Anaconda Mining

Management Discussion and Analysis

For the three and six months periods ended June 30, 2021 and June 30, 2020
(Expressed in Canadian Dollars)

This management discussion and analysis ("MD&A") dated July 29, 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 three and six months ended June 30, 2021. 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 six months ended June 30, 2021 and June 30, 2020, 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, 2020. 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 six months ended June 30, 2021, the audited annual financial statements for the year ended December 31, 2020, the Company's Annual Information Form 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 subject to an ongoing Feasibility Study, with Measured and Indicated Mineral Resources of 1.9 million ounces (16.0 million tonnes at 3.78 grams per tonne ("g/t")) and Inferred Mineral Resources of 0.8 million ounces (5.3 million tonnes at 4.68 g/t) (please see The Goldboro Gold Project Technical Report dated March 30, 2021). 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, ON 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.

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 June 23, 2021, the Company announced the results of the Preliminary Economic Assessment ("PEA") prepared in accordance with National Instrument 43-101 ("NI 43-101") for the Goldboro Gold Project. Based on the significantly expanded Mineral Resource announced on February 22, 2021, the PEA demonstrates the potential for strong economics from both open pit and underground mine operations over an estimated 17.6 year life of mine, with continued opportunity for growth as the Goldboro Deposit remains open in all directions. The PEA reported after-tax Net Present Value at a 5% discount rate ("NPV 5%") of $547 million and an after-tax Internal Rate of Return ("IRR") of 24.4%, with an after-tax payback of 3.2 years based on a gold price of $2,000 per ounce (US$1,550 at an exchange rate of 1.29 C$/US$).

On May 28, 2021, the Company completed the flow-through private placement under an agreement with Raymond James Ltd. announced on April 28, 2021, and later upsized on April 30, 2021. As a result, the Company issued 10,241,000 flow-through common shares in the capital of the Company for aggregate gross proceeds of $8,500,030.

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 NI 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. The Company filed the related technical report prepared in accordance with NI 43-101 on March 30, 2021.

Consolidated Results Summary

Financial Results	**Three months ended June 30, 2021**	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Revenue ($)	**6,940,004**	8,356,088	**14,299,912**	18,891,109
Cost of operations, including depletion and depreciation	**8,216,647**	5,926,361	**16,878,184**	12,827,960
Mine operating income ($)	**(1,276,643)**	2,429,727	**(2,578,272)**	6,063,149
Net income (loss) ($)	**(2,202,251)**	1,981,864	**(4,699,101)**	3,453,263
Net income (loss) per share ($/share) – basic and diluted	**(0.01)**	0.01	**(0.03)**	0.03
Cash generated from operating activities ($)	**(1,817,960)**	1,443,864	**(1,281,921)**	5,823,989
Capital investment in property, mill and equipment ($)	**1,519,300**	530,983	**2,305,469**	1,190,325
Capital investment in exploration and evaluation assets ($)	**4,141,340**	1,391,057	**6,967,882**	2,487,687
Average realized gold price per ounce*	**US$1,789**	US$1,624	**US$1,827**	US$1,565
Operating cash costs per ounce sold*	**US$1,746**	US$991	**US$1,901**	US$918
All-in sustaining cash costs per ounce sold*	**US$2,577**	US$1,320	**US$2,652**	US$1,221

	June 30, 2021	**December 31, 2020**
Working capital* ($)	**11,759,914**	13,938,471
Total assets ($)	**87,229,035**	81,396,971
Non-current liabilities ($)	**7,022,939**	7,529,640

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

Operational Results	**Three months ended June 30, 2021**	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Ore mined (t)	**29,558**	111,167	**88,715**	214,388
Waste mined (t)	**581,001**	561,950	**1,132,707**	1,123,714
Strip ratio	**19.7**	5.1	**12.8**	5.2
Ore milled (t)	**117,030**	118,333	**209,563**	231,469
Grade (g/t Au)	**0.98**	1.11	**0.99**	1.34
Recovery (%)	**86.4**	86.4	**85.7**	87.0
Gold ounces produced	**3,201**	3,657	**5,741**	8,654
Gold ounces sold	**3,156**	3,712	**6,275**	8,843

Second Quarter 2021 Highlights

- Anaconda sold 3,156 ounces of gold in Q2 2021, generating metal revenue of $6.9 million at an average realized gold price* of $2,197 (US$1,789) per ounce sold.
- Point Rousse produced 3,201 ounces of gold in Q2 2021, a 26% increase from the first quarter of 2021, driven by higher throughput and stronger average recovery. Gold production is expected to increase further in the second half of 2021 as accelerated waste development provides increased access to higher grade ore.
- Mine operations moved 29,558 tonnes of ore during Q2 2021 from Argyle, approximately 50% lower than Q1 2021, as operations focused on mine development to increase access to ore, as demonstrated by the strip ratio of 19.7 waste tonnes to ore tonnes.
- The Pine Cove Mill processed 117,030 tonnes during Q2 2021, a 26% increase from the first quarter of 2021 when the mill was impacted by unplanned maintenance relating to the ball mill and the jaw crusher. During Q2 2021, the mill was consistently above planned target for throughput, recovery, and availability.
- Operating cash costs per ounce sold* at Point Rousse in Q2 2021 were $2,144 (US$1,746), driven by lower production from lower mined grade and higher operating costs.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was $3,164 (US$2,577) for Q2 2021, which reflects increased mine development and the continued advancement of Stog'er Tight.
- The Company invested $4.1 million to advance its growth programs in Q2 2021, including $2.9 million on the Goldboro Gold Project relating to the PEA, Feasibility Study, and permitting to support the advancement of the significantly expanded Mineral Resource.
- Net loss for the three months ended June 30, 2021 was $2.2 million, or $0.01 per share, compared to net income of $2.0 million or $0.01 per share, for the three months ended June 30, 2020, driven predominantly by lower production and higher operating costs.
- On May 28, 2021, the Company completed a flow-through private placement under an agreement with Raymond James for gross proceeds of $8.5 million which will accelerate its highly prospective exploration programs in Atlantic Canada.
- The Company continued to announce encouraging drill results from its infill drill program at the Stog'er Tight Deposit, which are being incorporated into pit designs and a resource estimate in anticipation of a potential development scenario at Stog'er Tight.
- As of June 30, 2021, the Company had a cash balance of $14.6 million and working capital* of $11.8 million. In July 2021, the Company further strengthened its liquidity with a $3 million revolving credit facility with the Royal Bank of Canada, supported by ongoing cash flows from Point Rousse and providing further financial flexibility.

