ANACONDA MINING INC.

Condensed Consolidated Interim Financial Statements
Three and Nine Months Ended
February 28, 2015 and February 28, 2014
(Expressed in Canadian Dollars)

Management’s responsibility for financial reporting

The accompanying financial statements (the “Financial Statements”) of Anaconda Mining Inc. (the “Company” or “Anaconda”) were prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. The significant accounting policies of the Company are summarized in Note 2 of the audited annual consolidated Financial Statements for the year ended May 31, 2014.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Financial Statements and (ii) the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the Financial Statements.

The Board of Directors is responsible for reviewing and approving the Financial Statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the Financial Statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these Financial Statements they must be accompanied by a notice indicating that the Financial Statements have not been reviewed by an auditor.

The accompanying Financial Statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Management’s assessment of internal control over financial reporting (“ICFR”)

Management is also responsible for establishing and maintaining adequate internal control over the Company’s financial reporting. The internal control system was designed to provide reasonable assurance to the Company’s management regarding the preparation and presentation of the financial statements.

“Dustin Angelo”
President and Chief Executive Officer
April 8, 2015

“*Errol Farr*”
Chief Financial Officer
April 8, 2015

Anaconda Mining Inc.

Condensed Consolidated Interim Statements of Financial Position

(Canadian dollars)

As at	**February 28 2015**	May 31 2014
	$	$
Assets		
Current assets		
Cash (note 2)	**1,657,027**	2,754,225
Trade and other receivables (note 3)	**60,098**	56,722
HST receivable	**150,537**	292,596
Prepaid expenses and deposits	**359,084**	395,061
Inventory (note 4)	**2,659,067**	2,657,999
Milestone payment receivable (note 14)	**-**	1,989,601
	4,885,813	8,146,204
Investment (note 5)	**-**	50,000
Restricted cash (note 2)	**593,000**	595,726
Deferred income tax asset	**4,067,000**	3,935,000
Exploration and evaluation assets (note 6)	**3,691,787**	2,233,299
Production stripping assets (note 7)	**813,221**	612,654
Property, mill and equipment (note 8)	**13,163,775**	14,825,416
	27,214,596	30,398,299
Liabilities		
Current liabilities		
Trade and other payables (note 9)	**3,160,517**	2,982,896
Current portion of loans (note 10)	**17,899**	96,831
	3,178,416	3,079,727
Loans (note 10)	**47,167**	31,545
Decommissioning liability (note 11)	**1,297,035**	1,253,961
	4,522,618	4,365,233
Shareholders' equity		
Share capital, reserves, and convertible-debt equity (note 12)	**37,422,292**	37,303,274
Deficit	**(14,730,314)**	(11,270,208)
	22,691,978	26,033,066
	27,214,596	30,398,299

Approved by the Board of Directors on April 8, 2015

"Maruf Raza"
Director

"Lewis Lawrick"
Director

Anaconda Mining Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

(Canadian dollars)

	For the three months ended		For the nine months ended	
	February 28 2015 $	February 28 2014 $	**February 28 2015 $**	February 28 2014 $
Revenue				
Gold sales	**6,266,754**	3,865,210	**16,576,545**	14,896,439
Cost of sales				
Mill operations	**2,039,022**	1,786,681	**5,846,581**	5,241,528
Mining costs	**1,912,632**	1,627,218	**5,907,250**	4,682,796
Net smelter royalty	**187,430**	114,929	**494,332**	441,582
Logistics	**26,994**	44,137	**136,102**	208,936
Project administration	**203,491**	189,635	**617,411**	575,564
Depletion and depreciation	**1,233,576**	593,262	**3,267,132**	2,189,017
	5,603,145	4,355,862	**16,268,808**	13,339,423
Gross margin	**663,609**	(490,652)	**307,737**	1,557,016
Expenses				
Corporate administration	**474,300**	491,400	**1,451,126**	1,498,348
Other revenues and expenses (note 14)	**3,225**	(534,868)	**(276,747)**	(3,823,908)
Write down of Chilean assets (note 14)	**-**	-	**2,260,158**	-
Share-based payments (note 12)	**19,821**	32,105	**119,018**	171,996
Finance expense	**97**	(16,259)	**433**	271,624
Foreign exchange loss (gain)	**(1,535)**	(73)	**(11,700)**	3,479
Unrealized loss on forward sales contract derivative (note 17)	**288,823**	145,064	**341,420**	181,589
	784,731	117,369	**3,883,708**	(1,696,872)
Income (loss) before income taxes	**(121,122)**	(608,021)	**(3,575,971)**	3,253,888
Current income tax expense (recovery)	**-**	(249,000)	**16,135**	-
Deferred income tax expense (recovery)	**(7,000)**	(77,885)	**(132,000)**	291,790
	(7,000)	(326,885)	**(115,865)**	291,790
Net income (loss) and comprehensive income (loss) for the period	**(114,122)**	(281,136)	**(3,460,106)**	2,962,098
Net income (loss) per share - basic	**(0.00)**	(0.00)	**(0.02)**	0.02
Net income (loss) per share - fully	**(0.00)**	(0.00)	**(0.02)**	0.02
Weighted average number of shares outstanding				
- basic	**179,878,963**	179,878,963	**179,878,963**	179,878,963
- fully diluted	**179,878,963**	179,878,963	**179,878,963**	179,878,963

Anaconda Mining Inc.

