Anaconda Mining

Annual Management Discussion and Analysis

As at and for the year ended December 31, 2020
(Expressed in Canadian Dollars)

This management discussion and analysis ("MD&A") dated February 25, 2021 of Anaconda Mining Inc. ("Anaconda" or the "Company") provides a discussion of the Company's consolidated financial position and the results of its consolidated operations for the year ended December 31, 2020. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2020 and the year ended December 31, 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with the risk factors described in the "Risk Factors" section at the end of this document. Additional information including the audited consolidated financial statements for the year ended December 31, 2020 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 is advancing the Goldboro Gold Project in Nova Scotia, a significant growth project with Measured and Indicated Mineral Resources of 1.9 million ounces (16.0 million tonnes at 3.78 g/t) and Inferred Mineral Resources of 0.8 million ounces (5.3 million tonnes at 4.68 g/t), and which is the subject to an ongoing feasibility study. Anaconda also 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 ~15,000 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'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 20 Adelaide Street East, Suite 915, Toronto, Ontario, M5C 2T6. 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 the robust health and safety protocols, including social distancing and wearing masks, 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.

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. All work-related travel is being limited to essential travel with all employees following all applicable provincial public health regulations. Anaconda will continue to closely monitor the situation and will provide updates as they become available.

Corporate Update

On February 22, 2021, the Company announced an updated and significantly expanded Mineral Resource Estimate ("Mineral Resource") for the Goldboro Gold Project, prepared in accordance with National Instrument 43-101. The updated Mineral Resource includes Measured and Indicated Mineral Resources of 1,946,100 ounces of gold and Inferred Mineral Resources of 798,100 ounces of gold. In addition to the ongoing feasibility study to be announced in Q4 2021, the Company has initiated a preliminary economic assessment ("PEA") for Goldboro which will incorporate the results of the updated Mineral Resource, allowing the Company to demonstrate and discuss the economic potential of this significantly larger project.

On July 31, 2020, the Company completed a non-brokered private placement for aggregate proceeds of $5.5 million, consisting of up to 9,500,000 flow-through common shares of the Company at a price of $0.58 per flow-through share. The proceeds of the financing are being used primarily for exploration and diamond drill programs at the Tilt Cove Project in Newfoundland and the Goldboro and Lower Seal Harbour Projects in Nova Scotia.

On July 30, 2020, the Company completed the previously announced share purchase agreement with Magna Terra Minerals Inc. ("Magna Terra") whereby Magna Terra acquired all of the issued and outstanding common shares of the Company's wholly-owned subsidiary, 2647102 Ontario Inc. ("ExploreCo"), which held the Company's interests in the Cape Spencer Project in New Brunswick and Great Northern Project in Newfoundland in exchange for approximately 27% of Magna Terra's common shares.

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

	Three months ended December 31		**Year ended December 31**	
Financial Results	**2020**	2019	**2020**	2019
Revenue ($)	**9,988,251**	6,506,722	**41,582,990**	29,547,682
Cost of operations, including depletion and depreciation	**6,392,715**	4,919,066	**24,761,035**	22,690,028
Mine operating income ($)	**3,595,536**	1,587,656	**16,821,955**	6,857,654
Net income (loss) ($)	**792,203**	(229,778)	**8,228,243**	373,047
Net income (loss) per share ($/share) – basic and diluted	**0.01**	(0.00)	**0.06**	0.00
Cash generated from operating activities ($)	**2,080,151**	(209,207)	**14,087,867**	4,372,224
Capital investment in property, mill and equipment ($)	**1,383,079**	133,609	**2,960,787**	2,181,896
Capital investment in exploration and evaluation assets ($)	**2,514,733**	1,451,810	**7,152,794**	10,943,829
Average realized gold price per ounce*	**US$1,921**	US$1,489	**US$1,728**	US$1,360
Operating cash costs per ounce sold*	**US$1,014**	US$1,039	**US$871**	US$878
All-in sustaining cash costs per ounce sold*	**US$1,576**	US$1,282	**US$1,220**	US$1,247

	December 31, 2020	December 31, 2019
Working capital* ($)	**13,938,471**	2,728,061
Total assets ($)	**81,396,971**	63,757,965
Non-current liabilities ($)	**7,529,640**	6,903,274

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

During the fourth quarter of 2019, the Company processed the Goldboro Bulk Sample (the "Bulk Sample") at its Pine Cove Mill (see press release dated January 16, 2020). Fourth quarter and annual mill statistics are presented both including the Bulk Sample, and on a Point Rousse stand-alone basis.

	Three months ended December 31,		Year ended December 31,	
Operational Results	**2020**	2019	**2020**	2019
Ore mined (t)	**110,455**	123,302	**512,028**	413,139
Waste mined (t)	**453,859**	518,698	**1,964,689**	1,771,408
Strip ratio	**4.1**	4.2	**3.8**	4.3
Ore milled (t) – including Bulk Sample	**107,257**	110,474	**459,085**	401,499
Grade (g/t Au)	**1.39**	1.49	**1.42**	1.52
Recovery (%)	**86.8**	83.1	**87.4**	82.3
Gold ounces recovered	**4,171**	4,411	**18,268**	16,181
Gold ounces sold	**3,970**	4,209	**17,918**	17,265

Excluding the operating results from the Bulk Sample in 2019, the Pine Cove Mill Statistics specifically for production from the Point Rousse Complex are as follows:

	Three months ended December 31,		Year ended December 31,	
Operational Results	**2020**	2019	**2020**	2019
Ore milled (t)	**107,257**	100,689	**459,085**	391,714
Grade (g/t Au)	**1.39**	1.27	**1.42**	1.46
Recovery (%)	**86.8**	84.0	**87.4**	82.8
Gold ounces produced	**4,171**	3,441	**18,268**	15,211
Gold ounces sold	**3,970**	3,306	**17,918**	16,362

