



**ANACONDA MINING INC.**

**Annual Information Form**

**For the Year Ended May 31, 2016**

August 29, 2016

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## ABOUT THIS ANNUAL INFORMATION FORM

The information in this document is presented as at May 31, 2016, unless otherwise indicated.

Unless otherwise indicated, all references to dollar amounts and to “\$” or “dollar” in this document are to Canadian dollars.

In this document, references to the “Company” or “Anaconda” mean Anaconda Mining Inc. and its subsidiaries, unless the context otherwise requires or indicates.

## FORWARD-LOOKING INFORMATION

Forward-looking information looks into the future and provides an opinion as to the effect of certain events and trends on the business. Forward-looking information may include words such as “plans”, “intends”, “anticipates”, “should”, “estimates”, “expects”, “believes”, “indicates”, “targeting”, “suggests” and similar expressions. Forward-looking information includes, but is not limited to, information with respect to: future business operations; sales expectations; future market conditions; the future price of gold and other metals; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits; success of exploration activities; permitting time lines; currency fluctuations; requirements for additional capital; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; and limitations on insurance coverage.

This document contains forward-looking information about the Company’s objectives, strategies, financial condition and results, as well as information with respect to management’s beliefs, expectations, anticipations, estimates and intentions. This forward-looking information is based on current expectations and various factors and assumptions. Accordingly, this information entails various risks and uncertainties.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. The material factors and assumptions that were applied to making the forward-looking information in this annual information form (“AIF”) include, among others: execution of the Company’s existing plans for operation, development and exploration programs for each of its properties, which may change due to changes in the views of the Company or if new information arises which may make it prudent to change such plans or programs; the Company’s ability to carry on its production activities without undue delays or unbudgeted costs; the ability of the Company to obtain sufficient qualified personnel, equipment and services in a timely and cost-effective manner; the ability of the Company to operate in a safe, efficient and effective manner; the accuracy of the Company’s mineral reserve and resource estimates and geological, operational and price assumptions on which these are based; the continuance of the regulatory framework regarding environmental matters; and the accuracy of current interpretations of drill and other exploration results or new information or new interpretations of existing information which may result in changes in the Company’s expectations.

It is important to note that:

- Unless otherwise indicated, forward-looking information in this AIF describes management’s expectations as of August 29, 2016.
- Readers are cautioned not to place undue reliance on this information as the Company’s actual results may differ materially from its expectations if known and unknown risks or uncertainties affect its business, or if the estimates or assumptions prove inaccurate. Therefore, no assurance can be provided that forward-looking information will materialize.
- The Company assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or any other reason, except as required by law.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks associated with: capital requirements, requirements for additional capital; government regulation of mining operations; title disputes or claims; licences and permits; future market conditions; the future price of gold and other metals; future business operations; the mining industry; environmental risks and hazards; sales expectations; market price of common shares; unanticipated reclamation expenses; infrastructure; currency fluctuations; costs of production; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; history of profitability; limitations on insurance coverage; competition; political and economic environments; repatriation of earnings; dependence upon key management personnel and executives; possible conflicts of interest of directors and officers of the Company; absence of dividends; risk of dilution; litigation; production estimates; costs and timing of the development of new deposits; operating as a public company and other factors, many of which are beyond the Company's control, as well as those risk factors discussed or referred to in this AIF under the heading "Risk Factors". For a description of material risk factors that could cause actual results to differ materially from the forward-looking information in this AIF, please see the section of this AIF entitled "Risk Factors" and the "Risks and Uncertainties" section in the management's discussion and analysis of financial condition and results of operations for the year ended May 31, 2016 available on SEDAR at [www.sedar.com](http://www.sedar.com) under Anaconda's profile.

## CORPORATE STRUCTURE

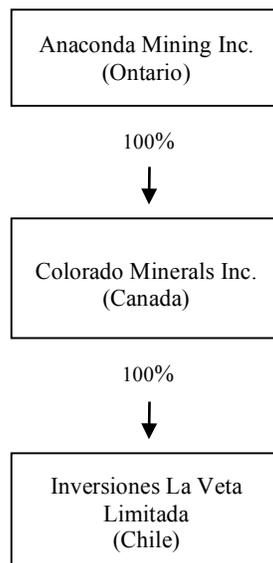
### Name, Address and Incorporation

Anaconda Mining Inc. was incorporated in the Province of British Columbia under the *Business Corporations Act* (British Columbia) on April 12, 1994 under the name Mina Resources Inc. On April 28, 1997, the Company changed its name to Anaconda Uranium Corp. On July 22, 2002, the Company continued into the province of Ontario under the *Business Corporations Act* (Ontario) (the "OBCA"), changed its name to Anaconda Gold Corp. and increased its authorized capital to an unlimited number of common shares. On April 17, 2007, the Company changed its name to Anaconda Mining Inc. and consolidated the issued and outstanding common shares in the capital of the Company on the basis of one common share for two common shares then outstanding.

Anaconda's head and registered office is located at 150 York Street, Suite 410, Toronto, Ontario, Canada M5H 3S5.

### Intercorporate Relationships

The following chart illustrates the structure of the Company as at August 23, 2016. The chart shows the jurisdiction of incorporation of each subsidiary and the percentage of votes attaching to all voting securities beneficially owned, controlled or directed (directly or indirectly), by the Company.



## GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a Canadian mining and exploration company with gold production, development and exploration properties located in Newfoundland, Canada. Anaconda plans to continue to build on this base through existing operating mine expansions, throughput increases, development of new mines, advancement of its exploration properties and by targeting other gold consolidation opportunities with a primary focus in North America. The Company's current portfolio includes an operating gold mine, several advanced and near development stage prospects and exploration properties, grouped in two project areas.

### **Point Rousse Project – Baie Verte Mining District, Newfoundland, Canada**

The Company owns 100% of the Point Rousse Project (the "Point Rousse Project"), covering 6,316 hectares on the Ming's Bight Peninsula, which is situated within the larger Baie Verte Peninsula on the north-central part of Newfoundland. The Point Rousse Project includes an open pit mining operation (the "Pine Cove Pit" or the "Pine Cove Deposit") and complete mill infrastructure capable of processing approximately 400,000 tonnes of ore annually (the "Pine Cove Mill"). The Pine Cove Mill throughput is currently approximately 1,200 -1,400 tonnes per day with a recovery rate of 85-87% at an average historical grade of 1.75 grams per tonne ("g/t").

### **Viking Project – Newfoundland, Canada**

Anaconda also has option agreements for the Viking Project (the "Viking Project"). The Company is currently in the process of exploring and evaluating the potential of the Viking Project. The Viking Project has approximately 6,225 hectares of property in White Bay, Newfoundland, approximately 100 km by water (180 km via road) from the Point Rousse Project and its operating mill. The Viking Project contains the Thor Gold Deposit (the "Thor Deposit") and other gold prospects and showings.

During fiscal years ended May 31, 2014, 2015 and 2016, the Company continued to identify and acquire promising exploration properties and to carry out discovery programs. The principal source of funds for the exploration and development of the properties is the cash flow from operations of the Pine Cove Pit. See "Description of the Business – Mineral Properties – Point Rousse Project" for more detailed information on the Pine Cove Pit.

Below is an overview of the three-year history of the Company and its recent developments. For further information regarding the three-year history and recent developments of the Company, see its public disclosure on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Three-Year History and Recent Developments**

- On August 26, 2013, the Company announced that, pursuant to the stock purchase agreement dated December 7, 2011 (the "SPA"), between the Company's subsidiary, Inversiones La Veta Limitada ("La Veta"), and Hierro Tal Tal S.A. ("Tal Tal"), Tal Tal had achieved commercial production on its first producing iron ore property and made its first shipment of iron ore concentrate on August 10, 2013. As per the payment terms of the SPA relating to the commercial production milestones, Tal Tal paid La Veta US\$1 million on September 9, 2013.
- On October 10, 2013, the Company announced that Tim Casgrain had joined its board of directors.
- On November 20, 2013, the Company reported that effective November 13, 2013, it had entered into two three-year option agreements with 1512513 Alberta Ltd. ("Alberta"), a subsidiary of Coordinates Capital, to acquire a 100% undivided interest in the Deer Cove and Stog'er Tight gold projects (the "Deer Cove Property" and the "Stog'er Tight Project", respectively). The three mining licences, totaling 48 claims (approximately 1,235 hectares), and the two mining leases (approximately 47 hectares) are included in the Point Rousse Project.
- On December 6, 2013, the Company announced that Tim Casgrain, who joined the Company's board of directors on October 10, 2013, was appointed Chairman. Mr. Casgrain replaced Lewis Lawrick, who continues to serve as a director of the Company.
- On July 7, 2015, the Company announced that Kevin Bullock had joined its board of directors.
- On August 4, 2015, the Company announced that effective July 25, 2015, the Company entered into an option agreement with Seaside Realty Ltd. ("Seaside") to acquire a 100% undivided interest in the Corkscrew gold property ("Corkscrew"), consisting of a 346.4 hectare mining lease contiguous to and now inclusive in the Point

Rousse Project. Corkscrew, which includes five gold occurrences, is located within the Goldenville Trend on the Ming's Bight Peninsula. Corkscrew is a 3.5 km section of this trend immediately west of the portion of the Goldenville Trend already controlled by Anaconda. The Goldenville Trend contains a prospective ironstone formation, a type of rock known to host gold deposits in other parts of the Baie Verte mining district.

- On August 11, 2015, the Company staked mineral licence 023295M consisting of 75 hectares within the Point Rouse Project and contiguous with existing claims and mining leases.
- On December 7, 2015, the Company filed the Point Rousse Technical Report (as defined below).
- On February 10, 2016, the Company announced that effective February 5, 2016, the Company entered into an option agreement with Spruce Ridge Resources Ltd. ("Spruce Ridge"), to acquire a 100% undivided interest in the property (the "Viking Project"), which contains the Thor Deposit. The Thor Deposit remains open for potential expansion along strike near surface and at depth. The Company also entered into a second option agreement with Spruce Ridge to acquire a 100% undivided interest in the Kramer Property (the "Kramer Property") which is contiguous to the Viking Project and, together with the Viking Project, contains numerous gold prospects. The Viking Project is located near Pollards Point and Sop's Arm in White Bay, Newfoundland and Labrador. See "Description of the Business – Other Mineral Properties- Viking Project" for more information on these option agreements.
- On July 13, 2016, the Company announced that it had entered into a line of credit agreement with the Royal Bank of Canada for a \$1,000,000 revolving credit facility as well as a \$500,000 revolving equipment lease line of credit.
- On July 27, 2016, the Company announced that it had issued 29,103,787 flow through units at a price of \$0.07 per unit for aggregate gross proceeds of \$2,037,265.09. Each unit consisted of one flow-through common share and one-half of one common share purchase warrant issued on a non flow-through basis. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.10 per common share until July 27, 2017.

## DESCRIPTION OF THE BUSINESS

### General

The Company is a Canadian mining and exploration company with gold production, development and exploration properties located in Newfoundland, Canada. Anaconda plans to continue to build on this base through existing operating mine expansions, throughput increases, development of new mines, advancement of its exploration properties and by targeting other gold consolidation opportunities with a primary focus in North America. The Company presently holds interests in the Point Rousse Project and the Viking Project. Mining production, operations and exploration involve a high degree of risk, which even a combination of experience, knowledge, and careful evaluation might not be able to overcome. See "Risk Factors".

### Principal Product

The Company's principal product is gold. There is a global market into which any gold produced could be sold and, as a result, the Company is not dependent on a particular purchaser with regard to the sale of any gold produced. The Company markets the doré and gold bullion produced from the Pine Cove Mill to gold bullion industry participants. Revenue from gold sales for the past two financial years has been \$24,361,471 for the year ended May 31, 2016 and \$22,234,071 for the year ended May 31, 2015.

### Competitive Conditions

The gold exploration and mining business is an intensely competitive business and the Company is not a large producer of gold on an industry scale. The Company competes with numerous companies for capital, attractive mineral properties, qualified service providers, labour, equipment, and suppliers. The ability of the Company to acquire additional mineral properties in the future will depend on its ability to operate and develop its present properties and on its ability to identify and acquire suitable producing properties or prospects for development or exploration in the future.

### Environmental Protection

The Company's exploration, development and mining activities are subject to laws and regulations governing environmental protection, employee health and safety, waste disposal, remediation of environmental sites, reclamation, mine safety, control of toxic substances and other matters. Compliance with applicable laws and regulations requires forethought and diligence in the conduct of the Company's activities.

### Employees' Specialized Skill and Knowledge

The Company's business requires specialized skills and knowledge, including with respect to geological interpretation, gold mining, engineering, milling and production, construction, mine planning, regulatory compliance, accounting and mechanical installation and repair. The Company has found that it can locate and retain employees and contractors with such skills and knowledge. At the end of the fiscal 2016 year, the Company had approximately 70 employees.

### Pointe Rouse Project

On December 7, 2015 the Company filed an updated Mineral Resource and Mineral Reserve estimate for the Point Rouse Project titled "NI 43-101 Technical Report, Mineral Resource and Mineral Reserve Update on the Pine Cove Mine and Mineral Resource Estimate on the Stog'er Tight Deposit, Point Rouse Project, Baie Verte, Newfoundland and Labrador, Canada" dated effective October 2, 2015 (the "Point Rouse Technical Report"). The Point Rouse Technical Report was authored by independent "qualified persons" (as defined in National Instrument 43-101 – Standard of Disclosure for Mineral Projects ("NI 43-101")) David Copeland, P. Geo. (an independent consultant) and Catherine Pitman, P. Geo. (AMC Mining Consultants (Canada) Ltd.), and "qualified persons" (as defined in NI 43-101) David Evans, P. Geo. (Silvertip Exploration Consultants Inc.), Paul McNeill, P. Geo. (Anaconda) and Gordana Slepcev, P. Eng. (Anaconda). Each author has reviewed and approved the technical and scientific information that has been summarized from the Point Rouse Technical Report included in this AIF. Paul McNeill, P. Geo. and Gordana Slepcev, P. Eng. have also reviewed other technical and scientific information not summarized from the Point Rouse Technical Report and included in this AIF.

The following tables summarize the Mineral Resources and Reserves estimate for the Point Rouse Project reported on December 8, 2015 using topographic surfaces as of October 22, 2015 excluding mined-out portions of the deposit:

<b>Stog'er Tight Resources</b>				
<b>Category</b>	<b>Cut-Off (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces of gold</b>
Indicated	0.8	204,100	3.59	23,540
Inferred	0.8	252,000	3.27	26,460

<b>Pine Cove Resources</b>				
<b>Category</b>	<b>Cut-Off (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces of gold</b>
Indicated	0.7	1,499,500	1.61	77,390
Inferred	0.7	220,700	1.59	11,260

<b>Pine Cove Reserves</b>				
<b>Category</b>	<b>Cut-Off (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces of gold</b>
Probable	0.7	858,855	1.46	40,400

The Point Rouse Project includes, and is anchored by, the Pine Cove Mill and Deposit and the Stog'er Tight Deposit. These deposits sit within three primary, prospective gold trends with have approximately 20 kilometres ("km") of cumulative strike length.

The following scientific and technical information is summarized from the Point Rouse Technical Report and has been updated to reflect the current exploration and development activities of the Company. All summaries and references to the Point Rouse Technical Report are qualified in their entirety by reference to the complete text of the

Point Rouse Technical Report. The Point Rouse Technical Report is available on SEDAR at [www.sedar.com](http://www.sedar.com) under Anaconda's profile.

*Property Description, Location and Access*

The Point Rouse Project consists of a continuous suite of 5 mining leases and 28 mineral licences located on the Point Rouse/Ming's Bight Peninsula, in the northern portion of the Baie Verte Peninsula, approximately 6 km northeast of the town of Baie Verte, in north central Newfoundland. The Company has exclusive mineral rights subject to the conditions of option agreements, as described below.

