MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Set out below is a review of the activities, results of operations and financial condition of Anvil Mining Limited (the "Company") and its subsidiaries (the "Group" or "Anvil") for the quarter ended March 31, 2007. This information is presented as of May 10, 2007. The discussion below should be read in conjunction with the unaudited consolidated financial statements of the Company for the quarter ended March 31, 2007 and the notes thereto. The Company's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles.

Capitalized terms used and not defined below have the meanings given to them in the consolidated financial statements and the notes thereto. References below to "$" or "US dollar" refer to United States dollars. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil Mining Limited set out below originates in Canadian dollars ("C$"), or Australian dollars ("A$"), and has been translated into US dollars, based on prevailing exchange rates and in accordance with note 2 to the audited consolidated financial statements for the year ended December 31, 2006.

Additional information relating to the Company, including the Company's most recent annual information form is available on SEDAR at www.sedar.com.

HIGHLIGHTS for the first quarter ended March 31, 2007.

First quarter ended March 31, 2007.

- Net copper concentrate sales of $42.0 million in the 2007 March quarter, an increase of 27% compared to 2006 March quarter.
- Net income of $21.1 million ($0.37 per share) in the 2007 March quarter, an increase of 155% compared to 2006 March quarter.
- Cash flows from operating activities, before working capital movements, of $24.8 million ($0.44 per share) in 2007 March quarter, an increase of 85% compared to 2006 March quarter.
- Quarterly production of 8,027 tonnes of copper and 537,858 ounces of silver contained in concentrates. The Dikulushi mine continued to outperform production targets, but production at the Kulu mine was below budget due to the combined effects of artisanal mining activity and an unusually heavy rainy season. Despite this, an additional 14 tonnes of copper was produced from artisanal mining during the current quarter. The financial impact of below budget production at Kulu was offset by above budget sales of concentrate produced at Kulu but not sold during the December quarter. Overall, the Company expects to meet its planned 2007 production of 50,000 tonnes of copper as higher than anticipated production from the Dikulushi mine should offset any deficiency at the Kulu mine.
- Stage III Dikulushi underground mine decline development progressed to a total advance of approximately 1,278 metres by the end of the March quarter and is on target for commencement of mining on a production basis during the fourth quarter of 2007.
- The feasibility study for the Kinsevere Stage II expansion (60,000 tonnes per year of Solvent Extraction and Electrowinning ("SX-EW") copper) was completed in early April. The Board of Directors approved a capital cost of $238 million for the development and construction of the 60,000 tonnes per annum SX-EW plant at Kinsevere.
- Decision to rework the Kulu Stage II SX-EW pre-feasibility study of 2005 and accelerate the timetable for the Kulu SX-EW development.

- Completion of payment for the acquisition of the additional 15% interest in the mining rights for the Kinsevere-Nambulwa copper-cobalt joint venture, as agreed in December 2006.
- Election to proceed with a detailed evaluation of the Itogon Suyoc Resources Inc. mineral properties in the Philippines.

1. Overview

The Group operates in the mineral producing, development and exploration industry with a focus on base and precious metal exploration and mine development.

The Group holds a 90% beneficial interest in the Dikulushi mine and surrounding exploration areas, which are held under the terms of the Dikulushi Mining Convention ("Mining Agreement") with the Government of the Democratic Republic of Congo ("DRC").

The Group also has an 80% indirect interest in the Mutoshi Copper-Cobalt project in the Kolwezi region in DRC. The Mutoshi project, which is held by subsidiary Société Minière de Kolwezi sprl ("SMK"), includes the Mutoshi mine, the Kulu mine (coarse rejects/tailings deposit), the Mutoshi Northwest deposit, the Nioka deposit, the Kamukonko cobalt prospect and areas situated on the relatively under-explored southern edge of the Kolwezi Klippe, a prominent geological feature in the area. The total area included in the Mutoshi project is 136.92 square kilometres.

The Group also has an indirect 95% interest in the mining rights of the Kinsevere-Nambulwa Exploitation Permits, held through AMCK Mining sprl ("AMCK"). The Kinsevere-Nambulwa properties lie approximately 30 kilometres north of the provincial capital of Lubumbashi and include two separate Exploitation Permits, Kinsevere and Nambulwa, totalling 29.6 square kilometres. The two exploitation-permitted areas, approximately 25 kilometres apart, contain four distinct mineralized zones that outcrop at surface.

Dikulushi Copper-Silver mine

The Dikulushi mine is situated in the southeast part of the DRC in the Haut Katanga District. The mine was initially established using a staged development approach. Stage I involved a 250,000 tonnes per annum Heavy Media Separation ("HMS") production circuit and the Stage II expansion comprised a 350,000 tonnes per annum ball mill and flotation circuit. The Stage III underground mine development, which commenced in 2006 following completion of deep drilling below the existing open pit and known resource extension will begin production during the fourth quarter of 2007, building up to full scale production in the first quarter of 2008.

Kulu Copper mine

The Kulu mine is located east of the town of Kolwezi in the southeast part of the DRC. The mine was established in November 2005 following commencement of construction in July 2005. Stage I of the mine involved refurbishing the HMS plant from Dikulushi and construction of the mine support infrastructure. The HMS plant, which commenced operations in December 2005, is currently treating the coarse rejects/tailings deposit from the Kulumaziba watercourse which were discharged from a previous operation at the Mutoshi open pit mine. A subsequent upgrade, which involved the commissioning of a scrubber and larger screen to increase throughput of the existing HMS plant was completed during the 2006 March quarter, and resulted in a steady improvement in production, reaching design throughput in May 2006. Engineering studies will be carried out in the coming months aimed at building a small SX-EW plant at Kulu, instead of the Electric-Arc Furnace ("EAF") that was announced in the first quarter of 2007. The Company believes that construction of an expandable SX-EW plant, with an initial capacity of 15,000 tonnes per year could be the best option for reprocessing the coarse rejects/tailings and optimizing the value of the deposit, as the present HMS process on finer grained material is yielding sub-optimal recoveries. A major advantage of SX-EW processing is that metallurgical recoveries would be expected to increase to over 90%. This reassessment of the SX-EW project is a priority, and every effort is being made to complete the Kulu SX-EW feasibility study as quickly as possible.