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

2021 Guidance

As a result of lower grade mined in Q1 2021 and a downward adjustment to its top-cut parameter to better reflect the actual results from mining and the resulting mill reconciliation, Anaconda revised its 2021 guidance on April 22, 2021 downward to 16,000 to 17,000 ounces of gold, from 18,000 and 19,000 ounces of gold in 2021. Mill feed will continue to be predominantly from mining at Argyle, with accelerated development in Q2 and Q3 2021 allowing for greater access to ore in the second half of the year. Throughput will be maintained 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 $1,625 and $1,675 per ounce of gold sold (US$1,225 - US$1,275 at an approximate exchange rate of 0.775), up from $1,425 and $1,475 per ounce of gold sold, reflecting the impact of operating cash costs per ounce sold in the first half of 2021 and the expected grade profile from Argyle over the remainder of the year. The operating cash costs for the second half of the year are expected to be between $1,450 and $1,500 (US$1,125 - US$1,175 at an approximate exchange rate of 0.775). The Company still anticipates grade to increase towards the end of 2021 at Argyle which, along with a decrease in the stripping ratio, will lead to a decrease in operating cash costs per ounce sold.

The Company expects to incur approximately $5,500,000 of sustaining capital expenditures for the mine and mill operations in 2021, a decrease from $6,600,000, as accelerated development in Q2 and Q3 2021 results in a lower allocation of mining costs to capital in the second half of the year. Looking further ahead at Point Rousse, the Company continues to see positive results from infill and expansion drilling at the Stog'er Tight extension and has advanced baseline permitting activities, given its strong potential to extend the life of mine of the Point Rousse operation.

Second Quarter 2021 Operating and Financial Review

Operational Performance - Gold production of 3,201 ounces was 12% lower than Q2 of the previous year due to lower grade from the initial benches at Argyle, however, it marked a 26% improvement from Q1 2021 due to better throughput and average recovery.

After the challenges encountered in the first quarter when commencing production at Argyle, particularly in shallowly dipping areas of the deposit, the Point Rousse operation has doubled production drill sampling to provide better grade definition on each bench and increased delineation drilling where drill density is lower. This has enabled an optimized preferential mining approach to minimize mining dilution. The top-cut parameter was also revised downward to better reflect the actual results from mining and the resulting mill reconciliation, enabling a better prediction of grade in the mine plan.

During Q2 2021, the mine operations moved 29,558 tonnes of ore which was approximately 50% lower than Q1 2021 as focus was on mine development to enhance access to higher-grade Argyle ore while awaiting a permit to modify Argyle Pond, located within the hanging wall of the deposit and within the open pit design, which has now been received. Mined ore was 73% lower than the corresponding period of 2020, when mine operations were focused in the higher-tonnage Pine Cove Pit. The strip ratio of 19.7 waste tonnes to ore tonnes reflects continued mine development, which is expected to remain elevated into the third quarter now that the Company has received the permit to modify Argyle Pond and continue pit development.

The Pine Cove Mill processed 117,030 tonnes during Q2 2021, a 26% increase compared to the first quarter of 2021 when the mill was impacted by unplanned maintenance relating to the ball mill and the jaw crusher. Availability and throughput returned to normal levels during the second quarter, consistent with the performance in the comparative period of 2020. The average grade during Q2 2021 of 0.98 g/t reflected the use of low-grade ore stockpile to supplement throughput. Despite the lower grade processed, the mill achieved an average recovery rate of 86.4%, an increase over the first quarter of 2021 and consistent with the corresponding quarter of 2020.

Financial Performance - Anaconda sold 3,156 ounces of gold during the second quarter of 2021, generating gold revenue of $6.9 million at an average realized gold price of C$2,197 per ounce (US$1,789).

