Anaconda Mining

Management Discussion and Analysis

For the three months ended March 31, 2018 and February 28, 2017
(Expressed in Canadian Dollars)

This management discussion and analysis ("MD&A") dated May 2, 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 months ended March 31, 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 months ended March 31, 2018 and February 28, 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 months ended March 31, 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 ("Point Rousse") located in the Baie Verte Mining District in Newfoundland, comprised of the Pine Cove open pit mine, the Stog'er Tight Mine, the Argyle Deposit, the fully-permitted Pine Cove Mill and tailings facility, and approximately 5,800 hectares of prospective gold-bearing property. Anaconda is also developing the Goldboro Gold Project ("Goldboro") in Nova Scotia, a high-grade Mineral Resource, with the potential to leverage existing infrastructure at the Company's Point Rousse Project.

The Company also has a pipeline of organic growth opportunities, including the Great Northern Project ("Great Northern") on the Northern Peninsula of Newfoundland and the Tilt Cove Property on the Baie Verte Peninsula, also in Newfoundland.

Anaconda's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "ANX". 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, June, September, and December each year. In this MD&A, references to Q1 2018 relate to the three month period ended March 31, 2018.

Corporate Developments

- **Anaconda Mining Commences Takeover Bid for Maritime Resources Corp. To Create Emerging Canadian Gold Producer with Significant Growth Profile**

On April 13, 2018, the Company announced a takeover bid (the "Offer") to acquire all of the issued and outstanding common shares ("Maritime Shares") of Maritime Resources Corp. (TSX-V:MAE) ("Maritime"), in exchange for consideration of 0.390 of a common share of Anaconda for each Maritime Share (the "Offer Consideration"). The Offer Consideration represents $0.16 per Maritime Share and represents a premium of approximately 64%, based on the 20-day volume weighted average prices of the Maritime Shares on the TSX Venture Exchange ("TSX-V") and the Anaconda Shares on the Toronto Stock Exchange ("TSX") immediately preceding the date the Offeror announced its intention to make an offer to Maritime Shareholders.

The Offer will be open for acceptance until 5:00 PM (Toronto Time) on July 27, 2018, unless the offer is abridged, extended or withdrawn (the "Expiry Time").

Full details of the Offer are included in the Offer to Purchase and Circular, the related letter of transmittal, and the notice of guaranteed delivery (collectively, the "Offer Documents"), which are filed on SEDAR at www.sedar.com and have been mailed to Maritime Shareholders, holders of Convertible Securities, and other persons who are entitled to receive those documents under applicable laws.

Benefits of the Offer to Maritime Resources

Anaconda believes that the Offer is compelling, and represents a superior alternative to continuing the course set by the current Maritime Board and management of Maritime, for the following reasons:

- ***Significant premium to Maritime Shareholders*** - The Offer represents $0.16 per Maritime share and represents a premium of approximately 64%, based on the 20-day volume weighted average prices of the Maritime Shares on the TSX-V and the Anaconda Shares on the TSX immediately preceding the date the Offeror announced its intention to make an offer to Maritime Shareholders.

- ***Development of Maritime's Green Bay Property will be substantially accelerated and significant capital and operating cost synergies can be achieved*** – Maritime Shareholders will benefit from the Company's well-trained workforce, disciplined management team, and proven infrastructure at the Point Rousse Project.

    - Maritime's pre-feasibility technical report titled "Pre-Feasibility Technical Report, Green Bay Property" with an effective date of March 2, 2017 (the "Green Bay Property Technical Report"), provides for the transport of ore from the Green Bay Property to the Nugget Pond Mill for processing, which would require Maritime to enter into a toll milling agreement with the current operators of the mill, Rambler Metals and Mining PLC ("Rambler Metals"), thereby incurring additional costs and time. In addition, for the existing Nugget Pond Mill to be available to process ore from the Green Bay Property, Rambler Metals would have to either divert its current processing operations to another mill or build a new grinding circuit. Construction of a new grinding circuit would require capital that Rambler does not currently have available.

    - By using the Company's Pine Cove Mill, which is already operating and has available capacity to process additional ore, the Green Bay Property can reach production sooner than Maritime's ability to construct a stand-alone facility or make use of the Nugget Pond Mill. Haulage and associated transportation costs should be materially reduced by using the Pine Cove Mill rather than the Nugget Pond Mill for processing ore. Pine Cove Mill is the closest operating mill to the Green Bay Property and is located approximately 50 kilometres closer than the Nugget Pond Mill. Furthermore, milling costs at the Company's Pine Cove Mill has averaged approximately $20 per tonne, which is approximately 40% lower than the processing cost of $32.89 per tonne quoted in the Green Bay Property Technical Report. Anaconda expects that it would achieve similar recovery rates as historic results of ore processed at the Nugget Pond Mill by using a whole ore leach process at the Pine Cove Mill to process ore from the Green Bay Property.

- ***Continued participation in a growing gold producer and developer in Atlantic Canada*** – Maritime Shareholders will continue to benefit from any future increases in value associated with development of Maritime's Green Bay

Property, in addition to benefiting from the current production and cash flow being generated by Anaconda from its Point Rousse Project, and the development and mineral resource expansion potential of the Goldboro Project in Nova Scotia. The pro forma company would have a significantly larger mineral reserve and mineral resource portfolio with growth potential in both Newfoundland and Nova Scotia. Combining current production at the Point Rousse Project with the development of the Goldboro Project and the Green Bay Property would create a substantial production growth profile that should result in a re-rating of the stock in line with producer multiples.

