

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

Set out below is a review of the activities, results of operations and financial condition of Anvil Mining Limited (the "Company") and its subsidiaries (collectively, the "Group" or "Anvil") for the fourth quarter and year ended December 31, 2007. This information is presented as of February 26, 2008. The discussion below should be read in conjunction with the audited consolidated financial statements of the Company for the fourth quarter and year ended December 31, 2007 and the notes thereto. The Company's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Capitalized terms used and not defined below have the meanings given to them in the consolidated financial statements and the notes thereto. References below to "\$" or "US dollar" refer to United States dollars. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil set out below originates in Canadian dollars ("C\$"), or Australian dollars ("A\$"), and has been translated into US dollars, based on prevailing exchange rates and in accordance with Note 2 to the audited consolidated financial statements for the fourth quarter and year ended December 31, 2007.

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

This management's discussion and analysis of financial condition and results of operations is as of February 26, 2008

HIGHLIGHTS.

Fourth quarter ended December 31, 2007

- Record net copper concentrate sales of \$79.3 million, an increase of 86% compared to the same period in 2006.
- Net income of \$21.7 million (\$0.31 per share), an increase of 2% compared to the same period in 2006.
- Record cash flows from operating activities, before working capital movements, of \$47.2 million (\$0.67 per share), an increase of 98% compared to the same period in 2006.
- Record quarterly production of 16,878 tonnes of copper and 717,402 ounces of silver contained in concentrates, an increase of 60% and 26% respectively compared to the same period in 2006.
- Stage III Dikulushi underground mine decline development to a total advance of approximately 2,806 metres by December 31, 2007.
- Completion of an updated Feasibility Study (the "Feasibility Study") for the Stage II Solvent Extraction and Electrowinning ("SX-EW") development at the Kinsevere Copper Project. The Feasibility Study follows a preliminary study prepared by the Company in April 2007 on the establishment of a 60,000 tonnes per annum capacity SX-EW processing plant and includes several enhancements to the Stage II processing flow-sheet and adjustments to the overall capital costs for the Kinsevere Copper Project.
- Completion of a 45,370 metre drilling program during 2007 at the Kinsevere Copper Project which allowed for an increase of 34% in Measured and Indicated Mineral Resources and a subsequent 32% increase in the Proven and Probable Mineral Reserves.

Year Ended December 31, 2007

- Record Net Income for the year of \$117.2 million or \$1.81 per share, an increase of 43% and 10% respectively, compared to the prior year.
- Record Operating profit for the year of \$160.3 million or \$2.48 per share, an increase of 50% and 15% respectively, compared to the prior year.
- Record Cash flows from operating activities, before working capital movements of \$166.3 million or \$2.57 per share, an increase of 63% and 25% respectively compared to the prior year.
- Record annual production of 47,633 tonnes of copper contained in concentrate and production of 2,451,269 ounces of silver contained in concentrate, an increase of 12% and 13% respectively, compared to the prior year.

1. Overview

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

The Group holds a 90% beneficial interest in the Dikulushi mine and surrounding exploration areas, which are held under the terms of the Dikulushi Mining Convention (the “Convention”). The remaining 10% equity interest in the Dikulushi mine is indirectly held in trust by the Company (the “Dikulushi Trusts”) for the economic, social and infrastructure development of the Dikulushi region.

Anvil also has an 80% interest in the Mutoshi Copper-Cobalt project in the Kolwezi region in Democratic Republic of the Congo (“DRC”). The Mutoshi project, is held by subsidiary Société Minière de Kolwezi sprl (“SMK”), and includes the old Mutoshi mine, the Kulu mine (coarse rejects/tailings deposit), the Mutoshi Northwest prospect, the Nioka prospect, 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 remaining 20% interest in SMK is held by La Générale des Carrières et des Mines (Gécamines)

Anvil also has a 95% interest in the mining rights of the Kinsevere-Nambulwa Exploitation Permits, held by its subsidiary company AMCK Mining sprl (“AMCK”). The remaining 5% interest in AMCK is held by Mining Company Katanga SPRL. The Kinsevere properties and Nambulwa properties lie approximately 30 kilometres and 55 kilometres north of the provincial capital of Lubumbashi, respectively. The two Exploitation Permits, Kinsevere (PE528) and Nambulwa (PE539), cover a total area of 29.6 square kilometres and contain four distinct mineralized zones that outcrop at surface.

Dikulushi Copper-Silver mine

The Company’s 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 installation of a 250,000 tonnes per annum Heavy Media Separation (“HMS”) plant. Stage II consisted of an expansion comprised of a 350,000 tonnes per annum ball mill and flotation circuit to treat the open-pit ore, which replaced the HMS plant. Stage III involves the development of the underground mine, which started in June 2006 following deep drilling below the existing open pit and commenced ore production in September 2007.

Kulu Copper mine

The Kulu mine is located east of the town of Kolwezi in the southeast part of the DRC. The mine was commissioned in December 2005 following commencement of construction in July 2005. Kulu Stage I comprised the relocation of the refurbished HMS plant from Dikulushi and the construction of associated support infrastructure.

The HMS plant is currently treating the coarse rejects/tailings from the Kulumaziba watercourse which were discharged from a previous operation at the Mutoshi open pit mine. Following commissioning, the HMS plant has undergone a number of upgrades involving the installation of a scrubber and larger screens to increase throughput.

As the mining of the material in the watercourse has progressed further downstream, the proportion of higher-grade coarser material has reduced, as expected. It is this higher-grade, coarser material that is most suitable for HMS processing. Persistent artisanal mining activity, combined with heavy rainfall in 2006 and the first half of 2007 has further removed and redistributed a significant amount of the coarser-grained, higher-grade fraction of the Kulu resource from upstream to locations further downstream, leaving behind a finer lower-grade fraction which has lower metallurgical recoveries through an HMS plant. As a result, the Company decided to undertake an engineering cost study for a SX-EW processing facility. This study commenced in February 2008 and is expected to be completed in the second quarter of 2008. Lower than expected rainfall along with the engagement of a new mining contractor, resulted in increased mining during the December quarter, in areas of high artisanal mining activity yielding lower grade finer plant feed material causing lower recoveries.

Exploration work in the Mutoshi lease adjacent to the Kulu deposit continued during the fourth quarter ended December 31, 2007. The initial drilling program is expected to be completed in the second quarter of 2008.

Kinsevere Copper mine

The Kinsevere-Nambulwa project (“Kinsevere project”) is located in the Katanga Province in the southeast of the DRC. It is situated in the central section of the Congo Copperbelt, in an area approximately 30 to 55 kilometres north of the provincial capital, Lubumbashi.

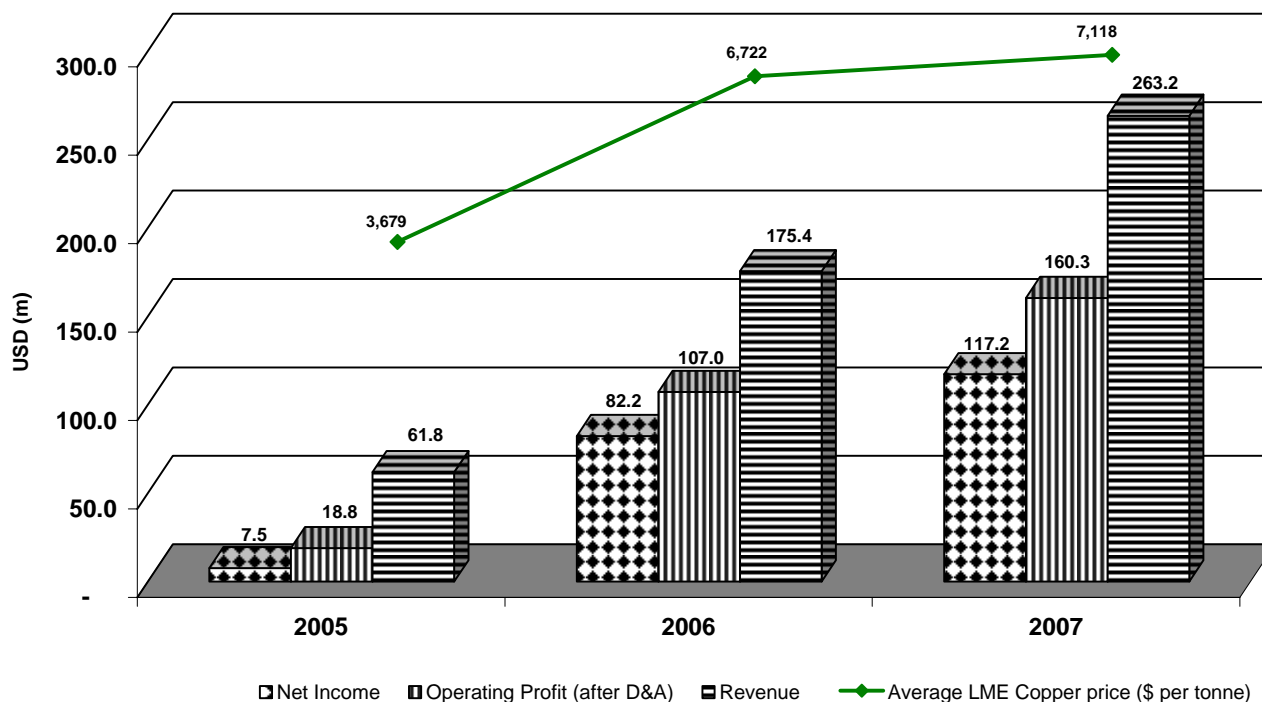
The Kinsevere project comprises two separate exploitation permits Kinsevere (PE 528) and Nambulwa (PE 539). Kinsevere (PE 528), the area in which the Stage I and Stage II developments are taking place, consists of three deposits, Kinsevere, Tshifufia and Tshifufiamashi and covers an area of 16.1 square kilometres. All three deposits lie within 2 kilometres of one another.

