



## News Release

**FOR IMMEDIATE RELEASE**

**May 12, 2008**

**TSX, ASX: AVM**

**Common shares outstanding 71.2 million**

**All amounts are expressed in US dollars, unless otherwise stated.**

### **Anvil Mining Reports First Quarter Net Income of \$21.4 Million or \$0.30 per share and Operating Profit of \$33.7 Million**

**Montréal, Canada: Anvil Mining Limited (TSX, ASX: AVM)**, (“Anvil” or the “Company”), today announced net income for the first quarter ended March 31, 2008 of \$21.4 million (\$0.30 per share on a weighted average number of shares basis), compared to \$21.1 million (\$0.37 per share) for the first quarter of 2007. Concentrate sales for the first quarter of 2008 totalled \$75.3 million, up 79% from the first quarter of 2007. Operating cash flow, before working capital movements, was \$35.3 million (\$0.50 per share), representing an increase of 35% compared to the first quarter of 2007.

#### **First Quarter Highlights**

- Quarterly production of 12,027 tonnes of copper and 482,655 ounces of silver contained in concentrates;
- Revenues from copper-silver and copper concentrate sales of \$75.3 million, up 79% compared to the first quarter of 2007;
- Operating profit after depreciation and amortization of \$33.7 million, up 26% compared to the first quarter of 2007;
- Net income of \$21.4 million (\$0.30 per share), up 2% compared to the first quarter of 2007;
- Cash flow from operating activities, before working capital movements, of \$35.3 million (\$0.50 per share), up 35% compared to the corresponding quarter of 2007;
- Commencement of a review of underground mining approach at Dikulushi to maximise ore extraction and minimize dilution; and
- Construction costs for Kinsevere Stage II have increased to \$380 million, an increase of \$123 million from the previously released feasibility study.

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**people**

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**explore**

**grow**

**develop**

**sustain**



Bill Turner, President and Chief Executive Officer of Anvil, commented, “Early production from the Kinsevere Heavy Media Separation processing plant, our third mine in the DRC, combined with strong copper and silver prices during the first quarter, contributed to strong operating cash flows. It should be noted that comparisons with the first quarter of 2007 are significantly impacted by the fact that the Kinsevere mine was not yet in production in the first quarter of 2007. Our efforts are currently focused on the construction and development of Kinsevere Stage II in order to be in position to deliver the first copper cathodes in the second half of 2009. We also have aggressive drilling programs currently underway at Kinsevere and on the Mutoshi properties in the Kolwezi region. The results of these drilling programs should be available during the third quarter of 2008.”

Bill Turner continued, “In addition, the preparation of an engineering cost study for the construction of an expandable 15,000 tonnes per year Vat Leach / Solvent Extraction and Electrowinning processing facility at Kulu continued during the quarter and is expected to be completed later in the second quarter. The Company is moving as quickly as possible to transition the Kulu HMS operation into a cathode copper production facility to increase metallurgical recovery and realise the full value of this project.”

## **Revised 2008 Production Forecast**

As a result of reduced forecast production at both Dikulushi and Kulu, the Company now forecasts total annual production for 2008 of approximately the same as last year at 47,000 tonnes of copper and 950,000 ounces of silver.

### **Dikulushi**

Despite the Dikulushi operation achieving its copper and silver production targets for the first quarter of 2008, the extraction of ore from underground stopes using the sub-level caving method and the rate of underground development at Dikulushi were less than expected. As a result, forecast production for 2008 at Dikulushi has been reduced to 11,000 tonnes of copper and 950,000 ounces of silver. The Company is currently carrying out a detailed review of stoping practices to determine the most appropriate mining method. A life-of-mine plan, incorporating a modified approach to the underground mining method for Dikulushi is expected to be completed during the third quarter of 2008.

Until an appropriate mining method has been decided upon, feed to the plant will be sourced primarily from stockpiled HMS floats and tails, supplemented with ore from the underground mine.

