MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2006

This discussion and analysis of financial position and results of operations of Anvil Mining Limited (the "Company") and its subsidiaries (the "Group" or "Anvil") for the third quarter and nine months ended September 30, 2006 is presented as of November 9, 2006. The discussion below should be read in conjunction with the unaudited consolidated financial statements of the Company and the notes thereto for the third quarter and nine months ended September 30, 2006 and the audited consolidated financial statements of the Company for the year ended December 31, 2005. 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 "$" or "US dollar" refer to United States dollar. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil Mining Limited set out below originates in Canadian dollar ("C$") or the Australian dollar ("A$") and has been translated into US dollar based on prevailing exchange rates and in accordance with the basis stated in note 3 to the audited consolidated financial statements for the Company for the year ended December 31, 2005.

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

HIGHLIGHTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

- Sixth consecutive quarter of growth in revenues, operating profit and net earnings.
- Record Group copper production of 12,816 tonnes of copper contained in concentrates and the production of 545,438 ounces of silver.
- Record Revenues from copper and copper-silver concentrate sales of $56.5 million, up 318% compared to the third quarter 2005.
- Record Operating profit of $38.0 million.
- Record Cash flow from operations (before changes in non-cash working capital) of $39.7 million ($0.71 per share, on weighted average number of shares basis).
- Record Consolidated net earnings of $30.2 million ($0.54 per share, on weighted average number of shares basis).
- The Phase 2 drilling at Kinsevere, totalling 17,220 metres, has increased the width of the Tshifufia Central orebody by 75 metres.
- Stage III Dikulushi decline had progressed to a total advance of approximately 295 metres as at the end of the September Quarter.
- Acquisition of additional 10% interest in the mining rights for the Kinsevere-Nambulwa copper-cobalt joint venture, taking the Company's interest to 80%.
- Dikulushi deep drilling targeting a depth of 300 – 400 metres below surface demonstrates the orebody is still open at depth.
- Evaluation and development agreement signed with Itogon Suyoc Resources Inc., a private Phillipines minerals company, for their gold properties in the Baguio District on Luzon Island in the Phillipines.

1. Overview

The Group operates in the mineral production, 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 is 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 a 70% beneficial interest in the Mutoshi Copper-Cobalt project in the Kolwezi region in DRC. The Mutoshi projects, which are 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 80% mining lease interest in the Exploitation Permit of the Kinsevere-Nambulwa properties, held through AMCK Mining sprl ("AMCK"), which lie approximately 30 kilometres north-northeast of the provincial capital of Lubumbashi and include two separate Exploitation Permits, Kinsevere and Nambulwa, totalling 19.5 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 an initial 250,000 tonnes per annum Heavy Media Separation ("HMS") production circuit and the Stage II expansion comprised a 350,000 tonne per annum ball mill and flotation circuit.

During the September Quarter, work progressed on the development of the Stage III underground mine. At the end of the September Quarter, the decline had progressed approximately 295 metres into the footwall on the northern side of the open pit. The underground development is being undertaken by the Company rather than by an outside contractor.

A new geological model for the Dikulushi deposit has been established following completion of a mapping exercise in the open pit and a review of core from the deep drilling program. Several new down-plunge targets on easterly plunging high-grade shoots have been identified for follow-up.

It also became apparent during the geological review that several of the deep drill holes had been stopped prematurely, prior to intersecting the main "Footwall Zone" ore-body. These are currently being deepened to test for depth continuity to 400m below surface. A new resource estimate for the mine, based on the new geological model and assay results received to date, will be announced shortly, and this will be further updated once the deep hole extensions and new targets have been tested.

Kulu mine

The Kulu mine is located northeast of the Kolwezi town in the southwest part of the DRC. The mine was established in November 2005 following commencement of construction in September 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, continues to treat the coarse rejects/tailings deposit from the Kulumaziba watercourse which were deposited by previous operations at the Mutoshi open pit mine. The proposed Stage II expansion, involving the commissioning of a scrubber to increase throughput of the existing HMS plant, was completed during the March Quarter of 2006. Stage III will involve a solvent extraction electro-winning ("SXEW") plant once a bankable feasibility study is completed.

Total copper production for the September Quarter from the Kulu Heavy Media Separation ("HMS") processing operation located in the Kolwezi Region, including copper derived from artisanal sources, was 7,078 tonnes, compared to 5,497 for the June Quarter.

The HMS processing operation treated 82,424 tonnes of ore at an average grade of 8.2% Cu during the September Quarter to produce 16,647 tonnes of copper oxide concentrate grading 28.3% copper, for 4,711 tonnes of copper. Production from the HMS plant is well above design capacity. For the September Quarter, concentrates purchased from local artisanal miners totalled 8,674 tonnes at an average grade of 27.3% copper, for 2,368 tonnes of contained copper.

