Anaconda Mining

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

As at and for the year ended December 31, 2018
(Expressed in Canadian Dollars)

This management discussion and analysis ("MD&A") dated February 26, 2019 of Anaconda Mining Inc. ("Anaconda" or the "Company") provides a discussion of the Company's consolidated financial position and the results of its consolidated operations for the year ended December 31, 2018. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2018, the seven months ended December 31, 2017, and the year ended May 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with the risk factors described in the "Risk Factors" section at the end of this document. Additional information including the audited consolidated financial statements for the year ended December 31, 2018 and press releases have been filed through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under the Anaconda Mining Inc. profile at www.sedar.com.

All amounts presented are in Canadian Dollars unless otherwise stated.

Certain non-IFRS measures are included in this MD&A, including operating cash cost per ounce and all-in sustaining costs ("AISC") per ounce. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. Anaconda believes that these measures, in addition to that information prepared in accordance with IFRS, provides investors with useful information to evaluate the Company's performance and ability to generate cash flow from its operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For further information, refer to the "Non-IFRS Measures" section of this MD&A.

Company Overview

Anaconda Mining is a TSX-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 - During 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 "Q4 2018" relate to the three months ended December 31, 2018. For comparative purposes, the results for Q4 2018 have been compared to the four months ended December 31, 2018, and the year ended December 31, 2018 has been compared to the seven months ended December 31, 2017 and the twelve months ended May 31, 2017.

Consolidated Results Summary

Financial Results	**Three months ended December 31, 2018**	Four months ended December 31, 2017	**Year ended December 31, 2018**	Seven months ended May 31, 2017	Year ended May 31, 2017
Revenue ($)	**9,759,181**	8,042,324	**31,731,136**	16,169,776	26,634,718
Cost of operations, including depletion and depreciation ($)	**8,490,772**	6,455,603	**25,826,099**	13,765,473	24,790,421
Mine operating income ($)	**1,268,409**	1,586,721	**5,905,037**	2,404,303	1,844,297
Net income (loss) ($)	**(356,333)**	1,228,668	**(1,693,413)**	904,635	(3,602,188)
Net income (loss) per share ($/share) – basic and diluted	**(0.00)**	0.01	**(0.01)**	0.01	(0.07)
Cash generated from operating activities ($)	**3,385,823**	1,495,034	**8,894,347**	2,035,506	4,782,426
Capital investment in property, mill and equipment ($)	**284,911**	347,647	**2,023,857**	527,118	3,414,163
Capital investment in exploration and evaluation assets ($)	**4,057,912**	1,260,414	**8,024,095**	1,942,146	2,868,112
Average realized gold price per ounce*	**US$1,207**	US$1,284	**US$1,265**	US$1,270	US$1,255
Operating cash costs per ounce sold*	**US$805**	US$692	**US$755**	US$719	US$809
All-in sustaining cash costs per ounce*	**US$1,014**	US$1,020	**US$1,074**	US$1,020	US$1,272
Total assets			**57,942,367**	49,927,877	46,074,065
Non-current liabilities			**5,290,646**	5,511,935	5,801,863

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

Operational Results	**Three months ended December 31, 2017**	Four months ended December 31, 2017	**Year ended December 31, 2018**	Seven months ended December 31, 2017	Year ended May 31, 2017
Ore mined (t)	**99,998**	223,254	**328,291**	382,111	432,081
Waste mined (t)	**300,952**	328,434	**1,288,306**	692,814	2,197,251
Strip ratio	**3.0**	1.5	**3.9**	1.8	5.1
Ore milled (t)	**110,547**	156,239	**461,439**	275,640	423,204
Grade (g/t Au)	**1.93**	1.29	**1.56**	1.32	1.33
Recovery (%)	**89.1**	85.0	**86.7**	85.8	85.0
Gold Oz Produced	**6,125**	5,421	**20,149**	10,002	15,566
Gold Oz Sold	**6,120**	4,786	**19,290**	9,509	15,562

Highlights for the Year Ended December 31, 2018

- Anaconda produced an annual record of 20,149 ounces of gold during 2018, surpassing production guidance of 18,000 ounces.
- The Company sold a record 19,290 ounces of gold in 2018, generating $31.7 million in total revenue at an average sales price of C$1,638 (US$1,264) per ounce of gold. As at December 31, 2018, the Company also had over 860 ounces in gold doré inventory, which was subsequently sold in early January.
- The Pine Cove Mill achieved record annual throughput of 461,439 tonnes during 2018, reflecting a throughput rate of 1,317 tonnes per day. It also achieved a record quarterly recovery in Q4 2018 of 89.1% as a result of processing higher grade ore from Stog'er Tight, contributing to an annual record recovery of 86.7%, a 1.4% increase over the comparative period.
- Mining activity in the early part of 2018 was focused on the completion of the Pine Cove Pit, with development work at the Stog'er Tight Mine being completed in Q2 2018. Of total tonnes mined during the year, 189,484 tonnes were produced from Stog'er Tight, including 99,998 tonnes mined in Q4 2018.
- Operating cash costs per ounce sold* at the Point Rousse Project for the year ended December 31, 2018, was $978 (US$755), achieving guidance of under $1,000.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was $1,392 (US$1,074) for the year ended December 31, 2018, compared to $1,297 (US$1,020) for the prior fiscal year.
- At the Point Rousse Project, EBITDA* for the year ended December 31, 2018 was $12.2 million, while consolidated EBITDA was $6.8 million.
- The Company has converted the Pine Cove Pit into a fully permitted tailings storage facility, which will provide 15 years of storage capacity based on throughput rates of 1,350 tonnes per day.
- The Company announced a Mineral Resource for the Argyle Gold Deposit ("Argyle"), located 4.5 kilometres from the Pine Cove Mill. The Company has been released from environmental assessment, subject to certain conditions, and is working towards the start of development in the second half of 2019.
- The Company continues to execute a 10,000-tonne underground bulk sample at its 100%-owned Goldboro Gold Project in Nova Scotia, with mining activity completed in Q1 2019.
- On October 25, 2018, the Company announced an updated Mineral Resource Estimate at Goldboro, with a 15% increase in Measured and Indicated Mineral Resources and a 30% increase in Inferred Mineral Resources.
- Net loss for the year ended December 31, 2018 was $1,693,413, or $0.01 per share, compared to net income of $904,635 or $0.01 per share, for the seven months ended December 31, 2017. Excluding transaction costs, net loss for the year ended December 31, 2018 was $839,282, or $0.01 per share.
- As at December 31, 2018, the Company had a cash balance of $6.4 million, working capital* of $3.2 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.*

