for a resource expansion and exploration program that began in November 2018. With respect to the Pine Cove and Stog'er Tight mining areas, a total of 33 drill holes successfully infilled and extended mineralization near the margins of the existing pit outlines at both mines. The Company extended the strike of the shallow, southern end of the Pine Cove Deposit, by approximately 100 metres, and extended mineralization in the Northwest Extension of the Pine Cove Deposit by 75 metres. At Stog'er Tight, the Company confirmed mineralization, including visible gold occurrences, adjacent to the ultimate pit design, down dip of the current mineral reserves.

In the second half of 2019, the Company will incorporate these drill results into the respective resource and block models and determine the possibility of extending the mining operations at Pine Cove and Stog'er Tight beyond the existing mineral resource plan.

The Company has also completed a drill program focused on the infilling and expansion of the **Argyle Deposit**, which is located 4.5 kilometres from the Pine Cove Mill and the area is accessible by existing road networks. The Company has been released from environmental assessment, has received a mining lease for the Argyle Deposit, and has submitted the development and rehabilitation plan for regulatory review.

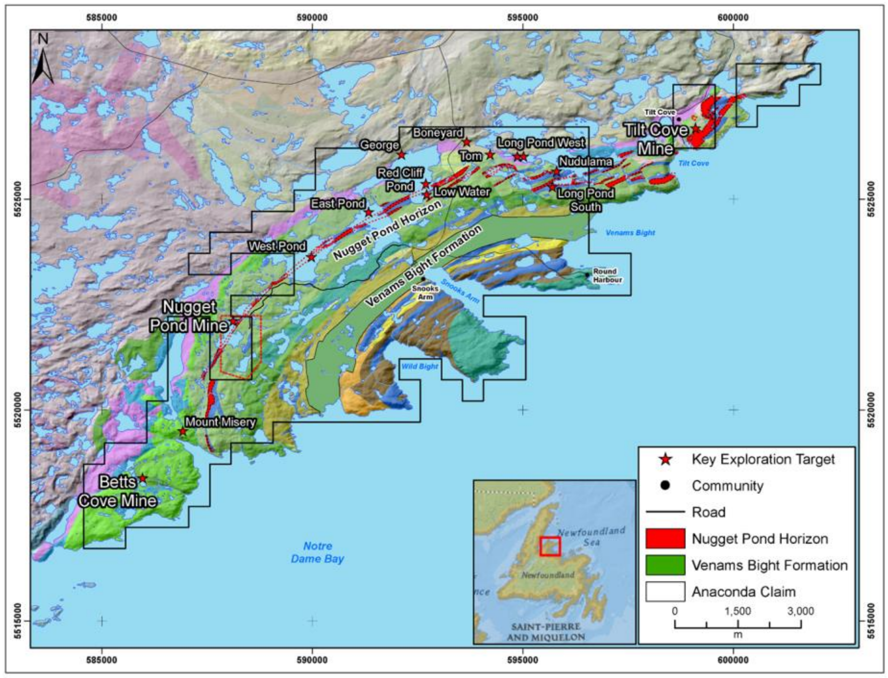
The Company completed an infill drill program at Argyle to better define portions of the deposit planned for development, and announced the results from the 36 hole, 1,863-metre infill and geotechnical diamond drilling program, which intersected mineralization as outlined in the existing Mineral Resource. Mineralization intersected in holes AE-18-98 to AE-19-133 is approximately the same thickness of previous drilling in this area. Highlights from the Argyle Infill Program include:

- 12.76 g/t gold over 6.0 metres (46.0 to 52.0 metres), including 48.30 g/t gold over 1.0 metres in hole AE-10-122;
- 6.17 g/t gold over 8.0 metres (3.0 to 11.0 metres) in hole AE-19-107;
- 4.94 g/t gold over 8.0 metres (45.0 to 53.0 metres) in hole AE-19-121;
- 2.69 g/t gold over 10.0 metres (50.0 to 60.0 metres) in hole AE-19-131; and
- 2.32 g/t gold over 7.0 metres (8.0 to 15.0 metres) in hole AE-18-98.

