Anaconda Mining Reports First Quarter 2020 Results; Generates $4.4 Million Of Cash Flow From Operating Activities

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TORONTO, May 13, 2020 - Anaconda Mining Inc. ("Anaconda" or the "Company") (TSX:ANX)(OTCQX:ANXGF) is pleased to report its financial and operating results for the three months ended March 31, 2020 ("Q1 2020"). The condensed interim consolidated financial statements and management discussion & analysis documents can be found at www.sedar.com and the Company's website, www.anacondamining.com. All dollar amounts are in Canadian dollars unless otherwise noted.

First Quarter 2020 Highlights

- Anaconda sold 5,132 ounces of gold in Q1 2020 from production at the Point Rousse Complex, generating metal revenue of $10.5 million at an average sales price* of C$2,051 (US$1,526) per ounce of gold.
- Anaconda produced 4,997 ounces of gold in Q1 2020, a 20% increase compared to Q1 2019, due to higher mill throughput.
- Operating cash costs per ounce sold* at the Point Rousse Project in Q1 2020 were C$1,165 (US$867), compared to C$977 (US$735) in the three months ended March 31, 2019.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was C$1,546 (US$1,151) for Q1 2020.
- The Company invested $1.1 million in its growth projects during Q1 2020, including $0.4 million on the Goldboro Gold Project in Nova Scotia and $0.5 million on exploration programs at the Tilt Cove Project.
- The Point Rousse Complex generated EBITDA* of $4.5 million in Q1 2020, compared with $3.8 million for the respective 2019 period.
- Net income for the three months ended March 31, 2020 was $1.5 million, or $0.01 per share, compared to $1.2 million, or $0.01 per share, for the three months ended March 31, 2019.
- Subsequent to quarter-end, Anaconda completed the spin-out and a $2.0 million financing of its Narrow Vein Mining Project, which will advance the Project with no further financial commitment from the Company.
- As at March 31, 2020, the Company had a cash balance of $6.4 million, working capital* of $3.6 million, and additional available liquidity of $0.3 million 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 Management Discussion and Analysis for the three months ended March 31, 2020.

COVID-19 Pandemic and Preparedness Update - As of today, Point Rousse continues to operate and to the Company's knowledge, no employees, contractors, or consultants directly involved with Anaconda, whether at corporate or at site, have been diagnosed with COVID-19. Strict health and safety protocols, including social distancing, remain in place and are continually reviewed based on recommendations from medical authorities.

"Despite the advent of the COVID-19 pandemic in the first quarter of 2020, Anaconda has started the year strong, generating $4.4 million of cash flow from operations based on the sale of 5,132 ounces of gold at C$2,051 per ounce. The Point Rousse operation has continued to operate uninterrupted in a safe and responsible manner and remains on track to produce and sell between 18,000 and 19,000 ounces of gold in 2020, while taking advantage of record high Canadian gold prices. Anaconda's strong financial position, with $6.4 million in cash at the end of Q1 2020, ensures that we have robust financial flexibility in the near-term as we continue to generate cash from our Point Rousse operations while advancing the Goldboro Gold Project."

~Kevin Bullock, President and CEO, Anaconda Mining Inc.

Temporary Relief under Ontario Instrument 51-504 - As a result of the COVID-19 pandemic and in accordance with Ontario Instrument 51-504 - Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials of the Ontario Securities Commission, the Company will be delaying the public filing of its executive compensation disclosure until the filing of its management information circular in connection with its annual meeting of shareholders. The Company has decided to postpone such meeting to a later date in 2020 to enable greater participation of its shareholders and a better forum for communication.

Consolidated Results Summary

Financial Results	Three months ended March 31, 2020	Three months ende
Revenue ($)	10,535,021	8,776,703
Cost of operations, including depletion and depreciation ($)	6,901,599	6,454,694
Mine operating income ($)	3,633,422	2,322,009
Net income ($)	1,471,399	1,157,851
Net income per share ($/share) - basic and diluted	0.01	0.01
Cash generated from operating activities ($)	4,380,125	4,135,073
Capital investment in property, mill and equipment ($)	659,342	284,202
Capital investment in exploration and evaluation assets ($)	1,096,630	4,357,390
Average realized gold price per ounce*	US$1,526	US$1,257
Operating cash costs per ounce sold*	US$867	US$735
All-in sustaining cash costs per ounce sold*	US$1,151	US$986
	March 31, 2020	December 31, 201

Total assets ($)	65,768,601	57,942,367
Non-current liabilities ($)	6,669,747	5,290,646

*Refer to Non-IFRS Measures section below.

