



## **ANACONDA MINING PLANS DRILL PROGRAM FOR SAN GABRIEL IRON PROJECT**

January 21, 2008

### **FOR IMMEDIATE RELEASE**

*TORONTO* – Anaconda Mining Inc. (“Anaconda” or “the Company”) (TSX:ANX), (FRANKFURT:GJ2) is pleased to announce that a follow-up drilling program, totaling 9,200 m, is scheduled to begin this week at the Company’s San Gabriel iron ore project. The project is located 1,000 km north of Santiago, Chile, close to the deep-water port of Chanaral. It hosts widespread iron mineralization which was intersected in an initial drill campaign completed by the Company in late October, 2007.

Highlights from that program included hole RSGA-05, which intersected 62 m grading 42% iron. This intersection included a higher grading 22 m interval assaying 62.17% iron. (See Anaconda press release October 25, 2007 at [www.anacondamining.com](http://www.anacondamining.com) for complete results).

### **Current Drill Program:**

The current phase of drilling is designed to test several magnetic anomalies which have been further defined by ground magnetic geophysical surveys recently completed by the Company. The drill program will consist of 17 reverse circulation holes and three diamond drill holes, the latter to provide additional core for ongoing metallurgical test work.

### **Preliminary Tests:**

Anaconda has completed a preliminary metallurgical test program mainly designed to assess for deleterious minerals. Anaconda submitted 162 samples (over 20% FeT) to CIMM Labs in Chile for magnetic separation (Davis tube) to determine magnetic iron contents. These preliminary tests indicated that more than 90% of the contained iron is magnetic and can likely be recovered by magnetic separation into a high quality concentrate.

The concentrates were analyzed for Si, P, S and Cu. Values for phosphorus (P) were extremely low, with only three samples assaying above detection limits of 0.05% with the high value being 0.09%. For 20% of the samples further detailed determination of P levels at detection limits of 0.005% showed extremely low P values, generally below 0.005%. Three samples were over the detection limits with values of 0.016% and 0.022% P. Silica average values are less than 2.5%. Copper values were generally lower than 20ppm. Sulphur values were also low with only seven values assaying above the detection limit of 0.01% with the highest value being 0.03%.

Lewis Lawrick, Chairman and CEO of Anaconda commented: “These preliminary results are extremely encouraging and indicate that iron mineralization at San Gabriel is very low in penalty elements. Obviously this is important as the ‘cleaner’ the ore the greater a contract price it will command should we be successful in delineating a mineable ore body. This combined with its tremendous location, in proximity to the deep sea port of Chanaral, a gateway to Asian markets, has us motivated to aggressively advance this project in 2008.”

The San Gabriel prospect consists of 1,700 hectares of exploration concessions and includes four magnetic anomalies; two of which have seen limited past exploration activity by Rio Tinto which included the completion of 11 drill holes.

**Location:**

The San Gabriel Prospect lies 70 km NE of the port city of Chanaral, a city on the Pacific coast that has significant deep sea port infrastructure for iron ore exports direct to Asia.

**History and Geology:**

The prospect was discovered by Rio Tinto in 1997, during a reconnaissance exploration program that consisted of ground magnetics and scout drilling. Rio Tinto’s scope was primarily the discovery of IOCG (iron oxide copper gold) deposits or very large iron ore deposits. Rio Tinto completed 11 reverse circulation drill holes which targeted magnetic anomalies. The property was subsequently returned to the vendors as Rio Tinto determined the discovery of the San Gabriel iron ore mineralization was not sufficient to meet their threshold of interest.

While drilling by Rio Tinto showed massive magnetite over 20 meter widths and stockwork zones ranging between 30 and 250 meters carrying grades up to 36% iron; Anaconda believes the available grades and thicknesses are favourable to define potentially mineable ore bodies

The prospect is a typical iron-magnetite skarn associated with dioritic intrusives of Jurassic to lower Cretaceous age and which intruded andesitic volcanic sequences. These skarn related deposits are typical of the Chile-Peru coastal region and form deposits ranging from a few million tons to billion ton ore bodies such as Marcona in Peru.

As a result of their proximity to coastal shipping access to the Asia Pacific region, a number of iron ore mines in Chile and Peru are being evaluated for start up or have resumed production.

**Option Terms:**

Anaconda has the right to earn a 100% interest in the San Gabriel prospect by making payments totaling US\$2.4million over four years. The Company has made a US\$20,000 payment on signing. (Please see Anaconda press release dated September 20, 2007 for complete details about the San Gabriel option agreement at [www.anacondamining.com](http://www.anacondamining.com))

John Cook, P.Eng., a designated Qualified Person as defined by NI 43-101 of the Canadian Securities Administrators, is responsible for reviewing the contents of this news release.

On the corporate front, the Company also reports that Nick Tintor has stepped down as President of Anaconda, effective Jan 7, 2008. Nick will remain a Director of the Company and will continue to be available to the company on a consulting basis. On behalf of the Board of

Directors and company shareholders we would like to express our sincere thank-you to Nick for his valued stewardship both with Anaconda Mining Inc. and its predecessor company Anaconda Gold Corp. We look forward to his ongoing contribution to the Company as a key member of our Board of Directors.

Anaconda Mining is an emerging gold producer with a portfolio of advanced stage exploration and development projects in Canada and Chile.

*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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