Anaconda Mining Achieves Quarterly Gold Sales of 4,526 Ounces in Q1 2018 and Generates $3.3 Million of EBITDA at Point Rousse

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TORONTO, May 3, 2018 /CNW/ - Anaconda Mining Inc. ("Anaconda" or the "Company") – (TSX:ANX) is please its financial and operating results for the three months ended March 31, 2018 ("Q1 2018"). The condensed interim cons financial statements and management discussion & analysis documents can be found at www.sedar.com and the Com website, www.anacondamining.com. All dollar amounts are in Canadian dollars unless otherwise noted.

In 2017, the Company changed its fiscal year-end to December 31, from its previous fiscal year end of May 31. Consec Anaconda has now reverted to a customary quarterly reporting calendar based on a December 31 financial year-end, w quarters ending on the last day in March, June, September, and December each year. For comparative purposes, the the three months ended March 31, 2018, have been compared to the three months ended February 28, 2017.

First Quarter 2018 Highlights

- Anaconda sold 4,526 ounces of gold in Q1 2018, a 25.8% increase over the three months ended February 28, 20 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 firs 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 $ over the comparative period.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q1 2018 was $900 (US$712), well below 20 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 expenditure $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 Gold Project in Nova Scotia.
- Significant development progress was achieved at Stog'er Tight, achieving 159,927 tonnes of waste developmen dewatering of Fox Pond, and the completion of a settling pond and pit dewatering system.
- The Company has commenced the conversion of the Pine Cove Pit into a fully permitted tailings storage facility, w provide 15 years of capacity based on throughput rates of 1,350 tonnes per day.
- Net income for the three months ended March 31, 2018 was $149,218, or $0.00 per share, compared to a net los $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 a liquidity of $1,000,000 from an undrawn revolving line of credit facility.

*Refer to Non-IFRS Measures section below. A full reconciliation of Non-IFRS Measures can be found in the Managem Discussion and Analysis for the three months ended March 31, 2018.

"Anaconda continues to demonstrate its ability to operate in a safe, responsible, and profitable manner, driving down u costs and generating strong operating cash flows from its Point Rousse Project in the first quarter of 2018, while makin progress developing the Stog'er Tight Mine. Our established and robust physical infrastructure and experienced workfo together with the consistent performance at Point Rousse, form the platform for a well-defined growth strategy in Atlant Leveraging the Pine Cove Mill and the fully-permitted Pine Cove tailings facility, Anaconda has the ability to accelerate development of gold projects such as the Hammerdown Mine owned by Maritime Resources Corp., for which Anacond a take-over offer, which will drive long-term shareholder value for both Maritime and Anaconda."

~Dustin Angelo, President and CEO, Anaconda Mining Inc.

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

*Refer to Non-IFRS Measures section below.

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 2018 Review

Operational Overview

The Pine Cove Mill processing facility remains a cornerstone asset of the Company. Availability during the quarter of 93
lower compared to the 98.6% availability during the final four months of 2017 due to a planned preventative maintenan

During Q1 2018, the mill processed 109,219 tonnes of ore at a throughput rate of 1,300 tonnes per day, consistent with throughput rate maintained during the final months of 2017. Average grade during Q1 2018 was 1.44 g/t, an 11.6% inc the final four months of 2017. The mill achieved an average recovery rate of 85.2%, consistent with previous periods, re gold production of 4,293 ounces.

The later part of December 2017 saw mining activity focused on development activity at Stog'er Tight and the completio in the main Pine Cove Pit, which continued into the first quarter of 2018. In Q1 2018, the nearby Fox Pond dewatering w completed prior to mining at Stog'er Tight, the operation established a settling pond and dewatering system for the Stog West Pit, and work was commenced on a fish passage. The Company achieved 159,927 tonnes of waste removal at S which will be capitalized as development. In addition, 5,033 tonnes of ore were mined from Stog'er Tight during develop 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 mining of the main pit finished in the middle of March. The grade of ore delivered to the mill was high compared to prev as the mine operation focused on delivering higher grade ore from the lower benches of the Pine Cove Pit, while maint existing stockpile of ore, which will be fed over the coming months as the operation transitions to Stog'er Tight. As at M 2018, the mine operation had an ore stockpile of 176,807 tonnes.

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

Financial Results

Anaconda sold 4,526 ounces of gold during the first quarter of 2018, generating gold revenue of $7.6 million based on a realized gold price of C$1,677. The Company is well on track to meet its 2018 production guidance of 18,000 ounces a cash costs of C$1,100 per ounce.

Operating expenses for the three months ended March 31, 2018 were $4,074,347, compared to $4,810,528 in the thre ended February 28, 2017. The decrease in operating costs was the result of lower mining costs as the operation moved material during the quarter, as well as a large inventory adjustment recorded for the three months ended February 28, a decrease in stockpiles. The operating cash costs per ounce sold in the first three months of fiscal 2018 were $900 (U 33% reduction compared to the comparative period operating cash costs of $1,337 per ounce (US$962), and below the 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 $1,946,9 the comparative period. The lower depletion and depreciation was the result of lower depletion of stripping costs for the 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 los $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 t comparative period. The high comparative expenditures reflect the expanded senior management team and greater ma presence after the acquisition of Goldboro, and the timing of certain corporate costs as a result of the change in year-e December 31.

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

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).

Financial Position and Cash Flow Analysis

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. In addition, 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. As at March 31, 2018, the Company had not drawn against the revolving credit facility.

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 in the first quarter were $3,522,253, corporate administration costs 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 $345,334, predominantly due to transaction costs related to the takeover bid of Maritime Resources Corp.

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.

Restatement of Prior Period Financial Information

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.

ABOUT ANACONDA

Anaconda Mining is a TSX-listed gold mining, development, and exploration company, focused in the prospective Atlantic Canadian jurisdictions of Newfoundland and Nova Scotia. The Company operates the Point Rousse Project located in the Baie Verte Mining District in Newfoundland, comprised of the Pine Cove open pit mine, the Stog'er Tight Mine, the Argyle Mineral Resource, 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 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 on the Northern Peninsula of Newfoundland and the Tilt Cove Property on the Baie Verte Peninsula, also in Newfoundland.

FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state 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 at the date the information is made, and is based on a number of assumptions and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Anaconda to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining such as economic factors as they effect exploration, future commodity prices, changes in foreign exchange and interest rates, actual results of current production, development and exploration activities, government regulation, political or economic developments, environmental risks, permitting timelines, capital expenditures, operating or technical difficulties in connection with development activities, employee relations, the speculative nature of gold exploration and development, including the risks of diminishing quantities of grades of resources, contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed in Anaconda's annual information form for the seven months ended December 31, 2017, available on www.sedar.com. Although Anaconda 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. Anaconda does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

NON-IFRS MEASURES

Anaconda has included certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Operating Cash Costs per Ounce of Gold – Anaconda calculates operating cash costs per ounce by dividing operating expenses per the consolidated statement of operations, net of silver sales by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation and rehabilitation costs.

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

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

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.

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

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

Working Capital – Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets.

SOURCE Anaconda Mining Inc.

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