



Anaconda
Mining

Management Discussion and Analysis

For the three month periods ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

ANACONDA MINING INC.

Q1 2021 MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis (“MD&A”) dated May 5, 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 months ended March 31, 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 months ended March 31, 2021 and March 31, 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 months ended March 31, 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 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), and which is 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, 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 Rouse 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.

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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. The Company filed the related technical report prepared in accordance with National Instrument 43-101 (“NI 43-101”) on March 30, 2021.

In April 2021, the Company announced that it had entered into an agreement with Raymond James Ltd. (“Raymond James”) for a marketed offering of up to \$8.5 million by way of private placement of flow-through common shares (“FT Shares”) in the capital of the Company (the “Offering”). Up to 10,241,000 FT Shares will be offered under the Offering at a price of \$0.83 per FT Share. There can be no assurance as to whether or when the Offering may be completed, or as to the actual final size of the Offering. The Offering is expected to close on or about May 20, 2021, or such other date as agreed between the Company and Raymond James.

Consolidated Results Summary

Financial Results	Three months ended March 31, 2021	Three months ended March 31, 2020
Revenue (\$)	7,359,908	10,535,021
Cost of operations, including depletion and depreciation (\$)	8,661,537	6,901,599
Mine operating (loss) income (\$)	(1,301,629)	3,633,422
Net (loss) income (\$)	(2,496,850)	1,471,399
Net (loss) income per share (\$/share) – basic and diluted	(0.02)	0.01
Cash generated from operating activities (\$)	536,039	4,380,125
Capital investment in property, mill and equipment (\$)	786,169	659,342
Capital investment in exploration and evaluation assets (\$)	2,826,542	1,096,630
Average realized gold price per ounce*	US\$1,862	US\$1,526
Operating cash costs per ounce sold*	US\$2,052	US\$867
All-in sustaining cash costs per ounce sold*	US\$2,724	US\$1,151
	March 31, 2021	December 31, 2020
Working capital* (\$)	11,295,448	13,938,471
Total assets (\$)	83,469,058	81,396,971
Non-current liabilities (\$)	7,083,886	7,529,640

*Refer to Non-IFRS Measures section for reconciliation

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Operational Results	Three months ended March 31, 2021	Three months ended March 31, 2020
Ore mined (t)	59,157	103,222
Waste mined (t)	551,706	561,763
Strip ratio	9.3	5.4
Ore milled (t)	92,533	113,136
Grade (g/t Au)	1.01	1.57
Recovery (%)	84.9	87.4
Gold ounces produced	2,540	4,997
Gold ounces sold	3,119	5,132

Highlights for the Three Months Ended March 31, 2021

- Anaconda sold 3,119 ounces of gold in Q1 2021, generating metal revenue of \$7.4 million at an average realized gold price* of \$2,358 (US\$1,862) per ounce sold.
- Point Rousse produced 2,540 ounces of gold in Q1 2021, a 49% decrease compared to Q1 2020, driven mainly by lower mined grade from the initial benches of Argyle and lower mill throughput.
- Mine operations moved 59,157 tonnes of ore during the first quarter from Argyle, ahead of plan for 2021, however mined grade was 35% lower than the mine plan due to higher mining dilution, particularly in shallow dipping areas of the deposit.
- Point Rousse has now implemented programs to increase grade definition and ore delineation drilling and has adopted preferential mining methods for shallowly dipping areas of the Argyle Deposit.
- 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, the Company has revised its 2021 guidance downward to 16,000 to 17,000 ounces of gold produced.
- The Pine Cove Mill processed 92,533 tonnes during Q1 2021 and achieved a recovery rate of 84.9%, a decrease in throughput of 18% compared to Q1 2020, the result of unplanned maintenance relating to the ball mill and the jaw crusher. As at the date of this MD&A, throughput is running at budgeted levels.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q1 2021 were \$2,597 (US\$2,052), driven by lower production from lower mined grade and higher operating costs.
- The operating cash costs per ounce* for the remainder of the year (Q2 through Q4) are expected to be between \$1,450 and \$1,500 (US\$1,125 - US\$1,175). Operating cash costs per ounce* for the full year are now expected to be between \$1,625 and \$1,675 per ounce of gold sold (US\$1,225 - US\$1,275) (based on an exchange rate of 0.775).
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was \$3,449 (US\$2,724) for Q1 2021.
- In Q1 2021, the Company invested \$2.8 million in its exploration and development projects, including \$1.5 million on the Goldboro Gold Project in Nova Scotia relating to the Feasibility Study, permitting, and ongoing diamond drilling to support the advancement of the significantly expanded Mineral Resource.
- Net loss for the three months ended March 31, 2021 was \$2,496,850, or \$0.02 per share, compared to net income of \$1,471,399, or \$0.01 per share, for the three months ended March 31, 2020, driven predominantly by lower production and higher operating costs, including a write-down of inventory of \$2.5 million.
- In April 2021, the Company announced it had entered into an agreement with Raymond James for a marketed offering of up to \$8.5 million by way of private placement of flow-through common shares ("FT Shares"), expected to close in May 2021, to accelerate its highly prospective exploration programs in Atlantic Canada.
- Ongoing drilling at the Stog'er Tight Deposit continues to provide encouraging results, both from an infill and expansionary perspective. Based on these results, the Company is updating its internal pit designs and resource estimates in anticipation of potential development at Stog'er Tight.
- As of March 31, 2021, the Company had a cash balance of \$14.5 million and working capital* of \$11.3 million.

