

Anvil Mining Limited

Consolidated Financial Statements

Three months (Second Quarter) ended June 30, 2008

(Unaudited)

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

CONSOLIDATED BALANCE SHEETS (unaudited)

	Notes	June 30 2008 \$	December 31 2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	146,186	215,754
Restricted cash	5	1,515	322
Accounts receivable	6	72,497	65,761
Inventories	7	47,921	32,221
Investments	8	56,793	63,800
Prepaid expenses and deposits	9	44,282	21,449
		369,194	399,307
Equity accounted investment	10	5,430	5,766
Long-term receivable		8,528	3,966
Exploration and acquisition expenditure	11	64,730	49,680
Property, plant and equipment	12	272,559	228,052
Future income tax asset		3,773	1,884
		724,214	688,655
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	13	21,687	25,044
Income taxes payable		6,998	5,116
Other liabilities		1,606	1,296
Current portion of long-term debt		287	-
		30,578	31,456
Future income tax liability		44,539	39,587
Long-term debt		475	-
Asset retirement obligations		12,523	11,668
		88,115	82,711
Non-controlling interest	14	12,220	13,880
		100,335	96,591
Shareholders' equity			
Equity accounts	15	383,626	382,108
Retained earnings		239,479	209,524
Accumulated other comprehensive income		774	432
Total shareholders' equity		623,879	592,064
		724,214	688,655
Commitments	16		
Subsequent events	21		

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

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

	Notes	3 Months Ended June 30		6 Months Ended June 30	
		2008	2007	2008	2007
		\$	\$	\$	\$
Concentrate sales		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	3	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	3	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)
Net income		8,516	35,362	29,955	56,440
Other comprehensive income, net of taxes					
Net unrealized gains on available-for-sale securities		200	784	342	713
Total comprehensive income		8,716	36,146	30,297	57,153
Basic earnings per share (\$)	18	0.12	0.58	0.42	0.96
Diluted earnings per share (\$)	18	0.12	0.57	0.42	0.94

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

	June 30, 2008		June 30, 2007	
	Number	Amount	Number	Amount
Common shares				
Balance at beginning of period	71,115,244	377,350	56,707,554	183,503
Exercise of stock options	86,667	721	459,332	1,596
Share issue	-	-	12,384,615	188,771
Issue of shares for acquisition	-	-	872,093	9,000
Share issue expenses		-		(9,594)
Balance at end of period	71,201,911	378,071	70,423,594	373,276
Contributed surplus				
Balance at beginning of period		4,758		3,020
Employee stock based compensation recognised		1,000		1,204
Transfer to common shares		(203)		(470)
Balance at end of period		5,555		3,754
Equity accounts		383,626		377,030
Retained earnings				
Balance at beginning of period		209,524		92,714
Adjustment to opening retained earnings		-		(190)
Net income for the period		29,955		56,440
Balance at end of period		239,479		148,964
Accumulated other comprehensive income				
Balance at beginning of period		432		559
Adjustment to opening other comprehensive income		-		127
Net change in unrealized gains/(losses) on available-for-sale securities		342		713
Balance at end of period		774		1,399
Shareholders' equity at end of period		623,879		527,393

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Notes	3 Months Ended June 30		6 Months ended June 30	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash flows from operating activities					
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	19	(7,008)	(24,733)	(23,362)	(35,090)
		17,636	18,582	36,628	34,400
Cash flows from investing activities					
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
		(60,430)	(8,282)	(103,012)	(64,388)
Cash flows from financing activities					
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)
		(3,331)	176,119	(3,012)	173,683
Net decrease in cash and cash equivalents		(46,125)	186,419	(69,396)	143,695
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)	-
Cash and cash equivalents at end of the period		146,186	202,997	146,186	202,997

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**1. Basis of Presentation and New Accounting Policies****Basis of Presentation**

The unaudited interim consolidated financial statements have been prepared by Anvil Mining Limited (the "Company" or the "Group") in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited consolidated financial statements should be read in conjunction with the Notes to the Company's audited consolidated financial statements for the year ended December 31, 2007, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

New Accounting Policies***Capital Disclosures and financial Instruments – Disclosures and Presentation***

On January 1, 2008 the Company adopted three new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1535: Capital Disclosures, Handbook Section 3862: Financial Instruments – Disclosures and Handbook section 3863: Financial Instruments – Presentation.

