



ANACONDA UPDATES PROGRESS AT THE PINE COVE GOLD MINE AND ANNOUNCES LOAN FACILITY

July 3, 2008

TORONTO – Anaconda Mining Inc. (“Anaconda” or the “Company”) (TSX:ANX) is pleased to provide an update on start-up of the Company’s Pine Cove Gold Mine (“Pine Cove”), located near Baie Verte, Newfoundland. Work at Pine Cove since the Company’s previous update (See Anaconda News Release dated May 5, 2008) has focused on optimization of the mill and operator training. The back end of the mill, which includes the grinding circuit, leaching tanks and recovery of gold in solution, is now operating within design parameters. Mine personnel, along with a Commissioning Technologist from Gekko Systems, continue to conduct optimization studies on the Gekko gravity concentrator at the front end of the mill. This work is focused on refining the first-pass separation of ore and waste and thereby maximizing gold recovery. Throughput since early June has averaged approximately 250 tonnes per operating day and initial ore feed to the mill has averaged 3.0 grams of gold per tonne, which is slightly higher than the projected life of mine average. The staged commissioning of the Gekko is necessary to ensure that it achieves operating specifications as defined by the engineered plant design. While the plant has not yet reached its overall operating production capacity as per design, gold is being accumulated in inventory and a decision on proceeding with an initial gold pour will be made by the Company in due course.

As a result of the ongoing optimization and longer than anticipated ramp-up to full production at Pine Cove, the Company has arranged a 7.5% convertible unsecured loan facility of up to \$1.5 million (the “Loan Transaction”) from Thorsen-Fordyce Merchant Capital Inc. (“Thorsen-Fordyce” or the “Holder”), an insider of the Company controlled by Lewis Lawrick, President, CEO and Director of Anaconda. The Loan Transaction will ensure the Company has sufficient funds for its near term working capital needs at Pine Cove, and accordingly will not impinge on the budgeted working capital committed to the funding of Anaconda’s ongoing exploration of its portfolio of exploration projects, in Chile and elsewhere.

The Loan Transaction allows the holder to convert the indebtedness, in whole or in part, into units of the Company, each unit consisting of one common share and one half of one common share purchase warrant, at the greater of (i) \$1.00 per unit, and (ii) the volume weighted average trading price of common shares of the Company for the twenty trading days immediately preceding the date of the notice of conversion (the “Conversion Price”) per unit. Each whole warrant received on conversion will entitle the holder to purchase one common share during 18 months after the date of conversion (i) at a price of \$1.25 per share where the conversion price was \$1.00, or (ii) at a price equal to 1.25 times the Conversion Price (as defined above).

Thorsen-Fordyce, which currently holds 11.9% of the issued share capital of the Company, is a “related party” as defined in Multilateral Instrument 61-101 (“MI 61-101”). The issue of the Loan Transaction to Thorsen-Fordyce will constitute a “related party transaction” under MI 61-101. Control of the Company will not be materially affected by the issue of the Loan Transaction.

Anaconda is exempt from the formal valuation requirement of MI 61-101 in connection with the issue of the Loan Transaction in reliance on section 5.5(a) of MI 61-101 as neither the principal amount of the Loan Transaction, nor the fair market value of the consideration for the maximum number of securities of the Company issuable on conversion of the loan, exceeds 25% of the Company's market capitalization. In addition, the Company is exempt from the requirement to obtain minority shareholder approval of the issue of the Loan Transaction in reliance on section 5.7(1)(a) for the same reasons.

The Company's independent directors have approved the Loan Transaction, which is also subject to TSX approval. The Company has applied to the TSX for approval of the Loan Transaction.

John Cook, P.Eng., a Director of the Company and designated Qualified Person as defined by NI 43-101 of the Canadian Securities Administrators, is responsible for reviewing the contents of this news release.

About Anaconda

Anaconda is a Toronto, Canada-based mining company with a portfolio of advanced-stage exploration projects in Canada and South America. The diversified portfolio will be supported by near-term cash flow from the Pine Cove gold mine in Newfoundland and Labrador.

The Company is presently focused on the San Gabriel Iron Project ("San Gabriel") in Chile, where it has identified several zones of magnetite-iron mineralization. San Gabriel is advantageously located close to road, rail, power and deep-sea port facilities. The Company plans to continue to aggressively explore San Gabriel to evaluate its potential to host economic concentrations of iron mineralization. The Company is actively pursuing new opportunities to complement its existing portfolio.

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