### **Kulu**

As mining progresses further downstream, finer grained, lower grade material is being encountered which has a poor metallurgical recovery through the HMS plant. As a result,



forecast production for 2008 at Kulu has been reduced to 9,000 tonnes of copper. In order to more effectively process finer grained and lower grade material, additional modifications to the plant are being carried out and these are expected to be completed in the third quarter of 2008.

### **Kinsevere**

Forecast production at Kinsevere remains unchanged at approximately 27,000 tonnes of copper.

### **Kinsevere Stage II Construction Cost Increase**

The development of the Kinsevere Stage II project is progressing, with commissioning expected to commence in the second half of 2009. Progress to date has been slower than forecast but activity is expected to increase substantially, now that the wet season is over.

At the SX-EW plant site, ground preparation has been the main area of focus in the latter part of the first quarter. A concrete batch plant is to be commissioned in the second quarter of 2008. Foundation work has started at the crushing and leach agitator sites and further progress has been achieved with:

- Finalization and issue of the process flow drawings.
- Completion of the bulk earthworks for the plant area.
- Commencement of fabrication of the leach tanks.
- Mobilization of the contractor fleet for the tailings dam.
- Continuation of fabrication of the Ball Mill and Thickener Tank.

A power purchase agreement was signed in December 2007 with Société Nationale d'Électricité, 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, has been commissioned. 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 the 60,000 tonnes per year SX-EW plant. On-site diesel powered generators remain on standby, for any power interruption to sustain HMS Plant operations.

The mine access road alongside the 120Kv transmission line has been formed. As a result, traffic through villages located on the original refurbished access road located further to the west has been significantly reduced and is essentially used for transport of Kinsevere employees.



The feasibility study for the project estimated the capital cost through to completion of \$257 million. The capital cost is now expected to be \$380 million with approximately 75% expected to be incurred during 2008 and the balance in 2009.

This revised construction cost estimate reflects the benefit of detailed design and engineering as well as additional infrastructure at the mine site and general cost escalation currently affecting the construction of new projects in the mining sector worldwide. The Company faces challenging conditions in the DRC with regards to the logistics and transportation of parts and equipment to site. In addition, increases in the price of fuel, materials, and steel, as well as the increased global demand for construction and engineering labour have had an important impact on the revised cost estimate.

**The complete unaudited financial statements together with the related Management's Discussion and Analysis (MD&A) are available on Anvil's website at [www.anvilmining.com](http://www.anvilmining.com) under the heading "Financial Reports".**

## **Corporate Appointment**

The Company recently announced the appointment of Dr Toby Bradbury, Vice President Operations, DRC. Toby has succeeded Malcolm Hillbeck who recently announced his retirement. Toby has over 25 years international experience in the mining and minerals sectors, in South Africa, UK and Australia across a broad range of commodities and has accumulated significant knowledge in the planning, development and operation of surface and underground mining activities including the mineral processing, marketing and logistics functions.

## **Reminder – Annual and Special Meeting of Shareholders**

The Company invites you to attend its Annual and Special Meeting of Shareholders to be held at the TSX Broadcast Centre, The Exchange Tower, 130 King Street West in Toronto, at 4:00 p.m. (EST) on May 12, 2008. The company will present its financial and operating performance for the year 2007, its first quarter 2008 results and will also provide an update on its operations and development projects. There will be an opportunity to ask questions and meet management and the board of directors, as well as other shareholders.