Condensed Consolidated Interim Statement of Changes in Equity

(Canadian dollars)

	Share capital		Share-based payments	Share capital, reserves, convertible debt equity	Deficit	Total
	#	$	$	$	$	$
Balance at May 31, 2013	**179,878,963**	**33,133,525**	**3,969,166**	**37,102,691**	**(15,562,564)**	**21,540,127**
Share-based payments	-	-	171,996	171,996	-	171,996
Net income for the period	-	-	-	-	2,962,098	2,962,098
Balance at February 28, 2014	**179,878,963**	**33,133,525**	**4,141,162**	**37,274,687**	**(12,600,466)**	**24,674,221**
Share-based payments	-	-	28,587	28,587	-	28,587
Net income for the period	-	-	-	-	1,330,258	1,330,258
Balance at May 31, 2014	**179,878,963**	**33,133,525**	**4,169,749**	**37,303,274**	**(11,270,208)**	**26,033,066**
Share-based payments	-	-	119,018	119,018	-	119,018
Net loss for the period	-	-	-	-	(3,460,106)	(3,460,106)
Balance at February 28, 2015	**179,878,963**	**33,133,525**	**4,288,767**	**37,422,292**	**(14,730,314)**	**22,691,978**

Anaconda Mining Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Canadian dollars)

For the nine months ended	**February 28 2015 $**	February 28 2014 $
Operations		
Net income (loss)	**(3,460,106)**	2,962,098
Adjustments to reconcile net income (loss) to cash flow from operating activities:		
Depletion and depreciation	**3,224,058**	2,147,830
Depreciation of stripping assets	**153,421**	364,569
Write down of Chilean assets	**2,086,325**	-
Share-based payment expense	**119,018**	171,996
Deferred income tax expense (recovery)	**(132,000)**	291,790
Other revenue	**-**	(2,119,800)
Interest expense	**-**	271,432
Accretion of milestone payment receivable	**(46,589)**	(45,576)
Interest accretion of decomissioning liability	**43,074**	41,187
Unrealized loss on forward sales contract derivative	**341,420**	181,589
Unrealized foreign exchange gains	**(135)**	(97,655)
Net change in non-cash working capital items:		
Trade and other receivables	**(344,796)**	51,670
HST receivable	**142,059**	280,628
Prepaid expenses and deposits	**35,977**	(277,696)
Inventory	**(31,663)**	(930,140)
Trade and other payables	**177,621**	290,597
Cash flow provided from operating activities	**2,307,684**	3,584,519
Financing		
Proceeds from bank loan	**-**	46,351
Repayment of bank loan	**(5,794)**	(5,150)
Repayment of capital lease	**(6,410)**	-
Repayment of government loans	**(89,106)**	(135,036)
Cash flow used in financing activities	**(101,310)**	(93,835)
Investments		
Purchase of property, mill and equipment	**(1,501,422)**	(1,163,008)
Additions to production stripping assets	**(353,988)**	(362,361)
Purchase of exploration and evaluation assets	**(1,450,888)**	(685,456)
Restricted cash	**2,726**	212,687
Cash flow used in investing activities	**(3,303,572)**	(1,998,138)
Net increase (decrease) in cash	**(1,097,198)**	1,492,546
Cash at beginning of period	**2,754,225**	466,899
Cash at end of period	**1,657,027**	1,959,445
Supplemental cash flow information:		
Interest paid	**3,525**	192
Taxes paid	**16,135**	-

The accompanying notes are an integral part of these
Condensed Consolidated Interim Financial Statements

General

Corporate
The Company's principal business activities are gold mining and mineral exploration with operations in Canada. It is incorporated under the laws of Ontario. The Company's common shares are listed on the Toronto Stock Exchange under the ticker symbol "ANX". The Company's registered office is located at 150 York Street, Suite 410, Toronto, Ontario, M5H 3S5.