- ***Mitigates Maritime Shareholders' exposure to single asset risks*** – The Green Bay Property is Maritime's only material property and Maritime Shareholders are therefore exposed to significant single asset permitting, development and financing risk. Maritime Shareholders can benefit from diversification and mitigate such risk through access to additional mineral projects provided by the Company.

- ***Enhanced market profile*** – Maritime Shareholders will receive Anaconda Shares, which are listed and trade on the TSX, which represents a significantly larger group of investors and capital. Moreover, the market capitalization of the combined entity is initially expected to be in excess of $54 million, prior to the potential for a significant re-rating, which should provide greater capital markets presence, additional analyst coverage and liquidity, which has the potential to reduce the cost of capital and expand financing options. Shares listed on the TSX versus the TSX-V and those with larger market capitalizations generally trade with less volatility.

- ***Experienced Board and Management*** - Anaconda has an experienced board of directors and management team, with approximately 10 years of gold production experience who have successfully developed several gold mines, specifically in Newfoundland and Labrador, as well as other jurisdictions. The management team has long-standing, positive relationships with the Newfoundland and Labrador government, local communities and suppliers, and extensive experience with the provincial permitting process.

- ***Support of Maritime Shareholders*** – The Company has entered into Lock-up Agreements with Maritime Shareholders holding 12.2% of the issued and outstanding Maritime Shares.

Conditions of the Offer

The Offer is conditional upon the specified conditions being satisfied, or where permitted, waived at the Expiry Time or such earlier or later time during which Maritime Shares may be deposited under the Offer, excluding the 10-day Mandatory Extension Period or any extension thereafter, including: (i) there having been validly deposited under the Offer, and not withdrawn, that number of Maritime Shares representing more than 50% of the outstanding Maritime Shares; (ii) there having been validly deposited under the Offer and not withdrawn, that number of Maritime Shares representing at least 66 2/3% of the outstanding Maritime Shares (calculated on a fully diluted basis); (iii) certain regulatory approvals and other third party consents having been obtained that Anaconda considers necessary in connection with the Offer; (iv) there not having occurred, prior to the expiry date of the Offer, any event, change, circumstance, development or occurrence that constitutes a material adverse effect or could give rise to a material adverse effect; and (v) approval of Anaconda shareholders to issue the Anaconda shares pursuant to the Offer. Anaconda expects that it will call a meeting of its shareholders to consider a resolution to approve the issuance of the Anaconda shares in connection with the Offer prior to the Expiry Time.

The Offer is subject to certain other conditions in addition to those listed above. A more detailed discussion of the conditions to the consummation of the Offer can be found in the Offer to Purchase and Circular.

➢ **Share Consolidation**

On January 18, 2018, the Company completed a consolidation (the "Share 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 423,430,258 common shares issued and outstanding at that date were consolidated to 105,857,465 common shares. The Share Consolidation was previously approved by shareholders at a meeting held on May 8, 2017. All information in this MD&A is presented on a post-Share Consolidation basis.

Consolidated Results Summary

Financial Results	Three months ended March 31, 2018	Three months ended February 27, 2017 (restated)
Revenue ($)	**7,596,600**	5,643,411
Cost of operations, including depletion and depreciation ($)	**5,511,353**	6,757,527
Mine operating income (loss) ($)	**2,085,247**	(1,114,116)
Net income (loss) ($)	**149,218**	(940,032)
Net income (loss) per share ($/share) – basic and diluted	**0.00**	(0.02)
Cash generated from operating activities ($)	**991,805**	323,145
Capital investment in property, mill and equipment ($)	**563,973**	528,707
Capital investment in exploration and evaluation assets ($)	**1,535,364**	561,337
Average realized gold price per ounce ($)*	**1,677**	1,568
Operating cash costs per ounce sold ($)*	**900**	1,337
All-in sustaining cash costs per ounce sold ($)*	**1,377**	1,800
	March 31, 2018	**December 31, 2017**
Total assets ($)	**50,607,362**	49,927,877
Non-current liabilities ($)	**5,398,268**	5,511,935

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

Operational Results	Three months ended March 31, 2018	Three months ended February 27, 2017
Ore mined (t)	**143,840**	102,531
Waste mined (t)	**250,132**	325,076
Strip ratio	**1.7**	3.2
Ore milled (t)	**109,219**	107,762
Grade (g/t Au)	**1.44**	1.28
Recovery (%)	**85.2**	85.0
Gold ounces produced	**4,293**	3,767
Gold ounces sold	**4,526**	3,597

First Quarter Highlights

- Anaconda sold 4,526 ounces of gold in Q1 2018, a 25.8% increase over the three months ended February 28, 2017, generating gold revenue of $7.6 million at an average realized gold price per ounce sold* of C$1,677.
- Strong revenue and lower costs enabled the Point Rousse Project to generate EBITDA* of $3.3 million for the first quarter of 2018, compared with $0.8 million for the three months ended February 28, 2017.
- On a consolidated basis, EBITDA* for the three months ended March 31, 2018 was $2.4 million, an increase of $1.8 million over the comparative period.