The operating cash cost (ex mine gate) of oxide concentrate for the September Quarter of 2006 was $242. The Company continues to sell the oxide copper concentrate to a local smelter in Kolwezi which produces "black ingots" grading approximately 90-95% Cu.

Year to date production from the Kulu mine is 15,207 tonnes of copper contained in concentrates, and the Company is confident that the mine will significantly exceed its original 2006 production target of 16,500-17,000 tonnes of copper contained in concentrates for 2006.

Kinsevere project

The Kinsevere project is located approximately 30 kilometres north-northeast of Lubumbashi in the southeast part of the DRC. Following finalization of the mining lease agreement with La Générale des Carrières et des Mines (Gécamines), the State owned mining company, in November 2005 and completion of the resource evaluation in December 2005, the development scoping study was commenced. This scoping study was completed during the March Quarter of 2006. A feasibility study was also completed during the June Quarter of 2006 and as a result the Company approved the $35 million Stage I development comprising the construction of a crushing plant (which has been designed to meet the needs of planned future expansion), a 500,000 tonne per annum Heavy Media Separation (HMS) plant and an Electric Arc Furnace (EAF), with a capacity to produce approximately 23-25,000 tonnes per annum of "blister copper" ingots grading 85%-95% copper.

Design of the crushing circuit and HMS plant for the Stage I development of the Kinsevere Project is now 90% completed, all major equipment supply contracts have been let and civil construction and structural fabrication has commenced on site. The first phase of development of the Kinsevere Project is expected to be commissioned at the end of the March Quarter of 2007. Design and supply contracts were also let during the September Quarter for two 7.5 MVA Electric Arc Furnaces to Keech Furnace Technologies Limited, a South African engineering company which specializes in the supply of electric arc furnaces and to Powerline Africa to construct the 120 KVA power line which will link Kinsevere to the DRC national hydro-electric grid power.

The feasibility study for the Stage II development of Kinsevere, which will increase output of the Kinsevere Project from 23,000 – 25,000 tpa of black copper grading 85 – 95 % copper to at least 30,000 tonnes of LME Grade "A" copper cathode, is progressing and is expected now to be completed during the March Quarter of 2007. Contracts have been let for all major areas of the feasibility study. Lycopodium Pty Limited, an engineering company based in Perth, Western Australia has been retained to complete preliminary design and costing of the Kinsevere Stage II Solvent Extraction and Electrowinning (SXEW) Plant.

Drilling results to date at Kinsevere have exceeded the Company's expectations and with the increase in the width of the Tshifufia Central deposit by more than 75 metres, the Company is considering doubling the capacity of the planned SXEW plant facility to 60,000 tpa. Given this unexpected, but positive, change in plan, the Stage II SXEW Feasibility Study will now be completed at the end of the March Quarter of 2007.

2. Third Quarter and Nine Months ended September 30, 2006

	Third Quarter		Nine months ended September 30	
	2006	2005	2006	2005
Revenues: ($ millions)				
Copper-silver and copper concentrate sales	56.5	17.8	132.7	36.0
Operating profit: ($ millions)	38.0	6.5	81.2	8.8
Net earnings (loss): ($ millions)	30.2	2.9	60.9	1.4
Realized Price: ($)				
Dikulushi mine:				
Copper per pound	3.57	1.66	3.16	1.50
Silver per ounce	11.61	6.92	10.76	6.82
Kulu mine:				
Copper concentrate per tonne (ex mine gate)	705	-	639	-
PRODUCTION STATISTICS:				
Dikulushi mine				
Ore processed (tonnes)	114,154	120,882	377,647	283,152
Copper grade (%)	5.61	5.52	5.04	4.85
Contained Copper in Ore (tonnes)	6,409	6,663	19,039	13,753
Recovery (%)	89.5	86.7	88.5	85.3
Copper produced in concentrates (tonnes)	5,738	5,777	16,844	11,731
Silver produced in concentrates (ounces)	545,438	586,875	1,604,793	1,133,886
Ore mined (tonnes)	242,647	83,266	565,832	247,342
Waste mined (tonnes)	641,406	1,787,084	3,193,754	4,901,405
Costs of production[1]: ($)				
Operating cash costs per pound (after silver credits) (ex mine gate)	0.23	0.34	0.33	0.41
Total cash costs (after silver credits)	0.99	0.79	1.02	0.86

PRODUCTION STATISTICS:				
Kulu mine				
Ore processed (tonnes)	82,424	-	215,080	-
Copper grade (%)	8.20	-	8.27	-
Contained copper in ore (tonnes)	6,757	-	17,795	-
Recovery (%)	70.1	-	68.2	-