Highlights for the Year Ended December 31, 2020

- Anaconda produced 18,268 ounces of gold in 2020 from its Point Rousse operation, achieving its annual guidance of 18,000 to 19,000 ounces, predominantly from Pine Cove Pit mine production, with the processing of ore from the Argyle Gold Mine commencing in late Q4 2020.
- Anaconda sold 17,918 ounces of gold in 2020, generating record metal revenue of $41.5 million at an average sales price* of C$2,316 (US$1,728) per ounce of gold. As of December 31, the Company also had over 525 ounces in gold doré inventory, which was subsequently sold in January.
- The Pine Cove Mill achieved annual throughput of 459,085 tonnes during 2020, just short of its annual record throughput, representing a 14% increase over 2019, when the mill was impacted by unplanned maintenance.
- The Point Rousse Complex generated EBITDA* of $4.7 million in Q4 2020 and $20.5 million for the year ended December 31, 2020, compared with $1.6 million and $9.9 million for the respective 2019 periods, driven by higher ounces sold and a significantly higher gold price.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q4 2020 were $1,321 (US$1,014), and $1,167 (US$871) for the year ended December 31, 2020, at the lower end of the Company's revised 2020 annual operating cash cost guidance of C$1,150-C$1,250, due to better than planned throughput and grade in the second half of 2020.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was $2,053 (US$1,576) for Q4 2020, and $1,636 (US$1,220) for the full year.

- In 2020, the Company invested $7.2 million in its exploration and development projects, including $4.4 million on the Goldboro Gold Project in Nova Scotia relating to the feasibility study, permitting, and ongoing diamond drilling to support the updated and significantly expanded Mineral Resource Estimate announced on February 22, 2021.
- Net income for the year ended December 31, 2020 was $8,228,243, or $0.06 per share, compared to $373,047, or $0.00 per share, for the year ended December 31, 2019, driven predominantly by the significantly higher gold price and increased gold ounces sold.
- On July 31, 2020, Anaconda completed a non-brokered flow-through private placement for $5.5 million, which enabled the acceleration of the Company's growth programs, particularly at the Goldboro Gold Project and the Tilt Cove Gold Project.
- As at December 31, 2020, the Company had a cash balance of $14.6 million and working capital* of $13.9 million. Subsequent to year-end, the Company received a further $2.8 million in proceeds from the full exercise of share purchase warrants expiring on January 10, 2021.

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

2021 Guidance

Anaconda is projecting to produce between 18,000 and 19,000 ounces of gold in 2021. Mill feed in 2021 will be predominantly from mining at the Argyle Gold Mine, with supplemental ore feed from Pine Cove and marginal stockpiles, although the Company continues to investigate opportunities to defer marginal ore feed. Operating cash costs per ounce for the full year are expected to be between $1,425 and $1,475 per ounce of gold sold (US$1,100 - US$1,145 at an approximate exchange rate of 0.775), reflecting the relatively lower grade profile of Argyle in the earlier part of the mine plan, the impact of processing lower grade marginal ore, and increased trucking costs to the Pine Cove Mill from Argyle. Mine grade is expected to increase significantly towards the end of 2021 and into 2022 at Argyle which, along with a decrease in the stripping ratio, is expected to lead to a marked decrease in operating cash costs per ounce sold. Furthermore, any opportunity to displace marginal ore will positively impact operating costs on a per ounce sold basis.

The Company expects to incur approximately $6,600,000 of sustaining capital expenditures for the mine and mill operations in 2021, which includes approximately $3,800,000 of mine development for pushbacks at the Argyle Gold Mine, which will also support ongoing mining in 2022. Looking further ahead at Point Rousse, the Company continues to infill drill the Stog'er Tight extension and advance baseline permitting activities, given its strong potential to extend the life of mine of the Point Rousse operation.

2020 Operating and Financial Review

Operational Performance - The Point Rousse operation produced 18,268 ounces of gold during 2020, achieving annual guidance of 18,000 to 19,000 ounces, and representing a 13% increase over 2019 as a result of higher throughput and stronger recoveries. Production was predominantly from the Pine Cove Pit, where mining ceased in early Q4 2020 and mill production was maintained from the established Pine Cove stockpile.

The mine operation produced 512,028 tonnes of ore in 2020, a significant increase over 2019 when the first half of the year was focused on the lower tonnage profile Stog'er Tight Mine. The strip ratio for 2020 was 3.8 waste tonnes to ore tonnes, a decrease from 4.3 in 2019, as the waste moved decreased as mining in the Pine Cove Pit neared completion. As of December 31, 2020, the mine operation had stockpiled over 102,300 tonnes of ore, which included approximately 72,000 tonnes from Argyle at an average grade of 1.79 g/t.

During 2020, the mill processed 459,085 tonnes of ore, an increase of 14% compared to 2019 due to strong mill availability of 96.3% in the most recent year compared to only 89.6% in 2019. The Pine Cove Mill has returned to consistent and sustainable operations since the challenges encountered in the early half of 2019, when unplanned maintenance of the regrind mill impacted mill availability, which in turn impacted throughput and recovery. Anaconda took the opportunity to accelerate other planned maintenance programs, invest in critical spares, and bolster preventative maintenance programs, the result of which can be seen with the strong performance of the mill in 2020.

Average grade from Point Rousse production was 1.42 g/t in 2020, down slightly from 1.46 g/t in 2019 (excluding the impact of the Bulk Sample), as ore feed in the first half of the prior year was mainly from the higher grade Stog'er Tight Mine. The mill achieved an average recovery rate of 86.8% in Q4 2020 and 87.4% for the 2020 year, both representing strong increases over the comparative periods of 2019, further reflecting the strong improvements that have been implemented at the mill operation.

Financial Performance - Anaconda sold 17,918 ounces of gold in 2020 to generate record metal revenue of $41.5 million at an average realized gold price of C$2,316 (US$1,728) per ounce, representing a 41% increase in metal revenue compared to 2019 due to a combination of significantly higher gold prices and higher gold production. As of December 31, 2020, the Company had over 525 ounces of gold doré inventory, which was sold in January.

