Anaconda Mining

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2018 and August 31, 2017
(Expressed in Canadian Dollars)

This management discussion ("MD&A") dated November 7, 2018 of Anaconda Mining Inc. ("Anaconda" or the "Company") provides a discussion of the Company's consolidated financial position and the results of its consolidated operations for the three and nine months ended September 30, 2018. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and the related notes for the three and nine months ended September 30, 2018 and August 31, 2017, 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 seven months ended December 31, 2017. This MD&A should also be read in conjunction with the risk factors described in the "Risk Factors" section at the end of this document. Additional information, including the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018, the audited annual financial statements for the seven months ended December 31, 2017, the Company's Annual Information Form for the seven months ended December 31, 2017, 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-listed gold mining, development, and exploration company, focused in the prospective Atlantic Canadian jurisdictions of Newfoundland and Nova Scotia. The Company operates the Point Rousse Project located in the Baie Verte Mining District in Newfoundland, comprised of the Stog'er Tight Mine, the Pine Cove open pit mine, the Argyle Mineral Resource, the fully-permitted Pine Cove Mill and tailings facility, and approximately 9,150 hectares of prospective gold-bearing property. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade Mineral Resource, subject to a 2018 a preliminary economic assessment which demonstrates a strong project economics.

The Company also has a wholly owned exploration company that is solely focused on early stage exploration in Newfoundland and New Brunswick.

Anaconda's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "ANX" and on the OTCQX under the symbol "ANXGF". Anaconda Mining Inc. is incorporated under the laws of Ontario, with its registered head office located at 150 York Street, Suite 410, Toronto, Ontario, M5H 3S5. Further information about Anaconda Mining can be found in the Company's regulatory filings, including the Annual Information Form, available on SEDAR at www.sedar.com and on the Company's website at www.anacondamining.com.

Change in Year End – In 2017, Anaconda Mining announced a change to its fiscal year end to December 31, from its previous fiscal year end of May 31. Consequently, the Company has now reverted to a customary quarterly reporting calendar based on a December 31 financial year end, with fiscal quarters ending on the last day in March, September, September, and December each year.

In this MD&A, references to "Q3 2018" relate to the three month period ended September 30, 2018. For comparative purposes, the results for Q3 2018 have been compared to the three and nine months ended August 31, 2017.

Consolidated Results Summary

Financial Results	Three months ended September 30, 2018	Three months ended August 31, 2017	Nine months ended September 30, 2018	Nine months ended August 31, 2017 (restated)
Revenue ($)	**6,923,738**	8,127,452	**21,971,955**	22,032,298
Cost of operations, including depletion and depreciation ($)	**6,237,829**	7,309,870	**17,335,327**	20,249,983
Mine operating income ($)	**685,909**	817,582	**4,636,628**	1,782,315
Net loss ($)	**(936,755)**	(324,033)	**(1,337,080)**	(3,154,325)
Net loss per share ($/share) – basic and diluted	**(0.01)**	(0.00)	**(0.01)**	(0.05)
Cash generated from operating activities ($)	**1,572,020**	540,472	**5,508,525**	4,036,555
Capital investment in property, mill and equipment ($)	**357,834**	179,471	**1,738,946**	966,420
Capital investment in exploration and evaluation assets ($)	**1,309,749**	681,732	**3,966,183**	1,974,427
Average realized gold price per ounce *	**US$1,227**	US$1,251	**US$1,289**	US$1,207
Operating cash costs per ounce sold *	**US$801**	US$743	**US$729**	US$744
All-in sustaining cash costs per ounce sold *	**US$1,163**	US$1,017	**US$1,102**	US$1,034

	September 30, 2018	December 31, 2017
Total assets ($)	**56,155,837**	49,927,877
Non-current liabilities ($)	**5,488,078**	5,511,935

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

Operational Results	Three months ended September 30, 2018	Three months ended August 31, 2017	Nine months ended September 30, 2018	Nine months ended August 31, 2017
Ore mined (t)	**51,620**	158,857	**228,293**	353,556
Waste mined (t)	**380,580**	364,380	**987,354**	1,075,843
Strip ratio	**7.4**	2.3	**4.3**	3.0
Ore milled (t)	**120,374**	119,401	**350,892**	335,119
Grade (g/t Au)	**1.52**	1.35	**1.45**	1.37
Recovery (%)	**86.6**	86.8	**85.9**	86.0
Gold ounces produced	**5,099**	4,581	**14,024**	12,729
Gold ounces sold	**4,314**	4,723	**13,170**	12,977

Third Quarter Highlights

- Anaconda produced a quarterly record of 5,099 ounces of gold during Q3 2018, an 11% increase over the three months ended August 31, 2017, and has produced 14,024 ounces year-to-date in 2018. The Company is on track to **exceed** its 2018 production guidance of 18,000 ounces.
- Anaconda sold 4,314 ounces of gold in Q3 2018, generating metal revenue of $6.9 million at an average realized gold price* of $1,603 per ounce (US$1,227). As at September 30, 2018, the Company also had over 945 ounces in gold doré inventory, which were subsequently sold in early October.
- Strong revenue and lower costs enabled the Point Rousse Project to generate EBITDA* of $2.3 million for the third quarter of 2018, and $9.3 million for the first nine months of 2018, compared with $3.1 million and $8.0 million for the three and nine months ended August 31, 2017.
- Operating cash costs per ounce sold* at the Point Rousse Project in the three and nine months ended September 30, 2018 were $1,047 (US$801) and $938 (US$729), respectively.
- On a consolidated basis, EBITDA* for the three and nine months ended September 30, 2018 was $1.2 million and $5.1 million, respectively, compared with $1.7 million and $5.3 million in the comparative periods.
- The Pine Cove Mill processed 120,374 tonnes during Q3 2018, just below the quarterly record of 121,299 tonnes achieved in the previous quarter of 2018. Throughput rates continue to be strong, achieving 1,332 tonnes per day ("tpd") during the three months ended September 30, 2018.
- Mill feed during the quarter was comprised of 66,655 tonnes of ore mined from Stog'er Tight, supplemented by 53,719 tonnes of ore stockpiled from the Pine Cove Pit.
- Mining activity was focused at the Stog'er Tight West Pit in Q3 2018; ore produced from Stog'er Tight during the third quarter was 51,620 tonnes.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, were $1,520 (US$1,163) and $1,418 (US$1,102) for the three and nine months ended September 30, 2018, respectively, compared to $1,308 (US$1,017) and $1,384 (US$1,034) in the comparative periods.
- In the first nine months of 2018, the Company invested $6.0 million in its exploration and development projects, including $4.6 million on the Goldboro Gold Project in Nova Scotia.
- For the three months ended September 30, 2018, net loss was $936,755, or $0.01 per share, compared to $324,033, or $0.00 per share for the comparative period.
- Net loss for the nine months ended September 30, 2018 was $1,337,080, or $0.01 per share, which included transaction costs related to the takeover bid for Maritime Resources Corp. ("Maritime") of $854,131, or $0.01 per share, compared to a net loss of $3,154,325, or $0.05 per share, for the nine months ended August 31, 2017. Excluding transaction costs, net loss for the nine months ended September 30, 2018 was $482,949, or $0.00 per share.
- The Company commenced the 10,000-tonne, underground bulk sample at its 100%-owned Goldboro Gold Project ("Goldboro") in Nova Scotia in August, with mining activity expected to begin in November following the completion of decline dewatering and rehabilitation.
- As at September 30, 2018, the Company had a cash balance of $7.6 million, working capital* of $7.4 million, and additional available liquidity of $1,000,000 from an undrawn revolving line of credit facility.