[1] *Refer to Non-GAAP Financial Measures on page 16*

	Third Quarter		Nine months ended September 30	
	2006	2005	2006	2005
Copper produced in concentrates (tonnes)[2]	7,078	-	15,207	-
Ore mined (tonnes)	106,678	-	220,791	-

Costs of production[2]: ($)

Operating cash costs per tonne (ex mine gate)	242	-	221	-

3. Discussion of Earnings and Operations

Revenues (nine months)

The increased price, production and delivery quantities of concentrates have contributed to the record high revenues for the first nine months of 2006 compared with the corresponding nine months in 2005. Revenues from the Dikulushi mine increased to $110.1 million (2005 nine months: $36.0 million) from the delivery of 34.7 million payable pounds of copper (2005 nine months: 22.7 million pounds). The average realized copper and silver prices from Dikulushi sales for the nine months were $3.16 per pound (2005 nine months: $1.50 per pound) and $10.76 per ounce (2005 nine months: $6.82 per ounce) respectively.

In addition the Kulu mine copper concentrate production and sales generated revenue of $22.6 million from the sale of 35,317 tonnes of copper concentrate. The revenue per tonne of Kulu concentrate for the nine months was $639 per tonne.

Revenues (third quarter)

The increased price, production and delivery quantities of concentrates have contributed to the record high revenues for the third quarter of 2006 compared with the corresponding quarter in 2005. Revenues from the Dikulushi mine increased to $43.0 million (September 2005 quarter: $17.8 million) from the delivery of 12.2 million payable pounds of copper (September 2005 quarter: 10.4 million pounds). The average realized copper and silver prices from Dikulushi sales for the September quarter were $3.57 per pound (September 2005 quarter: $1.66 per pound) and $11.61 per ounce (September 2005 quarter: $6.92 per ounce) respectively.

In addition the Kulu mine copper concentrate production and sales generated revenue of $13.5 million from the sale of 19,131 tonnes of copper concentrate. The revenue per tonne of Kulu concentrate for the third quarter was $705 per tonne.

Operating Expenses (nine months)

Operating expenses before amortization for the nine months were $45.8 million (2005 nine months: $23.2 million) from the higher level of operating activity at Dikulushi and the inclusion of Kulu mine operating costs for the nine months.

The increase in operating level for both the mining and production operations at the Dikulushi mine led to a greater than 40% increase in production of contained copper for the nine months to September 2006 of 16,844 tonnes (2005 nine months – 11,731 tonnes) and contained silver to 1,604,793 ounces (2005 nine months – 1,133,886 ounces) compared with the corresponding period's production.

[2] *Includes concentrate purchased from local artisinal miners*

The Dikulushi total cash operating cost per pound of copper produced (after silver credits) for the nine months to September 2006 was $1.02 (2005 nine months - $0.86) which was reflective of the continuing higher concentrate transport costs resulting from increases in fuel costs and the export of concentrate to overseas markets. The operating cash cost (ex-mine gate) per pound of copper produced (after silver credits) for the nine months to September 2006 was $0.33 (2005 nine months - $0.41) mainly from higher silver credits as a result of increases in the silver price.

The Kulu mine's first full nine months of operations produced copper concentrate of 53,732 tonnes and contained copper of 15,207 tonnes. Ore mined was 220,791 tonnes.

The operating cash cost per tonne of oxide concentrate at Kulu was $221 per tonne. Operating costs were higher than budget due mainly to the lower production volume, as logistical delays caused the scrubber to be commissioned only in late March 2006.

The operating result (after amortization) for the nine months to September 2006 was an operating profit of $81.2 million (2005 nine months - $8.8 million) mainly from a combination of the increased copper production and the higher realized sales prices for both copper and silver which more than offset the increased operating costs. The amortization expense for the nine months to September 2006 was $5.7 million (2005 nine months - $4.0 million) an increase of $1.7 million over the corresponding period relating mainly to the additional amortization from the Kulu mine.

Operating Expenses (third quarter)

Operating expenses before amortization for the third quarter were $16.5 million (September 2005 quarter: $10.0 million) from the higher level of operating activity at Dikulushi and the inclusion of Kulu mine operating costs for the third quarter.

The Dikulushi total cash operating cost per pound of copper produced (after silver credits) for the third quarter was $0.99 (2005 third quarter - $0.79) which was reflective of the continuing higher concentrate transport costs resulting from increases in fuel costs and the export of concentrate to overseas markets. The operating cash cost (ex-mine gate) per pound of copper produced (after silver credits) for the third quarter was $0.23 (2005 third quarter - $0.34) mainly from higher silver credits as a result of increases in the silver price.

The operating cash cost per tonne of oxide concentrate at Kulu was $242 per tonne.

Net Earnings (nine months)

The net earnings for the nine months were $60.9 million (2005 nine months: $1.4 million). The basic earnings per share were $1.29 per share (2005 nine months: $0.05 per share).