In May 2006, following completion of a feasibility study, Anvil committed to a \$35 million Stage I development at Kinsevere. The Stage I development, which comprises an HMS Plant and an Electric-Arc Furnace (“EAF”) is expected to produce approximately 23,000-25,000 tonnes per annum of “black copper” ingots assaying 90%-95% copper. The HMS Plant was successfully commissioned in June 2007 and the EAF is expected to be commissioned during the first quarter of 2008. Until the commissioning of the EAF, copper concentrates produced at Kinsevere are being sold locally.

Despite an early and sustained rainy season, mining operations continued normally during the fourth quarter ended December 31, 2007. Installation of groundwater dewatering infrastructure is well advanced. Construction of the EAF and associated infrastructure was well advanced by year end with civils, steelwork and mechanical installation virtually complete.

2. Financial Results

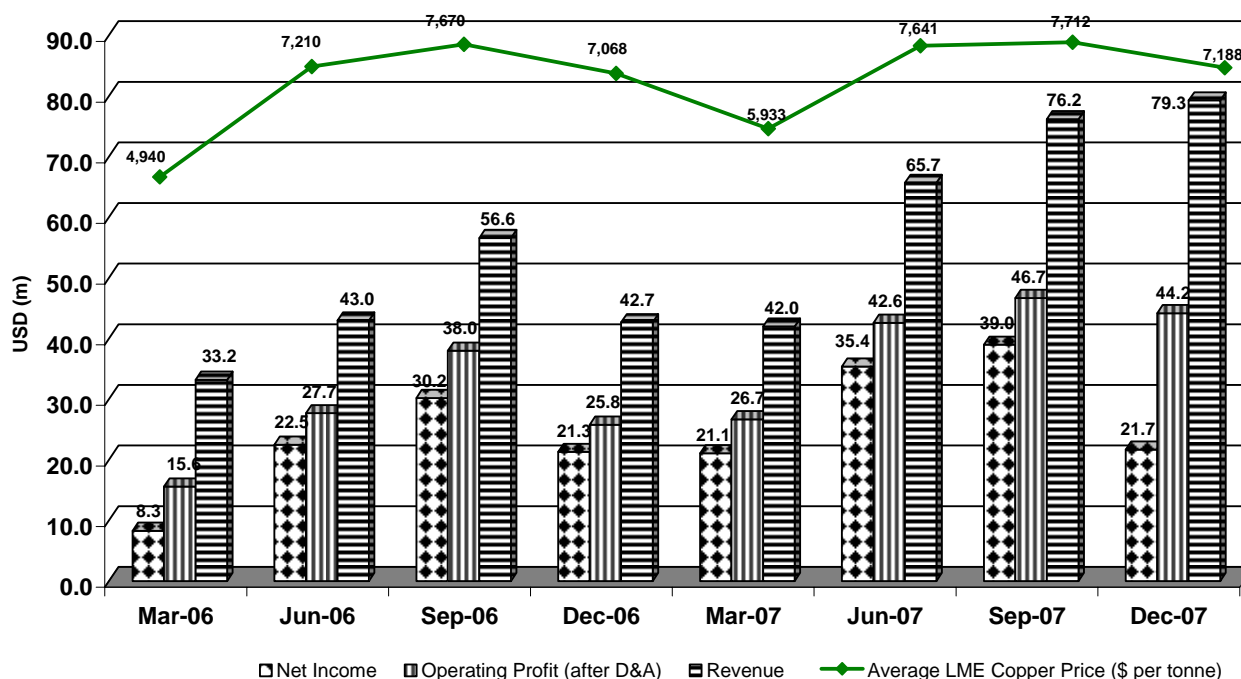
Chart 1: Annual Financial Performance



Year Ended December 31, 2007

Net income for the year ended December 31, 2007 was \$117.2 million or \$1.81 per basic share (weighted average common shares: 64,715,747) as compared to \$82.2 million or \$1.65 per basic share (weighted average common shares: 49,729,151) for the year ended December 31, 2006. The increase in net income of 43% was due to a 6% increase in the LME cash copper price, a 5% increase in copper concentrate tonnes sold at Kulu and a 9% increase in copper delivered from Dikulushi. Sale of copper concentrate from Kinsevere commenced during the third quarter of 2007. Cash flow from operations, after working capital movements, for the year ended December 31, 2007 was \$123.3 million (2006: \$80.4 million), or \$1.91 per weighted average share outstanding (2006: \$1.62).

Chart 2: Quarterly Financial Performance

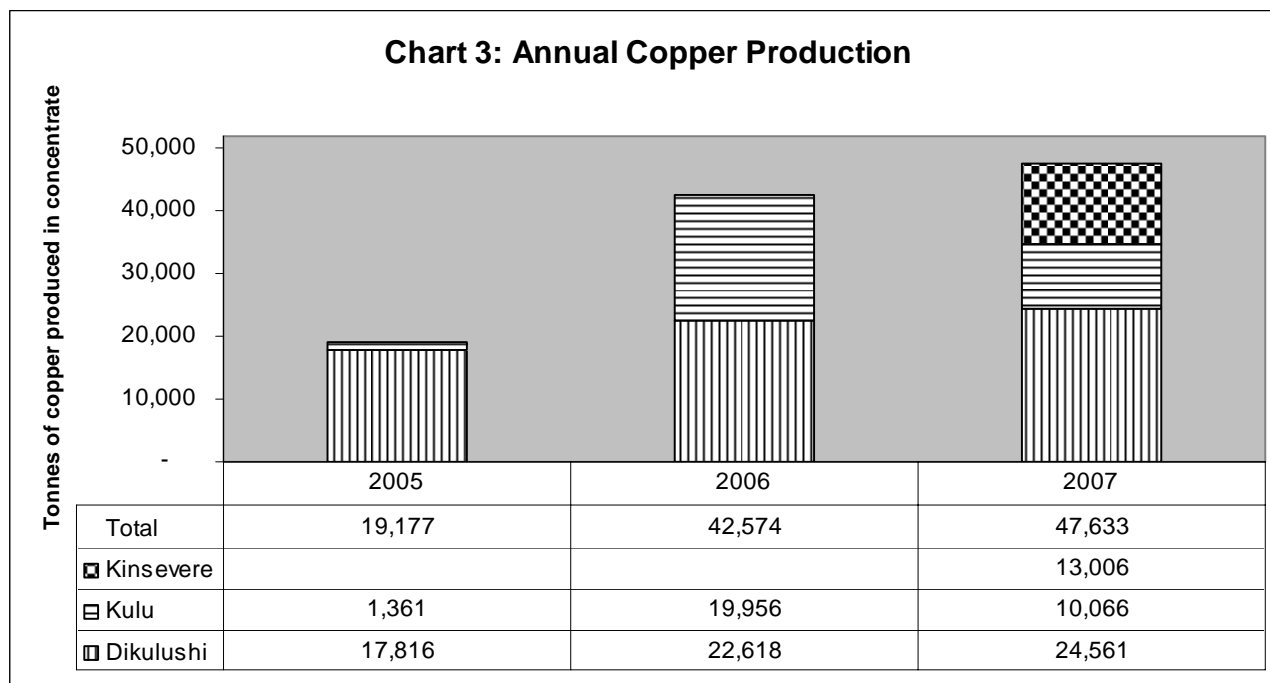


Fourth quarter ended December 31, 2007

Net income for the fourth quarter ended December 31, 2007 was \$21.7 million or \$0.31 per basic share (weighted average common shares: 70,547,825) as compared to \$21.3 million or \$0.38 per basic share (weighted average common shares: 56,696,504) in the fourth quarter of 2006. The increase in net income of 2% was due to a 2% increase in the LME cash copper price, commencement of sale of concentrate from Kinsevere and a 7% increase in copper delivered from Dikulushi. This was offset by a 5% decrease in copper concentrate tonnes sold at Kulu. Net income for the quarter was also affected by the provision for impairment of \$8.6 million, equivalent to \$0.12 per basic share, in relation to deterioration in value of certain investments being a medium-term floating rate note, U.S. sub-prime mortgage backed securities investments, and another investment which failed to meet its asset collateralization test resulting in a ratings downgrade. Cash flow from operations, after working capital movements, for the fourth quarter ended December 31, 2007 was \$37.9 million (2006 December quarter: \$43.2 million), or \$0.54 per weighted average share outstanding (2006 December quarter: \$0.76).

