



## **ANACONDA ANNOUNCES \$2.5 MILLION DEBENTURE OFFERING**

December 18, 2009

**TORONTO** – Anaconda Mining Inc. (“Anaconda” or the “Company”) (TSX: ANX), is pleased to announce that it has an agreement in principle with a syndicate of lenders for placement on a non-brokered basis of a secured, 12% Debenture financing (the “Debenture”) for net proceeds of \$2,500,000, consisting of a total of up to 2,778 Debenture Units (the “Debenture Units”) with a face value of \$1,000 per Debenture Unit, maturing September 15, 2013 (the “Maturity”), and a subscription price of \$900 per Debenture Unit. Included in the Debenture Units will be a maximum of 3,409,000 common share purchase warrants (the “Warrants”) that will be exercisable for 18 months from the date of issue at an exercise price of \$0.22.

Interest will be payable annually until Maturity, and at the Company’s sole discretion interest payable on the Debentures may be satisfied with the issuance of common shares of the Corporation, with the value based on the five-day weighted average closing price for the five-day trading period immediately preceding the interest payable date annually during the term of the Debentures. The Debenture may be prepaid in whole or in part (including accrued interest) at any time without penalty or bonus subsequent to one year after the date of issue.

The Debentures will be secured by a first charge (ranking *pari passu* with the charge held by current Debentureholders – see Anaconda news release dated September 16, 2008) over certain of the Company’s assets. The Company will use commercially reasonable efforts to apply 50% of any future financing proceeds between one year after the date of issue and the Maturity date towards repayment of principal and interest under the Debenture.

In the event that the closing price of the Company’s common shares (listed on the Toronto Stock Exchange) is equal to, or exceeds 100% of the underlying exercise price for a period of 20 consecutive trading days, the Company shall have the right on written notice to accelerate the exercise of all the outstanding Debenture Warrants.

The proceeds from the sale of the Debenture Units will be used to facilitate the ongoing upgrade and expansion of the Pine Cove mill and for general working capital purposes. Closing of this offering will occur in multiple tranches on dates as mutually agreed upon, and is subject to regulatory approval.

### **Termination of the Toll Processing Arrangement with Crew Gold (Canada’s) Nugget Pond Mill**

Anaconda has given formal notice of early termination of the Toll Processing Agreement as entered into with Crew Gold (Canada) Ltd. (see Anaconda news release dated June 1, 2009) and its Nugget Pond mill. The Company has determined that early termination of this arrangement is in the best economic interest of the Pine Cove mining operation (operated by Anaconda in joint

venture with New Island Resources Inc.). The Company estimates that terminating this arrangement now will result in a savings of over \$2 million, representing the incremental processing and trucking costs required to support the toll processing arrangement to term versus processing this ore at its upgraded and expanded Pine Cove Mill upon its anticipated commissioning in mid-2010.

Anaconda would like to thank Crew Gold (Canada) Ltd. and all the employees at its Nugget Pond mill for their efforts in support of our commercial arrangement.

### **Update on the Pine Cove Mill Upgrade and Expansion**

The Company is pleased to report that work continues uninterrupted on the upgrade and expansion of the Pine Cove milling infrastructure. Excavation is complete in preparation for pouring the concrete slab for the addition to the mill building to house the primary crusher, and concrete will be poured in the next few days subject to weather conditions. At this time the Company continues to project mill commissioning to commence in June 2010 as per its initial timeline. Anaconda will continue to provide updates on the status of the mill expansion on a timely basis.

### **About Anaconda**

Anaconda is a Toronto, Canada based mining and exploration company focused on advancing its principal assets, the Pine Cove gold mine in Canada and the San Gabriel Iron Project in Chile. The Company is committed to bringing Pine Cove into full Commercial Production, as well as developing near term production opportunities for San Gabriel.

*Certain statements contained herein constitute "forward-looking statements". These forward-looking statements are based on current expectations. The nature, timing and extent of mining and processing of Pine Cove ore under the Crew Gold (Canada) Ltd. toll processing arrangement may materially change from current intentions for a number of reasons. Additionally, forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans," "may," "estimates," "expects," "indicates," "targeting," "potential" and similar expressions. These forward-looking statements, including statements regarding the Company's beliefs in the potential mineralization, are based on current expectations and entail various risks and uncertainties. Actual results may materially differ from expectations as more information regarding the property is gathered or if known and unknown risks or uncertainties affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.*

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