The five mining leases include: Mining Lease 189 (11299M), which surrounds lease 149 (2663) consists of approximately 645 hectares. Mining Lease 149 (2663) is located within and surrounded by Mining Lease 189 (11299M) and consists of approximately 14 hectares. Mining Lease 193-A surrounds the Stog'er Tight Deposit and consists of approximately 35 hectares. Mining lease 203 (8014) surrounds the Deer Cove Deposit and consists of approximately 12 hectares. Mining lease 226 (10238M) surrounds the Corkscrew property and consists of approximately 346 hectares.

The 28 mineral licences include 5,294 hectares controlled by the Company that is not accounted within the Mining Leases. These individual mineral licences are optioned, as described below. The total property controlled by the company is 6,346 hectares.

On May 7, 2012, the Company entered into a five-year property option agreement (the "Tenacity Agreement") with Tenacity Gold Mining Company Ltd. ("Tenacity") to acquire a 100%-undivided interest in four mineral exploration licences (the "Tenacity Property") totaling 63 claims or approximately 1,575 hectares contiguous and now inclusive in the Point Rouse Project. 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 \$175,000 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 Resources Inc. ("Fair Haven") to acquire a 100%-undivided interest in 11 exploration licences (the "Fair Haven Property") totaling 71 claims or approximately 1,804 hectares contiguous and now inclusive in the Point Rouse Project. 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 one exploration licence (the "Froude Property") totaling 11 claims or approximately 275 hectares contiguous and now inclusive in the Point Rouse 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.'s Duffitt and Strong ("Duffitt and Strong") to acquire a 100%-undivided interest in two exploration licences (the "Duffitt and Strong Property") totaling seven claims or approximately 175 hectares contiguous and now inclusive in the Point Rouse 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 Alberta to acquire a 100%-undivided interest in one mining lease, a surface lease and three

exploration licences comprising the Deer Cove Property and totaling 48 claims or approximately 1,200 hectares contiguous and now inclusive in the Point Rouse 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 \$75,000 has been paid) and 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 comprising the Stog'er Tight Project and totaling approximately 35 hectares contiguous and now inclusive in the Point Rouse 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 \$75,000 has been paid) and 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.

On August 4, 2015, the Company entered into an option agreement with Seaside to acquire a 100%-undivided interest in the Corkscrew gold property, consisting of a 346.4-hectare mining lease contiguous and now inclusive in the Point Rouse Project and is required to make aggregate payments to Seaside of \$75,000 (\$25,000 paid at closing) over a two-year period. Any future gold production from Corkscrew will be subject to a 2% NSR, capped at \$2,000,000.

All mineral licences were obtained either through staking or through option agreements with other parties.

All mining leases and mineral licences are in good standing with the optionees and the Government of Newfoundland and Labrador.

Access to the Point Rouse Project is via paved highway from the Trans-Canada Highway to the town of Baie Verte (Route 410), then along the La Scie Road (Route 414) to the Ming's Bight Road (Route 418). The Pine Cove gravel road, which leaves the Ming's Bight road approximately 8 km from the La Scie Road, provides the final 5.5 km of access to the mine site. In addition, Route 418 provides limited access to the eastern portion of the Point Rouse Project. The Point Rouse Project can also be reached via a short boat ride from Baie Verte.

Access to the remainder of the Point Rouse Project is by gravel road access. All localities within the Company's mineral properties are similarly accessible by ATV or walking.

The physiography of the Point Rouse Project and nearby area is characterized by rolling hills up to 150 m high with typical boreal woodlands, fen and numerous ponds. The area is covered by variable till coverage up to several m thick. Soils are present but generally poorly developed.

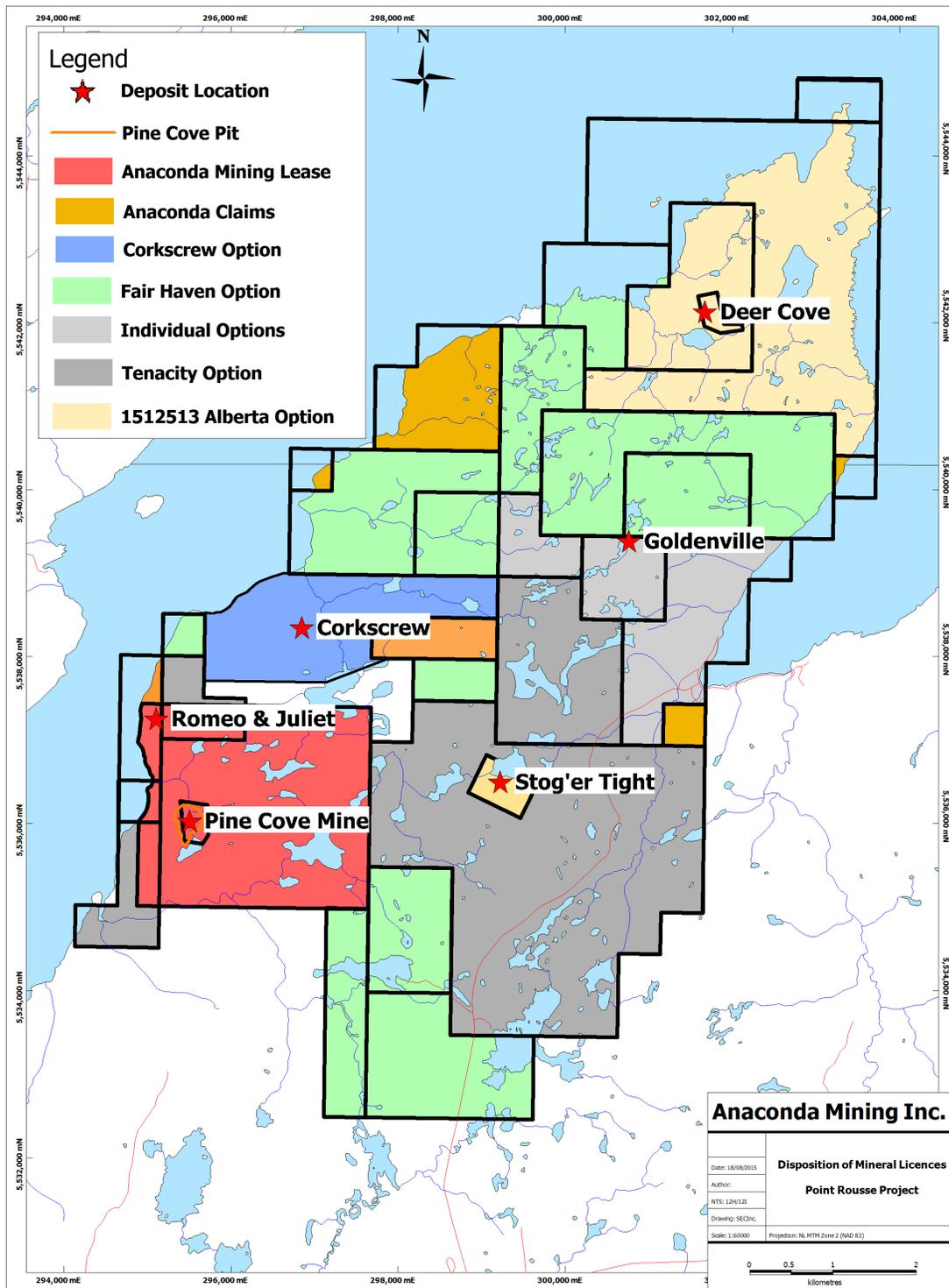


Figure 1. An outline of Anaconda’s tenements on the Ming’s Bight Peninsula, NL, colour coded by option agreement.

### *History*

The Pine Cove Deposit was originally staked by South Coast Resources Inc. in 1985. The first indication of gold in the Pine Cove Pit was obtained from a heavy mineral stream sediment sampling program carried out in 1986. This program returned highly anomalous gold values (to > 30,000 ppb gold) from Pine Cove brook just to the north (downstream) of Pine Cove Pond. Follow-up gold panning showed abundant fine visible gold in the stream sediments. Subsequent work in 1986 and 1987, by Varna Resources, resulted in the location of pyritiferous, quartz-veined, mafic volcanics in float and a small outcrop (the “discovery” outcrop) in the brook near Pine Cove Pond that yielded assays up to 0.82 g/t gold. Channel sampling of this outcrop in 1988 yielded values of 6.0 g/t gold over 12.8 m. An eleven-hole diamond drill program (PC-88-1 to 11, totaling 1,243 m) was subsequently conducted on the so-called Lightning Zone with three holes intersecting significant gold mineralization yielding values up to 11.1 g/t gold over 8.1 m (PC-88-7).

Since they were staked in 1986, the claims have been successively transferred as follows:

- Varna Resources Inc. to Varna Gold Inc. (1988);
- Varna Gold to Corona Corporation (1989);
- Corona Corp. to 759291 Ontario Inc. (1990);
- 759291 Ontario to NovaGold Resources Inc. (1992);
- NovaGold to Pine Cove Resources Inc. (1993);
- Pine Cove Resources to New Island Resources Inc. (2000); and
- New Island Resources to Anaconda Mining Inc. (as to its 40% interest) (2011).

### *Geological Setting, Mineralization and Deposit Types*

The Baie Verte Peninsula is characterized as a geologically diverse and complex area marking the juncture of two major contrasting lithic terranes, representing parts of two tectonostratigraphic divisions of Newfoundland geology, the Humber and Dunnage Zones. A steep north-northeast trending structural zone, termed the Baie Verte Line (also known as the Baie Verte-Brompton Line), separates the two terranes along a prominent lineament traversing the central portion of the peninsula. The Humber Zone, to the west of the line, is represented in part by Late Proterozoic to Paleozoic sedimentary rocks of the Fleur de Lys Supergroup (“Supergroup”). The rocks of this Supergroup have undergone amphibolite grade metamorphism, locally culminating in migmatitic paragneiss. The geological environment is one of the submarine basins formed on the eastern margin of an ancestral Laurentia continental mass. Gold mineralization on the Point Rouse Project is hosted in the Point Rouse Complex, a structurally-disrupted ophiolite that is thrust southward over the Pacquet Harbour Group along the Scrape Pond Thrust. The Point Rouse Complex consists of tuffs and volcanic flows intruded by gabbro and diabase, and is generally pervasively chloritized and iron-carbonatized. Near the base of the thrust sheet the units undergo intense deformation, forming highly crenulated and contorted quartz and/or carbonate-chlorite schists. The structurally-underlying Pacquet Harbour Group is composed of amphibolitized intermediate to mafic volcanics. The Scrape Pond Thrust, which splays off the north-northeast trending Baie Verte Line to the south, follows a pronounced arcuate trend, swinging from east to southeast, as it passes through and beyond the Point Rouse Project area, its configuration conforming to the trace of Baie Verte Flexure.

Auriferous pyrite mineralization on the Point Rouse Project is structurally controlled in chemically (Fe-rich) and physically (massive, brittle) favourable host rocks related to shearing and imbricate thrusting associated with the emplacement of the Scrape Thrust, which separates the younger, but lower, Pacquet Harbour Group, from the overlying, but older, Point Rouse Ophiolite suite. It has been observed that there is a direct correlation between the presence of auriferous veins and the lithology and alteration state of the host rocks, the latter consisting of silicified and chloritized massive basalt and fine grained pyroclastics, as well as oxidized and sulphidized basalts and hematitic arenite. Quartz veining, albitization, iron carbonate and black chlorite alteration of the host rocks are associated with the ore zones. Within the Pine Cove Deposit, mineralization is regarded as representing a mesothermal lode gold type setting. A relationship between folding and ore deposition has been noted whereby the mineralized quartz veins and silicified and/or brecciated zones were preferentially hosted within dilation zones in fold hinges (plunging mainly north) and in cross-cutting fracture/foliation trends where there is generally significant enlargement of such mineralized zones where these structures intersect.

Mineralization at the Pine Cove Deposit consists of pyrite as coarse euhedral cubes or cube clusters or as anhedral aggregates forming semi-massive lenses and pods. Native gold occurs as fracture fillings in the pyrite and marginal to

the pyrite aggregates and crystals as small, generally 10-20 micron, grains. Gold tenor is related to pyrite content with an average of 3 to 5 percent pyrite commonly indicating gold values in the 3.0 to 5.0 g/t gold range.

Regionally, gold deposits display considerable geological diversity and include the following broad descriptions of mineralization:

- Quartz-carbonate-albite-pyrite stockworks and disseminations (e.g. Pine Cove, Stog'er Tight);
- Discrete "mesothermal" quartz veins (e.g. Romeo & Juliet, Deer Cove); and
- Iron-formation and ferruginous sediment-associated veins and sulfide replacements (e.g. Goldenville).

### *Exploration*

Consistent with its exploration strategy, in fiscal 2016 the Company conducted exploration activities at the Pine Cove Deposit and the Stog'er Tight Deposit areas.

### *Stog'er Tight*

The Stog'er Tight Deposit was explored during two separate programs in fiscal year 2016.

On July 29, 2015, the Company announced the results of its summer 2015 exploration program at Stog'er Tight in preparation for a 2,800-tonne bulk sample in the fall of 2015. The exploration program has included: stripping of the overburden to expose the historical mining surface, detailed geological mapping, channel sampling and near-surface drilling in the main pit area where Anaconda ultimately expects to begin mining of the Stog'er Tight Deposit.

The purpose of these exploration activities was to lay the groundwork for mining and to acquire additional data for the NI 43-101 resource calculation published in the Point Rouse Technical Report. More specifically, Anaconda drilled several holes on the western side of the main pit area to establish both the outer limits of the mineralization and the historical pit configuration in that direction. The Company stripped overburden to expose the historical mining surface which will assist in refining the block model. Lastly, the results from the exploration work were used to determine the location of the 2,800-tonne sample.

The channel sampling program consisted of 58 channels and 323 metres ("m") sampled on the exposed central and eastern portions of the main pit area. Channels were chosen to coincide with drill section lines with regularly-spaced infilling. Channels were continuous, if possible, with some step-out due to ground conditions.

Highlights of the channel sampling include:

- 12.83 g/t gold over 4.38 m including 26.50 g/t over 1.42 m and 14.80 g/t over 0.95 m
- 8.55 g/t over 4.97 m including 30.40 g/t over 0.98 m
- 6.58 g/t over 6.02 m including 18.5 g/t over 1.06 m
- 5.00 g/t over 5.69 m
- 5.16 g/t over 3.32 m

A table of significant results are given below:

Channel ID	Interval (m)	Grade g/t	Channel ID	Interval (m)	Grade g/t
CH03	3.32	5.16	CH28	5.69	5.00
CH04	1.06	0.86	CH33	0.98	2.06
CH07	1.11	5.88	CH39	0.91	1.36
CH08	2.83	3.63	CH40	3.01	0.85
CH09	4.97	8.55	CH43	0.94	0.87
including	0.98	30.40	CH44	5.33	3.42
and	0.99	3.07	CH48	4.38	12.83
CH10	1.9	2.04	including	0.95	14.80
and	3.08	6.00	including	1.42	26.50
CH13	6.36	2.11	CH49	1.96	2.44
CH14	2.95	1.14	CH50	0.85	2.99
CH16	0.89	3.88	CH51	3.03	2.80
CH17	1.03	2.02	and		6.58
CH21	1.05	1.26	including	1.06	18.50
CH22	0.99	1.01	including	0.92	9.48
CH24	2.76	1.08	CH52	0.85	10.50
CH25	2.23	3.19	CH53	0.96	11.60
CH27	0.75	1.91	CH54	0.69	0.97

A table of significant, composited gold grades in channel samples from the Stog'er Tight program. All missing channel numbers (e.g. CH01 and CH02) did not contain significant intersections of gold.

In December of 2015, the Company announced the results of its fall exploration program at the Stog'er Tight Project, which was focused on continuing to expand mineral resources along strike and adjacent to the Stog'er Tight Deposit. The program included the excavation of 6 trenches and the collection of 219 one-metre channel samples in the East, West and Gabbro zones following up on historical mapping and trenching that indicated the presence of mineralization.