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

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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 has revised its 2021 guidance 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 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 now 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 Q1 2021 and the expected grade profile from Argyle over the remainder of the year. The operating cash costs for the remainder of the year (Q2 through Q4) 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 marked decrease in operating cash costs per ounce sold.

The Company now 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 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.

First Quarter 2021 Operating and Financial Review

Operational Performance - Gold production of 2,540 ounces was 49% lower than Q1 2020, predominantly driven by lower mined grade from certain benches at Argyle and lower mill throughput.

During Q1 2021, the mine operations moved 59,157 tonnes of ore which was higher than plan for the quarter, however a decrease of 43% compared to the comparable period of 2020 when Point Rousse was mining in the higher-tonnage Pine Cove Pit. The strip ratio of 9.3 waste tonnes to ore tonnes was lower than planned for the first quarter, due to a combination of earlier development in Q4 2020 and an expected acceleration of mine development in Q2 2021, when the strip ratio will increase to provide increased access to ore in Q3 and Q4 of 2021. However, the impact of a 35% lower mine grade significantly impacted production, particularly in shallowly dipping areas of the Argyle Deposit.

To improve production moving forward, the mine operations have doubled production drill sampling to provide better grade definition on each bench and increased delineation drilling where drill density is lower. This will enable an optimized preferential mining approach, especially for shallower dipping areas of the Argyle Deposit, to minimize mining dilution. Point Rousse has also revised its top-cut parameter downward to better reflect the actual results from mining and the resulting mill reconciliation to provide a better prediction of grade in the mine plan.

The Pine Cove Mill processed 92,533 tonnes during Q1 2021, a decrease of 18% compared to the first quarter of 2020, due to unplanned maintenance relating to the ball mill and the jaw crusher. Operating risk mitigation plans were executed successfully and while COVID-19 did impact the delivery and timing of certain equipment, throughput has returned to budgeted levels. The average grade during Q1 2021 of 1.01 g/t reflected in part by the mining challenges noted above, which had an attendant impact on the average recovery rate of 84.9%, reflecting a decrease of 3% compared to the first quarter of 2020.

Financial Performance - Anaconda sold 3,119 ounces of gold during the first quarter of 2021, generating gold revenue of \$7.4 million at an average realized gold price of C\$2,358 per ounce (US\$1,862).

