



ANACONDA GOLD CORP.

(AN EXPLORATION STAGE ENTITY)

**CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

**FOR THE THREE AND NINE MONTHS ENDED
FEBRUARY 28, 2007**

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Anaconda Gold Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the May 31, 2006 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditor involvement

The independent auditor of Anaconda Gold Corp. has not performed a review of the unaudited consolidated financial statements for the three and nine months ended February 28, 2007 and February 28, 2006.

ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
CONSOLIDATED BALANCE SHEETS
(PREPARED BY MANAGEMENT - UNAUDITED)

	February 28, 2007	May 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 69,214	\$ 2,136,733
Marketable securities	3,969	3,969
Receivables	23,804	13,931
Deposit	-	96,324
	\$ 96,987	\$ 2,250,957
Mineral properties and related deferred costs	6,368,365	4,381,330
Property, plant and equipment (Note 4)	1,644,488	-
Deferred transaction costs (Note 1)	278,344	-
Deferred call option premium (Note 5)	456,300	-
Deferred financing costs (Note 3(a) and Note 5)	418,596	-
	\$ 9,263,080	\$ 6,632,287
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 539,114	\$ 111,296
Promissory notes payable (Note 3(a))	1,200,000	-
	\$ 1,739,114	\$ 111,296
Loan payable (Note 5)	585,000	-
	\$ 2,324,114	\$ 111,296
SHAREHOLDERS' EQUITY		
Capital stock (Note 6(b))	9,472,326	8,861,965
Shares to be issued (Note 3(a))	196,000	-
Warrants (Note 6(c))	469,600	478,470
Contributed surplus (Note 6(d))	148,175	115,701
Deficit	(3,347,135)	(2,935,145)
	\$ 6,938,966	\$ 6,520,991
	\$ 9,263,080	\$ 6,632,287

See accompanying notes to consolidated financial statements

Going concern (Note 1)

These consolidated financial statements have been approved by the Company's directors



ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(PREPARED BY MANAGEMENT - UNAUDITED)

	Three Months Ended February 28,		Nine Months Ended February 28,		Cumulative from date of inception of the exploration stage (November 30, 2003)
	2007	2006	2007	2006	
Income					
Investment Income	\$ 2,189	\$ 55,115	\$ 19,458	\$ 154,459	\$ 125,469
Sale of uranium data	-	-	-	65,000	156,000
	\$ 2,189	\$ 55,115	\$ 19,458	\$ 219,459	\$ 281,469
Expenses					
Foreign exchange (income) loss	(2,171)	236	(2,230)	4,234	(1,539)
Finance charges	29,123	14,989	29,123	14,989	55,726
Legal, audit and regulatory expenses	1,074	17,475	55,317	42,009	298,819
Management services	23,718	15,728	54,830	46,806	180,786
General exploration activities	-	8,990	11,000	12,078	43,576
Office administration and rent	38,406	23,621	88,582	89,123	268,918
Shareholder relations	37,898	19,248	80,035	106,162	237,641
Stock-based compensation (Note 8)	33,023	-	73,565	76,301	290,482
Travel	17,210	-	41,226	-	103,000
Unrealized loss on marketable securities	-	-	-	2,031	83,281
Write-down of mineral properties	-	-	-	-	197,153
	\$ 178,281	\$ 100,287	\$ 431,448	\$ 393,733	\$ 1,757,843
Loss before income taxes	(176,092)	(45,172)	(411,990)	(174,274)	(1,476,374)
Future income tax recovery	-	-	-	-	762,854
Net loss	\$ (176,092)	\$ (45,172)	\$ (411,990)	\$ (174,274)	\$ (713,520)
Deficit, beginning of period	(3,171,043)	(2,661,192)	(2,935,145)	(2,532,090)	(2,633,615)
Deficit, end of period	\$ (3,347,135)	\$ (2,706,364)	\$ (3,347,135)	\$ (2,706,364)	\$ (3,347,135)
Basic and diluted loss per share	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	
Weighted average number of shares outstanding	37,646,219	32,398,962	36,786,936	30,917,825	

See accompanying notes to consolidated financial statements
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ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(PREPARED BY MANAGEMENT - UNAUDITED)