	Three months ended December 31		**Year ended December 31**	
	2020	2019	**2020**	2019
Revenue	**9,988,251**	6,506,722	**41,582,990**	29,547,682
Cost of operations				
Operating expenses	**5,295,872**	4,498,317	**20,953,142**	18,638,582
Royalties	**-**	42,825	**49,196**	443,325
Depletion and depreciation	**1,096,843**	377,924	**3,758,697**	3,608,121
Total cost of operations	**6,392,715**	4,919,066	**24,761,035**	22,690,028
Mine operating income	**3,595,536**	1,587,656	**16,821,955**	6,857,654

Operating expenses for the year ended December 31, 2020 were $20,953,142, compared to $18,648,582 in the year ended December 31, 2019. Operating expenses for 2020 included mining costs of $10,458,651, an increase from $9,366,509 in the previous year, as the Company moved 13% more material in 2020 while mining in the Pine Cove Pit. Processing costs in 2020 were $9,928,022, an increase over $8,923,013 in 2019 driven mainly by a 14% increase in mill throughput. Operating expenses were also impacted by an inventory adjustment of $1,130,683 due to the build-up of stockpile inventory as of December 31, 2020. Operating cash costs per ounce sold during 2020 were C$1,167 (US$871), at the lower end of the Company's revised 2020 annual operating cash cost guidance of C$1,150-C$1,250, as a result of better than planned throughput and grade in the second half of 2020.

The royalty expense for 2020 was $49,196, a decrease from 2019 when a greater proportion of production was from Stog'er Tight, which carries a 3% net smelter royalty. Depletion and depreciation for the year ended December 31, 2020 was $3,802,837 compared to $3,608,121 recognized for the year ended December 31, 2019.

Mine operating income for the year ended December 31, 2020 was $16,821,955, an increase from mine operating of $6,857,654 in 2019, primarily due to the increase in metal revenue as a result of higher gold ounces sold and a significantly high gold price.

Corporate administration expenditures were $3,581,921 during 2020, a decrease from 2019 as a result of the Company's effort to streamline costs and renew its focus on production growth. In addition, as part of this renewed focus, the Company recorded a gain of $1,355,247 on the partial or full sale of two subsidiaries, specifically the spin-out of Novamera and its narrow vein mining technology (pre-tax gain of $1,902,894) and the sale of ExploreCo (pre-tax loss of $547,647; after-tax gain of $296,353).

Share-based compensation was $380,733 during the year ended December 31, 2020, compared to $861,429 in the comparative 2019 period, reflecting the greater number of share units granted in the previous year.

Finance expense for the year ended December 31, 2020 was $211,669, significantly less than $417,072 recognized for the year ended December 31, 2019 as a result of a gold loan that was delivered into in Q2 and Q3 2019.

Net comprehensive income for the year ended December 31, 2020, was $8,228,243, or $0.06 per share, compared to net comprehensive income of $373,047, or $0.00 per share, in the comparative period of 2019. The improvement from the prior year was driven by higher mine operating income in 2020 offset by a net income tax expense of $6,141,528 (year ended December 31, 2019 – $443,859) as a result of the strong operating results and use of tax pools during 2020.

Fourth Quarter Review

Operational Performance - During the fourth quarter of 2020, the mine operation produced 110,455 tonnes of ore (of which 103,557 tonnes were from Argyle), a 10% decrease from Q4 2019 when mining was focused exclusively in the Pine Cove Pit. The strip ratio of 4.1 waste tonnes to ore tonnes in Q4 2020 reflects the impact of the commencement of development at Argyle.

The Pine Cove Mill processing facility milled 107,257 tonnes during the fourth quarter of 2020, a 3% decrease compared to Q4 2019, the result of lower mill availability due to a planned shutdown for a mill liner change. Average grade during the fourth quarter was 1.39 g/t, a 7% decrease compared to Q4 2019 due to the impact of the Goldboro Bulk Sample in the comparative period, however a 9% increase when compared to ore milled only from the Point Rousse operation. The fourth quarter of 2020 also reflected the impact of processing of 30,324 tonnes of ore from the relatively higher-grade Argyle deposit. The mill achieved an average recovery rate of 86.8% in Q4 2020, representing a strong increase over 84.0% in Q4 2019 when compared to recovery from the Point Rousse operation exclusively.

Financial Performance – During the fourth quarter, the Company sold 3,970 ounces of gold from production from the Point Rousse Complex, generating metal revenue of $9,988,251 at an average realized gold price of C$2,503 per ounce (US$1,921). The Company also had over 525 ounces of gold doré inventory as of year-end, which was sold in January 2021.

Operating expenses, excluding depreciation and depletion, were $5,295,872 during Q4 2020, an increase from $4,498,317 in the fourth quarter of 2019, reflecting the impact of higher relative haulage costs at Argyle, and higher mill throughput which resulted in higher processing costs. Furthermore, the operating expenses in Q4 2020 were impacted by an inventory adjustment credit of $893,732 due to the build-up in inventory as of December 31, 2020. Operating cash costs per ounce sold in Q4 2020 were $1,321 (US$1,014), compared to $1,371 (US$1,039) in the prior period, primarily due to the higher ounces sold during Q4 2020. Depletion and depreciation for Q4 2020 was $1,096,843, representing a significant increase from Q4 2019 due to the lower denominator for depletion and depreciation on a units-of-production basis relative to the denominator used in the fourth quarter of 2019.

Overall, mine operating income for the fourth quarter was $3,595,536, an increase from $1,587,656 in the corresponding period of 2019, with higher gold revenues partially offset by higher operating expenses and an increase in depletion and depreciation.

Net comprehensive income for the three months ended December 31, 2020 was $792,203, or $0.01 per share, compared to net comprehensive loss for the three months ended December 31, 2019 of $229,778, or $0.00 per share. The improvement from the comparative quarter was driven by higher mine operating income offset by a net income tax expense of $1,792,000 (three months ended December 31, 2019 - $585,696).