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	Three months ended March 31, 2021	Three months ended March 31, 2020
Revenue	7,359,908	10,535,021
Cost of operations		
Operating expenses	7,920,122	5,939,601
Royalties	187,494	49,196
Depletion and depreciation	553,921	912,802
Total cost of operations	8,661,537	6,901,599
Mine operating (loss) income	(1,301,629)	3,633,422

Operating expenses for the three months ended March 31, 2021 were \$7,920,122 compared to \$5,939,601 in the three months ended March 31, 2020. Operating expenses for the most recent quarter included a \$2,471,000 write-down to net realizable value of gold-in-circuit and ore in stockpiles, reflecting the significantly higher operating cash costs per ounce due to the 35% decrease in mine grade. Operating expenses for Q1 2021 included mining costs of \$3,086,588 which were 25% higher than the comparative period, primarily due to higher unit costs and the higher strip ratio at Argyle in Q1 2021 compared to Pine Cove in Q1 2020. Processing costs of \$3,025,460 in Q1 2021 were also higher than the comparative period primarily due to increased crushing costs resulting from unplanned maintenance on the jaw crusher. Operating cash costs per ounce sold in the first three months of fiscal 2021 were C\$2,597 (US\$2,052), which were impacted by lower mine grade, as well as higher operating costs. Operating cash costs per ounce for the full year are now 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 Q1 2021 and the expected grade profile from Argyle over the remainder of the year. The operating cash costs for the remainder of the year (Q2 through Q4) 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 royalty expense for Q1 2021 was \$187,494 compared to \$49,146 in Q1 2020, reflecting the 3% net smelter return royalty that applies to Argyle. Prior year royalty expense related to the processing of residual Stog'er Tight stockpiles. Depletion and depreciation for the three months ended March 31, 2021 was \$553,921, a significant decrease from \$912,802 in Q1 2020 reflecting the lower production in Q1 2021.

Mine operating loss for the three months ended March 31, 2021 was \$1,301,629, compared to mine operating income of \$3,633,422 in the corresponding period of 2020, with lower revenue and higher comparable operating costs during Q1 2021 being further impacted by a \$2,471,000 write-down to net realizable value of gold-in-circuit and ore in stockpiles.

Corporate administration costs were \$951,088 for the first three months of fiscal 2021, an increase of 11% from Q1 2020, as the Company increased its marketing activities. In addition, the Company recognized a loss of \$196,518 for the Company's share of loss from its equity accounted investments, Magna Terra and Novamera, during the three months ended March 31, 2021 (three months ended March 31, 2020 - \$nil).

Finance expense for the quarter was \$44,098 for Q1 2021, compared to \$72,040 for the three months ended March 31, 2020. Finance costs were lower than the comparative 2020 period as a result of the continued repayment of the \$5 million term loan with the Royal Bank of Canada, of which \$1,614,845 remained outstanding as of March 31, 2021.

In Q1 2021, the Company recorded a recovery of \$142,062 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 March 31, 2021.

Net comprehensive loss for the three months ended March 31, 2021, was \$2,496,850, or \$0.02 per share, compared to net comprehensive income of \$1,471,399, or \$0.01 per share, for the three months ended March 31, 2020. The decline compared to the comparative period of 2020 was the result of lower production and higher operating costs, including a write down of inventory to net realizable value. This was offset by a lower net income tax expense, as the Company recorded a current income tax expense of \$30,345 relating to provincial mining tax and a deferred income tax recovery of \$49,000

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during the three months ended March 31, 2021 (three months ended March 31, 2020 – \$352,528 and a deferred income tax expense of \$826,000, 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 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.
- Initiated a Preliminary Economic Assessment ("PEA") for Goldboro which will incorporate the results of the updated Mineral Resource, anticipated in Q2 2021, allowing the Company to demonstrate the economic potential of the significantly larger project.
- In April 2021, the Company announced it had entered into an agreement with Raymond James for a marketed offering of up to \$8.5 million by way of private placement of flow-through common shares ("FT Shares"), expected to close in May 2021, to accelerate its highly prospective exploration programs in Atlantic Canada.
- Initiated a new 3,500 metre diamond drill program at Goldboro 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 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.
- Commenced exploration programs at multiple locations at the Point Rouse 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 Rouse 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. The Company has engaged Nordmin Engineering Inc. ("Nordmin") to complete a Feasibility Study based on the updated Mineral Resource. In the short-term, Anaconda has also initiated a PEA with Nordmin to allow the Company to demonstrate the economic potential of this significantly larger Project to all stakeholders. The PEA is anticipated to be released in Q2 2021 and the Study is anticipated being 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.