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

Corporate Developments

- **Takeover Bid of Maritime Resources Corp.**

On April 13, 2018, the Company announced that it had made a formal offer (the "Offer") to acquire all of the issued and outstanding common shares ("Maritime Shares") of Maritime Resources Corp. ("Maritime"), together with the associated rights (the "SRP Rights") issued under the shareholder rights plan of Maritime dated March 15, 2018, in exchange for consideration of 0.390 of a common share of Anaconda ("Anaconda Share") for each Maritime Share (the "Offer Consideration"). On July 12, 2018, the Company announced the withdrawal of the Offer in response to a dilutive private placement undertaken by Maritime. As at September 30, 2018, the Company had incurred $854,131 in expenditures related to the Offer that were recorded as transaction costs on the consolidated statement of comprehensive loss for the nine months ended September 30, 2018.

Third Quarter Operating and Financial Review

Operational Performance

Point Rousse Mill Operations – The Pine Cove Mill achieved throughput of 120,374 tonnes in Q3 2018, just 1% lower than the quarterly throughput achieved in the second quarter of 2018. Mill throughput was 1,332 tpd in Q3 2018, down slightly from the comparative three months ended August 31, 2017. Availability continues to be strong at 98.2%, and the Company continues to invest in the Pine Cove Mill, making upgrades to the regrind motor and jaw and cone crushers, while continuing to maintain consistent throughput from its crushed ore stockpiles.

Average grade during the third quarter of 2018 was 1.52 g/t, an increase of 10% over the second quarter of 2018 due to a greater proportion of mill feed from Stog'er Tight relative to ore stockpiled from the Pine Cove Pit. Grade performance also reflected a 13% improvement from the comparative three months ended August 31, 2017, reflecting the higher grade ore being mined from Stog'er Tight relative to the Pine Cove Pit, which was the main ore feed in 2017. The Company expects to maintain the increased grade profile through the second half of 2018, as ore feed continues to be predominantly sourced from Stog'er Tight. The mill achieved an average recovery rate of 86.6% during Q3 2018, an improvement over both the first two quarters of 2018, resulting in record quarterly gold production of 5,099 ounces.

Point Rousse Mine Operations – Mining activity in the first half of 2018 was focused on development activity at Stog'er Tight and the completion of mining in the main Pine Cove Pit. The Company completed development at Stog'er Tight in April, and commercial ore production began in May, with 28,974 tonnes of high-grade ore mined from Stog'er Tight in May and June.

During Q3 2018, mine operations produced a total of 51,620 tonnes of ore from the Stog'er Tight Mine, in addition to moving 380,580 tonnes of waste for a strip ratio of 7.4 tonnes of waste tonnes to ore tonnes. The strip ratio has decreased significantly from the second quarter of 2018, when mining activity was focused on pre-production development activity, and is expected to decrease further over the life of the pit.

Mine activity in the Pine Cove Pit finished in the middle of March, and the Company has commenced planning for pushbacks to the pit, which are expected to contribute ore in 2019. The Company has now converted the Pine Cove Pit into a fully-permitted in-pit tailings storage facility, which has approximately 15 years of capacity based on a throughput rate of 1,350 tonnes per day.

Financial Performance

	Three months ended September 30, 2018	**Three months ended August 31, 2017**	**Nine months ended September 30, 2018**	**Nine months ended August 31, 2017 (restated)**
Revenue	**6,923,738**	8,127,452	**21,971,955**	22,032,298
Cost of operations				
Operating expenses, including royalties	**4,523,641**	5,037,132	**12,482,321**	13,999,110
Depletion and depreciation	**1,714,188**	2,272,738	**4,853,006**	6,250,873
Total cost of operations	**6,237,829**	7,309,870	**17,335,327**	20,249,983
Mine operating income	**685,909**	817,582	**4,636,628**	1,782,315

Anaconda sold 4,314 ounces of gold during the third quarter of 2018, generating gold and silver revenue of $6.9 million, and year-to-date has sold 13,170 ounces to generate revenue of $21.9 million at an average realized gold price of C$1,659 per ounce (US$1,289). As at September 30, 2018, the Company also had over 945 ounces of gold doré inventory, which were sold in early October. The Company is now on track to **exceed** its 2018 production guidance of 18,000 ounces at operating cash costs of under $1,000 per ounce (~US$780) and has now transitioned to processing ore produced at the Stog'er Tight Mine.

Operating expenses for the three and nine months ended September 30, 2018 were $4,472,273 and $12,411,876, respectively, compared to $5,037,132 and $13,996,158 in the three and nine months ended August 31, 2017, respectively. The decrease in operating costs was the result of lower mining costs as the operation moved 17% less material during the quarter and 15% less material in the first nine months of 2018. This was partially offset by higher processing costs, which were driven by a 5% increase in throughput during the first nine months of the year. The operating cash costs per ounce sold for the third quarter were $1,047 (US$801) compared to $956 (US$743) for the three months ended August 31, 2017, due to higher processing costs for the quarter as well as lower ounces sold. For the nine months ended September 30, 2018, operating cash costs were $938 (US$729), a reduction of 2% compared to operating cash costs of $996 per ounce sold (US$744) in the nine months ended August 31, 2017, which is in line with the Company's revised guidance of operating cash costs below C$1,000.

