



anvilmining

## News Release

**FOR IMMEDIATE RELEASE**

**August 12, 2008**

**TSX, ASX: AVM**

**Common shares outstanding 71.2million**

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

### **Anvil Mining Reports for the Second Quarter Net Income of \$8.5 Million or \$0.12 per share and Operating Profit of \$16.0 Million**

**Montréal, Canada: Anvil Mining Limited (TSX, ASX: AVM)**, (“Anvil” or the “Company”), today announced net income for the second quarter ended June 30, 2008 of \$8.5 million (\$0.12 per share on a weighted average number of shares basis), compared to \$35.4 million (\$0.58 per share) for the second quarter of 2007. Concentrate sales for the second quarter of 2008 totalled \$59.8 million, down 9% from the second quarter of 2007. Operating cash flow, before working capital movements, was \$24.6 million (\$0.35 per share).

#### **Second Quarter Highlights**

- Quarterly production of 10,521 tonnes of copper and 248,816 ounces of silver contained in concentrates;
- Revenues from copper-silver and copper concentrate sales of \$59.8 million, down 9% compared to the second quarter of 2007;
- Net income of \$8.5 million (\$0.12 per share), down 76% compared to the second quarter of 2007;
- Cash flow from operating activities, before working capital movements, of \$24.6 million (\$0.35 per share), down 43% compared to the second quarter of 2007; and
- Commencement of commissioning of one of the two Electric-Arc Furnaces (“EAF”) at Kinsevere.

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**sustain**



Bill Turner, President and Chief Executive Officer of Anvil, commented, “Operational issues at our Dikulushi and Mutoshi mines have adversely impacted second quarter financial performance. At Dikulushi, modifications to the underground development to change the mining method to an Avoca cut-and-fill method are now well underway with Perth based mining contractor, Byrnescut now established on site. This development work will continue for the remainder of 2008 with full-scale underground mining expected to commence in January 2009. Although there is additional capital cost involved in modifying the mining method, ore recovery rates are expected to improve compared with the previous sub-level caving method.”

“The continuing poor performance of the Mutoshi Stage I HMS operation because of falling recoveries with the unsuitable HMS plant, together with high mining costs have led to the decision to suspend mining activities at Mutoshi, pending the outcome of an alternative mining study due for completion during the fourth quarter. This decision is not expected to impact 2008 forecast production as there is sufficient stockpiled ore to feed the HMS processing plant through to the end of the year and achieve 9,000 tonnes of copper production for 2008.”

Bill Turner continued, “The construction and development of the Kinsevere Stage II 60,000 tonnes per year SX-EW plant is progressing well and in order to be in position to deliver the first copper cathodes towards the end of 2009, this project continues to be the focus of our current efforts. The operational changes and the increased confidence in the construction of Kinsevere Stage II are the result of the recent senior nominations of Dr. Toby Bradbury, Vice President Operations, DRC and Paul Chare, Project Director Kinsevere Stage II SX-EW, both of whom now reside in Lubumbashi, the capital city of the Katanga Province, DRC. In addition, Paul Chare has also become the General Manager for the entire Kinsevere operation in preparation for the start up of the SX-EW in 2009. Also at Kinsevere, an aggressive drilling program is underway, targeting the sulphide resource down to a depth of 250 metres in the first instance.”

## **Operations**

Forecast production for 2008 remains unchanged at 47,000 tonnes of copper and 950,000 ounces of silver. Individual mine site production numbers are as follows: Dikulushi, 11,000 tonnes of copper and 950,000 ounces of silver, Mutoshi, 9,000 tonnes of copper and Kinsevere 27,000 tonnes of copper.

### **Dikulushi**

During the second quarter of 2008, the Company determined that the extraction of ore from the underground stopes and the rate of underground development at the Dikulushi Mine was not proceeding as well as was initially expected. As a result, in its first quarter disclosures, the Company reduced its forecast production at Dikulushi to approximately 11,000 tonnes of copper and 950,000 ounces of silver and remains on track to achieve these production levels. The Company has carried out a detailed analysis of the situation and determined that the underground mining method should be modified from a Sub-level Caving method to an Avoca cut and fill method. While Avoca methods require additional underground development over and above Sub-level Caving techniques, its adoption is expected to result



in superior metal recovery. Feed to the plant continues to be sourced primarily from stockpiled low-grade ore, supplemented with ore from the underground mine.

### **Mutoshi**

Owing to the progressively lower metallurgical recovery from processing finer grained, lower grade material that is being encountered as mining progresses further downstream, the Company decided in August to suspend mining operations, pending the outcome of an investigation of alternative mining methods and ongoing study of the establishment of an SX-EW facility, both of which are expected to be completed by the end of 2008. The processing plant will continue to operate with existing stockpiled ore sufficient to provide feed for the remainder of 2008 and to achieve forecast 2008 production of 9,000 tonnes of copper. The suspension of mining operations is expected to result in a reduction in operating costs of \$3 million over the second half of the year.