In addition to the impact from changes in revenues, operating costs and amortization during the nine months, the net profit result for the nine months compared with September 30, 2005 nine months, also reflect the following changes:

- General, administrative and marketing costs, primarily relating to the corporate office costs in Australia and Canada were $6.1 million (2005 nine months: $3.5 million) representing an increase of 74%. This was due to a higher level of corporate activity associated with the March 2006 equity raising, expanded corporate governance, financial control, information technology and administrative support infrastructure for the management, administration, accounting and other administrative support services being provided from the corporate offices, to support the rapidly expanding business units in DRC which now include the Kulu mine, Mutoshi and Kinsevere projects in the DRC Copperbelt.

- The stock based compensation cost in the nine months ended September 30, 2006 of $1.0 million (2005 nine months: $0.5 million) which relates to the accrued cost of option plans granted to employees and directors designed as incentives for maintaining and increasing performance.

- Interest and financing fees of $4.1 million (2005 nine months: $2.8 million) in the nine months ended September 30, 2006, and which in the comparative first quarter both include the finance cost associated with the RMB Resources International (Dublin) Limited ("RMBI") facility (which included the 6.25% net smelter return ("NSR"). The current nine months includes the cost of the buy back option of the NSR obligation, which was exercised for $2.0 million in January 2006. The buy back has resulted in a saving of $4.8 million for the nine months ended September 2006. Loan borrowing costs in relation to the loans provided by Deans Knight and RMBI were fully written off as both loans were repaid in full in March 2006.

Net Earnings (third quarter)

The net earnings for the third quarter was a profit $30.2 million (September 2005 quarter: profit $2.9 million). The basic profit per share was $0.54 per share (September 2005 quarter: earnings $0.10 per share) due mainly to increases in realized copper and silver prices and increases in production output.

4. Discussion of Cash Flows

	Third Quarter		Nine months ended September	
	2006	2005	2006	2005
Cash flows from: ($ million)				
Operating activities	19.1	1.0	33.6	0.1
Investing activities	(21.3)	(2.2)	(135.8)	(15.5)
Financing activities	16.0	2.1	141.9	13.4

Nine months cash flows

The cash inflow from operating activities for the nine months was $33.6 million (2005 nine months - inflow of $0.1 million). The current nine months cash operating inflow was impacted by increase in receivables ($40.4 million) resulting from the delays from changes in receipt cut-off dates and higher level of concentrate deliveries during the current period which were exported to smelters offshore of Africa. Receivables also increased as a result of higher realized prices for copper and silver due to the beneficial effect of a longer Quotational Periods, in a period of rising copper prices. A majority of the trade receivables as at September 30 were paid in October under normal trading terms.

The cash outflow from investing activities for the nine months was $135.8 million (2005 nine months - outflow $15.5 million). The outflows mainly relate to cash received from the capital raising in March 2006 being placed into highly secure and liquid investments. These investments can, and will, be readily converted into cash as required for the development of the Kinsevere project and working capital. Other outflows relate to acquisition payments in relation to the interests in the Mutoshi and Kinsevere-Nambulwa projects of $14.1 million, installation of the scrubber at Kulu, purchases of mining equipment for the proposed Stage III underground mine development at Dikulushi, development of the Kinsevere project, and exploration and evaluation expenditure incurred of $4.5 million.

The cash inflow from financing activities for the nine months was $141.9 million (2005 nine months - inflow $13.4 million). This inflow arose from the receipt of the net proceeds ($121.9 million) on completion of the C$149.5 million capital raising, and the exercise of all C$6.25 warrants, originally due to expire on December 16, 2007 but accelerated to June 5, 2006, raising

C$16.4 million. This was offset by the repayments of the RMBI project finance facility of $5.5 million and Deans Knight loan facility of $5.2 million during the current period. $15.0 million was drawn down from the loan facility with Fortis, of which $1.0 million was paid back as at September 30.

Third quarter cash flows

The cash inflow from operating activities for the third quarter was $19.1 million (September 2005: inflow of $1.0 million). This was a result of sustained growth in copper production, improvements in operational performance and improved copper and silver metal prices. There was also an increase in accounts receivable of $15.6 million. The majority of these receivables were received in cash in October under normal trading terms.

The cash outflow from investing activities for the third quarter was $21.3 million (September 2005: outflow $2.2 million). $10.0 million cash was paid as consideration for an additional 10% interest in the Kinsevere-Nambulwa copper-cobalt deposits. This acquisition was finalised as at September 30, and no further consideration is payable. Other outflows relate to payments for property, plant and equipment (predominantly for the construction and development of the Kinsevere mine) of $13.4 million. $1.0 million was received as interest and coupon payments on investments held, and proceeds from investments converted into cash (net of payments for new investments) were $1.6 million.

