

Anaconda Mining Announces Third Quarter 2021 Financial Results

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TORONTO, November 4, 2021 - [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 September 30, 2021 ("Q3 2021"). The consolidated interim financial statements and management discussion and 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.

"With mining at Argyle focused on waste development and throughput largely limited to lower-grade Pine Cove ore stockpiles, Anaconda sold 2,574 ounces of gold, generating metal revenue of \$5.8 million, with operating cash costs* of \$2,087 (US\$1,656) per ounce of gold sold. Challenges in mine development during the quarter delayed access to Argyle ore and as a result the Company revised its production guidance for 2021 to approximately 12,000 ounces of gold sold and produced and is also revising its operating cash cost* guidance upward to between \$2,150 and \$2,200 per ounce of gold sold (US\$1,720 - US\$1,760). We are confident with the changes we have made at Argyle over the second and third quarter, including an independently prepared updated Mineral Resource, and 2022 is shaping up to be a record year of production for the Company. Furthermore, with the growth of the Stog'er Tight Deposit, now including 62,300 ounces of Indicated Mineral Resource and 9,600 ounces of Inferred Mineral Resource within constrained open pit shells, and ongoing drill testing of additional targets at both the Point Rouse and Tilt Cove projects, we believe the Point Rouse Project has the potential for continued cash generation for several years."

~ Kevin Bullock, President and CEO, [Anaconda Mining Inc.](#)

Third Quarter 2021 Highlights

- Anaconda sold 2,574 ounces of gold in Q3 2021, generating metal revenue of \$5.8 million at an average realized gold price* of \$2,242 (US\$1,779) per ounce sold;
- Due to slower mine waste development at Argyle during Q3 2021 which delayed access to higher-grade ore, the Company has revised its 2021 guidance downward to approximately 12,000 ounces of gold sold and produced;
- Gold production from the updated Argyle Mineral Reserve (effective September 1, 2021) is expected to be approximately 29,500 ounces based on an 87% overall mill recovery, setting up Anaconda for a record year of production in 2022, at an average operating cash cost per ounce sold of \$1,112 (US\$878)*;
- Operating cash costs per ounce sold* at Point Rouse in Q3 2021 were \$2,087 (US\$1,656), driven by lower production from lower milled grade from low-grade ore stockpiles coupled with higher operating costs. Operating cash costs per ounce sold* for the full year are now expected to be between \$2,150 and \$2,200 per ounce of gold sold (US\$1,720 - US\$1,760 based on an exchange rate of 0.80);
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, was \$3,979 (US\$3,158) for Q3 2021, which reflects increased mine waste development and sustaining capital to advance Stog'er Tight;
- The Company invested \$2.2 million to advance its growth programs in Q3 2021, including \$1.4 million on the Goldboro Gold Project relating to the Feasibility Study and permitting to support the advancement of the significantly expanded Mineral Resource;
- Net loss for the three months ended September 30, 2021 was \$1.1 million, or \$0.01 per share, compared to net income of \$4.0 million or \$0.03 per share, for the three months ended September 30, 2020, driven predominantly by lower production;
- On October 19, 2021, the Company announced an expanded Mineral Resource for Stog'er Tight, including Indicated Mineral Resources of 642,000 tonnes at a grade of 3.02 g/t gold (62,300 ounces of gold) and Inferred Mineral Resources of 53,000 tonnes at a grade of 5.63 g/t gold (9,600 ounces of gold), increasing the potential for a mine life extension at Point Rouse;
- As of September 30, 2021, the Company had a cash balance of \$10.6 million and working capital* of \$6.3 million and additional available liquidity of \$3.0 million from an undrawn revolving line credit facility with the Royal Bank of Canada.