Operational Results	Three months ended March 31, 2020	Three months ended March 31, 2019
Ore mined (t)	103,222	77,367
Waste mined (t)	561,763	279,412
Strip ratio	5.4	3.6
Ore milled (t)	113,136	79,758
Grade (g/t Au)	1.57	1.92
Recovery (%)	87.4	84.8
Gold ounces produced	4,997	4,176
Gold ounces sold	5,132	5,251

First Quarter 2020 Review

Operational Overview

Anaconda produced 4,997 ounces of gold in the first quarter of 2020, a 20% increase over Q1 2019, predominantly due to higher throughput as a result of better mill availability. Low mill availability in Q1 2019 was due to planned maintenance on the main ball mill and unplanned maintenance on the regrind mill, which also impacted the average recovery rate. The Company remains on track to meet guidance and produce and sell between 18,000 and 19,000 ounces of gold from continued mining at the Pine Cove Pit.

The Pine Cove Mill processed 103,222 tonnes during Q1 2020 at an average grade of 1.57 g/t. The 42% increase in throughput compared to Q1 2019 is the result of reduced mill availability in Q1 2019. The average grade was 18% lower than the first quarter of 2019, when mining was focused at the higher-grade Stog'er Tight Mine (but an increase of 27% over Q4 2019). The mill achieved an average recovery rate of 87.4%, an increase from 84.8% achieved in the corresponding quarter of 2019 despite the lower grade profile in Q1 2020.

During the first quarter of 2020, the mine operations produced 113,136 tonnes of ore from the Pine Cove Pit, which is expected to be the primary source for ore in 2020. Ore mined during Q1 2020 was up significantly compared to the first quarter of 2019, which reflects the higher mining rate at the Pine Cove Pit compared to the lower tonnage profile of mining at Stog'er Tight. From a production perspective, the higher tonnes mined from Pine Cove has offset the higher relative grade profile of Stog'er Tight, as demonstrated by the 20% increase in gold ounces produced in Q1 2020. The strip ratio in Q1 2020 was 5.4 waste tonnes to ore tonnes, an increase compared to Q4 2019 as higher waste development was required to access ore zones for the second quarter. The strip ratio is expected to decrease throughout 2020. The strip ratio is higher compared to Q1 2019 when planned pushbacks to the Pine Cove Pit were delayed to the second quarter of 2019.

Financial Results

Anaconda sold 5,132 ounces of gold during the first quarter of 2020, generating gold revenue of $10.5 million at an average realized gold price of C$2,051 per ounce (US$1,526).

Operating expenses for the three months ended March 31, 2020 were $5,939,601, compared to $4,886,614 in the three months ended March 31, 2019. Operating expenses for Q1 2020 included mining costs of $2,472,545 and were 20% higher than the comparative period primarily due to the 86% increase in material mined and the higher strip ratio at Pine Cove compared to Stog'er Tight in Q1 2019. Processing costs of $2,465,836 in Q1 2020 were also higher than the comparative period due to the 42% increase in ore tonnes milled during the period. Operating cash costs per ounce sold in the first three months of fiscal 2020 were C$1,165 (US$867); the Company remains on track to meet its annual operating cash cost guidance of C$1,050-C$1,100 (US$775 - US$825), with operating cash costs per ounce expected to be higher in the first half of the year.

The royalty expense for Q1 2020 was $49,145 compared to $248,295 in Q1 2019, as production in the prior year was predominantly from Stog'er Tight, which carries a 3% net smelter royalty. The royalty expense in Q1 2020 related to the processing of residual Stog'er Tight stockpiles. Depletion and depreciation for the three months ended March 31, 2020 was $912,802, a significant decrease from $1,319,785 in Q1 2019 due to the expansion of the mine life at Pine Cove, which results in a higher denominator for depletion and depreciation on a units-of-production basis relative to the denominator used in the first quarter of 2019.

Mine operating income for the three months ended March 31, 2020 was $3,633,422, compared to $2,322,009 in the corresponding period of 2019, with higher comparable operating costs during Q1 2020 being offset by higher revenue and lower depreciation in the quarter.