Point Rousse Project – Baie Verte Mining District, Newfoundland, Canada
The Company owns 100% of the Pine Cove mine and mill (the "Pine Cove Mine"), and controls approximately 6,000 hectares on the Ming's Bight Peninsula, which is situated within the larger Baie Verte Peninsula on the north-central part of Newfoundland (the "Pointe Rousse Project" formerly named the Pine Cove Project). On September 7, 2010, the Company achieved Commercial Production with a processing capacity of approximately 1,000 tonnes per day. The Point Rousse Project originally included approximately 660 hectares of mining rights, an open pit mining operation and complete mill infrastructure capable of producing gold dore bars. In 2012 and 2013, the Company entered into option agreements to acquire a 100%-interest in six additional exploration properties and staked four other properties (as described in note 6). The agreements and staked claims increased the Company's land package of the Point Rousse Project nine-fold to approximately 6,000 hectares.

1. Basis of preparation

Statement of compliance
The Company's Financial Statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the audited annual consolidated financial statements for the year ended May 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

Recent accounting pronouncements
At the date of authorization of these Financial Statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

- **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 15 is effective for annual periods beginning on or after January 1, 2017.

The Company is currently assessing the effect of this standard on its financial statements.

2. Cash and restricted cash

The Company's cash balances consist of cash on deposit with a Canadian Chartered bank totaling $1,657,027 (May 31, 2014 - $2,754,225).

Restricted cash balance consists of long-term cash on deposit with a Canadian Chartered bank in interest-generating Guaranteed Investment Certificates maturing September 9, 2015, totaling $593,000 (May 31, 2014 - $595,726). Anaconda has issued letters of credit in the amount of $565,500 to the Newfoundland and Labrador government in satisfaction of its requirements under the approved site development in concert with the Company's decommissioning liabilities (note 11). The Company also has corporate credit cards that have authorized limits secured by cash collateral of $27,500.

3. Trade and other receivables

The Company's trade and other receivables arise from five main sources: gold sales, royalty revenue, unrealized gain on non-hedged forward sales contract derivatives, accrued interest and trade receivables from related parties. The details of the Company's trade and other receivables are set out below:

As at	**February 28 2015 $**	May 31 2014 $
Unrealized gain on non-hedged forward sales contract derivatives	**-**	39,185
Accrued interest	**6,718**	3,439
Other	**42,899**	4,599
Due from related parties	**10,481**	9,499
	60,098	56,722

Below is an aged analysis of the Company's trade and other receivables:

As at	**February 28 2015 $**	May 31 2015 $
Less than 1 month	**-**	-
30-60 days	**42,899**	43,784
60+ days	**17,199**	12,938
	60,098	56,722

At February 28, 2015, the Company anticipates full recovery of the amount due from related parties therefore no impairment has been recorded. The credit risk on the receivables has been further discussed in note 18. The Company holds no collateral for any receivable amounts outstanding as at February 28, 2015.

4. Inventory

As at	**February 28 2015 $**	May 31 2014 $
Ore in stock piles	**1,066,630**	1,484,035
Raw materials	**221,246**	300,060
Work in progress	**902,269**	873,904
Gold dore	**468,923**	-
	2,659,067	2,657,999

Cost of sales for the nine months ended February 28, 2015 of $16,268,808 (February 28, 2014 - $13,339,423) includes a credit of $28,920 (February 28, 2014 - $36,010) relating to the sale of silver by-product.

5. Investment

The investment acquired from the Chilean asset sale is described as follows:

As at	**February 28 2015 $**	May 31 2014 $
1.25% carried interest in Compania Portuaria Tal Tal S.A.	**-**	50,000

See general note and note 14.

6. Exploration and evaluation assets

Properties	**Interest %**	**Balance as at May 31 2014 $**	**Option of mining property $**	**Expenditures $**	**Balance as at February 28 2015 $**
Newfoundland					
Point Rousse Project					
Pine Cove Lease Area	100	1,428,912	-	244,730	1,673,642
Tenacity	100	171,220	-	141,937	313,157
Fair Haven	100	47,398	-	52,770	100,168
Froude	100	23,107	-	15,136	38,243
Duffitt and Strong	100	29,668	-	5,606	35,274
Stog'er Tight	100	50,689	25,000	509,226	584,915
Deer Cove	100	95,691	25,000	348,674	469,365
Regional (unallocated)	100	386,614	-	90,409	477,023
		2,233,299	**50,000**	**1,408,488**	**3,691,787**

Properties	**Interest %**	**Balance as at May 31 2013 $**	**Option of mining property $**	**Expenditures $**	**Balance as at May 31 2014 $**
Newfoundland					
Point Rousse Project					
Pine Cove Lease Area	100	927,490	-	501,422	1,428,912
Tenacity	100	119,032	50,000	2,188	171,220
Fair Haven	100	45,160	-	2,238	47,398
Froude	100	22,378	-	729	23,107
Duffitt and Strong	100	27,380	-	2,288	29,668
Stog'er Tight	100	-	25,000	25,689	50,689
Deer Cove	100	-	25,000	70,691	95,691
Regional (unallocated)	100	191,173	-	195,441	386,614
		1,332,613	**100,000**	**800,686**	**2,233,299**