- The Point Rousse operation produced 143,840 tonnes of ore during the first quarter, which included 138,807 tonnes from the Pine Cove Pit and an initial 5,033 tonnes from the Stog'er Tight West Pit. The strip ratio for mining in the Pine Cove Pit was a low 0.65 waste tonnes to ore tonnes.
- Significant development progress was achieved at Stog'er Tight, achieving 159,927 tonnes of waste development, the dewatering of Fox Pond, and the completion of a settling pond and pit dewatering system.
- The Pine Cove Mill achieved throughput of 109,219 tonnes, a 1.4% increase over the comparative three month period ended February 28, 2017, at a throughput rate of 1,300 tonnes per day.
- The Company has commenced the conversion of the Pine Cove Pit into a fully permitted tailings storage facility, which will provide 15 years of capacity based on throughput rates of 1,350 tonnes per day.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q1 2018 was $900 (US$712), well below 2018 annual guidance of around $1,100, and a 32.6% improvement over the comparative fiscal quarter.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was $1,377 (US$1,090) for Q1 2018, a 23.5% improvement over the three months ended February 28, 2017.
- The Company invested $1.5 million in its exploration and development projects, including $1.0 million on the Goldboro Gold Project in Nova Scotia.
- Net income for the three months ended March 31, 2018 was $149,218, or $0.00 per share, compared to a net loss of $940,032, or $0.02 per share, for the three months ended February 28, 2017.
- As at March 31, 2018, the Company had cash of $2.8 million, net working capital* of $6.6 million, and additional available liquidity of $1,000,000 from an undrawn revolving line of credit facility.
- On January 17, 2018, the Company announced a positive PEA for its 100% owned Goldboro Gold Project in Nova Scotia (see below "Company Outlook and Strategy").
- The Company announced a Mineral Resource for the Argyle Gold Deposit ("Argyle"), located 4.5 kilometres from the Pine Cove Mill, comprising 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 at 1.82 g/t gold). The Company has since announced further high-grade intercepts at Argyle and has commenced the environmental application process as it works towards the start of development in the latter half of 2019.
- In January 2018, the Company acquired the Rattling Brook Deposit and the related 425-hectare mining lease in northwest Newfoundland, further consolidating its land holdings as part of the Great Northern Project.

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

Company Strategy and Outlook

Anaconda Mining is creating an emerging Canadian gold producer with a significant growth profile, with a vision to becoming a prominent gold mining company with operations across Atlantic Canada and annual production exceeding 100,000 ounces. The Company has been an established gold producer in Atlantic Canada for over seven years, 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.

Anaconda's clear growth strategy in Atlantic Canada is demonstrated by its offer to acquire Maritime, which would benefit from the accelerated development of the Hammerdown Mine, creating significant value for both Maritime and Anaconda shareholders. This would complement the Company's growth profile plan through the continued exploration and development success at the Point Rousse Project in Newfoundland, such as the Stog'er Tight Mine and the Argyle Deposit, and the advancement of the Goldboro Gold Project in Nova Scotia.

Anaconda is well on track to creating an emerging gold producer with a strong production growth profile in the near-term, with two mine operating centers in the stable, low-risk mining jurisdiction of Atlantic Canada.

Specifically, the Company took a significant step towards this goal with the announcement of a positive PEA on the Goldboro Gold Project in the first quarter of 2018. The PEA demonstrates gold production of 375,900 ounces over an 8.8-year mine life, or an average of 41,770 per annum, at operating cash costs of $654 per ounce and all-in sustaining costs of $797 per ounce. The Company has initiated a 30 hole, 7,200 metre drill program which has yielded exciting results to date, continuing to prove that mineralization extends in all directions, while discovering new mineralized zones that contain broader, higher grade intersections that are among the best results reported from Goldboro to date.

At Point Rousse, Anaconda has announced a maiden Mineral Resource Estimate for Argyle which is located 4.5 kilometres from the Pine Cove Mill and the area is accessible by existing road networks. Drilling in the first quarter of 2018 has successfully expanded the deposit, built confidence in the current resource model through infill drilling, and discovered a new high-grade zone which is open for expansion. 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.

- **2018 Guidance**

For the 2018 calendar year, Anaconda expects to produce and sell approximately 18,000 ounces of gold, which at a budgeted gold price of C$1,550 will generate revenue of approximately $28.0 million. The increase over the previous fiscal year guidance of 15,500 ounces reflects the increasing grade profile as the mine operation transitions to Stog'er Tight. 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. Operating cash costs for the full year are expected to be around C$1,100 per ounce of gold sold, consistent with historical levels over the past three years, with a decreasing operating cost per ounce profile in the later part of 2018 as the operation transitions fully to higher-grade production from the Stog'er Tight Mine.

First Quarter Financial Review

Operational Performance

Point Rousse Mill Operations – The Pine Cove Mill processing facility remains a cornerstone asset of the Company. Availability during the quarter of 93.4% was lower compared to the 98.6% availability during the final four months of 2017 due to a planned preventative maintenance shutdown to allow for a liner change in the ball mill and other related maintenance activities. During Q1 2018, the mill processed 109,219 tonnes of ore at a throughput rate of 1,300 tonnes per day, consistent with the throughput rate maintained during the final months of 2017. The Company replaced the jaw crusher in the latter part of Q1 2018 due to a bearings failure; however, it was able to maintain consistent throughput from its crushed ore stockpiles to achieve strong quarterly production.

Average grade during Q1 2018 was 1.44 g/t, a 12.5% increase over the comparative period ending February 28, 2017 and an 11.6% increase over the final four months of 2017. The mill achieved an average recovery rate of 85.2%, consistent with previous periods, resulting in gold production in Q1 2018 of 4,293 ounces.

