



ANACONDA MINING BREAKS GROUND AT PINE COVE GOLD MINE SITE

July 5, 2007,

FOR IMMEDIATE RELEASE

TORONTO – Anaconda Mining Inc. (“Anaconda” or “the Company”) (ANX-TSX), (FRANKFURT:GJ2) is pleased to announce that mine construction has begun at the Company’s Pine Cove gold mine project near Baie Verte, Newfoundland.

The ground breaking for the newest gold mine in the Province of Newfoundland and Labrador took place last week following the receipt of the government’s approval of Anaconda’s Mine Development Plan. (Pictures of the start of site construction are posted on Anaconda’s website at www.anacondamining.com).

With the start of mine site construction, Anaconda remains on schedule to start mining operations in the fourth quarter of this year.

“Starting construction of our first gold mine is an important milestone for our Company”, Lew Lawrick, Chairman and CEO of Anaconda said. “Combined with our Chilean portfolio of advanced stage copper and gold projects, we are poised for considerable growth over the next year,” Mr. Lawrick added.

Pine Cove hosts probable reserves of 2,332,676 tonnes grading 2.76 grams gold per tonne for 207,000 oz. of gold. Inferred resources total 66,700 tonnes grading 2.43 grams gold per tonne for 5,200 oz. of gold. The above reserves and resources were prepared utilizing a cut-off grade of 0.95 grams gold per tonne.

The reserve estimate was completed by independent mining consultants and Qualified Persons, as defined by NI 43-101, Eugene Puritch, P.Eng. and Dr. Wayne Ewert, P.Geo. of P&E Mining Consultants Inc. of Brampton, Ontario. (See Anaconda press release dated April 28, 2005 at www.anacondamining.com or at www.sedar.com)

Upon commencement of commercial production, Anaconda will have earned its 60% interest in the Pine Cove project from New Island Resources Inc. (NIS-TSXV), the Company's partner at Pine Cove.

The terms of the underlying agreement also provide Anaconda with 100% of all project cash flow until capital payback is achieved and certain sunk costs are recovered. In addition, as operator of the Pine Cove project, Anaconda will receive project management fees.

Anaconda Mining Inc. is an emerging gold producer with a portfolio of advanced stage exploration and development projects in Chile and Canada. For more information please visit our new 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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