

Anvil Mining Limited

Consolidated Financial Statements

Three and Nine months ended September 30, 2007

(Unaudited)

(Expressed in thousands, of United States dollars
except per share amounts and as otherwise stated)

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

Consolidated Balance Sheets (unaudited)

	Notes	September 30 2007 \$	December 31 2006 \$
ASSETS			
Current assets			
Cash and cash equivalents		214,886	59,302
Restricted cash	3	409	219
Accounts receivable	4	65,764	29,594
Inventories	5	22,963	18,020
Investments	6	73,165	95,819
Prepaid expenses and deposits		14,145	6,936
		<u>391,332</u>	<u>209,890</u>
Equity accounted investment	7	5,927	-
Long term receivable		1,014	-
Deferred financing fees	8	-	791
Deferred mining costs	9	-	-
Exploration and acquisition expenditure	10	61,498	127,138
Property, plant and equipment	11	199,063	63,930
Future income tax asset		737	737
		<u>659,571</u>	<u>402,486</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	19,955	14,285
Income taxes payable		3,829	3,281
Other liabilities		1,126	676
Current portion of long term debt	13	5,799	8,000
Purchase consideration payable	14	1,250	46,250
		<u>31,959</u>	<u>72,492</u>
Long-term debt	13	-	4,000
Future income tax liability		36,453	36,505
Asset retirement obligations	15	10,543	1,402
		<u>78,955</u>	<u>114,399</u>
Non-controlling interest	16	15,098	8,291
		<u>94,053</u>	<u>122,690</u>
Shareholders' equity			
Equity accounts	17	377,452	186,523
Retained earnings		187,864	92,714
Accumulated other comprehensive income		202	559
Total shareholders' equity		<u>565,518</u>	<u>279,796</u>
		<u>659,571</u>	<u>402,486</u>
Commitments for expenditure	18		
Contingent liabilities	19		

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

Consolidated Statements of Income and Comprehensive Income (unaudited)

	Notes	3 Months Ended September 30		9 Months Ended September 30	
		2007 \$	2006 \$	2007 \$	2006 \$
Concentrate sales		76,200	56,550	183,932	132,728
Operating expenses		(24,158)	(16,531)	(57,527)	(45,843)
Amortization		(4,497)	(2,068)	(8,529)	(5,692)
Operating profit		47,545	37,951	117,876	81,193
Other income	2	4,098	2,046	7,444	3,811
General, administrative and marketing		(3,510)	(2,312)	(8,965)	(6,117)
Provision for impairment of investment		(767)	-	(767)	-
Exploration expenditure written off		-	-	(1,063)	-
Foreign exchange gains/(losses)		178	(71)	140	(342)
Social development		(805)	-	(1,848)	-
Stock based compensation		(619)	(370)	(1,823)	(968)
Interest and financing fees	2	(326)	(84)	(1,145)	(4,132)
Earnings before income tax and non-controlling interest		45,794	37,160	109,849	73,445
Income tax		(2,716)	(2,774)	(3,764)	(3,604)
Non-controlling interest		(4,014)	(4,229)	(10,581)	(8,934)
Net Income		39,064	30,157	95,504	60,907
Other comprehensive income, net of taxes:					
Net unrealized gains/(losses) on available-for-sale securities		(1,197)	-	(484)	-
Total comprehensive income		37,867	30,157	95,020	60,907
Basic earnings per share (\$)	21	0.55	0.54	1.52	1.29
Diluted earnings per share (\$)	21	0.54	0.53	1.48	1.26

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

	September 30, 2007		September 30, 2006	
	Number	Amount	Number	Amount
Common shares				
Balance at beginning of period	56,707,554	183,503	29,086,847	35,077
Exercise of stock options	507,665	1,406	85,000	184
Share issue	12,384,615	188,771	23,000,000	128,359
Conversion of special warrants to common shares		-	2,620,000	14,807
Conversion of ordinary warrants to common shares		-	1,296,631	3,998
Issue of shares for acquisition	872,093	9,000	602,410	4,000
Transfer from contributed surplus		599		5,137
Shares issue expenses		(10,071)		(8,017)
Balance at end of period	70,471,927	373,208	56,690,888	183,545
Contributed surplus				
Balance at beginning of period		3,020		6,674
Employee stock based compensation recognised		1,823		968
Transfer to common shares		(599)		(5,137)
Balance at end of period		4,244		2,505
Retained earnings				
Balance at beginning of period		92,714		10,537
Adjustment to opening retained earnings ⁽¹⁾		(190)		-
Share of loss in Associates		(164)		-
Net income for the period		95,504		60,907
Balance at end of period		187,864		71,444
Accumulated other comprehensive income				
Balance at beginning of period		559		559
Adjustment to opening other comprehensive income ⁽¹⁾		127		-
Net change in unrealized gains/(losses) on available for sale securities		(484)		-
Balance at end of period		202		559
Shareholders' equity at end of period		565,518		258,053

⁽¹⁾ This treatment is in accordance with the new financial instruments accounting standard. Refer to significant accounting policies note 1.