Kinsevere mine development

The Kinsevere-Nambulwa project ("Kinsevere project") is located in the Katanga Province in the southeast of the DRC. It is situated in the central section of the Congo Copperbelt, approximately 30 kilometres north of the provincial capital, Lubumbashi.

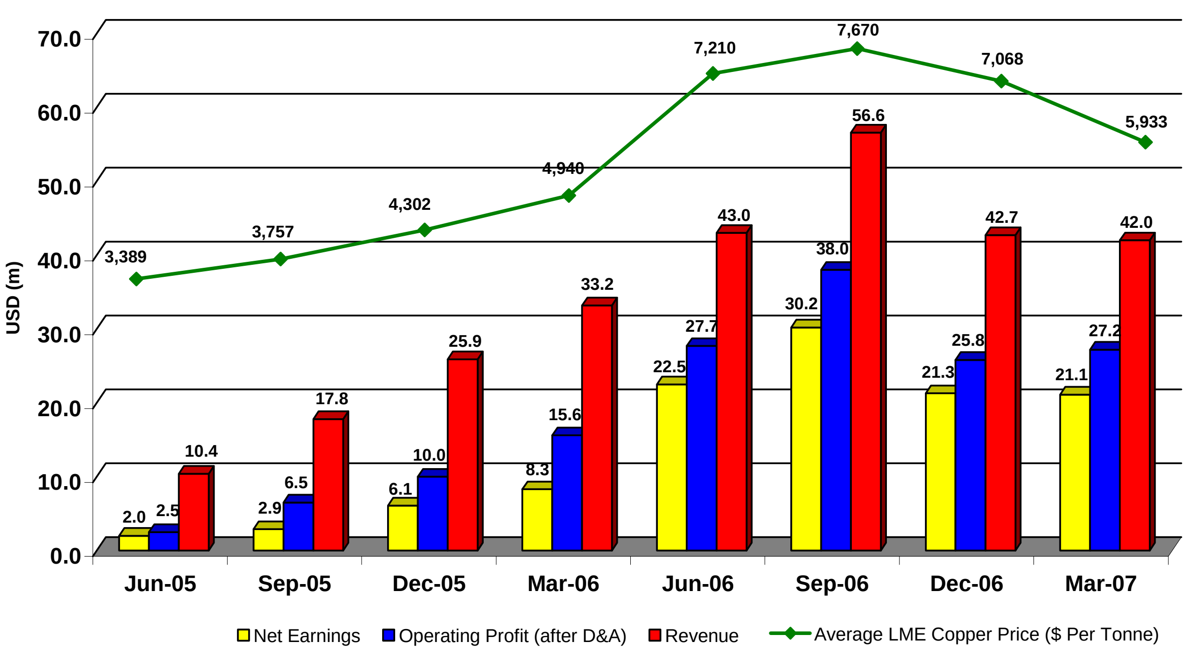
The Kinsevere project comprises two separate exploitation permits Kinsevere (PE 528) and Nambulwa (PE 539). These two exploration permits cover an area of 29.6 square kilometres. The focus of exploration to date has been the Kinsevere PE. No exploration activities have been carried out yet on the Nambulwa prospect by Anvil or its joint venture parties. Kinsevere (PE 528) consists of three deposits, Kinsevere, Tshifufia and Tshifuamashi and covers an area of 16.1 square kilometres. All three deposits lie within 2 kilometres of one another.

In May 2006, following completion of a feasibility study, Anvil committed to a $35 million Stage I development at Kinsevere. The Stage I development, which comprises an HMS Plant and an EAF is expected to produce approximately 23,000-25,000 tonnes per annum of "black copper" ingots assaying 90%-95% copper. The HMS is expected to be commissioned in May 2007 and the EAF in the third quarter of 2007. Kinsevere Stage II, which involves a SX-EW development for 60,000 tonnes per annum of copper, has recently been the subject of a feasibility study. In April 2007, the Board of Directors approved a capital cost of $238 million for the development and construction of the 60,000 tonnes per annum SX-EW plant at Kinsevere. The Company has begun the process of calling for tenders for detailed design and construction, with a view to commencing work during the third quarter of 2007.

Mining of ore and waste commenced in December 2006, with production from the Kinsevere mine expected to begin during the third quarter of 2007.

2. Financial Results

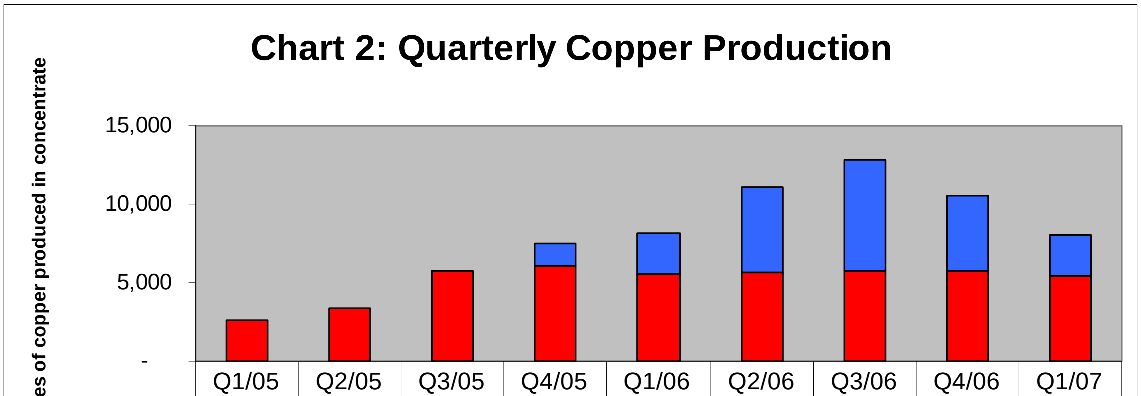
Chart 1: Quarterly Financial Performance



The net income for the quarter was $21.1 million or $0.37 per basic share (weighted average common shares: 56,731,966) as compared to $8.3 million or $0.26 per basic share (weighted average common shares: 31,913,895) in the first quarter of 2006. The increase in net income of 155% was due to a 20% increase in LME cash copper price and a 54% increase in copper concentrate tonnes sold at Kulu offset by a 17% decrease in copper delivered from Dikulushi. The cash flow from operations for the quarter was $14.4 million (2006 March quarter: $0.7 million), or $0.25 per share (2006 March quarter: $0.01).