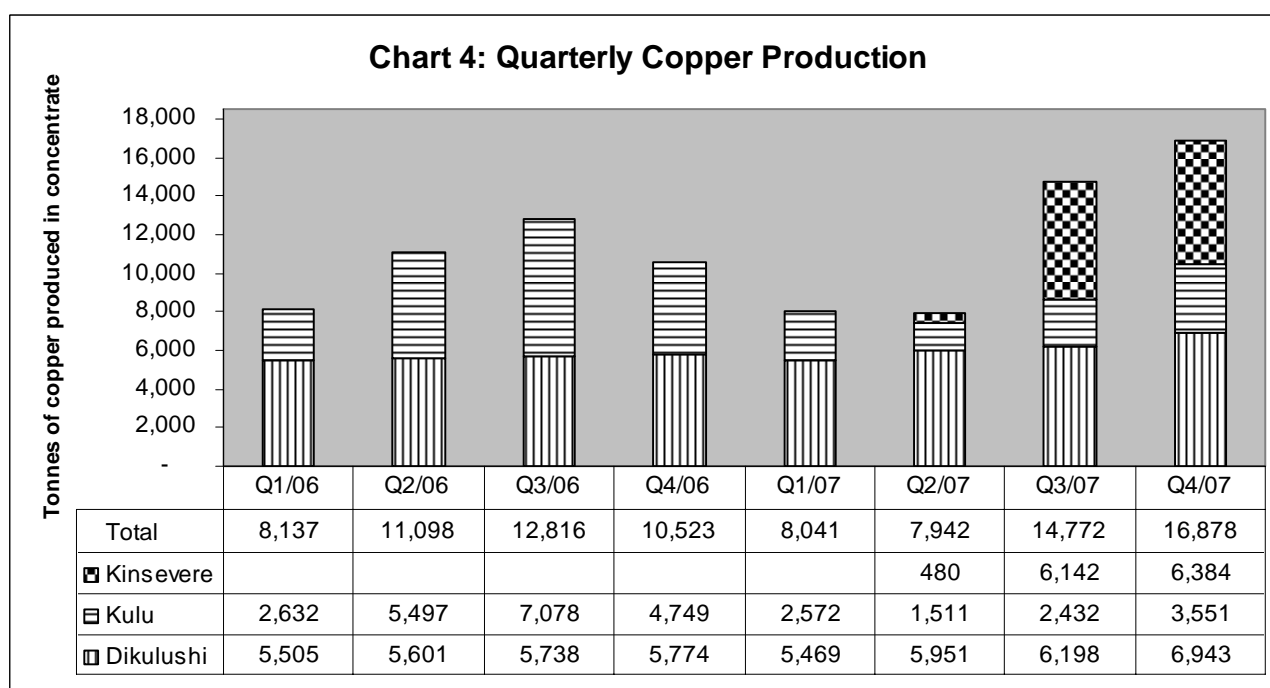
3. Production and Statement of Income Discussion

Copper Production



Year Ended December 31, 2007

Copper production during the 2007 year was 47,633 tonnes, of which 52% was from Dikulushi, 21% from Kulu and 27% from Kinsevere. Combined copper production increased by 12% compared to the year ended December 31, 2006, principally due to the commencement of commercial production at Kinsevere in June 2007 although partially offset by a decrease in production from Kulu as a result of lower feed grade and lower copper recoveries from processing finer grained material.



Fourth quarter ended December 31, 2007

Copper production in the fourth quarter ended December 31, 2007 was 16,878 tonnes, of which 41% was from Dikulushi, 21% from Kulu and 38% from Kinsevere. Combined copper production increased by 60% compared to the fourth quarter ended December 31, 2006, principally due to the commencement of production from Kinsevere and record production at Dikulushi.

Revenues

Table 1: Revenue Statistics

	December Quarter					Year ended December 31				
	2007			2006		2007			2006	
	Dikulushi	Kulu	Kinsevere	Dikulushi	Kulu	Dikulushi	Kulu	Kinsevere	Dikulushi	Kulu
Revenue (\$ million)										
Copper	41.5	4.3	23.9	28.7	7.1	162.7	31.0	38.6	123.3	29.7
Silver	9.5	-	-	6.9	-	30.5	-	-	22.4	-
Cobalt	-	0.1	-	-	-	-	0.3	-	-	-
Total Revenue	51.0	4.4	23.9	35.6	7.1	193.2	31.3	38.6	145.8	29.7
Average realized copper price (\$ per lb)	2.98	-	-	2.21	-	3.14	-	-	2.59	-
Average realized copper concentrate price (\$ per tonne of concentrate)	-	692	919	-	1,081	-	753	956	-	756
Average realized silver price (\$ per oz)	15.08	-	-	12.32	-	13.54	-	-	11.20	-
Sales Statistics										
Copper (payable tonnes)	6,326	-	-	5,896	-	23,511	-	-	21,639	-
Copper concentrate (tonnes)	-	6,235	25,965	-	6,551	-	41,132	40,394	-	39,244
Silver Payable (ounces)	632,175	-	-	563,754	-	2,253,113	-	-	2,002,781	-

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

Year Ended December 31, 2007

Year to date revenues in 2007 increased by 50%, as compared to the same period in 2006, to \$263.2 million (2006 December: \$175.4 million), due in part to an increase in the average realized price of 21% for both Dikulushi copper and silver. In addition, the tonnes of copper delivered from Dikulushi increased by 9% and the tonnes of copper concentrate sold by Kulu increased by 5%, as compared to the same period in 2006. The sale of copper concentrate produced from Kinsevere commenced in June 2007.

Fourth quarter ended December 31, 2007

Revenue for the fourth quarter ended December 31, 2007 increased by 86%, as compared to the same period in 2006, to \$79.3 million (2006 December quarter: \$42.7 million). The increase was due to a 35% increase in the average realized copper price for Dikulushi and commencement of copper concentrate sales from Kinsevere which increases were partially offset by a decrease in the average realized copper concentrate price of 36% for Kulu copper concentrate, as compared to the same period in 2006. The tonnes of copper delivered from Dikulushi increased by 7%, however the tonnes of copper concentrate sold by Kulu decreased by 5% as compared to the same period in 2006 due to lower feed grade and lower copper recoveries from processing finer grade material.

Operating Expenses

Year ended December 31, 2007

Operating expenses before amortization for the year were \$85.8 million (2006: \$60.8 million) because of the higher level of operating activity at Dikulushi and the commencement of commercial production at Kinsevere in June 2007.

The Dikulushi total cash operating cost per pound of copper produced (after silver credits) for the year was \$0.57 (2006: \$1.02) due to the negotiation of lower smelter and refining charges, and a lower operating cash cost (ex-mine gate) per pound of copper produced (after silver credits) of \$0.14 for the year (2006: \$0.28) mainly due to higher silver credits as a result of increases in the silver price and lower mining costs due to the cessation of open pit mining operations.

The operating cash cost per tonne of oxide concentrate at Kulu for the year was \$581 per tonne, equivalent to \$1.07 per pound of copper contained in concentrate produced (2006: \$237 per tonne, equivalent to \$0.38 per pound of copper contained in concentrate). This increase is due to lower feed grade and lower copper recoveries from processing finer grained material.

The operating cash cost per tonne of oxide concentrate at Kinsevere since commencement of commercial production was \$312 per tonne, equivalent to \$0.53 per pound of copper contained in concentrate produced.