The Company owns 100% of the Point Rousse Project, which contains four mining leases totaling 707 hectares and 24 mining licenses totaling approximately 5,360 hectares. The mining leases were optioned from Tenacity

Gold Mining Company Ltd. ("Tenacity") and 1512513 Alberta Ltd. ("Alberta"), a subsidiary of Coordinates Capital Corporation ("Coordinates"), while the mining licenses were optioned from several different parties including Tenacity, Alberta, Fair Haven Resources Inc. ("Fair Haven"), Herb Froude, and Messrs Alexander Duffitt and Paul Strong. Four of the licenses are owned by Anaconda.

The current operating area of the Pine Cove Mine comprises two contiguous mining leases from Tenacity totaling 660 hectares (the Pine Cove Lease Area) and contains an operating open pit mine, milling and processing plant and equipment and a permitted tailings storage facility. It is subject to two royalty agreements, the first with Tenacity, whereby the Company is required to pay Tenacity a net smelter royalty of 3% of the metal sales from this area to a maximum of $3 million. The Company has approximately $10,000 left on this obligation. The second is a Net Profits Interest ("NPI") agreement with Royal Gold, Inc. ("Royal"), whereby the Company is required to pay Royal a royalty of 7.5% of the net profits; calculated as the gross receipts generated from the claims less all cumulative development and operating expenses. At February 28, 2015, the Company determined it had approximately $36 million in carry-forward expenditures deductible against future receipts, related to the NPI agreement.

Option Agreements

On May 7, 2012, the Company entered into a five-year property option agreement (the "Tenacity Agreement") with Tenacity to acquire a 100%-undivided interest in 4 mineral exploration licenses (the "**Tenacity Property**") totaling 63 claims or approximately 1,575 hectares contiguous to the Pine Cove License Area. The Tenacity Agreement requires the Company to pay to Tenacity $25,000 at closing (paid), an additional $275,000 in cash payments over the option period (of which $75,000 has been paid) and incur $750,000 in expenditures over the life of the option. At the Company's option, 50% of the cash payments can be settled with the issuance of common shares, with value determined based on a weighted average of the 30 trading days preceding payment. The Tenacity Agreement also entitles Tenacity to a net smelter royalty ("NSR") of 3% when the average price of gold is less than US$2,000 per ounce for the calendar quarter or at 4% when the average price of gold is more than US$2,000 per ounce for the calendar quarter, with a cap on the NSR of $3 million.

On July 19, 2012, the Company entered into a five-year property option agreement (the "Fair Haven Agreement") with Fair Haven to acquire a 100%-undivided interest in 11 exploration licenses (the "**Fair Haven Property**") totaling 71 claims or approximately 1,804 hectares near its Pine Cove Mine. The Fair Haven Property runs adjacent to the optioned Tenacity Property. The Fair Haven Agreement requires the Company to pay to Fair Haven $10,000 at closing (paid) and to fund expenditures over the life of the option to a minimum of $750,000. The Fair Haven Agreement also entitles Fair Haven to an NSR of 2% to an aggregate sum of $3 million; following this and after 200,000 ounces of gold has been sold from the Fair Haven Property, Fair Haven is then entitled to a 1% NSR.

On November 13, 2012, the Company entered into a five-year property option agreement (the "Froude Agreement") with Herb Froude ("Froude") to acquire a 100%-undivided interest in 1 exploration license (the "**Froude Property**") totaling 11 claims or approximately 275 hectares near its Pine Cove Mine. The Froude Property is contiguous and inclusive in the Point Rousse Project. The Froude Agreement requires the Company to pay to Froude $10,000 on January 1, 2013 (paid) and to fund expenditures over the life of the option to a minimum of $125,000. The Froude Agreement also entitles Froude to an NSR of 3% to an aggregate sum of $3 million; following this and after 200,000 ounces of gold has been sold from the Froude Property, Froude is then entitled to a 1% NSR.

On November 19, 2012, the Company entered into a five-year property option agreement (the "DS Agreement") with Messrs Duffitt and Strong ("Duffitt and Strong") to acquire a 100%-undivided interest in 2 exploration licenses (the "**Duffitt and Strong Property**") totaling 7 claims or approximately 175 hectares near its Pine Cove Mine. The Duffitt and Strong Property is contiguous with and now inclusive in the Point Rousse Project. The DS Agreement requires the Company to pay to Duffitt and Strong $20,000 at closing (paid) and to fund expenditures over the life of the option to a minimum of $125,000. The DS Agreement also entitles Duffitt and Strong to an NSR of 3% to an aggregate sum of $3 million; following this and after 200,000 ounces of gold has been sold from the Duffitt and Strong Property, Duffitt and Strong is then entitled to a 1% NSR.