2019 Guidance

Anaconda is projecting to produce and sell between 19,000 and 20,000 ounces of gold in 2019, which at a budgeted gold price of $1,600 (approximately US$1,200) will generate approximately $30.0 million of revenue. Production for the first half of the year and into the third quarter is expected to be from continued mining at Stog'er Tight and pushbacks to the Pine Cove Pit. Development at Argyle is expected towards the middle of the year, with ore production commencing in the third quarter. The Argyle project has been released from environmental assessment and is working towards the receipt of final permits. Mill throughput is expected to remain consistent throughout the year, with marginal ore stockpiles available to supplement mill feed, although the Company continues to investigate opportunities to defer marginal ore feed.

Operating cash costs for the full year are expected to be between $1,050 and $1,100 per ounce of gold sold (US$800 - US$835 at an approximate exchange rate of 0.76), which is consistent with historical levels and slightly higher than previous year guidance due to the processing of relatively lower-grade ore from the Pine Cove Pit pushbacks, and marginal stockpiles.

2018 Operating and Financial Review

Anaconda produced an annual record of 20,149 ounces of gold in 2018 and achieved record quarterly production of 6,125 ounces during the fourth quarter. The Company exceeded its 2018 guidance of 18,000 ounces by 12%, as a result of higher grades from mining at the bottom of the Pine Cove Pit, higher ore production than planned from the higher-grade Stog'er Tight Mine, and record mill throughput and recovery rates.

During 2018, the Company sold 19,290 ounces at an average realized gold price of C$1,638, to generate total revenue of $31.7 million, which included $100,092 from the sale of waste rock as aggregate. As at December 31, 2018, the Company also had over 860 ounces of gold doré which were sold in early January.

Point Rousse Mill Operations – The Pine Cove Mill processing facility remains a cornerstone asset of the Company, achieving a record annual throughput of 461,439 tonnes, and also achieving a record quarterly throughput in Q2 2018 of 121,299 tonnes, representing a rate of 1,350 tonnes per day ("tpd"). The throughput rate during 2018 of 1,317 tpd was consistent with the previous fiscal year, and an 8% increase over the twelve months ended May 31, 2017. Lower availability in 2018 compared to the previous fiscal year was predominantly the result of unplanned power outages due to inclement winter weather in Q4 2018. 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 2018 was 1.56 g/t, an increase of 18% over the previous fiscal year ended December 31, 2017, due to a greater proportion of mill feed from Stog'er Tight relative to ore stockpiled from the Pine Cove Pit. The Company expects that over the first half of 2019 the feed grade will decrease slightly, as continued mining from Stog'er Tight is complemented by pushbacks to the Pine Cove pit, supplemented with marginal ore stockpiles to maintain throughput.

The mill achieved an annual record average recovery rate of 86.7% during the 2018 year, including a quarterly record of 89.1% in Q4 2018, reflecting the impact of the higher-grade feed from Stog'er Tight. The recovery rates achieved represent an annual and quarterly improvement of 1.0% and 4.8%, respectively, over the comparative periods. The combination of higher throughput, grade, and recoveries led to record quarterly and annual gold production.

Point Rousse Mine Operations – Mine activity in early 2018 was focused on the completion of mining in the Pine Cove Pit and the development of the Stog'er Tight Mine area. The Company completed development work at Stog'er Tight in April, and commercial ore production began in May.

Anaconda mined 328,291 tonnes of ore and moved 1,288,306 tonnes of waste in 2018, for total material moved of 1,616,597 tonnes. This resulted in a strip ratio of 3.9 waste tonnes to ore tonnes relating predominantly to Stog'er Tight, an increase over the previous fiscal year when mining was occurring towards the bottom of the Pine Cove Pit. The strip ratio however has decreased significantly to 3.0 in Q4 2018, down from 7.4 in the third quarter, and is expected to increase in Q1 2019 as mining transitions to the eastern portion of the Stog'er Tight Mine. The lower ore profile and higher waste tonnes in 2018 compared to the previous fiscal year reflects the completion of higher-tonnage mining from the Pine Cove Pit and the transition to the lower tonne Stog'er Tight Mine. Of total tonnes mined during the year, 189,484 tonnes were produced from Stog'er Tight, including 99,998 tonnes mined in Q4 2018.