The cash inflow from financing activities was $16.0 million (September 2005: $2.1 million). $15.0 million was drawn down from the Fortis loan (of which $1.0 million was paid back), and $2.7 million was received from the issue of shares. The majority of this was as a result of the conversion of 500,000 ordinary warrants at C$5.25 per share.

5. Discussion of Financial Position and Liquidity

	September 30 2006	December 31 2005
Assets ($ millions)		
Cash and cash equivalents (including restricted cash)	47.9	8.1
Investments	98.4	-
Current assets	212.9	24.2
Total assets	310.3	87.5
Liabilities ($ millions)		
Current liabilities	23.8	18.5
Long-term debt	6.0	5.1
Total liabilities	43.0	33.0
Non controlling interest	9.2	1.7
Shareholders' equity ($ millions)	258.1	52.8
Working capital ($ millions)	189.0	5.7
Weighted average number of shares	47,381,118	28,861,658
Outstanding number of shares	56,690,888	29,086,847

Cash and cash equivalents

The increase in cash and cash equivalents (including restricted cash) to $47.9 million at September 30, 2006 (December 2005: $8.1 million), was attributable primarily to the exercise of all C$6.25

warrants, originally due to expire on December 16, 2007 but accelerated to June 5, 2006, raising C$16.4 million and the increase in copper prices being reflected in higher level of sales receipts.

Current assets

The total current assets increase to $212.9 million at September 30, 2006 (Dec 2005: $24.2 million) was mainly due to cash received from the capital raising in March 2006 being placed into highly secure and liquid investments ($98.4 million). Cash and cash equivalents increased to $47.9 million and receivables to $48.4 million from higher deliveries and prices for the concentrate this year and an increase in the level of exports of concentrates to smelters offshore of Southern Africa. Within the inventory balance of $17.4 million is concentrate in stockpiles and in transit amounting to $8.4 million.

Total assets

The increase in total assets at September 30, 2006 to $310.3 million (Dec 2005: $87.5 million) was attributable mainly to cash received from the capital raising in March 2006 being invested into highly secure and liquid investments, and also an increase in receivables. Property, plant and equipment has increased by $18.3 million to $48.4 million, largely due to the approval of the stage 1 development at Kinsevere and subsequent capital expenditure incurred. Capitalised exploration and evaluation expenditure at September 30 has increased by $20.8 million, which mainly consists of the fair value of exploration property acquired via the purchase of an additional 10% interest in the Kinsevere-Nambulwa project ($19.9 million).

Current liabilities

Current liabilities at September 30, 2006, increased to $23.8 million (Dec 2005: $18.5 million). $8.0 million exists as current debt, the result of drawing down a loan facility with Fortis Bank. The total loan drawn down was $15.0 million, of which $1.0 was repaid as at September 30. These funds will be used to fund development of the Kinsevere and Kulu projects. This was offset by the full repayment of the RMBI project financing facility of $5.5 million, and settlements of purchase consideration payable totalling $2.0 million in relation to the acquisition of the Mutoshi project. An amount of $3.6 million was provided for income tax payable in the DRC, in relation to the Kulu operation.

Total liabilities

Total liabilities at September 30, 2006 were $43.0 million (Dec 2005: $33.0 million). The increase is due to the changes in current liabilities above, and $6.0 million being accounted for as a future income tax liability (a result of the additional 10% acquisition in the Kinsevere-Nambulwa project). This represents the tax effect at 30% of the temporary difference arising on the acquisition fair valued exploration and evaluation expenditure which is expected to reverse upon subsequent amortization or disposal of the asset.

Long Term Debt

All of the long term debt existing at December 31 was repaid at June 30, 2006 (Dec 2005: $5.1 million). This included the repayment of all of the RMBI and Deans Knight loan facilities. $6.0 million of the total loan drawn down with Fortis Bank in the September quarter was accounted for as long term debt at September 30.

Working capital

Working capital increased to $189.0 million at September 30, 2006 (Dec 2005: $5.7 million) mainly due to:

- receipt of funds from the bought deal equity financing of C$149.5 million ($121.9 million) net of the equity raising costs,

- exercise of all C$6.25 warrants, originally due to expire on December 16, 2007 but accelerated to June 5, 2006, raising C$16.4 million ($14.6 million)
- increase in receivables from changes in the cut-off dates of payments, higher deliveries of concentrates to smelters offshore of Southern Africa and the higher achieved copper and silver prices as well as the beneficial effect of longer Quotational Periods in a period of rising copper prices.
- Net earnings of $60.9 million.