3. Production and Statement of Income Discussion

Copper Production



	Q1/05	Q2/05	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07
Total	2,559	3,395	5,777	7,446	8,137	11,098	12,816	10,523	8,027
Kulu				1,361	2,632	5,497	7,078	4,749	2,558
Dikulushi	2,559	3,395	5,777	6,085	5,505	5,601	5,738	5,774	5,469

Copper production in the first quarter of 2007 was 8,027 tonnes, of which 68% was from Dikulushi and 32% from Kulu. Combined copper production decreased by 24% compared to the December quarter of 2006, principally due to the decrease in production from Kulu due to lower feed grade and lower copper recoveries from processing finer grained material. This was due to the combined effects of intense activity by artisinal miners and torrential rains during the rainy season that may have resulted in a redistribution of material near the areas being mined.

Revenues

Table 1: Revenue Statistics

	March Quarter			
	2007		2006	
	Dikulushi	Kulu	Dikulushi	Kulu
Revenues ($ million)				
Copper[1]	27.4	8.8	23.9	4.5
Silver	5.8	-	4.8	-
Total Revenue	33.2	8.8	28.7	4.5
Average Realized copper price ($ per lb)	2.96	-	2.32	-
Average Realized copper concentrate price ($ per tonne of concentrate)	-	596	-	467
Average Realized silver price ($ per oz)	13.55	-	9.50	-
Sales Statistics				
Copper (payable tonnes)	4,541	-	5,477	-
Copper Concentrate (tonnes)	-	14,825	-	9,615
Silver (payable ounces)	427,349	-	506,508	-

(1) Copper Revenue is defined as realized copper selling price less treatment, refining and freight charges

First quarter revenues in 2007 increased by 27% over the same period in 2006 to $42.0 million (2006 March quarter: $33.2 million).The increase was due to an increase in the average realized copper price of 28% for Dikulushi copper and an increase in the average realized copper concentrate price of 27% for Kulu copper concentrate over the same period in 2006. The tonnes of copper delivered from Dikulushi decreased by 17% however the tonnes of copper concentrate sold by Kulu increased by 54% over the same period in 2006 due to sale of concentrate produced but not sold in 2006 December quarter.

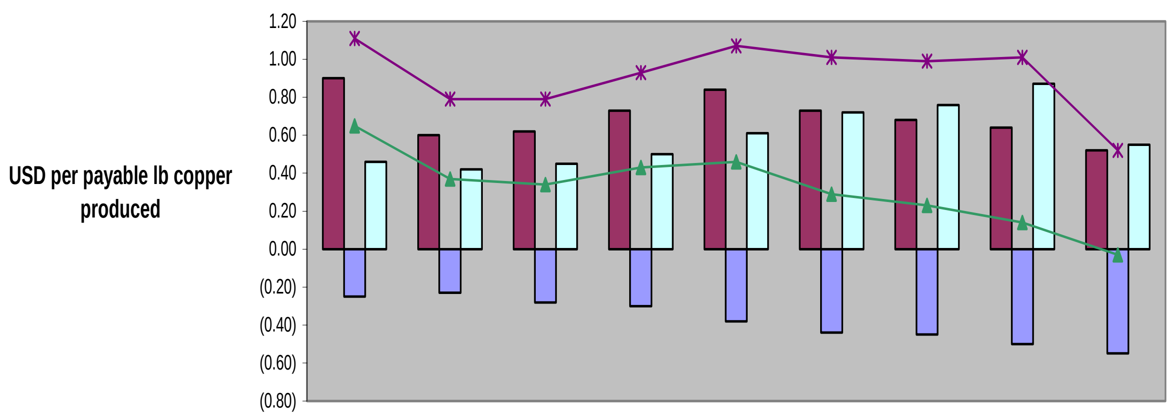
Operating Expenses

Operating expenses before amortization for the March quarter were lower at $13.0 million (2006 March quarter: $15.8 million) compared to the same period in 2006, principally due to insignificant mining costs as a result of the development of the underground mine. All feed to the plant continue to be sourced from the Run-of-Mine stockpiles of blended high-grade and low-grade ore, which are expected to provide sufficient ore from the high-grade stockpile to adequately maintain current levels of copper production until the underground mine commences production during the fourth quarter of 2007.

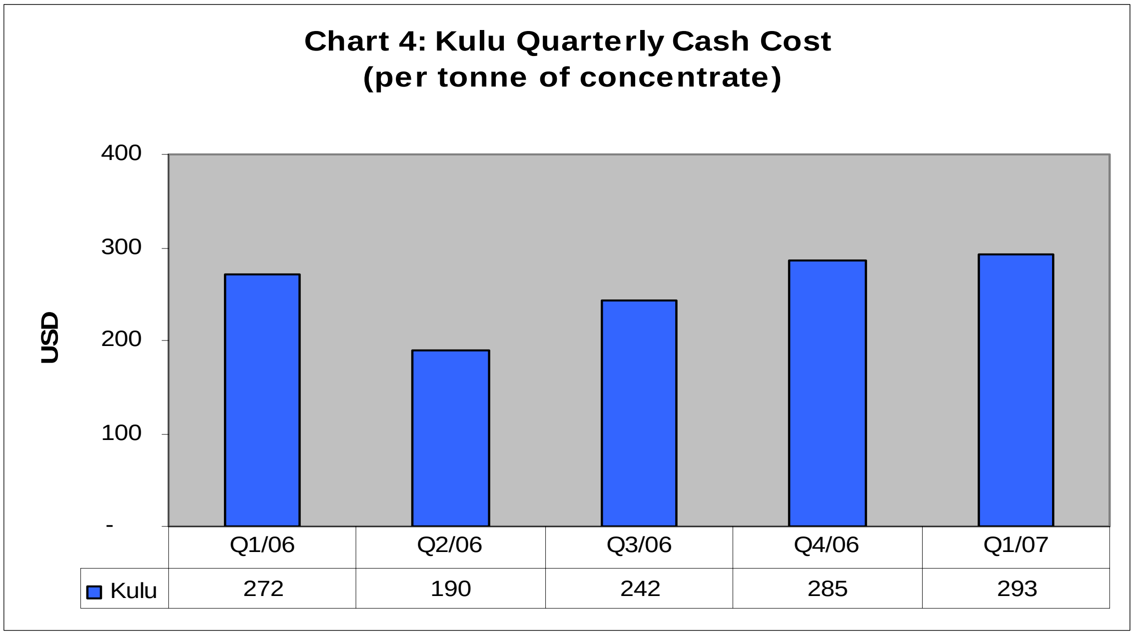
The Dikulushi total cash operating cost per pound of copper produced (after silver credits) for the 2007 March quarter was $0.52 (2006 March quarter: $1.07) due to lower smelter and refining charges negotiated in relation to current year contracts. It was also due to a lower operating cash cost (ex-mine gate) per pound of copper produced (after silver credits) of minus $0.03 for the current quarter (2006 March quarter: $0.46) mainly from higher silver credits as a result of increases in the silver price and insignificant mining costs as a result of the development of the underground mine.