Depletion and depreciation expense for the three and nine months ended September 30, 2018 was $1,714,188 and $4,853,006, respectively, a decrease from $2,272,738 and $6,250,873 during the comparative periods. The lower depletion and depreciation was the result of lower depletion of stripping costs for the Pine Cove Pit, where mining was completed in Q1 2018. Capitalized development costs for Stog'er Tight for 2018 of $993,502 are now being depreciated from May 1, 2018, the beginning of production. During the nine months ended September 30, 2018, the Company reviewed the residual values of certain buildings, machinery, and equipment at the Pine Cove Mill. The updated estimated residual values reduced the depreciation charges by approximately $267,000 for the nine months ended September 30, 2018.

Mine operating income for the three months ended September 30, 2018 was $685,909, compared to $817,582 in the comparative period of 2017. During the first nine months of 2018, the Company generated mine operating income of $4,636,628, significantly higher than the $1,782,315 generated in the nine months ended August 31, 2017, due to 22% lower cost of operations.

Corporate administration expenditures were $952,029 and $3,194,725 for the three and nine months ended September 30, 2018, compared to $1,244,616 and $2,559,625 for the comparative periods ended August 31, 2017. The higher expenditures in the nine months ended September 30, 2018 reflect the expanded senior management team to execute the Company's growth plans, greater market presence and investor relations activity, and the timing of certain corporate costs as a result of the change in year-end to December 31.

The Company also incurred research and development costs of $73,247 and $206,338 during the three and nine months ended September 30, 2018, respectively, relating to the Narrow Vein Mining Project announced in June 2017, and other research and development projects.

Share-based compensation was $106,967 during Q3 2018 and $447,847 for the first nine months of 2018, compared to $49,674 and $95,041 in the comparative periods, reflecting the stock options granted during 2018, as well as the impact of the share consolidation on the fair value of the options as determined by the Black-Scholes option pricing model.

The drawdown of the deferred premium on flow-through shares resulted in a recovery of $253,535 in the nine months ended September 30, 2018, as the remaining exploration commitments from the October 31, 2017 flow-through financing were incurred in the first half of 2018.

Finance expense was $8,416 and $64,765 for the three and nine months ended September 30, 2018, compared to $24,013 and $132,322 for the three and nine months ended August 31, 2017. Finance costs relate primarily to interest on the Company's capital lease obligations and accretion on its decommissioning liabilities.

Net loss for the three months ended September 30, 2018, was $936,755, or $0.01 per share, compared to $324,033, or $0.00 per share, in the comparative period, with the primary driver of the quarterly change being a net tax expense in Q3 2018 of $370,000 compared to a net tax recovery of $267,000 in the three months ended August 31, 2017. For the first nine months of 2018, net loss was $1,337,080, or $0.01 per share, compared to a net loss of $3,154,325, or $0.05 per share, for the nine months ended August 31, 2017. The improvement over the comparative nine month period was the result of higher mine operating income, which was partially offset by higher corporate administration expenditures and share-based compensation. Net loss for the period was further impacted by the recognition of $854,131 in transaction costs related to the takeover bid of Maritime. The Company also recorded a current income tax expense of $813,445 relating to provincial mining tax and a deferred income tax expense of $660,000 during the nine months ended September 30, 2018 (nine months ended August 31, 2017 – $59,000 and $1,996,000, respectively).

Company Strategy and Outlook

Anaconda is an established gold producer in the tier one jurisdiction of Atlantic Canada with two mine operating centers and a strong production growth profile in the near-term, with the aim of growing to annual production of 100,000 ounces per annum over the next 3 to 5 years. The Company has been in production for over 8 years in Newfoundland, and has developed the infrastructure, management team, and experienced workforce to serve as the platform for near-term growth, both organically and through mergers and acquisitions.

Major highlights and progress during Q3 2018 to advance the Company's strategy (which are further detailed below) include the following:

- Record quarterly gold production from the Point Rousse operation.
- Commencement of mineral resource expansion and exploration program in the Baie Verte Mining District, including a 5,000 metre diamond drill program.
- Updated Goldboro Gold Project Mineral Resource Estimate, demonstrating strong increase in contained ounces, grade, and categorization.
- Filing of the Goldboro Environmental Registration in Nova Scotia, beginning the permitting process.
- Updated the Goldboro Preliminary Economic Assessment, demonstrating significantly improved after-tax economics.
- Initiated a 10,000-tonne underground bulk sample at Goldboro with mining activity expected to begin in late October following the completion of decline dewatering and rehabilitation.
- Commencement of a 10,000 metre diamond drill program at Goldboro to further expand and infill the central and western parts of the Deposit.
- Creation of a wholly-owned subsidiary focused on creating value from the Company's prospective, early-stage exploration projects.

THE POINT ROUSSE PROJECT, NEWFOUNDLAND

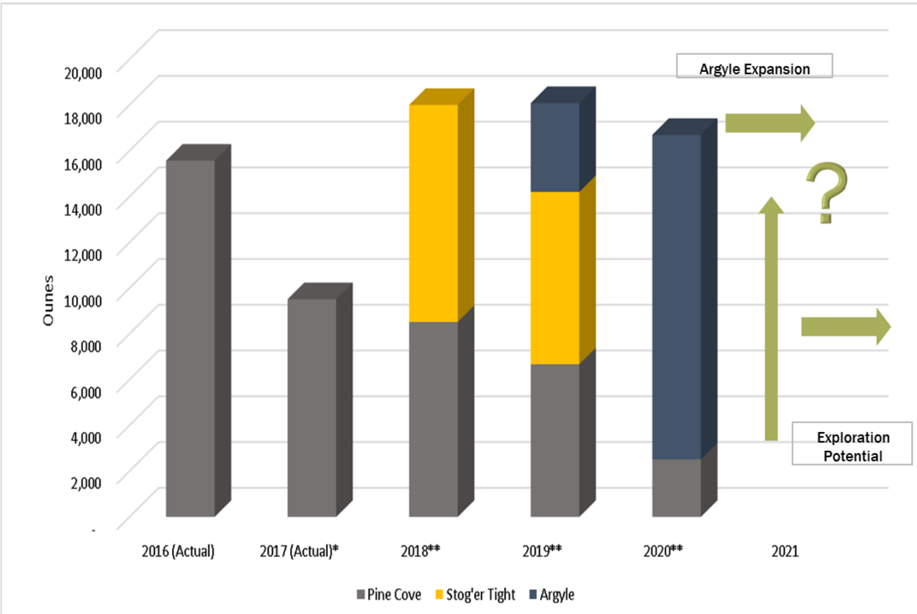
The Point Rousse Project is located on the Ming's Bight Peninsula, in the north-central part of Newfoundland. Point Rousse includes the Stog'er Tight open pit mine operation, the Pine Cove open pit, and the Argyle Deposit. Point Rousse is anchored by complete mill infrastructure with current throughput of 1,300 – 1,400 tonnes per day and a fully permitted and operational in-pit tailings storage facility with 15 years of capacity at existing throughput rates.