Social development costs for the benefit of communities surrounding the Company's Kulu and Kinsevere mine sites are administered jointly by Pact Inc. ("Pact"), a Washington-based International Development Agency, in partnership with the Company. These costs totalled \$3.4 million for the year ended December 31, 2007 and were charged to operating expense. Social development costs related to community development programs for the benefit of communities surrounding the Dikulushi mine site are funded through the Dikulushi Trusts, which are held in trust by the Group and therefore disclosed in minority interest on the balance sheet and not as operating expenses. A further \$5.6 million was spent for the benefit of communities surrounding the Dikulushi mine site and an additional \$2.0 million was spent on works associated with the upgrade of the Kilwa-Kasomeno road, which are both disclosed in minority interest on the balance sheet not as operating expenses. The road project provides much needed improvements to the existing transportation network and will increase communities' access to markets, social amenities and health services.

Fourth quarter ended December 31, 2007

Operating expenses before amortization for the fourth quarter ended December 31, 2007 were higher at \$26.4 million (2006 December quarter: \$15.0 million) compared to the same period in 2006. This was mainly due to the commencement of commercial production at Kinsevere in June 2007.

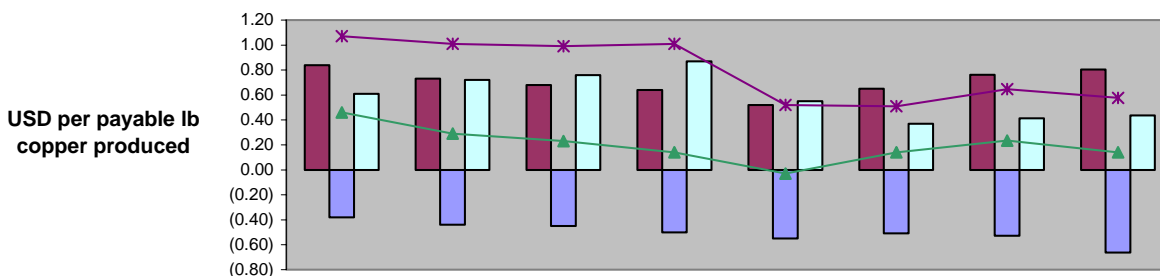
The Dikulushi total cash operating cost per pound of copper produced (after silver credits) for the 2007 December quarter was \$0.58 (2006 December quarter: \$1.01) due mainly to the negotiation of lower smelter and refining charges, together with higher silver credits. The cessation of open pit mining operations also contributed to lower mining costs during the quarter.

The operating cash cost per tonne of oxide concentrate at Kulu for the 2007 December quarter was \$669 per tonne, equivalent to \$1.31 per pound of copper contained in concentrate produced (2006 December quarter: \$285 per tonne, equivalent to \$0.48 per pound of copper contained in concentrate produced) due to lower feed grade and lower copper recoveries from processing finer grained material.

The operating cash cost per tonne of oxide concentrate at Kinsevere for the fourth quarter ended December 31, 2007 was \$262 per tonne, equivalent to \$0.44 per pound of copper contained in concentrate produced.

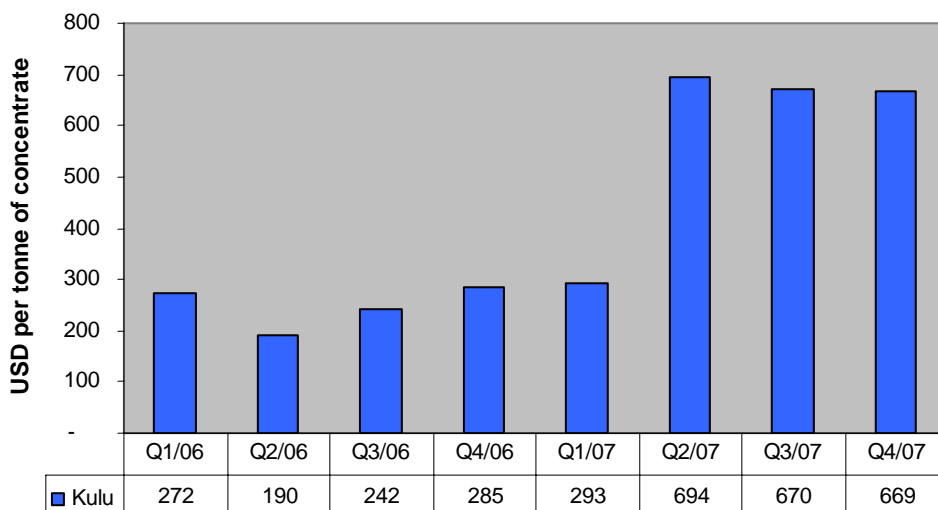
Social development costs of \$1.6 million were charged to operating expense during the fourth quarter ended December 31, 2007 for the benefit of communities surrounding the Company's Kulu and Kinsevere mine sites. A further \$2.8 million was spent for the benefit of communities surrounding the Dikulushi mine site and an additional \$1.0 million was spent on works associated with the upgrade of the Kilwa-Kasomeno road, which are both disclosed in minority interest on the balance sheet not as operating expenses.

Chart 5: Dikulushi - Quarterly Cash Costs



	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Mine Gate Costs	0.84	0.73	0.68	0.64	0.52	0.65	0.76	0.80
Silver credits	(0.38)	(0.44)	(0.45)	(0.50)	(0.55)	(0.51)	(0.53)	(0.66)
Mine Gate Costs (net of silver credits)	0.46	0.29	0.23	0.14	(0.03)	0.14	0.23	0.14
TC RC's - Treatment, refining and freight charges	0.61	0.72	0.76	0.87	0.55	0.37	0.41	0.44
Total Cash Costs	1.07	1.01	0.99	1.01	0.52	0.51	0.65	0.58

Chart 6: Kulu Quarterly Cash Cost



Other Expenses

Year Ended December 31, 2007

General, administrative and marketing expenses for the year ended December 31, 2007 were \$14.8 million (2006: \$10.1 million), an increase of 46% over the same period in 2006. This was mainly due to costs of additional technical and administrative staff to support the Company's expansion.

The Company provided for an impairment of investments of \$9.4 million during the year. The provision relates to deterioration in value of certain investments being a medium-term floating rate note (\$5.0 million), two U.S. sub-prime mortgage backed securities investments (\$3.8 million), and another investment which failed to meet its asset collateralization test resulting in a ratings downgrade (\$0.6 million).

Exploration expenditures written off during the year was \$4.4 million (2006: nil). Of this \$4.4 million, \$1.1 million was in relation to expenditures incurred on the Duc Bo project in Vietnam. The title to the tenement was not renewed by government authorities in Vietnam, and the Company is currently in the process of reapplying for this tenement. A further \$3.3 million of exploration expenditures was written off because the Company decided not to exercise its option to acquire further exploration licences in the Nambulwa region.

Stock based compensation costs of \$2.5 million (2006: \$1.4 million) represented an increase of 78.6% compared to the same period in 2006 and related to the cost of accrued options granted to new and existing employees and directors, designed as incentives for maintaining and increasing performance.

Interest and financing fees of \$2.2 million (2006: \$4.5 million) represented a decrease of 51%. The decrease is attributable to \$2 million cost of buy-back option of NSR obligation which was exercised in January 2006 and lower interest charges related to loan from Fortis Bank ("Fortis"), which was repaid during the current year. The decrease in costs were offset by \$0.7 million accretion expense related to asset retirements obligations for Kinsevere mine.

Fourth quarter ended December 31 2007

General, administrative and marketing expenses for the fourth quarter ended December 31, 2007 were \$5.9 million (2006 December quarter: \$4.0 million), an increase of 48% over the same period in 2006. This was due to the recruitment of additional technical and administrative staff to support the Company's expansion.

Stock based compensation costs of \$0.7 million (2006 December quarter: \$0.4 million) for the current quarter represented an increase of 66% compared to the same period in 2006 and related to the cost of accrued options granted to employees and directors.

Increase in interest and financing fees is attributable to \$0.7 million accretion expense related to asset retirement obligations for Kinsevere mine.

4. Discussion of Cash Flows

	Fourth quarter		Year ended December 31	
	2007	2006	2007	2006
Cash flows from: (\$ million)				
Operating activities	37.9	43.2	123.3	80.4
Investing activities	(31.5)	(28.4)	(131.4)	(165.8)
Financing activities	(6.1)	(3.1)	163.8	136.8
Net increase/(decrease) in cash and cash equivalents	0.3	11.7	155.7	51.4

Cash Flow (Year ended December 31, 2007)

Cash flow from operations for the year ended December 31, 2007 was \$123.3 million (2006: \$80.4 million), or \$1.91 per share (2006: \$1.62). The increase in operating cash flows was due to higher copper production from Dikulushi and the commencement of commercial production at Kinsevere during the year, together with higher realized metal prices. The net increase in non-cash working capital to \$42.9 million included an increase in accounts receivable of \$36.6 million at December 31, 2007 mainly due to increased concentrate sales revenue compared to the previous year. The increase in inventory of \$14.2 million is attributable mainly to the commencement of commercial production at Kinsevere during the year.