On November 13, 2013, the Company entered into a three-year property option agreement (the “Deer Cove Agreement”) with 1512513 Alberta Ltd. ("Alberta"), a subsidiary of Coordinates, to acquire a 100%-undivided interest in one mining lease, a surface lease and three exploration licenses (the “**Deer Cove Property**”) totaling 48 claims or approximately 1,200 hectares contiguous to the Point Rousse Project. The Deer Cove Agreement requires the Company to pay to Alberta $25,000 at closing (paid), an additional $175,000 in cash payments over the option period (of which $25,000 has been paid) and to incur $500,000 in expenditures over the life of the option. The Deer Cove Agreement also entitles Alberta to an NSR of 3%. The Company has the right to buy back 1.8% of the NSR for $1 million.

On November 13, 2013, the Company entered into a three-year property option agreement (the “Stog'er Tight Agreement”) with Alberta to acquire a 100%-undivided interest in one mining lease and one surface lease (the “**Stog'er Tight Property**”) totaling approximately 35 hectares contiguous to the Point Rousse Project. The Stog'er Tight Agreement requires the Company to pay to Alberta $25,000 at closing (paid), an additional $175,000 in cash payments over the option period (of which $25,000 has been paid) and to incur $500,000 in expenditures over the life of the option. The Stog'er Tight Agreement also entitles Alberta to an NSR of 3%. The Company has the right to buy back 1.8% of the NSR for $1 million.

As at February 28, 2015 and the financial statement report date, the Company had met all required property option commitments and accordingly the properties were in good standing.

7. Production stripping assets

As at	**February 28 2015 $**	May 31 2014 $
Opening balance	**612,654**	229,766
Additions	**353,988**	751,102
Depreciation	**(153,421)**	(368,214)
Closing balance	**813,221**	612,654

8. Property, mill and equipment

For the nine months ended February 28, 2015

	Cost beginning of period $	Additions $	Disposals/ transfers $	Cost end of period $
Mill	7,213,957	248,283	(1,966)	7,460,274
Equipment	1,163,776	57,020	(5,306)	1,215,490
Property	14,617,417	78,776	(8,142)	14,688,051
Capital in progress	358,216	1,703,211	(532,454)	1,528,973
	23,353,366	**2,087,290**	**(547,868)**	**24,892,788**

	Accumulated deprecation beginning of period $	Depreciation/ depletion $	Accumulated deprecation end of period $	Net book value $
Mill	2,517,777	986,548	3,504,325	3,955,949
Equipment	510,917	234,088	745,005	470,485
Property	5,499,256	1,980,427	7,479,683	7,208,368
Capital in progress	-	-	-	1,528,973
	8,527,950	**3,201,063**	**11,729,013**	**13,163,775**

For the year ended May 31, 2014

	Cost beginning of year $	Additions $	Disposals/ transfers $	Cost end of year $
Mill	6,434,601	779,356	-	7,213,957
Equipment	621,490	542,286	-	1,163,776
Property	14,050,573	566,844	-	14,617,417
Capital in progress	794,075	1,638,096	(2,073,955)	358,216
	21,900,739	**3,526,582**	**(2,073,955)**	**23,353,366**

	Accumulated deprecation beginning of year $	Depreciation/ depletion $	Accumulated deprecation end of year $	Net book value $
Mill	1,652,652	865,125	2,517,777	4,696,180
Equipment	242,474	268,443	510,917	652,859
Property	3,335,973	2,163,283	5,499,256	9,118,161
Capital in progress	-	-	-	358,216
	5,231,099	**3,296,851**	**8,527,950**	**14,825,416**

9. Trade and other payables

As at	**February 28 2015 $**	May 31 2014 $
Trade payables	**2,249,956**	2,282,610
Accrued liabilities	**615,803**	463,095
Accrued payroll costs	**294,758**	237,191
	3,160,517	2,982,896

The trade and other payables which arise from the Company's day-to-day operations have standard vendor trade terms and are typically due within 30 days.

10. Loans

The following table provides the details of the current and non-current components of loans:

As at	**February 28 2015 $**	May 31 2014 $
ACOA Loan	**-**	89,106
Bank loan	**33,476**	39,270
Capital Lease	**31,590**	-
	65,066	128,376
Less: current portion	**17,899**	96,831
Non-current portion	**47,167**	31,545

ACOA Loan payable, due December 14, 2014, is non-interest bearing and is repayable in one payment of $41,666 on June 1, 2011, 35 monthly payments of $12,732 commencing on January 1, 2012 and one final payment of $12,714. On December 1, 2014, the final payment of $12,714 was made, retiring the loan.

