



ANACONDA MINING ANNOUNCES QUARTERLY OPERATING PROFIT

January 15, 2010

TORONTO – Anaconda Mining Inc. (“Anaconda”) – (TSX: ANX); is pleased to report its results for the six months ended November 30, 2009. All amounts are in Canadian dollars unless stated otherwise.

FINANCIAL OVERVIEW

- As at November 30, 2009, Anaconda had total assets of \$20.2 million including cash and cash equivalents of \$803,000, of which \$777,000 is restricted as a result of letters-of-credit guarantees with a Canadian financial institution and amounts held in a debt-reduction escrow account to be utilized for debt service and/or principal repayments to Anaconda’s debenture holders.
- During the second quarter and six months ended November 30, 2009, Anaconda turned an operating profit on sales of approximately 6,785 ounces of gold at an average price and cost of \$1,126 and \$786 per ounce, respectively.
- Consolidated net income for the second quarter ended November 30, 2009 was approximately \$151,000 (\$0.00 per basic and fully-diluted share). Revenues included \$4.4 million of precious metals sales offset by \$3.2 million for costs of goods sold, administrative expenses of \$1.1 million and foreign exchange losses of \$49,000. The income was further decreased by future income taxes of \$33,000.
- Consolidated net income for the six months ended November 30, 2009 was approximately \$566,000 (\$0.01 per basic and fully-diluted share). Revenues included \$7.6 million of precious metals sales offset by \$5.4 million for costs of goods sold, administrative expenses of \$1.6 million and foreign exchange losses of \$71,000. The income was further decreased by future income taxes of \$9,000.
- Cash used during the six months ended November 30, 2009 of \$84,000 was comprised of cash provided from operating activities of \$433,000, cash provided from financing activities of \$533,000, offset by cash used in investing activities of \$1,063,000.
- As at November 30, 2009, Anaconda had a working capital deficiency of approximately \$2.3 million. Anaconda utilized the proceeds from the private placements completed during the previous quarter (\$500,000) as well as ongoing operational funds both from its own mill as well as from the recently terminated toll-milling operation, (see Anaconda press release dated December

18, 2009), to discharge some of its current operating obligations as well as for capital requirements at its Pine Cove mill expansion project.

OPERATIONAL HIGHLIGHTS

Pine Cove Expansion

- Anaconda's expansion of its Pine Cove mill is progressing along its forecasted timeline. The commissioning of the expanded mill is expected in June 2010.
- Anaconda has completed the thickened concrete slab holding the mill. The foundation walls and upper slab are expected to be completed by mid-February, 2010. Placement of the mill and erection of the building will follow shortly thereafter.
- Most orders for engineering equipment and instrumentation have been placed and first deliveries are expected by mid-March 2010.
- Anaconda has completed electrical calculations regarding its recently acquired mill motor. The calculations have been submitted to Newfoundland Hydro for approval. Once received, the remaining electrical equipment will be engineered and ordered.

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. Anaconda 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 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 Anaconda'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 Anaconda's business, or if Anaconda's estimates or assumptions prove inaccurate. Anaconda 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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