Investing cash outflows were \$131.4 million (2006: \$165.8 million), which included the payment of \$6.1 million for 90 million shares (an 18% interest) in Sub-Sahara Resources NL (“Sub-Sahara”), an ASX listed company (ASX: SBS) with interests in a number of exploration projects in Eritrea and Tanzania, countries in which Sub-Sahara has been active for five to ten years. The Company also incurred exploration expenditure of \$20.4 million, which included \$7.3 million on the Kinsevere-Nambulwa tenements and \$6.2 million on Mutoshi projects. Payments for property, plant and equipment of \$92.0 million for the year were predominantly attributable to the development of Kinsevere Stage II and the Dikulushi underground mine. A payment of \$36 million as part consideration for the acquisition of an additional 15% interest in AMCK was made during the year.

Net financing cash inflow for the year was \$163.8 million (2006: \$136.8 million) representing the net proceeds (\$178.8 million) from a bought deal equity financing that was completed in July 2007 and proceeds from the exercise of warrants (\$3.7 million) after giving effect repayment of the Fortis loan facility of \$12.0 million during the 2007 year and \$7.6 million of disbursements made on behalf of the Dikulushi Trusts.

Cash Flow (Fourth quarter ended December 31, 2007)

Cash flow from operations in the fourth quarter ended December 31, 2007 was \$37.9 million (2006 December quarter: \$43.2 million), or \$0.54 per share (2006 December quarter: \$0.76). Operating cash flows were affected by an increase in inventory of \$9.3 million due to a build up of ore in preparation for the rainy season.

Investing cash outflows in the fourth quarter ended December 31, 2007 were \$31.5 million (2006 December quarter: \$28.4 million). The Company incurred exploration expenditures of \$5.2 million, which included \$4.7 million on the Kinsevere-Nambulwa tenements. Payments for property, plant and equipment of \$27.8 million for the quarter were predominantly incurred in connection with the development of Kinsevere Stage II and the Dikulushi underground mine.

Net financing cash outflows for the fourth quarter ended December 31, 2007 were \$6.1 million (2006 December quarter: \$3.1 million). An amount of \$6.0 million was paid during the quarter to Fortis as final repayment of a loan facility, \$3.8 million disbursements made on behalf of the Dikulushi Trusts offset by \$3.7 million realized from the exercise of 600,000 warrants.

5. Financial Position and Liquidity

	December 31, 2007	December 31, 2006
Assets (\$ million)		
Cash and cash equivalents (including restricted cash)	216.1	59.5
Investments	63.8	95.8
Current assets	399.3	209.9
Total assets	688.7	402.5
Liabilities (\$ million)		
Current liabilities	31.4	72.5
Long-term debt	-	4.0
Future income tax liability	39.6	36.5
Asset retirement obligations	11.7	1.4
Total liabilities	82.7	114.4
Non controlling interests	13.9	8.3
Shareholders' equity (\$ million)	592.1	279.8
Working capital (\$ million)	367.9	137.4
Weighted average number of shares		
(for basic earnings per share)	64,715,747	49,729,151
Outstanding shares	71,115,244	56,707,554

Cash and cash equivalents

The increase in cash and cash equivalents (including restricted cash) to \$216.1 million for the year ended December 31, 2007 (December 2006: \$59.5 million) was mainly due to the receipt of \$178.8 million, net of share issue expenses, from the bought deal equity issue completed in the second quarter of 2007. The majority of the cash and cash equivalents (\$165.0 million) is invested in short term deposits with major international banks. The balance of cash and cash equivalents is held on call with major banking institutions.

Current Investments

The decrease in current investments to \$63.8 million for the year ended December 31, 2007 (December 2006: \$95.8 million) is attributable to investments maturing (\$23.0 million) and being converted into cash and a provision for impairment on investments (\$9.4 million). Current investments consist of the conversion of the proceeds received from the bought deal equity financing in March 2006 into investment grade assets. The Company and its investment advisor continue to actively monitor its investments.

Current assets

Total current assets for the year ended December 31, 2007 increased by \$189.4 million to \$399.3 million (December 2006: \$209.9 million). In addition to the movement in cash and investments outlined above, there was an increase in accounts receivables to \$65.8 million (December 2006: \$29.6 million). This was due to the commencement of copper sales from Kinsevere in June 2007 and extended payment terms included in current year sales contracts, which payment terms management believes are offset by other beneficial terms agreed with customers. Prepaid expenses and deposits increased by \$14.5 million to \$21.4 million, consisting mainly of amounts paid to suppliers for plant and equipment required for the Kinsevere Stage II development.

Current liabilities

Current liabilities for the year ended December 31, 2007 decreased to \$31.4 million (December 2006: \$72.5 million). This decrease is due to (a) the reduction of \$45.0 million in the purchase consideration payable for the additional 15% interest in AMCK, accrued at December 31, 2006 but paid in full during the March quarter, (b) repayment of the current portion of the Fortis loan facility (\$8.0 million); and (c) the waiver of deferred purchase consideration payable (\$1.2 million) with respect to Mutoshi which was mutually agreed between all parties during the year. An increase in accounts payable of \$10.8 million was attributable to increased activity levels in connection with the development of the underground mine at Dikulushi and the Kinsevere Stage I and II developments. An increase of \$1.8 million in income taxes payable is mainly due to expiration of the concessionary tax benefit at Dikulushi in September 2007.

Total liabilities

Total liabilities as at December 31, 2007 were \$82.7 million (December 2006: \$114.4 million). The decrease was mainly due to changes in current liabilities as outlined above. A liability of \$11.7 million exists for asset retirement obligations, of which \$10.3 million is allocated to the Kinsevere mine rehabilitation.

Non-Controlling Interests

The increase in non-controlling interests to \$13.9 million as at December 31, 2007 (December 2006: \$8.3 million) consists of profits attributable to non-controlling interests of \$0.2 million in SMK (December 2006: \$2.5 million), \$0.5 million in AMCK (December 2006: nil) and \$12.5 million in Anvil Mining Congo sarl (“AMC”) (December 2006: \$8.0 million). These were partially offset by \$7.6 million disbursed on behalf of the Dikulushi Trusts during the year.

Shareholders' equity

Shareholders' equity at December 31 increased by \$312.3 million to \$592.1 million as a result of:

- an increase in share capital of \$193.9 million, of which \$178.8 million relates to the bought deal equity financing completed in March 2007, \$9.0 million relates to the purchase consideration payable for the additional 15% interest investment in Kinsevere (872,093 shares at US\$10.32 per share) and \$6.1 million relates to the exercise of options and warrants; and
- an increase in retained earnings of \$116.8 million due mainly to net income from the current year.

Outstanding Share Data

At February 26, 2008, the Company had outstanding 71,115,244 common shares. In addition there were outstanding 2,162,879 director and employee stock options with exercise prices ranging between C\$3.80 and C\$17.04 per share.

6. Other Financial Statement Matters

Contractual Obligations

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

<i>Payments due by period</i>	Total	Less than 1 year	1 – 3 years	4 – 5 years	More than 5 years
	\$ million	\$ million	\$ million	\$ million	\$ million
Environmental and mine closure liabilities	11.2	-	0.7	0.9	9.6
Capital commitments – Dikulushi, Kulu and Kinsevere mines and Anvil Mining Services s.p.r.l.	35.2	35.2	-	-	-
Equipment operating lease	2.1	0.5	1.3	0.3	-
Exploration expenditure commitments	0.1	0.1	-	-	-
Non-controlling interest commitments – comprises the 10% equity interest in AMC held by the Dikulushi Trusts	11.4	11.4	-	-	-

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 commenced 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 commenced in 2005, and produces an oxide copper concentrate.

Kinsevere copper operation – 95% ownership

The Kinsevere operation is located in the Katanga province of the DRC. The operation is currently being developed in two stages. Stage I consists of an HMS Plant and an EAF. The HMS plant was successfully commissioned in June 2007 producing copper concentrates, and the EAF is expected to be commissioned during the first quarter of 2008. Stage II includes development of a 60,000 tonnes per annum SX-EW plant which will produce LME grade A copper cathodes.