The primary goal of the program was to test the hypothesis that the East and West zones are continuous with the Stog'er Tight Deposit at surface and that the East Gabbro zone is a separate zone of mineralization. The deposit has a known, near-surface strike length of approximately 300 metres. The results of the trenching and channel sampling program indicate that the East zone mineralization is contiguous with the Stog'er Tight Deposit over a distance of 100 metres. The West zone was confirmed to contain mineralization over a strike length of at least 80 metres, but appears to be offset by approximately 25-40 metres along a fault south of the main trend of the deposit. Consequently, the strike length of mineralization exposed at surface at Stog'er Tight, including the deposit and the East and offset West zones, is now approximately 480 metres. Trenches across the East Gabbro zone intersected alteration but did not produce appreciable gold grades. Highlights of the channel sampling include:

- 17.76 g/t Au over 11 m in channel STr15-05-C
- 11.02 g/t Au over 12 m in channel STr15-05-D
- 10.77 g/t Au over 8 m in channel STr15-05-B
- 4.38 g/t Au over 9 m in channel STr15-10
- 0.98 g/t Au over 12 m in channel STr15-09

A table of all significant results are given below:

<b>Channel ID</b>	<b>Interval (m)</b>	<b>Grade (g/t)</b>
STtr15-05-A	3	0.56
STtr15-05-B	8	10.77
STtr15-05-C	11	17.76
STtr15-05-D	12	11.02
STtr15-05-E	3	9.21
STtr15-05-F	4	6.86
STtr15-08	1	1.43
STtr15-09	12	0.98
STtr15-10	9	4.38

A table of significant, composited gold grades of channel samples from the fall 2015 Stog'er Tight trenching program. Trenches in this program included STtr15-05 to STtr15-10. Channels STtr15-06 and STtr15-07 did not contain significant intersections of gold. Composites are 80-95% of true thickness.

#### *Argyle*

In January 2016 the Company announced the results of a trenching and channel sampling program at the Argyle prospect located just northeast of Stog'er Tight and approximately 5.5 kilometres from the Pine Cove Mill. The program consisted of the excavation of overburden along four trenches over 181 metres and channel sampling of 68 metres of the exposed bedrock. The goal of the program was to determine if two previously exposed zones of mineralization are contiguous and demonstrate geological continuity along the Argyle prospect. Three of the four trenches tested the eastern portion of the prospect where it was previously constrained by a single trench. A fourth trench tested the western limits of the prospect.

In the eastern area, trench ATr15-18 returned 1.89 g/t Au over 10 metres. It is located 40 metres west of trench ATr14-12, which contained 1.31 g/t Au over 11 metres, and 160 metres east of trench ATr14-08, which contained 3.75 g/t Au over 16 metres (the latter two results were previously reported on January 8, 2015 and referred to as trenches A8 and A12). Trench ATr15-19 intersected anomalous mineralization and a broad alteration zone consistent with alteration throughout the prospect area, but was not sampled across the entire trench due to poor ground conditions. Trench ATr15-17 did not intersect alteration or mineralization. Trench ATr15-20 exposed anomalous gold mineralization and the continuation of the alteration zone at the most westerly end of the Argyle prospect.

Geological mapping and interpretation of the analytical results indicate that the two previously exposed zones of mineralization are contiguous and that there is geological continuity throughout the Argyle prospect over a strike length of 300 metres. Gold grades and alteration character are similar in style and tenor to those observed at the Stog'er Tight Deposit.

All exploration activity undertaken by the Company is overseen by Paul McNeill, P. Geo., VP Exploration with Anaconda Mining Inc., a qualified person" as defined under NI 43-101. The exploration programs are supervised by Silvertip Exploration Consultants Inc. ("Silvertip"), of Bishops Falls NL including David Evans, P. Geo., Spencer Vatcher P. Geo., and Steve Barrett, P. Geo (an independent contractor), all of whom are qualified persons and independent under NI 43-101.

#### *Drilling*

In addition to exploration activities the Company also conducted diamond and percussion drilling activities at both the Pine Cove and Stog'er Tight areas, consistent with its exploration strategy, in fiscal 2016.

## Pine Cove

In August of 2015, the Company announced the results of an exploration program within the Northwestern Extension area of the Pine Cove Deposit. It is a zone of near-surface gold mineralization at the northwestern edge of the current Pine Cove Pit design that extends for at least 125 metres along strike. The purpose of the program was to increase resources within the Northwestern Extension area and potentially expand the mine life of the Pine Cove Pit.

Anaconda conducted 462 metres of diamond drilling in 4 holes and 263 metres of percussion drilling in 12 holes. The Company also re-logged and performed infill sampling of 14 pre-2015 diamond drill holes within the area of the Northwestern Extension to complete sampling along the holes to depths of approximately 100 metres. The results of the drilling, re-logging and additional sampling will be combined with the geological interpretation and incorporated into deposit modeling, a planned resource calculation and an internal economic analysis. If the results of the economic analysis are positive, the Northwestern Extension area may be incorporated into the Pine Cove Mine plan.

Three of the diamond drill holes intersected mineralization at around 100 metres or less. Highlights from two of these holes include:

- 5.38 g/t gold over 3.1 m from 68 to 71.1 m and 1.12 g/t gold over 8 m from 86 to 94 m in hole PC15-246;
- 1.30 g/t gold over 4 m from 98.0 to 102.0 m in hole PC15-248.

Four of 14 diamond drill holes chosen for infill sampling extended known mineralization within the Northwestern Extension. The resampling resulted in the discovery of new zones as well as widening previously known zones of mineralization. Highlights of this sampling include the following updated and new drill intersections:

- 1.41 g/t gold over 19 m from 49 to 68 m in hole PC13-196;
- 1.47 g/t gold over 5.4 m from 22.6 to 28 m in hole PC00-113;
- 5.03 g/t gold over 8.5 m from 84 to 97 m in hole PC07-177.

Percussion drilling resulted in the discovery of a previously unknown area of surface mineralization. Hole PCp15-50 intersected 1.45 g/t over 7 metres from 0 to 7 metres.

### **Composited gold intercepts from the recent drill program at the Pine Cove Pit.**

<b>Hole ID</b>	<b>From</b>	<b>To</b>	<b>Width</b>	<b>Grade (g/t)</b>
PC15-245	86.0	87.0	1.0	1.74
PC15-246	14.0	16.1	2.1	1.73
and	20.1	21.3	1.2	21.12
and	68.0	71.1	3.1	5.38
and	86.0	94.0	8.0	1.12
PC15-248	92.7	94.1	1.4	2.19
and	98.0	102.0	4.0	1.30

Holes PC15-247 and PC15-249 did not contain significant intercepts of gold.

### **Composited gold intercepts from North Western Extension including pre-2015 data and current infill sampling.**

<b>Hole ID</b>	<b>From</b>	<b>To</b>	<b>Width (m)</b>	<b>Grade (g/t)</b>
PC00-113	22.6	28.0	5.4	1.47
and	71.0	74.9	3.9	0.77
PC07-177	84.0	97.0	8.5	5.03
PC13-196	49.0	68.0	19.0	1.41
PC13-203	7.8	13.0	5.2	0.73

In January 2016, the Company released the results of a drill program at Pine Cove Pond adjacent to the Pine Cove Pit. The program consisted of 1,156 metres of diamond drilling within 14 shallow holes and was focused on the southern margins of the Pine Cove Deposit at a maximum depth of 75 metres. The Pine Cove Pond Indicated Resource is estimated at 328,000 tonnes at 1.83 g/t Au, which was included in the Resource Estimate published in the Point Rouse Technical Report. Geological and geophysical evidence suggest that the Pine Cove Pond area may contain the easterly and westerly continuation of the southern portion of the Pine Cove Deposit. The goal of the drill program was to understand the limits of known mineralization and establish Mineral Reserves in the Pine Cove Pond area to extend the mine life of the Pine Cove Deposit.

Highlights of the drilling included:

- 2.11 g/t Au over 10.5 m from 9.5 – 20.0 m and 1.4 g/t Au over 9.0 m from 24.0 – 33.0 m in hole PC-15-256
- 2.68 g/t Au over 15.9 m from 6.1 – 21.0 m in hole PC15-257
- 3.16 g/t Au over 5.5 m from 3.5 – 9.0 m in hole PC15-252
- 1.14 g/t Au over 4.0 m from 41.0 – 45.0 m in hole PC15-259
- 1.47 g/t Au over 2.8 m from 38.0 – 41.8 m in hole PC15-253

The drill program was successful in extending known mineralization at the Pine Cove Deposit 25 metres to the south, east and west of the current Mineral Resource. The results indicate that the southern portion of the deposit is open for expansion to the west, near surface, in the area of the hole PC15-257 intersection, and open for expansion east and west of the hole PC15-252 intersection.

Several other zones of anomalous gold grades and alteration were observed in holes PC15-251, PC15-257 and PC15-259, though not at reportable grades. These intersections are significant, however, in that they indicate continuity of other mineralized zones intersected within the Pine Cove Pond area. All remaining holes did not contain significant intersections.

#### Stog'er Tight

On July 29, 2015, in conjunction with the channel sampling at Stog'er Tight, the Company tested the margins of the western portion of the main Stog'er Tight pit area near surface via an 8-hole, 222-metre diamond drill program. Five holes (BN-15-220 to BN-15-224) were drilled to condemn the immediate footwall of the deposit, near the central and western portion of the main pit area. Hole BN-15-219 tested one northerly margin of a preliminary pit design and holes BN-15-218 and BN-15-217 tested the potential western extension of the Stog'er Tight Deposit. Hole BN-15-217 located approximately 15 metres west of the previously known limits of the deposit intersected mineralization as summarized below.

- 2.78 g/t over 9.34 metres from 12.56 metres to 21.90 metres; including 5.15 g/t over 3.65 metres, in hole BN-15-217

In June of 2016 the Company announced the results of a 751-metre, 16-hole, diamond drill program conducted at the Stog'er Tight Project. The drill program focused on shallow areas, no more than 40 metres from surface, west and southwest of the Stog'er Tight Deposit. The goals of the program were to test the hypothesis that the Gabbro and West zones joined together below surface and to determine if surface mineralization at the West zone continued down-dip and is an extension of the Stog'er Tight Deposit.

Highlights of the drill program include:

- Hole BN-16-235 returned 6.70 g/t Au over 4 m from 16 m to 20 m, including 8.85 g/t Au over 3 m;
- Hole BN-16-227 returned 1.81 g/t Au over 6 m from 22 m to 28 m;
- Hole BN-16-236 returned 3.72 g/t Au over 4 m from 6 m to 10 m and 2.27 g/t Au over 3 m from 18 m to 21 m.

The West and Gabbro zones were determined to be two separate zones of mineralization and both zones continue at depth. The Gabbro zone dips shallowly to the north beneath the West zone and is within 20 metres of surface. Both the West and Gabbro zones are the folded extensions of Stog'er Tight, which extended the strike length 100 metres for a total of 500 metres. Equally important, the Company's interpretation of these drill results indicate that numerous other showings throughout the Stog'er Tight project area may represent fold repetition of the Stog'er Tight Deposit.

A table of significant gold intersections is presented below.

<b>Drill hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>
BN-16-225	21.8	24	2.2	1.76
<b>BN-16-226</b>	6	7	1	1.99
<b>and</b>	<b>14</b>	<b>19</b>	<b>5</b>	<b>1.42</b>
<b>BN-16-227</b>	17	19	2	1.08
<b>and</b>	<b>22</b>	<b>28</b>	<b>6</b>	<b>1.81</b>
<b>including</b>	<b>23</b>	<b>26</b>	<b>3</b>	<b>3.04</b>
<b>BN-16-228</b>	9	13	4	2.28
BN-16-229	18.5	22	3.5	0.63
<b>BN-16-230</b>	<b>35.5</b>	<b>38.5</b>	<b>3</b>	<b>2.46</b>
BN-16-231	14	15	1	0.69
BN-16-232	14	15	1	0.67
BN-16-233	20	21	1	1.10
<b>BN-16-234</b>	<b>26</b>	<b>30</b>	<b>4</b>	<b>2.04</b>
<b>BN-16-235</b>	<b>16</b>	<b>20</b>	<b>4</b>	<b>6.70</b>
<b>including</b>	<b>16</b>	<b>19</b>	<b>3</b>	<b>8.85</b>
<b>BN-16-236</b>	6	10	4	3.72
<b>and</b>	<b>18</b>	<b>21</b>	<b>3</b>	<b>2.27</b>
BN-16-238	43	44	1	0.54
BN-16-242	38	39	1	1.17

*A summary of significant composited assays (core length) from the Western and Gabbro zones at Stog'er Tight. True widths are estimated to be between 70% and 95% of the core length.*

Also announced in June of 2016, the Company outlined and processed 7,880 tonnes of high-grade ore from the East Zone, which was thought to be the continuation of the Stog'er Tight Deposit (the "High-Grade Sample"). The Company processed the High-Grade Sample along with 2,111 tonnes of relatively lower-grade ore from the eastern portion of the Stog'er Tight Deposit to produce a mill head grade of 3.08 g/t gold, nearly double the grade currently coming from the Pine Cove Pit. Mill recovery of the ore was 83.2%, yielding a total of 823.6 ounces of gold. The ore was excavated over several days, trucked 3.5 kilometres to the Pine Cove Mill and processed from May 8 - 15, 2016. The recovered gold generated \$1.3M in revenue.

The High-Grade Sample was outlined by percussion drilling during recent exploration efforts. It was intersected in 6 of 13 holes over a strike length of approximately 40 metres and to a depth of 10 metres. During excavation, the Company discovered a fault zone that appears to be a geologic feature constraining the area in the East Zone containing the High-Grade Sample. The location of the area is south of the fault zone and remains open along strike to the southeast and at depth. The Company is planning another diamond and percussion drill program at the Stog'er Tight Project aimed at following the strike and depth extents of the High-Grade Sample.

Highlights of the Percussion drill program include:

<b>Hole ID</b>	<b>Interval (m)</b>	<b>Grade (g/t)</b>	<b>From (m)</b>	<b>To (m)</b>
BNp-16-30	8	6.49	1	9
BNp-16-31	9	8.93	0	9
BNp-16-32	9	4.12	0	9
BNp-16-33	7	5.26	0	7
BNp-16-34	6	1.74	1	7
BNp-16-35	7	2.94	0	7

*Percussion holes BNp-16-27 to BNp-16-29 and BNp-16-36 to BNp-16-38 did not intersect significant mineralization.*

Also during this drill program, nine diamond drill holes totaling 489 metres were drilled in the northern portion of the East zone to test the possible extension of the Stog'er Tight Deposit. Eight of the nine holes intersected the expected alteration typical of the Stog'er Tight mineralization, but only two holes intersected significant mineralization. Hole BN-16-252 intersected 7 metres of 0.55g/t from 31 to 38 metres and BN-16-253, intersected 2 metres of 2.73 g/t from 32 to 34 metres.

A tenth diamond drill hole (BN-16-251) was drilled south of the High Grade Sample, but did not intersect significant mineralization. The follow up percussion drill program subsequently intersected the High Grade Area of the East zone as described above.

#### *Sampling, Analysis and Data Verification*

Initial sampling on the Point Rouse Project consisted of a combination of grab and channel sampling of surface showings. This was followed by sampling of the core recovered from an extensive diamond drilling program. The core was either sawed or split thus producing representative samples of the auriferous mineralization. Grab samples were taken when "new" or rediscovered mineralization was first located to give a general idea of the grade of the mineralization. These samples were invariably "selected" by the inclusion of the strongest mineralization noted. Significant results were initially followed up by stripping and washing and then by trenching to expose the mineralized zone in three dimensions. Diamond saw cutting and channel sampling in a representative fashion across the trenched zones yielded mineralized zones carrying significant gold values. The highest grade zones were invariably followed up by drilling programs to give an idea of the depth extent of mineralization.