The balance is made up as follows:

As at	**February 28 2015 $**	May 31 2014 $
Principal balance repayable	**-**	89,106
Less: current portion	**-**	89,106
Non-current portion	**-**	-

Bank loan, due July 2019, is non-interest bearing and repayable in 72 monthly payments of $644.

The balance is made up as follows:

As at	**February 28 2015 $**	May 31 2014 $
Principal balance repayable	**33,476**	39,270
Less: current portion	**7,725**	7,725
Non-current portion	**25,751**	31,545

Capital Lease payable, due October 1, 2017, is repayable in 39 monthly payments of $1,242 commencing on July 4, 2014. Remaining net minimum lease payments are $43,470 with total interest of $9,601 resulting in a present value of net minimum capital lease payments of $33,869.

The balance is made up as follows:

As at	**February 28 2015 $**	May 31 2014 $
Principal balance repayable	**31,590**	-
Less: current portion	**10,174**	-
Non-current portion	**21,416**	-

11. Decommissioning liability

A reconciliation of the provision for asset retirement obligations is as follows:

As at	**February 28 2015 $**	May 31 2014 $
Opening balance	**1,253,961**	1,199,045
Interest accretion	**43,074**	54,916
Closing balance	**1,297,035**	1,253,961

The Company's estimates of future asset retirement obligations are based on reclamation standards that meet or exceed regulatory requirements. Elements of uncertainty in estimating these amounts include potential changes in regulatory requirements, decommissioning and reclamation alternatives and amounts to be recovered from other parties. The provision for reclamation is provided against the Company's Pine Cove Mine and is based on the project plan approved by the Government of Newfoundland.

In concert with the Company's decommissioning liabilities, it has issued letters of credit in the amount of $565,500 to the Newfoundland and Labrador government in satisfaction of its requirements under the approved site development and that may only be lifted by the Newfoundland and Labrador government.

12. Capital stock

Common shares
Anaconda's authorized share capital consists of an unlimited number of common shares.

Warrants
There were no outstanding warrants as at February 28, 2015 or May 31, 2014.

Options
As at February 28, 2015, 17,987,896 common shares were available for the grant of stock options to directors, officers, employees and service providers in connection with the Company's stock option plan (the "Plan"). The Plan is a 10% rolling option plan based on the number of common shares issued and outstanding. As at February 28, 2015, 16,800,000 options were outstanding with 15,675,000 exercisable and 1,187,896 left unallocated. Most stock options issued to date under the Plan vest in two installments over 12 months and expire five years from the date of grant unless specifically approved otherwise by the Board of Directors.

The following summary sets out the activity in the Plan over the periods:

	Options \#	Weighted average exercise price $
Outstanding, May 31, 2013	**14,840,000**	**0.12**
Granted	400,000	0.08
Expired/Forfeited	(310,000)	0.17
Outstanding, May 31, 2014	**14,930,000**	**0.12**
Granted	2,250,000	0.08
Expired/Forfeited	(380,000)	0.23
Outstanding, February 28, 2015	**16,800,000**	**0.11**
Options exercisable, February 28, 2015	**15,675,000**	**0.11**

The following table sets out the details of the stock options granted and outstanding as at February 28, 2015:

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
2,950,000	2,950,000	0.05 years	$0.20	March 18, 2015
5,150,000	5,150,000	0.97 years	$0.11	February 15, 2016
150,000	150,000	1.41 years	$0.08	July 26, 2016
500,000	500,000	1.49 years	$0.10	August 25, 2016
500,000	500,000	1.92 years	$0.09	January 27, 2017
1,500,000	1,500,000	1.98 years	$0.10	February 17, 2017
300,000	300,000	2.18 years	$0.11	May 1, 2017
300,000	300,000	2.70 years	$0.15	November 8, 2017
2,800,000	2,800,000	3.26 years	$0.08	May 29, 2018
400,000	400,000	3.62 years	$0.08	October 9, 2018
2,250,000	1,125,000	4.29 years	$0.08	June 10, 2019
16,800,000	**15,675,000**	**1.71 years**		

The following table sets out the details of the valuation of stock option grants for the year ended May 31, 2014 and the nine months ended February 28, 2015:

Date of grant	Number	Risk free interest rate	Expected dividend yield	Expected volatility	Expected life
October 9, 2013	400,000	1.89%	Nil	107.9%	5 years
June 10, 2014	2,250,000	1.60%	Nil	97.9%	5 years

Share-based payment expense
The fair value of the stock options granted for the nine months ended February 28, 2015 was $132,750 (February 28, 2014 - $26,840). The fair value of options vested for the nine months ended February 28, 2015 was $119,018 (February 28, 2014 - $171,996), an amount which has been expensed as share-based payments in the statement of comprehensive income.