Non controlling interests

The increase in non controlling interests to $9.2 million at September 2006 (Dec 2005: 1.7 million) is primarily due to the increase in undistributed profits ($8.9 million) and an increase from the conversion of purchase consideration payable of $0.55 million into equity by a minority interest in the Kulu project, offset by $2.0 million spent on the social and community development initiatives at the Dikulushi mine communities.

Shareholders' equity

Shareholders' equity at September 30, 2006 increased to $258.1 million (Dec 2005: $52.8 million) as a result of the completion of the bought deal equity financing of C$149.5 million; exercise of all C$6.25 warrants, originally due to expire on December 16, 2007 but accelerated to June 5, 2006, raising C$16.4 million ($14.6 million); and net earnings for the first nine months.

At November 9, 2006, the Company had outstanding 56,690,888 common shares. In addition there were outstanding 1,813,000 director and employee stock options with exercise prices ranging from C$3.80 to C$9.41 and ranging from A$1.20 to A$6.50 per share. The Company had 600,000 share purchase warrants outstanding which are exercisable as follows:

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

Further details of these instruments are set out in note 15 of the Company's December 31, 2005 annual financial statements.

6. Other Matters

Segment Information

Geographical Reporting	Third Quarter 2006			Nine months ended September 30, 2006		
	DRC	Corporate	Total	DRC	Corporate	Total
Revenues	57.1	1.5	58.6	133.5	3.0	136.5
Cost of production	(18.6)	-	(18.6)	(51.5)	-	(51.5)
Other expenses	(1.5)	(1.3)	(2.8)	(5.3)	(6.3)	(11.6)
Income tax expense	(2.8)	-	(2.8)	(3.6)	-	(3.6)
Non controlling interest	(4.2)	-	(4.2)	(8.9)	-	(8.9)
	30.0	0.2	30.2	64.2	(3.3)	60.9

Geographical Reporting	Third Quarter 2005			Nine months ended September 30, 2005		
	DRC	Corporate	Total	DRC	Corporate	Total
Revenues	17.8	-	17.8	36.0	-	36.0
Cost of production	(10.0)	-	(10.0)	(23.2)	-	(23.2)
Other expenses	(2.7)	(1.8)	(4.5)	(6.9)	(3.9)	(10.8)
Non controlling interest	(0.4)	-	(0.4)	(0.6)	-	(0.6)
	4.7	(1.8)	2.9	5.3	(3.9)	1.4

DRC revenues and expenses relate to the Dikulushi and Kulu Mine operations. Corporate expenses relate to the general, administrative and marketing costs of the activities of the Perth and Montreal offices.

Deferred Exploration

As at September 30, 2006 the Company had deferred exploration costs of $48.3 million (Dec 2005: $27.6 million), which consisted of a transfer of exploration costs to development properties in relation to the Kulu operation ($1.7 million), offset by exploration expenditure incurred on the deep drilling program at Dikulushi ($0.7 million), exploration expenditure on Mutoshi ($0.8 million) and Kinsevere/Nambulwa tenements ($1.9 million). $20.0 million of this increase is attributable to the fair value of exploration property acquired when purchasing an additional 10% interest in the Kinsevere-Nambulwa project.

Phillipines Evaluation and Development Agreement

During the September Quarter, the Company signed an Evaluation and Development Agreement with Itogon Suyoc Resources Inc. ("Itogon"), a private Philippines minerals company, for their gold properties in the Baguio District on Luzon Island in the Philippines. The Itogon properties cover an area of 2,896 hectares and are located 12 km to the southeast of Baguio City and approximately 200 km north of Manila, the capital of the Philippines.

The agreement provides for the Company to acquire 100% of the Itogon mineral properties by completing a staged evaluation process, which includes the following terms and conditions:

- A cash payment of $120,000 upon signature of the agreement and subsequent carrying out of a legal, social and environmental due diligence evaluation within a four-month period;

- A cash payment of $2.0 million to Itogon, and funding to a minimum of $2.0 million in exploration expenditures, if the Company elects to proceed with detailed evaluation of the properties;

- Following the detailed evaluation, completion of a feasibility study on a 'best efforts' basis, to take place within a period of two years; and

- A cash payment of $500,000 upon transfer of Itogon's mineral properties to the Company.

The Company made the cash payment of $120,000 in September and is currently progressing with a legal, social and environmental due diligence. The four month due diligence period expires on December 26, 2006.

Social and Development Programs

In April 2006, the Company signed an agreement with Pact Inc., ("Pact") a Washington-based non-government organization, for the design and implementation of the Company's social and community development programs in the vicinity of its Dikulushi mine.

Subsequent to the signing of this agreement, Pact commenced participatory feasibility studies aimed at gaining insight into problems affecting the people of Dikulushi and its surrounding areas. During the September quarter, Pact worked with people in 30 villages located in the Dikulushi area to identify social, economic, structural and institutional constraints; with communities fully involved in this early stage of the project cycle.