➢ 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 has initiated a fully-funded $1.5 million exploration program at Tilt Cove. Field work commenced in June 2019, which 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 will conduct a full evaluation of all available data to determine the highest priority targets prior to drilling. The Company currently plans to drill 4,000 metres of diamond drilling starting in the fourth quarter of 2019.

Liquidity and Capital Resources

Anaconda has managed liquidity by achieving positive cash flows from the Point Rousse Complex, raising funds through the issuance of equity (including flow-through financing), and equipment leases and loans. The Company's primary uses of cash include the development of Goldboro, operating and sustaining expenditures at the Point Rousse Complex, growth expenditures, exploration and corporate expenses.

(In $)	**September 30, 2019**	December 31, 2018
Cash and cash equivalents	**7,045,597**	6,425,129
Inventory	**4,508,724**	4,906,935
Other current assets	**1,020,341**	1,455,177
	12,574,662	12,787,241
Trade and other payables	**6,858,076**	7,637,312
Current taxes payable	**667,902**	1,001,000
Current portion of loans	**3,096,999**	804,770
Other current liabilities	**572,137**	146,319
	11,195,113	9,589,401
Working capital*	**1,379,549**	3,197,840

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

As at September 30, 2019, the Company had working capital of $1.4 million, which included cash and cash equivalents of $7.0 million. The cash balance reflects the completion of a non-brokered private placement in July 2019 for net proceeds of $4.5 million. Overall current assets decreased from December 31, 2018 due to a lower inventory balance, particularly of gold-in-circuit, and lower HST receivable due to the timing of payables. Trade and other payables were down from year-end, primarily due to the ongoing payments of invoices relating to the underground bulk sample at Goldboro. Current taxes payable relate to Newfoundland mining taxes and reflect the estimated amount payable based on the first nine months of 2019. 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 was arranged with the support of Export Development Canada, to whom the Company will pay a 1.85% guarantee fee with respect to a guarantee issued over half the principal amount.

The Company 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 September 30, 2019, the Company had not drawn against the revolving credit facility.

Cash Flow Analysis

In the third quarter of 2019, Anaconda generated $3,217,085 in operating cash flows, a significant increase from the previous quarter when the Company used $2,770,728 in operating cash flows as a result of significantly lower mill availability and its impact on gold revenue. Operating cash flows in Q3 2019 also represent an increase over the comparative period of 2018, due to a combination of higher gold sales and higher gold prices. Revenue less operating expenses and royalties from the Point Rousse Project were $3,855,694, based on quarterly gold sales of 4,652 ounces at an average price of C$1,885 per ounce sold and operating cash costs of C$1,057 per ounce sold. Corporate administration costs in the third quarter were $1,649,560, impacted by one-time severance costs. Unearned revenue decreased $575,833 as the Company delivered the remaining 346 ounces under a gold prepayment agreement with Auramet International LLC in July 2019.

During the third quarter of 2019, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent $2,595,838 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals and non-current prepaid assets at September 30, 2019), primarily on the continued advancement of the Goldboro Project. The Company also invested $523,237 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 third quarter included the net proceeds of $4,508,680 from a non-brokered private placement completed in July 2019, the ongoing repayment of the RBC term loan, and the repayment of other capital lease obligations and government loans. The Company also received $4,000 from the exercise of warrants.

Commitments

As of September 30, 2019, the Company has the following contractual obligations:

	1 year	1 - 3 years	More than 3 years	**Total**
	$	$	$	**$**
Trade payables and accrued liabilities	6,858,076	-	-	**6,858,076**
RBC loan	2,483,343	1,289,504	-	**3,772,847**
Provincial government loan	81,943	98,786	-	**180,729**
Federal government loan	100,800	96,800	-	**197,600**
Lease liabilities	402,062	289,301	21,685	**713,048**
Other loans	28,851	-	-	**28,851**
Flow-through commitment	2,304,452	-	-	**2,304,452**
Interest payable	164,854	29,451	-	**194,305**
	12,424,381	1,803,842	21,685	**14,249,908**

As at September 30, 2019, the Company has a commitment to spend $2,304,452 of flow-through funds on eligible exploration expenses, related to the private placement completed in July 2019.