Capital Disclosures

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.

Financial Instruments Disclosure and Presentation

The new Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments - Disclosure and Presentation", revising and enhancing its disclosure 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.

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks, which include foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. From time-to-time, the Group may use foreign exchange forward contracts, commodity price contracts and interest rate swaps to manage exposure to fluctuations in foreign exchange, metal prices and interest rates. The use of derivatives is based on established practices and parameters, which are subject to the oversight of the Board of Directors. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

The Group holds the following financial instruments as at June 30, 2008:

Financial assets

Cash and cash equivalents	146,186
Restricted cash	1,515
Accounts receivable	72,497
Investments	56,793
Long-term receivable	8,528
	285,519

Financial liabilities

Accounts payable and accrued liabilities	21,687
Long-term borrowings	762
	22,449

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**(a) Market Risk****(i) Foreign Exchange Risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a foreign currency. The risk is measured on the basis of forecast cash flows. The Group reviews its foreign currency needs and may take appropriate financial derivatives as required to mitigate the risks.

As at June 30, 2008, with other variables unchanged, a plus or minus 10% change in the value of the US dollar against other currencies would have an affect of \$0.1 million on net income for the period.

(ii) Commodity Price Risk

The Group is subject to price risk from fluctuations in market prices of commodities. The Group has elected not to actively manage its exposure to commodity price risk at this time. From time-to-time, the Group may use commodity price contracts to manage its exposure to fluctuations in commodities prices. The use of derivatives is based on established practices and parameters, and is subject to approval by the Board. The Group's commodity price risk associated with financial instruments primarily relates to changes in fair value caused by settlement adjustments to receivables. The following represents the effect on net income after-tax from a 10% change to metal prices on receivable balances that have been provisionally priced, based on the June 30, 2008 prices. There is no impact on other comprehensive income.

Impact of commodity price risk on financial instruments:

	Average Price for June 2008	Change	Effect of financial instruments on net income for the quarter
Copper - (3 month)	\$8,108 per tonne	+/- 10%	\$0.7 million
Silver - (3 month)	\$16.97 per ounce	+/- 10%	\$0.2 million

(iii) Securities Price Risk

The Group is exposed to securities price risk. This principally arises from investments held by the Group and classified on the balance sheet as available-for-sale. To manage its price risk arising from investments in securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The credit exposure of financial assets is disclosed under (b) of credit risk disclosure.

The Group seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Board, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Board, normally quarterly, and risk can be managed by reducing exposure where necessary. The Group does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

The table below summarises the diversified portfolio of investments by credit exposure.

Asset Group	Face Value	Market Value	Rating	% of Total Portfolio Investment	
Asset backed securities	44,456	44,132	AAA	17,068	78.11
			AA	5,147	
			AA-	5,103	
			A+	10,227	
			BBB+	5,116	
			BB	1,471	
Credit linked note	5,000	63	D	63	0.11
Floating rate note	5,000	5,027	A-1+	5,027	8.90
Mortgage backed securities	10,912	7,571	AAA	3,871	12.88
			AA	1,918	
			CCC	1,782	
Total	65,368	56,793		56,793	100.00

(iv) Interest Rate Risk

The Group's main interest rate risk arises from available-for-sale investments and short term deposits. These investments are managed as a portfolio by an external consultant who operates under the guidance and instructions from management subject to policies mandated by the Board. The Group has significant cash balances and very little interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposits with major international banks. The Company periodically monitors the investment it makes and is satisfied with the credit rating of its banks.