	Three Months Ended February 28,		Nine Months Ended February 28,		Cumulative from date of inception of the exploration stage (November 30, 2003)
	2007	2006	2007	2006	
Cash Provided By (Used In)					
Operating activities					
Net loss	\$ (176,092)	\$ (45,172)	\$ (411,990)	\$ (174,274)	\$ (713,520)
Items not involving cash:					
Write-down of mineral properties	-	-	-	-	197,153
Stock-based compensation (Note 8)	33,023	-	73,565	76,301	290,482
Amortization of deferred financing costs	24,507	-	24,507	-	24,507
Other	-	-	-	-	(93,255)
Gain on sale of marketable securities	-	(50,539)	-	(144,769)	(53,769)
Sale of uranium data	-	-	-	(65,000)	(156,000)
Unrealized loss on marketable securities	-	-	-	2,031	83,281
Future income tax recovery	-	-	-	-	(762,854)
	\$ (118,562)	\$ (95,711)	\$ (313,918)	\$ (305,711)	\$ (1,183,975)
Changes in non-cash working capital (Note 11)	273,881	(20,220)	514,269	56,725	324,708
	\$ 155,319	\$ (115,931)	\$ 200,351	\$ (248,986)	\$ (859,267)
Financing activities					
Proceeds on issuance of common shares	\$ 329,200	\$ 1,863,231	\$ 470,400	\$ 2,163,231	\$ 5,566,000
Deferred transaction costs	(62,170)	-	(278,344)	-	(278,344)
Deferred call option premium	(456,300)	-	(456,300)	-	(456,300)
Deferred financing costs	(315,179)	-	(360,603)	-	(360,603)
Issue of loan payable	585,000	-	585,000	-	585,000
Issue of promissory notes payable	1,200,000	-	1,200,000	-	1,200,000
Cost of issue	-	-	-	-	(303,820)
	\$ 1,280,551	\$ 1,863,231	\$ 1,160,153	\$ 2,163,231	\$ 5,951,933



ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(PREPARED BY MANAGEMENT - UNAUDITED)

	Three Months Ended February 28,		Nine Months Ended February 28,		Cumulative from date of inception of the exploration stage (November 30, 2003)
	2007	2006	2007	2006	
Investing activities					
Mineral property expenditures	\$ (1,353,948)	\$ (238,320)	\$ (1,783,535)	\$ (447,996)	\$ (5,752,539)
Gold sales prior to commencement of commercial production	-	-	-	-	539,193
Loan receivable	-	-	-	-	50,000
Purchase of property, plant and equipment	(319,000)	-	(1,644,488)	-	(1,644,488)
Proceeds on sale of marketable securities	-	98,690	-	322,270	322,269
Purchase of marketable securities	-	(1,788,705)	-	(1,788,705)	-
	\$ (1,672,948)	\$ (1,928,335)	\$ (3,428,023)	\$ (1,914,431)	\$ (6,485,565)
Net change in cash and cash equivalents	\$ (237,078)	\$ (181,035)	\$ (2,067,519)	\$ (186)	\$ (1,392,899)
Cash and cash equivalents, beginning of period	306,292	741,837	2,136,733	560,988	1,462,113
Cash and cash equivalents, end of period	\$ 69,214	\$ 560,802	\$ 69,214	\$ 560,802	\$ 69,214

See accompanying notes to consolidated financial statements

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ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
CONSOLIDATED STATEMENT OF MINERAL PROPERTIES AND RELATED DEFERRED COSTS
(PREPARED BY MANAGEMENT - UNAUDITED)