Samples were chosen based on the presence of intense alteration of the host volcanic rocks and the presence of pyrite and/or quartz-calcite veins. The core was sawed in half with one half securely bagged, tagged and sent for assay. The remaining half of the core was retained for archival purposes. The drill core selected for sampling was marked typically, in one metre intervals and the core was cut with a rock saw. One half of the sawed section was placed in a tagged plastic sample bag and the samples were shipped to the assay laboratory. All analytical work on core samples was conducted by Eastern Analytical Ltd. ("Eastern") of Springdale Newfoundland. Gold analysis was conducted using fire assay. Quality control systems used by Eastern include the use of a blank, a standard and a duplicate every 20 samples

All percussion drilling in fiscal 2016 were sampled by collection of metre-by-metre samples in labelled sample bags. A small representative sample is taken from the original sample and placed in a tagged plastic sample bag and the samples were shipped to the assay laboratory. All analytical work on core samples was conducted by Eastern. Gold analysis was conducted using fire assay. Quality control systems used by Eastern include the use of a blank, a standard and a duplicate every 20 samples.

All rock samples were placed in sealed and labelled bags and then cross referenced using a sample assay book, with one part of the assay tag placed in each bag. The samples were periodically bagged and shipped to various accredited analytical laboratories by company truck and personnel or courier companies.

All core is stored either in a non-confidential fashion at the Baie Verte core library of the Department of Mines and Energy, or at the mine site in racks or cross-piled.

The results of the quality control measures and data verification indicate that the information outlined in this AIF and within the Point Rouse Technical Report are of high quality and meet industry standards.

#### *Mineral Processing and Metallurgical Testing*

No mineral processing or metallurgical testing was performed in relation to the Pine Cove Pit other than in the normal course of operations.

#### *Mineral Resource Estimates*

The following tables summarize the Mineral Resource estimates for the Point Rouse Project as of October 22, 2015 and reported in Point Rouse Technical Report on December 7, 2015:

<b>Stog'er Tight Resources<sup>1</sup></b>				
<b>Category</b>	<b>Cut-Off (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces of gold</b>
Indicated	0.8	204,100	3.59	23,540
Inferred	0.8	252,000	3.27	26,460

<b>Pine Cove Resources<sup>2</sup></b>				
<b>Category</b>	<b>Cut-Off (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces of gold</b>
Indicated	0.7	1,499,500	1.61	77,390
Inferred	0.7	220,700	1.59	11,260

<b>Pine Cove Reserves as of October 22, 2015</b>				
<b>Category</b>	<b>Cut-Off (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces of gold</b>
Probable	0.7	858,855	1.46	40,400

- 1 – Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.  
2 – The Pine Cove Mineral Resource statement includes the Pine Cove Mineral Reserves.

Notes on Mineral Resource Estimation Methodology:

1. The Mineral Resource estimates conform to the 2014 CIM Mineral Resource definitions referred to in NI 43-101.
2. The Mineral Reserve estimates conform to the 2014 CIM Mineral Resource definitions referred to in NI 43-101.
3. The Stog'er Tight Deposit Mineral Resource estimate was estimated using a block model with parent blocks 3 mE x 3 mN x 3 mRL in size. Block gold grades were estimated in parent blocks using Ordinary Kriging and Datamine (CAE) software. The mineralization was divided into two zones: higher grade (>0.5 g/t gold), using a wireframe produced by Anaconda and Ms. Pitman and a background zone based on the results of indicator kriging. Dynamic anisotropy was used to adjust the search orientation to match the orientation of the trends in mineralization. The Mineral Resource estimate was classified as either Indicated or Inferred according to NI 43-101 standards based on the drill hole spacing and understanding of the trends in geological and mineralization continuity.
4. The Pine Cove Deposit Mineral Resource estimate was estimated using a block model with parent blocks 3 mE x 3 mN x 3 mRL in size. Block gold grades were estimated in parent blocks using Ordinary Kriging and Datamine (CAE) software. The mineralization was divided into two zones of higher grade and background based on wireframes provided by Anaconda. Dynamic anisotropy was used to adjust the search orientation to match the orientation of the trends in mineralization. The Mineral Resource estimate was classification as either Indicated or Inferred according to NI 43-101 standards based on the drill hole spacing and understanding of the trends in geological and mineralization continuity.

*Mineral Reserve Estimates*

The Mineral Reserve estimates reported in the table below are inclusive of Mineral Resources reported above. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability.

The Mineral Reserve estimate was derived by utilizing the ultimate pit shell design created using Surpac 6.6 and running a reserve report between this shell and the most recent topographic surface available at the effective date of this report, created by Anaconda. The block model used for the Pine Cove Technical Report was the gold grade block model produced by AMC in October of 2015. Probable Mineral Reserves are estimated at the internal cut-off grade of 0.7 g/t Au and gold price of \$1,400/oz (CAD) using only Indicated Mineral Resource blocks. Proven reserves were

not reported, as the block model prepared by AMC that was used for reserve reporting did not contain measured blocks.

The internal cut-off grade of 0.7 g/t Au was derived from Anaconda's mining, processing, and general administration costs and process recovery. This internal cut-off grade is the minimum ore grade required to process the ore economically. The table below shows some of the key assumptions and costs used in the ultimate pit optimization process and Mineral Reserve estimate. The costs and the selling price estimates are equal to the budgeted costs and revenues for the current fiscal year, which are in line with actual costs and revenues achieved year to date.

**Key Assumptions and Costs Used in the Reserve Estimate**

<b>Mineral Reserve Key Assumptions and Costs</b>	
Mining Cost (per tonne)	\$3.94
Processing Cost (per tonne)	\$19.18
G & A Cost (per tonne)	\$8.34
Gold Price (CAD/oz)	\$1,400.00
Process Recovery	86%

An optimized pit shell produced by Whittle 4.6 software was used as a guide in the development of the ultimate pit design, which incorporates ultimate ramp width and double and triple bench configuration. The pit slope stability analysis was completed by geotechnical consulting firm Knight-Piesold in January of 2014 (Knight-Piesold, 2014). Ultimate pit design features variable bench configuration of two or three single 6 metre lifts depending on the areal and geological settings. For the north, north-west and north-east sectors ultimate pit design features overall bench heights of 18 metres with inter-ramp pit wall angles of 55° that transition to double benching configuration of 12 metre and inter-ramp angles of 46° for the south section of the pit.

Remaining Mineral Reserves in the Pine Cove Pit estimated on June 1, 2016 using topographic surface created by Anaconda using drone and current pit shell (same as one used to declare mineral reserves as of October 22<sup>nd</sup>, 2015) are displayed in the table 31 below.

**Pine Cove Pit Mineral Reserves stated on June 1, 2016**

<b>Pine Cove Reserves</b>				
<b>Category</b>	<b>Cut-Off (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces of gold</b>
Probable	0.7	674,908	1.36	29,583

From November until end of May of 2016 Anaconda has produced 191,201t of ore at average grade of 1.32g/t Au, with tonnes 4% higher than calculated between the end of October 2015 and May 31, 2016 with grades being lower for 27%.

<b>Pine Cove Reserves as of June 1, 2016</b>				
<b>Category</b>	<b>Cut-Off (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces of gold</b>
Calculated Difference	0.7	183,947	1.82	10,817
Mined out	0.7	191,201	1.32	8,103

*Mining Operations*

Mining is carried out by standard open pit methods using excavators and trucks. Anaconda employs a drilling and blasting contractor and a mining contractor who are responsible for the selection and operation of the mining fleet. The contractor will supply minus 300 mm sized ore to the processing plant. The plant site includes a 1,000 to 1,200 tonnes per day ("tpd") grinding and flotation mill with concentrate leaching (1,000 – 1,200 tpd at 92% availability,

operating 365 days per year), crusher and conveyors, ore stockpile, shops, warehouse, administration, water supply, sewage, on site diesel generated power, fuel storage, and other ancillary structures and roads. Final product is a gold doré bar which is shipped to a refiner in Ottawa for further processing and final assay. The Company's metal merchant then sells gold having a purity of 99.995% on the open markets.

The Company maintains a permitted tailings facility and water-polishing pond. The Company has completed a progressive rehabilitation of the west waste dump pile and completed the Pasture Pond compensation project to replace the original Pasture Pond which was forced to relocate due to the pit expansion.

During the 2015 fiscal year, the Company obtained approvals to expand its South Mill Waste Dump to the east, and in June 2015 obtained approvals to open its North Pit Waste dump. This additional storage capacity was required for the fiscal 2015 and 2016 years and will be used through the remaining mine life.

The Company went thru an extensive process of staged tailings construction with four phases being finished by 2010 and fifth in summer/winter of 2014/2015 with a downstream elevated rise of 5 metres to its Tailings Storage Facility I (TSF1). The Company is in the process of constructing additional tailings storage in order to continue milling operations. The Company has gone through a detailed permitting and design process in order to begin the expansion of the future Tailings Facility II (TSF2) above the current Polishing Pond (PP1). A new Polishing Pond (PP2) is required in order to provide a containment for effluent while Tailings Facility II is being constructed and used. PP2 was constructed during the fall/winter of 2015/2016 and put in use in the spring of 2016. PP2 is now being used to draw reclaim water needed for mill operation. TSF2 which is now being constructed in stages will ultimately provide additional storage for another three years of the operation. Stage I of TSF2 is being constructed and will be in use by the fall of 2016. Stage II of TSF2 will be completed by summer of 2017. Options for tailings storage for the remainder of the mine/project life are currently being investigated, with an in pit tailings storage facility currently in the design phase that will be followed by the approval process.

The Company has Canadian income tax loss carry-forwards in the amount of approximately \$11.9 million as well as unused Canadian exploration and development expenditures of approximately \$19 million, enough to offset projected taxable income for the foreseeable future. However, the province of Newfoundland imposes a tax on income derived from mining operations separate from the Company's income tax. The Company began paying this tax at a rate of 18% on certain amounts of income in fiscal 2017 and going forward.

#### *Processing and Recovery Operations*

The Pine Cove gold deposits are metallurgically simple and processing is not complicated by the presence of significant secondary or impurity elements. Pyrite is the only important sulphide, and coarse gold is not present. The material responds well to flotation concentration, and high gold extractions can be achieved by cyanidation of a finely-ground concentrate. The process circuit selected for this site comprises a grinding circuit followed by flotation of pyrite and gold from the ground product.

The current mill setup utilizes a ball mill and cyclone setup that is capable of processing over 1,200 tonnes of material per day, at a K80 product size of about 150 microns. This material is pumped into a column flotation circuit to be concentrated to 2-5% mass, at a recovery of approximately 94%. From the flotation circuit, the slurry is thickened and reground to a K80 of 20 micron before being sent to a leaching circuit.

The leaching circuit consists of four tanks in series, of which cyanide, lime, and lead nitrate, along with compressed air, are added to the slurry to trigger the cyanidation process. Recoveries on the leach circuit are upwards of 97%, with a residence time of approximately 5 days. After leaching, the solution containing the leached gold is filtered using drum filters before being sent to a Merrill Crowe circuit.

#### *Infrastructure, Permitting and Compliance Activities*

The following is a listing of infrastructure present at the Pine Cove Mine and mill complex:

##### Access

- 5.5 km long all-weather gravel road that links the mine with the Ming's Bight Highway (Route 418)
- Mine roads/ramp, maintained by Bailey
- Access roads to Romeo & Juliet and Anoroc

### Administration Buildings

- Administration office – wooden building with pitched roof
- Engineering and Geology – modified trailer with pitched roof
- Emergency Response Building – modified trailer
- Mine Dry – modified trailer with pitched roof

### Exploration

- Core logging building and core storage racks

### Mill

- Mill Building – steel building (includes laboratory)
- Reagent Storage – wooden building
- Warehouse – 3 modified Sea Can Containers
- Primary Crusher – enclosed
- Onsite assay lab
- Mill reclaim pump and 6” HDPE pipeline system running from the Polishing Pond to the Pine Cove Mill

### Mine

- Standard open pit operation with 15 m wide ramp
- Waste Dumps (Reclaimed West Dump, South Dump and North Dump)
- Tailings Pond (Phase I) – with geomembrane lined waste rock embankment
- Polishing Pond
- Run of the Mine Ore Pad and Ore Stockpiles (Including Marginal Piles)
- Topsoil Stockpiles
- Open pit dewatering system

### Mine Contractor

- Garage – steel building
- Office – modified trailer

### Power

- 25 kV three-phase power line connected to the provincial power grid – the mill consumes 900,000 kW hours per month on average
- 150 KW/600 V through on-site generators for essential power to the plant for sanitary/minimum equipment operations

### Water Supply

- Pine Cove Pond water supply. The mill consumes an average of 70-80 m<sup>3</sup> of water per hour.

### *Permitting*

In 2006, Anaconda proposed to develop the Pine Cove mining operation. The project was registered, as per the Newfoundland and Labrador Environmental Protection Act and Regulations, and released from further studies. The applicable studies have been submitted to and accepted by the Department of Natural Resources. The Pine Cove Pit and Pine Cove Mill have been in operation since 2008 and all permits, authorizations and approvals are in good standing.

Environmental monitoring at Pine Cove is regulated by Environment Canada and the provincial Department of Environment and Conservation. Environment Canada’s Metal Mining Effluent Regulations are applicable to all mines throughout Canada and cover all phases of an operation from pre-production to closure. The provincial regulations are in the form of a “Certificate of Approval” which can be specific to the operation and maybe revised if changes in operational activities occur.

At Pine Cove extensive base-line environmental assessment data was collected prior to the start of mining. Anaconda

has implemented a comprehensive environmental monitoring program as part of its mine-life cycle which includes:

- Deleterious Substance monitoring;
- Acute Lethality Testing;
- Environmental Effects Monitoring;
- Sub-Lethal Toxicity Testing; and
- Biological Monitoring.

Sampling is conducted at regular intervals from mine-site wide monitoring stations. Samples are analyzed externally at accredited laboratories. The data is routinely uploaded to Environment Canada's website "The Regulatory Information Submission System (RISS)" which monitors for potential environmental impacts that could be linked to the mining operation. Detailed monthly reports are also submitted to the Department of Environment and Conservation.

The Company disrupted and removed part of the Pine Cove Brook and the entire Pasture Pond to accommodate mining activities in 2009. This activity was classified as HADD (Harmful Alteration, Disruption or Destruction) of a fish habitat. As a part of the compensation/off-setting package, Anaconda has now replaced the decommissioned part of the Pine Cove Brook and has built the new Pasture Pond. The Company completed three years of compensation habitat monitoring of the compensation brook by the end of 2012. Pasture Pond compensation work was completed in the summer of 2013. Due to changes to the Fisheries Act, it was determined that this historic work, undertaking or activity did not result in serious harm to fish that are part of a commercial, recreational or Aboriginal fishery, or to fish that support such a fishery. Therefore, a Fisheries Act Authorization (the "Authorization") was no longer required for the work, undertaking or activity, and Anaconda's current Authorization has been suspended. This determination applies to all aspects of the Authorization including the need for habitat compensation/off-setting and monitoring.

In the spring of 2014, the Company received approvals to expand its South Mill Waste Rock Dump to east of the previously-approved South Mill Dump Phase I and into the Phase II Dump.

Also in spring of 2014, Anaconda proposed to move ahead with a 5 metre downstream rise/expansion of its Phase I Tailings, from an elevation of 98 to 103. This proposal was approved in late spring of 2015 when construction on the expansion commenced. The new dump and tailings developments necessitated revision of both the operating and rehabilitation and closure plans.

In late winter/early spring of 2015, Anaconda initiated approvals to begin construction of the North Waste Dump. The North Waste Dump, which is located northwest of the existing Pine Cove Pit was approved in the summer of 2015. The convenience of the short haul is used to move increased waste quantities on the east side of the open pit during the final wall pushback and to expose the ore deeper in the pit.