In September 2019, the Company locked into forward sales on a delivery basis for 800 ounces of its production for October 2019. The gold price for the orders was locked in at an average of $2,018 per ounce with delivery in October 2019.

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 September 30, 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 September 30, 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:

	September 30, 2019	December 31, 2018
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	**134,699,162**	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	**2,232,166**	-

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.

As at the date of this MD&A, the fully paid common shares outstanding of Anaconda was 135,036,962.

Warrants

As at September 30, 2019, the Company had 23,795,615 share purchase warrants outstanding with a weighted average exercise price of $0.42, which includes 8,155,750 common share purchase warrants assumed as part of the acquisition of Orex Exploration Inc., which have a weighted average exercise price of $0.29, and also includes 7,837,544 common share purchase warrants granted as part of the private placement completed in July 2019, which are exercisable at $0.45 per share until January 10, 2021.

During the nine months ended September 30, 2019, the Company issued 7,837,544 warrants in connection with a non-brokered private placement. The warrants are exercisable at $0.45 per share until January 10, 2021.

During the nine months ended September 30, 2019, 17,000 warrants were exercised at a price of $0.24 for proceeds of $4,000, and 385,000 warrants expired unexercised.

Stock Options

As at September 30, 2019, the Company had a total of 7,772,875 options outstanding with a weighted average exercise price of $0.28 and expiration dates ranging from May 4, 2020 to July 15, 2024, which included 2,815,625 stock options assumed by the Company in connection with the acquisition of Orex Exploration Inc.

During the nine months ended September 30, 2019, 225,000 options were granted at an average exercise price of $0.28, 125,000 options were exercised at an average exercise price of $0.27 for proceeds of $33,750, and 637,500 options expired unexercised.

Share Units

In May 2019, shareholders approved the adoption of a share unit plan (the "Share Unit Plan"), which provides for the issuance of share units to directors, officers, employees, and consultants of the Company. Share units are units representing the right to receive one common share (subject to adjustments) issued from treasury per share unit. As of September 30, 2019, 2,232,166 share units were outstanding.

During the nine months ended September 30, 2019, 2,885,498 share units were granted to directors, officers, employees, and consultants of the Company at an average fair value of $0.31, 528,332 were redeemed into common shares upon vesting, and 125,000 share units were forfeited.

Subsequent to period end, 333,333 share units were converted into common shares on vesting.

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.

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 September 30, 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 September 30, 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 $34,000.

Quarterly Information

During 2017, the Company announced a change to its fiscal year end to December 31, from its previous fiscal year end of May 31. For the purposes of the presentation of historical quarterly information:

- "2017" refers to the seven-month period ended December 31, 2017, with the corresponding "Q2 2017" relating to the four months ended December 31, 2017;
- "2018" refers to the twelve-month period ended December 31, 2018; and
- "2019" refers to the twelve-month period ended December 31, 2019.

($ thousands unless otherwise stated)	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q2 2017**
Revenue	8,779	5,486	8,777	9,759	6,924	7,452	7,597	8,042
Mine operating income	2,824	124	2,322	1,268	686	1,865	2,085	1,587
Net income (loss)	1,083	(1,638)	1,158	(356)	(936)	(550)	149	1,229
Net income (loss) per share (basic and diluted) *($ per share)*	0.01	(0.01)	0.01	(0.00)	(0.01)	(0.00)	0.00	0.01
Cash flow from operations	3,217	(2,771)	4,135	3,386	1,572	2,945	992	1,495
Total assets	65,791	60,292	64,803	57,942	56,156	54,379	50,607	49,928
Non-current liabilities	6,247	6,967	7,710	5,291	5,488	5,197	5,398	5,512

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:

