



PEÑOLES BEGINS 12,000 METRE DRILL PROGRAM AT THE INCA DE ORO SUR PROJECT, REGION III, CHILE

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FOR IMMEDIATE RELEASE

TORONTO – Anaconda Mining Inc. (“Anaconda” or “the Company”) (TSX:ANX), (FRANKFURT:GJ2) is pleased to report that Minera Peñoles de Chile Ltda., (“Peñoles”) a wholly-owned affiliate of Industrias Peñoles, S.A.B. DE C.V., has started a 12,000-metre drilling program totaling 30 holes at the Inca de Oro Sur copper-gold project, (formerly known as the Carmen Project) Region III, Chile.

Located 100 km north of Copiapo, Inca de Oro Sur is a copper-gold project in Chile’s historic Inca de Oro District, which hosts historic drill indicated resources of 36.4 million tonnes grading 0.41% copper and 0.55 grams gold per tonne. Although these resources are not compliant with National Instrument 43-101 standards and definitions, the Company and Peñoles consider these historic resources to be of relevance.

Peñoles’ drill program will focus on the exploration of the Inca de Oro District (Anaconda Mining Inc. and Inversiones EM-DOS Limitada, mining claims), with the objective of defining a larger threshold economic mining opportunity during the four year exploration program. According to Peñoles, the estimated geologic potential in the Inca de Oro Sur project area is in the order of 120 million tonnes.

During the first year exploration program, in addition to drilling, the US\$3 million program will include the initiation of environmental base line studies, ground geophysical surveys including magnetics and induced polarization, property wide geochemical sampling and preliminary metallurgical test work.

Under the terms of the agreement, Peñoles has the right to earn a 65% interest in the project over a 48-month period by spending a total of US\$22 million. Of this amount, US\$12 million will comprise cash payments to Anaconda and Inversiones EM DOS Limitada, (“EM DOS”), a private Chilean company, and US\$10 million will comprise direct exploration expenditures on the project.

As per the agreement, Peñoles has made the initial US\$3 million cash payment, of which US\$2,050,000 has been paid to Anaconda and US\$950,000 has been paid to EM DOS. As well, per the agreement, Anaconda has issued 400,000 treasury shares to EM DOS.

In the event that Peñoles earns its 65% interest in the Inca de Oro Sur project, Anaconda will hold a 24.5% interest and EM DOS will retain a 10.5% interest.

If Peñoles elects to finance the preparation of a bankable feasibility study, then Peñoles will increase its project interest to 70% with Anaconda and EM DOS reducing their interests to 21% and 9% respectively.

Peñoles is one of the largest mining companies in Mexico with integrated operations in smelting and refining non-ferrous metals, and chemical production. Peñoles is the world's top producer of refined silver, metallic bismuth and sodium sulfate, as well as the leading Latin American producer of refined gold, lead and zinc.

Anaconda Mining is an emerging gold producer with a portfolio of advanced stage exploration and development projects in Canada and Chile. For more information on the Company, please see our website at www.anacondamining.com.

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.

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