In the summer of 2015, Anaconda applied for permits to further expand its tailings and polishing ponds as the 2014 expansion provided for mill tailings storage until the fall of 2016. The new construction is impacting local waterbodies including part of the Pine Cove Brook and its Tributary 1. The Company has obtained all necessary permits to reroute the Tributary 1 and keep the water flowing to the lower section of the Pine Cove Creek and away from the proposed construction zone. The permits to relocate the brook were received from the Department of Fisheries and Oceans and from the Department of the Environment and Conservation in late summer 2015. Impacted sections were surveyed by a qualified biologist, who supervised the fish relocation to the Pine Cove Pond in September of 2015. The permits for the New Polishing Pond construction were received from Department of Natural Resources in October 2015 when the work to construct this facility began. By end of May 2016 the New Polishing Pond was constructed and being utilized while the work on the tailings II, Stage I were underway.

These developments necessitated revision of both the operating and rehabilitation and closure plans. The Company has submitted an updated version of its rehabilitation and closure plan to reflect the changes in waste rock and tailings storage.

The Company has recently completed routine ARD tests on the Pine Cove tailings. A total of six samples were collected from the tailings facility and sent to the RPC laboratory in New Brunswick for Acid Drainage Testing. All tests were negative proving that Pine Cove ore tailings are not acid generating thus not posing any harm to the

environment.

Anaconda is very active in engaging the local community with a series of cultural, social, and economic programs.

*Capital and Operating Costs*

Capital costs estimate for major items is based on historical costs at the Point Rouse Project, costs included in the 2015 Budget or budgetary quotations from suppliers in the industry.

Capital expenditures budgeted for the Point Rouse Project amounts to \$2.2 million in fiscal 2017. Pine Cove Mine expenditures total \$1.9 million and largely relate to construction of a new polishing pond and tailings expansion. Pine Cove Mill expenditures budgeted for fiscal 2016 total \$0.3 million mainly for equipment. Based on current reserves and life of mine plan, there are no capital expenditures planned beyond fiscal 2017 for Stog'er Tight.

**Capital Expenditures Breakdown for the Point Rouse Project**

Capital Expenditure	FY 2017	FY 2018	FY 2019
Pine Cove Mine	1.9	1.0	-
Pine Cove Mill	0.3	1.5	1.0
Stog'er Tight development	-	-	-
<b>Total (\$ Millions)</b>	<b>2.2</b>	<b>2.5</b>	<b>1.0</b>

Operating costs for units of work that will be carried out by Anaconda personnel were based on the Company's budget figures for fiscal 2017.

Operating unit costs per tonne of ore for the Pine Cove Mine average \$52.96 per tonne, based on the 2016 Budget.

**Pine Cove Mine Operating Unit Cost Breakdown**

Fiscal 2017	Unit Cost (\$/tonne)
Drilling & blasting	13.55
Load/haul	12.39
Services (indirect & maintenance)	4.73
Milling	19.07
General and administrative	2.92
Variable costs (shipments & refinery)	0.30
<b>Total operating cost</b>	<b>52.96</b>

*Depletion and Mine Life*

During the 2015 fiscal year, a slope stability analysis was carried out in order to evaluate the current pit walls and to gather information to determine if the pit design going forward was adequate. The end result of this analysis was an adjustment in the ultimate pit slope. The new recommended pit slope for the south portion of the pit was determined to be an inter-ramp angle of 47 degrees with a double benching configuration, while the safe inter-ramp angle for the northern section of the pit was determined to be a 55-degree inter-ramp angle with a triple bench configuration. Geotechnical consulting firm Knight-Piesold has carried out the pit and south mill dump slope stability analysis and design. The adjusted pit slope in the south portion of the pit resulted in an increase in both ore and waste tonnes. The table below shows the mining productivity to date, along with the remaining material balance, including the additional tonnes as of a result of the slope adjustment.

### Slope Adjustment Results

	Cut Off Au (g/t)	Ore Tonnes	Ore Grade (g/t)	Waste Tonnes	Total Tonnes	Waste / Ore Ratio
Resource Calculation (June 2010) P&E Block Model	0.95	2,575,687	2.08	11,192,456	13,768,143	4.35
Mined (July-December 2010)		-59,313	1.52	-210,541	-269,854	3.55
Mined (January-May 2011)		-93,363	1.96	-521,365	-614,728	5.58
Fiscal 2012		-272,845	2.39	-1,306,164	-1,579,009	4.79
Fiscal 2013		-278,171	2.56	-1,544,754	-1,822,925	5.55
Fiscal 2014	0.83	-296,151	2.37	-1,623,462	-1,919,613	5.48
Fiscal 2015	0.83	-321,535	1.80	-1,762,317	-2,083,852	5.48
Balance May 31, 2015	0.83	1,254,309	1.95	4,223,853	5,478,162	3.37
<b>Balance May 31, 2015 - Adjusted - Probable Reserves AMC Block Model March 2015</b>	<b>0.7</b>	<b>972,960</b>	<b>1.49</b>	<b>5,376,249</b>	<b>6,349,209</b>	<b>5.53</b>
Fiscal 2016	0.83	-370,183	1.45	-2,367,220	-2,737,403	6.39
<b>Balance May 31, 2016</b>	<b>0.83</b>	<b>602,777</b>	<b>1.51</b>	<b>3,009,029</b>	<b>3,611,806</b>	<b>4.99</b>
<b>Balance May 31, 2015 - Adjusted - Probable Reserves AMC Block Model October 2015</b>	<b>0.7</b>	<b>674,908</b>	<b>1.36</b>	<b>3,371,911</b>	<b>4,046,819</b>	<b>5.00</b>

The block model updated by P&E consulting in 2010 was used originally to derive Pine Cove in-pit Mineral Resources and Reserves. Since the start of the commercial production in 2010, the Company has completed additional work including a more detailed geotechnical investigation in fiscal 2015 and updated geological interpretation of the ore zones for its Pine Cove Mine using all available data including exploration holes, blastholes, surface samples and mapping, leading to update of the block model completed by AMC Consultants of Toronto.

Estimated in-pit Mineral Resources as at June 1, 2015, using the updated AMC block model and newly-optimized ultimate pit shell are estimated at 1,024,168 tonnes at 1.75g/t gold with cut-off of 0.70 g/t gold. Probable in-pit Mineral Reserves were derived applying economic parameters to the Mineral Resource as well as the mine loss and dilution. Remaining Mineral Reserves were estimated at 973,000t at 1.49 g/t Au.

During fiscal 2015, dilution and mining loss studies were completed internally as a part of the reconciliation process completed on a monthly basis by comparing block model, blastholes assays and actual mining production. Actual mining tonnes were also compared with tonnes and grades processed. The Company has concluded that on average, unrealized gold ounces were 15% lower than forecast while 5% lower tonnages were realized than forecasted by the block model. Comparing blasthole database tonnes and actual tonnes shows that adaptation of new technologies like blast movement monitors (“BMM”) and GPS on the shovel have helped to cut down average dilution to 3%.

The Company has continued its practice of the updating existing geological information which is then later was used to update the block model on October 22, 2015. This block model was used to update the ultimate pit design using 2015 geotechnical recommendations. Mineral Reserves as of end of May 31, 2016 were estimated using the ultimate pit shell updated in October 22, 2015 and topographic surface as of May 31, 2016 and dilution and loss parameters based on measured values.

Remaining Mineral reserves at June 1, 2016 were estimated 674,900t @ 1.36 g/t Au which is an increase of 72,000t compared to the mathematical difference. This positive difference is attributed to a better geological interpretation and control, where very small zones are being identified and successfully mined thus increasing the resource and reserve base. Blast Movement Monitors (BMMS) and GPS on the shovel were successfully used to minimize overall mining dilution.

### *Exploration, Development and Production*

The Company has developed a strategy to leverage the existing infrastructure at Point Rouse Project. This involves the exploration and development of its mineral and mining leases property. The company plans and has begun exploration targeting expansion of known resources at Stog'er Tight and has also identified Argyle as a high priority drill target with the potential of outlining a new deposit. The Goldenville area is a greenfields target that also considered prospective for gold deposits analogous to the Nugget Pond mine which had historical production of 166,000 ounces of gold at an average grade of 11 g/t. Any resource that is developed from this exploration program will be evaluated using the Pine Cove Mill and associated infrastructure to mill any mineralization found to be economic.

### **Viking Project**

#### *Technical Report*

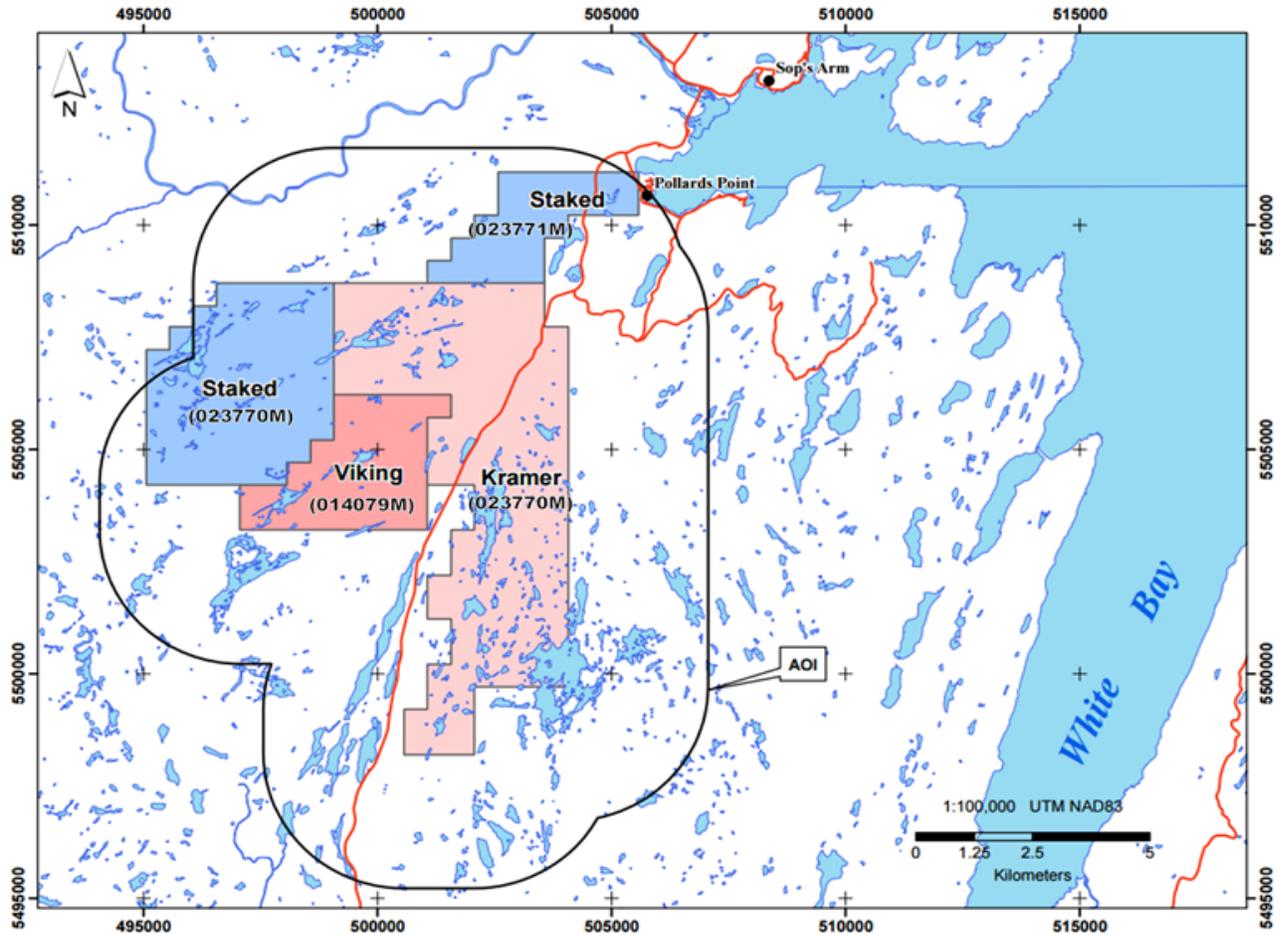
The Viking project is described in the current NI 43-101 technical report titled "NI 43-101 TECHNICAL REPORT AND MINERAL RESOURCE ESTIMATE FOR THE THOR DEPOSIT, VIKING PROJECT, WHITE BAY AREA, NEWFOUNDLAND AND LABRADOR, CANADA", dated August 29, 2016, and authored by D.A. Copeland (P.Geo.), Dr. Shane Ebert (P.Geo.) and Gary Giroux (P. Eng., MASC).

#### *Property Description, Location and Access*

The Viking Project is held by Anaconda Mining Inc. and is located in the White Bay area of western Newfoundland, in the province of Newfoundland and Labrador, Canada. The Project consists of four mineral licences: 014079M, 019689M, 023770M and 023771M, totaling 6,225 hectares. The Project is accessible through truck roads off the main highway into Pollards Point (Route 420), which trends north off the Trans-Canada Highway west of Deer Lake, which hosts the nearest airport.

Licences 014079M and 019689M were acquired from Spruce Ridge Resources Ltd. ("Spruce Ridge") through two option agreements dated February 5th, 2016, and include a 100% undivided interest in these mineral licences. Licences 023770M and 023771M were acquired through staking. Licence 014079M is subject to a 0.5% Net Smelter Royalty ("NSR") to Spruce Ridge and a 2.5% NSR to Altius Resources Inc. ("Altius") and a prospector, Paul Crocker. Licence 019689M is subject to a 2% NSR to Spruce Ridge Resources and a 1% NSR to Altius. The Spruce Ridge NSR on Licence 019689M is capped at two and one-half million dollars (\$2,500,000), after which, the Spruce Ridge NSR will be reduced to 1%. A further 1.5% NSR is granted to Altius on an area of interest within 3 km of the combined licences 014079M and 019689M.

There are no known risk factors that could affect access, title or Anaconda's ability to conduct the work required on the property.



*A map showing the location of the Viking Project near Pollards Point, White Bay, NL and the location of the four licences which make up the Project.*

### *History*

Mineral exploration on the Viking Project began in 1987 with the bulk of the exploration and discovery work being completed since 2007 and up to 2013. A total of 62 trenches and 131 drill holes totaling 18,978.2 metres have been completed on the Viking Project. Exploration work has resulted in defining an NI 43-101 compliant resource along the Thor trend (the “Thor Trend”), which is referred to as the Thor Deposit.

Early work in 1987 by BP Resources Canada Limited (“BP”) comprised regional soil sampling, prospecting and grid mapping that resulted in definition of a broad, moderate gold-in-soil anomaly. In 1988 BP conducted additional line cutting, grid mapping, prospecting and soil samples, and completed a helicopter borne magnetic and VLF-EM survey. From 1987 to 1990, Noranda Exploration Company Limited (“Noranda”) completed systematic soil and rock sampling, prospecting, geological mapping, and ground magnetic, VLF and Induced Polarization (IP) surveys. Noranda completed three diamond drill holes (SM-89-1, SM-89-2 and SM-90-1) totaling 353.6 m were completed along the Viking Trend. Drill assays from the Viking Trend include: 0.56 g/t Au over 5.3 m (SM-89-1); 0.61 g/t Au over 0.5 m (SM-89-2) and 0.17 g/t Au over 20 m (SM-90-1). The combined work by Noranda served to outline an approximately 3.7 km-long gold soil geochemical trend with associated bedrock mineralization along the Viking Trend. Initial sampling of the Thor Trend was completed.

During 2006, Altius acquired the Viking Property and conducted a comprehensive digital data compilation and rock sampling. In 2007, Northern Abitibi Mining Corporation (“Northern Abitibi”) optioned the property from Altius.