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

Consolidated Results Summary

Three months ended September 30, 2021	Three months ended September 30, 2020	Three months ended September 30, 2021	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue (5,855,453)	12,703,630	12,703,630	20,155,365	31,594,739
Cost of operations, including depletion and depreciation (6,245,043)	5,540,360		23,123,227	18,368,320
Mine operating (loss) (399,590)	7,163,270		(2,967,862)	13,226,419
Net (loss) income (1,078,899)	3,982,777		(5,778,000)	7,436,040
Net (loss) income per share (Share)	0.03		(0.03)	0.05
- basic and diluted (\$)				
Cash generated from operating activities (251,303)	6,183,727		(1,030,618)	12,007,716
Capital investment in property, plant and equipment (3,125,994)	387,383		5,431,463	1,577,708
Capital investment in exploration and evaluation assets (2,227,982)	2,150,374		9,195,864	4,638,061
(\$)				

Average realized gold price per ounce*	US\$1,779	US\$1,866	US\$1,812	US\$1,672
Operating cash costs per ounce sold*	US\$1,656	US\$677	US\$1,828	US\$830
All-in sustaining cash costs per ounce sold*	US\$3,158	US\$947	US\$2,799	US\$1,121
		September 30, 2021	December 31, 2020	
Working capital (*)		6,340,306	13,938,471	
Total assets (\$)		89,145,317	81,396,971	
Non-current liabilities (\$)		7,644,639	7,529,640	

*Refer to Non-IFRS Measures section for reconciliation

Third Quarter Operating Statistics

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Ore mined (t)	180,047	187,185	106,762	401,573
Waste mined (t)	302,087	387,116	1,934,794	1,510,830
Strip ratio	1.4	2.1	18.1	3.8
Ore milled (t)	169,988	120,359	328,551	351,828
Grade (g Au)	1.67	1.59	0.88	1.42
Recovery (%)	86.2	88.5	85.9	87.5
Gold ounces produced	2,218	5,444	7,959	14,098

Gold ou 2,574 sold	5,105	8,849	13,948
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2021 Guidance

Due to slower mine development at Argyle during Q3 2021 which delayed access to higher-grade ore, Anaconda revised its 2021 guidance downward to approximately 12,000 ounces of gold, from 16,000 and 17,000 ounces of gold in 2021. Operating cash costs per ounce for the full year are expected to be between \$2,150 and \$2,200 per ounce of gold sold (US\$1,720 - US\$1,760 at an approximate exchange rate of 0.80), up from \$1,625 and \$1,675 per ounce of gold sold, reflecting the impact of operating cash costs per ounce sold in the first nine months of 2021 and the expected grade profile from Argyle over the remainder of the year. The average operating costs per ounce sold over the remaining Mineral Reserves for Argyle is expected to be \$1,112 per ounce (US\$878) and all-in sustaining cash costs per ounce sold is expected to be \$1,252 per ounce (US\$989) based on a strip ratio of 5.3 waste tonnes to ore tonnes. Sustaining capital over the remaining Argyle mine life is estimated to be \$2.1 million from September 30, 2021.

Third Quarter 2021 Review

Operational Overview

Anaconda produced 2,218 ounces of gold in Q3 2021, a 61% decrease compared to Q3 2020 as throughput was predominantly from low-grade ore stockpiles while mine waste development was the focus at Argyle. For the nine months ended September 30, 2021, the Company produced 7,959 ounces due to the heavy focus on mine waste development coupled with the processing of low-grade ore stockpiles.

Mine operations in the third quarter were focused on mine waste development at Argyle with 802,087 tonnes of waste moved during the quarter. However, the rate of waste development was impacted by drill availability delaying the access to ore in Q3 2021, resulting in a strip ratio of 44.4 waste tonnes to ore tonnes. Ore mining has been ramping up significantly since the end of September and mill throughput in Q4 is expected to be predominantly from Argyle.

The Pine Cove Mill processed 118,988 tonnes during Q3 2021 and achieved an availability rate of 95.1%, resulting in a throughput rate of 1,361 tonnes per day, similar to the corresponding period of 2020, with overall gold production impacted by the processing of low-grade Pine Cove ore stockpiles. Notwithstanding the low-grade throughput, the mill was able to achieve an average recovery rate of 86.2%, a decrease of only 2.6% compared to Q3 2020 despite grade being down 58% from the prior period.

Financial Results

Anaconda sold 2,574 ounces of gold during the third quarter of 2021, generating gold revenue of \$5.8 million at an average realized gold price of C\$2,242 per ounce (US\$1,779).

