



## **Anaconda Mining to Acquire Interests in Major Iron Exploration Portfolios in Chile's Iron Ore Belt**

June 1, 2010

*TORONTO* – Anaconda Mining Inc. (“Anaconda”) (TSX: ANX), is pleased to announce that it has entered into an agreement (“the Agreement”) to acquire interests in two significant iron exploration portfolios from a private Chilean company, Inversiones SBX Limitada (“SBX”). The exploration properties are located in north central Chile, within the Chile-Peru iron ore belt.

Under the terms of the Agreement, Anaconda will acquire the following interests:

1. A 50% interest in iron exploration concessions located in the immediate area of Anaconda's San Gabriel Iron Project (“San Gabriel”) located near the coastal deep-water port of Chañaral. The acquired exploration concessions include the Vetarron magnetite deposit and the Antonio property concessions, totaling 4,300 hectares.

In return for the acquisition of the Vetarron and Antonio concessions, SBX will acquire from Anaconda a 50% interest in Anaconda's San Gabriel property. SBX will fund the remaining US\$2.2 million in payments related to the San Gabriel option. The combined San Gabriel area assets will be held by a new company, Minera Hierro San Gabriel S.A., which will be owned on a 50:50 basis by Anaconda and SBX.

2. A 20% interest in Inversiones Hierro Antofagasta S.A. (“IHA”), a private Chilean company which owns an 82.5% interest in Minera Hierro Antofagasta S.A. (“MHA”). MHA is a private Chilean company that holds the rights to four main project areas encompassing over 30,000 hectares of exploration concession, 35 to 60 kilometers east of the port city of Taltal.

Compañía Minera Del Pacifico S.A. (“CMP”), a 75%-owned subsidiary of CAP S.A. (Chile's largest integrated iron miner and steel producer), presently has a 17.5% ownership stake in MHA and CMP may increase its interest in MHA to 37.5% by making staged exploration and property payments totaling US\$15.0 million over the next 30 months.

Lew Lawrick, President and CEO of Anaconda states, “With this strategic transaction, we have established a strong local partner in SBX to assist in advancing San Gabriel to the development phase. Anaconda will immediately benefit from SBX's exploration expertise, their commitment to fund the remaining option costs, and the contribution of the additional property concessions in the vicinity of the San Gabriel deposit which have the potential to add to the total iron resource. Further, our investment in IHA gives Anaconda's shareholders the opportunity to participate in what has the potential to become a ‘world class’ iron district. This opportunity is readily enhanced by CMP's participation and significant funding commitment.”



## Minera Hierro San Gabriel

Minera Hierro San Gabriel S.A. (“MHSG”) is the Chilean company, owned 50:50 by Anaconda and SBX, formed to hold the San Gabriel and Vetarron deposits, the Antonio concessions, and other exploration concessions in the San Gabriel area.

The initial NI 43-101 Mineral Resource Estimate (as per an Anaconda Press Release dated August 14, 2008) for the San Gabriel Project totals 57.9 million tones (“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. The mineral resource is contained within three zones, namely the San Gabriel (Main), Esperanza and Antonia zones and uses a cutoff grade of 20% Fe (Table 1). See below for additional information related to this mineral resource estimate.

**Table 1. San Gabriel Initial Mineral Resource Estimate <sup>1</sup>**

<b>Zone</b>	<b>Category</b>	<b>Tonnage (Mt)</b>	<b>Iron Grade (% Fe)</b>
San Gabriel (Main)	Indicated	53.6	31
Esperanza	Indicated	4.3	41
<b>Total Indicated</b>		<b>57.9</b>	<b>32</b>
Antonia	Inferred	2.6	29
<b>Total Inferred</b>		<b>2.6</b>	<b>29</b>

<sup>1</sup> using a cutoff of 20% iron

The Antonio concession encompasses two significant magnetic anomalies, with geophysical signatures similar to that of the main San Gabriel deposit. At a magnetic susceptibility of 0.7 (SI), the first anomaly measures approximately 800 by 280 meters extending to a depth of 300 meters and is located three kilometers south of the San Gabriel deposit. At similar magnetic susceptibilities, the second anomaly measures approximately 600 by 100 meters extending to a depth of 150 meters and is located approximately six kilometers SSE of the San Gabriel deposit.