Company Strategy and Outlook

Anaconda Mining is an established gold producer in Atlantic Canada with 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. The Company has been producing profitably in Newfoundland for over 10 years and has developed the infrastructure, management team, and experienced workforce to serve as the platform for its aggressive growth plan.

Major highlights and progress during 2020 to advance the Company's strategy include:

- Completed a non-brokered flow-through financing of $5.5 million to accelerate its highly prospective exploration and diamond drill programs in Atlantic Canada.
- Expanded the Goldboro Gold Project diamond drill program to over 17,000 metres to convert and add Mineral Resources to the Feasibility Study, and to support an updated Mineral Resource announced on February 22, 2021.
- Announced an open-pit Mineral Reserve for the Argyle Deposit with a 22-month life of mine, which has now been put into production and will provide an estimated 70% of the mill feed in 2021.
- Commenced a 10,000 metre diamond drill program at the Tilt Cove Project, specifically at the highly prospective targets including the Scarp, West Pond, Growler, East Pond, and Betts Cove, which now comprises a total of 6,075 hectares of prospective mineral lands with a record of past gold and copper production.
- Initiated exploration programs at multiple locations at the Point Rousse Project, and announced that a significant zone of gold mineralization extends at least 650 metres west of the Stog'er Tight Mine sequence, with mineralization now extending over a total strike length of 1,200 metres.
- Completed the sale of ExploreCo with Magna Terra in exchange for approximately 27% of Magna Terra's common shares, providing the Company with exposure to highly prospective early stage exploration in Atlantic Canada.
- 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.
- 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.

THE GOLDBORO GOLD PROJECT, NOVA SCOTIA

The Goldboro Gold Project ("Goldboro") is a 100%-owned gold development project 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").

➢ Expanding the Mineral Resource

On February 22, 2021, the Company announced an updated and significantly expanded Mineral Resource Estimate ("Mineral Resource") prepared in accordance with National Instrument 43-101 ("NI 43-101") for Goldboro, with an effective date of February 7, 2021. The Mineral Resource is based on validated results of 635 surface and underground drill holes, for a total of 113,132.9 metres of diamond drilling that was completed between 1984 and the effective date of February 7, 2021. The Mineral Resource includes 45,408.7 metres of drilling conducted by the Company including 17,941.7 metres of diamond drilling in 121 holes since the previous Mineral Resource Estimate of August 21, 2019.

Resource Type	Au Cut-off (g/t)	Category	Tonnes (Rounded)	Au (g/t)	Troy Ounces (Rounded)
Open Pit	0.44	Measured	6,137,000	2.73	538,500
		Indicated	5,743,000	2.99	551,300
		Measured and Indicated	**11,880,000**	**2.86**	**1,089,900**
		Inferred	**1,580,000**	**1.75**	**89,000**
Underground	2.00	Measured	1,384,000	7.36	327,700
		Indicated	2,772,000	5.93	528,600
		Measured and Indicated	**4,156,000**	**6.41**	**856,200**
		Inferred	**3,726,000**	**5.92**	**709,100**
Combined	0.44/2.60	Measured	7,521,000	3.58	866,200
		Indicated	8,515,000	3.95	1,079,900
		Measured and Indicated	**16,036,000**	**3.78**	**1,946,100**
		Inferred	**5,306,000**	**4.68**	**798,100**

** Combined Open Pit and Underground Mineral Resources; The Open Pit Mineral Resource is based on a 0.44 g/t gold cut-off grade, and the Underground Mineral Resource is based on 2.60 g/t gold cut-off grade.*

Mineral Resource Estimate Notes

1. *Mineral Resources were prepared in accordance with NI 43-101 and the CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) and the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019). 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 0.44 g/t gold that is based on a gold price of CAD$2,000/oz (~US$1,550/oz) and a gold processing recovery factor of 96%.*
3. *Underground Mineral Resource is reported at a cut-off grade of 2.60 g/t gold that is based on a gold price of CAD$2,000/oz (~US$1,550/oz) and a gold processing recovery factor of 97%.*
4. *Assays were variably capped on a wireframe-by-wireframe basis.*
5. *Specific gravity was applied using weighted averages to each individual wireframe.*
6. *Mineral Resource effective date February 7, 2021.*
7. *All figures are rounded to reflect the relative accuracy of the estimates and totals may not add correctly.*
8. *Excludes unclassified mineralization located within mined out areas.*
9. *Reported from within a mineralization envelope accounting for mineral continuity.*

The Mineral Resource was prepared by Independent Qualified Person, Glen Kuntz, P. Geo. of Nordmin Engineering Ltd. ("Nordmin") of Thunder Bay, Ontario, an "Independent Qualified Person" as defined under National Instrument 43-101 Standard for Disclosure for Mineral Projects. The effective date of this Mineral Resource is February 7, 2021 and includes historical diamond drilling as well as 45,408.7 metres of drilling conducted by Anaconda up to February 2021.

- **Moving Towards Goldboro Development**

During the first quarter of 2020, in light of feedback from Nova Scotia Environment and 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 who own the fully permitted and operating Moose River Consolidated gold project 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. Based on the aforementioned matters, the Company expects to receive required permits (including release from the Environmental Assessment, the Industrial Approval, and Mining Lease) at the earliest in the fourth quarter 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 Goldboro definitive Feasibility Study (the “Study”). The Company has engaged Nordmin Engineering Inc. (“Nordmin”), replacing the previous consultants, 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.

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.

Update on Bulk Sample Claim - In July 2019, the Company began shipping the bulk sample material to the Pine Cove Mill with NIL Group Limited (“NIL”). On July 23, 2019, the Company announced that NIL had 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. The Company has also been named as a third-party defendant in separate claims filed by a supplier which was engaged by NIL. The Company had no contractual relationship with the plaintiff and consequently the Company considers the claim to be without merit and has filed a Statement of Defense against the claim.