13. Remuneration of key management personnel and related-party transactions

Key management personnel include the members of the Board of Directors, the President/CEO and the CFO. Compensation of key management personnel (including directors) was as follows:

For the nine months ended February 28,	**2015**	2014
	$	$
Salaries and short term benefits [1]	**469,167**	462,042
Share based payments [2]	**80,950**	152,452
	550,117	614,494

[1] Includes salary, management bonus, benefits and directors' fees
[2] Includes share based payments vested during the period

For the nine months ended February 28, 2015, Raven Hill Partners Inc. ("Raven Hill') charged Anaconda a total of $nil in respect of corporate administration and accounting services provided by employees of Raven Hill and $nil in rent for the Company's head office ($22,500,and $157,500 respectively for the nine months ended February 28, 2014). Raven Hill is beneficially owned by Lewis Lawrick and Dustin Angelo, directors of the Company.

As at February 28, 2015, included in trade and other payables is $40,750 (February 28, 2014 - $44,500) of amounts due for directors' fees.

14. Chilean mining interest

On December 7, 2011, the Company announced that, pursuant to an agreement, it had closed the sale of its Chilean mining interest to Tal Tal for consideration of the following:

	US$
Payment in cash at closing (received)	2,000,000
Payment in cash on May 31, 2012 (received)	2,000,000
Contingent payments:	
At Commercial Production	
30 days after first shipment of production from the first producing property (received)	1,000,000
30 days after first shipment of production from the second producing property or two years from first production of the first producing property (due no later than May 20, 2015)[1]	2,000,000
Sales Price Payments:	
Based on the selling price of the initial 900,000 tonnes of iron ore (between US$90 and US$150 per tonne) from the first producing property	250,000 – 2,000,000
Based on the earlier of: selling price of the initial 900,000 tonnes of iron ore (between US$90 and US$150 per tonne) from the second producing property or selling price from the 1,800,000 – 2,700,000 tonnes of the first producing property	250,000 – 2,000,000
	7,500,000 – 11,000,000

[1] In the event the second producing property does not go into production, the milestone payment may be deferred for a period up to five years or thirty days after the first shipment from the second producing property, bearing interest at 5%.

During fiscal 2014, the Company received its first Commercial Production milestone payment of US$1 million. It also recognised the second payment of US$2 million that is due no later than May 20, 2015 as a milestone payment receivable discounted at 10%, with a present value of $2,038,493. The Company also began receiving a gross sales royalty of 0.80% of iron ore product sold from the property and sales price-related milestone payments.

During fiscal 2015, the Company recorded an impairment charge of $2,210,158 upon completion of its assessment of the carrying value of the milestone and royalty payment receivable. The non-cash impairment charge was mainly a result of Tal Tal's inability to make future royalty, sales price and milestone payments. See note 15.

In addition, the Company received a 1.25% carried interest in Compania Portuaria Tal Tal S.A. The Company designated this investment as available for sale. During fiscal 2015, the Company recorded an impairment charge of $50,000 upon completion of its assessment of the carrying value of the investment. The non-cash impairment charge was mainly a result of the deferral of the potential construction and operation of the port, projected to be used by Tal Tal.

15. Segmented information

The Company has identified its reportable operating segments based on the information used by management to make operating decisions. The Company primarily manages its business by looking at the geographical location that segregates its operations.

As at	**Non-current assets $**	**February 28 2015 Total assets $**	Non-current assets $	May 31 2014 Total assets $
Canada	**22,328,783**	**27,208,054**	22,202,095	27,866,060
Chile	**-**	**6,542**	50,000	2,532,239
	22,328,783	**27,214,596**	22,252,095	30,398,299

For the nine months ended **Revenue segments**	**Canada $**	**February 28 2015 Chile $**	Canada $	February 28 2014 Chile $
Gold sales	**16,576,545**	**-**	14,896,439	-
Production milestone payments	-	**-**	-	3,161,858
Royalty revenue	-	**260,952**	-	518,819
Accretion income	-	**46,589**	-	45,576
Foreign exchange gain	-	**135**	-	97,655
Chile expenses	-	**(30,929)**	-	-
	16,576,545	**276,747**	14,896,439	3,823,908
Supplemental information				
Write down of Chilean assets	**-**	**2,260,158**	-	-

16. Capital management

The Company's capital structure is adjusted based on management's and the Board of Directors' decision to fund expenditures with the issuance of debt or equity such that it may complete the acquisition, exploration, development and operation of properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's Pine Cove Mine is currently producing cash flow to fund ongoing working capital requirements, corporate and administrative expenses, debt service, capital expenditure requirements and other contractual obligations. The Company intends to supplement its Point Rousse Project cash flow and raise such funds as and when required to complete its projects as they arise. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that Anaconda will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended February 28, 2015. Unless otherwise noted (i.e. restricted cash), the Company is not subject to externally-imposed capital restrictions.