In Q1 2019, the Company will continue to mine from Stog'er Tight and prepare for pushbacks to the Pine Cove Pit, with these mining areas providing mill feed into the second half of 2019, when the development of the Argyle deposit is expected to commence. 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. The in-pit tailings facility does not impact the planned pushbacks to the Pine Cove Pit.

Financial Performance

	Three months ended December 31, 2017	Four months ended December 31, 2017	**Year ended December 31, 2018**	Seven months ended December 31, 2017	Year ended May 31, 2017
Revenue	**9,759,181**	8,042,324	**31,731,136**	16,169,776	26,634,718
Cost of operations					
Operating expenses	**6,215,098**	4,479,599	**18,626,974**	9,516,731	17,525,386
Royalty expense	**295,803**	-	**366,248**	-	2,952
Depletion and depreciation	**1,979,871**	1,976,004	**6,832,877**	4,248,742	7,262,083
Total cost of operations	**8,490,772**	6,455,603	**25,826,099**	13,765,473	24,790,421
Mine operating income	**1,268,409**	1,586,721	**5,905,037**	2,404,303	1,844,297

Anaconda sold 20,149 ounces of gold, generating gold revenue of $31,602,584 during the year ended December 31, 2018, based on an average realized gold price of $1,638 per ounce. The Company also generated aggregates revenue of $100,092 from the sale of waste rock, compared to $809,192 and $938,089 in the seven months ended December 31, 2017 and the year ended May 31, 2017, respectively, when it was contracted to deliver more waste rock tonnes.

Operating expenses for 2018, which include mining, processing and mine support costs, were $18,626,974, compared to $9,516,731 for the seven month period ended December 31, 2017 and $17,525,386 for the year ended May 31, 2017. On a per ounce sold basis, operating cash costs were $978 (US$755), achieving the Company's annual 2018 guidance of under $1,000. Operating cash costs for the seven months ended December 31, 2017 were $914 per ounce sold, which was positively impacted by higher by-product aggregate sales during the period. Operating expenses in 2018 also included a royalty expense of $366,248 on production from Stog'er Tight, which carries a 3% net smelter return royalty, compared to nil in the previous year as the Pine Cove Mine is not subject to a royalty.

Depletion and depreciation was $6,832,877 for the year ended December 31, 2018, compared to $4,248,742 for the seven month period ended December 31, 2017 and $7,262,083 for the year ended May 31, 2017. During the year ended December 31, 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 $413,000 for the year ended December 31, 2018. On an annualized basis, the depletion and depreciation was comparatively consistent given the updated estimated residual values, with generally higher depletion and depreciation over the past three fiscal periods as a result of the higher gold ounces sold, which drove higher units-of-production depreciation.

Mine operating income for the year ended December 31, 2018 was $5,905,037, compared to $2,404,303 for the seven months ended December 31, 2017 and $1,844,297 for the year ended May 31, 2017. The comparative higher mine operating income was attributable to higher gold sales combined with higher productivity in both the mine and mill operations, resulting in higher throughput, grades, and recovery, at similar or lower unit costs.

Corporate administration costs for 2018 were $4,025,435, which includes senior management and corporate compensation, regulatory costs including audit, tax, and listing and public company costs, marketing and investor relations, and general office expenses. The higher comparative expenditures reflect the expanded senior management team to execute the Company's growth plans and greater market presence and investor relations activity, particularly since the acquisition of Goldboro. The Company also incurred research and development costs of $514,609 in the year ended December 31, 2018, relating to the Narrow Vein Mining Project announced in June 2017, and other research and development projects.

Share-based compensation was $544,560 during the year, compared to $131,676 and $181,225 in the comparative fiscal years, 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 year ended December 31, 2018, as the remaining exploration commitments from the October 31, 2017 flow-through financing were incurred in the first half of 2018. The Company also recognized a write-down of exploration and evaluation costs of $240,836 relating to the Anaroc Prospect, which did not encounter significant assays to justify further exploration work at this time.

Net loss for the year ended December 31, 2018 was $1,693,413, or $0.01 per share, compared to net income for the seven month period ended December 31, 2017 of $904,635, or $0.01 per share. The comparative period was positively impacted by a deferred income tax recovery of $1,569,000, while net loss for the year ended December 31, 2018 reflected a deferred income tax expense of $617,000 relating to the use of tax loss pools, and the inclusion of $854,131 in transaction costs related to the takeover bid of Maritime. The Company also recognized a current income tax expense of $1,007,445 at December 31, 2018, reflecting the Company's estimate of Newfoundland and Labrador mining taxes payable based on results for the year.

Fourth Quarter Review

Operational Performance - Anaconda produced 6,125 ounces of gold during Q4 2018, and had 860 ounces of gold doré in finished goods at year-end. The Pine Cove Mill processed 110,547 tonnes of ore during the quarter, representing a throughput rate of 1,282 tonnes per operating day, compared to a throughput rate of 1,299 tonnes in the four month period ended December 31, 2017. Mill recovery of 89.1% was a 5% improvement over the comparative period, reflecting the impact of higher-grade feed from Stog'er Tight. Average grade of 1.93 g/t in Q4 2018 was 50% higher than the four months ended December 31, 2017, reflecting the higher-grade ore being mined from Stog'er Tight relative to Pine Cove mine, which was the main ore source in the comparative period.