Corporate administration costs were $860,179 for the first three months of fiscal 2020, a decrease of 18% from Q1 2019, as the Company streamlined corporate costs over the second half of 2019. The Company also incurred $52,720 in research and development costs in Q1 2020, compared to a net recovery of research and development costs of $129,558 (which included funding received for the narrow vein mining research project).

Finance expense for the quarter was $72,040 for Q1 2020, compared to $36,156 for the three months ended March 31, 2019. Finance costs were higher than the comparative 2019 period as a result of the $5 million term loan entered into with the Royal Bank of Canada ("RBC") in March 2019.

In Q1 2020, the Company recorded a recovery of $167,676 as a deferred premium on flow-through shares, representing the proportion of the remaining qualifying exploration expenditures that were spent from the July 2019 flow-through financing in the three months ended March 31, 2020.

Net comprehensive income for the three months ended March 31, 2020, was $1,471,399, or $0.01 per share, compared to $1,157,851, or $0.01 per share. The improvement compared to the three months ended March 31, 2019 was the result of higher mine operating income, driven by stronger production and record high Canadian gold prices, offset by a higher net income tax expense, as the Company recorded a current income tax expense of $352,528 relating to provincial mining tax and a deferred income tax expense of $826,000 during the three months ended March 31, 2020 (three months ended March 31, 2019 - $268,163 and a recovery of $102,000, respectively).

Financial Position and Cash Flow Analysis

As at March 31, 2020, the Company had working capital of $3,565,559, which included cash and cash equivalents of $6,430,208. Trade and other payables have increased since the prior year mainly due to the exploration activity at Tilt Cove and timing. Current taxes payable reflect the Newfoundland mining taxes payable for 2019 and an estimate for the taxes for Q1 2020. The decrease in other current liabilities reflects the deferred flow-through premium recognized as a result of flow-through expenditures spent in the three months ended March 31, 2020.

The current portion of loans includes $1,423,329 outstanding from a $5.0 million term loan with the Royal Bank of Canada ("RBC"), entered into in March 2019. The term loan carries a fixed interest rate of 4.6% and performance guarantee fee by Export Development Canada ("EDC") of 1.85%, payable quarterly based on the proportional amount outstanding.

In March 2020, the Company amended its Line of Credit Agreement with RBC to amend the existing revolving credit facility to $250,000 and include a $725,000 revolving demand facility. 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. During the three months ended March 31, 2020, the Company changed insurance companies which provide the surety bonds to backstop its performance obligations with respect to the Company's reclamation obligations. Under the terms of the replacement surety bonds, the Company was required to provide collateral of $713,048, equivalent to 25% of the value of the bonds. The collateral was provided in the form of an irrevocable letter of credit from RBC under the revolving demand facility. As at March 31, 2020, there were outstanding balances of $713,048 and $265,636 on the revolving demand facility and revolving equipment lease line of credit, respectively, and the Company had not drawn against the revolving credit facility.

Anaconda generated $4,380,125 in operating cash flows during the three months ended March 31, 2020, after accounting for corporate administration costs. The Point Rousse Project generated EBITDA of $4,493,504, based on gold sales of 5,132 ounces at an average gold price of C$2,051 per ounce sold and operating cash costs of C$1,165 per ounce sold. Corporate administration costs in the three months ended March 31, 2020 were $860,179.

During Q1 2020, the Company continued to invest in its key growth projects in Newfoundland and Nova Scotia. The Company spent $1,096,630 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals at March 31, 2020), primarily on the continued advancement of the Goldboro Project and exploration activities at Tilt Cove and Argyle. The Company also invested $659,342 into capitalized stripping at the Pine Cove Pit and sustaining capital for the mill at the Point Rousse Project.

Financing activities during the three months ended March 31, 2020 were limited to the repayment of the RBC term loan, lease obligations, and government loans.

Non-IFRS Measures

Anaconda has included in this press release 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.

ABOUT ANACONDA

Anaconda is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in Atlantic Canada. The company operates mining and milling operations in the prolific Baie Verte Mining District of Newfoundland which includes the fully-permitted Pine Cove Mill, tailings facility and deep-water port, as well as ~11,000 hectares of highly prospective mineral lands including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade resource and the subject of an on-going feasibility study.

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, risks related to the COVID-19 pandemic, 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 year ended December 31, 2019, 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.

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