The Vetarron deposit, located five kilometers south of the San Gabriel deposit, is a near surface magnetite deposit representing approximately 16 Mt and grading 22% Fe. (As estimated in an SBX 2008 internal report. This is not a NI-43-101 compliant resource and as such should not be relied on as such; however Anaconda believes the estimate to be relevant.) Vetarron North, a 500 meter long strong magnetic anomaly with outcropping magnetite-rich structures may represent the undrilled northern extension of the Vetarron deposit.

Metallurgical testwork on Vetarron magnetite mineralization suggests that simple dry magnetic separation can be used to produce an iron concentrate (SBX internal report 2008).



**Inversiones Hierro Antofagasta S.A.**

IHA is a private Chilean company which owns an 82.5% interest in MHA. MHA has the rights to four main magnetite project areas located in Region II, Chile, approximately 50 kilometers north of the MHSG concession(s). The main project areas, which cover 30,000 hectares, are Octavia, San Mateo, Antenas and Germania. Over 4,000 meters of detailed ground magnetic surveys have defined significant anomalies on each of the project areas. The dimensions of the significant magnetic anomalies, at a magnetic susceptibility of 0.7 (SI), are summarized in Table 2 below:

**Table 2 – Dimensions of Magnetic Anomalies<sup>1</sup>**

<b>Project</b>	<b>Length (meters)</b>	<b>Width (meters)</b>	<b>Thickness (meters)</b>	<b>Dip</b>
Octavia East	1,250	200	300	vertical
Octavia West	1,200	200	300	vertical
San Mateo	1,300	250	300	shallow
Atenas South	1,500	150	300	shallow
Atenas Central	600	150	300	shallow
Germania South	1,000	300	400	flat
Germania Central	800	300	400	flat

<sup>1</sup> dimensions of anomalies outlined at a magnetic susceptibility of +0.7 (SI)

With the recent completion of gravity surveys confirming the location and approximate dimension of the magnetic anomalies, a drilling program will commence shortly. SBX is the operator of the project.

**Qualified Person**

*John Cook, P.Eng, a Qualified Person within the definition of National Instrument 43-101 “NI 43-101” of the Canadian Securities Administrators, is responsible for reviewing and approving the contents of this news release.*

**About CAP S.A.**

CAP S.A (“CAP”) is the largest producer of iron ore and pellets on the Pacific coast of Latin America and leader in the steel and steel-processing markets in Chile. Mitsubishi Corporation owns a 19.3% stake in CAP and a direct 25% stake in CMP.



## **About Inversiones SBX Limitada**

SBX is a private company headquartered in Santiago, Chile with a focus on the exploration and development of base and precious metals, and water resources in South America, and principally Chile.

## **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. Anaconda is committed to bringing Pine Cove into full Commercial Production, as well as developing near-term production opportunities for San Gabriel. Anaconda is currently looking at strategies to 'un-lock' shareholder value attributable to its Chilean iron portfolio for the benefit of its shareholders.

### **FOR ADDITIONAL INFORMATION CONTACT:**

**Lew Lawrick**  
President and CEO  
Anaconda Mining Inc.  
(647) 478-5307  
Email: [llawrick@anacondamining.com](mailto:llawrick@anacondamining.com)

or **Greg DiTomaso**  
Investor Relations  
Anaconda Mining Inc.  
(647) 436-2592  
Email: [info@anacondamining.com](mailto:info@anacondamining.com)

Or visit Anaconda's website at: [www.anacondamining.com](http://www.anacondamining.com)

*Certain statements contained herein constitute "forward-looking statements". These forward- looking statements are based on current expectations. 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 Anaconda'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 Anaconda's business, or if Anaconda's estimates or assumptions prove inaccurate. Anaconda assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.*