Point Rousse Mine Operations – The later part of December 2017 saw mining activity focused on development activity at Stog'er Tight and the completion of mining in the main Pine Cove Pit, which continued into the first quarter of 2018. In Q1 2018, the nearby Fox Pond dewatering was completed prior to mining at Stog'er Tight, the operation established a settling pond and dewatering system for the Stog'er Tight West Pit, and work was commenced on a fish passage. The Company achieved 159,927 tonnes of waste removal at Stog'er Tight, which will be capitalized as development. In addition, 5,033 tonnes of ore were mined from Stog'er Tight during development activities, which were in a stockpile at quarter-end.

During Q1 2018, mine operations produced 143,840 tonnes of ore, which included 138,807 tonnes from the Pine Cove Pit, where mining of the main pit finished in the middle of March. The strip ratio for the Pine Cove Pit during Q1 2018 was 0.65 waste tonnes to ore tonnes. The Company will commence planning in 2018 for pushbacks for Pine Cove Pond and the North West Extension to the pit, which are expected to contribute ore in 2019.

The grade of ore delivered to the mill was high compared to previous periods as the mine operation focused on delivering higher grade ore from the lower benches of the Pine Cove Pit, while maintaining its existing stockpile of ore, which will be fed over the coming months as the operation transitions to Stog'er Tight. As at March 31, 2018, the mine operation had an ore stockpile of 176,807 tonnes. The operation has achieved strong grade reconciliation to the block model in the first quarter and was able to achieve higher than expected grades in March due to operational improvements.

With mining in the main pit now complete, the Company is now converting the Pine Cove Pit into a 7 million-tonne in-pit storage facility, which is fully permitted by the Newfoundland and Labrador Department of Natural Resources and has approximately 15 years of capacity, based on a throughput rate of 1,350 tonnes per day. Following the establishment of the in-pit tailings facility, the Pine Cove pit will see mining of two pushbacks in 2019, known as the Pine Cove Pond and North-West Extension.

Financial Performance

	Three months ended March 31, 2018	Three months ended February 27, 2017
Revenue	**7,596,600**	5,643,411
Cost of operations		
Operating expenses, including royalties	**4,074,347**	4,810,528
Depletion and depreciation	**1,437,006**	1,946,999
Total cost of operations	**5,511,353**	6,757,527
Mine operating income (loss)	**2,085,247**	(1,114,116)

Anaconda sold 4,526 ounces of gold during the first quarter of 2018, generating gold revenue of $7.6 million. The Company is well on track to meet its 2018 production guidance of 18,000 ounces at operating cash costs of C$1,100 per ounce. At a budgeted gold price of C$1,550 this will generate approximately $28.0 million of revenue, noting that the average realized gold price in Q1 2018 was C$1,677 per ounce.

Operating expenses for the three months ended March 31, 2018 were $4,074,347, compared to $4,810,528 in the three months ended February 28, 2017. The decrease in operating costs was the result of lower mining costs as the operation moved 8% less material during the quarter, as well as a large inventory adjustment recorded for the three months ended February 28, 2017 due to a decrease in stockpiles. The operating cash costs per ounce sold in the first three months of fiscal 2018 were $900 (US$712), a 33% reduction compared to the comparative period operating cash costs of $1,337 per ounce (US$962), and below the Company's operating cash cost guidance of C$1,100 as a result of better than expected grades in the bottom of the Pine Cove Pit.

Depletion and depreciation expense for the first three months of fiscal 2018 was $1,437,006, a decrease from $1,946,999 during the comparative period. 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.

Mine operating income for the three months ended March 31, 2018 was $2,085,247, compared to a mine operating loss of $1,114,116 in the corresponding period of 2017, due to significantly higher revenue and lower mining costs.

Corporate administration expenditures were $1,094,354 for the first three months of fiscal 2018, up from $627,726 for the comparative period. Corporate administration includes senior management and corporate compensation, regulatory and listing costs, marketing and investor relations, and general office expenses. The high comparative expenditures reflect the expanded senior management team and greater market presence after the acquisition of Goldboro, 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 $69,625 relating to the narrow vein mining research project announced in June 2017.

Share-based compensation was $150,473 during Q1 2018, compared to $22,630 in the three months ended February 28, 2017, reflecting the stock options granted during the quarter, 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 deferred premium on flow-through shares was a recovery of $156,872, reflecting a proportion of the total deferred premium based on qualifying exploration expenditures spent during the three months ended March 31, 2018, as a percentage of the total exploration expenditures to be made under the flow-through financing that was completed on October 31, 2017. The remaining deferred flow-through premium liability of $96,663 is expected to be amortized into comprehensive income in Q2 2018 as the remaining qualifying exploration expenditures are incurred.

Finance expense for the quarter was $29,969 for Q1 2018, compared to $29,768 for the three months ended February 28, 2017. Finance costs relate primarily to interest on the Company's capital lease obligations and accretion on its decommissioning liabilities.

Net comprehensive income for the three months ended March 31, 2018, was $149,218, or $0.00 per share, compared to a net comprehensive loss of $940,032, or $0.02 per share. The improvement compared to the three months ended February 28, 2017 was the result of higher mine operating income, which was partially offset by higher corporate administration expenditures, as well as other income from the sale of waste rock as aggregate product in the comparative period. The Company also recorded a current income tax expense of $473,000 relating to provincial mining tax and a deferred income tax expense of $262,000 during the three months ended March 31, 2018 (three months ended February 28, 2017 – $nil and recovery of $463,000, respectively).

