



ANACONDA MINING PROVIDES UPDATE ON PINE COVE OPERATIONS

September 21, 2009

TORONTO – Anaconda Mining Inc. (“Anaconda” or the “Company”) (TSX: ANX), is pleased to provide the following update on its current operations, and on its redevelopment plan for the Pine Cove milling infrastructure.

Current Operations:

As per the news release dated July 2, 2009, Anaconda commenced toll milling ore from its Pine Cove gold mine at Crew Gold’s (“Crew”) Nugget Pond mill on June 29. To date, more than 40,000 tonnes of ore with a feed grade averaging approximately 3.2 grams gold per tonne has been milled. Gold recoveries have averaged slightly better than 93%, resulting in 4,000 ounces of gold recovered.

“We are very pleased with the results of the toll milling program thus far. The lower average work index of the Pine Cove ore has contributed to average daily throughput and gold recoveries exceeding our targets. As a result, variable processing costs per tonne are lower than forecasted which has had a positive effect on the net cash flow generated by this arrangement to date,” said Lew Lawrick, President & CEO of Anaconda.

The Pine Cove mill continues to run at a nominal throughput rate of 100 tonnes per day (“tpd”) as a result of bypassing the Gekko concentrator in the processing circuit. Mining operations have normalized in support of the combined production rate of approximately 600 tpd for both the Pine Cove and Nugget Pond mills. Further, the Company is pleased to report that grade reconciliation to the block model (mine plan) of ore mined to date has been very good.

Pine Cove Mill Redevelopment Plan:

The Board of Directors of Anaconda has recently approved an upgrade and expansion of the Pine Cove mill infrastructure. The Company has retained leading mineral processing and project management personnel to assist with the re-design, engineering, implementation and commissioning of the Pine Cove mill as a standalone operation with a minimum nominal throughput rate of 700 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. The main differences between this and the feasibility study from the March 18, 2005 NI 43-101 report are:

- (a) grind will be up to 140 microns (“um”) or coarser (perhaps up to 200 um) as was shown suitable by the flotation testwork carried out previously (versus 110 um in the feasibility study);
- (b) nominal throughput is 700 tpd (with potential for up to 1000 tpd); and
- (c) the Gekko gravity unit will not be required, as flotation recovery is expected to be in the mid 90’s (% recovery).

The Company has successfully bid on the 10’ x 14’ Marcy Mill (recently in operation at the Caribou mine in New Brunswick) through the Court-appointed Monitor for Bluenote Caribou Mines Inc. This is the key equipment component for the planned expansion. Removal of the mill and ancillary equipment is complete, and shipment to the Pine Cove site will be undertaken this week.

Capital costs for this expansion are estimated at C\$2.7 million (including a 30% contingency), and will be funded through cash flow from the toll processing arrangement in place with Crew (as per above). As the existing ball mill will be employed in the new circuit as a regrind mill receiving concentrate from the flotation circuit, no major changes or relocation to existing plant equipment other than pump upgrades will be required. The Company and its technical consultants have targeted June 2010 for commissioning of the plant.

John McBride, Chairman of the Board comments, “after careful consideration we have undertaken a decision to move the Pine Cove operation forward with a more traditional gold processing circuit. We are specifically gratified that we are now able to address the operating inefficiencies at Pine Cove under the direction of experienced technical advisors, which greatly improves our confidence going forward.”

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.

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