From 2007 to 2011, Northern Abitibi completed soil sampling, prospecting, IP geophysical surveying, excavation of 62 trenches (TR1-62), road building (6.5 km), and 18,624.6 m of diamond drilling in 128 drill holes. The work resulted

in outlining several areas of gold mineralization on the property including the Thor, Viking, Asgard, Thor's Cross and Odin's Triangle Trends and ultimately in the publication of a technical report.

Follow-up work in 2011 by Northern Abitibi included 8 trenches (trenches 55 to 62) and drilling of an additional 24 holes totaling 4,698.2 m. This resulted in an updated mineral resource in late 2011 for the Thor Deposit published on December 30, 2011.

Northern Abitibi sold the right to the property to Spruce Ridge Resources in 2012. No material work has been completed on the property since late 2011.

#### *Geological Setting, Mineralization and Deposit Types*

The Viking Project is underlain by rocks of variable age that are separated along the large-scale Doucers Valley Fault system. The oldest rock units in the area are those of the Long Range Inlier which are mainly ~1500 Ma granitoid gneisses. Younger granites (~1030-980 Ma) intruded these gneisses as did late Precambrian (~613 Ma) ultramafic and mafic intrusions associated with the Long Range Dyke Complex. West of the Doucers Valley Fault feldspar augen granodiorite gneiss and younger monzogranite dykes are mapped as part the Main River Pluton which is correlated with the ca.1036 Ma Apsy Granite that occurs several km to the northeast. Mafic intrusive rocks of the Long Range Dyke Complex are characterised by fine to medium grained diorite to coarse gabbro. The mafic intrusions generally show distinct chilled margins and crosscut the older augen gneiss and monzogranite but also locally show strong effects of deformation, hydrothermal alteration and mineralization.

Humber Zone sedimentary sequences of Cambro-Ordovician age outcrop to the east of the Doucers Valley Fault and unconformably overlie rocks of the Main River Pluton. These rocks were initially deformed by late Ordovician tectonism and subsequent deformation during the Silurian. The eastern edge of the Inlier in this area was intruded by the Silurian Devil's Room Granite (425±10 Ma) and Taylor Brook layered gabbro (430.5±2.5 Ma).

The Doucers Valley Fault marks the eastern limit at surface of the Long Range Inlier and is interpreted to have accommodated substantial amounts of both strike-slip and reverse slip motion beginning during the Ordovician and continuing episodically until early Carboniferous time. This fault in the Viking area is considered to be comprised of at least two or three parallel, steeply east-dipping main structures with secondary splays crossing the Long Range Inlier and showing association with gold mineralization. This fault zone is considered to mark a major tectono-stratigraphic break within the Appalachian orogen and to have a complex reactivation history throughout Paleozoic time. Predominantly sedimentary sequences of the Silurian Sops Arm Group occur east of the Doucers Valley Fault.

Topographic trends in the property areas are dominated by regional scale northeast trending stream valleys that mark major shear zone trends crossing the meta-igneous rocks of the area. Property scale mapping indicates that these features are secondary splays of the major north northeast striking Doucers Valley Fault. Several secondary splay structures have been defined to date on the Viking Project and both can be traced as topographic features to points of respective intersection with the Doucers Valley Fault. In addition to these major splays, detailed mapping along the Thor Trend has shown that north-south trending zones of shearing are also present on the property and that these, as well as some members of the northeast splay set of structures, have been the focus of extensive alteration associated with both low and high-grade styles of Au mineralization on the property.

Mineralization and alteration on the Viking Project are mainly developed in potassium-feldspar megacrystic to augen granodiorite of the Main River Pluton. Mineralization and alteration on the Kramer Property are developed in the Main River plutonic rocks and adjacent Cambro-Ordovician quartzites.

Bedrock geology on the property is characterized by ~1500 Ma granitoid gneisses that were intruded by both ~1980-1030 Ma granitoid bodies and late Proterozoic mafic and ultramafic dikes. Gold mineralization in the area was first explored by BP Selco Ltd. in 1986 and low-grade gold mineralization (<1.0 g/t) occurring in altered gneisses and associated quartz veins was first encountered in drilling on the property by Noranda Exploration Company Limited in 1989. In 2007 Northern Abitibi Mining Corp. discovered high-grade gold mineralization (>20.0 g/t) within quartz veins hosted by altered granitoid gneisses and intrusions. Subsequent trenching and sampling resulted in the discovery of the Thor Gold Deposit, which was partially delineated through several core-drilling programs.

### *Exploration*

Anaconda began exploring the Viking property in August of 2016. No material exploration work has been conducted on the project since 2013.

### *Drilling*

A total of 22,607.50 metres of drilling in 160 holes have been completed on the Viking Project (1990-2013) to date, including 18,973.80 metres in 132 holes at the Viking Property and 3,633.70 m in 28 holes at the Kramer Property. The Technical Report and the Mineral Resources rely on this historical drilling data that has been verified and validated by Anaconda staff and contractors and has been subject of the previous report by Ebert and Giroux (2011).

### *Sampling, Analysis and Data Verification*

Data associated with the technical report are verified in the field where possible and against logs or notebooks as well as assay certificates to assure high data quality. For core related data, following an original assessment, compiled digital databases undergo a second check for errors and inconsistencies using Geosoft Target software. All of the digital databases for core and channel samples related to the Mineral Resource Estimate have been constructed, reviewed, and checked by Author Ebert. All drillhole logs, assay certificates, and historic documents have been made available to Author Giroux who conducted the current Mineral Resource Estimate. An independent review was conducted in the spring of 2016 by Dave Copeland (P.Geol.)

The validated drillhole and trenching databases from the 2007 to 2011 programs on the Viking Project are considered to be accurate and acceptable for use in this Mineral Resource Estimate. For further verification, author Copeland conducted independent checks on select channel samples, drill collars, core and check assays. All data is considered accurate and acceptable.

A drill core sampling in the Mineral Resource Estimate were subject to a Quality Control and Quality Assurance program. This included submission of blind blank samples, duplicate split samples of quarter core, certified analytical standards and analysis of check samples at a third party commercial laboratory. Additionally, internal laboratory reporting of quality control and assurance sampling was monitored on an on-going basis during the course of the drilling. The results from the use of standards indicate sufficiently consistent variability to support the use of the assay data in the current Mineral Resource Estimate. The use of blind blanks in the analytical program indicate there are no significant or systematic cross-contamination effect is interpreted to be present in the Au data set. The results of the quarter core sampling show reasonable correlation in lower-grade samples. High-grade samples, however, can show considerable variability indicating a strong nugget effect as a result of coarse heterogeneous gold distribution in the high-grade veins. The check (pulp) sample program included samples submitted to a second laboratory and the results compare well with the original results and are interpreted to show acceptable confirmation of the dataset mineralization levels. In some of the higher-grade samples, however, the check samples show higher degrees of variation. This variation is attributed to the strong nugget effect seen within the high-grade veins. The majority of samples in the database are not strongly influenced by this nugget effect.

### *Mineral Processing and Metallurgical Testing*

Preliminary metallurgical test work was done on the Thor Deposit in 2010 and in 2015. The 2010 sample consisted representative drill core and was conducted by Met-Solve Laboratories Inc. of Burnaby, British Columbia. The work included screen analysis to determine average free gold particle size, preliminary grind size versus recovery studies, and determination of gravity recoverable gold percentage and gold recovery by bottle roll cyanide leaching. Results of the metallurgical testing showed that gold mineralization at the Thor Deposit is not refractory and can be readily extracted by gravity or cyanide recovery methods. No significant metallurgical concerns were identified. Results included: gold recovery of 97% by cyanide leaching of a 59-micron grind size product, 70% of the gold is recoverable by gravity concentration methods at a 97-micron grind size, and higher gravity recoveries might be possible through process optimization.

As part of its due diligence, Anaconda conducted metallurgical testing in late 2015, which indicates that ore from the Thor Deposit could be processed at the Pine Cove Mill using current flotation and leach circuit configuration. The results of the study are based on a homogenized sample collected from two diamond drillholes. Bench scale test work, conducted by NB Research and Productivity Council, primarily focused on flotation, cyanide leaching and grinding to evaluate the response of the Thor Deposit material to the current plant flow sheet for the Pine Cove Mill. In a

flotation test, using a grind of (80% passing) 150  $\mu$ m, currently used for Pine Cove ore, the Thor Deposit sample attained 96.0% Au recovery in 4.4% of the mass at a grade of 35.12 g/t Au in the rougher stage. In a bottle roll cyanidation test the current Pine Cove Mill, regrind size of (80% passing) 20  $\mu$ m obtained 94.1% Au extraction without requiring accelerating reagents and consumed 1.1 kilograms per tonne NaCN compared to 3.6 kilograms per tonne for Pine Cove ore. A Bond Ball mill grindability test was performed utilizing a limiting screen size of 150  $\mu$ m and indicated that the sample has a Bond Ball Work Index value of 18.5 kWh/t.

#### *Mineral Resource Estimates*

A Technical Report authored by Shane Ebert and Gary Giroux, dated December 30, 2011, reported a Mineral Resource at cut-off grade of 0.2 g/t Au with the Thor Deposit containing an Indicated Mineral Resource of 98,000 ounces Au (3,232,000 tonnes at an average grade of 0.95 g/t) plus an Inferred Mineral Resource of 45,000 ounces Au (2,123,000 tonnes at an average grade of 0.66 g/t). This Mineral Resource Estimate, established in the December 30, 2011 report, remains valid as no additional material work has been conducted since the publication of that resource. The Mineral Resource Estimate is restated in this Technical Report using a cut-off grade of 1.0 g/t. This cut-off grade is established based on Anaconda's mining experience at its Pine Cove operation near Baie Verte, Newfoundland and Labrador where gold is mined using a cut-off grade of 0.7 g/t. The Company will investigate leveraging the mill and tailings infrastructure at the Pine Cove site in any potential development of the Thor Deposit. Based on this 1.0 g/t cut-off is considered reasonable. In accordance with Canadian Securities Administrators National Instrument 43-101 and the CIM Standards on Mineral Resources and Reserves the Thor Deposit Mineral Resource is stated at a 1.0 g/t cut-off, as containing an Indicated Mineral Resource of 937,000 tonnes grading 2.09 g/t and an Inferred Mineral Resource of 350,000 tonnes grading 1.79 g/t and has an effective date of August 29, 2016. Results of the Mineral Resource Estimate are summarized below.

#### **Thor Trend - Mineral Resources**

<b>Au Cut-off (g/t)</b>	<b>Tonnes &gt; Cut-off (tonnes)</b>	<b>Grade &gt; Cut-off Au (g/t)</b>	<b>Contained Ounces Au*</b>
	<b>Indicated</b>		
0.50	1,817,000	1.42	83,000
<b>1.00</b>	<b>937,000</b>	<b>2.09</b>	<b>63,000</b>
2.00	357,000	3.19	36,600
	<b>Inferred</b>		
0.50	847,000	1.15	31,000
<b>1.00</b>	<b>350,000</b>	<b>1.79</b>	<b>20,000</b>
2.00	94,000	2.90	8,800

\*Mineralized domains are spatially constrained and capped.

At a cut-off grade of 1.0 g/t Au the Thor Trend Deposit contains an Indicated Mineral Resource of 63,000 ounces Au (937,000 tonnes at an average grade of 2.09 g/t) plus an Inferred Mineral Resource of 20,000 ounces Au (350,000 tonnes at an average grade of 1.79 g/t).

The current Mineral Resource Estimate was carried out by Giroux Consultants Ltd. of Vancouver, British Columbia and Independent Qualified Person Gary Giroux, P.Eng is responsible for the estimate. The Mineral Resource Estimate is based on a database containing 109 holes drilled into the Thor Trend totaling 15,574 m of diamond drilling, and 74 lines of surface channel samples cut from trenches using a diamond saw.

Mineralization was constrained within 3D geologic solids built using Gemcom software. Some isolated high gold assays sit outside the mineralized solids and have not been included in the Mineral Resource Estimate. The distributions of gold within and outside the mineralized solids were examined using lognormal cumulative distribution plots and six overlapping gold populations were identified. Gold assays within the mineralized solid were capped at 66 g/t Au while those outside the solid were capped at 4.0 g/t tonne Au. There is insufficient drill data at present to accurately model the high-grade zones along the Thor Deposit so an indicator approach was used to model the high-grade.

Drillhole assay samples were composited into 2.5 m intervals and a block model with 5m x 5m x 5m block size was created. Grades for gold were interpolated into all blocks, by a combination of Ordinary and Indicator Kriging. North-south cross sections showing the kriged block Au grades and drillhole composites were produced to validate the block model and in general the block grades match the composite grades well and there is no indication of bias present.

A follow up program of surface exploration is recommended including 7000 m of diamond drilling, channel sampling and mapping, at a cost of approximately \$1 million Canadian. Several IP anomalies remain to be drill tested, including an anomaly which occurs immediately south of the Thor Trend resource. Anaconda began exploration activities on the Viking Project in August of 2016 with the goal of discovering new gold deposits on the property and expanding existing deposit, with a focus on outlining the potential for significant mineral expansion and grades higher. At the time of writing, Anaconda had conducted geological mapping and initiated surface sampling on the Kramer and Viking Trends and began drilling to the north of the Mineral Resource outlined in this Technical Report.

#### *Exploration, Development and Production*

The Company plans to conduct preliminary studies on the potential development of the Thor Deposit with an emphasis on the potential to leverage existing infrastructure at the Pine Cove Mill site approximately 180 km by road (100 km by barge) from the Viking Project. These studies will be on going as drill results are available from the current exploration program and future mineral estimates become available.

An exploration program aimed at expanding known resources and discovering new resources began in August or 2016.

### **RISK FACTORS**

The Company is exposed to a variety of risks in the normal course of operations that could significantly affect its performance and could cause its actual results to differ in material respects from its anticipated results. These risks are discussed below and are in addition to those outlined elsewhere in this AIF and in the Company's filings with the Canadian securities regulatory authorities, including the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended May 31, 2016, available on SEDAR at [www.sedar.com](http://www.sedar.com) under Anaconda's profile. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations.

As a result of any, or any combination of, these risks, the Company's business, financial condition and operating results could be adversely affected and common share price could be subject to a significant level of volatility.

#### **Capital Requirements**

The Company may not have a source of funds to continue current operations, or to engage in additional exploration and development which may be necessary to develop its properties, other than the exercise of stock options, the exercise of warrants, and further financings. No assurance can be given that the Company will be successful in obtaining the required financing on acceptable terms, if at all.

#### **Requirement of Additional Financing**

The exploration and development of the Company's properties, including continuing exploration and development projects, and the construction of mining facilities, the commencement of new mining operations and the continuation of ongoing mining operations may require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties, or even a loss of a property interest. Sources of funds now available to the Company are limited.

#### **Governmental Regulation of the Mining Industry**

The mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards, employment and occupational health, mine safety, use of water, toxic substances and waste disposal, environmental and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its exploration and production activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company, or more stringent implementation thereof, could have a material adverse effect on the business, financial condition and results of operations of the Company.

### **Title Matters**

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests.

### **Licences and Permits**

The operations of the Company may require licences and permits from various governmental authorities. Obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be certain that it will be able to obtain necessary permits on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop, delay or restrict the Company from proceeding with the development of an exploration project or the development and operation of a mine. Any failure to comply with applicable laws and regulations or permits could result in interruption or closure of exploration, development or mining operations, or fines, penalties or other liabilities. The Company could also lose its mining concessions under the terms of its existing agreements.

### **Fluctuations in the Market Price of Mineral Commodities**

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities, and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, mineral reserve calculations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges. In addition to adversely affecting the Company's mineral reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### **Risks Factors of the Business**

The Company's operations will be subject to all of the hazards and risks normally incidental to exploring, developing and exploiting natural resources. Some of these risks include:

- environmental hazards;
- industrial accidents;
- labour disputes;
- unusual or unexpected geologic formations or other geological or grade problems;
- unanticipated changes in metallurgical characteristics and recovery;
- unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts;
- periodic interruptions due to bad or hazardous weather conditions and other acts of God; and
- unfavourable operating conditions.