Corporate development, administration and other (CDA)

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

For the year ended December 31, 2007, segmented information is presented as follows:

	Dikulushi	Kulu	Kinsevere	CDA	Inter-segment	2007 Total
Concentrate sales	193,250	31,380	38,619	-	(15)	263,234
Operating expenses	(46,204)	(21,978)	(13,080)	(4,538)	15	(85,785)
Amortization	(5,556)	(2,917)	(7,932)	(758)	-	(17,163)
Segmented operating profit (loss)	141,490	6,485	17,607	(5,296)	-	160,286
Interest and financing fees	(121)	(2,254)	(706)	(1,415)	2,254	(2,242)
Other income	368	102	110	22,361	(11,089)	11,852
Other expenses	(3,283)	(2,898)	(4,596)	(29,044)	8,835	(30,986)
Segmented profit before under noted items	138,454	1,435	12,415	(13,394)	-	138,910
Income taxes	(4,407)	9	(3,934)	(205)	-	(8,537)
Non-controlling interest	(12,486)	(179)	(544)	-	-	(13,209)
Segmented profit	121,561	1,265	7,937	(13,599)	-	117,164
Property, plant and equipment	31,085	14,163	175,447	7,357	-	228,052
Total assets	95,767	71,642	229,246	292,000	-	688,655
Capital expenditures	10,950	3,631	72,601	4,779	-	91,961

Exploration and Acquisition Expenditure

At December 31, the Company had deferred exploration and acquisition costs of \$49.7 million (December 2006: \$127.1 million), comprising exploration and acquisition expenditures on the Dikulushi mining and exploration tenements (\$5.1 million), Mutoshi mining, tailings and exploration tenements (\$32.6 million), Kinsevere-Nambulwa mining tenements (\$8.8 million) and Philippines mining and exploration tenements (\$3.3 million). A significant portion of these exploration and acquisition expenditures consist of the acquisition, at fair value, of exploration property at the Mutoshi project (\$26.4 million) and the Kinsevere-Nambulwa project (\$1.5 million). Upon commencement of production at Kinsevere, \$90.3 million was transferred to mine properties. Deferred purchase consideration payable for Mutoshi of \$1.25 million was waived by mutual consent of the parties and \$4.4 million of exploration expenditure in relation to exploration activities in Vietnam and near Nambulwa in the DRC was written off.

Philippines Evaluation and Development Agreement

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

7. Other Matters

Exploration Activity

Dikulushi: During the fourth quarter ended December 31, 2007 exploration activities concentrated on near mine targets around Dikulushi which were delineated by ground magnetics and geochemical prospecting during the prior quarters. During the fourth quarter ended December 31, 2007, 13,574 metres of Reverse Circulation (“RC”) drilling was completed using two contracted rigs. Copper mineralisation was intercepted at the Boom Gate anomaly situated just over a kilometre from the Dikulushi open pit. The steeply dipping mineralisation which has been disrupted by faulting is over 200 metres long, at least 7 metres wide and open ended beyond 85 metres depth. The near surface mineralisation is mainly oxide, but sulphide veinlets occur increasingly at depth. Further follow-up RC drilling is expected to be completed on this prospect during the first quarter of 2008. Diamond Drilling (“DD”) drilling will likely commence in March to depth test the sulphide mineralisation. Before this happens the Company plans to undertake an IP ground geophysical survey to “finger print” this Dikulushi style mineralisation. This will determine whether the technique is effective for exploring for hidden sulphide mineralisation in the rest of the near-mine area. Exploration efforts in the first half of 2008 will continue to be focused on near mine anomalies to supplement plant feed to the Dikulushi flotation plant.

Kinsevere: An initial 25,000 metre Phase 4 drilling programme has commenced to determine down dip sulphide extensions of the deposits to a depth of 250 metres. This consists of RC pre-collars drilled to approximately 130 metres, with the rest of the hole being tailed by DD. During the quarter 2,909 metres of RC (26 holes) and 1,349 metres of DD (9 holes) were completed as part of this Phase 4 drilling programme. An aircore (“AC”) programme of 7,765 metres (173 holes) has been drilled across the mining permit. This programme to sterilise the whole Permit de Exploitation (“PE”) down to a depth of 60 metres is expected to be completed in early February, 2008. As previously reported the Phase 3 drilling of the Tshifufia, Tshifufiamashi, Kinsevere Hill and Kinsevere NW (Kilongo) extension deposits has been completed and 90% of the assays have been received from ALS in Johannesburg, South Africa.

Mutoshi: During the fourth quarter ended December 31, 2007 9,341 metres of RC scope drilling (108 holes) and 6 DD holes (738m) were completed on the RAT breche prospect situated to the west of the Mutoshi open pit. This drilling concluded that the RAT breche prospect contains two sets of mineralisation, a relatively tabular mineralised orebody contained within the brecciated RAT and a deeper orebody contained within the Mines Series units. Due to delays in the turnaround of assays from external laboratories it is not expected that JORC compliant results of this programme can be reported until the third quarter of 2008. Drilling programmes also commenced on the Mutoshi North and Mulusonoi prospects contained within the Mutoshi lease.

Philippines: The local government authorities and the Barangay Poblacion community that is located near the Itogon project endorsed the Company’s work program in July which allowed for the planned drilling at Frog Vein North to proceed. The first two surface DD holes have intersected Frog Vein, and a third hole is in progress. Channel sampling of the underground workings at the old Itogon mine has begun.

Community Development

The Company’s community development programs in the DRC continue to focus on health, education, local employment and small business development.

The two local schools and a health clinic under construction in the Kinsevere region and the community centre at Kilwa, near the Dikulushi mine remained on schedule for completion during 2008.

At the same time, the company and its development partner, Pact, have been working to find new economic opportunities, and peaceful solutions to the transition challenges facing artisanal miners located on or near the company's Kulu concession. More than 700 of them were employed or received assistance to start new livelihoods. This was over and above the local employment figures for formal work with the company, and included work as security guards, exploration support workers and site rehabilitation workers.

The rollout of the Company's comprehensive implementation plan for the Voluntary Principles on Security and Human Rights was conducted, as scheduled, through site meetings, workshops and scenario simulations and will continue to be a top priority in 2008.

Building on the construction of the first community centre in Kilwa, several adjoining soccer fields were rehabilitated this quarter and soccer tournaments were held over several weekends, with 40 local teams participating, including eight women's teams.

The future outlook is for the Company's community development clinics to focus on local capacity building programs.

8. Outlook

Mining Commission Review

In February 2008, Anvil received letters from the Minister of Mines for the DRC notifying Anvil of the results of the review by the Congolese Government with respect to the Dikulushi, Kulu and Kinsevere mining properties held by Anvil's subsidiaries.

Dikulushi

The Dikulushi copper-silver mine is held under the terms of the Convention. The Convention is held by AMC in which Anvil holds 90% of the shares. A 10% equity interest is held in trust for the benefit of the communities surrounding the Dikulushi mine. The letter from the Minister includes a statement of terms upon which the Government proposes discussions be based to balance the partnership between the DRC and Anvil. The position of the Government under their proposed terms is that the Convention should be cancelled but that the Dikulushi mine project may be transferred to the current DRC Mining Code. The Dikulushi Convention pre-dates the current Mining Code. By its terms, the Mining Code specifically "grandfathers" all mining conventions that predate the adoption of the Mining Code and provides that the holders of mining rights described in a duly signed and approved mining convention are governed by that convention and not by the Mining Code.

The Minister further advised that it is the Government's position that AMC should pay to the Government of the DRC an amount in respect of the 10% interest in the Dikulushi mine held for local communities, from the date of inception of the Convention. Anvil has also been requested to submit to the Government a plan for social programs that will have a visible impact. The 10% interest has been held in trust for the benefit of the people of the DRC since the inception of the Dikulushi project. Using earnings allocated for the trust, Anvil has financed, developed and continues to maintain numerous social and infrastructure projects including, among others, medical clinics and equipment, schools, fresh water wells, and a water pipeline to Pweto. In addition Anvil is rebuilding a 192 kilometre road from Kilwa to connect with the road to Lubumbashi at Kasomeno.

Kinsevere

The mining rights to the Kinsevere project tenement areas are currently held through a 25 year mining lease agreement between Gécamines, a Congolese para-statal entity that is the mining title holder, and MCK. MCK is in the process of assigning the lease to AMCK Mining sprl, which is a joint venture company owned as to 95% by Anvil and 5% by MCK.

The Minister's position is that the existing contractual arrangements with Gécamines have financial terms that ought to be renegotiated. The specific requirements stated by the Minister are that:

- the cash bonus paid to Gécamines should be increased to \$150 million,
- the ceiling on rent paid of a maximum of \$70 per tonne of copper equivalent should be removed and the contract altered to reflect changes in metal prices,
- the term of the contract with Gécamines (which extends for 25 years) should coincide with the term of the underlying mineral tenures, which have an initial term that expires on 3 April 2009 and which are renewable thereafter for successive periods of fifteen years, and
- AMCK should submit to the Government a plan for social programs that will have a visible impact.