The operating cash cost per tonne of oxide concentrate at Kulu for the 2007 March quarter was $293 per tonne (2006 March quarter: $190) due to lower feed grade and lower copper recoveries from processing finer grained material.

Chart 3: Dikulushi - Quarterly Cash Costs



	Q1/05	Q2/05	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07
Mine Gate Costs	0.90	0.60	0.62	0.73	0.84	0.73	0.68	0.64	0.52
Silver credits	(0.25)	(0.23)	(0.28)	(0.30)	(0.38)	(0.44)	(0.45)	(0.50)	(0.55)
Mine Gate Costs (net of silver credits)	0.65	0.37	0.34	0.43	0.46	0.29	0.23	0.14	(0.03)
TC RC's - Treatment, refining and freight charges	0.46	0.42	0.45	0.50	0.61	0.72	0.76	0.87	0.55
Total Cash Costs	1.11	0.79	0.79	0.93	1.07	1.01	0.99	1.01	0.52



Other Expenses

General, administrative and marketing expenses for the March quarter were $2.4 million (2006 March quarter: $1.7 million) representing an increase of 43% over the same period in 2006. This is due to the recruitment of additional technical and administrative support to assist the Company's expansion.

The stock based compensation cost of $0.6 million (2006 March quarter: 0.2 million) for the current quarter represented an increase of 130% compared to the same period in 2006 which relates to the cost of accrued option plans granted to employees and directors designed as incentives for maintaining and increasing performance.

Interest and financing fees of $0.4 million (2006 March quarter: $3.9 million) represented a decrease of 90% compared to the same period in 2006. The prior year includes the cost of the buy-back option of a net smelter royalty obligation, which was exercised for $2.0 million. It also included the write-off of loan borrowing costs in relation to loans provided by Deans Knight Capital Management Ltd. and RMB International (Dublin) Limited, as both loans were repaid in full.

Social development costs of $0.5 million were incurred during the quarter. The costs are for social community programs administered by Pact Inc. ("Pact"), a Washington-based international development agency, in partnership with the Company, for the benefit of communities surrounding the Company's mine sites.

4. Discussion of Cash Flows

	Quarter ended March 31	
	2007	2006
Cash flows from: ($ millions)		
Operating activities	14.4	0.7
Investing activities	(54.7)	(7.7)
Financing activities	(2.4)	111.3

Cash Flow

The cash flow from operations in the 2007 March quarter was $14.4 million (2006 March quarter: $0.7 million), or $0.25 per share (2006 March quarter: $0.01). Operating cash flows were affected by an increase in accounts receivable of $10.2 million for the quarter due to extended payment terms included in a majority of contracts entered into for the current year.

Investing cash outflows were $54.7 million, which included the payment of $36.0 for the additional 15% interest in AMCK Mining s.p.r.l., as agreed in December 2006. The consideration for this investment has been paid in full as at the end of the first quarter. Payments for property, plant and equipment totalled $22.1 million, which were mainly outflows required for the development of the Kinsevere-Nambulwa mine plant and infrastructure. The Company incurred exploration expenditure of $4.0 million, which included a $2.0 million payment to Itogon Suyoc Resources Inc.("Itogon") following completion of due diligence in December 2006, in order to proceed with a detailed evaluation of the mineral properties in the Philippines.

A further $1.4 million was incurred on exploration of the Company's Mutoshi and Kinsevere-Nambulwa tenements.

Net financing cash outflows amounted to $2.4 million, predominantly the result of loan repayments to Fortis Bank.

5. Financial Position and Liquidity

	Mar 31, 2007	Dec 31, 2006
Assets ($ millions)		
Cash and cash equivalents (including restricted cash)	16.8	59.5
Investments	89.9	95.8
Current assets	172.4	209.9
Total assets	388.7	402.5
Liabilities ($ millions)		
Current liabilities	27.5	72.5
Long-term debt	2.0	4.0
Total liabilities	67.5	114.4
Non controlling interests	10.4	8.3
Shareholders' equity ($ millions)	310.8	279.8
Working capital ($ millions)	145.0	137.4
Weighted average number of shares (for basic earnings per share)	56,731,966	49,729,151
Outstanding shares	57,687,980	56,707,554

Cash and cash equivalents

The decrease in cash and cash equivalents (including restricted cash) to $16.8 million (December 2006: $59.5 million) was mainly due to payment of $36 million in relation to the acquisition of an additional 15% interest in AMCK.

Investments

The decrease in investments to $89.9 million (December 2006: $95.8 million) was attributable to the investments maturing and being converted into cash. The investments are capable of reasonably prompt liquidation, and will be converted to cash as and when the Group's funding requirements necessitate this. The Group's directors and management view these investments as a low-risk alternative to holding cash and cash equivalents. The investments are highly liquid and are intended to provide a return greater than that which would have been achieved if the funds were held as cash.

Current assets

The total current assets decreased by $37.5 million for the 2007 March quarter. Aside from the movement in cash and investments outlined above, there was an increase in accounts receivables to $39.8 million (December 2006: $29.6 million). Current year sales contracts have extended the payment terms given to customers, however this has been offset by other beneficial terms agreed with customers. The inventory balance of $18.5 million includes concentrate in stockpiles and in transit amounting to $9.1 million. Prepaid expenses and deposits increased by $0.5 million to $7.4 million, which were mainly amounts paid to suppliers for plant and equipment required for the Kinsevere development.