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➤ **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.

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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. 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 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 Rouse Complex and the Tilt Cove Gold Project.



➤ **Production and Operating Cash Flow – The Point Rouse Complex**

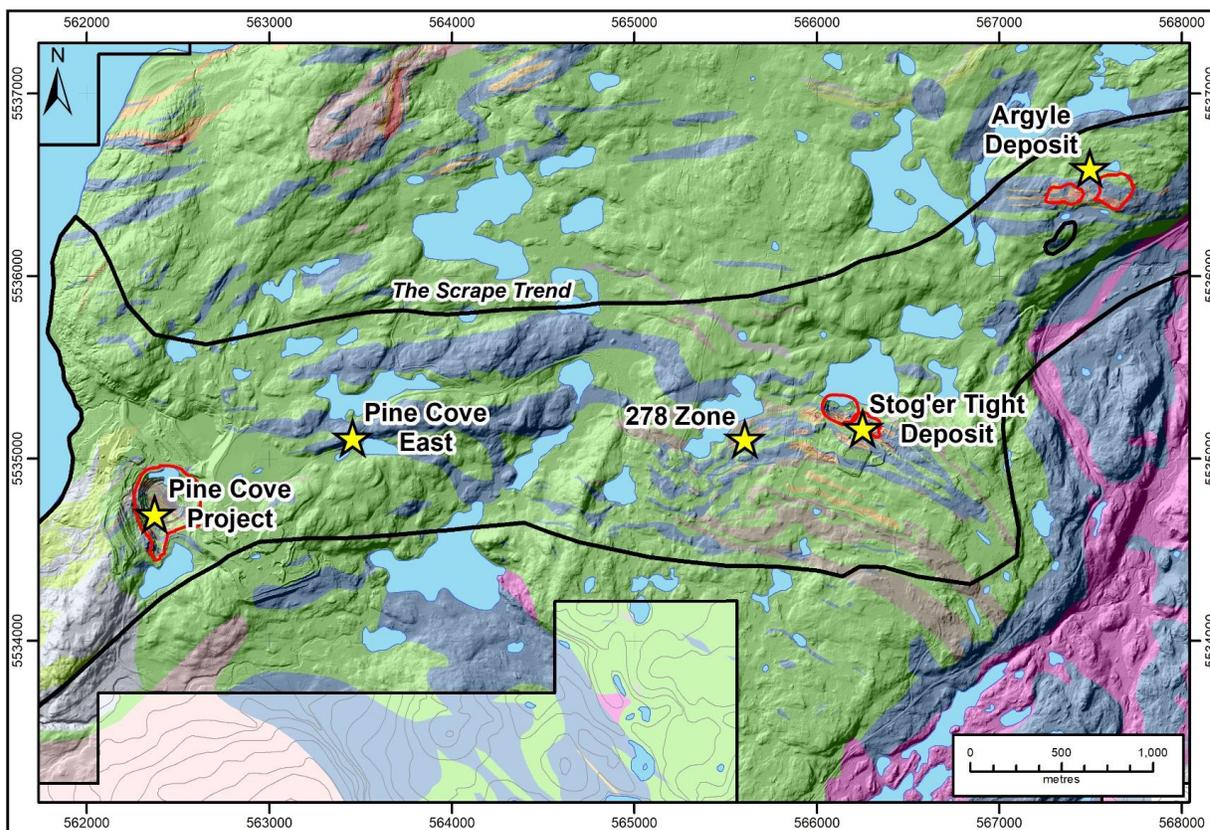
The Point Rouse Complex is located in the Baie Verte Mining District in the north-central part of Newfoundland, accessible year-round by paved roads and a 5.5-kilometre mine road. Point Rouse includes the Pine Cove open pit, the Stog'er Tight Mine and deposit, and the currently producing Argyle Gold Mine. Point Rouse 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 16,000 and 17,000 ounces of gold in 2021 from the Point Rouse operation. 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 Rouse operation.