Democratically elected committee members from 30 villages were led through the basic concepts of Monitoring, Community Mobilization, Conflict Resolution, Progress Reporting and Communication to support the establishment of Program Plans for each village. The primary role of these committees is to ensure that project activities are appropriate to local needs, remain on schedule and provide constant feedback to village members.

To further build on the strong relationship with the communities, Pact has begun supporting several micro-activities including vegetable gardening and literacy classes for women.

During the September Quarter, the Company accelerated its program to provide fresh water to villages in the Dikulushi area. A total of ten boreholes were drilled, and ten water pumps were installed in nine villages that have resulted in fresh water availability for over 13,500 villagers within 60 kms of Dikulushi.

DRC Elections

Presidential and parliamentary elections, the first elections in 40 years, were held in the DRC on July 30, 2006 under the guidance of an Independent Electoral Commission and MONUC, the United Nations mission to the DRC. UN Secretary-General Kofi Annan commented that the "historic event is a milestone" in the country's peace process. The Secretary-General went on to add, "I congratulate the Congolese people for their broad participation and for the peaceful conduct of the elections, and I commend the Congolese Independent Electoral Commission for organizing the polling."

The first round of elections resulted in Joseph Kabila and Jean Pierre Bemba being identified as the top two preferred candidates for the position of President. As a result, a run-off election was held on October 29, 2006 the results of which are expected to be announced shortly. It is commonly expected that the recent elections will enhance the DRC business climate by reducing the country's political risk and that significant new foreign investment in the natural resources sector will begin to flow into the DRC in the near-term.

7. Outlook

The Dikulushi mine is budgeted to produce 22,000 tonnes of copper and 2,100,000 ounces of silver, contained in concentrates, on an annualized basis.

The Kulu mine is budgeted to produce 19,000 tonnes of copper, contained in concentrates during 2006.

A commitment was made during the June Quarter to proceed with the development of Kinsevere Stage I which comprises the construction of an open pit mine operation, HMS plant and an Electric Arc Furnace (EAF) for a capital expenditure of $35 million. It is expected that Stage I will be completed at the end of the first quarter of 2007. It is anticipated that the Joint Venture partners will upgrade and expand the HMS-EAF processing facilities within approximately 2-3 years with an SX-EW plant that would be capable of producing 30,000 tonnes per annum of LME grade "A" cathode copper. A feasibility study on the Stage II SX-EW upgrade has commenced and is now expected to be completed by the end of the first quarter of 2007.

Following the completion of the C$149.5 million bought deal equity raising in March 2006, the Group expects to have sufficient financial resources to complete the Group's 2006 development objectives.

8. Critical accounting policies, risks and uncertainties

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 3 of the December 31, 2005 consolidated financial statements and 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

Mine properties

The Group adopts a unit-of-production method to amortize its mine properties. This method requires estimates of economically recoverable reserves of the Group's mine properties. Qualified independent 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 amortization 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 put into production, sold or abandoned. No costs are deferred on a mineral property that is considered to be impaired in value. As at September 30, 2006, the Group has deferred exploration costs of approximately $48.3 million associated with exploration properties in Africa and Southeast Asia.

Deferred Mining Costs

The Group uses the deferred stripping accounting method for mining costs associated with waste rock removal, which is in excess of the life-of-mine average. Waste rock mining costs are deferred and charged to operations on the basis of the average stripping ratio for the life of the mine. The waste to ore ratio and remaining life of the mine are both regularly assessed to ensure that both the carrying value and rate of deferral are appropriate.

The amount deferred or charged to cost of production is subject to management's estimate of the stripping ratio over the life of the mine. Any change in the stripping ratio or mine life estimate could have a material effect on the financial results. During the nine months ended September 30, 2006, the Group deferred $0.0 million for deferred stripping costs based on a prospective life of mine strip ratio of 13.3:1 compared to the actual strip ratio for the nine months of 5.8:1. As at September 30, 2006, the unamortized deferred mining costs carried forward is $0.0 million (Dec 2005: $4.1 million)

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 Canadian Institute of Chartered Accountants 3110 "Asset Retirement Obligations".

Future Income Taxes

The Group has adopted CICA 3465 "Income Taxes". Under the standard, the Group is required to estimate the existence of both taxable losses and the recoverability of these losses. The adoption of CICA 3465 has no material impact on the financial statements.

As at September 30, 2006, 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.

Estimates, Risks and Uncertainties

Financial statements prepared in conformity with Canadian generally accepted accounting principles requires 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.

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, conflicts 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 faced by the Group can be found in the most recent annual information form available on SEDAR at www.sedar.com.