	Horse Mountain	Lingman Lake	Borthwick Lake	Damoti Lake	Pine Cove	Dorset	Other
Balance at inception as exploration stage entity, November 30, 2003	\$ 257,596	\$ 300,000	\$ 451,823	\$ 62,186	\$ 45,559	\$ 15,000	\$ 58,856
Acquisition costs	(6,994)	-	-	50,500	91,500	-	15,000
Consulting	1,984	-	10,931	25,567	49,598	-	-
Management fees	-	-	2,962	3,868	30,497	-	-
Exploration expenses	31,311	25,517	58,567	81,283	136,833	-	(100)
Travel and entertainment	694	-	8,783	22,196	37,437	-	-
Drilling	-	-	-	230,858	117,803	-	-
Geosciences	-	-	97,705	-	-	-	-
General and office	-	-	-	-	5,125	-	-
Equipment rental	-	-	-	6,668	-	-	-
Write-off of expenditure	-	-	-	-	-	-	(73,756)
Balance, May 31, 2004	\$ 284,591	\$ 325,517	\$ 630,771	\$ 483,126	\$ 514,352	\$ 15,000	\$ -
Acquisition costs	(201,969)	(81,000)	-	40,000	-	25,775	-
Consulting	-	-	5,150	35,875	63,941	-	-
Management fees	-	-	903	72,041	79,878	-	-
Exploration expenses	-	-	467	439,757	906,648	-	-
Travel and entertainment	-	-	751	55	21,873	-	-
Drilling	-	-	-	290,791	290,220	-	-
Geosciences	-	-	5,850	156,857	-	-	-
Assays, and analysis	-	-	-	-	1,745	-	-
General and office	-	-	-	-	25,612	-	-
Professional fees	-	-	-	-	6,372	-	-
Surveying and mapping	-	-	-	-	47,935	-	-
Rental expense	-	-	-	-	6,426	-	-
Government grant	-	-	-	-	(55,000)	-	-
Gold sales	-	-	-	-	(539,193)	-	-
Transportation	-	-	-	-	2,727	-	-
Write-off of expenditure	-	-	-	-	-	(40,775)	-
Balance, May 31, 2005	\$ 82,622	\$ 244,517	\$ 643,892	\$ 1,518,502	\$ 1,373,536	\$ -	\$ -
Acquisition costs	-	-	(20,000)	95,500	-	-	-
Consulting	-	-	950	500	58,067	-	-
Management fees	-	-	1,048	12,063	14,663	-	-
Exploration expenses	-	-	-	39,093	91,635	-	-
Travel and entertainment	-	-	1,567	14,233	13,323	-	-
Drilling	-	-	-	73,040	66,144	-	-
Geosciences	-	-	-	2,100	-	-	-
Assays, and analysis	-	-	-	4,130	1,141	-	-
Professional fees	-	-	-	-	10,000	-	-
Surveying and mapping	-	-	15,920	-	17,250	-	-
Rental expense	-	-	-	-	1,891	-	-
Claim maintenance	-	-	-	-	51,533	-	-
Bonding costs	-	-	-	25,000	-	-	-
Transportation	-	-	-	-	10,092	-	-
Written off during year	(82,622)	-	-	-	-	-	-
Balance, May 31, 2006	\$ -	\$ 244,517	\$ 643,377	\$ 1,784,161	\$ 1,709,275	\$ -	\$ -



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(PREPARED BY MANAGEMENT - UNAUDITED)

	Horse Mountain	Lingman Lake	Borthwick Lake	Damoti Lake	Pine Cove	Dorset	Other
Balance, May 31, 2006	\$ -	\$ 244,517	\$ 643,377	\$ 1,784,161	\$ 1,709,275	\$ -	\$ -
Acquisition costs	-	-	-	1,503,500	-	-	-
Consulting	-	-	-	135,656	100,063	-	-
Management fees	-	-	(25,000)	3,500	15,175	-	-
Exploration expenses	-	-	-	991	59,827	-	-
Travel and entertainment	-	-	-	33,937	6,300	-	-
Government fees	-	-	-	-	20,765	-	-
Salary and benefits	-	-	-	-	21,462	-	-
General and office	-	-	-	-	1,105	-	-
Rental expense	-	-	-	36,754	-	-	-
Bonding costs	-	-	-	73,000	-	-	-
Balance,							
February 28, 2007	\$ -	\$ 244,517	\$ 618,377	\$ 3,571,499	\$ 1,933,972	\$ -	\$ -

