

Anaconda Mining Announces Q4 and Full Year 2020 Production Results, Achieves Record Metal Revenue of \$41.5 Million

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TORONTO, January 14, 2021 - [Anaconda Mining Inc.](#) ("Anaconda" or the "Company") (TSX:ANX)(OTCQX:ANXGF) is pleased to announce production results and certain financial information for the three months and year ended December 31, 2020. All dollar amounts are in Canadian Dollars. The Company expects to file its full audited annual financial statements and management discussion and analysis by March 2, 2021.

2020 Highlights

- Anaconda produced 18,268 ounces of gold in 2020 from its Point Rousse operation, achieving its annual guidance of 18,000 to 19,000 ounces, predominantly from Pine Cove Pit mine production, with the processing of ore from the Argyle Gold Mine commencing in late Q4 2020.
- Anaconda sold 17,918 ounces of gold in 2020, generating record metal revenue of \$41.5 million at an average sales price¹ of C\$2,316 (US\$1,728) per ounce of gold. As at December 31, the Company also had over 525 ounces in gold doré inventory, which was subsequently sold in January.
- The Pine Cove Mill achieved annual throughput of 459,085 tonnes during 2020, just short of its annual record throughput, representing a 14% increase over 2019, when the mill was impacted by unplanned maintenance.
- Mine operations moved 512,028 tonnes of ore during the year, including 103,557 tonnes of ore from Argyle in Q4 2020, at an average grade of 1.50 grams per tonne ("g/t") and at a strip ratio of 3.8 waste tonnes per ore tonne.
- The Pine Cove Pit has now transitioned to a fully permitted in-pit tailings facility, with over 10 years of capacity at current throughput rates.
- The Company announced the full exercise of share purchase warrants expiring on January 10, 2021, resulting in proceeds of \$3,526,895 and the issuance of 7,837,544 common shares.
- As of December 31, 2020, the Company had a cash balance of \$14.6 million and preliminary working capital¹ of \$13.8 million. The Company's current loan balance as of December 31, 2020 was \$1.9 million and the non-current portion was \$0.8 million.

¹ Refer to Non-IFRS Measures Section below.

"While 2020 was an unusual year in so many ways, with all the uncertainty brought with the global pandemic, it ended up being a very strong year for Anaconda Mining and its operations at Point Rousse. Firstly, and above all, I would like to thank all our employees for their hard work and commitment under very challenging circumstances, ensuring the sustainability of the operation while maintaining the highest level of commitment to the health and safety of all members of the community in which we operate. The Company produced 18,268 ounces of gold to meet its annual guidance and achieved record metal revenue of \$41.5 million, with excellent performance from the mine and mill operations. We are excited with the commencement of ore processing from our newest mine at Point Rousse, the Argyle Gold Mine, which will provide most of the mill throughput in 2021 as we guide to produce between 18,000 and 19,000 ounces of gold in the upcoming year. With a strong treasury and continued free cash flow generation we begin the year in a robust financial position and with a clear focus on growth."

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

2021 Guidance

Anaconda is projecting to produce between 18,000 and 19,000 ounces of gold in 2021. Mill feed in 2021 will be predominantly from mining at the Argyle Gold Mine, with supplemental ore feed from Pine Cove and marginal stockpiles, although the Company continues to investigate opportunities to defer marginal ore feed. Operating cash costs per ounce¹ for the full year are expected to be between \$1,425 and \$1,475 per ounce of gold sold (US\$1,100 - US\$1,145 at an approximate exchange rate of 0.775), reflecting the relatively lower

grade profile of Argyle in the earlier part of the mine plan, the impact of processing lower grade marginal ore, and increased trucking costs to the Pine Cove Mill from Argyle. Mine grade will increase significantly towards the end of 2021 and into 2022 at Argyle which, along with a decrease in the stripping ratio, will lead to a marked decrease in operating cash costs per ounce sold. Furthermore, any opportunity to displace marginal ore will positively impact operating costs on a per ounce sold basis.

The Company expects to incur \$6,600,000 of sustaining capital expenditures for the mine and mill operations in 2021, which includes approximately \$3,800,000 of mine development for pushbacks at the Argyle Gold Mine, which will also support ongoing mining in 2022. Looking further ahead at Point Rouse, the Company continues to infill drill the Stog'er Tight extension and advance baseline permitting activities, given its strong potential to extend the life of mine of the Point Rouse operation.

In addition, milestones and catalysts for growth in 2021 include:

- Ongoing production and free cash flow generation from Argyle throughout 2021.
- Infill drilling at Stog'er Tight deposit to complete an updated Mineral Resource.
- Final drill results from the Goldboro Gold Project ("Goldboro") infill drill program in Q1 2021.
- An updated Mineral Resource for the Goldboro Gold Project in Q1 2021.
- Ongoing initial 10,000 metre drill program at the Tilt Cove Gold Project in Q1 and Q2 2021.
- Drill Program at the Lower Seal Harbour Property in Nova Scotia, proximal to Goldboro.
- Completion of the Goldboro Feasibility Study in Q4 2021.

Operating Statistics for the Three Months and Year Ended December 31, 2020

During the fourth quarter of 2019, the Company processed a bulk sample for Goldboro (the "Bulk Sample") at its Pine Cove Mill (see press release dated January 16, 2020). Fourth quarter and annual 2019 mill statistics are presented both including the Bulk Sample, and on a Point Rouse stand-alone basis.