➢ 2018 Operating Guidance

Anaconda expects to **exceed** its production guidance of approximately 18,000 ounces of gold during 2018. The increase over the previous fiscal year guidance of 15,500 ounces reflects the increasing grade profile with the transition to the Stog'er Tight mine operation. Quarterly mill throughput is expected to remain consistent throughout the year, as lower relative tonnes mined from Stog'er Tight is supplemented by marginal ore stockpiles. On August 2, 2018, the Company announced the revision of its full year 2018 guidance for operating cash costs per ounce of gold sold from approximately C$1,100 to below C$1,000 (~US$780) due to strong operational performance in the first half of 2018, as well as a decreasing operating cost per ounce profile in the second half of 2018 as the operation transitions fully to higher-grade production from Stog'er Tight.

➢ Mineral Resource Plan and Expansion

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



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

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

Anaconda is confident that it will continue to extend the life of the Point Rousse operation, and in June 2018 the Company announced plans for a resource expansion and exploration program for the summer/fall of 2018. The program consists of 5,000 metres of diamond drilling at three priority targets at Point Rousse: expansion drilling at the Argyle Deposit, and exploration drilling at the Anoroc and Deer Cove Prospects. The Exploration Program will also include approximately 45-line kilometres of ground magnetic and Induced Polarization geophysical surveys.

Mineral expansion is particularly focused on the **Argyle Deposit**, where earlier this year the Company announced a maiden Mineral Resource Estimate ("Resource") prepared in accordance with National Instrument 43-101 for the Argyle Deposit which included Indicated Resources of 38,300 ounces (543,000 tonnes grading 2.19 g/t gold) and Inferred Resources of 30,300 ounces (517,000 tonnes grading 1.80 g/t gold at a cut-off grade of 0.5 g/t gold and a grade capping of 12.0 g/t gold).

The **Argyle Deposit** is located 4.5 kilometres from the Pine Cove Mill and the area is accessible by existing road networks. Approximately 45% of currently defined Mineral Resources are contained within an initial internal conceptual open pit shell. Environmental assessment application documents were submitted to the Newfoundland and Labrador Department of Environment in April 2018, with a target of obtaining all required production permits and approvals in the first half of 2019.

THE GOLDBORO GOLD PROJECT, NOVA SCOTIA

The Goldboro Gold Project ("Goldboro") is a 100%-owned, high-grade Mineral Resource located in Guysborough County, Nova Scotia, located approximately 180 kilometres northeast of Halifax. Acquired by Anaconda in 2017, the property comprises 37 contiguous claims, covering 600 hectares. The Goldboro Mineral Resources occur in three spatially contiguous zones along the Upper Seal Harbour anticline. These comprise the total "Goldboro Deposit" and consist of the Boston Richardson Zone, the East Goldbrook Zone, and the West Goldbrook Zone.

➢ Mineral Resource Update

On October 25, 2018, the Company announced an updated Mineral Resource Estimate ("Mineral Resource") prepared in accordance with National Instrument 43-101 ("NI 43-101") for Goldboro, which incorporates 12,356 metres of drilling conducted by Anaconda up to June 2018, focused exclusively on infill and expansion drilling in the Boston Richardson and East Goldbrook Zones.

The following table summarizes the updated Mineral Resource and comparative change from the previous Mineral Resource dated December 31, 2017.

Highlights of the Goldboro Gold Project Mineral Resource Update (effective July 19, 2018):

Category*	Tonnes ('000)	Grade (g/t Au)	Ounces (Rounded)	% Change in Grade from Dec 2017**	% Change in Ounces from Dec 2017**
Measured	1,611.8	4.23	219,300	+ 42%	+ 447%
Indicated	2,166.2	5.50	383,400	+ 18%	(21%)
Measured and Indicated	**3,778.0**	**4.96**	**602,700**	**+11%**	**+15%**
Inferred	**2,126.4**	**6.63**	**453,200**	**+ 56%**	**+ 30%**

** Combined Open Pit and Underground Mineral Resources. Open Pit Mineral Resource based on a 0.50 g/t Au cut-off grade; Underground Mineral Resource based on 2.00 g/t Au cut-off grade*
*** Refer to the Company's technical report entitled "Goldboro Project Preliminary Economic Assessment" dated March 2, 2018 for further details (the "**Previous Report**").*

The Mineral Resource was prepared by WSP Canada Inc. ("WSP") under the supervision of Todd McCracken, P. Geo., an "Independent Qualified Person", as defined in NI 43-101. The effective date of this Mineral Resource is July 19, 2018 and includes historical diamond drilling as well as 12,356 metres of drilling conducted by Anaconda in the Boston Richardson and East Goldbrook Zones up to June 2018. Highlights of the updated Mineral Resource include:

- A 23% increase in the number of combined Measured and Indicated underground Mineral Resources to 518,200 ounces and an 8% increase in grade to 5.52 g/t gold (2,921,700 tonnes);
- A 57% increase in grade to 6.70 g/t gold and a 30% increase in the number of underground Inferred Mineral Resources to 445,500 ounces (2,067,900 tonnes);
- A 447% increase in the number of combined open pit and underground Measured Mineral Resources to 219,300 ounces gold (1,611,800 tonnes at 4.23 g/t gold); and
- The deposit remains open for expansion along strike, down dip, and at depth.