## **Reminder - First Quarter Financial Results Conference Call**

A conference call will be held at 8:30 a.m. (EDT-North American time) on Tuesday May 13, 2008, coinciding with 8:30 p.m. (AWST-Australia, Perth time) on the same day to



discuss the results announced in this News Release. Details to access the conference call and the live audio webcast are as follows:

**Conference call:**

(Please call approximately five minutes prior to the scheduled start of the call)

- Toll-free within North America: 1-800-733-7541
- For local and overseas calling: 1-416-644-3414

**Live audio webcast of the conference call (listen mode only):**

- **CNW Group** website at:  
<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2231680>

**Replay Information** (available for a period of 7 days):

- The conference call will be recorded and a playback of the call will be available after the event by dialling 1-877-289-8525 or 1-416-640-1917, **Reservation number 21268664 followed by the pound (#) key.**

Anvil Mining Limited is an unhedged copper and silver producer whose shares are listed for trading on the Toronto Stock Exchange (as common shares) and the Australian Stock Exchange (as CDIs) under the symbol AVM. It has majority interests in and operates the Dikulushi copper-silver mine, the Kinsevere copper mine, and the Kulu copper tailings operation in the Katanga Province of the Democratic Republic of Congo.

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**Caution Regarding Forward Looking Statements:** *The forward-looking statements made in this news release are based on management's assumptions and judgments 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 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, 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.*

*As a consequence of the letters Anvil received in February 2008 from the DRC Minister of Mines, Anvil may be required to enter into discussions or negotiations with the DRC Government and Gécamines regarding its rights with respect to its properties in the DRC. No assurance can be given as to the outcome of any such discussions or negotiations 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.*

## Appendix

### Key Financial and Production Data

	First Quarter ended March 31	
	2008	2007
<b>Revenues:</b> (\$ millions)		
Copper-silver and copper concentrate sales	75.3	42.0
<b>Operating profit:</b> (\$ millions)	33.7	26.7
<b>Net Income :</b> (\$ millions)	21.4	21.1
<b>Realized price: (\$)</b> Dikulushi mine		
Copper per pound	3.80	2.96
Silver per ounce	20.20	13.55
<b>PRODUCTION STATISTICS:</b>		
<b>Consolidated Group</b>		
Copper produced in concentrates (tonnes)	12,027	8,041
Silver produced in concentrates (ounces)	482,655	537,858
<b>Per Mine</b>		
<b>Dikulushi mine</b>		
Ore processed (tonnes) <sup>1</sup>	99,533	87,262
Copper grade (%)	5.3	7.0
Contained Copper in Ore (tonnes)	5,303	6,138
Recovery (%)	92.1	89.1
Copper produced in concentrates (tonnes)	4,885	5,469
Silver produced in concentrates (ounces)	482,655	537,858
Ore mined (tonnes)	32,864	4,303
<b>Costs of production: (\$)</b>		
Operating cash cost (ex-mine gate) (after silver credits)	0.21	(0.06)
Total cash costs from operations	0.70	0.40

## Key Financial and Production Data (cont.)

	<b>First Quarter ended March 31</b>	
<b>PRODUCTION STATISTICS:</b>	2008	2007
<b>Kinsevere mine</b>		
Ore processed (tonnes) <sup>3</sup>	<b>91,990</b>	--
Copper grade (%)	<b>9.1</b>	--
Contained copper in ore (tonnes)	<b>8,399</b>	--
Recovery (%)	<b>57.8</b>	--
<hr/>		
Copper produced in concentrates (tonnes)	<b>4,855</b>	--
Ore mined (tonnes)	<b>388,958</b>	--
<hr/>		
<b>Costs of production: (\$)</b>		
Operating cash costs per tonne (ex mine gate)	<b>374</b>	--
<b>Kulu mine</b>		
Ore processed (tonnes) <sup>3</sup>	<b>106,734</b>	80,245
Copper grade (%)	<b>4.3</b>	6.0
Contained copper in ore (tonnes)	<b>4,599</b>	4,847
Recovery (%)	<b>49.7</b>	52.8
Copper produced in concentrates (tonnes)	<b>2,287</b>	2,558
Ore mined (tonnes)	<b>87,956</b>	17,223
<b>Costs of production: (\$)</b>		
Operating cash costs per tonne (ex mine gate)	<b>561</b>	293

1. Ore processed at Dikulushi relates to ore processed through the ball mill and flotation plant.
2. The Kinsevere mine commenced production in June 2007.
3. Ore processed at Kulu and Kinsevere relates to ore processed through the HMS plant.