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

Consolidated Statements of Cash Flows (unaudited)

	Notes	3 Months Ended September 30		9 Months Ended September 30	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash flows from operating activities					
Net earnings for the period		39,064	30,157	95,504	60,907
Items not affecting cash					
Amortization		4,497	2,068	8,529	5,692
Provision for impairment of Investments		767	-	767	-
Exploration expenditure written off		-	-	1,063	-
Non-controlling interest		4,014	4,229	10,581	8,934
Borrowing costs - amortized		158	93	514	1,646
Unrealized foreign exchange (gains)/losses		982	7	862	5
Future tax		-	-	(52)	-
Stock based compensation		619	370	1,823	968
Changes in non-cash working capital	22	(7,143)	(16,866)	(42,233)	(42,998)
		<u>42,958</u>	<u>20,058</u>	<u>77,358</u>	<u>35,154</u>
Cash flows from investing activities					
Payments for property, plant and equipment		(25,518)	(13,380)	(55,693)	(20,480)
Proceeds from sale of assets		(2)	24	11	97
Payments for exploration and evaluation expenditure		(6,184)	(477)	(15,123)	(4,486)
Payment for acquisition		-	(10,000)	(36,000)	(10,000)
Payment for investment in Sub-Saharan		(2,118)	-	(6,090)	-
Payments for deferred acquisitions costs		-	-	-	(4,078)
Payments for investments		-	(18,228)	-	(127,288)
Proceeds of principal repayments from investments		6,843	19,779	21,529	28,874
		<u>(26,979)</u>	<u>(22,282)</u>	<u>(91,366)</u>	<u>(137,361)</u>
Cash flows from financing activities					
Proceeds from issue of shares (net of issue expenses)		(197)	2,750	179,672	139,325
Proceeds from borrowings (net of fees)		-	14,250	-	14,250
Payment for borrowing fees		(35)	-	(115)	-
Movement in restricted cash		(13)	-	(190)	-
Repayment of borrowings		(2,000)	(1,000)	(6,000)	(11,652)
Advances on behalf of Anvil Mining Congo trusts (10% owner of the Dikulushi mine)		(1,845)	-	(3,774)	-
		<u>(4,090)</u>	<u>16,000</u>	<u>169,593</u>	<u>141,923</u>
Net increase/ (decrease) in cash and cash equivalents					
		11,889	13,776	155,584	39,716
Cash and cash equivalents at beginning of the period		202,997	33,884	59,302	7,945
Effects of exchange rate changes on cash held in foreign currencies		-	-	-	(1)
Cash and cash equivalents at end of the period		<u>214,886</u>	<u>47,660</u>	<u>214,886</u>	<u>47,660</u>

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation and Significant accounting policies

Basis of presentation

The unaudited interim consolidated financial statements have been prepared by Anvil Mining Limited (the “Company” and “Group”) in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited consolidated financial statements should be read in conjunction with the Notes to the Company’s audited consolidated financial statements for the year ended December 31, 2006, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

Significant accounting changes

On January 1, 2007, the Group adopted two new accounting standards that were issued by the Canadian Institute of Chartered Accountants (“CICA”): Handbook Section 1530, Comprehensive Income and Handbook Section 3855, Financial Instruments-Recognition and Measurement. The Group has not restated prior periods and included comparative amounts, as these new standards have been adopted prospectively, but the transitional effects of adopting these new standards have been recorded as an adjustment to Retained Earnings as at January 1, 2007.

Section 1530: Comprehensive Income

Section 1530 introduces Comprehensive Income, which consists of net income and other comprehensive income (“OCI”). OCI represents changes in shareholders’ equity during a period arising from transactions and other events with non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale. The Group has included in these Consolidated Financial Statements a Statement of Comprehensive Income for the changes in the comprehensive income during 2007. The cumulative changes in the OCI are included in Accumulated Other Comprehensive Income (“AOCI”), which is presented as a new category of Shareholders’ Equity on the Consolidated Balance Sheet.

Section 3855: Financial Instruments – Recognition and Measurement

Section 3855 established standards for recognizing and measuring financial assets and financial liabilities. It requires that financial assets and financial liabilities be recognized on the Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the financial instrument contract. Under this standard, all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent on whether the financial instrument has been classified as held-for-trading, held-to-maturity, loans and receivables, or other financial liabilities.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes in those fair values recognized in non-interest income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities, are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are included as Investments on the Group’s Consolidated Balance Sheet and measured at fair value, with unrealized gains and losses being recognized in OCI.

Impact upon adoption of Sections 1530 and 3855

The Group has recognized in the AOCI \$2.462 million, net of taxes, related to the net unrealized gain on available-for-sale financial assets for the nine months ended September 30, 2007. A net unrealized gain of \$0.127 million was recorded as an adjustment to the opening balance of the AOCI, and a net unrealized gain of \$0.713 million was recorded for the nine months ended September 30, 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.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

Deferred Financing Fees

At December 31, 2006, the Group had \$0.791 million of capitalized financing fees that related to the loans payable to Fortis Bank (Fortis). Changes to the CICA standards since this date have allowed the Group to offset these fees against the loans payable to Fortis, and to amortize 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 recognized 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. Refer to note 7.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, CICA issued three new accounting standards: Handbook Section 1535: Capital Disclosures, Handbook Section 3862: Financial Instruments – Disclosures, and Handbook section 3863: Financial Instruments – Presentation. These new standards will be effective for the Group on January 1, 2008. The Company has not yet assessed the impact of these changes. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Equity Accounted Investments

Investments in which the company has significant influence but does not have control are accounted for using the equity method. Under the equity method the investment is initially recorded at cost and the carrying value is adjusted thereafter, quarterly in arrears, to reflect the Company's pro-rata share of post acquisition income or loss. The amount of adjustment is included in the determination of net income of the Company, and the investment account of the Company is also increased or decreased to reflect the Company's share of capital transactions and changes in accounting policies. The carrying values of equity investments are regularly reviewed against market values, based on closing prices of recognised security exchanges, to ensure there is no impairment. When there is a loss in value other than temporary decline, the investment is written down to recognise the loss.