In particular, the Company has continued to be encouraged by drill results at Stog'er Tight, both from infill and expansion drilling. 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;
- 9.26 g/t gold over 3.0 metres (6.0 to 9.0 metres), including 27.00 g/t gold over 1.0 metre in diamond drill hole BN-21-449;
- 3.11 g/t gold over 4.0 metres (12.0 to 16.0 metres) in diamond drill hole BN-21-428; and
- 0.87 g/t gold over 6.0 metres (5.0 to 11.0 metres) in diamond drill hole BN-21-454.

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.

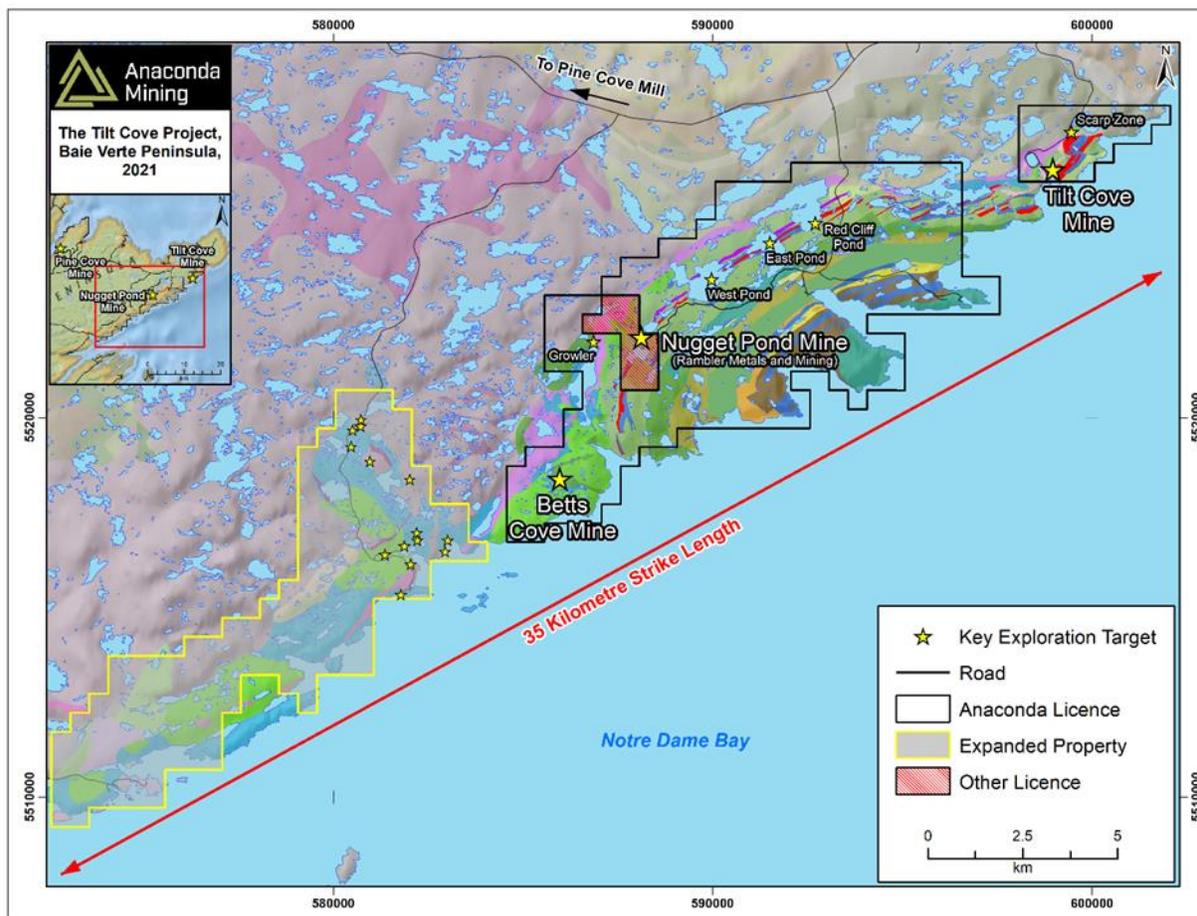
Preliminary environmental studies have been initiated at the expanded Stog'er Tight Deposit, including environmental baseline work associated with Camp Pond, which is anticipated to be impacted by potential development west of the Stog'er Tight Mine. Fox Pond, located east of Camp Pond, was similarly 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.