17. Financial instruments

Classifications
The Company has classified its cash and restricted cash and forward sales contract derivatives as fair value through profit and loss, which are measured at fair value. The Company's investment has been classified as available-for-sale, which is measured at fair value. Trade and other receivables and the milestone payment receivable are classified as loans and receivables, which are measured at amortized cost. Trade and other payables and loans and debentures are classified as other financial liabilities, which are measured at amortized cost.

Fair values of cash and restricted cash are based on quoted prices in active markets for identical assets, resulting in a level-one valuation. Forward sales contract derivatives are level two. Fair values of investments are not based on observable market data, resulting in a level-three valuation. The carrying amount of the Company's financial instruments approximates fair value due to their short-term nature.

Non-hedged forward sales contract derivative
The Company enters into commodity derivatives including forward gold contracts to manage the exposure of fluctuations in gold prices. In the case of forwards, these contracts are intended to reduce the risk of declining prices on future sales. Some of the derivative transactions are effective in achieving the Company's risk management goals; however, they do not meet the hedging requirements of IAS 39 – Financial Instruments: Recognition and Measurement, therefore, the unrealized changes in fair value are recorded in earnings.

At February 28, 2015, the following forward gold contracts are outstanding:

	Expiry range	Ounces	Price CAD$ per ounce	Fair Value at February 28, 2015
Gold forward	March to May 2015	100	1,362	(15,586)
CAD$ denominated	March to May 2015	100	1,372	(14,585)
contracts	March to May 2015	100	1,382	(13,586)
	March to May 2015	300	1,392	(37,758)
	March to May 2015	500	1,404	(56,932)
	March to May 2015	300	1,408	(32,959)
	March to May 2015	300	1,418	(29,959)
	March to May 2015	300	1,404	(34,158)
	March to May 2015	300	1,428	(26,959)
	March to May 2015	200	1,497	(4,173)
	March to May 2015	31	1,508	(303)
	June to August 2015	300	1,452	(19,759)
	June to August 2015	300	1,472	(13,759)
	June to August 2015	300	1,512	(1,759)
		3,431		**(302,235)**

18. Property and financial instrument risk factors

Property risk
The Company's major project is its Point Rousse Project. Unless the Company acquires or develops additional mineral properties, the Company will be mainly dependent upon the Project. Any adverse developments affecting the Company's Project would have a material adverse effect on the Company's financial condition and results of operations.

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash and trade and other receivables and a milestone payment receivable. Cash is held with a tier-1 Canadian chartered bank; as such, management believes the risk of loss to be minimal. Trade receivables consist of amounts due from the Company's metals broker regarding processed gold and silver en route to the broker. Management believes the credit risk associated with its trade receivables to be remote as the counter-party is a well-capitalized international metals merchant. No bad debts were incurred during the nine months ended February 28, 2015 and 2014.

Liquidity risk
Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at February 28, 2015, the Company had positive working capital of $1,707,397 (May 31, 2014 – $5,066,477). The Company utilizes the cash flow generated from the Point Rousse Project's operations throughout the year for its working capital requirements. If necessary, the Company may seek further financing for capital projects or general working capital purposes. As discussed previously, there can be no assurance that Anaconda will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

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).

Interest rate risk
The Company has no interest-bearing assets, other than cash in operating bank accounts and only fixed-interest liabilities. Accordingly, the Company is not exposed to significant interest rate risk. When available, the Company invests excess cash in short-term securities with maturities of less than one year, earning nominal interest.

Foreign currency risk
The Company's functional and presentation currency is the Canadian dollar. The Company executes all gold sales in Canadian dollars. Some of the operational and other expenses incurred by the Company are paid in US dollars and Chilean Pesos. As a result, fluctuations in the US dollar and Chilean Peso against the Canadian dollar could result in foreign exchange gains/losses. Given the limited exposure of US dollar expenses, the Company considers this risk as remote. The Company has no plans for hedging its foreign currency transactions.

Commodity price risk
Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to commodity price risk with respect to gold prices. The Company closely monitors gold prices to determine the appropriate course of action to be taken by the Company. The Company uses derivative contracts to hedge against the risk of falling prices of gold as it enters into short-term gold sales forward contracts on an on-going basis. As these derivative contracts come due there is a risk of opportunity loss if gold prices move substantially higher.