Current liabilities

Current liabilities decreased to $27.5 million (December 2006: $72.5 million). This was due to the reduction of $45.0 million in the purchase consideration payable for the additional 15% interest in AMCK, as this consideration was paid in full during the quarter. Income tax payable increased by $0.9 million as a result of the tax payable from operations at Kulu.

Total liabilities

Total liabilities at quarter end were $67.5 million (December 2006: $114.4 million). The decrease is mainly due to changes in current liabilities above, and a loan repayment of $2.0 million held to Fortis Bank. The total loan payable to Fortis Bank is now $10.0 million, and will be repaid over five further quarters at $2.0 million per quarter.

Non Controlling Interests

The increase in non-controlling interests to $10.4 million (December 2006: $8.3 million) at quarter end is undistributed profits attributable to non-controlling interests of $2.1 million in SMK (December 2006: $1.8 million) and AMC of $8.3 million (December 2006: $6.5 million).

Shareholders' equity

Shareholders' equity at quarter-end increased by $31.1 million to $310.8 million as a result of:

- share capital increasing by $9.7 million, of which $9.0 million was in relation to the purchase consideration payable for the additional 15% interest investment in Kinsevere (872,093 shares at US$10.32 per share).

- retained earnings increasing by $21.1 million due to net income from current quarter.

Outstanding Share Data

At May 9, 2007, the Company had outstanding 57,737,980 common shares. In addition there were outstanding 2,058,474 director and employee stock options with exercise prices ranging between A$1.20 and C$3.80 to C$17.04 per share. The Company also had outstanding 600,000 share purchase warrants which are exercisable as follows:

Issued	**Expiry date**	**Number**	**Exercise price**
December 22, 2005	December 22, 2007	600,000	C$6.25

6. Other Financial Statement Matters

Contractual Obligations

The following table summarizes the Company's contractual and other obligations, as at March 31, 2007.

Payments due by period	Total $ million	Less than 1 year $ million	1 – 3 years $ million	4 – 5 years $ million	More than 5 years $ million
Long term debt	10.0	8.0	2.0	-	-
Environmental and mine closure liabilities	1.6	-	0.7	0.9	-
Capital commitments – Dikulushi, Kulu and Kinsevere mines	26.8	26.8	-	-	-
Equipment operating lease	1.0	0.3	0.7	-	-
Exploration expenditure commitments	2.3	2.3	-	-	-
Purchase consideration upon acquisition of initial interest in SMK. To be paid upon transfer of tenements	1.3	1.3	-	-	-
Non-controlling interest commitments – comprises the 10% outside equity interests in the retained earnings of Anvil Congo	8.3	8.3	-	-	-

Segment Information

The Company's reportable operating segments are strategic business units that produce different but related products or services. Each business unit is managed separately because each requires different technology and marketing strategies.

Dikulushi copper/silver operation – 90% ownership

The Dikulushi operation is located in the Katanga province of the Democratic Republic of Congo. The operation commenced in 2002, and produces a sulphide copper concentrate with a silver credit.

Kulu copper operation – 80% ownership

The Mutoshi operation is located in the Katanga province of the Democratic Republic of Congo. The operation commenced in 2005, and produces an oxide copper concentrate.

Kinsevere copper/cobalt operation – 95% ownership

The Kinsevere operation is located in the Katanga province of the Democratic Republic of Congo. The operation is currently being developed, and will initially produce black copper ingots using an EAF. The Stage II development will later produce grade A copper cathodes through an SX-EW process.

Corporate development, administration and other (CDA)

The corporate development, administration and other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration. It also holds the rights to mineral interests in Vietnam and the Philippines.

For the quarter ended March 31, 2007, segmented information is presented as follows:

	Dikulushi	Kulu	Kinsevere	CDA	Inter-segment	March 31, 2007 Total
Concentrate sales	33,198	8,838	-	-	-	42,036
Operating expenses	(8,548)	(3,990)	-	(493)	-	(13,031)
Amortization	(1,209)	(350)	-	(261)	-	(1,820)
Segmented operating profit (loss)	23,441	4,498	-	(754)	-	27,185
Interest and financing fees	-	(528)	-	(401)	528	(401)
Other income	50	-	-	2,580	(1,479)	1,151
Other expenses	(688)	(1,435)	-	(2,249)	951	(3,421)
Segmented profit before under noted items	22,803	2,535	-	(824)	-	24,514
Income taxes	-	(811)	-	-	-	(811)
Non controlling interest	(2,280)	(345)	-	-	-	(2,625)
Segmented profit	20,523	1,379	-	(824)	-	21,078
Property, plant and equipment	23,661	12,700	42,587	7,217	-	86,165
Total assets	93,687	53,723	136,623	104,369	-	388,672
Capital expenditures	1,092	39	19,748	1,202	-	22,081

Exploration and Acquisition Expenditure

At quarter end, the Company had deferred exploration and acquisition costs of $129.4 million (December 2006: $127.1 million), comprising exploration and acquisition expenditure on the Dikulushi mining and exploration tenements ($2.3 million), Mutoshi mining, tailings and exploration tenements ($31.0 million), Kinsevere-Nambulwa mining tenements ($92.4 million), Philippines mining and exploration tenements ($2.6 million) and Vietnam mining tenements ($1.1 million). A significant portion of this exploration and acquisition expenditure consists of fair value exploration property arising on the acquisition of the Mutoshi project ($27.6 million) and Kinsevere-Nambulwa project ($87.5 million).

Philippines Evaluation and Development Agreement

Following the completion of due diligence in December 2006, the Company elected in February 2007 to proceed with a detailed evaluation of the Itogon Suyoc Resources Inc. ("Itogon") mineral properties in the Philippines. The Company made a cash payment of $2.0 million to Itogon on February 16, 2007 and will provide a minimum of $2.0 million in exploration funding and use its best efforts to complete the detailed evaluation within a two-year period.