Mine production of 99,998 tonnes of ore was significantly lower than the 223,254 tonnes of ore mined during the four months ended December 31, 2017, notwithstanding the shorter period, due to the lower-tonnage profile of the Stog'er Tight mine and the higher relative strip ratio during Q4 2018 compared to the comparative period, when ore was being sourced from the lower levels of the Pine Cove mine.

Financial Performance – The Company generated $9,754,517 in gold revenue during Q4 2018 at an average gold sales price of approximately $1,594 per ounce. Gold revenue was 26% higher compared to the four months ended December 31, 2017, despite a shorter period, due to 28% higher gold ounces sold.

Operating expenses were $6,215,098 during Q4 2018, equivalent to $1,063 per ounce sold (US$805), compared to operating expenses of $4,479,599 for the four months ended December 31, 2017. The significant change is due to the inventory adjustment of $1,029,382 during Q4 2018 as the Company drew down on its stockpiles and gold-in-circuit inventory during the quarter, compared to a negative inventory adjustment of $1,679,826 in the comparative period when the Company was building a stockpile from the Pine Cove mine.

Mine operating income for Q4 2018 was $1,268,409, compared to $1,586,721 for the four months ended December 31, 2017. The comparatively lower mine operating income in the most recent period, besides being a shorter period, reflects a royalty expense of $295,803 relating to a 3% net smelter return royalty on Stog'er Tight production. There was no royalty expense in the comparative period when the Company was still processing ore from the Pine Cove Pit.

Net loss for the three months ended December 31, 2018 was $356,333, or $0.00 per share, compared to net income for the four months ended December 31, 2017 of $1,228,668, or $0.01 per share. The comparative period reflected higher relative revenue from the sale of waste rock and a deferred tax recovery of $1,243,000, which was partially offset by lower comparative corporate administration costs. Net income in Q4 2018 also reflects a $240,839 write-down of exploration and evaluation assets.

Company Strategy and Outlook

Anaconda Mining is an established gold producer in the stable, low-risk jurisdiction of Atlantic Canada with two mine operating centers and a strong production growth profile in the near-term, with the aim of growing to annual production of 100,000 ounces per annum over the next 3 to 5 years. The Company has been producing profitably in Newfoundland for over 9 years, and has developed the infrastructure, management team, and experienced workforce to serve as the platform for near-term growth.

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

- Filing of an Updated Goldboro Gold Project Mineral Resource Estimate in December 2018, demonstrating strong increase in contained ounces, grade, and categorization.
- Updated the Goldboro Preliminary Economic Assessment, demonstrating significantly improved after-tax economics.
- Filing of the Goldboro Environmental Registration in Nova Scotia, beginning the permitting process.
- Initiation of a 10,000-tonne underground bulk sample at Goldboro, with mining activity completed in January 2019.
- Completion of a 10,000 metre diamond drill program at Goldboro to further expand and infill the central and western parts of the Deposit.
- Record annual gold production from the Point Rousse operation in 2018 and guidance for 2019 of a similar production profile.
- Completion of mineral resource expansion and exploration program in the Baie Verte Mining District, including drill programs targeting expansion of the infilling and expansion of mineralization near the margins of the existing pit outlines at the Pine Cove and Stog'er Tight deposits, and the infilling and expansion of the Argyle Deposit.
- Creation of a wholly-owned subsidiary focused on creating value from the Company's prospective, early-stage exploration projects.

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.

➢ Moving Towards Goldboro Development

In 2019 at the Goldboro Gold Project, Anaconda is committed to completing and publish a full feasibility study on the Project, and in parallel continue with the permitting process such that Goldboro is in a shovel-ready state by the end of the year.

In July 2018, Anaconda received approval to undertake a 10,000-tonne bulk sample program. The program commenced in late August of 2018 by dewatering the existing Boston-Richardson decline and proceeding with rehabilitation work. As at the date of this report, mining activities have been completed and rehabilitation work on the portal is being completed. The bulk sample has been stockpiled and the processing of ore mined at the Pine Cove Mill is expected to be complete in the second quarter of 2019. The Bulk Sample will provide valuable geological, operational and processing information for design and optimization of the overall project in the feasibility study.

In the second half of 2018, the Company also completed a 10,000 metre drill program which successfully extended the Boston Richardson Gold System over 350 metres of strike and to depths of 525 metres. Drilling expanded two mineralized zones an additional 200 metres along strike and expanded five other zones over 350 metres along strike. The drill program also successfully infilled the West Goldbrook Gold System over 400 metres of existing strike length and extended the WG Gold System 200 metres to a depth of 450 metres, encountering 23 occurrences of visible gold and mineralization characteristic of the Goldboro Gold Deposit. These drill results will be incorporated into an updated Mineral Resource Estimate and will form the basis of the Project Feasibility Study.

➢ **Expanding the Mineral Resource**

On December 10, 2018, the Company filed 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**").*

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.*

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.

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

On December 10, 2018, the Company also filed an updated PEA for Goldboro, 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. 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.

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**, with peak underground production of over **60,000 ounces**;
- LOM average operating cash cost of **$654 per ounce (~US$525 per ounce)** and all-in sustaining cash cost of **$797 per ounce (~US$640 per ounce)** at an 0.80 USD:CAD exchange rate; and
- The Project has pre-production capital expenditures of **$47 million** to establish the proposed initial open pit operations prior to underground development and production.