### **Kinsevere**

Mining operations continued as expected during the second quarter. During July, the HMS plant had a spirals plant added in order to capture copper metal losses from the combined Crusher and HMS deslime tailings streams. The spirals plant is producing approximately 40 dry metric tonnes of concentrate per day, grading 25% copper; with plant recovery ranging from 50-60%.

Commencement of commissioning of the Kinsevere EAFs has been delayed to the first week of August 2008, due to a combination of design, logistical, and technical factors. The second EAF is expected to commence commissioning in the fourth quarter of 2008.

### **Kinsevere Stage II**

The development of the Kinsevere Stage II project is progressing and remains on track for construction to be completed on budget towards the end of 2009. The end of the wet season in April has enabled construction activity to increase significantly, with shipments of construction materials to site steady during the second quarter and expected to build up in the coming months.

**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".**



## Reminder – Second Quarter Financial Results Conference Call

A conference call will be held at 9:30 a.m. (EDT-North American time) on Tuesday, August 12, 2008, coinciding with 9:30 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: 1-800-732-0232
- For local and overseas calling: 1-416-644-3419

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

- **CNW Group** website at:  
<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2302300>

### 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 21273480 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 Mutoshi Stage I 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, Mutoshi 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

	3 months ended June 30		6 months ended June 30	
	2008	2007	2008	2007
<b>Revenues: (\$ millions)</b>	59.8	65.7	135.1	107.7
Operating profit: (\$ millions)	16.0	42.6	49.7	69.3
Net Income : (\$ millions)	8.5	35.4	30.0	56.4
<b>Realized price: (\$)</b>				
Copper per pound	3.56	3.33	3.57	3.12
Silver per ounce	14.36	12.12	17.73	12.55
<b>PRODUCTION STATISTICS:</b>				
<b>Consolidated Group</b>				
Copper produced in concentrates (tonnes)	10,521	7,942	22,548	15,983
Silver produced in concentrates (ounces)	248,816	583,269	731,472	1,121,127
<b>Per Mine</b>				
<b>Dikulushi mine</b>				
Ore processed (tonnes) <sup>1</sup>	110,990	85,480	210,523	172,742
Copper grade (%)	3.1	7.7	4.2	7.3
Contained Copper in Ore (tonnes)	3,399	6,564	8,903	12,702
Recovery (%)	76.7	90.7	84.2	89.9
Copper produced in concentrates (tonnes)	2,607	5,951	7,491	11,420
Silver produced in concentrates (ounces)	248,816	583,269	731,472	1,121,127
Ore mined (tonnes)	33,159	4,980	63,470	9,283
Operating cash cost (ex-mine gate) (after silver credits) (\$/lb)	0.73	0.06	0.39	0.01
<b>Total cash costs from operations</b>	<b>1.24</b>	<b>0.49</b>	<b>0.89</b>	<b>0.45</b>

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 Mutoshi and Kinsevere relates to ore processed through the HMS plant.

## Key Financial and Production Data (cont.)

	3 months ended June 30		6 months ended June 30	
<b>PRODUCTION STATISTICS:</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Kinsevere mine</b>				
Ore processed (tonnes) <sup>2</sup>	94,403	8,367	186,394	8,367
Copper grade (%)	10.0	9.0	9.6	9.0
Contained copper in ore (tonnes)	9,424	754	17,823	754
Recovery (%)	68.3	63.7	63.3	63.7
Copper produced in concentrates (tonnes)	6,433	480	11,288	480
Ore mined (tonnes)	578,350	151,355	1,520,731	151,355
<b>Costs of production (\$)</b>				
Operating cash costs per tonne (ex mine gate)	278	-	321	-
<b>Mutoshi mine</b>				
Ore processed (tonnes) <sup>3</sup>	130,693	74,987	237,427	155,232
Copper grade (%)	3.7	4.6	4.0	5.3
Contained copper in ore (tonnes)	4,872	3,446	9,545	8,293
Recovery (%)	30.4	44.5	39.5	49.2
Copper produced in concentrates (tonnes)	1,481	1,511	3,768	4,083
Ore mined (tonnes)	200,035	134,112	287,991	151,335
<b>Costs of production: (\$)</b>				
Operating cash costs per tonne (ex mine gate)	1,164	694	871	494

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 Mutoshi and Kinsevere relates to ore processed through the HMS plant.