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Revenue	**6,940,004**	8,356,088	**14,299,912**	18,891,109
Cost of operations				
Mining costs	**2,224,773**	2,589,012	**5,311,361**	5,061,557
Processing costs	**2,961,750**	2,466,037	**5,987,210**	4,931,873
Mine support costs	**519,949**	444,536	**972,578**	808,432
Inventory adjustment	**847,031**	(398,269)	**(268,524)**	239,055
Write-down of inventory to NRV	**58,000**	-	**2,529,000**	-
Operating expenses	**6,611,503**	5,101,316	**14,531,625**	11,040,917
Royalties	**161,107**	-	**348,601**	49,196
Depletion and depreciation	**1,444,037**	825,045	**1,997,958**	1,737,847
Total cost of operations	**8,216,647**	5,926,361	**16,878,184**	12,827,960
Mine operating (loss) income	**(1,276,643)**	2,429,727	**(2,578,272)**	6,063,149

Operating expenses for the three months ended June 30, 2021 were $6,611,503 compared to $5,101,316 in the comparative period of 2020. Operating expenses for Q2 2021 included mining costs of $2,224,773 which were 14% lower than the comparative period, primarily due to significantly lower tonnes mined as well as the impact of the capitalization of $1,198,666 in deferred stripping costs at Argyle. Argyle has higher blasting and haulage unit costs and a higher strip ratio in comparison to Pine Cove, which was being mined in the previous year. Processing costs of $2,961,750 in Q2 2021 were also higher than the comparative period primarily due to third-party crushing costs incurred while completing repairs on the jaw crusher. Operating expenses for Q2 2021 also included a $58,000 write-down to net realizable value of gold-in-circuit, reflecting the processing of lower grade marginal stockpiles in June 2021. Operating cash costs per ounce sold in the three months ended June 30, 2021 were C$2,144 (US$1,746), which were impacted by lower mine grade, as well as higher processing costs and the inventory adjustment relating to the draw-down of lower grade stockpiles.

The royalty expense for Q2 2021 was $161,107, reflecting the 3% net smelter return royalty that applies to Argyle. There were no royalty expenses in Q2 2020, as the Company was processing Pine Cove ore which was not subject to a net smelter return royalty. Depletion and depreciation for Q2 2021 was $1,444,037 a significant increase from $825,045 in Q2 2020 reflecting the capitalization of Argyle development since Q3 2020 and its ongoing depletion.

Mine operating loss for the three months ended June 30, 2021 was $1,276,643, compared to mine operating income of $2,429,727 in the corresponding period of 2020, the result of lower revenue and higher comparable operating costs during Q2 2021, in addition to higher depletion and depreciation recognized in the quarter.

Corporate administration costs were $841,643 for Q2 2021, an increase of 9% from Q2 2020, as the Company increased its marketing activities. In addition, the Company recognized a loss of $41,609 for the Company's share of loss from its equity accounted investments, Magna Terra and Novamera, during the three months ended June 30, 2021 (three months ended June 30, 2020 - $114,237).

Finance expense for the quarter was $39,708 for Q2 2021, lower than the comparative 2020 period reflecting the continued repayment of the $5 million term loan with the Royal Bank of Canada, of which $1,249,149 remained outstanding as of June 30, 2021.

In Q2 2021, the Company recorded a recovery of $91,652 as a deferred premium on flow-through shares, representing the proportion of the remaining qualifying exploration expenditures that were spent from the July 2020 flow-through financing in the three months ended June 30, 2021, along with qualifying exploration expenditures that were spent from the May 2021 flow-through financing during the period.

Net comprehensive loss for the three months ended June 30, 2021, was $2,202,251, or $0.01 per share, compared to net comprehensive income of $1,981,864, or $0.01 per share, for the three months ended June 30, 2020. The decline compared to the comparative period of 2020 was the result of lower production and higher operating costs and depreciation and depletion. This was offset by a lower net income tax expense, as the Company did not record a current income tax expense relating to provincial mining tax and recorded a deferred income tax recovery of $203,000 during the second quarter of 2021 (three months ended June 30, 2020 – $235,000 and a deferred income tax expense of $1,275,000, respectively).

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 2021 to advance the Company's strategy include:

- Announced the results of the Goldboro PEA on June 23, 2021, which demonstrates the potential for strong economics from both open pit and underground mine operations over an estimated 17.6-year life of mine, with an after-tax NPV 5% of $547 million and an after-tax IRR of 24.4% based on a gold price of $2,000 per ounce (US$1,550 at an exchange rate of 1.29 C$/US$).
- Announced an updated and significantly expanded Mineral Resource for the Goldboro Gold Project on February 22, 2021, which includes Measured and Indicated Mineral Resources of 1,946,100 ounces of gold and Inferred Mineral Resources of 798,100 ounces of gold.
- Completed a flow-through private placement under an agreement with Raymond James for gross proceeds of $8.5 million on May 28, 2021, which will accelerate its highly prospective exploration programs in Atlantic Canada.
- Announced encouraging drill results from its infill drill program at the Stog'er Tight Deposit, which are being incorporated into pit designs and a resource estimate in anticipation of a potential development scenario at Stog'er Tight.
- Strengthened its financial position with a $3 million revolving credit facility with the Royal Bank of Canada, supported by ongoing cash flows from Point Rousse and providing further financial flexibility.
- Initiated a new 3,500 metre diamond drill program at Goldboro, which is part of a broader 20,000 metre diamond drill program, with the aim of converting high priority Inferred Resources that reside within one of the constrained open pits outlined in the updated Mineral Resource.
- Continue to execute a 10,000-metre diamond drill program at the Tilt Cove Project, specifically at the highly prospective targets including the West Pond, East Pond, and Long Pond, which now comprises a total of 6,075 hectares of prospective mineral lands with a record of past gold and copper production.
- Commenced exploration programs at multiple locations at the Point Rousse Project and initiated preliminary environmental studies at the expanded Stog'er Tight Deposit, including environmental baseline work associated with Camp Pond geared towards attempting to extend the mine life at the Point Rousse complex.

