



September 1, 2009

FOR IMMEDIATE RELEASE

TORONTO – Anaconda Mining Inc. (“Anaconda or the “Company”) – (TSX: ANX); reports its results for the fourth quarter and the year ended May 31, 2009. All amounts are in Canadian dollars unless stated otherwise.

FINANCIAL OVERVIEW

- As at May 31, 2009, the Company had total assets of \$17.9 million including cash and cash equivalents of \$887,000, of which \$601,000 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.
- As at May 31, 2009, the Company adopted *CICA 3064 - Goodwill and Intangible Assets* (Section 3064) having the effect that the CICA’s Emerging Issues Committee (EIC) Abstract No. 27, *Revenues and Expenditures During the Pre-operating Period*, is no longer applicable. As a result of adopting this section, the Company has expensed \$1,426,841 of deferred expenditures during fiscal 2009 that would otherwise have been capitalized as costs incurred in the pre-operating period.
- Consolidated net loss for the year ended May 31, 2009 was \$5.2 million or \$0.08 per share. The loss included \$1.7 million of precious metals sales offset by \$3.1 million for costs of goods sold, administrative expenses of \$2.4 million and future income taxes of \$182,000. These costs were reduced by foreign exchange gains of \$105,000.
- The Company also took a write-down of \$600,000 on the value of its deferred exploration expenditures related to properties or options that it abandoned or dropped during the year. The Company also took a one-time write-down of \$366,000 regarding the Gekko concentration unit that was taken offline and abandoned during the year.
- Cash used during the year ended May 31, 2009 was \$504,000 and comprised cash used in operating activities of \$3.9 million, cash used in investing activities of \$2.0 million offset by cash provided from financing activities of \$5.4 million.
- As at May 31, 2009, the Company had a working capital deficiency of approximately \$2.8 million. The Company has utilized the proceeds from its recently-completed private placements of \$2.5 million and \$500,000 to discharge some of its current obligations. 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

- Commissioning of the Pine Cove mill began in June 2008. Poor gold recoveries due to inefficiencies encountered with the concentrator in the processing circuit led to this equipment being taken offline in November 2008. While gold recoveries have improved significantly thereon, the milling capacity of the circuit has been reduced as a result.
- In June 2009, a Toll Processing Agreement was reached with Crew Gold Canada Inc. ("Crew") allowing for the custom milling of ore from the Pine Cove mine at Crew's Nugget Pond facility. It is anticipated that the ongoing cash flow from this arrangement will be utilized by the Company to fund the required upgrades to the Pine Cove mill to bring it into full Commercial Production over the next 8 to 12 months. The Company is reviewing options to upgrade and possibly expand the milling infrastructure currently in employ at Pine Cove.

San Gabriel

- In August of 2008 (see press release dated Aug 14, 2008), the Company announced an initial independent mineral resource estimate for San Gabriel of 57.9 million tonnes ("Mt") at an average grade of 32 percent total iron ("% Fe") in the indicated category, and a further 2.6 Mt at an average grade of 29% Fe in the inferred category.
- With the significant downturn in global financial markets during the latter half of 2008 and into 2009 negatively effecting demand for all commodities (including steel production/ iron ore demand), the Company's priority has been to conserve capital, and therefore limited work was undertaken on San Gabriel during the second through fourth quarters of fiscal 2009. While not yet at the development-ready stage, the project is well-positioned to move forward quickly as economic conditions warrant.

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 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 the exploration programs 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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