Resource Type	Au Cut-off (g/t)	Category	Tonnes (Rounded)	Au (g/t)	Troy Ounces (Rounded)
Open Pit	0.50	Measured	608,700	2.80	54,900
		Indicated	247,600	3.72	29,600
		Measured and Indicated	856,300	3.07	84,500
		Inferred	58,500	4.10	7,700
Underground	2.00	Measured	1,003,100	5.10	164,400
		Indicated	1,918,600	5.74	353,800
		Measured and Indicated	2,921,700	5.52	518,200
		Inferred	2,067,900	6.70	445,500
Combined Open Pit and Underground	0.50/2.00	Measured	1,611,800	4.23	219,300
		Indicated	2,166,200	5.50	383,400
		Measured and Indicated	3,778,000	4.96	602,700
		Inferred	2,126,400	6.63	453,200

Mineral Resource Estimate Notes

1. *Mineral Resources were prepared in accordance with NI 43-101 and the CIM Definition Standards (2014). Mineral Resources that are not mineral reserves do not have demonstrated economic viability.*
2. *Open pit Mineral Resources are reported at a cut-off grade of 0.5 g/t gold that is based on a gold price of CAD$1,550/oz. and a gold processing recovery factor of 95%.*
3. *Underground Mineral Resource is reported at a cut-off grade of 2.0 g/t gold that is based on a gold price of CAD$1,550/oz. and a gold processing recovery factor of 95%.*
4. *Appropriate mining costs, processing costs, metal recoveries, and inter ramp pit slope angles were used by WSP to generate the pit shell.*
5. *Appropriate mining costs, processing costs, metal recoveries and stope dimensions were used by WSP to generate the potential underground resource.*
6. *Rounding may result in apparent summation differences between tonnes, grade, and contained metal content.*
7. *Tonnage and grade measurements are in metric units. Contained gold ounces are in troy ounces.*
8. *Contributing assay composites were capped at 80/g/t Au.*
9. *A density factor of 2.7g/cm^3 was applied to all blocks.*

➢ Preliminary Economic Assessment ("PEA")

On October 25, 2018, the Company also announced an updated PEA on the Goldboro Gold Project, which demonstrated improved after-tax project economics. The change in after-tax economics reflects the confirmation with the Nova Scotia Department of Natural Resources of the application of a mineral royalty tax of a 1% net smelter return on gold production, which supersedes the higher mineral tax previously applied.

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

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

- Pre-tax NPV (5%) of **$137 million** and a pre-tax IRR ("IRR") of **38%,** with a pre-tax payback period of **2.9** years;
- After-tax NPV (5%) of $88 million and an after-tax IRR of **29.3%**, with an after-tax payback period of **3.3** years;
- Gold production of **375,900 ounces** over a life of mine of **8.8 years**, or average production of **41,800 ounces**;
- LOM average operating cash cost of **$654 per ounce (~US$525 per ounce)** and all-in sustaining cash cost of **$797 per ounce (~US$640 per ounce)** at an 0.80 USD:CAD exchange rate;
- The Project has pre-production capital expenditures of **$47 million** to establish the proposed initial open pit operations prior to underground development and production;

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

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

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

➢ **Towards Feasibility**

In July 2018, the Company commenced a 10,000 metre drill program which aims to expand and infill the West Goldbrook and Boston Richardson Systems of the Goldboro Deposit. In addition, the Company announced on August 1, 2018 that it has received the permits required to proceed with the extraction of a 10,000 tonne underground bulk sample at Goldboro, which will provide valuable geological, operational, and processing information for design and optimization of the overall project in a feasibility study planned to start in Q4 2018.

EXPLORATION

With continued focus on gold production from Point Rousse and the development of Goldboro, Anaconda is reviewing strategic options to maximize the value its prospective exploration projects. In Q3 2018, the optioned the Cape Spencer Gold Property in New Brunswick, and in conjunction with the transaction, created a new wholly-owned subsidiary ("ExploreCo") which will focus on early-stage gold exploration projects within Atlantic Canada. Anaconda has also contributed its Great Northern Project to ExploreCo.

The Company intends to utilize ExploreCo to advance these projects and is considering strategic opportunities to realize value from these prospective properties, which may include a spin out of the entity to establish it as a publicly-traded company with separate management.

The Company believes ExploreCo provides a very compelling opportunity for value creation:

- Exploring in two districts with camp-scale potential;
- Gold mineralization associated with major fault zones (total of 28 km of strike) that are known hosts of existing gold deposits;
- Control greater than 12,000 hectares of prospective gold bearing geological terranes;
- Projects contain numerous prospects, gold occurrences and drill ready targets;
- Two existing gold deposits, and several extensive zones of mineralization and alteration open for expansion;

Funding is in place to execute Initial Work Plans, which include: an updated Mineral Resource Estimate at Rattling Brook (Great Northern Project); the creation of an initial NI 43-101 technical report for Cape Spencer; and the generation of drill targets at Great Northern through a soil sampling and prospecting program in favorable structural trends in fall 2018.

Liquidity and Capital Resources

Anaconda has managed liquidity by achieving positive cash flows from the Point Rousse Project. The Company's primary uses of cash include operating production costs, capital expenditures, exploration and corporate expenses.

(In $)	**September 30, 2018**	December 31, 2017
Cash and cash equivalents	**7,579,958**	3,963,181
Inventory	**6,286,548**	7,126,240
Other current assets	**903,052**	571,804
	14,769,558	11,661,225
Trade and other payables	**5,869,617**	3,958,933
Current taxes payable	**807,000**	118,000
Current portion of loans	**614,534**	671,881
Other current liabilities	**73,418**	409,217
	7,364,569	5,158,031
Working capital*	**7,404,989**	6,503,194

**Refer to Non-IFRS Measures section*

As at September 30, 2018, the Company continued to maintain a robust working capital position of $7,404,989, which included cash and cash equivalents of $7,579,958. The increased cash balance reflects the successful flow-through financing of $4,465,290 completed in June 2018, as well as ongoing cash flow generation from the Point Rousse Project, which has been partially offset by the continued advancement of the Goldboro Gold Project, particularly the bulk sample program which commenced in August 2018.

The Company maintains a $1,000,000 revolving credit facility as well as a $500,000 equipment lease line of credit with the Royal Bank of Canada. Under the terms of the Agreement, RBC maintains a first-ranking general security agreement including a specific security interest in the Company's ball mill and cone crushers. As at September 30, 2018, the Company had not drawn against the revolving credit facility and had drawn $449,991 in funds from the equipment lease line.

Cash Flow Analysis

During the three months ended September 30, 2018, Anaconda generated cash flow from operations of $1,572,020, after accounting for corporate administration costs. Revenue less operating expenses from the Point Rousse Project were $2,451,465, based on quarterly gold sales of 4,314 ounces at an average price of C$1,603 per ounce sold and operating cash costs of C$1,047 per ounce sold. Corporate administration costs in the third quarter were $952,029 and there was a net increase in operating cash flows of $299,928 from changes in working capital.