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 within a 2.1 kilometre section of the Upper Seal Harbour anticline. The Deposit is exposed at surface and has been drill tested to a maximum of 550 metres depth and remains open in all directions for expansion.

➢ Moving Towards Development

In Q1 2021, Anaconda Mining announced an updated and significantly expanded Mineral Resource Estimate ("Mineral Resource") for Goldboro, which represents a step-change for the economic potential of the Project, especially with approximately 1.1 million ounces of Measured and Indicated Resources within constrained open pits. On June 23, 2021, the Company announced the results of the Goldboro PEA based on the updated Mineral Resource which demonstrates the potential for strong economics from both open pit and underground mine operations over an estimated 17.6-year life of mine, with continued opportunity for growth as the Deposit remains open in all directions. The PEA is supported with advanced metallurgical testing, refined mine and mill designs reflecting the expanded Mineral Resource, and updated operating and capital cost estimates. Highlights of the PEA include:

- After-tax NPV 5% of $547 million and an after-tax IRR of 24.4%, with an after-tax payback of 3.2 years based on a gold price of $2,000 per ounce (US$1,550 at an exchange rate of 1.29 C$/US$).
- Pre-tax NPV 5% of $805 million and a pre-tax IRR of 29.0%, with a pre-tax payback period of 2.9 years.
- Total gold recovered of over 1,950,000 ounces over a 17.6-year life of mine, based on 15.0 Mt at 2.09 grams per tonne ("g/t") gold from surface mining, 6.0 Mt at 4.89 g/t gold from underground mining, and 3.2 Mt at 0.63 g/t gold from a low-grade stockpile.
- Goldboro could generate an estimated $3.9 billion of gross revenue, approximately $1.6 billion in undiscounted pre-tax net cash flow, and over $481 million in federal and provincial tax payments.
- Initial capital cost ("Capex") of $286 million resulting in an after-tax NPV 5% to Capex ratio of 1.9.
- Average gold production of over 89,500 ounces per year over the first 7 years of production from surface mining, increasing to average annual production of over 120,000 ounces in years 8 through 18.
- Life-of-Mine Operating Cash Costs of $862 (US$668) per ounce sold and All-In Sustaining Costs ("AISC") of $1,031 (US$799) per ounce sold.

The Company has engaged Nordmin Engineering Inc. ("Nordmin") to complete a Feasibility Study focused on the initial 10 years of surface mining based on the updated Mineral Resource, which is anticipated to be released in Q4 2021. In parallel with the ongoing Feasibility Study work, the Company is proceeding with environmental baseline testing and other permitting activities for the Project. This includes a more expanded scope of work in light of the significant step-change in the potential size of the Project, which will support the filing of an Environmental Assessment Registration Document ("EARD") in the fourth quarter of 2021 with Nova Scotia Environment, a key step in the process towards the Industrial Approval and Mining Lease. GHD Limited ("GHD") is 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.

➢ **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 as outlined in a technical report, entitled "NI 43-101 Technical Report and Mineral Resource Estimate, Goldboro Gold Project, Eastern Goldfields District, Nova Scotia". 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.

The constrained open pits outlined in the Mineral Resource were designed using only Measured and Indicated Resources, which in the process captured a portion of Inferred Resources. This provides the immediate opportunity to infill and upgrade those Inferred Resources into the Measured and Indicated categories to support the ongoing Feasibility Study. Accordingly, the Company initiated a new 3,500 metre diamond drill program in Q1 2021, with the aim of converting high priority Inferred Resources that reside within one of the constrained open pits outlined in the updated Mineral Resource. The Company is also evaluating further opportunities beyond this program to expand the open pit portion of the Mineral Resource, particularly by targeting Inferred Resources adjacent to the constrained open pits.

Mineral Resource Statement for the Goldboro Gold Project

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.

- **Goldboro Bulk Sample**

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. 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 2019 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 a separate claim 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.