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

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

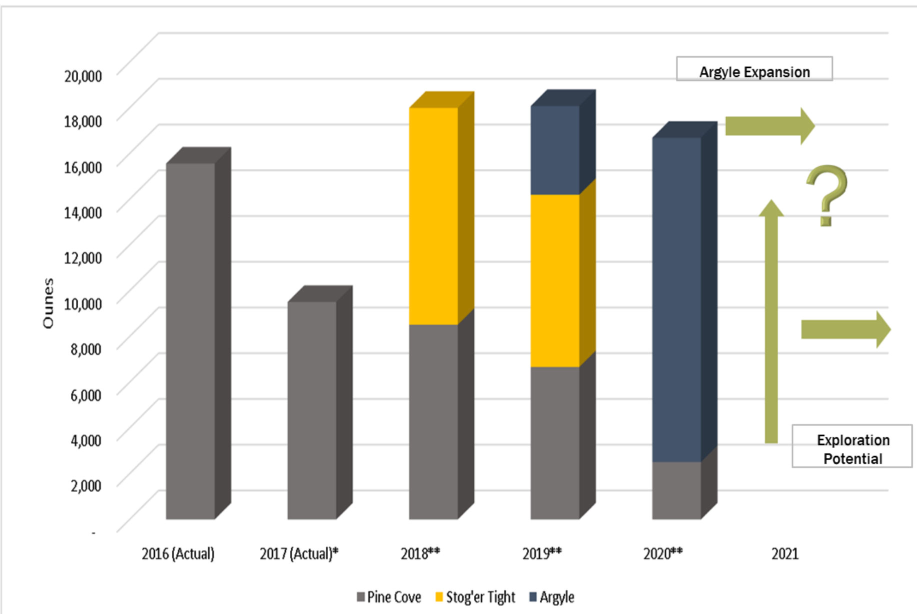
THE POINT ROUSSE PROJECT, NEWFOUNDLAND

The Point Rousse Project is located in the Baie Verte Mining District 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 Mineral Resource. 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.

➢ Production and Mineral Resource Plan

In 2019, the Company is projecting to produce and sell between 19,000 and 20,000 ounces of gold from continued mining at Stog'er Tight and pushbacks to the Pine Cove Pit. Development at Argyle is expected towards the middle of the year, with ore production commencing in the third quarter. The Argyle project has been released from environmental assessment and is working towards the receipt of final permits. Mill throughput is expected to remain consistent throughout the year, with marginal ore stockpiles available to supplement mill feed, although the Company continues to investigate opportunities to defer marginal ore feed. Operating cash costs for the full year are expected to be between $1,050 and $1,100 per ounce of gold sold (US$800 - US$835 at an approximate exchange rate of 0.76).

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



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

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

Anaconda is confident that it will continue to extend the life of the Point Rousse operation, and in June 2018 the Company announced plans for a resource expansion and exploration program for the second half of 2018. This program included drill programs aimed at the infilling and expansion of mineralization near the margins of the existing pit outlines at the Pine Cove and Stog'er Tight deposits, and the infilling and expansion of the Argyle Deposit.

Specific to the Pine Cove and Stog'er Tight mining areas, a total of 33 drill holes successfully infilled and extended mineralization near the margins of the existing pit outlines at both mines. The Company extended the strike of the shallow, southern end of the Pine Cove Deposit, by approximately 100 metres, and extended mineralization in the Northwest Extension of the Pine Cove Deposit by 75 metres. At Stog'er Tight, the Company confirmed mineralization, including visible gold occurrences, adjacent to the ultimate pit design, down dip of the current mineral reserves.

Highlights from the Drill Program include:

Stog'er Tight:

- 6.45 grams per tonne ("g/t") gold over 5.0 metres (65.0 to 70.0 metres) in hole BN-18-288;

- 1.89 g/t gold over 12.0 metres (64.0 to 76.0 metres) in hole BN-18-290; and
- 2.46 g/t gold over 8.0 metres (79.8 to 87.8 metres) in hole BN-18-292.

Pine Cove:

- 2.50 g/t gold over 9.0 metres (17.0 to 26.0 metres) in hole PC-18-271;
- 1.73 g/t gold over 9.0 metres (5.0 to 14.0 metres) in hole PC-18-281; and
- 1.50 g/t gold over 5.0 metre (10.0 to 15.0 metres) in hole PC-18-269.

During the first half of 2019, work will begin to incorporate these drill results into the respective resource models and determine the possibility of extending the mining operations at Pine Cove and Stog'er Tight beyond the existing mineral resource plan.

The Company has also completed a drill program focused on the infilling and expansion of the **Argyle Deposit**, where earlier in 2018 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. The Company has been released from environmental assessment and is working towards the start of development in the second half of 2019.

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 conjunction with the optioning of the Cape Spencer Gold Property in New Brunswick in September 2018, the Company created a new wholly-owned subsidiary ("ExploreCo"), with a mandate to identify strategic options to unlock the value of these assets for shareholders through a separate vehicle, allowing Anaconda to focus on its core mining and development operations. Anaconda has also contributed its Great Northern Project to ExploreCo.

The Company believes ExploreCo provides a very compelling opportunity for value creation, exploring in two districts with camp-scale potential, with control of over 12,000 hectares of prospective gold bearing geological terranes. The Projects contain two existing gold deposits and numerous prospects, gold occurrences, and drill ready targets. In January 2019, the Company announced updated Mineral Resource Estimates for the Great Northern and Cape Spencer Gold Projects. Mineral Resource Estimate highlights include:

Great Northern Project

- The Rattling Brook Deposit has an Inferred Mineral Resource Estimate of 5,460,000 tonnes at an average grade of 1.45 g/t gold for 255,000 contained ounces at a cut-off grade of 1.0 g/t gold;
- The nearby Thor Deposit has a current Indicated Mineral Resource Estimate of 1,817,000 tonnes at an average grade of 1.42 g/t gold for 83,000 contained ounces and an Inferred Mineral Resource Estimate of 847,000 tonnes at an average grade of 1.15 g/t gold for 31,000 contained ounces at a cut-off grade of 0.5 g/t gold.