In Q1 2021, the Company also commenced a 3,000 metre drill program to test several priority targets close to the milling operation, including Pumbly Point, Pine Cove East and Corkscrew Road, which are the result of a re-evaluation of the near-

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mill opportunities in the Point Rouse area in light of the success at the Stog'er Tight Deposit. The Pumbly Point target, in particular, includes a 1.2 kilometre strike of anomalous gold-in-soil and rocks, mapped alteration and coincident chargeability (IP geophysics) anomalies similar to other targets that have resulted in the discovery of gold deposits at Point Rouse.

➤ **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.

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Liquidity and Capital Resources

Anaconda manages its liquidity by generating positive cash flows from the Point Rouse 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 Rouse Complex, exploration expenditures, and corporate expenses.

<i>(In \$)</i>	March 31, 2021	December 31, 2020
Cash and cash equivalents	14,546,403	14,634,595
Inventory	5,744,716	6,830,360
Other current assets	1,394,774	1,499,291
	21,685,893	22,964,876
Trade and other payables	6,331,023	4,796,495
Current taxes payable	1,893,345	1,863,000
Current portion of loans	1,855,229	1,889,080
Other current liabilities	310,848	477,831
	10,390,445	9,026,405
Working capital*	11,295,448	13,938,471

** Refer to Non-IFRS Measures section*

As at March 31, 2021, the Company had working capital of \$11,295,448, which included cash and cash equivalents of \$14,546,403. The increase in trade and other payables reflects the higher operating costs incurred in Q1 2021 and was also impacted by the timing of exploration activities at Goldboro and Point Rouse. Current taxes payable reflects the Newfoundland mining taxes payable for year ended December 31, 2020, which was paid subsequent to period end. The decrease in other current liabilities reflects the deferred flow-through premium recognized as a result of flow-through expenditures spent in the quarter ended March 31, 2021.

The current portion of loans includes \$1,487,341 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 and 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 March 31, 2021, there were outstanding balances of \$908,119 and \$55,706 on the revolving demand facility and revolving equipment lease line of credit, respectively.

Cash Flow Analysis

Anaconda generated \$536,039 in operating cash flows during the three months ended March 31, 2021, after accounting for corporate administration costs of \$951,088. The Point Rouse Project generated EBITDA of \$(766,864), based on gold sales of 3,119 ounces at an average gold price of C\$2,358 per ounce sold and operating cash costs of C\$2,597 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 2021, spending \$2,826,542 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at March 31, 2021), primarily on the continued advancement of the Goldboro Project (\$1,450,398). The Company also invested \$786,169 into

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the property, mill and equipment at the Point Rouse operation, with capital investment focused on development activity at Argyle during Q1 2021.

Financing activities during Q1 2021 included \$2,828,737 from the exercise of warrants and \$621,389 from the exercise of stock options, and the ongoing repayment of the RBC term loan, and other loans and lease obligations.

Commitments

As of March 31, 2021, the Company has the following contractual obligations:

	1 year	1 - 3 years	More than 3 years	Total
	\$	\$	\$	\$
Trade payables and accrued liabilities	6,331,023	-	-	6,331,023
RBC loan	1,487,341	127,504	-	1,614,845
Provincial government loan	83,596	42,778	-	126,374
Federal government loan	100,800	21,200	-	122,000
Lease liabilities	183,492	122,398	-	305,890
Flow-through commitment	1,074,817	-	-	1,074,817
Interest payable	570,912	2,714	598	574,224
	9,831,981	316,594	598	10,149,173

As at March 31, 2021, the Company has a commitment to spend \$655,265 of flow-through funds on eligible exploration expenses, related to the private placement completed in July 2020.

In the first quarter of 2021, the Company locked into forward sales on a delivery basis for 1,350 ounces of its production for the second quarter of 2021. The gold price for the orders was locked in at an average of \$2,204 per ounce with delivery in the second 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 Rouse 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 Rouse Mining Leases with Royal Gold Inc. whereby the Company is required to pay Royal Gold Inc. 7.5% of net profits, calculated as the gross receipts generated from the claims less all cumulative development and operating expenses. At March 31, 2021, the Company has determined it has approximately \$12 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 March 31, 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 25% of the value of surety bonds).