- **Point Rousse - Production and Operating Cash Flow**

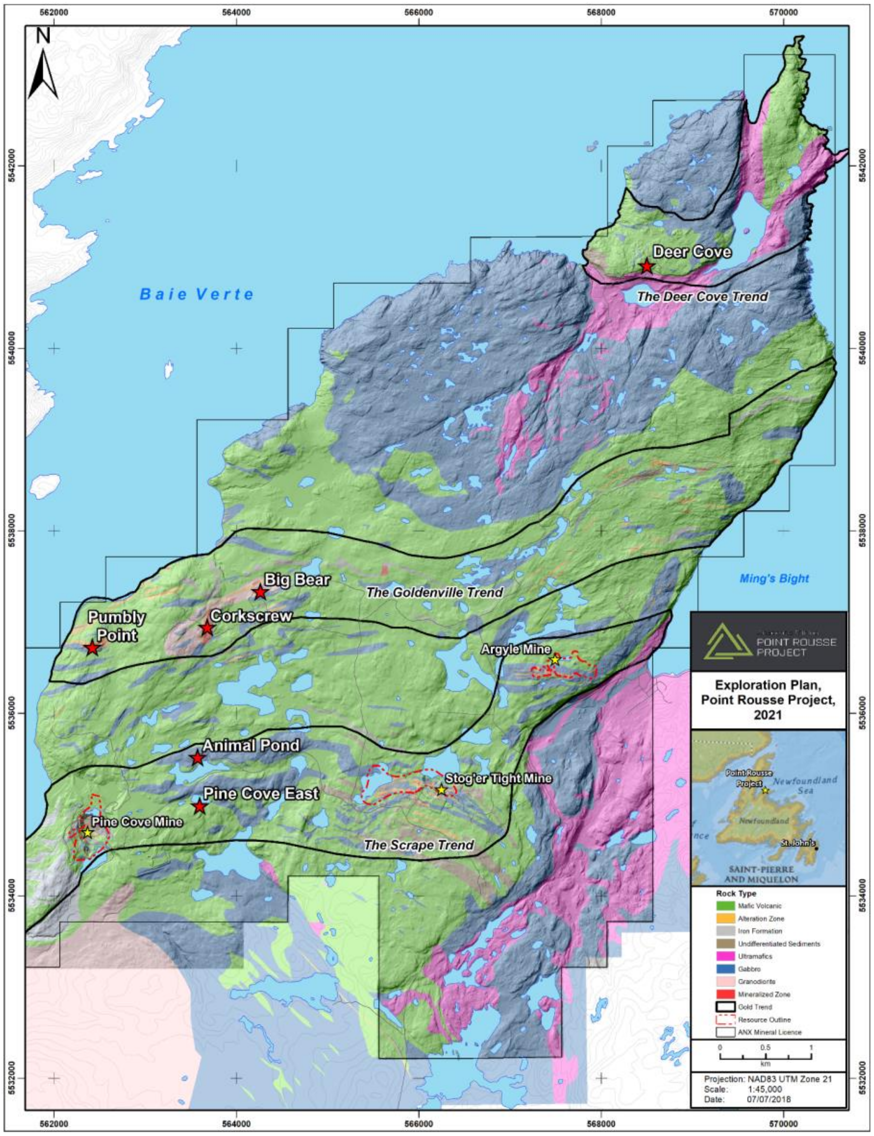
The Point Rousse Complex is located in the Baie Verte Mining District in the north-central part of Newfoundland, accessible year-round by paved roads and a 5.5-kilometre mine road. Point Rousse includes the Pine Cove open pit, the Stog'er Tight Mine and deposit, and the currently producing Argyle Gold 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 approximately 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 16,000 and 17,000 ounces of gold from the Point Rousse operation in 2021. The mine operations will be exclusively focused on production from the Argyle Mine, which together with existing stockpiles will contribute approximately 80% of mill throughput in the upcoming year, with mill throughput supplemented by Pine Cove and marginal stockpiles.

- **Exploration Upside and Mine Life Extension**

Anaconda has identified prospective near-mine targets that the Company has initiated and/or completed exploration activities that have the potential of extending the life of the Point Rousse operation. In July 2021, the Company commenced a $1.5 million exploration program which consists of 100-line kilometres of a ground Induced Polarization ("IP") geophysical survey to aid in defining drill targets in three priority target areas, followed up by an initial 6,000 metres of diamond drilling. The priority targets in the Scrape Trend and the Goldenville Trend are located within 3.5 kilometres of the operating Pine Cove Mill and Tailings storage facility, and the Deer Cove Trend targets are within 9 kilometres. All targets have the potential to continue to extend the mine life at the Point Rousse operation.



Highlights of the prospective targets include:

- **Pumbly Point:** A prospective geological sequence equivalent to the highly prospective Nugget Pond Horizon where recent drilling intersected 1.89 g/t gold over 7.8 metres, a drill program of 1,000 metres will target a further 850 metres of strike;
- **Corkscrew**: An altered, quartz-veined and pyrite bearing granodiorite of at least 400 metres long, that is between 40 and 100 metres thick and where historic drilling intersected 1.87 g/t gold over 11.5 metres;

- **Big Bear**: Hosted within altered and mineralized granodiorite characterized by quartz veins and disseminated pyrite, where historic chip samples returned 1.60 g/t gold over 4.0 metres and grab samples assayed up to 8.23 g/t gold;
- **Animal Pond**: Analogous to Stog’er Tight mineralization, geophysics and drilling will follow-up on historic chip samples assaying up to 3.96 g/t gold over 5.2 metres and drilling that outlined broad zones of alteration;
- **Pine Cove East**: The program will follow up on recent drilling that intersected Pine Cove-style alteration; and
- **Deer Cove Trend**: Consisting of a zone of prospective rocks approximately 3.5 kilometres in strike length with historic high-grade intercepts, drilling will test multiple priority gold targets along the Deer Cove Thrust.