Rent is payable on a sliding scale that varies with the price of copper and is between \$35 and \$70 per tonne of copper equivalent, with the maximum rent payable being reached at a copper price of \$4,000 per tonne. In addition, a 2% net smelter return royalty is payable to the DRC Government pursuant to the Mining Code.

Kulu

The Kulu copper tailings operation is an incorporated exploration and mining joint venture between a subsidiary of Anvil, Emiko, and Gécamines. The mineral rights to the Kulu operation are held under two principal tenements, both of which were originally in the name of Gécamines and were transferred to SMK in 2005 and 2006. Emiko holds 80% of the shares of SMK and Gécamines hold the remaining 20%.

The Minister's position is that the interest of Gécamines in SMK is unfairly low, in part due to the absence of a feasibility study, and that the joint venture must therefore be renegotiated. The specific requirements stated by the Minister are that:

- a feasibility study be submitted which identifies the actual contributions of the parties in order to establish a fair balance of shares in SMK as between Emiko and Gécamines,
- a royalty of at least 2% of gross revenue be provided in favour of Gécamines,
- Gécamines must be actively involved in the day to day management of SMK, and
- SMK should submit to the Government a plan for social programs that will have a visible impact.

A feasibility study was submitted to Gécamines in 2005. The current agreements with Gécamines provide for a 2% net smelter return royalty to be paid to Gécamines. In addition, a 2% net smelter return royalty is payable to the DRC Government pursuant to the Mining Code. The agreements governing SMK provide that Gécamines has the right to appoint three of the eight members of the management board of SMK and Emiko has the right to appoint the other five members. The President of the management board is to be chosen from the members appointed by Emiko and the Vice President of the management board is to be chosen from the members appointed by Gécamines. In addition, the position of General Manager shall be filled by a candidate presented by Emiko and the position of Assistant General Manager shall be filled by a candidate presented by Gécamines.

Anvil will submit a response to the letters received from the Minister of Mines in respect of all three of its properties in the DRC within the Government's timeframe and is seeking further discussions with the Minister of Mines. I

Operations

Dikulushi

Ore from the underground operation will be fed to the process plant after being blended with existing stockpiles to achieve a stable plant feed grade. The mechanised underground mining operation is being developed, primarily to remove ore pillars left in site during the open pit operation and secondarily to access the first full sub-level below the crown pillar. Development of three pump chambers is complete and construction is in progress. The main decline is expected to reach the 810 metre horizon during the first quarter of 2008. During 2008 the plant feed is expected to be increasingly sourced from underground

operations and it is expected the plant will treat 380,000 tonnes at an average copper grade of 5.2% to produce 17,000 tonnes of copper and 1.3 million ounces of silver contained in high-grade concentrates.

Kulu

As mining continues further downstream and material mined becomes finer, additional modifications to the plant will be required in order to maximize recoveries and further increase throughput. These modifications are scheduled to be completed in the second quarter of 2008. A review of existing sales contracts together with negotiation of new sales contracts is being undertaken in the first quarter of 2008.

It is expected that in 2008 the HMS plant will treat 522,000 tonnes of material at an average grade of 4.2% copper for the production of approximately 12,000 tonnes of copper in concentrates. This includes the reprocessing of lower grade concentrates expected to be purchased during the first quarter of the year from artisanal miners.

A pre-feasibility study into the construction and implementation of an expandable 15,000 tonnes of contained copper per year SX-EW processing facility, combined with dredging of the fine tailings once the coarse tailings are mined out, is expected to be completed during the first quarter of 2008. Depending on the outcome of the pre-feasibility study, a full feasibility study will be undertaken and is expected to be complete by the second quarter of 2008.

Exploration work commenced during the fourth quarter ended December 31, 2007 in the Mutoshi lease adjacent to the Kulu deposit, following a long process to gain access due to the high level of artisanal mining activity in this area. The initial drilling program is expected to be completed early in the second quarter of 2008.

Kinsevere

The initial phase of the Stage I development of Kinsevere, comprises the establishment of an open pit mining operation and the construction of an HMS plant. The HMS plant was successfully commissioned in June 2007. The second phase of the Stage I development is the construction of the EAF which is expected to be commissioned in the first quarter of 2008.

Open pit mining on both the Tshifufia and Tshifufiamashi deposits has operated at full capacity since January 2007. Substantial advance waste stripping at the Tshifufia pit was completed by June 2007, providing the Company with significant flexibility in its mining operations and increased ability to blend ore feed to the HMS plant. The tailings dam is now operational and allows for storage of the fine effluent from the concentrator.

The tailings (average grade of 2.9% copper) are being retained in the tailings dam, and the HMS floats (average grade 4.3% copper) are being stockpiled. Both of these reject products are expected to be re-processed through the Stage II SX-EW plant.

A power purchase agreement was signed in December 2007 with Société Nationale d'Électricité ("SNEL"), the DRC government electricity company, for the supply of 39.5MW of hydro-electrical power. The new 27 km 120KV transmission line which connects the Kinsevere mine to the DRC national hydroelectric grid is now completed and associated connection infrastructure near completion. The new transmission line has been designed so as to be capable of fully supporting the power demands of the planned Stage II development of a 60,000 tonnes per year SX-EW plant. On-site diesel powered generators are providing the electrical power needs for the mine until the connection infrastructure has been completed.

Construction of a new 24 kilometre mine access road alongside the 120kV transmission line is nearing completion and will result in a substantial reduction of traffic through villages located on the refurbished access road located further to the west.

For 2008, Kinsevere target production is 26,000 tonnes of copper, over 60% of which is expected to be in the form of “black copper” grading approximately 93% copper.

Following the Feasibility Study completed in April 2007, several enhancements have been made to the Stage II SX-EW processing flow-sheet to include ‘milling in raffinate’ and ‘direct tailings disposal’. While their combined effects result in an increase in the SX-EW capital costs to \$298 million, overall processing costs are expected to be reduced by \$0.04/lb Cu, thereby improving the internal rate of return (“IRR”) of the project. These enhancements, capital cost increases and operating cost reductions have now been included in the updated Feasibility Study, announced on February 4, 2008.

9. Critical accounting estimates

The accounting policies that involve significant management judgement are discussed in this section. For a complete list of the significant accounting policies, reference should be made to Note 2 of the consolidated financial statements. A more detailed analysis of the risk factors that face the Group can be found in the most recent annual information form available under the Company’s profile on SEDAR at www.sedar.com

Future Changes - Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the 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 standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on January 1, 2008. 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. The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

New accounting standards for financial instruments

On January 1, 2007, the Group adopted, on a prospective basis, two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants (“CICA”). The standards require a greater portion of Anvil’s consolidated balance sheet to be measured at fair value. With the exception of the Group’s investments, changes in the fair value of financial instruments over the reporting period are reported in income. Changes in the fair value of the Group’s investments are reported in Accumulated Other Comprehensive Income (“AOCI”), a new component of shareholders’ equity. For further details, refer to Note 2 of Anvil’s consolidated financial statements as at December 31, 2007.

Impact of EIC 160 “Stripping Costs Incurred in the Production Phase of a Mining Operation”

New recommendations of the CICA with respect to stripping charges (EIC 160), require that the costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations be charged to income in the period in which they are incurred, except when the costs represent a betterment to the mineral property. Such 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. The Company has transferred \$7.8 million of deferred stripping costs to mine properties during the third quarter of 2007, which shall be amortized using the unit of production method over the life of mine.

Impact of the transition adjustments on selected consolidated balance sheet line items

	Transition adjustment as at January 1, 2007 \$ '000
Investments	56
Retained Earnings	(190)
Accumulated Other Comprehensive Income	615
Cumulative Translation Adjustments	(559)

At December 31, 2006, the Group had \$0.791 million of capitalized financing fees that related to the loans payable to Fortis. Changes to the CICA standards since this date have allowed the Group to offset these fees against the loan 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 recognised an expense related to the 2006 year of \$0.190 million. This has been recorded as an adjustment to the opening retained earnings available to shareholders as at January 1, 2007.

The Group has recognised, in the AOCI, for the year ended December 31, 2007, \$0.432 million, net of taxes, related to the net unrealized gain on available-for-sale financial assets. A net unrealized gain of \$0.127 million was recorded as an adjustment to the opening balance of the AOCI, and a net unrealized loss of \$0.254 million was recorded for the year ended December 31, 2007 through Other Comprehensive Income. 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 Shareholders' Equity.

CICA 1506 "Accounting Changes"

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

Mine properties

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

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

Exploration Costs

The Group accumulates certain costs associated with exploration activities on specific areas of interest where the Group has rights of tenure. The Group's policy is to expense any exploration and associated costs relating to non-specific projects and properties. Significant property acquisition, exploration, evaluation and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. No costs are deferred on a mineral property that is considered to be impaired in value. As at December 31, 2007, the Group had deferred exploration and acquisition costs of approximately \$49.7 million associated with exploration properties in Africa and Southeast Asia.