Investments

Investments are classified as available-for-sale and recorded at fair value. Changes in their fair value net of tax are recorded in other comprehensive income. The change in fair value of an investment appears in net income only when it is sold or impaired. Fair value is calculated using the closing price of the investment as quoted in an active market.

CICA 1506 Accounting Changes

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	3 Months ended September 30		9 Months ended September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
2. Other Income				
Interest received	4,098	1,820	7,444	3,383
Drilling services		226		428
	<u>4,098</u>	<u>2,046</u>	<u>7,444</u>	<u>3,811</u>
Interest and financing fees				
Financing fee	-	-	-	2,097
Interest	168	(9)	631	389
Amortization of deferred borrowing costs	158	93	514	1,646
	<u>326</u>	<u>84</u>	<u>1,145</u>	<u>4,132</u>
			September 30	December 31
			2007	2006
			\$	\$
3. Restricted cash				
Cash deposits held as security			409	219
			<u>409</u>	<u>219</u>
At September 30, 2007 and December 31, 2006, cash deposits were held by the Company's bankers against a rental bond guarantee and trade credit facilities granted to the Company, and deposits held for future mine property rehabilitation.				
4. Accounts Receivable				
Trade receivables			58,332	25,498
Accrued interest income			155	1,178
Loans to Associates			3,570	1,705
Other receivables			3,707	1,213
			<u>65,764</u>	<u>29,594</u>
5. Inventories				
Raw materials and stores			10,602	7,007
Ore stockpiles			5,550	2,719
Concentrate in stockpiles and in transit			6,811	8,294
			<u>22,963</u>	<u>18,020</u>

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	September 30 2007	December 31 2006
6. Investments		
Available-for-sale investments at cost	<u>73,755</u>	<u>95,819</u>
Available-for-sale investments at fair value	73,165	95,946
Less: current portion	<u>(73,165)</u>	<u>(95,946)</u>
	<u>-</u>	<u>-</u>

The current investments are a result of the cash received from the capital raising in March 2006 being placed into investment grade assets. The investments are intended to be converted into cash as, and when, the Group's funding requirements necessitate.

7. Equity Accounted Investments**a) Carrying amounts**

Name of Company	September 30, 2007			December 31, 2006		
	Ownership interest %	No. Shares	\$	Ownership interest %	No. Shares	\$
Sub-Sahara NL	18	90,000,000	5,927	-	-	-

Sub-Sahara NL (SBS) is incorporated in Australia and listed on Australian Stock Exchange.

	September 30 2007	December 31 2006
	\$	\$
b) Movements in carrying amounts		
Opening carrying value in SBS - at cost	-	-
Cost of investments purchased during the period	6,090	-
Share of profits or loss	(163)	-
Carrying value at end of the period	<u>5,927</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	September 30	December 31
	2007	2006
8. Deferred financing fees		
Balance at beginning of period	-	1,584
Deferred fees paid and value of options granted	-	977
Amortization	-	(1,770)
Balance at end of period	<u>-</u>	<u>791</u>

	September 30	December 31
	2007	2006
9. Deferred mining costs	\$	\$
Costs at the beginning of period	-	4,078
Waste stripping costs deferred during the period	7,778	-
Waste stripping costs amortized during the period	-	(4,078)
Transfer to Mine Properties	(7,778)	-
Costs at end of period	<u>-</u>	<u>-</u>

The Company has adopted, on a prospective basis, the new recommendations of the CICA with respect to stripping charges, EIC 160 Stripping Costs Incurred in the Production Phase of a Mining Operation ("EIC 160"). The new recommendations require the costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations to be charged to income in the period in which they are incurred, except when the costs represent a betterment to the mineral property. Costs represent a betterment when the stripping activity provides access to reserves that would not have been accessible in the absence of the stripping activity. When costs are deferred in relation to a betterment, the costs are amortized over the reserves accessed by the stripping activity using the units of production method. As at September 30, 2007 the balance of deferred stripping costs of \$7.8 million was transferred to Mine properties. In accordance with EIC 160, the carrying value of the deferred stripping costs will be amortized over the life of the related mining assets on a unit of production basis.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	September 30 2007	December 31 2006
10. Exploration and acquisition expenditure		
Exploration and acquisition expenditure at beginning of period	127,138	27,578
Expenditure transferred to development properties	(79,701)	(1,699)
Fair value of exploration properties acquired	-	96,034
Expenditure incurred	15,124	5,267
Expenditure written off	(1,063)	(42)
Exploration and acquisition expenditure at end of period	61,498	127,138
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Exploration expenditure per area of interest ⁽¹⁾ :		
Dikulushi mine and regional projects	4,112	3,637
Mutoshi projects	4,825	2,735
Kinsevere-Nambulwa projects	8,105	4,200
Philippines regional exploration projects	2,901	431
Duc Bo exploration project – Vietnam	-	1,020
	<hr/>	<hr/>
	19,943	12,023
Acquisition expenditure per area of interest ⁽²⁾ :		
Mutoshi projects	27,604	27,604
Kinsevere-Nambulwa projects	13,951	87,511
	<hr/>	<hr/>
	41,555	115,115
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Total exploration and acquisition expenditure per area of interest:		
Dikulushi mine and regional projects	4,112	3,637
Mutoshi projects	32,429	30,339
Kinsevere-Nambulwa projects	22,056	91,711
Philippines regional exploration projects	2,901	431
Duc Bo exploration project – Vietnam	-	1,020
	<hr/>	<hr/>
	61,498	127,138