Social and Community Development Programs

In conjunction with the Company's social development partner, Pact, the Company continues to make significant progress with its community projects. Based on the success achieved in the Dikulushi area, the Pact – Anvil partnership is extending schools, health clinics, potable water supplies and agriculture projects to communities surrounding the Company's other two sites at Kulu and Kinsevere.

Sustainable small enterprise projects were a key priority this quarter, resulting in the opening of a permanent market-place for up to 120 small vendors near Dikulushi, and the establishment of a cooperative gravel making venture near Kulu. The gravel making project is designed to provide safe, alternative employment for artisanal miners. Additional Donor contributions from USAID have enabled the Pact – Anvil partnership to strategically focus on creating additional research and pilot projects for alternative employment and especially the prevention of child labour.

Beyond tax revenue, local employment and local procurement benefits, the Company is working with local government institutions to develop infrastructure that will support responsible resource investment and development. This includes the commitment to provide $5 million of financing assistance to the DRC electricity company, Société Nationale d'Électricité ("SNEL"), to be amortized against Anvil's power usage at Kinsevere. Similarly, Anvil is installing electrical infrastructure in Lubumbashi for the supply of electrical power to Kinsevere, which SNEL will own and for which Anvil will be reimbursed. The Company has also contributed a grant of $200,000 towards the necessary upgrading of the Luano airport at Lubumbashi to assist in enhancing the transportation network of the Katanga province.

Looking forward, Anvil is focused on the implementation of a comprehensive Voluntary Principles program throughout the Company, and on the continued support for the Extractive Industries Transparency Initiative, both of which are key to the successful growth of the DRC.

7. Outlook

Dikulushi

The Dikulushi mine is expected to produce 21,000 tonnes of copper and 2,000,000 ounces of silver, contained in concentrates, for 2007. Open pit mining at Dikulushi ceased in November, 2006, All feed to the plant will continue to be sourced from the Run-of-Mine stockpiles of blended high-grade and low-grade ore, which are expected to provide sufficient ore from the high-grade stockpile to adequately maintain current levels of copper production until the underground mine comes on stream during the fourth quarter of 2007. Mining from underground sources is expected to ramp up to full-scale production in the first quarter of 2008.

During the 2007 March quarter, work progressed on the development of the Stage III underground mine development. At the end of the March quarter, the decline had progressed to a total advance of approximately 1,278 metres.

Kulu

Production in the current quarter was hampered by lower feed grades and finer grained material available which were due to the combined effects of intense activity by artisanal miners and torrential rains during the rainy season that may have resulted in a redistribution of material near the areas being mined. In order to gain a better understanding of this ore/tailings redistribution, the Company will conduct an evaluation including a surveying and sampling program to determine the degree to which the material has been redistributed along the watercourse. In order to more effectively process finer grained and lower grade material, the Company is installing a bank of spirals which will be commissioned during May 2007 and has ordered a new enlarged desliming screen which is expected to be installed early in the third quarter. Production will continue to be affected during April until the river dries out, at which time the tailings can be mined more selectively between the 2 km and 10 km marks. Improved production is expected to resume in May 2007, although it is unlikely that the year-to-date production shortfall at Kulu will be recouped by year-end.

Engineering studies will be carried out in the coming months aimed at building a small SX-EW plant at Kulu, instead of the Electric-Arc Furnace ("EAF") that was announced in the first quarter of 2007. However, the Company will continue with a 120KV hydroelectric powerline commitment. The Company believes that construction of a small, expandable SX-EW plant, with an initial capacity of 15,000 tonnes per year could be the best option for reprocessing the coarse rejects/tailings and optimizing the value of the deposit, as the present HMS process on finer grained material is yielding sub-optimal recoveries.

A major advantage of SX-EW processing is that metallurgical recoveries would be expected to increase to over 90%. It is expected that the Kulu SX-EW would be a whole ore leach operation, as gangue-acid-consumption levels, from the limited amount of test-work completed to date, appear to be very low. The deposit also has the advantage of being an unconsolidated gravel with no requirement for drill and blast or waste stripping.

Furthermore, the coarse floats and the fine tailings from the current HMS operation, which now amount to more than 300,000 tonnes at an average grade of 3.2% copper, are being stored in a retention dam for subsequent reprocessing. This reassessment of the SX-EW project is a priority, and every effort is being made to complete the Kulu SX-EW feasibility study as quickly as possible.

Kinsevere

Stage I development of Kinsevere, which comprises the establishment of an open pit mining operation and the construction of an HMS plant and EAF is approximately 86% complete. The HMS plant is expected to be completed in May 2007, the delay due primarily to an unusually wet period in recent months and industry-wide issues associated with availability of materials and equipment.

The design and supply of two 7.5 MVA Electric-Arc Furnaces by Keech Furnace Technologies is progressing well. The on-site building and supporting civil engineering works for the EAFs have been completed, with commissioning expected during the third quarter of 2007.
The clearing for the120 KV power line, which is being erected by Powerline Africa, is 80% complete. This will link Kinsevere to the DRC national hydro-electric grid. Overhead line portals have been ordered and are due for delivery in May. A Memorandum of Understanding was signed in December 2006 with the DRC electricity company, Société Nationale d'Électricité for the supply of sufficient hydro-electrical power to support the planned Stage II, 60,000 tonnes per year SX-EW development.

Open pit mining in both the Tshifufia and Tshifufiamashi open pits operated at full capacity during the March quarter. A significant amount of higher grade ore has now been accessed slightly earlier than scheduled. Recruitment and on-site placement of senior operating staff has been completed.

The feasibility study for the 60,000 tonnes per year Kinsevere Stage II SX-EW plant was completed in mid-April, 2007. The capital cost of $238 million, including contingency has been approved by the Board of Directors. The Company has begun the process of calling for tenders for detailed design and construction, with a view to commencing work during the third quarter of 2007.

The Company expects to meet its planned 2007 production level of 50,000 tonnes of copper through above target production being consistently achieved at the Dikulushi mine which will offset the lower production at Kulu anticipated during 2007. The Kinsevere mine is expected to achieve budgeted production this year. Based on the Company's current financial position, the Company expects that there will be sufficient financial resources to meet its 2007 development plans.

