



Anaconda Mining Commences Formal Takeover Bid to Acquire New Island Resources

June 11, 2010

TORONTO – Anaconda Mining Inc. (“Anaconda”) (TSX: ANX) announced today that it has formally commenced a share exchange takeover bid (the “Offer”) for New Island Resources Inc. (“New Island”) (TSXV: NIS) to acquire all of the issued and outstanding common shares of New Island.

"This transaction will allow New Island shareholders to benefit immediately from the ramp-up in production and future exploration upside of Pine Cove. In addition, New Island shareholders will also participate in the advancement of Anaconda's significant iron ore exploration and development portfolio in Chile (see Anaconda press release dated June 1, 2010), whereby Anaconda has recently increased its equity interest in a portfolio of assets with both near-term development potential and significant exploration upside." said Mr. Lew Lawrick, President and CEO of Anaconda. "We firmly believe that the shareholders of both New Island and Anaconda will realize tangible benefits from this transaction."

Offer Reflects Full Value for New Island's Assets

- The consideration, in the form of Anaconda common shares, values New Island at \$0.1083 per New Island share, representing a substantial premium of approximately 54.8% based on the June 10, 2010 closing trading prices for each company.
- Since 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.
- On June 10, 2010, the last day prior to the commencement of the Offer, the closing price of the New Island common shares was \$0.07 and the closing price of the Anaconda common shares was \$0.325.

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; and
- New Island shareholders will participate in a growth-oriented company with a cash flow platform and focused, motivated management team.

Pursuant to the Offer, each New Island shareholder will receive 0.3333 of an Anaconda common share for each New Island common share tendered under the Offer. The takeover bid is subject to customary conditions, including that a minimum of 66 2/3% of the outstanding New Island common shares on a fully diluted basis are tendered to the Offer, 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 intends to take all necessary steps to acquire any New Island common shares that remain outstanding following the expiry of the Offer.

Full details of the Offer are contained in the formal offer to purchase and takeover bid circular to be filed today with securities regulatory authorities and to be mailed subsequently to New Island Shareholders. The Offer will remain open until 5:00 p.m. (Toronto time) on July 19, 2010.

Investors may obtain a free copy of the Offer documents filed by Anaconda today with Canadian securities regulators at www.sedar.com. In addition, you may request these documents free of charge, once they have been mailed, 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



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.