Cape Spencer Project

- The Cape Spencer Deposit has an Inferred Mineral Resource Estimate of 1,720,000 tonnes at an average grade of 2.72 g/t gold for 151,000 contained ounces in the Northeast and Pit Zones;
    - Inferred Mineral Resource of 740,000 tonnes at an average grade of 4.07 g/t gold, for 96,000 contained ounces at a cut-off grade of 2.5 g/t gold in a conceptual underground development at the Northeast Zone; and
    - Inferred Mineral Resource of 990,000 tonnes at an average grade of 1.71 g/t gold, for 54,000 contained ounces at a cut-off grade of 0.5 g/t gold in a conceptual open-pit at the Pit Zone.

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.

The Company's working capital position is as follows:

	December 31, 2018	December 31, 2017	May 31, 2017
Cash and cash equivalents	**6,425,129**	3,963,181	2,519,488
Inventory	**4,906,935**	7,126,240	4,525,312
Other current assets	**1,455,177**	571,804	798,602
	12,787,241	11,661,225	7,843,402
Trade payables and accrued liabilities	**7,637,312**	3,958,933	4,060,492
Current taxes payable	**1,001,000**	118,000	-
Current portion of loans	**804,770**	671,881	349,527
Other current liabilities	**146,319**	409,217	121,287
	9,589,401	5,158,031	4,531,306
Working capital*	**3,197,840**	6,503,194	3,312,096

Refer to Non-IFRS Measures section

Working capital as at December 31, 2018 included cash and cash equivalents of $6,425,129 and inventory of $4,906,935. Inventory included $900,000 of gold doré, which was sold in January 2019. The decrease in working capital compared to December 31, 2017 is primarily a result of $3.8 million in trade payables and accrued liabilities relating to the underground bulk sample at the Goldboro Gold Project.

The Company maintains a $1,000,000 revolving credit facility as well as a $750,000 revolving 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 December 31, 2018, the Company had not drawn against the revolving credit facility.

As at December 31, 2017, the capital structure of the Company consisted primarily of all the components of shareholders' equity and loans. To adjust or maintain its capital structure, the Company may adjust the amount of any of its debt through repayment, or may enter new credit facilities or issue new common shares.

Cash Flow Analysis

Anaconda generated cash flow of operations of $8,894,347 for the year ended December 31, 2018, after accounting for corporate administration costs. Revenue less operating expenses from the Point Rousse Project were $12,737,914, based on annual gold sales of 20,149 ounces at an average price of C$1,638 per ounce sold and operating cash costs of C$978 per ounce sold. Corporate administration costs in 2018 were $4,025,435, and there was a net increase in operating cash flows of $1,554,651 from changes in working capital, mainly due to the reduction in inventory and the increase in accounts payable and accrued liabilities.

During 2018, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent $4,057,912 in Q4 2018 and $8,024,095 during 2018 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at December 31, 2018), primarily on the continued advancement of the Goldboro Project, which included $6.3 million on the bulk sample program that commenced in August 2018. The Company also invested $284,910 during Q4 2018 and $2,023,856 during the year ended December 31, 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 2018.

Financing activities Q4 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 and $87,000 from the exercise of warrants in fiscal 2018.

Commitments

In addition to accounts payable and accrued liabilities of $7,637,312 as of December 31, 2018, the Company has the following contractual obligations:

	1 Year $	1-3 Years $	More than 3 years $	Total $
Provincial government loan	80,122	160,473	-	**240,595**
Federal government loan	100,800	172,400	-	**273,200**
Capital leases and other loans	623,848	328,438	28,090	**980,376**
Interest payable	35,111	12,914	-	**48,025**
Operating leases	71,427	8,781	963	**81,171**
	911,308	683,006	29,053	**1,623,367**

As at December 31, 2018, the Company has a commitment to spend $2,051,435 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.

In November and December 2018, the Company locked into forward sales on a delivery basis for 3,457 ounces of its production for the first quarter of 2019. The gold price for the orders was locked in at an average of $1,640.55 per ounce with delivery from January 9, 2019 to March 6, 2019.

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

- A net smelter return ("NSR") of 3% is payable to a third-party on gold 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 December 31, 2018, the Company has determined it has approximately $34 million in expenditures deductible against future receipts.

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

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

Off-Balance Sheet Items

As at December 31, 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:

	December 31, 2018	December 31, 2017	May 31, 2017
Authorized: Unlimited number of common shares			
Issued: Fully paid common shares	**118,766,635**	105,644,965	95,518,773
Issued: Common share purchase warrants	**16,360,071**	10,576,078	12,480,362
Issued: Stock options	**8,310,375**	8,039,875	7,395,625

As at the date of this MD&A, the full paid common shares outstanding of Anaconda was 118,766,635.

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 December 31, 2018, the Company had 16,360,071 share purchase warrants outstanding with a weighted average exercise price of $0.40, which includes 8,155,750 common share purchase warrants assumed as part of the acquisition of Orex Exploration Inc.