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 $)	**March 31, 2018**	December 31, 2017
Cash and cash equivalents	**2,787,147**	3,963,181
Inventory	**6,968,879**	7,126,240
Other current assets	**1,816,841**	571,804
	11,572,867	11,661,225
Trade and other payables	**3,292,403**	3,958,933
Current portion of loans	**654,618**	671,881
Other current liabilities	**1,047,636**	527,217
	4,994,657	5,158,031
Working capital	**6,578,210**	6,503,194

As at March 31, 2018, the Company continued to maintain a robust working capital position of $6,578,210, which included cash and cash equivalents of $2,787,147. The lower cash balance reflects the continued investment of flow-through dollars into exploration programs and the continued advancement of the Goldboro Gold Project. Inventory included $4,129,000 in stockpiled ore, which will enable the Company to maintain consistent throughput as it transitions to Stog'er Tight. Other current assets had increased significantly from year-end due to an increased HST recoverable balance and prepaid expense relating to the take-over bid of Maritime. Trade and other payables were down from year-end, partly due to the timing of payables settled in March as part of an accounting system upgrade.

The Company maintains a $1,000,000 revolving credit facility as well as a $500,000 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 March 31, 2018, the Company had not drawn against the revolving credit facility.

Cash Flow Analysis

During the three months ended March 31, 2018, Anaconda generated cash flow from operations of $991,805. Revenue less operating expenses from the Point Rousse Project were $3,522,253, based on quarterly gold sales of 4,526 ounces at an average price of C$1,677 per ounce sold and operating cash costs of $900 per ounce sold. Corporate administration costs in the first quarter were $1,094,354 and there was a net reduction in operating cash flows of $1,348,977 from changes in working capital. Trade and other receivables increased by $772,888 due to an increase in the Company's HST recoverable balance, and prepaid expenses and deposits increased by $368,331, predominantly due to transaction costs related to the takeover bid of Maritime. Trade and other payables decreased significantly from December 31, 2017, as a large number of payables were settled in March as part an upgrade to Company's enterprise resource planning system.

During the first quarter of 2018, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent $1,535,364 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at March 31, 2018), which includes $984,645 on the continued advancement of the Goldboro Project and $412,077 on the Argyle Resource at Point Rousse. The Company also invested $563,973 into the property, mill and equipment at the Point Rousse Project, with capital investment focused on development activity at Stog'er Tight. During Q1 2018, the Company assumed a $500,000 loan, bearing interest at 8% per annum, provided to Maritime from Code Consulting Limited (the "Loan"). Maritime repaid the Loan and accrued interest in full on March 26, 2018.

Financing activities in the first three months of 2018 were primarily limited to the repayment of capital lease obligations and government loans. The Company also received cash proceeds of $157,000 from the exercise of warrants and stock options.

Commitments

As of March 31, 2018, the Company has the following contractual obligations:

	1 year	1 - 3 years	More than 3 years	**Total**
	$	$	$	**$**
Trade payables and accrued liabilities	3,292,403	-	-	**3,292,403**
Provincial government loan	78,341	163,904	56,885	**299,130**
Federal government loan	100,800	201,600	46,400	**348,800**
Capital leases and other loans	475,477	89,552	30,795	**595,824**
Operating leases	80,952	56,083	1,829	**138,864**
	4,027,973	511,139	135,909	**4,675,021**

As at March 31, 2018, the Company has a commitment to spend $570,118 on eligible exploration expenses in the remaining nine months of the year ending December 31, 2018, representing the flow-through funds that had not been spent up to quarter-end but were fully renounced by the Company at December 31, 2017 in favour of the flow-through common share investors under the look-back rule.

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

- 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, 2017, the Company has determined it has approximately $38 million in expenditures deductible against future receipts.
- 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%.

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 March 31, 2018, the Company did not have any off-balance sheet items.

Growth and Business Development

THE GOLDBORO GOLD PROJECT

On January 17, 2018, Anaconda announced a positive PEA on the Company's Goldboro Gold Project in Nova Scotia. The PEA base case contemplates developing the Goldboro Mineral Resource by open pit and underground mining, on site concentration through gravity and flotation circuits and leaching of the concentrate, and a gold recovery at Anaconda's Pine Cove Mill in Newfoundland.

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 (7%) of **$120 million** and a pre-tax IRR ("IRR") of **38%,** with a pre-tax payback period of **2.9** 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;
- After-tax NPV at a discount rate of 7% of **$61 million** and an after-tax IRR of **26%**, implying an after-tax payback period of **3.4 years**;
- Total capital expenditures of **$89 million**, including pre-production capital expenditures of **$47 million**.

The PEA demonstrates a robust mine operation that has strong leverage to increasing gold prices, demonstrating a **pre-tax NPV (7%) of $134 million at a $1,600** gold price (post-tax NPV of $69 million) and **pre-tax NPV (7%) of $162 million at a $1,700** gold price (post-tax NPV of $86 million).

The Company commenced initial exploration and development programs after the acquisition in May 2017, to provide various data required to advance permitting, metallurgical evaluations and economic modeling, culminating in the publishing of the PEA in January 2018.