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**

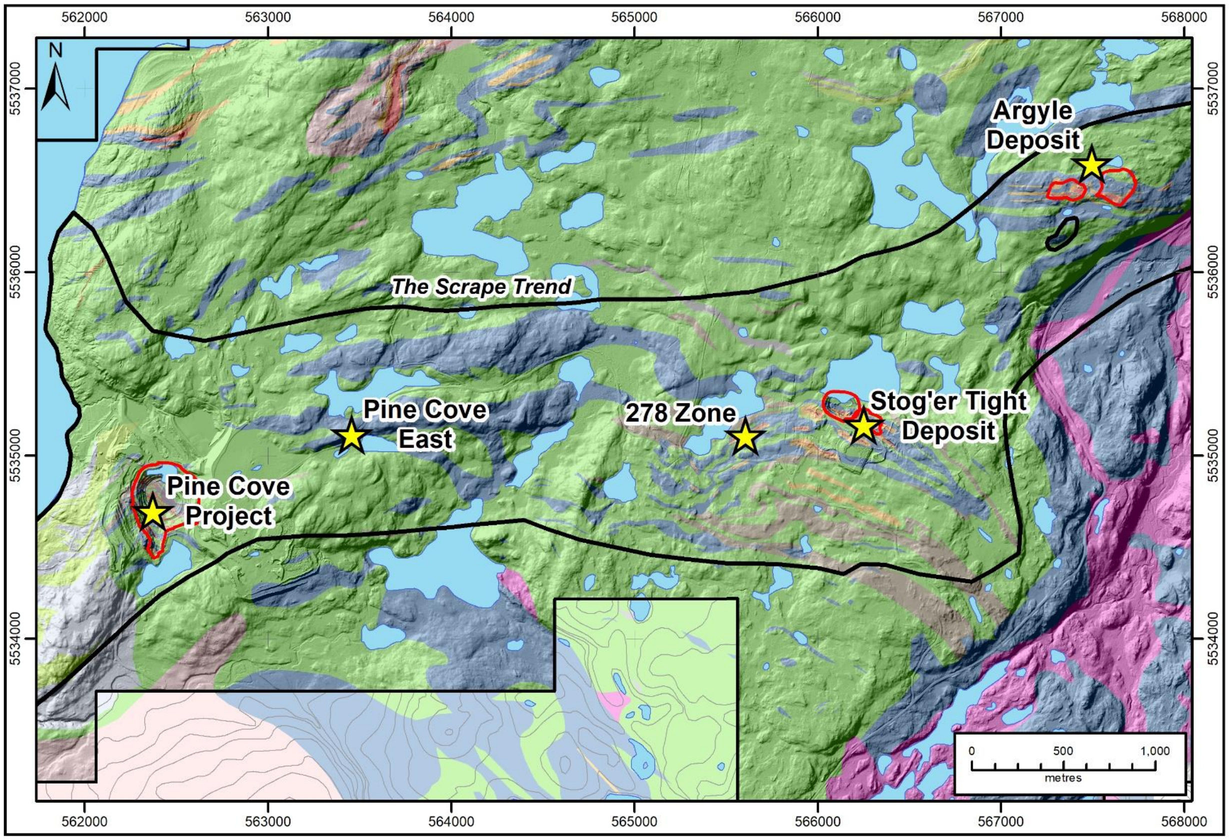
The Point Rousse Complex is located in the Baie Verte Mining District in the north-central part of Newfoundland, accessible year-round by paved roads and a 5.5-kilometre mine road. Point Rousse includes the Pine Cove open pit, the Stog'er Tight Mine and deposit, and the currently producing Argyle Gold Mine. 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 ~10 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 2021 from the Point Rousse operation. The mine operations will be exclusively focused on production from the Argyle Mine, which together with existing stockpiles will contribute approximately 70% of mill throughput in the upcoming year, with mill throughput supplemented by Pine Cove and marginal stockpiles.

During 2020, the Company announced an open-pit Mineral Reserve for Argyle of 535,592 tonnes at an average diluted grade of 2.06 g/t gold containing 35,477 ounces over a 22-month life of mine, using a base case gold price of C$1,900 (US$1,425). Argyle had robust economics with a pre-tax net present value at a 5% discount rate ("NPV 5%") of $13.05

million with an internal rate of return ("IRR") of 262%, and an after tax NPV 5% of $11.4 million with an IRR of 245%. Total initial capital requirements of $2.98 million are required, mainly for pre-stripping of waste and site preparation.



➢ **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 and/or completed exploration activities on.