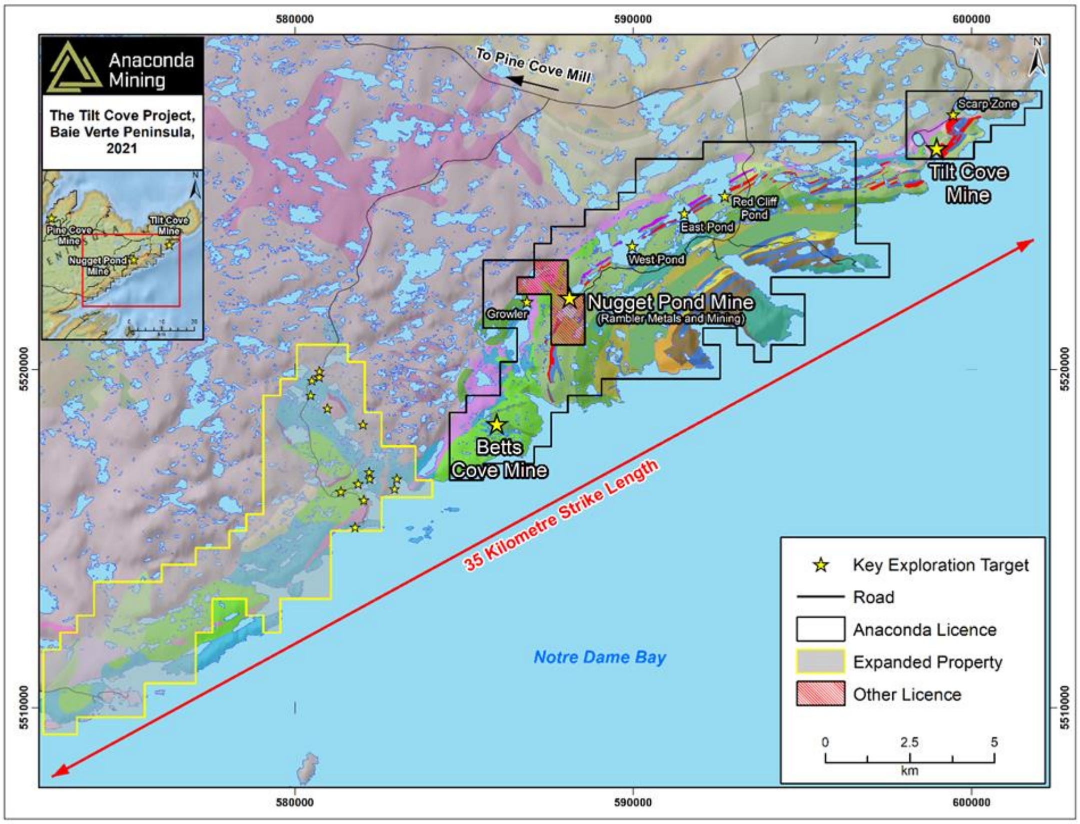
At the Stog’er Tight Deposit, the Company has continued to be encouraged by drill results both from infill and expansion drill programs. The recent infill drill program was primarily focused on the Camp Pond area of the Stog'er Tight Deposit, located three kilometres from the Pine Cove Mill and Tailings Facility. Highlights included:

- **8.46 g/t gold over 5.0 metres** (41.0 to 46.0 metres), including 34.00 g/t gold over 1.0 metre in diamond drill hole BN-21-429;
- **7.91 g/t gold over 6.0 metres** (89.0 to 95.0 metres), including 20.30 g/t gold over 1.0 metre in diamond drill hole BN-21-447;
- **1.54 g/t gold over 29.4 metres** (6.6 to 36.0 metres), including 15.90 g/t gold over 1.0 metre in diamond drill hole BN-21-470;
- **4.72 g/t gold over 7.0 metres** (64.0 to 71.0 metres) including 19.50 g/t gold over 1.0 metres; and **0.84 g/t gold over 10.0 metres** (27.0 to 37.0 metres) in diamond drill hole BN-21-468;
- **1.60 g/t gold over 15.4 metres** (35.6 to 51.0 metres), including 8.10 g/t gold over 0.5 metres in diamond drill hole BN-21-474;

The results from this infill drill program in the Camp Pond area, in combination with other recent Stog'er Tight drill results, will enable the Company to update its internal pit designs and associated resource estimates for the Stog'er Tight Deposit, plan any further drilling required to finalize the mineral resource, and identify other areas of opportunity adjacent to the deposit in anticipation of a potential development scenario at Stog'er Tight.

Based on the success of the Infill Drill Program, the Company has initiated an 850 metre geotechnical drilling and ground water monitoring program to support detailed pit design and to obtain relevant environmental data to support ongoing environmental assessment work. Preliminary environmental studies have been initiated at the expanded Stog'er Tight Deposit, including environmental baseline work associated with Camp Pond, which is anticipated to be impacted by potential development west of the Stog'er Tight Mine. Fox Pond, located east of Camp Pond, was similarly underlain by the Stog'er Tight Deposit which was successfully mined in 2018 and 2019 by partial dewatering of the pond under appropriate Provincial and Federal Government authorizations.

➢ **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.

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.

On May 27, 2021, Anaconda announced the results from 6,327 metres of diamond drilling at the Tilt Cove Project, which included 4.99 g/t gold over 4.0 metres (135.0 to 139.0 metres), including 17.40 g/t gold over 1.0 metre in diamond drill hole EP-21-09 along the Red Cliff Horizon and 1.74 g/t gold over 12.0 metres (89.0 to 100.0 metres), including 11.43 g/t gold over 1.0 metre in diamond drill hole BC-21-05. Gold mineralization was intersected at the East Pond and Betts Cove targets. At East Pond, drilling intersected significant mineralization associated with quartz veins within the Red Cliff Horizon. At Betts Cove, drilling intersected gold mineralization over a 100-metre strike associated with a past producing Betts Cove copper mine.