➢ Mineral Resource Upgrade and Expansion

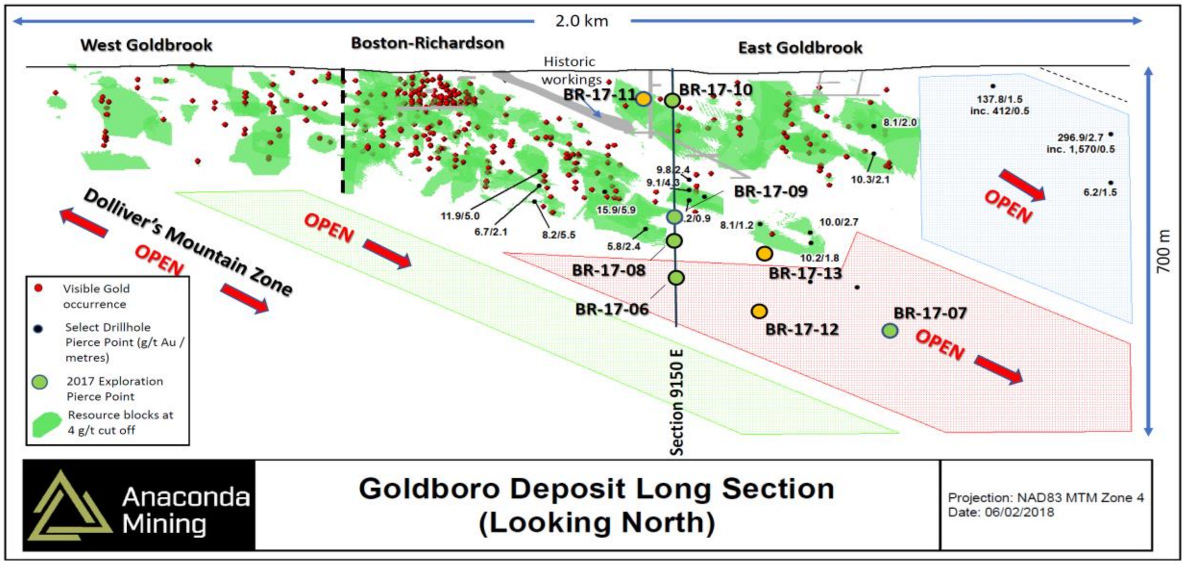
Anaconda believes that gold mineralization will continue both along strike and at depth within the East Goldbrook ("EG gold system"), Boston-Richardson ("BR gold system") and West Goldbrook ("WG gold system") gold systems, and that the structures hosting gold mineralization extend down-plunge of the current Mineral Resource, providing strong valuation upside to the Goldboro PEA.

The Company is in the midst of a 8,580 metre, 27 hole diamond drill program at Goldboro focused on the EG and BR gold systems, funded by flow-through financing completed in October 2017 and from cash flow from operations. This follows two previous drill holes totaling 1,173 metres, which was funded through internally generated cash flows. The aim of these drill programs was to test the under-explored portions of the deposit, which have the potential to expand or upgrade Mineral Resources, particularly in the areas identified for development in the PEA.

Key results from the diamond drill programs completed by Anaconda at Goldboro include:

- Intersected the highest-grade assays recorded in the Goldboro Deposit (2,513.20 g/t gold over 0.5 metres within 485.07 g/t gold over 2.6 metres);
- 11.27 g/t gold over 13.5 metres (201.1 to 214.5 metres) in hole BR-18-22;
- 4.13 g/t gold over 20.5 metres (324.5 to 345.0 metres) in hole BR-18-23, including 9.93 g/t gold over 7.5 metres and 79.34 gold over 0.5 metres;
- 34.70 g/t gold over 3.5 metres (82.0 to 85.5 metres) in hole BR-17-09;
- 24.34 g/t gold over 3.8 metres (389.9 to 393.7 metres) in hole BR-17-06;
- 9.12 g/t gold over 3.2 metres (293.8 to 2.97 metres) in hole BR-17-08;
- Expanded the mineralized zones along the limbs of both the EG and BR gold systems;
- Extended known mineralization down plunge by as much as 375 metres and demonstrated the structure, which hosts the deposit, extends farther down plunge than previously known and is still open for expansion;
- Confirmed the geological model of the deposit through infill and expansion drilling.

The following longitudinal section through the Goldboro Deposit (viewed towards the north) shows the plunge of the three main gold systems at Goldboro and their potential down-plunge extensions with select composites illustrating the presence of high-grade and thickness at depth.



To date, the BR gold system has been modelled to a depth of approximately 350 metres and plunges moderately eastward beneath the EG gold system (see above). Sparse historic drilling from the 1980s, under the EG gold system, intersected similar geological structures and gold bearing vein zones below depths of 425 vertical metres. These vein zones represent the down-plunge extension of the BR gold system. In addition, the EG gold system has only been modelled to approximately 300 metres and the WG gold system, which includes the faulted offset extension of the BR gold system, has been modelled to just a depth of 225 metres.

THE POINT ROUSSE PROJECT

Point Rousse, which is comprised of five mining leases and nine mineral licenses, is located on the Ming's Bight Peninsula, in the north-central part of Newfoundland. Point Rousse includes the Pine Cove Open Pit mine operation, where mining at the bottom of the pit was completed in March 2018, the Stog'er Tight and Argyle Deposits.

Point Rousse is anchored by complete mill infrastructure capable of processing approximately 400,000 tonnes of ore annually. The Pine Cove Mill throughput is currently approximately 1,200 – 1,400 tonnes per day with a recovery rate of 85-87% at an average historical grade of 1.75 g/t. The Company will further strengthen its Point Rousse infrastructure in 2018, having received government approval during the seven month period ended December 31, 2017 to convert the Pine Cove Pit into a tailings storage facility with a 15 year storage capacity based on existing throughput rates.