The carrying value of expenditure on areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation of the tenements, or alternatively the sale of the tenements for at least carrying value

¹ Refers to exploration expenditure directly incurred by the Group on tenements as part of general exploration activity.

² Refers to the fair value of exploration property acquired.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

11. Property, plant and equipment	September 30 2007		
	Cost \$	Accumulated depletion, amortization and write-down \$	Net book value \$
Dikulushi⁽¹⁾			
Land and buildings	2,958	(1,421)	1,537
Plant and equipment	26,097	(11,758)	14,339
Mine property	13,694	(2,576)	11,118
Construction work in progress	1,965	-	1,965
	<u>44,714</u>	<u>(15,755)</u>	<u>28,959</u>
Kulu⁽²⁾			
Land and buildings	263	(34)	229
Plant and equipment	5,089	(2,382)	2,707
Mine property	10,832	(1,391)	9,441
Construction work in progress	1,947	-	1,947
	<u>18,131</u>	<u>(3,807)</u>	<u>14,324</u>
Kinsevere⁽³⁾			
Land and buildings	4,043	(310)	3,733
Plant and equipment	19,941	(2,260)	17,681
Mine property	98,193	(529)	97,664
Construction work in progress	30,829	-	30,829
	<u>153,006</u>	<u>(3,099)</u>	<u>149,907</u>
Services⁽⁴⁾			
Land and buildings	802	(77)	725
Plant and equipment	4,151	(1,268)	2,883
Construction work in progress	1,332	-	1,332
	<u>6,285</u>	<u>(1,345)</u>	<u>4,940</u>
Corporate and other⁽⁵⁾	1,300	(367)	933
Total	<u><u>223,436</u></u>	<u><u>(24,373)</u></u>	<u><u>199,063</u></u>

1 The Dikulushi property, plant and equipment includes all property, plant and equipment located at Dikulushi or used in the support of the Dikulushi operations situated in the Democratic Republic of Congo ("DRC") and elsewhere in Central and Southern Africa.

2 The Kulu property, plant and equipment includes all property, plant and equipment located at Kolwezi in the DRC.

3 The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere in the DRC.

4 The Services property, plant and equipment includes all property, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC.

5 The Corporate and other assets are all located in Australia, Canada and Philippines.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

11. Property, plant and equipment	December 31 2006		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
Dikulushi⁽¹⁾			
Land and buildings	2,909	(1,086)	1,823
Plant and equipment	22,588	(8,449)	14,139
Mine property	6,661	(5,215)	1,446
Construction work in progress	4,322	-	4,322
	<u>36,480</u>	<u>(14,750)</u>	<u>21,730</u>
Kulu⁽²⁾			
Land and buildings	68	(9)	59
Plant and equipment	3,560	(1,287)	2,273
Mine property	10,620	(852)	9,768
Construction work in progress	921	-	921
	<u>15,169</u>	<u>(2,148)</u>	<u>13,021</u>
Kinsevere⁽³⁾			
Construction work in progress	24,655	-	24,655
Services⁽⁴⁾			
Land and buildings	662	(27)	635
Plant and equipment	2,180	(567)	1,613
Construction work in progress	1,790	-	1,790
	<u>4,632</u>	<u>(594)</u>	<u>4,038</u>
Corporate and other⁽⁵⁾			
	724	(238)	486
Total	<u>81,660</u>	<u>(17,730)</u>	<u>63,930</u>

1 The Dikulushi property, plant and equipment includes all property, plant and equipment located at Dikulushi or used in the support of the Dikulushi operations situated in the Democratic Republic of Congo ("DRC") and elsewhere in Central and Southern Africa.

2 The Kulu property, plant and equipment includes all property, plant and equipment located at Kolwezi in the DRC.

3 The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere in the DRC.

4 The Services property, plant and equipment includes all property, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC.

5 The Corporate and other assets are all located in Australia, Canada and Philippines.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

		September 30	December 31
		2007	2006
		\$	\$
12. Accounts payable and accrued liabilities			
Trade creditors		8,792	6,835
Creditor and other accruals		11,163	7,450
		<u>19,955</u>	<u>14,285</u>
13. Long-term debt facilities			
Fortis Bank facility	13(a)	6,000	12,000
Less: financing fees		(201)	-
		<u>5,799</u>	<u>12,000</u>
Less: current portion		(5,799)	(8,000)
		<u>-</u>	<u>4,000</u>
The scheduled minimum repayments are as follows:			
Financial year 2007		2,000	8,000
Financial year 2008		4,000	4,000
		<u>6,000</u>	<u>12,000</u>

(a) Fortis Bank facility

On September 16, 2006, the Group finalised all documentation for the Fortis \$15 million finance facility. As at September 30, 2007 the Group had fully drawn down \$15 million of the facility, of which \$9 million had been repaid. The loan bears interest at the London Interbank Offer Rate ("LIBOR") + 2.92% per annum and is payable in arrears, quarterly, over five further quarters.