During the year ended December 31, 2018, 255,000 share purchase warrants were exercised at an average price of $0.34 for proceeds of $87,000. Subsequent to December 31, 2018, 87,500 warrants expired unexercised.

Stock Options

As at December 30, 2018, the Company has a total of 8,310,375 options outstanding with a weighted average exercise price of $0.28 and expiration dates ranging from June 10, 2019 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 year ended December 31, 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. In 2018, 787,500 stock options were exercised at an average price of $0.24 for proceeds of $186,000, and 650,000 stock options expired unexercised.

Share Units

In December 2018, the Company's Board of Directors approved the adoption of a share unit plan (the "Share Unit Plan"), subject to approval of the shareholders of the Company. The Share Unit Plan provides for the issuance of share units to directors, officers, employees, and consultants of the Company. Share units are units representing the right to receive one common share (subject to adjustments) issued from treasury per share unit. As of December 31, 2018, there were no share units issued.

Subsequent to December 31, 2018, 85,500 share units were granted to certain directors of the Company, fully vesting upon the approval of the Share Unit Plan by shareholders of the Company.

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 December 31, 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.

Equity securities risk
The Company is exposed to equity securities price risk because of investments held by the Company, which are concentrated in the Canadian junior mining sector. As at December 31, 2018, had the fair values of the investments at fair value through profit or loss increased or decreased by 10%, with all other variables held constant, net loss would have increased or decreased by approximately $37,000.

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, "Q3 2018" relating to the three months ended September 30, 2018, and "Q4 2018" relating to the three months ended December 31, 2018.

($ thousands unless otherwise stated)	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q2 2017**	**Q1 2017**	**Q4 FY2017**	**Q3 FY2017 (restated)**
Revenue	9,759	6,924	7,452	7,597	8,042	8,127	7,831	6,074
Mine operating income (loss)	1,268	686	1,865	2,085	1,587	818	1,648	(684)
Net income (loss)	(356)	(936)	(550)	149	1,229	(324)	(1,890)	(940)
Net income (loss) per share (basic and diluted) *($ per share)*	(0.00)	(0.01)	(0.00)	0.00	0.01	(0.00)	(0.03)	(0.02)
Cash flow from (used in) operations	3,386	1,572	2,945	992	1,495	540	3,173	323
Total assets	57,942	56,156	54,379	50,607	49,928	44,710	46,074	30,853
Non-current liabilities	5,291	5,488	5,197	5,398	5,512	5,575	5,802	4,856

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.

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 June 1, 2017, the Chief Operating Officer. Compensation of key management personnel (including directors) was as follows for the year ended December 31, 2018, the seven month period ended December 31, 2017, and the year ended May 31, 2017:

	Year ended December 31, 2018	Seven months ended December 31, 2017	Year ended May 31, 2017
Salaries, bonuses, fees and short-term benefits	**1,028,636**	624,725	746,621
Share based compensation ($)	**312,566**	86,341	100,829
	1,341,202	711,066	847,450

As at December 31, 2018, included in trade and other payables is $42,750 (December 31, 2017 - $16,250, May 31, 2017 – $48,000) 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 by dividing operating expenses per the consolidated statement of operations, net of silver sales by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation and rehabilitation costs.

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

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

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

	Three months ended December 31, 2018	Four months ended December 31, 2017	**Year ended December 31, 2018**	Seven months ended December 31, 2017	Year ended May 31, 2017
Operating expenses per the consolidated statement of comprehensive (loss) income, including royalties	**6,510,901**	4,479,599	**18,993,222**	9,516,731	17,528,338
By-product silver sales credit	**(4,664)**	(9,882)	**(28,460)**	(15,962)	(26,298)
By-product aggregate sales credit	**-**	(294,910)	**(100,092)**	(809,192)	(938,089)
Operating cash costs ($)	**6,506,237**	4,174,807	**18,864,670**	8,691,577	16,563,951
Sustaining expenditures – property, mill and equipment	**284,911**	347,647	**2,023,855**	527,118	3,414,163
Sustaining expenditures – exploration and evaluation	**429,944**	36,647	**1,315,628**	219,198	3,194,481
Corporate administration costs	**830,710**	1,503,154	**4,025,435**	2,747,770	2,637,276
Share-based compensation	**96,713**	82,002	**544,560**	131,676	181,225
Rehabilitation – accretion and amortization	**40,844**	8,449	**68,198**	14,786	40,532
All-in sustaining cash costs ("AISC") ($)	**8,189,359**	6,152,706	**26,842,346**	12,332,125	26,031,628
Gold ounces sold	**6,120**	4,786	**19,290**	9,509	15,562
Operating cash costs per ounce sold ($ / ounce)	**1,063**	872	**978**	914	1,064
AISC per ounce sold ($ / ounce)	**1,338**	1,286	**1,392**	1,297	1,673
Average US Dollar exchange rate during period	**0.7575**	0.7935	**0.7721**	0.7865	0.7602
Operating cash costs per ounce sold (US$ / oz)	**805**	692	**755**	719	809
AISC per ounce sold (US$ / ounce)	**1,014**	1,020	**1,074**	1,020	1,272

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

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

	Three months ended December 31, 2018	Four months ended December 31, 2017	**Year ended December 31, 2018**	Seven months ended December 31, 2017	Year ended May 31, 2017
Gold revenue ($)	**9,754,517**	7,737,532	**31,602,584**	15,344,622	25,670,331
Gold ounces sold	**6,120**	4,786	**19,290**	9,509	15,562
Average realized gold price per ounce sold ($)	**1,594**	1,618	**1,638**	1,615	1,651
Average US Dollar exchange rate during period	**0.7575**	0.7935	**0.7721**	0.7865	0.7602
Average realized gold price per ounce sold (US$)	**1,207**	1,284	**1,265**	1,270	1,255

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") - EBITDA is earnings before finance expense, deferred income tax expense and depletion and depreciation.