## Consolidated Balance Sheets (unaudited)

	<b>March 31 2008 \$</b>	<b>December 31 2007 \$</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	192,498	215,754
Restricted cash	223	322
Accounts receivable	71,724	65,761
Inventories	38,936	32,221
Investments	62,689	63,800
Prepaid expenses and deposits	28,571	21,449
	394,641	399,307
<b>Equity accounted investment</b>	5,430	5,766
<b>Long term receivable</b>	4,859	3,966
<b>Exploration and acquisition expenditure</b>	54,447	49,680
<b>Property, plant and equipment</b>	252,129	228,052
<b>Future income tax asset</b>	2,855	1,884
	<b>714,361</b>	<b>688,655</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	22,310	25,044
Income taxes payable	5,200	5,116
Other liabilities	1,432	1,296
Current portion of long term debt	239	-
	29,181	31,456
<b>Future income tax liability</b>	43,091	39,587
<b>Long-term debt</b>	561	-
<b>Asset retirement obligations</b>	12,368	11,668
	85,201	82,711
<b>Non-controlling interest</b>	14,732	13,880
	99,933	96,591
<b>Shareholders' equity</b>		
Equity accounts	382,891	382,108
Retained earnings	230,963	209,524
Accumulated other comprehensive income	574	432
Total shareholders' equity	614,428	592,064
	<b>714,361</b>	<b>688,655</b>



## Consolidated Statements of Income and Comprehensive Income (unaudited)

	Quarter Ended March 31	
	2008	2007
	\$	\$
<b>Concentrate sales</b>	75,267	42,036
Operating expenses	(34,058)	(13,537)
Amortization	(7,493)	(1,820)
	33,716	26,679
Other income	2,732	1,151
Share of loss in associates	(336)	-
General, administrative and marketing	(5,305)	(2,406)
Foreign exchange gains	48	50
Stock based compensation	(567)	(559)
Interest and financing fees	(1,605)	(401)
Earnings before income tax and non-controlling interest	28,683	24,514
Income tax	(5,597)	(811)
Non-controlling interest	(1,647)	(2,625)
<b>Net Income</b>	21,439	21,078
Other comprehensive income, net of taxes:		
<i>Net unrealized gains/(losses) on available-for-sale securities</i>	142	(71)
<b>Total comprehensive income</b>	21,581	21,007
Basic earnings per share (\$)	0.30	0.37
Diluted earnings per share (\$)	0.30	0.36

## Cash Flow Statement (unaudited)

	<b>Quarter Ended March 31</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net earnings for the period	21,439	21,078
Items not affecting cash		
Amortization	7,493	1,820
Loss on derivative instruments	960	-
Share of loss in associates	336	-
Loss on sale of assets	288	-
Non-controlling interest	1,647	2,625
Borrowing costs - amortized	-	151
Unrealized foreign exchange (gains)/losses	83	(6)
Future tax	2,533	(52)
Stock based compensation	567	559
Changes in non-cash working capital	(16,354)	(10,357)
	18,992	15,818
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(39,242)	(22,081)
Proceeds from sale of assets	179	13
Payments for exploration and evaluation expenditure	(4,767)	(4,030)
Payment for acquisition of additional interest in AMCK Mining s.p.r.l	-	(36,000)
Proceeds of principal repayments from investments	1,248	5,992
	(42,582)	(56,106)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net of issue expenses)	216	82
Proceeds from borrowings (net of fees incurred)	800	-
Movement in restricted cash	98	-
Repayment of borrowings	-	(2,000)
Disbursements on behalf of Dikulushi Trusts	(795)	(518)
	319	(2,436)
<b>Net decrease in cash and cash equivalents</b>	(23,272)	(42,724)
Cash and cash equivalents at beginning of the period	215,754	59,302
Effects of exchange rate changes on cash held in foreign currencies	15	-
Cash and cash equivalents at end of the period	192,498	16,578