



ANACONDA MINING SIGNIFICANTLY INCREASES BID FOR NEW ISLAND AND REMOVES MINIMUM TENDER CONDITION

TORONTO, July 30, 2010 - Anaconda Mining Inc. ("Anaconda") (TSX: ANX) announced that it will today file a Notice of Variation and Extension of the previously announced July 11, 2010 Offer to Purchase all of the outstanding common shares of New Island Resources Inc. ("the Offer") on the basis of 0.42 common shares of Anaconda for each common share of New Island Resources Inc. ("New Island"); and Anaconda has waived the Minimum Tender Condition of the Offer that 66 2/3% of New Island Shares be deposited under the Offer. Under the Amended Offer any and all shares tendered will be accepted subject to the terms and conditions of the Amended Offer.

The Anaconda Offer expiry date has been extended and will be open for acceptance until 5:00 p.m. (Toronto time) on Monday, August 9, 2010.

Lew Lawrick, President and CEO of Anaconda emphasized that, "This transaction will allow New Island shareholders to benefit immediately from the imminent cash flow and future exploration upside of Pine Cove. Importantly, New Island shareholders will participate in the advancement of Anaconda's significant and active iron ore exploration and development portfolio in Chile."

Offer Reflects Full Value for New Island's Assets and Best Value for Shareholders

- The amended consideration, in the form of Anaconda common shares, values New Island at approximately \$0.14 per New Island share, representing a premium of approximately 32%, based on today's closing trading prices for each company; and representing a substantial premium of approximately 150% over the value of the closing price of New Island on June 2, 2010, the day before the non binding and highly conditional letter of intent was executed between Mountain Lake Resources Inc. and New Island and was disclosed to the public.
- Given the Offer is a share exchange transaction, shareholders of New Island will, upon the successful completion of the Offer, continue to benefit from any significant developments from the Pine Cove Gold Mine near Baie Verte, Newfoundland and will continue to share in any future increases in value associated with the development and operation of the existing assets of Anaconda and New Island.
- Today's closing price of the New Island common shares was \$0.105, and the closing price of the Anaconda common shares was \$0.33.

Benefits of the Offer

Anaconda expects the combination of Anaconda and New Island to produce benefits for New Island shareholders including:

- New Island shareholders will participate immediately in the Pine Cove Gold Mine cash flow versus waiting 12-18 months until after Anaconda's capital expenditures are paid back;
- New Island shareholders will not suffer further significant dilution during the capital payback period as a result of enjoying immediate access to cash flow from the Pine Cove Gold Mine;
- New Island shareholders will gain exposure to the significant growth potential of Anaconda's Chilean iron assets and access to a greatly diversified asset base outside of the province of Newfoundland;
- New Island shareholders will gain exposure to the seasoned Anaconda management team and independent Board of Directors that include significant entrepreneurial company building and value creation successes; accounting and audit committee experience, financial reporting knowledge, M&A experience, capital markets and fundraising capability, operations and mineral processing expertise, and industry accredited corporate governance stewardship;
- New Island shareholders will participate in a growth-oriented company with a cash flow platform and focused, motivated management team;
- Only the Anaconda Offer can provide New Island Shareholders with opportunity to maximize the market valuation of the Pine Cove Gold Assets through 100% ownership under one roof;
- Only the Anaconda Offer will remove the discount markets attribute to minority non operating mining assets;
- Only the Anaconda Offer can provide New Island Shareholders the benefits from operating synergies by combining 100% ownership under one roof.

Pursuant to the Offer, each New Island shareholder will receive 0.42 of an Anaconda common share for each New Island common share tendered under the Offer. The takeover bid is subject to customary conditions, receipt of all required regulatory approvals, including the approval of the TSX Venture Exchange, the absence of any material adverse change with respect to New Island, the absence of certain prohibited activities on the part of New Island (including security issuances, acquisitions and dispositions) and no untrue statements or omissions in New Island's public disclosure.

Anaconda has waived the Minimum Tender Condition of the Offer that 66 2/3% of New Island Shares be deposited under the Offer such that under the Amended Offer any and all shares tendered will be accepted. However, Anaconda intends to take all necessary steps to acquire any New Island common shares that remain outstanding following the expiry of the Offer if successful in obtaining over 66 2/3% of New Island Shares.

Full details of the Amended Offer are contained in the Notice of Variation and Extension filed today with securities regulatory authorities and mailed today to New Island Shareholders.

The Offer will remain open until 5:00 p.m. (Toronto time) on August 9, 2010.

Investors may obtain a free copy of the Offer documents filed by Anaconda previously and today with Canadian securities regulators at www.sedar.com. In addition, you may request these documents free of charge, from Anaconda's information agent, Kingsdale Shareholder Services Inc. within North America at 1-888-518-1558 (outside North America at 1-416-867-2272).

This press release does not constitute an offer to buy or sell, or the solicitation of an offer to buy or sell, any of the securities of New Island. Such an offer can only be made pursuant to an offer to purchase and accompanying an offering circular filed with the securities regulatory authorities in Canada.

ABOUT ANACONDA

Anaconda is a Toronto, Canada based mining development and exploration company focused on advancing its principal assets, the Pine Cove Gold Mine in Canada and its portfolio of Chilean iron ore assets. Anaconda is committed to bringing the Pine Cove Gold Mine into full Commercial Production, as well as advancing the exploration and near-term production opportunities of its Chilean iron ore assets. Anaconda continues to evaluate strategies to 'unlock' value attributable to its Chilean iron portfolio for the benefit of its shareholders.

FOR ADDITIONAL INFORMATION CONTACT:

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Or visit Anaconda's website at: www.anacondamining.com

FORWARD-LOOKING INFORMATION

This news release contains certain "forward-looking information" under applicable Canadian securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking information. Forward-looking information is often characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Assumptions upon which such forward-looking information is based include Anaconda's ability to acquire 100% of the New Island common shares and the benefits that may be obtained as a result of the business combination of the two companies. Many of these assumptions are based on factors and events

that are not within the control of Anaconda and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking information include changes in market conditions, variations in ore grade or recovery rates, risks relating to international operations, fluctuating prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, the business of New Island and Anaconda not being integrated successfully or such integration proving more difficult, time consuming or costly than expected as well as those risk factors discussed or referred to in the Annual Information Form for Anaconda filed with securities regulatory authorities and available at www.sedar.com. Although Anaconda has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Anaconda undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.