Comparative Period:
Nine Months Ended February 28, 2006

Balance, May 31, 2005	\$ 82,622	\$ 244,517	\$ 643,892	\$ 1,518,502	\$ 1,373,536	\$ -	\$ -
Acquisition costs	-	-	-	30,500	-	-	-
Consulting	-	-	950	(500)	(6,097)	-	-
Management fees	-	-	1,047	7,774	14,663	-	-
Exploration expenses	-	-	9,527	46,640	126,829	-	-
Travel and entertainment	-	-	-	-	7,388	-	-
Drilling	-	-	-	32,750	44,635	-	-
Geosciences	-	-	-	-	12,500	-	-
Professional fees	-	-	-	-	10,000	-	-
Surveying and mapping	-	-	-	-	17,250	-	-
Rental expense	-	-	-	-	1,891	-	-
Bonding costs	-	-	-	25,000	-	-	-
Option payments received	-	-	(20,000)	-	-	-	-
Balance,							
February 28, 2006	\$ 82,622	\$ 244,517	\$ 635,416	\$ 1,660,666	\$ 1,602,595	\$ -	\$ -

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ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT - UNAUDITED)

Three and Nine Months Ended February 28, 2007

1. NATURE OF OPERATIONS, ACCOUNTING POLICIES AND GOING CONCERN

Anaconda Gold Corp. (the "Company" or "Anaconda") was incorporated under the laws of British Columbia. On July 22, 2002, the Company changed its name from Anaconda Uranium Corporation to Anaconda Gold Corp. Under Articles of Continuance dated July 22, 2002 the Company continued its governing jurisdiction from the Province of British Columbia to the Province of Ontario and changed its authorized share capital (Note 6). Effective November 30, 2003 the Company is engaged in the acquisition, exploration, evaluation and development of principally gold resource properties. As such, the cumulative from date of inception of the exploration stage information commences on November 30, 2003.

On January 8, 2007, the shareholders of Anaconda approved the acquisition (the "Acquisition") of Colorado Minerals Inc. ("Colorado"). Anaconda shareholders also approved: (i) the consolidation of the common shares of the Company on a 1 for 2 basis (the "Consolidation"); and (ii) the name change of the Company to "Anaconda Mining Inc." (the "Name Change").

Transaction costs related to the Acquisition amounted to \$278,344 as of February 28, 2007.

The Consolidation and the Name Change were made effective immediately prior to the closing of the Acquisition, which occurred on April 18, 2007.

The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. The recovery of amounts capitalized for mineral properties and related deferred costs in the consolidated balance sheet is dependant upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of the properties and upon future profitable production or proceeds from their disposition.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has suffered recurring losses from operations that raise substantial doubt as to its ability to continue as a going concern. These consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended February 28, 2007 may not necessarily be indicative of the results that may be expected for the year ending May 31, 2007.



ANACONDA GOLD CORP.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT - UNAUDITED)

Three and Nine Months Ended February 28, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The balance sheet at May 31, 2006 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended May 31, 2006. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual consolidated financial statements for the year ended May 31, 2006.

New Accounting Pronouncements

In January 2005, the Canadian Institute of Chartered Accountants issued four new accounting standards: Handbook Section 1530, Comprehensive Income, Handbook Section 3251, Equity, Handbook Section 3855, Financial Instruments – Recognition and Measurement and Handbook Section 3865, Hedges. These standards are effective for interim and annual consolidated financial statements for the Company's fiscal years beginning June 1, 2007.

3. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

On a quarterly basis, management of the Company review exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. For a description of the Company's mineral properties, refer to Note 3 of the audited consolidated financial statements as at May 31, 2006. Specific changes to mineral properties that occurred from June 1, 2006 to February 28, 2007 are as follows:

(a) On December 1, 2006, Anaconda entered into an agreement with Doublestar Resources Inc. ("Doublestar") to buy Doublestar's interest in the Damoti Lake gold project located about 200 kilometers north of Yellowknife, Northwest Territories.

Doublestar agreed to sell a 100% interest in mining lease DAM 3 which hosts the Horseshoe Zone deposit and an 80% interest in the balance of the Damoti Lake mining leases to Anaconda for (i) cash of \$100,000 (paid); (ii) a note fee of \$100,000 (paid); (iii) non-interest bearing short-term notes (60 – 150 days) valued at \$1.2 million (issued) (\$400,000 is due March 31, 2007 and \$700,000 is due April 30, 2007); and 400,000 Anaconda shares. The 400,000 Anaconda shares are presented as shares to be issued and were valued at \$196,000 (issued on March 5, 2007).