During Q3 2018, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent $1,309,749 in Q3 2018 and $3,966,183 during the first nine months of 2018 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at September 30, 2018), primarily on the continued advancement of the Goldboro Project, which included $1.5 million on the bulk sample program which commenced in August 2018. The Company also invested $357,834 during Q3 2018 and $1,738,946 during the nine months ended September 30, 2018 into the property, mill and equipment at the Point Rousse Project, with capital investment focused largely on development activity at Stog'er Tight, where a total of $993,502 was capitalized in the first nine months of 2018.

Financing activities during Q3 2018 were primarily limited to the repayment of capital lease obligations and government loans. In June 2018, the Company successfully completed a flow-through financing of $4,465,290. The Company has also received cash proceeds of $116,000 from the exercise of stock options in fiscal 2018.

Commitments

As of September 30, 2018, the Company has the following contractual obligations:

	1 year	1 - 3 years	More than 3 years	**Total**
	$	$	$	**$**
Trade payables and accrued liabilities	5,869,618	-	-	**5,869,618**
Provincial government loan	79,524	166,378	14,351	**260,253**
Federal government loan	100,800	197,600	-	**298,400**
Capital leases and other loans	434,210	265,949	35,999	**736,158**
Operating leases	115,789	28,282	1,251	**145,322**
	6,599,941	658,209	51,601	**7,309,751**

As at September 30, 2018, the Company has a commitment to spend $3,441,815 of flow-through funds on eligible exploration expenses, related to the private placement completed in June 2018. The Company fully satisfied its previous exploration commitments under the flow-through financing completed in October 2017 as of June 30, 2018.

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 produced from the Stog'er Tight Property.
- A $3,000,000 capped NSR on 4 mineral exploration licenses in the Point Rousse Project, which forms part of the Argyle property, is calculated at 3% when the average price of gold is less than US$2,000 per ounce for the calendar quarter and is 4% when the average price of gold is more than US$2,000 per ounce for the calendar quarter.
- A $3,000,000 capped NSR of 3% on a property that forms part of the Argyle Property. Once the aggregate limit has been met and 200,000 ounces of gold has been sold from the property, the NSR decreases to 1%.
- A net profits interest ("NPI") agreement over the Point Rousse Mining Leases with Royal Gold Inc. whereby the Company is required to pay Royal Gold Inc. 7.5% of net profits, calculated as the gross receipts generated from the claims less all cumulative development and operating expenses. At September 30, 2018, the Company has determined it has approximately $37 million in expenditures deductible against future receipts.

The Company also has royalties payable to various vendors of mineral leases located outside the currently anticipated mining areas.

In September 2017, the Company commenced a research and development project to potentially develop new technology to mine steeply-dipping narrow gold veins (the "Narrow Vein Mining Project" or the "Project"). The total Project cost is estimated at $3,787,000, of which over $2,000,000 will be funded through agreements in place with various government agencies.

Off-Balance Sheet Items

As at September 30, 2018, the Company did not have any off-balance sheet items.

Outstanding Share and Equity Instrument Information

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

	September 30, 2018	December 31, 2017
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	**118,691,635**	105,644,965
Issued: Common share purchase warrants	**16,360,071**	10,576,078
Issued: Stock options	**8,410,375**	8,039,875

As at the date of this MD&A, the full paid common shares outstanding of Anaconda was 118,691,635.

On January 18, 2018, the company completed the consolidation of its share capital on the basis of four (4) existing common shares for one (1) new common share. As a result of the share consolidation, the number, exchange basis, and exercise price of all stock options and warrants were adjusted, as applicable, to reflect the four-for-one consolidation.

In June 2018, the Company completed a non-brokered private placement for aggregate gross proceeds of $4,465,290, whereby it issued a total of 10,890,952 units (the "Units") at a price of $0.41 per Unit. Each Unit consists of one flow-through common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). The Warrants are exercisable at $0.55 per share and expire in September 2020. In connection with the private placement, a total of 593,517 finders warrants were issued with the same terms of the Warrants.

Warrants

As at September 30, 2018, the Company had 16,360,071 share purchase warrants outstanding, which includes 8,155,750 common share purchase warrants assumed as part of the acquisition of Orex Exploration Inc.

During the nine months ended September 30, 2018, 255,000 share purchase warrants were exercised at an average price of $0.34 for proceeds of $87,000.

Stock Options

As at September 30, 2018, the Company has a total of 8,410,375 options outstanding with a weighted average exercise price of $0.28 and expiration dates ranging from October 9, 2018 to June 20, 2023, which include 2,815,625 stock options assumed by the Company in connection with the acquisition of Orex Exploration Inc.

During the first nine months of 2018, the Company has granted a total of 1,708,500 stock options to directors and management, which carry an average exercise price of $0.43 and expiry dates ranging from July 9, 2020 to June 20, 2023. During the first nine months of 2018, 787,500 stock options were exercised at an average price of $0.24 for proceeds of $186,000, and 550,000 stock options expired unexercised. In October 2018, 100,000 stock options expired unexercised.

Financial Instruments Risk Exposure

The Company is exposed to financial risks sensitive to changes in commodity prices, foreign exchange, and interest rates. The Company's Board of Directors has overall responsibility for risk management oversight. Currently, the Company has not entered into any options, forward, and future contracts to manage its price-related exposures. Similarly, derivative financial instruments are not currently used to reduce these financial risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk
The Company's credit risk is primarily attributable to trade and other amounts receivable, which consist primarily of goods and services tax due from the Federal Government of Canada. The maximum exposure of credit risk is best represented by the carrying amount of the financial instruments. The Company considers credit risk negligible.

The Company's cash and restricted cash are held with an established Tier-1 Canadian financial institution, and consequently management believes that the credit risk with respect to this financial instrument is low and that the Company has no significant concentration of credit risk arising from operations.

Liquidity Risk
The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant payables that are outstanding past their due dates.

The Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Anaconda currently funds its obligations from the cash flow generated by the Point Rousse Project. If necessary, the Company may seek financing for capital projects or general working capital purposes. Such financing, if required, will depend on several unpredictable factors, which are often beyond the control of the Company. These would include the realized price of the actual gold produced from the Company's operating mines, and the expected expenditures for exploration and development.