➢ ***Continued Exploration Upside***

In November 2017, the Company initiated a 3,781 metre diamond drill program at Point Rousse, funded by the flow-through financing completed on October 31, 2017. The Company is drilling within the prolific Scrape Trend, a 6-kilometre strike length of fertile geology that includes the Pine Cove Open Pit, the Stog'er Tight Mine, the Argyle Deposit, and several other gold prospects. The Scrape Trend has produced approximately 100,000 ounces of gold and generated over $40 million dollars in EBITDA over the past seven years. With ease of access to drill targets and the Pine Cove Mill already running, exploration is very cost effective and the duration from discovery to production typical of many developers can be compressed because of the Company's existing processing infrastructure and operating team.

Anaconda is focused on three main targets – Argyle, the Connector Zone, and Anaroc, all of which are within 4.5 kilometres of the Pine Cove Mill.

The Argyle Deposit – In January 2018, the Company announced a maiden Mineral Resource Estimate ("Resource") prepared in accordance with National Instrument 43-101 for the Argyle Deposit. Highlights of the Resource and related developments associated with the deposit are as follows:

- Indicated Resources of 38,300 ounces (543,000 tonnes grading 2.19 g/t gold); 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 deposit remains open in all directions and shows evidence of contained higher grade zones or shoots;
- Approximately 45% of currently defined Mineral Resources are contained within an initial conceptual open pit shell prepared by Anaconda staff;
- Argyle is located 4.5 kilometres from the Pine Cove Mill and the area is accessible by existing road networks;

The Company has completed a drill program at Argyle with a combination of step-out and infill drilling. The step-out drilling was along strike to the east, as well as down dip from the known mineralized area. The step-out drilling was focused on the mapped and projected continuation of the Argyle gabbro, the host rock to mineralization, and is coincident with geophysical anomalies (magnetic and chargeability) similar to those associated with the Argyle Deposit.

The Company has announced results from the drill program, which include 7.87 g/t gold over 7.0 metres in hole AE-18-74 located east of the current Argyle resource, which shows that mineralization continues at least another 85 metres east, and approximately 40 metres from surface, and demonstrates the strike of the deposit remains open for further expansion.

Connector Zone (part of the Argyle area) – This zone refers to the area between Argyle and the Stog'er Tight characterized by local gold-in-soil geochemical anomalies as well as coincident magnetic and chargeability geophysical anomalies common to these deposit types at Point Rousse. Recent geological mapping indicates that the Connector Zone is host to the same prospective geology associated with both Argyle and Stog'er Tight Deposits.

Anaroc (part of the Pine Cove mine lease area) – The Anaroc target refers to the prospective Pine Cove geology over a southwest strike of 650 metres from the Pine Cove Deposit and Mine. Similar alteration and mineralization has been observed in surface trenches with channel sample results of 3.20 g/t gold over 3.0 metres and 7.80 g/t gold over 2.0 metres in two trenches. Prospecting during the summer of 2017 returned assays up to 6.39 g/t gold from surface outcrop.

➢ ***Option Agreements***

During the three months ended March 31, 2018, the Company completed its earn-in under the Fair Haven option agreement, which was amended in July 2017. Under the amendment, the Company was required to make two further payments of $30,000 to complete its earn-in, with the final payment being made in January 2018. The title to the applicable exploration licenses has been transferred to the Company.

As at March 31, 2018 and as at the date of this MD&A, the Company had met all required property option commitments and accordingly the properties were in good standing.

THE GREAT NORTHERN PROJECT

The Great Northern Project is located near the community of Jackson's Arm, Newfoundland, and is centered along the Doucer's Valley Fault, a regional splay off the fertile Long Range Fault system and significant geological control on and host to as many as nine gold deposits, including the Thor and Rattling Brook Deposits within Great Northern.

Anaconda also maintains an option agreement to acquire a 100%-undivided interest in the Viking Property, as well as a separate option agreement over the contiguous Kramer Property, which contains numerous gold prospects and showings similar in geological character and setting to both the Thor and Rattling Brook Deposits. The Company has also staked additional 2,200 hectares of prospective mineral lands contiguous to both the Viking and Kramer Properties.

Highlights of the Great Northern Project

- Located adjacent to the Doucers Valley Fault, part of the Long Range Fault system – a fertile gold bearing structure, similar to that associated with Marathon Gold's Valentine Lake project in central Newfoundland, which has been the focus of recent Mineral Resource growth and discovery;
- Two gold Resources with a combined Inferred Mineral Resource of 526,000 ounces and an Indicated Mineral Resource of 83,000 ounces;
- Includes 9,975 hectares coincident with approximately 20 kilometres of strike along highly prospective geology of the Doucers Valley Fault;
- Potential to upgrade the size and grade of the existing resource through Resource evaluation in light of geological interpretations;
- Excellent infrastructure with road access to the key areas of interest.

Strategic Plans

Great Northern is a sizeable exploration package of highly prospective targets in an under-explored area, underpinned by two existing gold deposits. Based on historic data and Anaconda's own exploration work, the Company believes there is a potential to expand the known Mineral Resources and discover more throughout its project area. With continued focus on the development of Goldboro and extending the mine life at the Point Rousse, the Company is reviewing strategic options to maximize the value of the Great Northern Project. With the recent addition of Rattling Brook, Anaconda has strengthened its Great Northern portfolio to drive maximum value for the entire project area.