The note fee of \$100,000 extended the due date of the first non-interest bearing short-term note from January 31, 2007 to March 31, 2007. On April 24, 2007, Anaconda repaid the March 31, 2007 short-term note that had been further extended until the closing of the announced financing (Note 12) for \$nil consideration.

The note fee of \$100,000 has been included in deferred financing costs as of February 28, 2007.



ANACONDA GOLD CORP.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Three and Nine Months Ended February 28, 2007

3. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (continued)

(b) On February 6, 2007, Anaconda announced that Colorado has signed a Memorandum of Understanding (“MOU”) with Industrias Peñoles, S.A. de C.V. (“Peñoles”) to negotiate a definitive agreement to jointly explore and develop Colorado’s Carmen copper-gold project in the Inca de Oro District, Chile.

Peñoles, via its wholly owned subsidiary Minera Peñoles de Chile Ltda., will have the right to earn a 65% interest over a 42-month period by spending a total of US\$22 million. Of this amount, US\$12 million will comprise cash payments to Colorado and US\$10 million will comprise direct exploration expenditures on the project.

Upon signing of a definitive agreement by May 15, 2007, such agreement to contemplate and incorporate an exploration and earn-in agreement, Peñoles will pay Colorado US\$3 million and will spend US\$3 million within the next 12 months on exploration, including but not limited to 12,000 metres of drilling.

During the second 12-month period, Peñoles will pay Colorado US\$3 million and spend an additional US\$3 million on exploration including but not limited to 15,000 metres of drilling.

During the third 12-month period, Peñoles will pay Colorado US\$3 million and will spend US\$4 million on exploration. At the end of the 42-month period, Peñoles will pay Colorado a final payment of US\$3 million. Peñoles can also elect to finance the preparation of a bankable feasibility study in return for an additional 5% interest.

4. PROPERTY, PLANT AND EQUIPMENT

	February 28, 2007			May 31, 2006		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Mining equipment and mill development	\$ 1,644,488	\$ -	\$ 1,644,488	\$ -	\$ -	\$ -



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Three and Nine Months Ended February 28, 2007

5. LOAN PAYABLE

On February 5, 2007, Anaconda announced that it has closed a production facility financing with Auramet Trading, LLC of Fort Lee, New Jersey ("Auramet"), pursuant to which Auramet will lend the sum of US\$2.5 million as a project facility (the "Loan"). The Loan will be made available for the completion of the Pine Cove gold mine.

According to the terms of the Loan, US\$500,000 is available immediately; another US\$1,300,000 will be available immediately upon satisfaction by Anaconda of all of conditions precedent as provided in the term sheet. The final US\$700,000 will be available upon the achievement of certain project milestones. The repayment date of the Loan is March 31, 2008. The Loan will bear interest at the fixed rate of 12% per annum until the achievement of certain project milestones at which time the rate will be reduced to 10% per annum.

The Loan is secured by a first priority security interest over all personal property assets of the Company, a specific pledge agreement, a specific assignment agreement related to all contracts entered into by Anaconda in respect of the Pine Cove Gold Project, a specific assignment of insurance and a specific assignment of the Gold Price Protection Program.

Financing costs associated with the Loan in the amount of \$343,103 has been incurred by the Company.

In connection with the Loan and as part of the underwriting fee, Anaconda issued 150,000 pre-consolidation common shares to Auramet on closing (valued at \$82,500).

Auramet will have an option to convert the Loan into common shares of Anaconda until March 31, 2008 at a price of C\$0.65 per share.

As of February 28, 2007, the Company had drawn US\$500,000 (\$585,000 Canadian) under the Loan. On April 9, 2007, the Company made a further draw down of US\$500,000, raising the balance of the Loan to US\$1,000,000.

Interest accrued on the Loan to February 28, 2007 amounted to \$4,616.