As at June 30, 2008, with other variables unchanged, a plus or minus 1% change in interest rates, on investments whose interest rates are not fixed, would affect net income by plus or minus \$0.1 million for the quarter.

(b) Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group's primary counterparties related to its available-for-sale investments carry investment grade ratings. The Group manages credit risk for trade and other receivables through established credit monitoring activities. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group does not have a significant concentration of credit risk with any single counterparty or group of counterparties. The Group's maximum exposure to credit risk at the reporting date is the carrying value of our receivables, cash and cash equivalents and available-for-sale investments. Credit risk is managed as noted in Notes 4(a), 6, and 8(a) with respect to cash, receivables, and securities in the available-for-sale investment portfolio respectively.

(c) Liquidity Risk

The Company has sufficient funds (June 30, 2008: \$146 million and December 31, 2007: \$215 million) to settle current and long-term liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Management intends to invest current and future surplus funds in instruments that are tradeable in highly liquid markets.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**Maturities of Financial Liabilities**

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Accounts Payable & Accruals	Bank Loans	Total
Within one year	21,687	390	22,077
In one to two years	-	312	312
In two to three years	-	208	208
	21,687	910	22,597
Effect of discount rates	-	(148)	(148)
Balance sheet carrying value	21,687	762	22,449

(d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and investments in unlisted subsidiaries) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value of the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value, less impairment provision of trade receivables and payables is assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	3 Months Ended June 30 2008	June 30 2007	6 Months Ended June 30 2008	June 30 2007
	\$	\$	\$	\$
3. Other income				
Interest received	2,385	2,195	5,405	3,346
Gain/(loss) on sale of assets	43	-	(158)	-
	<u>2,428</u>	<u>2,195</u>	<u>5,247</u>	<u>3,346</u>

Interest and financing fees

Interest	212	213	857	463
Gain on derivative instruments	(960)	-	-	-
Amortization of deferred borrowing costs	-	205	-	356
	<u>(748)</u>	<u>418</u>	<u>857</u>	<u>819</u>

	June 30 2008	December 31 2007
	\$	\$
4. Cash		
Cash at bank and in hand	35,621	40,002
Deposits at call	110,565	175,752
	<u>146,186</u>	<u>215,754</u>

(a) Credit Risk Exposure

All cash investments not held in a transactional accounts are invested in term deposits held with major international banks.

The credit risk exposure of the Group in relation to cash and deposits is the carrying amount and any accrued unpaid interest. The Company believes this risk is negligible.

	June 30 2008	December 31 2007
	\$	\$
5. Restricted cash		
Cash deposits held as security	1,515	322

At June 30, 2008 and December 31, 2007, cash deposits were held by the Company's bankers against deposits held for future mine property rehabilitation and guarantees for acquisition of equipment related to Kinsevere Stage II.

	June 30 2008	December 31 2007
	\$	\$
6. Accounts receivable		
Trade receivables	66,861	59,366
Accrued interest income	350	598
Advances to suppliers and contractors	3,937	5,045
Other	1,349	752
	<u>72,497</u>	<u>65,761</u>

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

Receivables are non-interest bearing and unsecured. Trade receivables are on the terms operating in the commodities industry, which usually require settlement within three to five months of the quotation period. The credit risk exposure of the Group in relation to receivables is the carrying amount

(a) Impaired trade receivables

As at June 30, 2008, the Group has no impaired trade receivables.

(b) Fully performing and past due but not impaired

As of June 30, 2008, trade receivables of \$49.4 million were fully performing and \$17.5 million were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The receipts from amounts past due but not impaired since June 30, 2008 totals \$13.8 million. The ageing analysis of these past due but not impaired trade receivables is as follows:

Up to 3 months:	15,279
3 to 6 months:	<u>2,222</u>
	<u>17,501</u>

(c) Foreign exchange and interest rate risk

Information about the exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 2.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

	June 30 2008	December 31 2007
	\$	\$
7. Inventories		
Raw materials and stores	16,130	11,997
Ore stockpiles	15,609	8,504
Concentrate in stockpiles and in transit	16,182	11,720
	<u>47,921</u>	<u>32,221</u>
	June 30 2008	December 31 2007
	\$	\$
8. Investments		
Available-for-sale investments at cost	65,945	73,295
Available-for-sale investments at fair value	56,793	63,800

The current investments are a result of the cash received from the capital raising in March 2006 being placed into investment grade assets. The investments are intended to be held to maturity or until the Group's funding requirements necessitate.