	Three months ended September 30, 2019	Three months ended September 30, 2018	**Nine months ended September 30, 2019**	Nine months ended September 30, 2018
Salaries, bonuses, fees and short-term benefits ($)	**310,784**	243,593	**917,596**	810,637
Severance payments	**694,243**	-	**694,243**	-
Share-based compensation ($)	**166,218**	61,199	**510,734**	263,640
	1,171,245	304,792	**2,122,573**	1,074,277

As at September 30, 2019, included in trade and other payables is $733,243 (December 31, 2018 - $42,750) of amounts due for directors' fees and severance payments. During the three and nine months ended September 30, 2019, 74,999 and 230,498 share units, respectively, were granted to directors for $21,375 and $63,750 of director's fees, respectively.

Sale of 2647102 Ontario Inc. (ExploreCo)

The Company and Magna Terra have certain key management personnel in common. As described in Note 1 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.

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 loss as follows:

	Three months ended September 30, 2019	Three months ended September 30, 2018	**Nine months ended September 30, 2019**	Nine months ended September 30, 2018
Operating expenses per the consolidated statement of comprehensive loss, including royalties	**4,922,868**	4,523,641	**14,540,765**	12,482,321
By-product silver sales credit	**(7,472)**	(6,810)	**(14,394)**	(23,796)
By-product aggregates sales credit	**-**	-	**-**	(100,092)
Operating cash costs ($)	**4,915,396**	4,516,831	**14,526,371**	12,358,433
Sustaining expenditures – property, mill and equipment	**523,237**	357,834	**2,048,287**	1,738,946
Sustaining expenditures – exploration and evaluation	**115,573**	603,298	**524,119**	885,684
Corporate administration costs	**1,649,560**	952,029	**3,728,682**	3,194,725
Share-based compensation	**201,260**	106,967	**620,761**	447,847
Rehabilitation – accretion and amortization (operating)	**12,207**	22,420	**33,418**	49,774
All-in sustaining cash costs (“AISC”) ($)	**7,417,233**	6,559,379	**21,481,638**	18,675,409
Gold ounces sold	**4,652**	4,314	**13,056**	13,170
Operating cash costs per ounce sold ($ / ounce)	**1,057**	1,047	**1,113**	938
AISC per ounce sold ($ / ounce)	**1,594**	1,520	**1,645**	1,418
Average US Dollar exchange rate during period	**0.7574**	0.7652	**0.7524**	0.7769
Operating cash costs per ounce sold (US$ / ounce)	**800**	801	**837**	729
AISC per ounce sold (US$ / ounce)	**1,208**	1,163	**1,238**	1,102

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 loss as follows:

	Three months ended September 30, 2019	Three months ended September 30, 2018	**Nine months ended September 30, 2019**	Nine months ended September 30, 2018
Gold revenue ($)	**8,771,090**	6,916,928	**23,026,566**	21,848,067
Gold ounces sold	**4,652**	4,314	**13,056**	13,170
Average realized gold price per ounce sold ($)	**1,885**	1,603	**1,763**	1,659
Average US Dollar exchange rate during period	**0.7574**	0.7652	**0.7574**	0.7769
Average realized gold price per ounce sold (US$)	**1,428**	1,227	**1,327**	1,289

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, stare-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 September 30, 2019	Three months ended September 30, 2018	**Nine months ended September 30, 2019**	Nine months ended September 30, 2018
Net income (loss), per the consolidated statement of comprehensive income (loss)	**1,083,438**	(936,755)	**602,825**	(1,337,080)
Adjustments:				
Transaction costs	**-**	114,113	**-**	854,131
Finance expense	**111,165**	26,749	**303,667**	90,689
Current income tax expense	**351,000**	141,000	**599,163**	813,445
Deferred income tax (recovery) expense	**(693,000)**	229,000	**(741,000)**	660,000
Depletion and depreciation	**1,032,009**	1,714,188	**3,230,197**	4,853,006
EBITDA	**1,884,612**	1,288,295	**3,994,852**	5,934,191
Corporate administration	**1,649,560**	952,029	**3,728,682**	3,194,725
Stock-based compensation	**201,260**	106,967	**620,761**	447,847
Deferred premium on flow-through shares	**(71,846)**	-	**(71,846)**	(253,535)
Other expenses (income)	**47,131**	(20,441)	**(42,852)**	(39,932)
Point Rousse Project EBITDA	**3,710,717**	2,326,850	**8,229,597**	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; 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 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, including but in no way limited to: global and regional political and economic conditions, supply and demand factors, inflation or deflation expectations, interest rate expectations, and central bank decisions. A sustained decrease in the price of gold would impact the Company's profitability, may result in mineral property write-downs and could eventually result in liquidity difficulties. 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, 2018 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.