The Group has pledged the following to Fortis as security for the facility:

- (i) Assignment of Initial Intra-Group Loan Agreements. The rights, title, interest and benefit associated with the Dikulushi Project Financing and Mutoshi Project Financing agreements between Anvil Mining Investments Limited ("AMI"), and Anvil Mining Congo s.a.r.l ("AMC") and Société de Minière de Kolwezi s.p.r.l. ("SMK") (all Anvil Mining Limited Group subsidiaries) respectively.
- (ii) Assignment of specific off-take contracts with Republic House AG and Transamine SAS. The whole benefit and all of the right, title and interest in the specific off-take contracts is assigned to Fortis.
- (iii) Fortis has been granted first ranking pledge over the bank accounts of AMI, AMC and SMK that are held with Fortis.
- (iv) Assignment of Operational Insurance; the rights, title, benefit and claims of the Company and its subsidiaries under policies of insurance against physical loss in respect of the projects are assigned to Fortis.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**14. Purchase consideration payable**

At September 30, 2007 \$1.25 million purchase consideration for the initial acquisition of the 70% interest in Mutoshi has not been settled, as the legal documentation regarding the tenement transfers has not been completed.

15. Asset retirement obligations

The asset retirement obligation at September 30, 2007 has increased significantly from December 31, 2006 due to the Group's requirement to carry out progressive rehabilitation at the Kinsevere mine.

16. Non-controlling interests

The Group holds an indirect 90% equity interest in AMC and, in addition, has administrative responsibility for the economic benefit of the remaining 10% equity interest, which is held in trust by the Group for the social, economic and infrastructure development of the region of the Group's activities at the Dikulushi mine. Wholly-owned subsidiaries of the Group are the trustees of the trusts.

The Group also holds an indirect 80% interest in SMK which is the owner and operator of the Kulu mine and an indirect 95% interest in AMCK Mining s.p.r.l. ("AMCK") which is the owner and operator of the Kinsevere mine.

The movements in non controlling interests during the nine months ended September 30, 2007 are as follows:

	September 30	December 31
	2007	2006
(a) AMC – non-controlling interests	\$	\$
Balance – beginning of period	6,495	1,661
Amounts disbursed on behalf of the Trusts during the period	(3,774)	(3,224)
Interests in net earnings of AMC	10,161	8,058
Balance – end of period	<u>12,882</u>	<u>6,495</u>
(b) SMK – non controlling interest		
Balance – beginning of period	1,784	61
Interests in net earnings of SMK	152	2,528
Minority shareholding in Enterprise Miniere de Kolwezi SPRL ("Emiko") (12.5%) – owner of 80% interest in SMK	-	551
Non-controlling interest bought back via purchase of 12.5% shares in Emiko	-	(1,356)
Balance – end of period	<u>1,936</u>	<u>1,784</u>
(c) AMCK – non controlling interests		
Balance – beginning of period	12	-
Interests in net earnings of AMCK	268	-
Minority shareholding in AMCK (20%)	-	46
Non-controlling interest bought back via purchase of 15% shares in AMCK	-	(34)
Balance – end of period	<u>280</u>	<u>12</u>
Total non-controlling interests – end of period	<u>15,098</u>	<u>8,291</u>

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**17. Share options and share warrants****(a) Stock option plan**

The Company has a Director and Employee Stock Option Plan ("Plan"), under which it may grant options to Directors and Employees for up to ten percent of the total shares on issue. At September 30, 2007, the Company is able to issue an additional 4,840,997 (December 2006 - 3,804,421) common shares under the Plan.

The Black-Schöles option pricing model and the valuation assumptions below are used to estimate the fair values of stock options granted.

The assumptions used in determining the fair values of stock options granted under the Stock Option Plan are as follows:

Canadian Dollar based options

Risk free interest rate:	4.24%
Expected life:	72 months
Expected volatility:	46.0%
Expected dividend yield:	0%

During the nine months ended September 30, 2007, 75,000 stock options with an exercise price of C\$12.04 each, with a total fair value of \$0.341 million were issued to non-executive Directors pursuant to the terms of the Plan. During the nine months ended September 30, 2006, 75,000 stock options with an exercise price of C\$7.06 each and with a total fair value of \$0.217 million and 50,000 stock options with an exercise price of C\$3.80 each, with a total fair value of \$0.086 million were issued to non-executive Directors pursuant to the terms of the Plan.

During the nine months ended September 30, 2007, 807,966 stock options with an exercise price ranging from C\$9.41 to C\$17.04 each, with a total fair value of \$3.550 million were issued to employees under the Plan and 507,665 employee stock options were exercised. During the nine months ended September 30, 2006, 633,000 stock options with an exercise price, ranging from C\$3.80 to C\$9.41 each, with a total fair value of \$1.406 million were issued to employees under the Plan and 85,000 employee stock options were exercised.

