



## **ANACONDA MINING COMPLETES CARMEN TRANSACTION WITH PEÑOLES**

September 12, 2007

### **FOR IMMEDIATE RELEASE**

TORONTO – Anaconda Mining Inc. (TSX-V:ANX), (FRANKFURT:GJ2) is pleased to announce that it has signed a Definitive Exploration Earn-in Agreement (“Agreement”) with Minera Peñoles de Chile, a wholly owned subsidiary of Industrias Peñoles, S.A.B. de C.V. (“Peñoles”) to jointly explore and develop Anaconda’s Carmen copper-gold project in the Inca de Oro District, Chile.

Anaconda and Peñoles agreed earlier to expand the property holdings in the Carmen project area by acquiring additional concessions from a third party, Inversiones EM DOS Limitada, (“EM DOS”), a private Chilean company. This increases the size of the Carmen mining concessions from 822 hectares to 1,271 hectares. (See Anaconda press release dated June 7, 2007 at [www.anacondamining.com](http://www.anacondamining.com))

### **Terms**

Under the terms of the Agreement, Peñoles has the right to earn a 65% interest 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 EM DOS and US\$10 million will comprise direct exploration expenditures on the project.

Peñoles will make the initial US\$3 million cash payment on September 27 of which US\$2,050,000 will be paid to Anaconda and US\$950,000 will be paid to EM DOS. As well, in the first year of the Agreement, Peñoles is required to spend US\$3 million on exploration including but not limited to 12,000 metres of drilling.

During the second 12-month period, Peñoles will pay Anaconda US\$1,950,000 and EM DOS US\$1,050,000 and will spend US\$3 million on exploration including but not limited to 15,000 metres of drilling.

During the third 12-month period, Peñoles will pay Anaconda US\$1,800,000 and EM DOS US\$1,200,000 and spend US\$4 million on exploration.

At the end of the 48-month exploration period, Peñoles will make a final minimum payment of US\$900,000 and a maximum of US\$3 million. If Peñoles spends in excess of US\$4 million during the third 12-month period, that excess expenditure will be deducted from the US\$3 million maximum payment but in any event, a minimum US\$900,000 payment will be made. In the event that Peñoles makes the minimum payment, that payment will be to the benefit of EM DOS. Any payments in excess of US\$900,000 and up to the maximum of US\$3 million will be made to Anaconda.

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

As part of the transactions, Anaconda has also granted Peñoles a **limited option to sell to or acquire from Anaconda their respective interests in the Carmen project at fair value only after Peñoles has earned its full interest and only in the event of certain material change of control events within the Anaconda group of companies.**

### **Bankable Feasibility Study**

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.

The Carmen project, located 100 km north of Copiapo, is an advanced stage copper-gold project in Chile's historic Inca de Oro District. (A NI 43-101 Technical Report is available at [www.anacondamining.com](http://www.anacondamining.com) and [www.sedar.com](http://www.sedar.com))

"This is a significant milestone for Anaconda," Lew Lawrick, Chairman and CEO of Anaconda said. "This investment by Peñoles in the Carmen project highlights the strength of our project portfolio, and the prospects in Carmen specifically. Peñoles brings considerable experience in exploration, engineering and mine development and we look forward to working with them in developing the potential of the Inca de Oro District," Mr. Lawrick added.

Peñoles is one of Mexico's largest mining company 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.

*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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