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Outstanding Share and Equity Instrument Information

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

	March 31, 2021	December 31, 2020
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	163,179,861	153,953,798
Issued: Common share purchase warrants	5,503,750	11,810,665
Issued: Stock options	3,673,084	5,930,834
Issued: Share units	1,990,060	1,466,567

As at the date of this MD&A, the fully paid common shares outstanding of Anaconda was 163,319,361. Subsequent to March 31, 2021, 139,500 stock options 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 months ended March 31, 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 March 31, 2021, the Company had a net working capital of \$11,295,448 (December 31, 2020 - \$13,938,471), including cash of \$14,546,403 (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 March 31, 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").

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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

<i>(\$ thousands unless otherwise stated)</i>	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenue	7,360	9,988	12,704	8,356	10,535	6,507	8,779	5,486
Mine operating (loss) income	(1,302)	3,596	7,163	2,429	3,633	1,588	2,824	124
Net (loss) income	(2,497)	792	3,983	1,982	1,471	(230)	1,083	(1,638)
Net (loss) income per share (basic and diluted) (<i>\$ per share</i>)	(0.02)	0.01	0.03	0.01	0.01	(0.00)	0.01	(0.01)
Cash flow from operations	536	2,080	6,184	1,444	4,380	(209)	3,217	(2,771)
Total assets	83,469	81,397	77,257	67,083	65,769	63,758	65,791	60,292
Non-current liabilities	7,084	7,530	5,778	6,024	6,670	6,903	6,247	6,967

Related Party Transactions

Remuneration of Key Management and Transactions with Related Parties

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Salaries, bonuses, fees and short-term benefits (\$)	151,591	216,138
Share-based compensation (\$)	60,664	71,839
	212,255	287,977

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As at March 31, 2021, included in trade and other payables is \$36,250 (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 March 31, 2021, included in trade and other receivables is \$73,978 (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.

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Operating expenses per the consolidated statement of comprehensive (loss) income, including royalties	8,107,616	5,988,797
By-product silver sales credit	(6,620)	(11,382)
Operating cash costs (\$)	8,100,996	5,977,415
Sustaining expenditures – property, mill and equipment	786,169	659,342
Sustaining expenditures – exploration and evaluation	762,408	331,196
Corporate administration costs	951,088	860,179
Share-based compensation	153,649	104,676
Rehabilitation – accretion and amortization (operating)	2,350	3,066
All-in sustaining cash costs (“AISC”) (\$)	10,756,660	7,935,874
Gold ounces sold	3,119	5,132
Operating cash costs per ounce sold (\$ / ounce)	2,597	1,165
AISC per ounce sold (\$ / ounce)	3,449	1,546
Average US Dollar exchange rate during period	0.7899	0.7443
Operating cash costs per ounce sold (US\$ / ounce)	2,052	867
AISC per ounce sold (US\$ / ounce)	2,724	1,151

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

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Gold revenue (\$)	7,353,288	10,523,639
Gold ounces sold	3,119	5,132
Average realized gold price per ounce sold (\$)	2,358	2,051
Average US Dollar exchange rate during period	0.7899	0.7443
Average realized gold price per ounce sold (US\$)	1,862	1,526

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

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Net (loss) income, per the consolidated statement of comprehensive (loss) income	(2,496,850)	1,471,399
Adjustments:		
Finance expense	44,098	72,040
Current income tax expense	30,345	352,528
Deferred income tax expense (recovery)	(49,000)	826,000
Depletion and depreciation	553,921	912,802
EBITDA	(1,917,486)	3,634,769
Corporate administration	951,088	860,179
Share of loss from equity accounted investments	196,518	-
Stock-based compensation	153,649	104,676
Deferred premium on flow-through shares	(142,062)	(167,676)
Other (income) expenses	(8,571)	61,555
Point Rousse Project EBITDA	(766,864)	4,493,504

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

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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 months ended March 31, 2021, and Note 2 to the audited annual consolidated financial statements

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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 Rouse 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 March 31, 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 March 31, 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 March 31, 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

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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 months ended March 31, 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.

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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.