Operating expenses for the three months ended September 30, 2021 were \$5,402,512 compared to \$4,616,353 in the comparative period of 2020. Operating expenses for Q3 2021 included mining costs of \$1,918,128 which were 21% lower than the comparative period, primarily due to significantly lower tonnes mined as well as the impact of the capitalization of \$2,553,947 in deferred stripping costs at Argyle. Argyle has higher blasting and haulage unit costs and a higher strip ratio in comparison to Pine Cove, which was being mined in the previous year. Processing costs of \$2,539,275 in Q3 2021 were higher than the comparative period primarily due to higher maintenance costs. Operating cash costs per ounce sold in the three months ended September 30, 2021 were C\$2,087 (US\$1,656), which were impacted by lower mine grade and higher processing costs.

The royalty expense for Q3 2021 was \$53,434, reflecting the 3% net smelter return royalty that applies to Argyle. There were no royalty expenses in Q3 2020, as the Company was processing Pine Cove ore which was not subject to a net smelter return royalty. Depletion and depreciation for Q3 2021 was \$789,097 a decrease from \$924,007 in Q3 2020 reflecting the 59% decrease in gold ounces produced, offset by the

ongoing capitalization of Argyle development since Q3 2020.

Mine operating loss for the three months ended September 30, 2021 was \$389,590, compared to mine operating income of \$7,163,270 in the corresponding period of 2020, the result of lower revenue and higher comparable operating costs during Q3 2021.

Corporate administration costs were \$905,089 for Q3 2021, a decrease of 10% from Q3 2020.

In July 2021, Novamera completed an equity financing in which the Company did not participate, diluting its interests in Novamera to 19%. Consequently, the Company ceased to account for its investment on a significant control basis and at that time recorded a gain of \$1,020,432 based on the implied valuation of the financing, which represents the excess of the fair value of the investment on that date as compared to the investment's carrying value under the equity method.

Net comprehensive loss for the three months ended September 30, 2021, was \$1,078,899, or \$0.01 per share, compared to net comprehensive income of \$3,982,777, or \$0.03 per share, for the three months ended September 30, 2020. The decline compared to the comparative period of 2020 was the result of lower production and higher operating costs, which was partially offset by the gain on the loss of significant influence over Novamera and by a lower net income tax expense, as the Company did not record any current income tax expense in the recent period while also recording a deferred income tax expense of \$617,000 during Q3 2021.

Financial Position and Cash Flow Analysis

As of September 30, 2021, the Company had working capital of \$6,340,306, which included cash and cash equivalents of \$10,567,042. The increase in trade and other payables reflects the higher operating costs incurred in Q3 2021 and was also impacted by the timing of exploration activities at Goldboro and Point Rousse. Current taxes payable reflects the Newfoundland mining taxes payable for year ended December 31, 2020, which was paid in the first half of 2021. The increase in other current liabilities is a result of the flow-through premium recorded during Q2 2021 in relation to the flow-through private placement completed in May 2021, representing the difference between the market price of the Company's shares upon closing and the cash consideration received in exchange for the flow-through common shares, less the proportion of the transaction costs associated with the flow-through portion of the private placement.

Anaconda generated \$251,303 in operating cash flows during the three months ended September 30, 2021, which included corporate administration costs of \$905,089. The Point Rousse Project generated EBITDA of \$388,185 (refer to Non-IFRS Measures section), based on gold sales of 2,574 ounces at an average gold price of C\$2,242 per ounce sold and operating cash costs of C\$2,087 per ounce sold. Operating cash flows were also impacted by changes in working capital, namely the increase in accounts payable and a decrease in stockpiled inventory.

The Company continued to invest in its key growth projects in Newfoundland and Nova Scotia in Q3 2021, spending \$2,227,982 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals as of September 30, 2021), primarily on the continued advancement of the Goldboro Project (\$1,350,359). The Company also invested \$3,125,994 into the property, mill and equipment at the Point Rousse operation, with capital investment focused on development activity at Argyle during Q3 2021.

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 Mining is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in the top-tier Canadian mining jurisdictions of Newfoundland and Nova Scotia. The Company is advancing the Goldboro Gold Project in Nova Scotia, a significant growth project with Measured and Indicated Mineral Resources of 1.9 million ounces (16.0 million tonnes at 3.78 g/t) and Inferred Mineral Resources of 0.8 million ounces (5.3 million tonnes at 4.68 g/t) (Please see The Goldboro Gold Project Technical Report dated March 30, 2021), which is subject to an ongoing Feasibility Study. Anaconda also 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 ~15,000 hectares of highly prospective mineral property, including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project.

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, 2020, 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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