The stock option expense for the period ended September 30, 2007 amounted to \$1.823 million (nine months ended September 30, 2006 – \$0.968 million). As at September 30, 2007, the aggregate fair value of unvested stock options remaining to be charged to income amounted to \$3.67 million (September 30, 2006 – \$1.788 million).

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**Outstanding stock options:**

	September 30, 2007		December 31, 2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Australian Dollar based options				
Outstanding at beginning of period	340,000	A\$2.10	400,000	A\$2.10
Granted under plan	-	-	-	-
Exercised	(335,000)	A\$2.15	(60,000)	A\$1.65
Expired & forfeited	(5,000)	A\$2.60		
Outstanding at the end of period	-	-	340,000	A\$2.16
Options vested and exercisable at the end of the period	-	-	320,000	A\$1.88
Canadian Dollar based options⁽¹⁾				
Outstanding at beginning of period	1,526,334	C\$4.16	740,000	C\$4.16
Granted under plan	882,966	C\$10.67	828,000	C\$6.60
Exercised	(172,665)	C\$4.88	(41,666)	C\$4.98
Expired & forfeited	(30,439)	C\$6.93		
Outstanding at the end of period	2,206,196	C\$7.57	1,526,334	C\$5.46
Options vested and exercisable at the end of the period	622,890	C\$4.56	308,333	C\$4.24

(1) These stock options have been issued to the Directors and Employees of the Company pursuant to the Plan.

The following table summarizes information about stock options outstanding at September 30, 2007:

Range of exercise prices	Options outstanding			Options exercisable		
	Number of stock options outstanding at September 30, 2007	Weighted average of remaining contractual life (months)	Weighted average exercise price	Number of stock options outstanding at September 30, 2007	Weighted average of remaining contractual life (months)	Weighted average exercise price
C\$3.80	528,334	44	C\$3.80	268,889	44	C\$3.80
C\$4.25-C\$4.66	288,335	37	C\$4.31	240,557	35	C\$4.29
C\$5.20-C\$5.92	40,000	52	C\$5.85	13,333	52	C\$5.85
C\$7.06	300,334	54	C\$7.06	100,111	54	C\$7.06
C\$9.41	600,000	60	C\$9.41	-	-	-
C\$10.54	125,000	64	C\$10.54	-	-	-
C\$11.06-C\$11.84	145,000	64	C\$11.37	-	-	-
C\$12.04	75,000	65	C\$12.04	-	-	-
C\$14.06	64,193	66	C\$14.06	-	-	-
C\$17.04	40,000	68	C\$17.06	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**(b) Warrants**

Warrants to purchase common shares that have been granted or cancelled were as follows:

Date	Details	Notes	No. of Warrants	Exercise Price	Fair Values \$
December 31, 2005	Closing balance		4,516,631		5,567
January 2006	Exercise of warrants	(i)	(296,631)	A\$1.20	(116)
March 2006	Exercise of warrants	(ii)	(500,000)	A\$3.00	(499)
March to September 2006	Exercise of warrants	(iii)	(2,620,000)	C\$6.25	(3,925)
August 2006	Exercise of warrants	(iv)	(500,000)	C\$5.25	(335)
December 31, 2006	Closing balance		<u>600,000</u>		<u>692</u>
September 30, 2007	Closing balance	(v)	<u>600,000</u>		<u>692</u>

Details of movements in warrants are as follows:

- (i) In January 2006, 296,631 warrants issued through the conversion of Convertible Notes, issued by Anvil Mining Management NL (prior to the Reorganization) in January 2004, were exercised by the warrant holder.
- (ii) In March 2006, 500,000 warrants issued in respect of the grant of financing facilities by RMB International (Dublin) Limited ("RMBI") were exercised.
- (iii) During the period March to September 2006, 2,620,000 share purchase warrants issued as part of the special warrants issued in December 2004 were exercised.
- (iv) In August 2006, 500,000 warrants issued in respect of the grant of financing facilities by RMBI were exercised.
- (v) The closing balance refers to 600,000 warrants to purchase 600,000 shares at an exercise price of C\$6.25 per share issued to Deans Knight Capital Management Ltd on December 22, 2005. The warrants expire on December 22, 2007.

18. Commitments**(a) Exploration Expenditure Commitments**

In order to maintain the mining tenements in which the Company has interests, the Company is committed to meet prescribed conditions under which the tenements were granted. The Company's exploration expenditure commitment as at September 30, 2007 is \$0.05 million (December 31, 2006 - \$0.1 million).

No estimate has been given of commitments beyond one year as this is dependent upon the Directors' review of operations in the short to medium term. Commitments for all tenement expenditure can be terminated at any date by forfeiture, exemption, sale or assignment of the tenements, subject to certain constraints.

(b) Dikulushi mine

The outstanding capital commitments of the Dikulushi mine contracted for at September 30, 2007 were \$1.1 million (December 31, 2006 - \$3.0 million).

(c) Kulu mine

The outstanding capital commitments of the Kulu mine contracted for at September 30, 2007 were \$6 million (December 31, 2006 \$1.5 million). Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2% of sales of copper extracted from the acquired mining properties. SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

(d) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted for at September 30, 2007 were \$20.8 million (December 31, 2006 - \$19.0 million). Under the Kinsevere acquisition agreement, AMCK has an ongoing obligation to pay a mining royalty of \$70 per copper equivalent tonne extracted from the acquired mining properties. AMCK also has a similar royalty obligation of 2% of net sales to the DRC Government.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

(e) Anvil Mining Services SPRL (AMS)

The outstanding capital commitments of AMS contracted for at September 30, 2007 were \$0.3 million (December 31, 2006 \$0.6 million)

(f) Corporate development, administration and other (CDA)

The outstanding capital commitments of Anvil Mining Australia Pty Ltd. contracted for at September 30, 2007 were \$0.2 million (December 31, 2006 nil).