Point Rousse Project EBITDA is EBITDA before corporate administration and other expenses (income).

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

	Three months ended December 31, 2018	Four months ended December 31, 2017	**Year ended December 31, 2018**	Seven months ended December 31, 2017	Year ended May 31, 2017
Net (loss) income, per the consolidated statement of comprehensive (loss) income	**(356,333)**	1,228,668	**(1,693,413)**	904,635	(3,602,188)
Adjustments:					
Finance (income) expense	**(4,738)**	22,870	**60,027**	46,883	176,882
Current income tax expense	**194,000**	59,000	**1,007,445**	118,000	-
Deferred income tax (recovery) expense	**(43,000)**	(1,243,000)	**617,000**	(1,569,000)	2,475,000
Depletion and depreciation	**1,979,871**	1,976,004	**6,832,877**	4,248,742	7,262,083
EBITDA	**1,769,800**	2,043,542	**6,823,936**	3,749,260	6,311,777
Corporate administration	**830,710**	1,503,154	**4,025,435**	2,747,770	2,637,273
Transaction costs	**-**	-	**854,131**	-	-
Write-down of exploration assets	**240,836**	-	**240,836**	65,939	-
Stock-based compensation	**96,713**	82,002	**544,560**	131,676	181,225
Other expenses (income)	**1,950**	(125,261)	**(265,528)**	(100,888)	(23,898)
Point Rousse Project EBITDA	**2,940,009**	3,503,437	**12,223,370**	6,593,757	9,106,380

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 licences and permits; obligations as a public company; risks relating to government and taxation regulation; volatility in the market price of the Company's securities; risks relating to title and First Nations; risks relating to the construction and development of new mines; the availability of adequate infrastructure; limitations on insurance coverage; the prevalence of competition within the mining industry; currency exchange rates (such as the Canadian dollar versus the United States dollar); risks relating to potential litigation; risks relating to the dependence of the Company on outside parties and key management personnel; and risks from potential conflicts of interest. Risk related to taxation exists with respect to tax audits and the interpretation of tax regulations by the responsible tax authority. Possible areas of tax audit and interpretation may include the Company's judgements in respect of qualifying Canadian exploration expenses and the related tax deductions renounced to investors under flow-through common share financings.

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

Readers are encouraged to read a full outline and description of the risk factors described in the Company's Annual Information Form for the year ended December 31, 2018 filed on SEDAR under the Anaconda Mining profile. The occurrence of any one, or combination of, the aforementioned risks could materially adversely impact the Company's business and as a result, the trading price of the Company's common shares could decline and investors could lose part or all of their investment.

Critical Accounting Estimates and Judgements

The Company's significant accounting policies are described in Note 2 to the consolidated financial statements for the year ended December 31, 2018. The preparation of the consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements and reported amounts of expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets and are based on historical experience and other factors considered relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. For details of these estimates, assumptions and judgments, please refer to the Company's consolidated financial statements for the year ended December 31, 2018, which are available on the Company's website and on SEDAR.

During the year ended December 31, 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 consolidated financial statements for the year ended December 31, 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 year ended December 31, 2017. The application of the full retrospective transition method had no impact on the Company's consolidated financial statements other than the reclassification of the income from aggregate arrangements from other income to aggregates revenue. For the seven months ended December 31, 2017 and the twelve months ended May 31, 2017, $809,192 and $938,089 were reclassified from other income to aggregates revenue. The reclassifications for the comparative periods did not result in a change in the previously disclosed net income (loss) per share.

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*. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The Company will apply IFRS 16 on its effective date of January 1, 2019 using the modified retrospective approach of adoption resulting in no restatement of prior year comparative information.

  Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight line basis for short term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of the initial application would be accounted for in the same way as short term leases.

  A review of leases was significantly advanced in 2018 with further analysis and quantification of impacts to be finalized. Implementation of IFRS 16 is expected to increase property, mill and equipment, related debt amounts, and corresponding depreciation and finance cost expenses.

- **IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments ("IFRIC 23")** was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. 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 does not expect the application of IFRIC 23 to have a significant impact 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 December 31, 2018, 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 effectiveness of the Company's disclosure controls and procedures as defined in *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators* and has concluded that disclosure controls and procedures were effective as of December 31, 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 evaluate the effectiveness of the Company's internal controls for the year ended December 31, 2018.

Based on this evaluation, management concluded that the internal control over financial reporting was operating effectively as of December 31, 2018, 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 year ended December 31, 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 Note Regarding Forward-Looking Information

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

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

Technical Information

The technical and scientific information relating to exploration activities disclosed in this document have been reviewed and approved by Paul McNeill, P. Geo., Vice President Exploration with Anaconda Mining Inc., a "Qualified Person" as defined under National Instrument 43-101.

The technical and scientific information relating to mining operations disclosed in this document have been reviewed and approved by Gordana Slepcev, P. Eng., Chief Operating Officer with Anaconda Mining Inc., a "Qualified Person" as defined under National Instrument 43-101.