## Consolidated Balance Sheets (unaudited)

	June 30 2008 \$	December 31 2007 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	146,186	215,754
Restricted cash	1,515	322
Accounts receivable	72,497	65,761
Inventories	47,921	32,221
Investments	56,793	63,800
Prepaid expenses and deposits	44,282	21,449
	<b>369,194</b>	<b>399,307</b>
Equity accounted investment	5,430	5,766
Long-term receivable	8,528	3,966
Exploration and acquisition expenditure	64,730	49,680
Property, plant and equipment	272,559	228,052
Future income tax asset	3,773	1,884
	<b>724,214</b>	<b>688,655</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	21,687	25,044
Income taxes payable	6,998	5,116
Other liabilities	1,606	1,296
Current portion of long-term debt	287	-
	<b>30,578</b>	<b>31,456</b>
Future income tax liability	44,539	39,587
Long-term debt	475	-
Asset retirement obligations	12,523	11,668
	<b>88,115</b>	<b>82,711</b>
Non-controlling interest	12,220	13,880
	100,335	96,591
<b>Shareholders' equity</b>		
Equity accounts	383,626	382,108
Retained earnings	239,479	209,524
Accumulated other comprehensive income	774	432
<b>Total shareholders' equity</b>	<b>623,879</b>	<b>592,064</b>
	<b>724,214</b>	<b>688,655</b>



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

	3 Months Ended June 30		6 Months Ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Concentrate sales</b>	59,789	65,696	135,056	107,732
Operating expenses	(27,928)	(20,875)	(61,986)	(34,412)
Amortization	(15,897)	(2,212)	(23,390)	(4,032)
	15,964	42,609	49,680	69,288
Other income	2,428	2,195	5,247	3,346
Share of loss in associates	-	-	(336)	-
General, administrative and marketing	(7,021)	(3,049)	(12,413)	(5,455)
Exploration expenditure written off	-	(1,063)	-	(1,063)
Foreign exchange gains	334	(88)	382	(38)
Stock based compensation	(433)	(645)	(1,000)	(1,204)
Interest and financing fees	748	(418)	(857)	(819)
Earnings before income tax and non-controlling interest	12,020	39,541	40,703	64,055
Income tax	(3,712)	(237)	(9,309)	(1,048)
Non-controlling interest	208	(3,942)	(1,439)	(6,567)
<b>Net income</b>	<b>8,516</b>	<b>35,362</b>	<b>29,955</b>	<b>56,440</b>
Other comprehensive income, net of taxes				
Net unrealized gains on available-for-sale securities	200	784	342	713
<b>Total comprehensive income</b>	<b>8,716</b>	<b>36,146</b>	<b>30,297</b>	<b>57,153</b>
Basic earnings per share (\$)	0.12	0.58	0.42	0.96
Diluted earnings per share (\$)	0.12	0.57	0.42	0.94



## Cash Flow Statement (unaudited)

	3 Months Ended June 30		6 Months ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Net income for the period	8,516	35,362	29,955	56,440
Items not affecting cash:				
- Amortization	15,897	2,212	23,390	4,032
- Exploration expenditure written off	-	1,063	-	1,063
- Gain on derivative instruments	(960)	-	-	-
- Share of loss in associates	-	-	336	-
- (Gain)/ Loss on sale of assets	(31)	-	257	-
- Non-controlling interest	(208)	3,942	1,439	6,567
- Borrowing costs – amortized	-	312	-	463
- Unrealized foreign exchange gains/(losses)	467	(221)	550	(227)
- Future tax	530	-	3,063	(52)
- Stock based compensation	433	645	1,000	1,204
Changes in non-cash working capital	(7,008)	(24,733)	(23,362)	(35,090)
	<b>17,636</b>	<b>18,582</b>	<b>36,628</b>	<b>34,400</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	(55,956)	(8,094)	(95,198)	(30,175)
Proceeds from sale of assets	61	-	240	13
Payments for exploration and evaluation expenditure	(10,592)	(4,910)	(15,359)	(8,940)
Payment for acquisition or additional interest in AMCK Mining s.p.r.l.	-	-	-	(36,000)
Payments for investment in Sub-Sahara Resources NL	-	(3,972)	-	(3,972)
Proceeds of principal repayments from investments	6,057	8,694	7,305	14,686
	<b>(60,430)</b>	<b>(8,282)</b>	<b>(103,012)</b>	<b>(64,388)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares (net of issue expenses)	302	179,787	518	179,869
Proceeds from borrowings (net of fees incurred)	-	(80)	800	(80)
Movement in restricted cash	(1,291)	(177)	(1,193)	(177)
Repayments of borrowings	(38)	(2,000)	(38)	(4,000)
Disbursements on behalf of Dikulushi Trusts	(2,304)	(1,411)	(3,099)	(1,929)
	<b>(3,331)</b>	<b>176,119</b>	<b>(3,012)</b>	<b>173,683</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(46,125)</b>	<b>186,419</b>	<b>(69,396)</b>	<b>143,695</b>
Cash and cash equivalents at beginning of the period	192,498	16,578	215,754	59,302
Effects of exchange rate changes on cash held in foreign currencies	(187)	-	(172)	-
<b>Cash and cash equivalents at end of the period</b>	<b>146,186</b>	<b>202,997</b>	<b>146,186</b>	<b>202,997</b>