Outstanding Share and Equity Instrument Information

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

	March 31, 2018	December 31, 2017
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	**107,325,683**	105,644,965
Issued: Common share purchase warrants	**10,321,078**	10,576,078
Issued: Stock options	**9,101,875**	8,039,875

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.

As at the date of this MD&A, the full paid common shares outstanding of Anaconda was 107,325,683.

Warrants

As at March 31, 2018, the Company had 10,321,078 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 three months ended March 31, 2018, 255,000 share purchase warrants were exercised at an average price of $0.34 for proceeds of $87,000.

Stock Options

As at March 31, 2018, the Company has a total of 9,101,875 options outstanding with a weighted average exercise price of $0.30 and expiration dates ranging from May 29, 2018 to January 19, 2023, which include 3,240,625 stock options assumed by the Company in connection with the acquisition of Orex Exploration Inc.

During Q1 2018, the Company granted 1,375,000 stock options to directors and management, which carry an exercise price of $0.46 and an expiry date of January 19, 2023. Also during the first quarter, 312,500 stock options were exercised at an average price of $0.22 for proceeds of $70,000.

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 March 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.

Quarterly Information

For the purposes of the presentation of historical quarterly information:

- "FY2016" refers to the twelve-month period ended May 31, 2016;
- "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

($ thousands unless otherwise stated)	**Q1 2018**	**Q2 2017**	**Q1 2017**	**Q4 FY2017**	**Q3 FY2017 (restated)**	**Q2 FY2017 (restated)**	**Q1 FY2017 (restated)**	**Q4 FY2016 (restated)**
Revenue	7,597	7,747	7,613	7,722	5,643	7,411	4,920	6,790
Mine operating income (loss)	2,085	1,292	303	1,540	(1,114)	695	(214)	357
Net income (loss)	149	1,229	(324)	(1,890)	(940)	185	(957)	(457)
Net income (loss) per share (basic and diluted) *($ per share)*	0.00	0.01	(0.00)	(0.03)	(0.02)	0.00	(0.02)	(0.01)
Cash flow from (used in) operations	992	1,495	540	3,173	323	1,706	(419)	2,029
Total assets	50,607	49,928	44,710	46,074	30,853	32,454	31,946	32,129
Non-current liabilities	5,398	5,512	5,575	5,802	4,856	4,866	4,561	4,535

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 three months ended February 28, 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 June 1, 2017, the Chief Operating Officer. Compensation of key management personnel (including directors) was as follows for the three month periods ended March 31, 2018 and February 27, 2017:

	Three months ended March 31, 2018	Three months ended February 28, 2017
Salaries, bonuses, fees and short-term benefits ($)	**346,559**	186,971
Share based compensation ($)	**91,761**	12,510
	438,320	199,481

As at March 31, 2018, included in trade and other payables is $62,750 (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 by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation and rehabilitation costs.

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

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

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

	Three months ended March 31, 2018	Three months ended February 28, 2017
Operating expenses per the consolidated statement of comprehensive income (loss), including royalties	**4,074,347**	4,810,528
Sustaining expenditures – property, mill and equipment	**563,973**	561,337
Sustaining expenditures – exploration and evaluation	**338,280**	443,971
Corporate administration costs	**1,094,354**	626,394
Share-based compensation	**150,473**	22,630
Rehabilitation – accretion and amortization (operating sites)	**13,065**	10,531
All-in sustaining cash costs (“AISC”) ($)	**6,234,492**	6,475,391
Gold ounces sold	**4,526**	3,597
Operating cash costs per ounce sold ($ / ounce)	**900**	1,337
AISC per ounce sold ($ / ounce)	**1,377**	1,800
Average US Dollar exchange rate during period	**0.79**	0.72
Operating cash costs per ounce sold (US$ / ounce)	**712**	962
AISC per ounce sold (US$ / ounce)	**1,090**	1,295

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 March 31, 2018	Three months ended February 28, 2017
Gold revenue ($)	**7,590,142**	5,638,469
Gold ounces sold	**4,526**	3,597
Average realized gold price per ounce sold ($)	**1,677**	1,568

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 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 March 31, 2018	Three months ended February 28, 2017
Net income (loss), per the consolidated statement of comprehensive income (loss)	**149,218**	(940,032)
Adjustments:		
Finance expense	**29,969**	29,768
Current income tax expense	**473,000**	-
Deferred income tax expense (recovery)	**262,000**	(463,000)
Depletion and depreciation	**1,437,006**	1,946,999
EBITDA	**2,351,193**	573,735
Corporate administration	**1,094,354**	626,394
Other expenses (income)	**(143,392)**	(429,055)
Point Rousse Project EBITDA	**3,302,155**	771,074

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 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 months ended March 31, 2018, and Note 3 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 critical accounting estimates and judgements applied in the preparation of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018 are consistent with those applied and disclosed in the audited consolidated financial statements 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.

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 months ended March 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 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.

IFRS 9 was adopted retrospectively as at January 1, 2018 without restatement of comparatives. IFRS 15 was adopted using the modified retrospective method permitted by the standard. There were no changes to the consolidated financial statements as a result of the adoption of either of these standards.

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 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 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 March 31, 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 March 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 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 months ended March 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 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., VP Exploration with Anaconda Mining Inc., a "Qualified Person" as defined under National Instrument 43-101.