Liquidity and Capital Resources

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

(In $)	**June 30, 2021**	December 31, 2020
Cash and cash equivalents	**14,568,737**	14,634,595
Inventory	**4,482,900**	6,830,360
Other current assets	**1,591,272**	1,499,291
	20,642,909	22,964,876
Trade and other payables	**6,097,917**	4,796,494
Current taxes payable	**-**	1,863,000
Current portion of loans	**1,665,873**	1,889,080
Other current liabilities	**1,119,205**	477,831
	8,882,995	9,026,405
Working capital*	**11,759,914**	13,938,471

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

As of June 30, 2021, the Company had working capital of $11,759,914, which included cash and cash equivalents of $14,568,737. The increase in trade and other payables reflects the higher operating costs incurred in Q2 2021 and was also impacted by the timing of exploration activities at Goldboro and Point Rousse. Current taxes payable reflects the Newfoundland mining taxes payable for year ended December 31, 2020, which was paid in the first half of 2021. The increase in other current liabilities is a result of the flow-through premium recorded during Q2 2021 in relation to the flow-through private placement completed in May 2021, representing the difference between the market price of the Company's shares upon closing and the cash consideration received in exchange for the flow-through common shares, less the proportion of the transaction costs associated with the flow-through portion of the private placement.

The current portion of loans includes $1,249,149 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 $3,000,000 revolving credit facility under a Line of Credit Agreement, a $1,000,000 revolving demand facility, and a $750,000 revolving equipment lease line of credit with RBC. The $3,000,000 revolving credit facility was obtained in July 2021. 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 June 30, 2021, there were outstanding balances of $908,119 and $23,456 on the revolving demand facility and revolving equipment lease line of credit, respectively, and as at the date of this MD&A, the revolving credit facility remains undrawn.

Cash Flow Analysis

Anaconda used $1,817,960 in operating cash flows during the three months ended June 30, 2021, which included the $1,893,345 payment of the 2020 Newfoundland mining taxes, as well as corporate administration costs of $841,643. The Point Rousse Project generated EBITDA of $137,320 (refer to Non-IFRS Measures section), based on gold sales of 3,156 ounces at an average gold price of C$2,197 per ounce sold and operating cash costs of C$2,144 per ounce sold. Operating cash flows were also impacted by changes in working capital, namely the increase in accounts payable and a decrease in stockpiled inventory.

The Company continued to invest in its key growth projects in Newfoundland and Nova Scotia in Q2 2021, spending $4,141,340 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals as of June 30, 2021), primarily on the continued advancement of the Goldboro Project ($2,876,294). The Company also invested $1,519,300 into the property, mill and equipment at the Point Rousse operation, with capital investment focused on development activity at Argyle during Q2 2021.

Financing activities during Q2 2021 included $7,790,718 in net proceeds from the flow-through private placement completed in May 2021, $6,000 from the exercise of warrants, $210,061 from the exercise of stock options, and the ongoing repayment of the RBC term loan, and other loans and lease obligations.

Commitments

As of June 30, 2021, the Company has the following contractual obligations:

	1 year $	1 - 3 years $	More than 3 years $	**Total** **$**
Trade payables and accrued liabilities	6,097,917	-	-	**6,097,917**
RBC loan	1,249,149	-	-	**1,249,149**
Provincial government loan	84,225	21,484	-	**105,709**
Federal government loan	96,800	-	-	**96,800**
Lease liabilities	235,699	210,194	-	**445,893**
Flow-through commitment	1,074,817	-	-	**1,074,817**
Interest payable	48,332	7,341	414	**56,087**
	8,886,939	239,019	414	**9,126,372**

As at June 30, 2021, the Company has a commitment to spend $7,969,828 of flow-through funds on eligible exploration expenses, related to the private placement completed in May 2021.

In the second quarter of 2021, the Company locked into forward sales on a delivery basis for a total of 1,511 ounces of its production for the third quarter of 2021. The gold price for the orders was locked in at an average of $2,244 per ounce with delivery in the third quarter of 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. As at June 30, 2021, the Company has determined it has approximately $15 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 June 30, 2021, 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 approximately 25% of the value of surety bonds.

Outstanding Share and Equity Instrument Information

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

	June 30, 2021	December 31, 2020
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	**174,081,444**	153,953,798
Issued: Common share purchase warrants	**5,482,500**	11,810,665
Issued: Stock options	**3,133,751**	5,930,834
Issued: Share units	**2,017,112**	1,466,567

As at the date of this MD&A, the fully paid common shares outstanding of Anaconda was 174,251,444. Subsequent to June 30, 2021, 170,000 warrants were exercised.

The terms of the Company's equity incentive plans, including the stock options plan and share unit plan, are outlined in the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2021.

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 June 30, 2021, the Company had a net working capital of $11,759,914 (December 31, 2020 - $13,938,471), including cash and cash equivalents of $14,568,737 (December 31, 2020 - $14,634,595).

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 June 30, 2021, 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)	**Q2 2021**	**Q1 2021**	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**	**Q3 2019**
Revenue	6,940	7,360	9,988	12,704	8,356	10,535	6,507	8,779
Mine operating (loss) income	(1,277)	(1,302)	3,596	7,163	2,429	3,633	1,588	2,824
Net (loss) income	(2,202)	(2,497)	792	3,983	1,982	1,471	(230)	1,083
Net (loss) income per share (basic and diluted) *($ per share)*	(0.01)	(0.02)	0.01	0.03	0.01	0.01	(0.00)	0.01
Cash flow from operations	(1,818)	536	2,080	6,184	1,444	4,380	(209)	3,217
Total assets	87,229	83,469	81,397	77,257	67,083	65,769	63,758	65,791
Non-current liabilities	7,023	7,084	7,530	5,778	6,024	6,670	6,903	6,247

Related Party Transactions

Remuneration of Key Management and Transactions with Related Parties

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

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Salaries, bonuses, fees and short-term benefits ($)	**173,754**	175,187	**325,345**	391,325
Share-based compensation ($)	**18,500**	67,501	**79,164**	139,340
	192,254	242,688	**404,509**	530,665

As at June 30, 2021, included in trade and other payables is $37,000 (December 31, 2020 - $215,000) of amounts due for directors' fees and bonuses.

