



ANACONDA ANNOUNCES INITIATION OF ARBITRATION PROCESS WITH JV PARTNER NEW ISLAND

March 3, 2009

TORONTO - Anaconda Mining Inc. (“Anaconda” or the “Company”) (TSX:ANX), announces today that the Company and joint venture partner New Island Resources (“New Island”) have agreed to refer any unresolved matters pertaining to the Pine Cove joint venture to arbitration as contemplated under the terms of the Option and Joint Venture Agreement dated November 26, 2003 (the “JV Agreement”).

In a previous press release dated February 18, 2009 the Company advised that in recent communications New Island had challenged, among other things, Anaconda’s right to pursue the recently announced toll processing arrangement with Crew Gold Corporation (“Crew”), based upon their interpretation of the JV Agreement. After careful consideration Anaconda has determined that any such claim is without merit and opportunistic. The Company welcomes this development therefore and is confident that the arbitration process will facilitate a resolution to any outstanding issues that will be fair to both parties and will reflect the spirit and intent of the parties when they entered into the JV Agreement in 2003.

“While differences between our companies exist, both parties agree that off-site ore processing should commence without delay to take advantage of current gold prices. The arbitration process provides a mechanism for the joint venture partners to resolve their current disputes on a timely basis. Parallel to the arbitration process, it is certainly our intention to continue to attempt to negotiate a beneficial commercial resolution to any outstanding issues in good faith,” commented Lewis Lawrick President & CEO of Anaconda.

Anaconda recently announced it has entered into a non-binding letter of intent with Crew regarding a proposed toll processing arrangement, and are proceeding with finalizing a definitive agreement to reflect such arrangement. Under the toll processing agreement, Anaconda would deliver ore for processing from the Pine Cover gold mine to Crew’s Nugget Pond mill. It is expected the toll processing arrangement would commence in June, 2009 and continue for a period of 12 months. It is anticipated that up to 200,000 tonnes of ore would be processed by Crew during the period of this agreement, however the agreement will provide for an extension on terms mutually agreeable to the parties within 60 days of the expiry of the original 1 year term.

Anaconda is currently operating its Pine Cove mill at a reduced rate of throughput (100 tpd) while it continues to work at optimizing gold recovery in the concentrator circuit at the front end of the mill. Optimization testing on run of mill ore is currently being undertaken in consultation with the manufacturer of the concentrator equipment (Gekko Systems). The Company believes this work will result in a more consistent gold recovery within the concentrator circuit and allow the Pine Cove mill to ramp up to its targeted production throughput rate of 500 tpd. It would be the intention of the Company to continue operating the Pine Cove mill during the toll processing arrangement at Nugget Pond with Crew Gold.

About Anaconda

Anaconda is a Toronto, Canada based mining and exploration company. Its project portfolio includes the Pine Cove gold mine in Newfoundland and Labrador, which commenced production in May 2008, and the San Gabriel Iron Project in the Atacama region of Chile where it has outlined a NI 43-101 resource (indicated and inferred) of 60 million tonnes grading 32% Fe.

Certain statements contained herein constitute "forward-looking statements". These forward-looking statements are based on current expectations. The nature, timing and extent of the exploration programs at the San Gabriel Iron Project 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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