❑ **Stog'er Tight Extension**

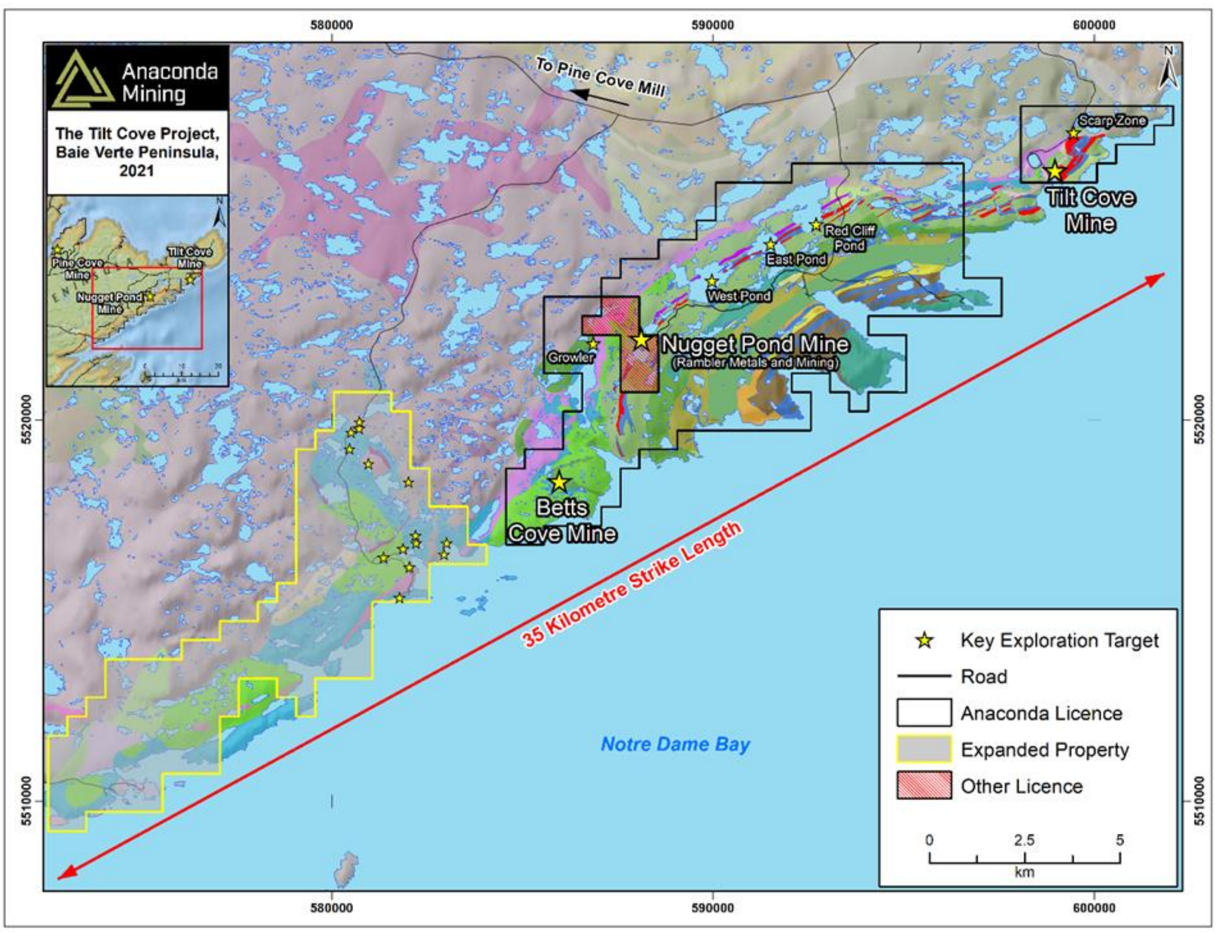
- Currently conducting a 4,000 metre infill diamond drill program to outline a deposit;
- Highlights of the drill program to date include:
  - ❑ **5.45 g/t gold over 20.0 metres** (44.0 to 64.0 metres), including 33.90 g/t gold over 1.0 metre in diamond drill hole BN-20-311;
  - ❑ **4.37 g/t gold over 15.0 metres** (98.0 to 113.0 metres), including 10.41 g/t gold over 5.0 metres in diamond drill hole BN-20-338;
  - ❑ **18.42 g/t gold over 5.0 metres** (48.0 to 53.0 metres), including 74.40 g/t gold over 1.0 metre in diamond drill hole BN-20-309;
  - ❑ **10.14 g/t gold over 7.0** metres (28.0 to 35.0 metres), including 33.90 g/t gold over 1.0 metre in diamond drill hole BN-20-310; and
  - ❑ **5.55 g/t gold over 8.0 metres** (25.0 to 33.0 metres), including 39.70 g/t gold over 1.0 metre in diamond drill hole BN-19-295.
- Mineralization encountered to date is shallow and associated with second order geophysical anomalies;
- Will test other second order geophysical anomalies along the Scrape Trend (e.g. Pine Cove East).

- **Pine Cove East**
  - Three IP anomalies in rocks that host the Pine Cove deposit are located 1 kilometre east of the Pine Cove mine and remain to be tested.

- **Point Rousse General**
  - Recent drilling success at Stog'er Tight has resulted in a refinement of the Point Rousse exploration model that has resulted in a re-evaluation and prioritization of exploration targets. The Company anticipates it will conduct a broad exploration program to drill test some of these targets in the coming months.

➢ **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 and Q1 2020, the Company initiated a trenching 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, East 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 as well as deteriorating ice conditions that prevented further on-ice drilling at these targets.

On July 21, 2020, the Company announced the initiation of a 35-line kilometre ground magnetic and IP geophysical survey and 10,000 metre diamond drill program at highly prospective targets including the Scarp, West Pond, Growler, East Pond, and Betts Cove targets.

On January 7, 2021, the Company announced the expansion of the Tilt Cove project to the southeast to include an additional prospective geology along strike with the Tilt Cove Project. The Tilt Cove Gold Project now includes a 35 kilometre strike extent of this highly prospective geological terrane, in addition to being adjacent to the Green Bay Fault, a crustal scale structure proximal and genetically linked to both the past producing, high grade, Nugget Pond and Hammerdown Mines.

Liquidity and Capital Resources

Anaconda manages its liquidity by generating positive cash flows from the Point Rousse operation, term loans and equipment leases, 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 Point Rousse, exploration expenditures (e.g.- Tilt Cove) and corporate expenses.

(In $)	**December 31, 2020**	December 31, 2019
Cash and cash equivalents	**14,634,595**	4,351,588
Inventory	**6,830,360**	5,576,343
Other current assets	**1,499,291**	1,321,246
	22,964,876	11,249,177
Trade and other payables	**4,796,495**	5,134,304
Current taxes payable	**1,863,000**	553,598
Current portion of loans	**1,889,080**	2,311,210
Other current liabilities	**477,831**	522,004
	9,026,405	8,521,116
Working capital*	**13,938,471**	2,728,061

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

As of December 31, 2020, the Company had working capital of $13,938,471, which included cash and cash equivalents of $14,634,595. Current taxes payable reflect an estimate of the Newfoundland mining taxes payable for the year ended December 31, 2020, with mining taxes of $563,126 relating to 2019 being paid in the year ended December 31, 2020. The decrease in other current liabilities reflects the initial advance of government funding relating to a microlearning training program, which was offset by the deferred flow-through premium recognized as a result of flow-through expenditures spent in the year ended December 31, 2020.

The current portion of loans includes $1,475,831 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.

