



ANACONDA MINING ANNOUNCES Q4 AND FULL YEAR 2019 PRODUCTION RESULTS AND PROVIDES 2020 GUIDANCE

TORONTO, ON – January 22, 2020 - Anaconda Mining Inc. ("Anaconda" or the "Company") (TSX: ANX) (OTCQX: ANXGF) is pleased to announce production results and certain financial information for the three months and year ended December 31, 2019. All dollar amounts are in Canadian Dollars. The Company expects to file its full audited annual financial statements and management discussion and analysis by March 2, 2020.

During the fourth quarter of 2019, the Company processed the Goldboro Bulk Sample (the "Bulk Sample") at its Pine Cove Mill (see press release dated January 16, 2020). Fourth quarter and annual mill statistics are presented both including the Bulk Sample, and on a Point Rouse stand-alone basis. Proceeds from gold recovered and sold from the Bulk Sample will be recorded as a credit against the Goldboro exploration and evaluation asset, and the related processing costs at the Pine Cove Mill will also be reallocated to the Goldboro asset on a proportionate basis.

2019 Highlights

- Anaconda sold 16,362 ounces of gold in 2019 from production at the Point Rouse Complex, generating metal revenue of \$29.5 million at an average sales price¹ of C\$1,804 (US\$1,360) per ounce of gold. As at December 31, the Company also had over 420 ounces in gold doré inventory, which was subsequently sold in January.
- The Company also sold 903 ounces in 2019 from the processing of the Goldboro Bulk Sample at the Pine Cove Mill, generating a further \$1.8 million in proceeds that will be recorded as a credit against the Goldboro asset.
- Anaconda produced 15,211 ounces of gold in 2019 at the Point Rouse Complex, below its revised guidance of 16,000 to 17,000 ounces due to increased throughput time for the Bulk Sample to maximize recovery, displacing Pine Cove ore, and lower grades in Q4 2019 due to changes in mine sequencing.
- The Pine Cove Mill achieved annual throughput of 401,499 tonnes during 2019, including 9,785 tonnes from the Bulk Sample, down from 2018 due to low mill availability in Q2 resulting from unplanned maintenance of the regrind mill and the decision to accelerate other maintenance programs to minimize future down time.
- Mine operations moved 413,139 tonnes of ore during the year at an average grade of 1.54 g/t at a strip ratio of 4.3 waste tonnes to ore tonnes.
- The Company extended the amortization of its term loan with the Royal Bank of Canada, providing enhanced financial flexibility as the Company continues to advance the Goldboro Gold Project and Tilt Cove Project.
- As at December 31, 2019, the Company had a cash balance of \$4.4 million, preliminary working capital¹ of \$2.7 million, and additional available liquidity of \$1,000,000 from an undrawn revolving line of credit facility.

¹ Refer to Non-IFRS Measures Section below.

"While 2019 had its challenges at the Point Rouse Complex, Anaconda is pleased that the mine and mill operations are back on track and the Company was able to sell 16,362 ounces of gold during the year to generate \$29.5 million in revenue. With the critical investments made in the mill, a strengthened operations management team, and improved preventative maintenance programs, Point Rouse is well positioned entering 2020 where we are guiding to produce 18,000 to 19,000 ounces of gold from continued mining in the Pine Cove Pit. We continue to advance the Argyle Project and plan to commence development in the middle of 2020, with production expected to start in early 2021. We are also pleased to have restructured our term loan with the Royal Bank of Canada, which, together with our cash position at the end of 2019 and ongoing cash flow generation from the Point Rouse Complex, position us to advance the high-grade Goldboro Gold Project to a shovel-ready state and to execute a robust exploration drill program at our prospective Tilt Cove Gold Project."

