

Investment advantage - Iron ore potential with excellent infrastructure

The 4,700 hectare San Gabriel Iron Project ("San Gabriel" or the "Project") is strategically located in northern Chile in an area with excellent infrastructure and in proximity to Chañaral, a deep sea port with direct shipping access to the Asia-Pacific region. Exploration by Anaconda commenced in late 2007 and three main zones have been drilled on the Project, namely San Gabriel (Main), Esperanza, and Antonia. An initial mineral resource estimate for the Project was released on August 14, 2008 (see "Technical Report" section below).

Location

San Gabriel is located 60 km northeast of the port city of Chañaral, a small city on the Pacific coast that has significant deep sea port infrastructure for iron ore exports. The Project is located approximately 1,000 km north of Santiago.

Ownership

Anaconda Mining has the right to earn a 100% interest in San Gabriel by making payments totaling US\$2.4 million over four years. In September, 2007, the Company made an initial US\$20,000 payment on signing.

Exploration history

Iron mineralization at San Gabriel was discovered in 1997 by Rio Tinto during a reconnaissance exploration program focused on the discovery of copper mineralization. Exploration by Rio Tinto included ground magnetics and scout drilling of 11 holes, targeting magnetic anomalies. Scout drilling encountered massive magnetite over 20 metre widths and stockwork zones ranging from 30 and 250 metres width carrying grades up to 36% iron. Rio Tinto subsequently returned the Project to the vendor.

Partnerships

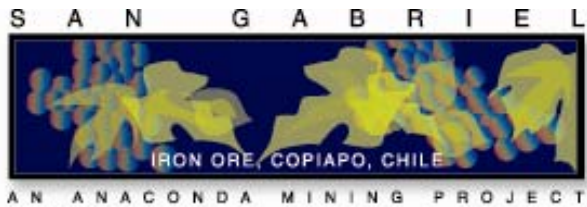
None.

Technical report

On August 14, 2008, the Company released an NI 43-101 compliant mineral resource estimate for San Gabriel based on the full results of the Phase I, Phase II and Phase IIb drill program which can be found in our April 15, 2008 and June 5, 2008 press releases:

http://www.anacondamining.com/pdf/April15_2008.pdf

http://www.anacondamining.com/pdf/june5_2008.pdf



The total indicated resource estimate for San Gabriel was 57.9 million tonnes (“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% in the inferred category. The report can be found here: http://www.anacondamining.com/reports/San_Gabriel_technical_report.pdf

Mineralization type

The prospect is a typical iron-magnetite skarn associated with dioritic intrusives of Jurassic to lower Cretaceous age 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.

Access and infrastructure

The Project is advantageously located close to road, rail, electricity and deep sea port facilities.

San Gabriel is located 60 km from Chañaral, which has a deep sea port with direct access to Asian-Pacific shipping routes. The Project is located within 15 km of a transmission line, 20 km of a rail line and 25 km from a main highway and there is also easy rail access from Project to port.

Environment

No known environmental concerns exist with respect to the work performed to date on the property.

Resource estimate

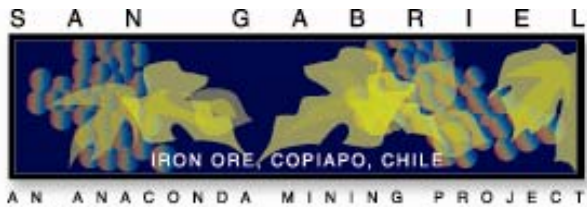
An NI 43-101 compliant initial mineral resource estimate was released on August 14, 2008. The results were 57.9 million tonnes (“Mt”) at an average grade of 32 percent total iron (“% Fe”) in the indicated category and a further 2.6 Mt at an average grade of 29% in the inferred category. For more information, please refer to the (“Technical Report”) section above.

Reserve estimate

A reserve estimate has not yet been conducted at San Gabriel.

Current program and initiatives

The Company is focused on aggressively expanding and developing the San Gabriel Project. Future exploration at San Gabriel will focus on drill testing additional, untested geophysical anomalies and infill drilling to upgrade mineral resources to the measured category.



The Company has retained a logistics specialist and a metallurgical engineer to continue to rapidly advance the Project. The logistics specialist, Mr. Antonio Barros, has commenced a study of transportation, electricity and water options for potential future mining operations. Results from ongoing metallurgical testwork are anticipated in the coming months.

Metallurgy

Preliminary metallurgical testwork, as reported in an Anaconda news release of January 21, 2008, demonstrates that San Gabriel contains high quality magnetite-bearing material with very low levels of impurities, or penalty elements (specifically silica, phosphorous, sulphur, and copper). These tests indicated that over 90% of the contained iron is magnetic and can likely be recovered by magnetic separation into a high quality concentrate.

The highlights of preliminary metallurgical testing are:

- Silica average value was less than 2.5%.
- Phosphorous values were extremely low. Three samples assayed above detection limits of 0.05%, with the high value being 0.09%.
- Sulphur values were also low with only seven values assaying above the detection limit of 0.01% with the highest value being 0.03%.
- Copper values were generally lower than 20ppm.

Additional Davis Tube tests suggest the potential to produce a high-grade, low contaminant concentrate is good. The Davis Tube tests also suggest magnetite recoveries from the San Gabriel (Main) Zone on the order of 96-97%.

In August 2008, composite drill core samples from the San Gabriel (Main) Zone were sent to a major metallurgical test laboratory in Germany for in-depth metallurgical studies. Results of this work are pending.

Drilling

In August of 2007, Anaconda began a two-phase drilling program. Phase I ran from August 2007 to September 2007 in which Anaconda drilled 1,572 metres in five holes. In March of 2008, Anaconda completed Phase II of the program, with a total of 13,278.95 metres drilled in 38 holes. Drilling shows long intercepts with good iron grades. Anaconda discovered that two holes (RSGA-22 and RSGA-27) intercepted a very high grade 'core zone' in the Main San Gabriel Zone. The summary of the drill program can be found in the table below:



Summary of Phase I, II and IIb drill programs.

Phase I (August to September, 2007)				
Zone	RC holes	Metres RC	DD holes	Metres DD
San Gabriel	5	1,752	-	-
Phase II (January to March, 2008)				
Zone	RC holes	Metres RC	DD holes	Metres DD
San Gabriel	22	8,486	3	1,493.10
Esperanza	3	816	2	697.85
Antonia	8	1,792	-	-
Phase IIb (April to May, 2008)				
Zone	RC holes	Metres RC	DD holes	Metres DD
San Gabriel	7	2,122	-	-
Esperanza	26	2,598	-	-
Total Phase I, II & IIb	71	17,566	5	2,190.95

Due to the positive results of Phase II, the Company took the opportunity to drill a further 4,282 metres (33 holes) in late April to May, 2008 in what was called Phase IIb. A total of 33 holes were drilled totaling 4,282 metres. Highlights include:

- 69.6 percent total iron ("% Fe") over 28 metres, within a broader interval grading 46.9% Fe over 102 metres in hole RSGA-35, and
- 50.9% Fe over 16 metres, within a broader interval grading 39.0% Fe over 108 metres in hole RSGA-33.

The full results can be found in the June 5, 2008 press release:

http://www.anacondamining.com/pdf/june5_2008.pdf

For more information on the Project please contact Belinda Labatte at 647.436.2152 or email at info@anacondamining.com.