Magna Terra Minerals Inc.

The Company and Magna Terra have certain key management personnel in common. As described in Note 10 of the condensed interim 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 June 30, 2021, included in trade and other receivables is $181,229 (December 31, 2020 - $81,612) 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 June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Operating expenses per the consolidated statement of comprehensive income, including royalties	**6,772,610**	5,101,316	**14,880,226**	11,090,113
By-product silver sales credit	**(5,405)**	(8,437)	**(12,025)**	(19,819)
By-product aggregates sales credit	**-**	-	**-**	-
Operating cash costs ($)	**6,767,205**	5,092,879	**14,868,201**	11,070,294
Sustaining expenditures – property, mill and equipment	**1,519,300**	530,983	**2,305,469**	1,190,325
Sustaining expenditures – exploration and evaluation	**574,201**	274,200	**1,336,609**	605,396
Corporate administration costs	**841,643**	771,640	**1,792,731**	1,631,819
Share-based compensation	**275,135**	113,908	**428,784**	218,584
Rehabilitation – accretion and amortization (operating)	**7,921**	1,005	**6,573**	4,071
All-in sustaining cash costs (“AISC”) ($)	**9,985,405**	6,784,615	**20,738,367**	14,720,489
Gold ounces sold	**3,156**	3,712	**6,275**	8,843
Operating cash costs per ounce sold ($ / ounce)	**2,144**	1,372	**2,369**	1,252
AISC per ounce sold ($ / ounce)	**3,164**	1,828	**3,305**	1,665
Average US Dollar exchange rate during period	**0.8144**	0.7221	**0.8023**	0.7332
Operating cash costs per ounce sold (US$ / ounce)	**1,746**	991	**1,901**	918
AISC per ounce sold (US$ / ounce)	**2,577**	1,320	**2,652**	1,221

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 June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Gold revenue ($)	**6,934,599**	8,347,651	**14,287,887**	18,871,290
Gold ounces sold	**3,156**	3,712	**6,275**	8,843
Average realized gold price per ounce sold ($)	**2,197**	2,249	**2,277**	2,134
Average US Dollar exchange rate during period	**0.8144**	0.7221	**0.8023**	0.7332
Average realized gold price per ounce sold (US$)	**1,789**	1,624	**1,827**	1,565

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") - EBITDA is earnings before 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 June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Net income (loss), per the consolidated statement of comprehensive income (loss)	**(2,202,251)**	1,981,864	**(4,699,101)**	3,453,263
Adjustments:				
Finance expense	**39,708**	52,521	**83,806**	124,561
Current income tax expense (recovery)	**-**	235,000	**30,345**	587,528
Deferred income tax expense (recovery)	**(203,000)**	1,275,000	**(252,000)**	2,101,000
Depletion and depreciation	**1,444,037**	825,045	**1,997,958**	1,737,847
EBITDA	**(921,506)**	4,369,430	**(2,838,992)**	8,004,199
Corporate administration	**841,643**	771,640	**1,792,731**	1,631,819
Gain on partial sale of a subsidiary	**-**	(1,902,894)	**-**	(1,902,894)
Share of loss from equity accounted investments	**41,609**	114,237	**238,127**	114,237
Write-down of exploration and evaluation assets	**-**	15,310	**-**	15,310
Stock-based compensation	**275,135**	113,908	**428,784**	218,584
Deferred premium on flow-through shares	**(91,652)**	(97,004)	**(233,714)**	(264,680)
Other income	**(7,910)**	(124,813)	**(16,481)**	(63,257)
Point Rousse Project EBITDA	**137,320**	3,259,814	**(629,544)**	7,753,318

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 filed on SEDAR under the Anaconda Mining profile. The occurrence of any one, or combination of, the aforementioned risks could materially adversely impact the Company's business and as a result, the trading price of the Company's common shares could decline and investors could lose part or all of their investment.

COVID-19 Pandemic

The 2019 novel strain of coronavirus causing a contagious respiratory disease known as COVID-19, which was declared a global pandemic by the World Health Organization on March 11, 2020, poses a material risk to our business and operations. If a significant portion of our workforce becomes unable to work due to illness or provincial or federal government restrictions (included travel restrictions, 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, 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 1 to the condensed interim consolidated financial statements for the three and six months ended June 30, 2021, and Note 2 to the audited annual 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.

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, 2020. For related details, please refer to the Company's condensed interim consolidated financial statements, which are available on the Company's website and on SEDAR.

COVID-19 Pandemic

The 2019 novel coronavirus ("COVID-19") was characterized as a global pandemic by the World Health Organization on March 11, 2020. Point Rousse continues to operate and 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 June 30, 2021. 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.

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 June 30, 2021, designed Disclosure Controls and Procedures (as defined in National Instrument NI 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 June 30, 2021.

Internal Control over Financial Reporting

Anaconda's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management used the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to design, and evaluate the effectiveness of, the Company's internal controls for the year ended December 31, 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 the three and six months ended June 30, 2021, 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.