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

2020 Guidance

Anaconda is projecting to produce and sell between 18,000 and 19,000 ounces of gold in 2020, which at a budgeted gold price of \$1,800 (approximately US\$1,350) will generate approximately \$33.3 million of revenue. Mill feed in 2020 will be exclusively from mining in the Pine Cove Pit, as the Company has continued to successfully expand the mining operations at Pine Cove, which is well understood geologically and from a mining perspective, limiting technical risk. The Company continues to progress the Argyle Project, where infill drilling is ongoing, with development expected to commence towards the middle of 2020. The Company has now received a Mining Lease for Argyle and has submitted the development and rehabilitation plan for review by the Department of Natural Resources in Newfoundland. Operating cash costs per ounce¹ for the full year are expected to be between \$1,050 and \$1,100 per ounce of gold sold (US\$775 - US\$825 at an approximate exchange rate of 0.75), which is consistent with historical levels for the Point Rouse Complex, although expected to be higher earlier in 2020 due to the grade profile of the mine plan.

Operating Statistics for the Three Months and Year Ended December 31, 2019

	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Mine Statistics				
Ore production (tonnes)	123,302	99,998	413,139	328,291
Waste production (tonnes)	518,698	300,952	1,771,408	1,288,306
Total material moved (tonnes)	642,000	400,950	2,184,547	1,616,597
Waste: Ore ratio	4.2	3.0	4.3	3.9
Mill Statistics – Including Bulk Sample				
Availability (%)	97.1	93.7	89.6	96.0
Dry tonnes processed	110,474	110,547	401,499	461,439
Tonnes per day (“tpd”)	1,236	1,282	1,228	1,317
Grade (grams per tonne)	1.49	1.93	1.52	1.56
Recovery (%)	83.1	89.1	82.3	86.7
Gold Ounces Recovered	4,411	6,125	16,181	20,149
Gold Ounces Sold	4,209	6,120	17,265	19,290

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

Dry tonnes processed	100,689	110,547	391,714	461,439
Tonnes per day (“tpd”)	1,318	1,282	1,248	1,317
Grade (grams per tonne)	1.27	1.93	1.46	1.56
Recovery (%)	84.0	89.1	82.8	86.7
Gold Ounces Produced	3,441	6,125	15,211	20,149
Gold Ounces Sold	3,306	6,120	16,362	19,290

Operations Overview for the Year Ended December 31, 2019

Anaconda sold 17,265 ounces of gold in 2019 to generate metal revenue of \$29.5 million at an average realized gold price¹ of C\$1,804 per ounce (US\$1,360), including 903 ounces from the Bulk Sample. During the fourth quarter, the Company sold 3,306 ounces of gold from production from the Point Rouse Complex, generating metal revenue of

\$6.5 million at an average realized gold price¹ of C\$1,966 per ounce (US\$1,489). Anaconda generated a further \$1.8 million in proceeds from gold recovered and sold from the Bulk Sample. As at December 31, 2019, the Company had over 420 ounces of gold doré inventory, which was sold in January.

The Point Rouse Complex produced 15,211 ounces of gold during 2019, below the revised guidance of 16,000 to 17,000 ounces of gold. The underperformance relative to guidance was mainly the result of a slower than planned throughput rate for the Bulk Sample to maximize recovery, which displaced Pine Cove ore, and lower grades during the fourth quarter as slope conditions required a change to mine sequencing. The Company does not anticipate such issue going forward as the required stripping for the pushback in the Pine Cove Pit was completed in 2019.

Point Rouse Mill Operations – The Pine Cove Mill processing facility re-established itself as a cornerstone asset of the Company, after a challenging first half of the year when unplanned maintenance of the regrind mill impacted mill availability, which in turn impacted throughput and recovery. Anaconda took the opportunity to accelerate other planned maintenance programs, invest in critical spares, bolster preventative maintenance programs, and appoint experienced senior mining leadership to minimize future mill downtime and ensure the sustainability of the operation.