9. 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 Earnings	Sep 06 Quarter	Jun 06 Quarter	Mar 06 Quarter	Dec 05 Quarter	Sep 05 Quarter	Jun 05 Quarter	Mar 05 Quarter	Dec 04 Quarter
Concentrate sales ($ millions)[3]	56.6	43.0	33.2	25.9	17.8	10.5	7.7	8.7
Operating profit[4] (loss) before amortization ($ millions)	38.0	29.5	17.4	11.9	7.8	3.8	1.2	2.8
Amortization ($ millions)	(2.1)	(1.8)	(1.8)	(1.9)	(1.3)	(1.3)	(1.4)	(1.0)
Operating profit[5] (loss) ($ millions)	38.0	27.7	15.6	10.0	6.5	2.5	(0.2)	1.8
Net earnings (loss) ($ millions)	30.2	22.5	8.3	6.1	2.9	0.2	(1.7)	0.5
Basic earnings (loss) per share ($)	0.53	0.42	0.26	0.21	0.10	0.01	(0.06)	0.02
Diluted earnings (loss) per share ($)	0.53	0.41	0.25	0.20	0.10	0.01	(0.06)	0.02
Production Statistics – Total								
Copper produced in concentrates (tonnes)	12,816	11,098	8,137	7,446	5,777	3,395	2,559	2,894
Production Statistics – Dikulushi mine								
Ore processed (tonnes)	114,154	135,234	128,259	127,222	120,822	81,518	80,812	75,864
Copper grade %	5.61	4.64	4.95	5.54	5.52	4.87	3.86	4.69
Contained copper (tonnes)	6,409	6,278	6,352	7,049	6,663	3,971	3,119	3,558
Recovery %	89.5	89.1	86.7	86.3	86.7	85.5	82.1	81.3
Copper produced in concentrates (tonnes)	5,738	5,601	5,505	6,085	5,777	3,395	2,559	2,894
Silver produced in concentrates (ounces)	545,438	526,513	532,842	587,882	586,875	301,967	245,044	277,403
Payable pounds of copper contained in concentrate delivered (million)	12..2	10.4	12.1	12.9	10.4	6.8	5.6	5.8
Payable ounces of silver contained in concentrate delivered	491,242	441,277	506,508	542,029	432,447	262,111	230,168	240,553
Production Statistics – Kulu mine								
Ore processed (tonnes)	82,424	80,848	51,808	17,981				
Copper grade %	8.20	8.54	7.95	7.67				
Contained copper (tonnes)	6,757	6,920	4,118	1,379				
Recovery %	70.1	72.6	58.0	51.6				
Copper produced in concentrates (tonnes)	7,078	5,497	2,632	1,361				
Copper concentrate sold (tonnes)	19,131	7,340	9,615					

10. Additional Notes

Deed of Cross Guarantee

For the purpose of simplifying reporting in Australia, Anvil Mining Limited and certain Australian incorporated companies 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.

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[3] *Concentrate sales include copper and silver concentrate from Dikulushi and copper concentrate from Kulu*

[4] *Refer to Non-GAAP Financial Measures on page 14*

The information in this report that relates to in-situ mineral resource figures for the Kulu mine and Kinsevere-Nambulwa project are based on an independent Technical Report prepared by Mr Gerry Fahey MAIG, MAusIMM (CP) (who is a NI 43-101 Qualified person and who also qualifies as a Competent Person) of FinOre Pty Ltd, a geological consulting company in Perth, Australia. The Technical Report was prepared in accordance with Canadian National Instrument 43-101 and has been filed on SEDAR with the relevant Canadian Securities Commission. A copy is available at www.sedar.com. A copy has also been lodged with the Australian Stock Exchange for information purposes. Gerry Fahey has consented to the inclusion in the report of the matters based on his information in the form and context in which they appear.

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 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 GAAP and may not be comparable to similarly titled measures of other companies.

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 prices of copper and silver, estimated future production and estimated costs of future production 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 future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual prices of copper and silver, the actual results of current exploration, the actual results of development and mining activities, changes in project parameters as plans continue to be evaluated, changes in the political environment in the countries in which the Group is operating, as well as those factors disclosed in the Company's filed documents.

Statements regarding the Company's plans with respect to the evaluation and future development of the Kulumaziba coarse rejects/tailings deposit, the evaluation of the Mutoshi and Kinsevere-Nambulwa Projects (including Tshifufia Central, Tshifufia South and Tshifufiamashi) and to the recent expansion of the Dikulushi operation are forward-looking statements. There can be no assurance that future due diligence will be successfully completed, that future required regulatory approvals will be obtained or that anticipated transactions will be completed satisfactorily. There can be no assurance that the Company will be able to confirm the presence of a mineral deposit at any of the prospects at Mutoshi or Kinsevere-Nambulwa, nor that any mineralization will be proven to be economic.