Any of these risks and hazards could adversely affect the Company's exploration activities or mining activities resulting in:

- an increase in the cost of exploration, development or production to a point where it is no longer economically feasible to continue;
- the Company writing down the carrying value of one or more properties or mines;
- delays or a stoppage in the exploration, development or production of the projects;
- damage to or destruction of mineral properties or processing facilities; and/or
- personal injury, death and/or legal liability.

Any of these results would have a material adverse effect on the Company's financial condition, results of operations and future cash flows.

### **Mining Industry Risks**

The exploration for, and development of, mineral deposits involve a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Substantial expenses may be required to locate and establish ore reserves, develop metallurgical processes and construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are inherently cyclical and cannot be predicted with certainty, and; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. As a result, it is possible that actual costs and economic returns will differ significantly from those currently estimated for these projects.

In addition, it is also not unusual in mining operations to experience unexpected problems both during the start-up and during ongoing operations. To the extent that unexpected problems occur affecting the production in the future, the Company's revenues may be reduced, costs may increase and the Company's profitability and ability to continue its mining operation may be adversely affected.

### **Environmental Risks and Hazards**

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Government approvals and permits are currently, or may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration, development or production of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

### **Potential Volatility of Market Price of Common Shares**

The Toronto Stock Exchange (the "TSX") has, from time to time, experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the common shares. In addition, the market price of the common shares is likely to be highly volatile. Factors such as the price of gold and other minerals, the average volume of shares traded, announcements by competitors, changes in stock market analyst recommendations regarding the Company, and general market conditions and attitudes affecting other exploration and mining companies may have a significant effect on the market price of the common shares. Moreover, it is likely that during future quarterly periods, the Company's results and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, in such event, the market price of the common shares could be materially adversely affected. In the past, securities class action litigation has often been initiated following periods of volatility in the market price of a corporation's securities. Such litigation, if brought against the Company, could result in substantial

costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Reclamation Estimates and Obligations**

It is difficult to determine the exact cost amounts which will be required to complete all land reclamation activities in connection with the properties in which the Company holds an interest. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Company.

There is a potential future liability for clean-up of tailings deposited on the mining licence areas during previous periods of mining and reprocessing. It is not possible to quantify at this time what the potential liability may be and detailed assessments need to be made to determine future land reclamation costs, if any, in respect of the Point Rousse Project.

### **Infrastructure**

Exploration, development and operating activities depend on adequate infrastructure, including reliable roads, power sources and water supply. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's operations and financial condition.

### **Increase in Production Costs**

Changes in the Company's production costs could have a major impact on its profitability. Its main production expenses are contractor costs, materials, personnel costs and energy. Changes in costs of the Company's mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, a change in commodity prices, increased costs (including oil, steel and diesel) and scarcity of labour, and could result in changes in profitability or mineral reserve estimates. Many of these factors may be beyond the Company's control.

The Company relies on third-party suppliers for a number of raw materials. Any material increase in the cost of raw materials, or the inability by the Company to source third-party suppliers for the supply of its raw materials, could have a material adverse effect on the Company's results of operations or financial condition.

### **Uncertainty in the Estimation of Mineral Reserves and Mineral Resources**

To extend the lives of its mines and projects, ensure the continued operation of the business and realize its growth strategy, it is essential that the Company continues to realize its existing identified Mineral Reserves, convert Mineral Resources into Mineral Reserves, develop its resource base through the realization of identified mineralized potential, and/or undertake successful exploration or acquire new Mineral Resources.

The figures for Mineral Reserves and Mineral Resources contained in the Company's NI 43-101 compliant technical reports and other filings of the Company made on SEDAR at [www.sedar.com](http://www.sedar.com) are estimates, only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves could be mined or processed profitably. Actual Mineral Reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small-scale laboratory tests will be duplicated in larger-scale tests under on-site conditions or during production. Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its Mineral Reserve estimates from time to time or may render the Company's Mineral Reserves uneconomic to exploit. Mineral Reserve estimates are not indicative of future results of operations. If the Company's actual Mineral Reserves and Resources are less than current estimates, or if the Company fails to develop its Mineral Resource base through the realization of identified mineralized potential, its

results of operations or financial condition may be materially and adversely affected. Evaluation of Mineral Reserves and Resources occurs from time to time and they may change depending on further geological interpretation, drilling results and metal prices. The category of Inferred Mineral Resource is often the least reliable mineral resource category and is subject to the most variability. The Company regularly evaluates its Mineral Resources and it often determines the merits of increasing the reliability of its overall Mineral Resources.

#### **Uncertainty Relating to Inferred Mineral Resources**

Inferred Mineral Resources that are not proven and probable mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to Inferred Mineral Resources, there is no assurance that Inferred Mineral Resources will be upgraded to Proven and Probable Mineral Reserves as a result of continued exploration.

#### **Need for Additional Mineral Reserves**

Given that mines have limited lives based on Proven and Probable Mineral Reserves, the Company must continually replace and expand its Mineral Reserves at its gold mines. The life-of-mine estimates contained in the Company's NI 43-101 compliant technical reports and other filings of the Company made on SEDAR at [www.sedar.com](http://www.sedar.com) may not be correct or current. The Company's ability to maintain or increase its annual production of gold will be dependent in significant part on its ability to bring new mines into production and to expand Mineral Reserves at existing mines.

#### **History of Profitability**

The Company has a history of operating profitability for five years and has a shareholder deficit of \$10,042,429 as at May 31, 2016. Cash flows generated from the operations of the Point Rousse Project are currently sufficient to fund all of the Company's ongoing working capital requirements, corporate and administrative expenses, debt service, capital expenditure requirements and other contractual obligations. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and may require additional financing to further explore, develop, operate, acquire and retain its property interests and if financing is not available for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business.

#### **Production Estimates**

The Company has prepared estimates of future gold production for its existing and future mines. The Company cannot give any assurance that such estimates will be achieved. Failure to achieve production estimates could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial conditions. The realization of production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), the physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing. Actual production may vary from estimates for a variety of reasons, including the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures or slope failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment. Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing the Company to cease production.

#### **Cost Estimates**

Capital and operating cost estimates made in respect of the Company's mines and development projects may not prove accurate. Capital and operating cost estimates are based on the interpretation of geological data, feasibility studies, anticipated climatic conditions, market conditions for required products and services, and other factors and assumptions regarding foreign exchange currency rates. Any of the following events could affect the ultimate accuracy of such estimate: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules, unanticipated transportation costs; the

accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims.

### **Uninsured Risks**

The Company will not carry insurance to protect against certain risks. Risks not insured against include environmental pollution, earthquake damage, mine flooding or other hazards against which the Company, and in general, mining exploration corporations, cannot insure or against which the Company may elect not to insure because of high premium costs or other reasons. Failure to have insurance coverage for any one or more of such risks or hazards could have a material adverse effect on the Company's business, financial condition and results of operations.

### **Competition**

The mining industry is intensely competitive in all of its phases and the Company will compete with many companies possessing greater financial and technical resources than itself. Competition in the base and precious metals mining industry is primarily for: mineral-rich properties which can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties, and; the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a world-wide basis. Such competition may result in the Company being unable to acquire desired properties (due to the auction process involved in property acquisition), to recruit or retain qualified employees or to obtain the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future. An inability to obtain the capital necessary to fund its operations and develop its properties may cause the Company to not satisfy the requirements under the option agreements pursuant to which it holds its interest in the properties. Further, increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of the Company, its operations and financial condition could be materially adversely affected.

### **Instability of Political and Economic Environments**

The mining interests of the Company may be affected in varying degrees by political or economic stability. Associated risks include, but are not limited to: terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Any change in regulations or shifts in political attitudes are beyond the control of the Company and may materially adversely affect its business, financial condition and results of operations. Operations may also be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, land use, environmental legislation, water use, land claims of local people, and mine safety. The effect of these factors cannot be accurately predicted.

### **Repatriation of Earnings**

There is no assurance any foreign country in which the Company or its subsidiaries may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

### **Dependence Upon Key Management Personnel and Executives**

The Company will be dependent upon the continued support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on the Company. The Company's ability to manage its exploration, development and operating activities and, hence, its success, will depend in large part on the efforts of these individuals. The Company faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel.

### **Possible Conflicts of Interest of Directors and Officers of the Company**

Certain directors and officers of the Company also serve as directors, officers and/or advisors of and to other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the OBCA and any other applicable law.

**Absence of Dividends**

The Company has never paid a dividend on its common shares, and does not expect to do so in the foreseeable future. Any future determination to pay dividends will be at the discretion of the board of directors of the Company and will depend upon the capital requirements of the Company, results of operations and such other factors as the board of directors considers relevant. Accordingly, it is likely that investors will not receive any return on their investment in the common shares other than possible capital gains.

**Risk of Dilution**

Under applicable Canadian law, shareholder approval is not required for the Company to issue common shares in a number of circumstances. Moreover, the Company has commitments that could require the issuance of a substantial number of additional common shares, in particular options to acquire common shares under the stock option plan of the Company. The future business of the Company will require substantial additional financing which will likely involve the sale of equity capital. The Company can also be expected to issue additional options, warrants and other financial instruments, which may include debt. Future issuances of equity capital may have a substantial dilutive effect on existing shareholders. The Company is not able at this time to predict the future amount of such issuances or dilution.

**Litigation**

Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Although the Company is not currently subject to litigation and claims, it may be involved in disputes with other parties in the future which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of conflict and legal disputes with third parties. However, if the Company is unable to resolve future legal disputes favourably, it could have material adverse effects on its business, financial condition and results of operations.

**Obligations as a Public Company**

The Company's business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company's compliance costs and the risk of non-compliance, which could adversely impact the price of the Company's common shares.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self regulated organizations, including, but not limited to, the Canadian Securities Administrators, the TSX, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. For example, the Government of Canada proclaimed into force the Extractive Sector Transparency Measures Act on June 1, 2015, which mandates the public disclosure of payments made by mining companies to all levels of domestic and foreign governments starting in 2017 for the year ended December 31, 2016. The Company's efforts to comply with such legislation could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

**Currency**

The Company's operations will incur most expenditures in Canadian and US dollars. As a result of the use of these different currencies, the Company will be subject to foreign currency fluctuations, which may materially affect the financial position and results of the Company.

**DIVIDEND POLICY**

Although the Company has not declared or paid dividends on any common shares since incorporation and does not anticipate declaring or paying dividends in the foreseeable future, the board of directors of the Company may declare from time to time such cash dividends out of the monies legally available for dividends as the board of directors considers appropriate. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the capital requirements of the Company, results of operations and such other factors as the board of directors considers relevant.

## DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares. As of August 23, 2016, there were 209,232,751 common shares issued and outstanding. As at August 23, 2016, the Company also had 17,995,000 stock options issued and outstanding and 16,278,449 common share purchase warrants outstanding. The material provisions of the common shares are summarized below.

### Common Shares

The holders of the common shares have the right to one vote per common share at any meeting of shareholders, to receive any dividend declared by the board of directors, and to receive on a pro rata basis the remaining property of the Company on its dissolution, liquidation, winding up or other distribution of its assets or property among its shareholders for the purpose of winding up its affairs. The common shares do not contain any pre-emptive subscription, redemption or conversion rights.

## MARKET FOR SECURITIES

### Trading Price and Volume

The common shares of the Company trade on the TSX under the symbol “ANX”. Information concerning the trading prices and volumes on the TSX during fiscal 2016 is set out in Table 7:

**ANX Trading Price and Volume Fiscal 2016**

Month	High (\$)	Low (\$)	Share Volume
June 2015	\$0.050	\$0.045	585,087
July 2015	\$0.050	\$0.035	1,631,292
August 2015	\$0.050	\$0.035	1,433,378
September 2015	\$0.045	\$0.035	2,201,836
October 2015	\$0.050	\$0.035	724,961
November 2015	\$0.045	\$0.035	520,223
December 2015	\$0.040	\$0.035	895,369
January 2016	\$0.060	\$0.040	3,245,092
February 2016	\$0.070	\$0.050	3,396,061
March 2016	\$0.070	\$0.055	3,094,087
April 2016	\$0.075	\$0.060	2,826,302
May 2016	\$0.070	\$0.055	1,003,125

### Prior Sales

During the recently completed financial year, the Company issued the following securities:

Date	Type of Security	Number of Securities	Price per Security Exercise Price (\$)	Nature of Transaction
February 5, 2016	Warrants	350,000	0.10	Warrants for property acquisition
February 22, 2016	Stock Options	3,025,000	0.06	Stock option grant
May 26, 2015	Stock Options	4,070,000	0.06	Stock option grant

## DIRECTORS AND OFFICERS

### Name, Address, Occupation and Security Holding

The following table sets forth the name, province or state, country of residence, position held with the Company and principal occupation of each of the directors and executive officers of the Company, as at August 23, 2016. The directors of the Company were appointed by the directors to fill vacancies on the board or elected by the shareholders

at the annual general meeting of shareholders on November 19, 2015, and hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed.

<b>Name and Province/State and Country of Residence</b>	<b>Position</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Number of Common Shares Beneficially Owned, or Controlled or Directed<sup>(1)</sup></b>
Lewis Lawrick <sup>(2)(3)(4)</sup> Ontario, Canada	Director	President & CEO of Brionor Resources Inc. and Managing Director of Thorsen-Fordyce Merchant Capital Inc. (private investment company)	January 2007	7,306,467 <sup>(6)</sup>
Glenn Dobby <sup>(4)(5)</sup> Ontario, Canada	Director	Vice President of Woodgrove Technologies Inc. (an equipment supply company)	October 2009	3,941,747
Dustin Angelo <sup>(5)</sup> Ontario, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer of Anaconda	November 2009	2,311,019 <sup>(7)</sup>
Michael Byron <sup>(3)</sup> Ontario, Canada	Director	President and Chief Executive Officer, Nighthawk Gold Corp. (a mining company)	February, 2012	Nil
Maruf Raza <sup>(2)</sup> Ontario, Canada	Director	Partner, MNP LLP (public accounting firm)	February, 2012	Nil
J. Errol Farr Ontario, Canada	Chief Financial Officer and Secretary	Chief Financial Officer of the Company	-	Nil
Timothy Casgrain <sup>(2)(3)(4)</sup> Ontario, Canada	Chairman and Director	Consultant, Skyservice Investments Inc. (a business aviation company)	December 2013	3,000,000 <sup>(8)</sup>
Kevin Bullock <sup>(5)</sup>	Director	Mineral Industry Consultant	July 2015	Nil

Notes:

- (1) The information as to the number of common shares of the Company beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers, but which are not registered in their names and not being within the knowledge of the Company, has been furnished by such directors and executive officers.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance Committee.
- (5) Member of the Health and Safety Committee.
- (6) Mr. Lawrick beneficially holds 5,526,749 common shares through Thorsen-Fordyce Merchant Capital Inc., a private company controlled by Mr. Lawrick, and 9,500 common shares through VLL Investments Inc., a private company controlled by Mr. Lawrick and 1,770,218 personally.
- (7) 85,000 of these common shares are held by Mr. Angelo's spouse.
- (8) Mr. Casgrain beneficially holds his common shares through 96347 Canada Inc.

Each of the foregoing individuals has been engaged in the principal occupation set forth opposite his name during the past five years or in a similar capacity with a predecessor organization, except for:

- Mr. Lawrick acted as Chief Executive Officer (from January 2007) and President (from January 2008) of the Company until September 21, 2010.
- Mr. Angelo acted as Chief Financial Officer of Phoenix Coal Inc. (a resource company) from July 2008 to November 2010.
- Mr. Byron acted as, and Co-founder, Director and VP Exploration of Falco Resources Ltd. (April 2010 to May 2015).
- Mr. Farr acted as President and CEO of Adex Mining Inc. (2009 to 2011).