The Pine Cove Mill has returned to consistent operations, milling a total of 110,474 tonnes during the fourth quarter, including 9,875 tonnes from the Bulk Sample. Mill throughput has continued to increase since the Company addressed second quarter challenges, achieving 1,282 tonnes per day in the third quarter and further increasing to 1,318 tonnes per day in the fourth quarter for Pine Cove mill feed (noting that the mill throughput rate was purposely slowed for the processing of the bulk sample to maximize recoveries on Goldboro material). Similarly, mill availability returned to historical levels of 97% for the second half of the year, up significantly from 85.8% in the second quarter of 2019.

Average grade during the fourth quarter was 1.27 g/t from ore feed predominantly from Pine Cove, lower than planned due to a change in the mine sequence, and a decrease compared to the corresponding period of 2018 when mill feed was predominantly from the higher grade Stog'er Tight Mine. The mill achieved an average recovery rate for Point Rouse ore feed of 84.0% during the fourth quarter, a significant increase from 74.7% in Q2 2019, resulting in quarterly gold production of 3,441 ounces. Including the mill throughput from the Bulk Sample, the Pine Cove Mill recovered 4,411 ounces of gold at an overall average recovery rate of 83.1% during Q4 2019.

Point Rouse Mine Operations – During the fourth quarter, the mine operation produced 123,302 tonnes of ore mainly from the Pine Cove Pit and some residual mining at Stog'er Tight, an 8% decrease from Q3 2019 as slope conditions on the western wall resulted in a change to mine sequencing, which also impacted the mined grade and the total material moved for the quarter. In general, mined tonnes have increased in the third and fourth quarters of 2019 compared to the first half of the year, when mining activity was focused at Stog'er Tight and on the development of the Pine Cove Pit. The mine operations achieved a strip ratio of 4.2 waste tonnes to ore tonnes in Q4 2019, consistent with the third quarter when mine activity transitioned from development in the first half of the year into mine production. In 2020, the strip ratio for Pine Cove Pit production is expected to decrease further.

As at December 31, 2019, the mine operation had stockpiled over 57,950 tonnes of ore with an estimated average grade of 1.31 g/t. Going forward into 2020, the mine operations will remain focused on production from the south and southwest areas of the Pine Cove Pit.

Royal Bank Term Loan

The Company is also pleased to announce that it has extended the amortization period on its term loan with the Royal Bank of Canada ("RBC") to April 2022. The amended term loan will provide the Company with enhanced financial flexibility in 2020 as it continues to advance the Goldboro Gold Project and the Tilt Cove Gold Project. The term loan continues to have the support of Export Development Canada ("EDC"), which has issued a performance guarantee over half of the outstanding amount. The term loan carries a fixed interest rate of 4.6% and performance guarantee fee by EDC of 1.85%, payable quarterly based on the proportional amount outstanding. As at December 31, 2019, there was \$3.4 million outstanding on the term loan.

Qualified Person

Gordana Slepcev, P. Eng., Chief Operating Officer, Anaconda Mining Inc., is a “qualified person” as such term is defined in National Instrument 43-101 and has reviewed and approved the technical information and data included in this press release.

ABOUT ANACONDA

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

NON-IFRS MEASURES

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

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

Average Realized Gold Price per Ounce Sold – In the gold mining industry, average realized gold price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in a period from each ounce of gold sold.

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

FORWARD-LOOKING STATEMENTS

This news release contains “forward-looking information” within the meaning of applicable Canadian and United States securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “does not anticipate”, or “believes” or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur”, or “be achieved”. Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Anaconda to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining such as economic factors as they effect exploration, future commodity prices, changes in foreign exchange and interest rates, actual results of current production, development and exploration activities, government regulation, political or economic developments, environmental risks, permitting timelines, capital expenditures, operating or technical difficulties in connection with development activities, employee relations, the speculative nature of gold exploration and development, including the risks of diminishing quantities of grades of resources, contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed in the annual information form for the fiscal year ended December 31, 2018, available on www.sedar.com. Although Anaconda has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there

may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Anaconda does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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