8. Critical accounting estimates

The accounting policies that involve significant management judgement are discussed in this section. For a complete list of the significant accounting policies, reference should be made to Note 2 of the December 31, 2006 consolidated financial statements and Note 1 of the March 31, 2007 unaudited interim consolidated financial statements. A more detailed analysis of the risk factors that face the Group can be found in the most recent annual information form available on SEDAR at www.sedar.com:

Impact of the new financial instruments accounting standards

On January 1, 2007, the Group adopted, on a prospective basis, two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants (CICA). The standards require a greater portion of the consolidated balance sheet to be measured at fair value. With the exception of the Group's investments, changes in the fair values over the reporting period of impacted balance sheet items are reported in income. The changes in the fair values of the Group's investments are reported in Accumulated Other Comprehensive Income (AOCI), a new component of shareholders' equity. For further details, refer to Note 1 of the Group's interim consolidated financial statements as at March 31, 2007.

Impact of the transition adjustment on selected Consolidated Balance Sheet line items

	Transition adjustment as at January 1, 2007 $ '000
Investments	57
Retained Earnings	(190)
Accumulated Other Comprehensive Income	615
Cumulative Translation Adjustments	(559)

At December 31, 2006, the Group had $0.791 million of capitalized financing fees that related to the loans payable to Fortis Bank. Changes to the CICA standards since this date have allowed the Group to offset these fees against the loans payable to Fortis, and to amortise these fees over the term of the loan using the effective interest rate. This treatment was adopted prospectively but calculated retrospectively, and as a result, the Group has recognised an expense that related to the 2006 year of $0.190 million. This has been recorded as an adjustment to the opening Retained Earnings available to shareholders as at January 1, 2007.

The Group has recognised in the AOCI $0.056 million, net of taxes, related to the net unrealized gain on available-for-sale financial assets. A net unrealized gain of $0.127 million was recorded as an adjustment to the opening balance of the AOCI, and a net unrealized loss of $0.071 million was recorded for the three months ended March 31, 2007 through OCI. The Group has also reclassified $0.559 million to the opening balance of the AOCI relating to net foreign currency gains that were previously treated as a separate item of equity in the Shareholders' Equity.

Mine properties

The Group adopts a unit-of-production method to depreciate its mine properties. This method requires estimates of economically recoverable reserves of the Group's mine properties. Independent qualified surveyors and geologists are engaged to estimate the economic recoverable reserves. The estimation process involves sampling and other statistical tools to estimate the amount of recoverable reserves.

Variations in the calculated estimate of the recoverable reserves from period to period when the recoverable reserves are re-calculated affect both the carrying value of plant, property and equipment as well as the depreciation charges for any given financial period.

Exploration Costs

The Group accumulates certain costs associated with exploration activities on specific areas of interest where the Group has rights of tenure. The Group's policy is to expense any exploration and associated costs relating to non-specific projects and properties. Significant property acquisition, exploration, evaluation and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. No costs are deferred on a mineral property that is considered to be impaired in value. As at March 31, 2007, the Group has deferred exploration and acquisition costs of approximately $129.4 million associated with exploration properties in Africa and Southeast Asia.

Restoration, rehabilitation and environmental expenditure

Expenditures related to ongoing restoration, rehabilitation and environmental obligation activities are accrued and expensed as incurred and included in the relevant exploration activity cost or as part of the cost of production where the expenditures are in relation to current mining operations.

Future restoration, rehabilitation and environmental obligations based on reasonably determinable current regulatory requirements are provided for in accordance with the standard issued by the Canadian Institute of Chartered Accountants ("CICA") in relation to Asset Retirement Obligations.

Income Taxes

The Company follows CICA 3465 "Income Taxes".

As at March 31, 2007, the Group has estimated its future recoverable income tax losses in Canada, Australia, the DRC and Zambia. The recoverability of losses is dependent upon the ability to generate positive future taxable income to offset the existing carry forward losses.

Under the Mining Convention ("Convention") granted by the DRC Government, the Dikulushi mine operations in the DRC currently enjoy a concessionary tax benefit of reduced income tax rates for the first fifteen years from the date of first commercial mine production, which commenced in October 2002. The tax concessionary rates based on the applicable DRC Professional income tax rate of 40% which was in effect when the Convention was granted are as follows:

Period	% of Professional Tax Rate	Effective income tax rate
First five years of production	0%	0%
Sixth through to tenth years of production	40%	16%
Eleventh through to fifteenth years of production	45%	18%
Thereafter	100%	30%

As from October 2007, the Dikulushi operations will have completed its initial 5 year period and will then be subject to income tax at a rate of 16% for the ensuing 5 years.

9. Estimates

Financial statements which are prepared in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

10. Risks and Uncertainties

The Group's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to disclosure regarding the speculative nature of mineral exploration and development, political stability, liquidity and future financings, logistics, lack of infrastructure, uninsurable risks, mineral resources and ore reserves, uncertainty of inferred resources, mine life, licences and permits, land title, government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper and silver prices, key personnel, labour and employment matters, subsidiaries, mineral exploration and mine carrying inherent risks, currency risk, competition, dilution, and dividend policy. A more detailed analysis of the risk factors the Group is faced with can be found in the most recent annual information form, which is available on SEDAR at www.sedar.com.

11. Summary of Quarterly Results (Unaudited)

The financial performance, financial position and operating statistics for the last eight quarters are shown in the table below.