At September 30, 2018, 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

For the purposes of the presentation of historical quarterly information:

- "FY2017" refers to the twelve-month period ended May 31, 2017;
- "2017" refers to the seven-month period ended December 31, 2017, with the corresponding "Q1 2017" relating to the three months ended August 31, 2017, and "Q2 2017" relating to the four months ended December 31, 2017; and
- "2018" refers to the twelve-month ended December 31, 2018, with "Q1 2018" relating to the three months ended March 31, 2018, "Q2 2018" relating to the three months ended June 30, 2018, and "Q3 2018" relating to the three months ended September 30, 2018.

($ thousands unless otherwise stated)	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q2 2017**	**Q1 2017**	**Q4 FY2017**	**Q3 FY2017 (restated)**	**Q2 FY2017 (restated)**
Revenue	6,924	7,452	7,597	8,042	8,127	7,831	6,074	7,810
Mine operating income (loss)	686	1,865	2,085	1,587	818	1,648	(684)	1,093
Net income (loss)	(936)	(550)	149	1,229	(324)	(1,890)	(940)	185
Net income (loss) per share (basic and diluted) *($ per share)*	(0.01)	(0.00)	0.00	0.01	(0.00)	(0.03)	(0.02)	0.00
Cash flow from operations	1,572	2,945	992	1,495	540	3,173	323	1,706
Total assets	56,156	54,379	50,607	49,928	44,710	46,074	30,853	32,454
Non-current liabilities	5,488	5,197	5,398	5,512	5,575	5,802	4,856	4,866

Restatement of Financial Information from Prior Quarters

As part of the preparation of the audited consolidated financial statements for the year ended May 31, 2017, the Company undertook a comprehensive review of the capitalization and units-of-production depletion calculations for its production stripping asset and property, mill infrastructure and equipment and deferred taxes and discovered that certain errors had been made. As a result, the Company amended the treatment of these balance sheet items resulting in a restatement of prior periods.

The amounts of each adjustment and a reconciliation between the previously published consolidated statement of comprehensive loss for the nine months ended August 31, 2017, have been presented in Note 4 of the condensed interim consolidated financial statements.

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, the Chief Financial Officer, and starting on September 1, 2017, the Chief Operating Officer. Compensation of key management personnel (including directors) was as follows:

	Three months ended September 30, 2018	Three months ended August 31, 2017	**Nine months ended September 30, 2018**	Nine months ended August 31, 2017
Salaries, bonuses, fees and short-term benefits ($)	**243,593**	343,813	**810,637**	725,116
Share based compensation ($)	**61,199**	34,682	**263,640**	60,146
	304,792	378,495	**1,074,277**	785,262

As at September 30, 2018, included in trade and other payables is $39,750 (December 31, 2017 - $16,250) of amounts due for directors' fees.

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 and aggregate 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 September 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 (loss) as follows:

	Three months ended September 30, 2018	Three months ended August 31, 2017	**Nine months ended September 30, 2018**	Nine months ended August 31, 2017
Operating expenses per the consolidated statement of comprehensive income (loss), including royalties	**4,523,641**	5,037,132	**12,482,321**	13,199,110
By-product silver sales credit	**(6,810)**	(6,080)	**(23,796)**	(18,100)
By-produce aggregate sales credit	**-**	(514,282)	**(100,092)**	(1,053,515)
Operating cash costs ($)	**4,516,831**	4,516,770	**12,358,433**	12,927,495
Sustaining expenditures – property, mill and equipment	**357,834**	179,471	**1,738,946**	966,420
Sustaining expenditures – exploration and evaluation	**603,298**	182,551	**885,684**	1,390,510
Corporate administration costs	**952,029**	1,244,616	**3,194,725**	2,560,289
Share-based compensation	**106,967**	49,674	**447,847**	95,041
Rehabilitation – accretion and amortization (operating)	**22,420**	6,337	**49,774**	25,807
All-in sustaining cash costs ("AISC") ($)	**6,559,379**	6,179,419	**18,675,409**	17,965,562
Gold ounces sold	**4,314**	4,723	**13,170**	12,977
Operating cash costs per ounce sold ($ / ounce)	**1,047**	956	**938**	996
AISC per ounce sold ($ / ounce)	**1,520**	1,308	**1,418**	1,384
Average US Dollar exchange rate during period	**0.7652**	0.7770	**0.7769**	0.7470
Operating cash costs per ounce sold (US$ / ounce)	**801**	743	**729**	744
AISC per ounce sold (US$ / ounce)	**1,163**	1,017	**1,102**	1,034

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 (loss) as follows:

	Three months ended September 30, 2018	Three months ended August 31, 2017	**Nine months ended September 30, 2018**	Nine months ended August 31, 2017
Gold revenue ($)	**6,916,928**	7,607,090	**21,848,067**	20,960,683
Gold ounces sold	**4,314**	4,723	**13,170**	12,977
Average realized gold price per ounce sold ($)	**1,603**	1,611	**1,659**	1,615
Average US Dollar exchange rate during period	**0.7652**	0.7770	**0.7769**	0.7470
Average realized gold price per ounce sold (US$)	**1,227**	1,251	**1,289**	1,207

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, transaction costs, write-down of exploration assets, share-based compensation, and all other expenses and other income.

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

	Three months ended September 30, 2018	Three months ended August 31, 2017	**Nine months ended September 30, 2018**	Nine months ended August 31, 2017
Net loss, per the consolidated statement of comprehensive loss	**(936,820)**	(324,033)	**(1,337,145)**	(3,154,325)
Adjustments:				
Finance expense	**8,416**	24,013	**64,765**	132,322
Current income tax expense	**141,000**	59,000	**813,445**	59,000
Deferred income tax expense (recovery)	**229,000**	(326,000)	**660,000**	1,996,000
Depletion and depreciation	**1,714,188**	2,272,738	**4,853,006**	6,250,873
EBITDA	**1,155,784**	1,705,718	**5,054,071**	5,283,870
Corporate administration	**952,029**	1,244,616	**3,194,725**	2,529,625
Transaction costs	**114,113**	-	**854,131**	-
Write down of exploration assets	**-**	65,939	**-**	65,939
Stock-based compensation	**106,967**	49,674	**447,847**	95,041
Other (income) expenses	**(2,043)**	24,373	**(267,478)**	58,713
Point Rousse Project EBITDA	**2,326,850**	3,090,320	**9,283,296**	8,033,188

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

Risk Factors

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

The Company's ability to generate positive cash flow to generate returns and fund capital requirements and future growth and development is primarily dependent on the price of gold and the Company's ability to meet its production estimates at expected costs. The gold price is impacted by numerous macroeconomic factors outside of the Company's control, including but in no way limited to: global and regional political and economic conditions, supply and demand factors, inflation or deflation expectations, interest rate expectations, and central bank decisions. A sustained decrease in the price of gold would impact the Company's profitability, may result in mineral property write-downs and could eventually result in liquidity difficulties. Furthermore, actual production results may vary from Company estimates due to various factors, including but not limited to: mine dilution, lower than expected grades, recovery issues, power outages, weather related matters, or equipment and/or supply shortages. Lower than expected production could impact the Company's ability to generate cash flows to cover the cost of operations and fund sustainable capital expenditures. The Company mitigates the above risks by diligently tracking the gold price and production performance compared to forecast and budget and re-forecasting production plans accordingly so that required financial decisions can be made in a timely manner.