(g) Central Bank of Congo

Anvil subsidiaries operating in the DRC are required to comply with the Central Bank of Congo regulations regarding repatriation of sales proceeds received in to bank accounts located outside the DRC. The subsidiaries are required to repatriate no less than 40% of the realized sales receipts, within certain time periods, into US dollar denominated bank accounts located in the DRC. At September 30, 2007 the amount to be repatriated was \$10 million (December 31 2006 - \$5.0 million). These funds, once repatriated, are available to the Company to meet obligations both within and outside the DRC.

19. Contingent liabilities

During the quarter ended June 30, 2007, SMK received a notification from the Ministry of Energy, which claimed a payment of \$1.1 million as tax and penalties due to the fact that a group subsidiary does not hold the authorization for using natural water within its concession. However, during the quarter ended September 30, 2007 SMK received notification that the Ministry has now rescinded its claim and thus no amount will be payable.

20. 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 DRC. The operation was developed in 2002, and produces a sulphide copper concentrate with a silver credit.

Kulu copper operation - 80% ownership

The Kulu operation is located in the Katanga province of the DRC. The operation was developed 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 DRC. The operation was developed in 2007, and produces an oxide copper concentrate.

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**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 three month and nine month periods ended September 30, 2007, segmented information is presented as follows. The inter-segment eliminations relate to intercompany interest charged on loan balances, and the charging of corporate marketing, finance and agency fees within the Group.

	Dikulushi	Kulu	Kinsevere	CDA	Inter-segment	Three months ended September 30, 2007 Total
Concentrate sales	54,166	7,291	14,758	-	(15)	76,200
Operating expenses	(12,817)	(6,596)	(4,112)	(648)	15	(24,158)
Amortization	(1,463)	(588)	(1,976)	(470)	-	(4,497)
Segmented operating profit (loss)	39,886	107	8,670	(1,118)	-	47,545
Interest and financing fees	-	(559)	-	(326)	559	(326)
Other income	108	-	6	7,054	(3,070)	4,098
Other expenses	(840)	(571)	(1,753)	(4,870)	2,511	(5,523)
Segmented profit before under noted items	39,154	(1,023)	6,923	740	-	45,794
Income taxes	-	175	(1,849)	(1,042)	-	(2,716)
Non-controlling interest	(3,915)	170	(269)	-	-	(4,014)
Segmented profit	35,239	(678)	4,805	(302)	-	39,064
Property, plant and equipment	28,959	14,324	149,907	5,873	-	199,063
Total assets	173,958	45,797	110,099	329,717	-	659,571
Capital expenditures	(4,045)	(1,618)	(16,340)	(3,515)	-	(25,518)
	Dikulushi	Kulu	Kinsevere	CDA	Inter-segment	Three months ended September 30, 2006 Total
Concentrate sales	43,053	13,497	-	-	-	56,550
Operating expenses	(12,017)	(3,690)	-	(824)	-	(16,531)
Amortization	(1,374)	(506)	-	(188)	-	(2,068)
Segmented operating profit (loss)	29,662	9,301	-	(1,012)	-	37,951
Interest and financing fees	(9)	(1,631)	-	(75)	1,631	(84)
Other income	169	-	-	4,419	(2,542)	2,046
Other expenses	(324)	194	-	(3,534)	911	(2,753)
Segmented profit before under noted items	29,498	7,864	-	(202)	-	37,160
Income taxes	-	(3,599)	-	825	-	(2,774)
Non-controlling interest	(2,950)	(1,279)	-	-	-	(4,229)
Segmented profit	26,548	2,986	-	623	-	30,157
Property, plant and equipment	21,147	10,780	2,878	13,583	-	48,388
Total assets	91,410	13,810	17,272	187,827	-	310,319
Capital expenditures	(3,934)	(251)	(8,154)	(1,041)	-	(13,380)

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	Dikulushi	Kulu	Kinsevere	CDA	Inter- segment	Nine months ended September 30, 2007 Total
Concentrate sales	142,205	26,984	14,758	-	(15)	183,932
Operating expenses	(34,439)	(18,881)	(4,122)	(100)	15	(57,527)
Amortization	(4,003)	(1,754)	(1,976)	(796)	-	(8,529)
Segmented operating profit (loss)	103,763	6,349	8,660	(896)	-	117,876
Interest and financing fees	-	(1,605)	-	(1,145)	1,605	(1,145)
Other income	234	89	33	14,469	(7,381)	7,444
Other expenses	(2,390)	(3,406)	(1,763)	(12,543)	5,776	(14,326)
Segmented profit before under noted items	101,607	1,427	6,930	(115)	-	109,849
Income taxes	-	(668)	(1,855)	(1,241)	-	(3,764)
Non-controlling interest	(10,161)	(152)	(268)	-	-	(10,581)
Segmented profit	91,446	607	4,807	(1,356)	-	95,504
Property, plant and equipment	28,959	14,324	149,907	5,873	-	199,063
Total assets	173,958	45,797	110,099	329,717	-	659,571
Capital expenditures	(8,739)	(2,857)	(41,746)	(2,351)	-	(55,693)