Three months ended December 31, 2020 Three months ended December 31, 2019 Year

Mine Statistics

Ore production (tonnes)	110,455	123,302
Waste production (tonnes)	453,859	518,698
Total material moved (tonnes)	564,314	642,000
Waste: Ore ratio	4.1	4.2

Mill Statistics (including Bulk Sample in 2019)

Availability (%)	91.5	97.1
Dry tonnes processed	107,257	110,474
Tonnes per day ("tpd")	1,274	1,236
Grade (grams per tonne)	1.39	1.49
Recovery (%)	86.8	83.1
Gold Ounces Recovered	4,171	4,411
Gold Ounces Sold	3,970	4,209

Excluding the operating results from the Bulk Sample, the Pine Cove Mill Statistics specifically for production from the Point Rouse operation are as follows:

Dry tonnes processed	107,257	100,689	459,085	391,714
Tonnes per day ("tpd")	1,274	1,318	1,302	1,248
Grade (grams per tonne)	1.39	1.27	1.42	1.46
Recovery (%)	86.8	84.0	87.4	82.8
Gold Ounces Produced	4,171	3,441	18,268	15,211
Gold Ounces Sold	3,970	3,306	17,918	16,362

Operations Overview for the Year Ended December 31, 2020

Anaconda sold 17,918 ounces of gold in 2020 to generate record metal revenue of \$41.5 million at an average realized gold price¹ of C\$2,316 (US\$1,728) per ounce, representing a 41% increase in metal revenue compared to 2019 due to a combination of significantly higher gold prices and higher gold production. During the fourth quarter, the Company sold 3,970 ounces of gold from production from its Point Rousse operations, generating metal revenue of \$10.0 million at an average realized gold price¹ of C\$2,503 per ounce (US\$1,921).

The Point Rousse operation produced 18,268 ounces of gold during 2020, achieving annual guidance of 18,000 to 19,000 ounces, and representing a 13% increase over 2019 as a result of higher throughput and stronger recoveries. Production was predominantly from the Pine Cove Pit, where mining ceased in early Q4 2020 and mill production was maintained from the established stockpile of 100,000 tonnes. In 2021, production will be focused exclusively at Argyle, with mill throughput supplemented with marginal ore from the Pine Cove Pit.

Point Rousse Mine Operations - During the fourth quarter, the mine operation produced 110,455 tonnes of ore (of which 103,557 tonnes were from Argyle), a 10% decrease from Q4 2019 when mining was focused exclusively in the Pine Cove Pit. For 2020, the mine operation produced 512,028 tonnes of ore, a significant increase over 2019 when the first half of the year was focused on the lower tonnage profile Stog'er Tight Mine. The strip ratio for 2020 was 3.8 waste tonnes to ore tonnes, a decrease from 4.3 in 2019, as the mine operation completed mining in the Pine Cove Pit throughout 2020 and the tonnes of waste moved decreased accordingly. The strip ratio of 4.1 waste tonnes to ore tonnes in Q4 2020 reflects the impact of the commencement of development at Argyle.

As at December 31, 2020, the mine operation had stockpiled over 102,300 tonnes of ore, which included approximately 72,000 tonnes from Argyle at an average grade of 1.79 g/t. Going forward into 2021, the mine operations will be exclusively focused on production from Argyle, which together with existing stockpiles will contribute approximately 70% of mill throughput in the upcoming year, with Pine Cove and marginal stockpiles providing the balance.

Point Rousse Mill Operations - The Pine Cove Mill processing facility milled 107,257 tonnes during the fourth quarter of 2020, a 3% decrease compared to Q4 2019, the result of lower mill availability due to a planned shutdown for a mill liner change. For the 2020 year, the mill processed 459,085 tonnes of ore, an increase of 14% compared to 2019 due to strong mill availability of 96.3% in the most recent year compared to only 89.6% in 2019. The Pine Cove Mill has returned to consistent and sustainable operations since the challenges encountered in the early half of 2019, when unplanned maintenance of the regrind mill impacted mill availability, which in turn impacted throughput and recovery. Anaconda took the opportunity to accelerate other planned maintenance programs, invest in critical spares, and bolster preventative maintenance programs, the result of which can be seen with the strong performance of the mill in 2020.

Average grade during the fourth quarter was 1.39 g/t, a 7% decrease compared to Q4 2019 due to the impact of the Goldboro Bulk Sample in the comparative period, however a 9% increase when compared to ore milled only from the Point Rousse operation. The fourth quarter of 2020 reflected the impact of processing of 30,324 tonnes of ore from the relatively higher-grade Argyle deposit. Average grade for 2020 was 1.42 g/t, down slightly from 1.46 g/t in 2019 when comparing only to Point Rousse results, as ore feed in the first half of the prior year was mainly from the higher grade Stog'er Tight Mine. The mill achieved an average recovery rate of 86.8% in Q4 2020 and 87.4% for the 2020 year, both representing strong increases over the comparative periods of 2019, further reflecting the strong improvements that have been

implemented at the mill operation.

Qualified Person

Kevin Bullock, P. Eng., President and CEO, [Anaconda Mining Inc.](#), is a "qualified person" as such term is defined in National Instrument 43-101 and has reviewed and approved the technical information and data included in this press release.

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.

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.

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.

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

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 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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