- Mr. Bullock was President and CEO of Volta Resources Inc. until the end of 2013, Corporate Development Advisor, B2Gold Corp. until the end of 2014. Kevin was President & CEO of Lindsay Mine Services Ltd. (a mineral industry consultancy) until the end of 2015 and CEO of Golden Reign Resources to the present.
- As at August 25, 2015, the directors and executive officers of the Company as a group, beneficially owned, or controlled or directed, directly or indirectly, 16,559,233 common shares of the Company, being approximately 7.91% of the issued and outstanding common shares. The information as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by the directors and executive officers, but which are not registered in their names and not being within the knowledge of the Company, has been furnished by such directors and officers.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

The following information has been furnished by the directors and executive officers of the Company.

No director or executive officer of the Company is, as at the date hereof or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

other than Mr. Farr who is an officer of Mammoth Resources Corporation (“Mammoth”) which was issued a Management Cease Trade Order (“MCTO”) on June 3, 2015 by the British Columbia Securities Commission, for failure to file its annual audited statements of January 31, 2015 and its interim financial statements of April 30, 2015, within the time prescribed by the *Securities Act* (British Columbia). The unfiled financial statements were subsequently filed on August 4, 2015 and August 10, 2015 respectively. The MCTO was revoked and removed effective August 11, 2015. Mammoth was also issued a MCTO on June 1, 2016 by the British Columbia Securities Commission, for failure to file its annual audited statements of January 31, 2016 and its interim financial statements of April 30, 2016, within the time prescribed by the *Securities Act* (British Columbia). The unfiled financial statements were subsequently filed on August 2, 2015 and August 9, 2016 respectively. The MCTO was revoked and removed effective August 10, 2016.

No director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

To the best knowledge of the Company, and other than disclosed in this AIF, there are no known existing or potential conflicts of interest between the Company and any of its directors or officers except that certain of the directors and officers of the Company and its subsidiaries also serve as directors, officers and/or advisors of and to other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the *Business Corporations Act* (Ontario) and any other applicable law.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings or regulatory actions against the Company.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director or executive officer, or person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of common shares, or any associates or affiliate thereof, has or has had any material interest, direct or indirect, in any transaction of the Company within the three most recently completed fiscal years and during the current fiscal year that has materially affected or is reasonably expected to materially affect the Company.

### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the common shares is TSX Trust Company at its office in Toronto, Ontario.

### **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business and not required to be filed under Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”), the only contract which is regarded as material and which was entered into by the Company within fiscal 2016 or before fiscal 2016 but is still in effect is:

1. the SPA entered into by La Veta. For a description of the SPA, see “General Development of the Business - Three Year History and Recent Developments”;
2. the option agreement for the Viking Project between the Company and Spruce Ridge Resources Ltd. dated February 5, 2016, see “General Development of the Business - Three Year History and Recent Developments” for more information;
3. the option agreement for the Kramer Property between the Company and Spruce Ridge Resources Ltd. dated February 5, 2016, see “General Development of the Business - Three Year History and Recent Developments” for more information; and
4. the agency agreement between the Company and Red Cloud Klondike Strike Inc. dated July 27, 2016, see “General Development of the Business - Three Year History and Recent Developments” for a description of the related private placement.

Copies of this agreement are available on SEDAR at [www.sedar.com](http://www.sedar.com) under Anaconda’s profile.

### **INTERESTS OF EXPERTS**

#### **Names and Interests of Experts**

Parker Simone LLP is a public accounting firm which prepared the auditor's report with respect to the Company's financial statements for the fiscal years ended May 31, 2016, May 31, 2015 and May 31, 2014 and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants in Ontario, Canada.

The Point Rouse Technical Report was authored by independent “qualified persons” (as defined in NI 43-101) David Copeland, P. Geo. (an independent consultant) and Catherine Pitman, P. Geo. (AMC Mining Consultants (Canada) Ltd.), and “qualified persons” (as defined in NI 43-101) David Evans, P. Geo. (Silvertip Exploration Consultants Inc.), Paul McNeill, P. Geo. (Anaconda Mining Inc.) and Gordana Slepcev, P. Eng. (Anaconda Mining Inc.) as outlined under “Description of the Business” and are “qualified persons” (as defined in NI 43-101). Messrs. Copeland and Evans and Ms. Pitman are independent of Anaconda within the meaning of NI 43-101. Each of the named experts held, directly or indirectly, less than one percent of the Company’s issued and outstanding common shares at the time of the preparation of the Point Rouse Technical Report. Each author has reviewed and approved the technical and scientific information that has been summarized from the Point Rouse Technical Report included in this AIF. Paul McNeill, P. Geo. and Gordana Slepcev, P. Eng. have also reviewed other technical and scientific information not summarized from the Point Rouse Technical Report and included in this AIF.

Paul McNeill, P. Geo., VP Exploration, and Gordana Slepcev, P. Eng., Manager of Technical Services, are both “qualified persons” (as defined in NI 43-101) who reviewed the technical and scientific information summarized for the Viking Project included in this AIF.

### **AUDIT COMMITTEE INFORMATION**

The following information is provided in accordance with Form 52-110F1 – *Audit Committee Information Required in an AIF* under the National Instrument 52-110 – *Audit Committees* (“NI 52-110”).

#### **The Audit Committee’s Charter**

The text of the Audit Committee Charter is set out in Schedule “A” hereto.

#### **Composition of the Audit Committee**

As of August 26, 2014, the Audit Committee is composed of the following three directors: Messrs. Raza (Chair) Casgrain and Lawrick, all of whom are considered “independent” and “financially literate” (as such terms are defined in NI 52-110).

#### **Relevant Education and Experience**

Each member of the Audit Committee is financially literate, meaning each member, has the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements and has the understanding of internal controls and procedures for financial reporting. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member are summarized below:

<b>Name</b>	<b>Education and Experience</b>
Maruf Raza (Chair)	Chartered Professional Accountant (2001) – CPA Ontario Partner, MNP LLP (Toronto) (2014 – Present)
Timothy Casgrain	Chartered Accountant (1976) – Order of Chartered Accountants of Quebec Managing Partner, Brookfield Asset Management (1976-2002) Chairman, CBC-Radio-Canada (2007 to 2012) Director, Sirius XM Canada Holdings Inc. (2013 - Present)
Lewis Lawrick	President & CEO, Brionor Resources (2012 – Present) President, VLL Investments Inc. (1994 – Present) Managing Partner, Thorsen-Fordyce Merchant Capital Inc. (2005 – Present)

#### **Reliance on Certain Exemptions**

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on any of the exemptions regarding the Audit Committee provided in NI 52-110.

#### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year has there been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the board of directors

### Pre-Approval Policies and Procedures

The Audit Committee's Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy requires Audit Committee pre-approval of permitted non-audit services.

### External Auditor Service Fees (By Category)

For the fiscal years ended May 31, 2016 and 2015, Parker Simone LLP and its affiliates received fees from the Company as detailed below:

	May 31, 2016	May 31, 2015
	\$	\$
Audit Fees <sup>(1)</sup>	90,500	\$114,000
Audit-Related Fees <sup>(2)</sup>	-	-
Tax Fees <sup>(3)</sup>	500	3,350
All Other Fees <sup>(4)</sup>	-	1,500
<b>Total Fees</b>	<b>91,000</b>	<b>119,550</b>

- (1) Audit Fees are comprised of professional services for the audit of the Company's annual financial statements.
- (2) Audit Related Fees include fees to attend quarterly audit committee meetings.
- (3) Tax Fees are comprised of fees for tax services, including tax compliance, tax advice and tax planning.
- (4) Other Fees relate to fees for travel and time related to the year end stock pile inventory count and general accounting assistance.

### ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) under Anaconda's profile.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for the annual and special meeting of shareholders held on November 19, 2015 available on SEDAR at [www.sedar.com](http://www.sedar.com) under Anaconda's profile.

Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the fiscal year ended May 31, 2016 available on SEDAR at [www.sedar.com](http://www.sedar.com) under Anaconda's profile.

## **SCHEDULE “A” AUDIT COMMITTEE CHARTER**

### **1. OVERALL PURPOSE / OBJECTIVES**

The purpose of the Audit Committee (the “Committee”) is to:

- (i) assist the board of directors' (the “Board”) oversight of the Company's financial integrity, specifically:
  - (A) the integrity of the Company’s financial statements and other financial reporting;
  - (B) the independent auditor's qualifications and independence;
  - (C) the performance of the Company’s internal audit functions and internal auditors;
  - (D) the Company’s compliance with legal and regulatory requirements; and
  - (E) any other matters as defined by the Board.
  
- (ii) manage, on behalf of the shareholders, the relationship between the Company and the external auditors by:
  - (A) recommending to the Board the nomination and remuneration of the external auditors;
  - (B) overseeing the work of the external auditors for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
  - (C) pre-approving all non-audit services to be provided to the Company or its subsidiaries by the Company’s external auditor; and
  - (D) managing the relationship and facilitating communication between the Company and the external auditors.
  
- (iii) prepare any report that is required to be included in the Company’s annual information form (“AIF”) relating to the Committee.

### **2. AUTHORITY**

The Board authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from the external auditors, to retain outside legal or professional counsel and other experts and to ensure the attendance of the Company’s officers at meetings as appropriate.

### **3. ORGANIZATION**

- (a) **Membership**
  - (i) The Committee shall be comprised of at least three members, appointed annually by the Board and each member shall be:
    - (A) neither an officer or employee of the Company or any of its affiliates;

- (B) “independent” as defined in National Instrument 52-110 – Audit Committees (“NI-52-110”), in that they are free from any direct or indirect material relationship that, in the opinion of the Board, would reasonably interfere with the exercise of independent judgement as a member of the Committee; and
    - (C) “unrelated” members for the purposes of the Toronto Stock Exchange Corporate Governance Guidelines.
  - (ii) No member of the Committee may serve as a consultant or service provider to the Company.
  - (iii) All members of the Committee must be “financially literate” as defined in NI 52-110.
  - (iv) At least one member of the Committee must possess accounting or related financial expertise and shall have:
    - (A) an understanding of financial statements and the generally accepted accounting principles used by the Company to prepare its financial statements;
    - (B) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and mineral reserves;
    - (C) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities;
    - (D) an understanding of internal controls and procedures for financial reporting; and
    - (E) an understanding of audit committee functions.
  - (v) The financial expertise referred to in subsection (iv) must have been acquired through educational means alone, or in combination with a complex financial or accounting employment background.
  - (vi) A Chair shall be appointed by the Committee.
  - (vii) A quorum for any meeting shall be two members.
  - (viii) The secretary of the Committee shall be such person as nominated by the Chairman.
- (b) Committee Meetings
  - (i) The time and place of all Committee meetings shall be determined by the Committee, provided that meetings are held at least quarterly. Special meetings shall be convened as required.
  - (ii) Matters reported to the Committee or submitted for consideration shall be reported or submitted together with all necessary information and documentation prior to the Committee meetings.

- (iii) The Committee shall be provided quarterly financial statements, including a comparison of current period actual results to budget and prior year, as well as certain operating statistics and analyses as the Committee may require from time to time.
- (iv) The external auditor of the Company shall be given notice of every meeting of the Committee and, the expense of the Company, shall be entitled to attend and be heard thereat.
- (v) Any member of the Committee or the external auditor may call a meeting of the Committee.
- (vi) The Committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
- (vii) The proceedings of all meetings will be minuted.

4. **REPORTING TO THE BOARD**

The Committee shall report to the Board following every meeting and at such other times as the Chair of the Committee may determine appropriate.

5. **REMUNERATION OF COMMITTEE MEMBERS**

- (a) No member of the Committee may earn fees from the Company or any of its subsidiaries other than directors' fees (which fees may include cash and/or securities or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive).
- (b) For greater certainty, no member of the Committee shall accept any consulting, advisory or other compensatory fee from the Company.

6. **DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

- (a) Financial Information
  - (i) Annual Financial Statements: Before the release of the Company's annual financial statements and related management's discussion and analysis ("MD&A"), press release and AIF the Committee shall meet with management and the external auditors to review and discuss the contents of those documents. The Committee shall then present a report to the Board based on this review.
  - (ii) Interim Financial Statements: Before the release of the Company's interim financial statements and related MD&A and press release, the Committee shall review those documents. They shall then provide a report to the Board based on this review.
  - (iii) Review Procedures: The Committee must establish procedures and periodically assess such procedures for review of the Company's disclosure of financial information extracted or derived from the Company's financial statements.
  - (iv) Accounting Treatment: The Committee shall review and discuss with management and the external auditors:

- (A) the quality of the Company's accounting principles and financial statement presentations, including any significant accounting changes and the Company's application or selection of accounting principles;
  - (B) any analysis prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within GAAP that the external auditor has discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor;
  - (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the Company; and
  - (D) any material written communications between the external auditor and the Company including any management letter or schedule of unadjusted differences.
- (b) Disclosure of Other Information
- (i) The Committee shall review:
    - (A) the types of information to be disclosed and the type of presentation to be made in connection with earnings press releases; and
    - (B) financially related press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information).
- (c) External Auditor
- (i) External auditors shall report directly to the Committee, and provide to them an annual audit plan for approval.
  - (ii) The Committee shall:
    - (A) Make recommendations to the Board as to the selection of the firm of independent public accountants to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
    - (B) Review and approve the Company's independent auditors' annual engagement letter and audit plan, including the proposed fees contained therein, and make recommendations thereon to the Board;
    - (C) Review the performance of the Company's independent auditors and make recommendations to the Board regarding the replacement or termination of the independent auditors when circumstances warrant; and
    - (D) Oversee the independence of the Company's independent auditors by, among other things:
      - (1) Recommending approval by the Board of the appointment, compensation and work carried out by the independent auditors, including the provision of both audit related and non-audit related services to the Company or any of its subsidiaries.
      - (2) Requiring the independent auditors to deliver to the Committee, at least annually, a formal written statement delineating all relationships between the independent auditors and the Company and confirming their independence from the Company.

- (3) Actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact upon the objectivity and independence of the independent auditors and recommending that the Board take appropriate action to satisfy itself of the auditors' independence.

(d) Internal Auditor

- (i) Reporting: There shall be regular reporting from the internal auditor to the Committee and direct communications, without management present, with respect to specific material issues as they arise.
- (ii) Oversight: The Committee shall oversee management reporting on the Company's internal controls and periodically review and approve the mandate and plan of the internal audit department.
- (iii) Review: The Committee shall review the scope of the internal audit plan on an annual basis.

(e) Financial Risks

Financial Risks: The Committee shall meet periodically with management to discuss and review the current areas of greatest financial risk and whether management is managing these effectively.

(f) Planned Decisions

The Committee shall discuss and review planned decisions, including but not limited to strategic initiatives, management's plans to access the equity and debt markets, major transactions and significant related party or other contracts or negotiations.

(g) Legal and Regulatory Compliance

The Committee shall review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate. In addition, the Committee shall obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required D - 6 statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.

(h) Annual Budget

The Committee shall work with the Board to determine an appropriate annual budget for the Committee and its required activities, including but not limited to the compensation of the external auditors and any outside counsel or other experts retained by the committee.

## 7. COMPLAINT PROCEDURE

The Committee shall put in place procedures to deal with:

- (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (iii) The Committee shall support the auditor, when appropriate, when issues arise, and management and the auditor disagree.

8. **HIRING POLICIES**

The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors of the Company.

9. **REVIEW AND AMENDMENTS TO CHARTER**

- (a) By the Committee: The Committee shall review this Charter annually and recommend to the Board any amendments it considers appropriate or desirable.
- (b) By the Board: The Board shall review and reassess the adequacy of this Charter annually or whenever necessary and shall consider all recommendations received by it from the Committee.