	Dikulushi	Kulu	Kinsevere	CDA	Inter- segment	Nine months ended September 30, 2006 Total
Concentrate sales	110,143	22,585	-	-	-	132,728
Operating expenses	(37,501)	(6,929)	-	(1,414)	-	(45,843)
Amortization	(3,752)	(1,305)	-	(635)	-	(5,692)
Segmented operating profit (loss)	68,890	14,351	-	(2,048)	-	81,193
Interest and financing fees	(2,705)	(1,631)	-	(1,427)	1,631	(4,132)
Other income	242	-	-	7,235	(3,666)	3,811
Other expenses	(1,109)	(1,112)	-	(7,240)	2,035	(7,427)
Segmented profit (loss) before under noted items	65,318	11,608	-	(3,481)	-	73,445
Income taxes	-	(3,599)	-	(5)	-	(3,604)
Non-controlling interest	(6,532)	(2,402)	-	-	-	(8,934)
Segmented profit (loss)	58,786	5,607	-	(3,486)	-	60,907
Property, plant and equipment	21,147	10,780	2,878	13,583	-	48,388
Total assets	91,410	13,810	17,272	187,827	-	310,319
Capital expenditures	(7,433)	(859)	(9,526)	(2,662)	-	(20,480)

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

The operations in DRC comprise the Dikulushi copper-silver mine, Kulu copper mine, Kinsevere copper mine, as well as exploration on tenements held in the DRC. The Group's Zambia operations comprise the infrastructure support to the Dikulushi mine and exploration tenements in Zambia. The Group's Philippines operations comprise interests in exploration tenements in the Philippines. The Group's Australia and Canada segment carry all corporate activity costs.

All material assets comprising property, plant and equipment and associated inventories and other current assets relate primarily to the Dikulushi, Kulu and Kinsevere mines. The total assets located by geographic areas are as follows:

Total assets - Geographical Reporting	September 30	December 31
	2007	2006
	\$	\$
Democratic Republic of Congo	328,091	232,941
Zambia	729	678
Vietnam	-	1,021
Philippines	236	431
Australia ⁽¹⁾	393	52,753
Canada ⁽¹⁾	330,122	114,662
	659,571	402,486

(1) These assets are physically held in the geographical region and relate mainly to the corporate and management activity.

The geographic distribution of the Group's external revenues, which are attributed to regions based on the location of the principal underlying asset, is as follows:

Revenues - Geographical Reporting	3 Months ended		9 Months ended	
	September 30		September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Democratic Republic of Congo	76,200	56,550	183,932	132,728

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**21. Earnings per share**

	3 Months ended September 30		9 Months ended September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Basic earnings per share	0.55	0.54	1.52	1.29
Diluted earnings per share	0.54	0.53	1.48	1.26
Weighted average number of ordinary shares outstanding - basic earnings per share	70,438,648	55,878,215	62,755,853	47,381,118
Weighted average number of ordinary shares outstanding - diluted earnings per share	71,828,595	56,755,852	64,380,310	48,501,698

The reconciliation of basic and diluted earnings per share where relevant, are as follows:

	Income \$	Shares Number	Quarter ended September 30 2007
			\$ per share amount
Basic earnings per share			
Income available to shareholders	39,064	70,438,648	0.55
Effect of dilutive securities:			
Options and warrants	-	1,389,947	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	39,064	71,828,595	0.54
	Income \$	Shares Number	Quarter ended September 30 2006
			\$ per share amount
Basic earnings per share			
Income available to shareholders	30,157	55,878,215	0.54
Effect of dilutive securities:			
Options and warrants	-	877,637	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	30,157	56,755,852	0.53

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	Nine months ended September 30 2007		
	Income \$	Shares Number	Cents per share amount
Basic earnings per share			
Income available to shareholders	955,505	62,755,853	1.52
Effect of dilutive securities:			
Options and warrants	-	1,624,457	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	955,505	64,380,310	1.48
	Nine months ended September 30 2006		
	Income \$	Shares Number	Cents per share amount
Basic earnings per share			
Income available to shareholders	60,907	47,381,118	1.29
Effect of dilutive securities:			
Options and warrants	-	1,120,580	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	60,907	48,501,698	1.26

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**22. Supplementary cash flow information**

	3 Months Ended September 30		9 Months Ended September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
(a) Changes to non-cash working capital				
Accounts receivable	(13,449)	(14,634)	(36,170)	(38,886)
Inventories	(4,833)	(5,787)	(4,943)	(10,088)
Prepaid expenses and deposits	(4,214)	215	(8,223)	34
Deferred mining	6,914	1,499	-	4,078
Accounts payable and accrued liabilities	5,513	1,916	5,670	1,575
Income taxes	2,712	(601)	984	42
Other liabilities	214	526	449	247
	<u>(7,143)</u>	<u>(16,866)</u>	<u>(42,233)</u>	<u>(42,998)</u>
(b) Other information				
Interest and financing fees paid	(168)	(811)	(631)	(4,644)
Interest received	4,200	1,716	7,872	3,282
Income tax paid	(4)	(75)	(3,267)	(75)