As at the date of this MD&A, the Company currently maintains a $1,000,000 revolving demand facility under a Line of Credit Agreement with RBC, replacing the previous revolving credit facility of the same amount. 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 2020, the Company drew on its revolving demand facility in the form of an irrevocable letter of credit from RBC to use as collateral to support the Company's surety bonds that backstop its performance obligations with respect to the Company's reclamation obligations. Under the terms of the surety bonds, the Company has provided collateral of $908,119, equivalent to 25% of the value of the bonds. As at December 31, 2020, there were outstanding balances of $908,119 and $87,594 on the revolving demand facility and revolving equipment lease line of credit, respectively.

Cash Flow Analysis

Anaconda generated $14,087,867 in operating cash flows during the year ended December 31, 2020, after accounting for corporate administration costs of $3,581,921. The Point Rousse Project generated EBITDA of $20,499,235, based on gold sales of 17,918 ounces at an average gold price of C$2,316 per ounce sold and operating cash costs of C$1,167 per ounce sold. Operating cash flows were also reduced by changes in working capital, namely the reduction in accounts payable and the increase in stockpiled inventory.

The Company continued to invest in its key growth projects in Newfoundland and Nova Scotia in 2020, spending $7,152,794 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at December 31, 2020), primarily on the continued advancement of the Goldboro Project ($4,401,859). The Company also invested $2,960,787 into the property, mill and equipment at the Point Rousse operation, with capital investment focused on a pushback of the Pine Cove Pit earlier in the year and development activity at Argyle during Q4 2020.

Financing activities during 2020 included the net proceeds of $5,463,763 from a non-brokered flow-through private placement completed in July 2020, the ongoing repayment of the RBC term loan, and the repayment of other loans and lease obligations. The Company also received $2,340,346 from the exercise of warrants and $427,701 from the exercise of stock options.

Commitments

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

	1 year	1 - 3 years	More than 3 years	**Total**
	$	$	$	**$**
Trade payables and accrued liabilities	4,796,495	-	-	4,796,495
RBC loan	1,475,831	505,688	-	1,981,519
Provincial government loan	83,180	56,884	-	140,064
Federal government loan	100,800	46,400	-	147,200
Lease liabilities	229,269	107,994	36,709	373,972
Flow-through commitment	2,732,600	-	-	2,732,600
Interest payable	92,324	8,238	779	101,341
	9,510,499	725,204	37,488	**10,273,191**

As at December 31, 2020, the Company has a commitment to spend $2,732,600 of flow-through funds on eligible exploration expenses, related to the private placement completed in July 2019.

In December 2020, the Company locked into forward sales on a delivery basis for a total of 1,393 ounces of its production for January 2021. The gold price for the orders was locked in at an average of $2,371 per ounce with delivery in January 2021.

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

- A net smelter return ("NSR") of 3% is payable to a third-party on gold sold from the Stog'er Tight Property.
- A $3,000,000 capped NSR on 4 mineral exploration licenses in the Point Rousse Project, which forms part of the Argyle property, is calculated at 3% when the average price of gold is less than US$2,000 per ounce for the calendar quarter and is 4% when the average price of gold is more than US$2,000 per ounce for the calendar quarter.
- A $3,000,000 capped NSR of 3% on a property that forms part of the Argyle Property. Once the aggregate limit has been met and 200,000 ounces of gold has been sold from the property, the NSR decreases to 1%.
- A net profits interest ("NPI") agreement over the Point Rousse Mining Leases with Royal Gold Inc. whereby the Company is required to pay Royal Gold Inc. 7.5% of net profits, calculated as the gross receipts generated from the claims less all cumulative development and operating expenses. At December 31, 2020, the Company has determined it has approximately $10 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.

Off-Balance Sheet Items

As at December 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 $908,119 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 are comprised of the following:

	December 31, 2020	December 31, 2019
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	**153,953,798**	135,216,962
Issued: Common share purchase warrants	**11,810,665**	23,795,615
Issued: Stock options	**5,930,834**	7,772,875
Issued: Share units	**1,466,567**	1,967,256

As at the date of this MD&A, the fully paid common shares outstanding of Anaconda was 160,515,713. Subsequent to December 31, 2020, 6,243,165 warrants and 318,750 stock options were exercised and the Company received proceeds of $2,798,737 and $76,500, respectively.

The terms and details of the Company's equity incentive plans, including the stock options plan and share unit plan, are outlined in the Company's consolidated financial statements for the year ended December 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 December 31, 2020, the Company had a net working capital of $13,938,471 (December 31, 2019 - $2,728,061), including cash of $14,634,595 (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 December 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.

Quarterly Information

($ thousands unless otherwise stated)	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**
Revenue	9,988	12,704	8,356	10,535	6,507	8,779	5,486	8,777
Mine operating income	3,596	7,163	2,429	3,633	1,588	2,824	124	2,322
Net income (loss)	792	3,983	1,982	1,471	(230)	1,083	(1,638)	1,158
Net income (loss) per share (basic and diluted) *($ per share)*	0.01	0.03	0.01	0.01	(0.00)	0.01	(0.01)	0.01
Cash flow from operations	2,080	6,184	1,444	4,380	(209)	3,217	(2,771)	4,135
Total assets	81,397	77,257	67,083	65,769	63,758	65,791	60,292	64,803
Non-current liabilities	7,530	5,778	6,024	6,670	6,903	6,247	6,967	7,710

Related Party Transactions

Remuneration of Key Management and Transactions with Related Parties

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

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries, bonuses, fees and short-term benefits ($)	**890,364**	1,039,974
Severance payments	**-**	694,243
Share-based compensation ($)	**223,414**	734,450
	1,113,778	2,468,667

As at December 31, 2020, included in trade and other payables is $215,000 (December 31, 2019 - $442,750) of amounts due for directors' fees, bonuses, and severance payments.

During the year ended December 31, 2020, the Company purchased a warehouse building at the Goldboro Project from a director of the Company for $100,000.