Readers are encouraged to read a full outline and description of the risk factors described in the Company's Annual Information Form for the seven month period ended December 31, 2017 filed on SEDAR under the Anaconda Mining profile. The occurrence of any one, or combination of, the aforementioned risks could materially adversely impact the Company's business and as a result, the trading price of the Company's common shares could decline, and investors could lose part or all of their investment.

Critical Accounting Estimates and Judgements

The Company's significant accounting policies are described in Note 2 to the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018, and Note 2 to the audited annual consolidated financial statements for the seven month period ended December 31, 2017. 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 accounting judgments and estimates discussed below reflect updates from those applied and disclosed in Note 3 of the Company's audited consolidated financial statements as at and for the seven month period ended December 31, 2017. For related details, please refer to the Company's consolidated financial statements, which are available on the Company's website and on SEDAR.

During the nine months ended September 30, 2018, the Company completed a review of the residual values of certain buildings, machinery, and equipment at the Pine Cove Mill which resulted in changes in the estimated residual values for these long-lived assets. The changes in the estimated residual values have been accounted for as changes in estimate. The residual value estimates required management to make judgments and apply assumptions in respect of the useful lives of the assets, including the Company's life of mine plan, the selection of transaction data for comparable assets and the economic conditions that will exist at the end of the life of the mine.

Adoption of New Accounting Standards

The Company has adopted the following accounting standards, effective January 1, 2018. These adoptions were made in accordance with applicable transitional provisions, and resulted in the changes in accounting policies described in Note 2 of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018.

- **IFRS 9 – Financial Instruments ("IFRS 9")** was issued by the IASB on July 24, 2014, and has replaced IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9; fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. IFRS 9 was adopted retrospectively as at January 1, 2018 without restatement of comparatives, and there were no changes to the consolidated financial statements as a result of the adoption of IFRS 9, with the exception of certain disclosures.

- **IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")** was issued in May 2014 when the IASB and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. As a result of the joint project, the IASB issued IFRS 15 to establish principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In the Company's condensed interim consolidated financial statements as at and for the three months ended March 31, 2018, the modified retrospective transition method was applied, which had no impact on the Company's condensed interim consolidated financial statements. During the three months ended June 30, 2018, the Company changed its accounting policy and applied the full retrospective transition method. During the three months ended June 30, 2018, the Company entered into a contract to sell aggregates from the Point Rousse Project to a third party and determined that this change in accounting policy increases the comparability and relevance of the comparative financial information for the three and nine months ended August 31, 2017. The application of the full retrospective transition method had no impact on the Company's condensed interim consolidated financial statements other than the reclassification of the income from aggregate arrangements from other income to aggregates revenue.

Recently issued but not adopted accounting guidance includes IFRS 16 *Leases* and IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*.

- **IFRS 16 – Leases ("IFRS 16")** was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

- **IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments ("IFRIC 23")** was issued by the IASB on September 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its consolidated financial statements for the annual period beginning on January 1, 2019.

The Company is currently evaluating the impact of these pronouncements on its consolidated financial statements.

Controls and Procedures

Disclosure Controls and Procedures

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

Anaconda's management, including the CEO and CFO, have as at September 30, 2018, designed Disclosure Controls and Procedures (as defined in National Instrument N1 52-109 of the Canadian Securities Administrators), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer is made to them by others, especially in a period where public filings are being prepared; and information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The Company's management, with the participation of the CEO and the CFO, has evaluated the design of the Company's disclosure controls and procedures as defined in *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators* and has concluded that disclosure controls and procedures were effective as of September 30, 2018.

Internal Control over Financial Reporting

Anaconda's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management used the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to design, and evaluate the effectiveness of, the Company's internal controls over financial reporting for the period ended December 31, 2017. Based on this evaluation, management concluded that the Company's internal control over financial reporting was operating effectively as at December 31, 2017 to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three and nine months ended September 30, 2018, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

Anaconda's management, including the CEO and CFO, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed.

Cautionary Statement

This MD&A contains forward-looking information and forward-looking statements about Anaconda Mining Inc. under Canadian securities legislation. Except for statements of historical fact relating to the Company, forward-looking information includes, but is not limited to, information with respect to the Company's expected production from, and the further potential of, the Company's properties; the Company's ability to raise additional funds; the future price of minerals, particularly gold; the estimation of mineral resources and mineral reserves; conclusions of economic evaluations; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying mineral resource and reserve mineral estimates and the realization of such estimates. Capital and operating cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include: the requirement for additional funding for development and exploration; the fluctuating price of gold; success of exploration, development and operations activities; health, safety and environmental risks and hazards; uncertainty in the estimation of mineral reserves and mineral resources; replacement of depleted mineral reserves; the potential of production and cost overruns; obligations as a public company; risks relating to government and taxation regulation; volatility in the market price of the Company's securities; risks relating to title and First Nations; risks relating to the construction and development of new mines; the availability of adequate infrastructure; limitations on insurance coverage; the prevalence of competition within the mining industry; currency exchange rates (such as the Canadian dollar versus the United States dollar); risks relating to potential litigation; risks relating to the dependence of the Company on outside parties and key management personnel; and risks in the event of a potential conflict of interest.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Technical Information

The technical information contained within this MD&A, except for the exploration section, has been reviewed and approved by Gordana Slepcev, P. Eng., Chief Operating Officer with Anaconda Mining Inc., a "Qualified Person" as defined under National Instrument 43-101.

The technical information contained within the exploration section above has been reviewed and approved by Paul McNeill, P. Geo., Vice President Exploration with Anaconda Mining Inc., a "Qualified Person" as defined under National Instrument 43-101.