Restoration, rehabilitation and environmental expenditure

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

Future restoration, rehabilitation and environmental obligations based on reasonably determinable current regulatory requirements are provided for in accordance with the standard issued by CICA in relation to Asset Retirement Obligations.

Income Taxes

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

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

<u>Period</u>	<u>% of Professional Tax Rate</u>	<u>Effective income tax rate</u>
First five years of production	0%	0%
Sixth through to tenth years of production	40%	16%
Eleventh through to fifteenth years of production	45%	18%
Thereafter	100%	30% ⁽¹⁾

⁽¹⁾ The Convention holder elected, as entitled, to adopt the more favourable rate of 30%.

As set out above, commencing in October 2007, the Dikulushi operations completed its initial 5 years of production and as a result is subject to income tax at a rate of 16% for the ensuing 5 years.

The Kulu and Kinsevere mines operate under the fiscal regime in effect at the time the DRC Mining Code came into effect in June 2003. The DRC Professional income tax rate applicable to the Kulu and Kinsevere mines is 30%.

10. Estimates

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

11. Risks and Uncertainties

The Group's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to disclosure regarding the speculative nature of mineral exploration and development, political stability, liquidity and future financings, logistics, lack of infrastructure, uninsurable risks, mineral resources and ore reserves, uncertainty of inferred resources, mine life, licences and permits, land title, government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper and silver prices, key personnel, labour and employment matters, subsidiaries, mineral exploration and mine carrying inherent risks, currency risk, competition, dilution, and dividend policy. In relation to the DRC Commission appointed by the DRC government to review mining agreements, no assurance can be given as to the outcome of any future discussions or negotiations between Anvil and the DRC Government or that Anvil's security of tenure and its ability to secure additional financing in the future may not be adversely affected so as to have a material adverse effect on its business, operating results and financial position. A more detailed analysis of the risk factors the Group is faced with can be found in the most recent annual information form, which is available under the company's profile on SEDAR at www.sedar.com.

12. Summary of Quarterly Results

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

Statement of Operations and Income	Dec 07 Quarter	Sep 07 Quarter	Jun 07 Quarter	Mar 07 Quarter	Dec 06 Quarter	Sep 06 Quarter	Jun 06 Quarter	Mar 06 Quarter
Concentrate sales (\$ million) ¹	79.3	76.2	65.7	42.0	42.7	56.6	43.0	33.2
Operating profit ² before amortization (\$ million)	52.9	51.2	44.8	28.5	27.7	40.1	29.5	17.4
Amortization (\$ million)	(8.7)	(4.5)	(2.2)	(1.8)	(1.9)	(2.1)	(1.8)	(1.8)
Operating profit ² (\$ million)	44.2	46.7	42.6	26.7	25.8	38.0	27.7	15.6
Net income (\$ million)	21.7	39.0	35.4	21.1	21.3	30.2	22.5	8.3
Basic earnings per share (\$)	0.31	0.55	0.58	0.37	0.38	0.54	0.42	0.26
Diluted earnings per share (\$)	0.30	0.54	0.57	0.36	0.37	0.53	0.41	0.25
Production Statistics – Total								
Copper produced in concentrates (tonnes)	16,878	14,772	7,942	8,041	10,523	12,816	11,098	8,137
Production Statistics – Dikulushi mine								
Ore processed (tonnes) ³	92,121	88,574	85,480	87,262	92,755	114,154	135,234	128,259
Copper grade %	8.14	7.74	7.68	7.03	6.92	5.61	4.64	4.95
Contained copper (tonnes)	7,507	6,836	6,564	6,138	6,417	6,409	6,278	6,352
Recovery Cu %	92.5	90.7	90.7	89.1	89.9	89.5	89.1	86.7
Copper produced in concentrates (tonnes)	6,943	6,198	5,951	5,469	5,774	5,738	5,601	5,505
Silver produced in concentrates (ounces)	717,402	612,739	583,269	537,858	569,655	545,438	526,513	532,842
Payable pounds of copper contained in concentrate delivered (million)	13.9	13.7	14.1	10.0	13.0	12.2	10.4	12.1
Payable ounces of silver contained in concentrate delivered	632,175	583,172	610,417	427,349	563,754	491,242	441,277	506,508
Production Statistics – Kulu mine								
Ore processed (tonnes) ³	98,054	87,342	74,987	80,245	92,509	82,424	80,848	51,808
Copper grade %	5.03	5.11	4.59	6.03	7.61	8.20	8.54	7.95
Contained copper (tonnes)	4,918	4,439	3,446	4,847	7,038	6,757	6,920	4,118
Recovery Cu %	72.2	54.8	44.5	52.8	62.6	70.1	72.6	58.0
Copper produced in concentrates (tonnes)	3,551	2,432	1,511	2,572	4,749	7,078	5,497	2,632
Copper concentrate sold (tonnes)	6,235	7,542	12,292	14,825	10,641	19,131	7,340	9,615
Production Statistics – Kinsevere mine								
Ore processed (tonnes) ³	92,155	72,639	8,367					
Copper grade %	10.3	10.9	9.0					
Contained copper (tonnes)	9,448	7,951	754					
Recovery Cu %	67.6	77.0	63.7					
Copper produced in concentrates (tonnes)	6,384	6,142	480					
Copper concentrate sold (tonnes)	25,965	14,429						

¹ Concentrate sales include copper and silver concentrates from Dikulushi and copper concentrates from Kulu & Kinsevere

² Refer to Non-GAAP Financial Measures on page 25

³ Ore processed at Dikulushi relates to ore processed through the ball mill and flotation plant, while ore processed at Kulu and Kinsevere relates to ore processed through the HMS plant.

13. Additional Notes

Deed of Cross Guarantee

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

Technical Information

The commentary in this MD&A that relates to in-situ Mineral Resources is based on information compiled by Gerry Fahey of CSA (previously FinOre Pty Ltd) and Ivor Jones of Anvil. Similarly, the commentary in this MD&A that relates to Ore Reserves is based on information compiled by Mike Lawlor of Anvil. Gerry Fahey is a Chartered Professional, a member of the Australasian Institute of Mining and Metallurgy, a member of the Australian Institute of Geoscientists, and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking, to qualify as a Qualified Person as defined by Canadian National Instrument 43-101. Ivor Jones is a Chartered Professional and a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking, to qualify as a Qualified Person as defined by Canadian National Instrument 43-101. Mike Lawlor is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking, to qualify as a Qualified Person as defined by Canadian National Instrument 43-101. Each of Gerry Fahey, Ivor Jones and Mike Lawlor has consented to the inclusion of such information in this news release in the form and context in which it appears. Other technical information in this news release has been reviewed by the following Anvil personnel: Mike O’Sullivan, Anvil’s Senior Vice President Strategy and Business Development who is member of the Australasian Institute of Mining and Metallurgy, Malcolm Hillbeck, Anvil’s Senior Vice President Operations DRC, who is a Fellow of the Australasian Institute of Mining and Metallurgy, and Roger Tyler, Anvil’s Exploration Manager DRC, all of whom have consented to the inclusion of such information in this news release in the form and context in which it appears.

For further information regarding the Company’s mine projects in the DRC, including a description of Anvil’s quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of these projects please refer to the various technical reports which are available under the Company’s profile at www.sedar.com.

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 gate) per payable pound of copper produced is equivalent to the costs of mining and processing operations (after net credits for silver revenues) for the period divided by the number of payable pounds of copper produced during the same 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 same 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. Mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. “Working capital” equals current assets less current liabilities. The term “Cash flow from operations per share, before changes in non-cash working capital”, for any period is based on a calculation using the weighted average number of common shares outstanding during the same period. This information differs from measures of performance prepared in accordance with Canadian GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under Canadian GAAP and may not be comparable to similarly titled measures of other companies.

Evaluation of Disclosure Controls & Procedures

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

During the fourth quarter ended December 31, 2007 there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Forward Looking Statements

The forward-looking statements made in this MD&A 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 Company’s plans for expansions of the Kinsevere copper mine and estimated future production at the Company’s Dikulushi, Kulu and Kinsevere mines, involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of copper and silver, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will proceed as planned or be successfully completed within expected time limits and budgets or that, when completed, the expanded facility will operate as anticipated. In addition, there can be no assurance that the final outcome of the DRC Commission appointed to review mining agreements in the DRC, will not have an adverse effect on the Company.

Additional Information

Additional information relating to the Company, including the Company’s annual information form, may be found under the Company’s profile on SEDAR at www.sedar.com.