In addition, Anaconda has entered into a Gold Price Protection program with Auramet pursuant to which Anaconda sold 10,000 ounces of gold at an average forward price of US\$684 per ounce (the "Put Contract") and purchased a corresponding number of gold options with a strike price of US\$750 per ounce (the "Call Contract"). The gold call option premium charged by Auramet was \$456,300 and is amortized over the term of the contracts. The fair value of the Put and Call Contracts was calculated using the spot price at period end, expected future prices and volatilities. As of February 28, 2007, the fair value of the Put and Call Contracts was estimated to be \$4,130 and \$3,340 respectively.

During the period of the Put and Call Contracts (October 2007 - September 2008), Anaconda will supply 500 ounces of gold per month to Auramet (October 2007 - January 2008) and increase the supply to 1,000 ounces of gold per month (February 2008 - September 2008).



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Three and Nine Months Ended February 28, 2007

6. CAPITAL STOCK

(a) Authorized

The authorized share capital consists of an unlimited number of common shares.

(b) Issued and outstanding

	Number of Shares	Consideration
Balance on inception as an exploration stage entity, November 30, 2003	20,655,276	\$ 5,067,008
Issued for property option payments	325,000	98,000
Exercise of warrants	145,000	43,500
Balance, May 31, 2004	21,125,276	\$ 5,208,508
Issued for property option payments	85,000	25,500
Issued for cash under private placements	1,500,000	450,000
Issued for cash under flow-through private placement	6,600,000	2,112,000
Issued as consideration for share issue costs	50,000	15,000
Share issue costs	-	(221,950)
Warrants	-	(16,650)
Renunciation of flow-through expenditures	-	(762,854)
Balance, May 31, 2005	29,360,276	\$ 6,809,554
Issued for property option payments	25,000	7,500
Issued for cash under private placements	4,483,847	1,914,501
Issued as consideration for share issue costs	160,000	24,000
Share issue costs	-	(120,870)
Warrants	-	(520,000)
Issued on warrant exercise	889,000	270,600
Warrant exercise - valuation	-	58,180
Issued on stock option exercise	1,250,000	305,000
Stock option exercise - valuation	-	113,500
Balance, May 31, 2006	36,168,123	\$ 8,861,965
Issued for property option payments (1)	25,000	7,500
Issued on stock option exercise	1,660,000	470,400
Stock option exercise - valuation	-	49,961
Underwriting fee (Note 5)	150,000	82,500
Balance, February 28, 2007	38,003,123	\$ 9,472,326

(1) Issued for property options payments

On August 16, 2006, the Company issued 25,000 shares to fulfil one of its obligations to acquire the Damoti Lake property for deemed consideration of \$7,500.



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(AN EXPLORATION STAGE ENTITY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT - UNAUDITED)

Three and Nine Months Ended February 28, 2007

6. CAPITAL STOCK (continued)

(c) Warrants

	Value	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2006	\$ 478,470	2,102,923	\$ 0.57
Warrants expired	(8,870)	(361,000)	(0.40)
Balance, February 28, 2007	\$ 469,600	1,741,923	\$ 0.60

As at February 28, 2007, the following warrants were outstanding to purchase common shares:

Date of Grant	Warrants Outstanding	Value	Exercise Price	Expiry Date
September 19, 2005	500,000	\$ 100,600	\$ 0.23	September 23, 2007
February 2, 2006	1,241,923	369,000	0.75	August 2, 2007
	1,741,923	\$ 469,600		

Upon the closing of the Acquisition (Note 1) and the Financing (Note 12), as provided for under the terms of the warrant indentures, the outstanding number of warrants was halved and the exercise price was doubled to reflect the Consolidation.

(d) Contributed Surplus

A summary of changes to contributed surplus is as follows:

Balance, May 31, 2006	\$ 115,701
Stock-based compensation	73,565
Transfer to capital stock - exercise of stock options	(49,961)
Transfer from warrants to contributed surplus - Black-Scholes value of expired warrants	8,870
Balance, February 28, 2007	\$ 148,175



ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT - UNAUDITED)

Three and Nine Months Ended February 28, 2007

7. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted loss are the same.

