



## **ANACONDA ANNOUNCES OPTION AGREEMENT TO SELL THE DAMOTI LAKE GOLD PROJECT**

**August 5, 2008**

*TORONTO* – Anaconda Mining Inc. (“Anaconda” or the “Company”) (TSX:ANX) announces it has entered into an option agreement to sell its interest in the Damoti Lake gold project (“Damoti” or the “Project”) to Merc International Minerals Inc. (“Merc”) (TSXV: MRK).

Terms of the option agreement provide for a cash payment to Anaconda of \$250,000 and the issuance of 1,250,000 common shares (“shares”) of Merc. Anaconda is subject to a four month hold on trading of these shares. The option agreement is scheduled to close on or before August 31, 2008 and is subject to the approval of the TSX and TSX Venture Exchanges.

Lewis Lawrick, President and CEO commented: “We are pleased with the transaction that has been announced today, which allows Merc to aggressively advance this high-grade gold project. Our equity interest allows us continued exposure to Damoti, as Merc looks towards development of a potential high-grade mining operation.”

Damoti is located 200 km north of Yellowknife, Northwest Territories and extends over 2,849 hectares of land in six mining leases. An independent, National Instrument 43-101 compliant resource estimate was completed in September 2005. Using a cut-off grade of 8 grams gold per tonne, the measured and indicated mineral resource estimate for the Horseshoe deposit totaled 40,600 tonnes grading 26.17 grams of gold per tonne, with a further inferred mineral resource estimate of 17,800 tonnes grading 16.38 grams of gold per tonne. Additional information with respect to Damoti is contained in a technical report dated December 15, 2005, filed on SEDAR and entitled “Technical Report and Resource Estimate on the Damoti Lake Property, Northwest Territories, Canada”. This report was prepared by Mr. Eugene Puritch, P.Eng., of P&E Mining Consultants Inc. Mr. Puritch and P&E Mining Consultants Inc. are independent of both Anaconda and Merc.

Cash proceeds will be used to advance the San Gabriel Iron Project and for general working capital purposes.

John Cook, P.Eng., a Director of the Company and designated Qualified Person as defined by National Instrument 43-101, 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 is supported by near-term cash flow from the Pine Cove gold mine.

The Company is rapidly advancing 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 this exciting project.

**About Merc International Minerals Inc.**

Merc is a junior exploration company that offers shareholders leverage to gold-silver by acquiring projects with historic resource estimates that have the geological potential to be enhanced through both modern day exploration and dramatically higher gold-silver prices.

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*Certain statements contained herein constitute "forward-looking statements". These forward-looking statements are based on current expectations. The nature, timing and extent of the exploration programs 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.*