Critical Accounting Estimates and Judgments

The Company's significant accounting policies are described in Note 2 to the condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, and Note 3 to the audited annual consolidated financial statements for the year ended December 31, 2018. 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, 2018. For related details, please refer to the Company's consolidated financial statements, which are available on the Company's website and on SEDAR.

Atlantic Innovation Fund ("AIF") Loan

In June 2017, the Company commenced a research and development project to develop, prototype, and optimize a new technology to mine steeply-dipping narrow gold veins that cannot be mined cost-effectively with existing technologies (the "Narrow Vein Mining Project" or the "Project"). The Company has secured funding of over $2,000,000 for the Project, which includes $1,500,000 from the Atlantic Innovation Fund ("AIF"). Funding from the AIF is conditionally repayable based on revenues generated should the Project be commercially successful. Annual repayments, commencing January 1, 2020, will be calculated as a percentage of gross revenue generated, if any, from the application of the technology during the preceding year at 1.5%. Repayment of all or part of the AIF contributions may be required in the event of a default under the Company's agreement with the AIF. The determination of the probability of, amount and timing of future revenue, if any, significantly impacts the initial fair value of the loan, as well as the carrying value of the AIF loan at each reporting date. The significant assumptions used in determining the discounted cash flows include the probability of technical success of the Project, the ability to commercialize any resulting technology, the amount and timing of future revenue for the Corporation and the discount rate.

The Company is in the early stages of the Project; accordingly, determination of the potential technical success of the Project, and the amount and timing of any revenue streams requires significant judgment by management. As at September 30, 2019, the Company has received $453,505 from the AIF. The estimated fair value of the amount repayable is considered to be insignificant due to the level of uncertainty relating to the Company's ability to develop the technology, the successful field testing of the technology, and the ability to commercialize the technology. Accordingly, the Company has recognized the full amount as a credit to research and development expenses in the condensed interim consolidated statement of comprehensive loss.

The initial fair value of the AIF amount repayable has been determined using a discounted cash flow analysis, which required a number of assumptions. The difference between the face value and the initial fair value of the AIF amount repayable was recorded in the consolidated statement of comprehensive loss as research and development. The carrying amount of the AIF amount repayable will require adjustment to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available. Management will recalculate the carrying amount at each period end by computing the present value of the estimated future cash flows at the original effective interest rate. Any adjustments will be recognized in the consolidated statement of comprehensive loss as a finance expense after initial recognition.

Sale of 2647102 Ontario Inc. ("ExploreCo")

Non-current assets and disposal groups are classified as assets held-for-sale in the 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"). The proposed sale is contingent on Magna Terra receiving shareholder approval and 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 September 30, 2019.

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 condensed interim consolidated financial statements for the three and nine months ended September 30, 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 2 of the condensed interim 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 September 30, 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 September 30, 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 design, and evaluate the effectiveness of, the Company's internal controls over financial reporting for the year ended December 31, 2018. Based on this evaluation, management concluded that the Company's internal control over financial reporting was operating effectively as at December 31, 2018 to provide reasonable assurance that 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 nine months ended September 30, 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 Gordana Slepcev, P. Eng., Chief Operating Officer with Anaconda Mining Inc., a "Qualified Person" as defined under National Instrument 43-101.