8. STOCK-BASED COMPENSATION

Stock option transactions and the number of stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2006	2,650,000	\$ 0.33
Options granted	200,000	0.33
Options exercised	(1,660,000)	(0.28)
Balance, February 28, 2007	1,190,000	\$ 0.39

As at February 28, 2007, the following stock options are outstanding to purchase common shares:

Date of Grant	Number	Exercise Price	Expiry Date
January 14, 2003	450,000 (1)	\$ 0.30	January 14, 2008
September 25, 2003	100,000 (2)	0.30	September 25, 2008
January 22, 2004	190,000 (3)	0.32	January 22, 2009
January 21, 2006	150,000 (4)	0.79	January 21, 2009
March 23, 2006	100,000 (5)	0.51	March 23, 2007
December 18, 2006	200,000 (6)	0.325	December 18, 2011
	1,190,000		

(1) Black-Scholes value assigned - \$nil.

(2) Black-Scholes value assigned - \$10,601.

(3) Black-Scholes value assigned - \$25,656.

(4) Black-Scholes value assigned - \$39,018.

(5) Black-Scholes value assigned - \$23,500.

(6) Black-Scholes value assigned - \$28,245.



ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT - UNAUDITED)

Three and Nine Months Ended February 28, 2007

8. STOCK-BASED COMPENSATION (continued)

On December 18, 2006, the Company granted 200,000 options to an employee of the Company to acquire common shares of the Company at a price of \$0.325 per common share, expiring on December 18, 2011. A value of \$47,800 was assigned to the options using the Black-Scholes option pricing model with the following assumptions; dividend yield - 0%, volatility - 97%, risk-free interest rate - 3.94% and an expected life of 5 years. As of February 28, 2007, \$28,245 was expensed to the statement of operations and deficit with the corresponding amount allocated to contributed surplus. The remaining portion of \$19,555 will be expensed in future periods.

\$45,320 was expensed in the current period from stock options issued in a prior fiscal year.

On March 23, 2007, 100,000 options with an exercise price of \$0.51 each, expired.

On April 25, 2007, 150,000 options (pre-Consolidation) were exercised, providing gross proceeds of \$45,000.

Upon the closing of the Acquisition (Note 1) and the Financing (Note 12), as provided for under the terms of the option agreements, the outstanding number of options was halved and the exercise price was doubled to reflect the Consolidation.

9. INCOME TAXES

Estimated taxable income for the period is \$nil. Based upon the level of historical taxable income it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance.

The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

10. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is \$nil (2006 - \$102,930) due to a company controlled by a director of the Company.

During the period, the Company accrued or paid management fees, which are included in the mineral properties and related deferred costs, of \$16,000 (2006 - \$23,485) and expensed \$11,000 (2006 - \$nil) to a company controlled by an officer. These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



ANACONDA GOLD CORP.
(AN EXPLORATION STAGE ENTITY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT - UNAUDITED)

Three and Nine Months Ended February 28, 2007

11. CHANGES IN NON-CASH WORKING CAPITAL

	Three Months Ended February 28, 2007		Nine Months Ended February 28, 2006		Cumulative from date of inception of the exploration stage (November 30, 2003)
Receivables and deposit	\$ 96,928	\$ (25,109)	\$ 86,451	\$ 94,910	\$ (3,353)
Accounts payable and accrued liabilities	176,953	4,889	427,818	(38,185)	328,061
	\$ 273,881	\$ (20,220)	\$ 514,269	\$ 56,725	\$ 324,708

12. SUBSEQUENT EVENT

On April 18, 2007, Anaconda announced that it and a syndicate of agents led by National Bank Financial Inc. and including Haywood Securities Inc. (the "Agents") closed on a public offering (the "Offering") of units (the "Units") including the exercise of an over-allotment option. A total of 16,531,250 Units at a price of \$0.80 per Unit for gross proceeds of \$13,225,000 were sold (all pricing and common share references reflect the Company's scheduled one-for-two share consolidation that occurred immediately prior to the closing of the Offering). Each Unit consisted of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire, subject to adjustment in certain circumstances, one common share of the Company at a price of \$1.20 at any time on or prior to the close of business on April 18, 2009.

