



ANACONDA MINING ANNOUNCES QUARTERLY OPERATING PROFIT

October 16, 2009

TORONTO – Anaconda Mining Inc. (“Anaconda” or the “Company”) (TSX:ANX), is pleased to report its results for the first quarter and as at August 31, 2009. All amounts are in Canadian dollars unless stated otherwise.

“This quarter, the Company posted an operating profit at Pine Cove which is a significant milestone for Anaconda and its partner on the project (New Island Resources Inc.),” commented Lew Lawrick, President & CEO of Anaconda. “This is especially significant considering we only had the contribution of 2 months of custom milling of Pine Cove ore at Nugget Pond. Further, this signifies that the Pine Cove deposit is a robust asset in this period of high gold prices and gives us further encouragement to pursue aggressively the upgrade and expansion of our mill that is currently underway.”

FINANCIAL OVERVIEW

- As at August 31, 2009, the Company had total assets of \$19.4 million including cash and cash equivalents of \$799,000, of which \$708,000 is restricted as a result of various balances on deposit with the Company’s financial institution in Chile, 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 the Company’s debenture holders.
- During the three months ended August 31, 2009, the Company turned its first quarterly operating profit on sales of approximately 3,075 ounces of gold at an average price of \$1,033 (US\$948) per ounce.
- Consolidated net income for the first quarter and three months ended August 31, 2009 was approximately \$406,000 or \$0.01 per basic share or \$0.00 per fully-diluted share basis. The income included \$3.2 million of precious metals sales offset by \$2.2 million for costs of goods sold, administrative expenses of \$555,000 and foreign exchange losses of \$22,000. The income was increased by future income tax recoveries of \$24,000.
- Cash used during the three months ended August 31, 2009 was \$88,000 and comprised cash used in operating activities of \$303,000 and cash used in investing activities of \$312,000 offset by cash provided from financing activities of \$520,000.
- As at August 31, 2009, the Company had a working capital deficiency of approximately \$2.2 million. The Company has utilized the proceeds from the private placements completed during the quarter (\$500,000) to discharge some

of its current operating obligations as well as for capital requirements at its Pine Cove project. It continues to apply funds generated from its Pine Cove operations (both from its own mill as well as from the toll milling operation) toward the discharge of existing obligations as well as other working capital requirements.

OPERATIONAL HIGHLIGHTS

Pine Cove

- In June 2009, a toll processing agreement was reached with Crew Gold (Canada) Ltd. (“Crew”), allowing for the custom milling of ore from the Pine Cove mine at Crew’s Nugget Pond facility. Thus far, the toll milling contract has provided cash flow to sustain the mining operations at Pine Cove and it is anticipated that the ongoing cash flow from this arrangement will be utilized by the Company to fund its ongoing working capital requirements, as well as the required upgrades to the Pine Cove mill in order to facilitate Commercial Production in the intermediate term. Subsequent to quarter end, the Board of Directors of the Company approved an upgrade and expansion of the Pine Cove milling infrastructure. The Company has retained leading mineral processing and project management personnel to assist with the redesign, engineering, implementation and commissioning of the Pine Cove mill as a standalone operation with a minimum nominal throughput rate of 700 tonnes per day (“tpd”) with the potential to achieve 1,000 tpd. Expansion of the Pine Cove mill is based on replacing the Gekko concentrator with a primary ball mill, followed by a flotation circuit, and utilizing the existing ball mill as a regrind (concentrate) mill, followed by leaching.

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 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.

FOR ADDITIONAL INFORMATION CONTACT:

Anaconda Mining Inc.

Lew Lawrick

President and CEO

(416) 864-3357

Email: llawrick@anacondamining.com

or

Anaconda Mining Inc.

Greg DiTomaso

Investor Relations

(647) 436-2592

Email: info@anacondamining.com

Company website: www.anacondamining.com