Magna Terra Minerals Inc.

The Company and Magna Terra have certain key management personnel in common. As described in Note 14 of the consolidated financial statements, the Company completed a transaction with Magna Terra on July 30, 2020, whereby Magna Terra acquired all of the issued and outstanding common shares of the Company's wholly-owned subsidiary, ExploreCo. The Company and Magna Terra have entered into a service level agreement whereby the Company provides certain services to Magna Terra, including technical geology services and exploration program management, corporate services, and finance and accounting support. As at December 31, 2020, included in trade and other receivables is $81,612 (December 31, 2019 - $nil) of amounts charged under the service level agreement.

Non-IFRS Measures

Anaconda has included in this MD&A certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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

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

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

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

	Three months ended December 31, 2020	Three months ended December 31, 2019	**Year ended December 31, 2020**	Year ended December 31, 2019
Operating expenses per the consolidated statement of comprehensive loss, including royalties	**5,295,872**	4,541,142	**21,002,338**	19,081,907
By-product silver sales credit	**(14,934)**	(8,392)	**(48,988)**	(22,786)
By-product aggregates sales credit	**(38,159)**	-	**(38,159)**	-
Operating cash costs ($)	**5,242,779**	4,532,750	**20,915,191**	19,059,121
Sustaining expenditures – property, mill and equipment	**1,383,079**	133,609	**2,960,787**	2,181,896
Sustaining expenditures – exploration and evaluation	**502,550**	33,302	**1,462,896**	557,421
Corporate administration costs	**939,503**	728,318	**3,581,921**	4,457,000
Share-based compensation	**79,733**	157,419	**380,733**	778,180
Rehabilitation – accretion and amortization (operating)	**3,850**	11,139	**7,921**	44,557
All-in sustaining cash costs (“AISC”) ($)	**8,151,494**	5,596,537	**29,309,449**	27,078,175
Gold ounces sold	**3,970**	3,306	**17,918**	16,362
Operating cash costs per ounce sold ($ / ounce)	**1,321**	1,371	**1,167**	1,165
AISC per ounce sold ($ / ounce)	**2,053**	1,693	**1,636**	1,655
Average US Dollar exchange rate during period	**0.7676**	0.7576	**0.7461**	0.7537
Operating cash costs per ounce sold (US$ / ounce)	**1,014**	1,039	**871**	878
AISC per ounce sold (US$ / ounce)	**1,576**	1,282	**1,220**	1,247

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

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

	Three months ended December 31, 2020	Three months ended December 31, 2019	**Year ended December 31, 2020**	Year ended December 31, 2019
Gold revenue ($)	**9,935,158**	6,498,330	**41,495,843**	29,524,896
Gold ounces sold	**3,970**	3,306	**17,918**	16,362
Average realized gold price per ounce sold ($)	**2,503**	1,966	**2,316**	1,804
Average US Dollar exchange rate during period	**0.7676**	0.7576	**0.7461**	0.7537
Average realized gold price per ounce sold (US$)	**1,921**	1,489	**1,728**	1,360

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

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

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

	Three months ended December 31, 2020	Three months ended December 31, 2019	**Year ended December 31, 2020**	Year ended December 31, 2019
Net income (loss), per the consolidated statement of comprehensive income (loss)	**792,203**	(229,778)	**8,228,243**	373,047
Adjustments:				
Finance expense	**39,955**	113,405	**211,669**	417,072
Current income tax expense (recovery)	**312,000**	(114,304)	**1,872,528**	484,859
Deferred income tax expense (recovery)	**1,480,000**	700,000	**4,269,000**	(41,000)
Depletion and depreciation	**1,096,843**	377,924	**3,758,697**	3,608,121
EBITDA	**3,721,001**	847,247	**18,340,137**	4,842,099
Corporate administration	**939,503**	728,318	**3,581,921**	4,457,000
Investment gain	**-**	-	**(1,355,247)**	-
Share of loss from equity accounted investments	**93,858**	-	**247,203**	-
Stock-based compensation	**79,733**	157,419	**380,733**	778,180
Write-down of exploration assets	**-**	6,799	**15,310**	6,799
Deferred premium on flow-through shares	**(145,424)**	(103,173)	**(594,570)**	(175,019)
Other expenses (income)	**(8,659)**	6,626	**(116,252)**	(36,226)
Point Rousse Project EBITDA	**4,680,012**	1,643,236	**20,499,235**	9,872,833

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

Risk Factors

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

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

Readers are encouraged to read a full outline and description of the risk factors described in the Company's Annual Information Form for the year ended December 31, 2020 which will be filed on SEDAR under the Anaconda Mining profile by March 31, 2021. 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, lockdowns, 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, 2020 which will be filed on SEDAR under the Anaconda Mining profile by March 31, 2021, 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, if any, 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.

Climate Change Risks

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

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

Critical Accounting Estimates and Judgments

The Company's significant accounting policies are described in Note 2 to the consolidated financial statements for the year ended December 31, 2020. The preparation of the consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements and reported amounts of expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets and are based on historical experience and other factors considered relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. For details of these estimates, assumptions and judgments, please refer Note 3 to the Company's consolidated financial statements for the year ended December 31, 2020, 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 the Company's exploration programs are being executed, with robust health and safety protocols in place, including social distancing and wearing masks. The Company continually reviews its policies and procedures based on recommendations from medical authorities.

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 in relation to the COVID-19 pandemic and did not note any indicators as of December 31, 2020. Based on management's judgment, as at the date of the 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 any further 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.

Adoption of New Accounting Standards

Certain new accounting standards and interpretations have been issued that are not mandatory for reporting periods ending December 31, 2020 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Controls and Procedures

Disclosure Controls and Procedures

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

Anaconda's management, including the CEO and CFO, have as at December 31, 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 December 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 evaluate the effectiveness of the Company's internal controls for the year ended December 31, 2020.

Based on this evaluation, management concluded that the internal control over financial reporting was operating effectively as of December 31, 2020, 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 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.