Statement of Operations and Income	Mar 07 Quarter	Dec 06 Quarter	Sep 06 Quarter	Jun 06 Quarter	Mar 06 Quarter	Dec 05 Quarter	Sep 05 Quarter	Jun 05 Quarter
Concentrate sales ($ millions)[1]	42.0	42.7	56.6	43.0	33.2	25.9	17.8	10.5
Operating profit[2] before amortization($ millions)	29.0	27.7	38.0	29.5	17.4	11.9	7.8	3.8
Amortization ($ millions)	(1.8)	(1.9)	(2.1)	(1.8)	(1.8)	(1.9)	(1.3)	(1.3)
Operating profit[5] ($ millions)	27.2	25.8	38.0	27.7	15.6	10.0	6.5	2.5
Net income ($ millions)	21.1	21.3	30.2	22.5	8.3	6.1	2.9	0.2
Basic earnings per share ($)	0.37	0.38	0.53	0.42	0.26	0.21	0.10	0.01
Diluted earnings per share ($)	0.36	0.37	0.53	0.41	0.25	0.20	0.10	0.01
Production Statistics – Total								
Copper produced in concentrates (tonnes)	8,027	10,523	12,816	11,098	8,137	7,446	5,777	3,395
Production Statistics – Dikulushi mine								
Ore processed (tonnes)	87,262	92,755	114,154	135,234	128,259	127,222	120,822	81,518
Copper grade %	7.03	6.92	5.61	4.64	4.95	5.54	5.52	4.87
Contained copper (tonnes)	6,138	6,417	6,409	6,278	6,352	7,049	6,663	3,971
Recovery Cu %	89.1	89.9	89.5	89.1	86.7	86.3	86.7	85.5
Copper produced in concentrates (tonnes)	5,469	5,774	5,738	5,601	5,505	6,085	5,777	3,395
Silver produced in concentrates (ounces)	537,858	569,655	545,438	526,513	532,842	587,882	586,875	301,967
Payable pounds of copper contained in concentrate delivered (millions)	10.0	13.0	12..2	10.4	12.1	12.9	10.4	6.8
Payable ounces of silver contained in concentrate delivered	427,349	563,754	491,242	441,277	506,508	542,029	432,447	262,111
Production Statistics – Kulu mine								
Ore processed (tonnes)	80,245	92,509	82,424	80,848	51,808	17,981		
Copper grade %	6.03	7.61	8.20	8.54	7.95	7.67		
Contained copper (tonnes)	4,847	7,038	6,757	6,920	4,118	1,379		
Recovery Cu %	52.8	62.6	70.1	72.6	58.0	51.6		
Copper produced in concentrates (tonnes)	2,558	4,749	7,078	5,497	2,632	1,361		
Copper concentrate sold (tonnes)	14,825	10,641	19,131	7,340	9,615			

12. Additional Notes

Deed of Cross Guarantee

For the purpose of simplifying reporting in Australia, Anvil Mining Limited and certain of its Australian incorporated subsidiaries entered into a Deed of Cross Guarantee and Deed of Variation (the “Deeds”) under which each company guarantees the liabilities of all other companies that are a party to the Deeds. The companies which form this “Closed Group” (as defined by Australian Securities and Investments Commission Class Order 98/1418) are: - Anvil Mining Limited, Anvil Mining Management NL, Central African Holdings Pty Ltd, Congo Development Pty Ltd, Anvil Mining No 2 Pty Ltd, Anvil Mining No 3 Pty Ltd, Leda Mining Pty Ltd and Bannon Mining Pty Ltd.

Technical Information

Information of a scientific or technical nature in this management discussion and analysis and financial review has been prepared under the supervision of Bill Turner, President and Chief Executive Officer of Anvil Mining Limited, a Fellow of the Australasian Institute of Mining and Metallurgy, who has more than five years experience in the field of the activity reported herein and is a qualified person under Canadian National Instrument 43-101.

The information in this management discussion and analysis that relates to in-situ mineral resources for the Kinsevere-Nambulwa project is based on an independent Technical Report prepared by Gerry Fahey of FinOre Pty Ltd and Tony Cameron of A. & J. Cameron & Associates under the supervision of Malcolm Hillbeck. Gerry Fahey is a Chartered Professional and a member of the Australasian Institute of Mining and Metallurgy, and a member of the Australian Institute of Geoscientists, and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking, to qualify as a Qualified Person as defined by Canadian National Instrument 43-101. Malcolm Hillbeck, Anvil’s Chief Operating Officer, is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking, to qualify as a Qualified Person as defined by Canadian National Instrument 43-101. The Technical Report was prepared in accordance with Canadian National Instrument 43-101 and has been filed on SEDAR and with the relevant Canadian Securities Commission. A copy is available at www.sedar.com. A copy has also been lodged with the Australian Securities Exchange for information purposes. Certain other technical information in this management discussion and analysis has been reviewed by Mike Newman, Anvil’s Vice President Project Development. Mike Newman is a Chartered Engineer and a member of the Institute of Mechanical Engineers. Gerry Fahey, Malcolm Hillbeck and Mike Newman have consented to the inclusion of such information in this report in the form and context in which it appears.

Non-GAAP Financial Measures

The terms “total cash cost” and “operating cash cost (ex-mine gate)” are used on a per pound of payable copper produced basis and after by-product silver credits are applied. The operating cash cost (ex-mine grate) per payable pound of copper produced is equivalent to the costs of mining and processing operations incurred (after net credits for silver revenues) for the period divided by the number of payable pounds of copper produced during the period. The total cash cost of production per payable pound of copper produced is equivalent to the ex-mine gate cash cost including the relevant unit transport, smelting and refining and realization costs (after net credits for silver revenues) for the period divided by the number of payable pounds of copper produced during the period. Cash operating cost information is included to provide information about the cost structure of the mining and processing operations. The term “operating profit” represents the net attributable revenues after deducting mine operating costs and amortization. The mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. The term working capital equals current assets less current liabilities.

The term cash flow from operations per share, before changes in non-cash working capital, is based on a calculation using the weighted average number of common shares outstanding during the period.

This information differs from measures of performance determined in accordance with generally accepted accounting principles ("GAAP") in Canada and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under Canadian GAAP and may not be comparable to similarly titled measures of other companies.

Evaluation of Disclosure Controls & Procedures

The Company's certifying officers have designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them with respect to financial and operational conditions impacting disclosure with respect to the quarter ended March 31, 2007. The certifying officers have evaluated the effectiveness of the disclosure controls and procedures and have concluded that these disclosure controls and procedures are effective at the reasonable assurance level. The management of the Company was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

During the most recent quarter end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Forward Looking Statements

The forward-looking statements made in this Management's Discussion and Analysis are based on assumptions and judgements of management regarding future events and results. Such forward-looking statements, including but not limited to those with respect to the operations of the construction and development of a 60,000 tonnes per year SX-EW plant and Electric-Arc Furnace and power grid at Kinsevere and its capital expenditures and estimated future production and operating cash costs involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of copper and silver, the actual results of current exploration, the actual results of future mining, processing and development activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's filed documents.