(a) Credit risk and impairment

The maximum exposure to credit risk at the reporting date is the fair value of the investments classified as available for sale.

As at June 30, 2008, available-for-sale investments with a carrying value of \$53.9 million were fully performing. No income relating to these investments was past due. Available-for-sale investments with a carrying value of \$12.0 million were impaired. The amount of provision relating to these investments was \$9.4 million. The provision for impaired investments relates to a \$5 million medium-term floating rate note, and two U.S sub-prime mortgage backed securities investments, one of \$3.8 million and another of \$0.6 million which failed to meet its asset collateralization test resulting in a rating downgrade.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30 2008	December 31 2007
	\$	\$
9. Prepaid expenses and deposits		
Prepayments to creditors and sub-contractors	40,272	16,845
Prepaid expenses – Other	3,538	4,490
Deposits	472	114
	44,282	21,449

10. Equity accounted investment

Name of Company	June 30, 2008			December 31, 2007		
	Ownership interest %	No. of Shares	\$	Ownership interest %	No. of Shares	\$
Sub-Sahara Resources NL ("SBS")	18	90,000,000	5,430	18	90,000,000	5,766

SBS is incorporated in Australia and listed on the Australian Securities Exchange ("ASX").

	June 30 2008	December 31 2007
	\$	\$
(a) Movements in carrying amounts		
Opening carrying value in SBS – at cost	5,766	
Cost of investments purchased during the period	-	6,090
Share of profits/(loss)	(336)	(324)
Carrying value at end of the period	5,430	5,766

At June 30, 2008 Anvil held 90 million shares representing 18% of the shares on issue in SBS. The market value of this holding, based on the closing share price of SBS on the ASX, was \$3.184 million as at June 30, 2008.

The Company considers its investment in SBS as not impaired at the date of the financial report or at the end of the reporting period, due in part to the following significant factors:

- The underlying nature of the assets held by SBS has not changed;
- SBS can add strategic value to Anvil due to the company's ongoing exploration programme in Sub Saharan Africa; and
- The Company has the intention and ability to hold the SBS investment for the longer term over which period the Company currently anticipates that the underlying market value of the investment will recover.

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30 2008 \$	December 31 2008 \$
11. Exploration and acquisition expenditure		
Exploration and acquisition expenditure at beginning of period	49,680	127,138
Expenditure transferred to development properties	(309)	(92,196)
Expenditure incurred	15,359	20,377
Expenditure written off	-	(4,389)
Waiver of purchase consideration payable	-	(1,250)
Exploration and acquisition expenditure at end of period	64,730	49,680
Exploration expenditure per area of interest ¹		
- Dikulushi mine and regional projects	7,276	5,100
- Mutoshi projects	12,722	6,200
- Kinsevere projects	12,268	7,299
- Philippines regional exploration projects	4,653	3,270
	36,919	21,869
Acquisition expenditure per area of interest ²		
- Mutoshi projects	26,354	26,354
- Kinsevere projects	1,457	1,457
	27,811	27,811
Total exploration and acquisition expenditure per area of interest		
- Dikulushi mine and regional projects	7,276	5,100
- Mutoshi projects	39,076	32,554
- Kinsevere projects	13,725	8,756
- Philippines regional exploration projects	4,653	3,270
	64,730	49,680

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

1. Refers to exploration expenditure directly incurred by the Group on tenements as part of general exploration activity.
2. Refers to the fair value of exploration property acquired.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30, 2008		
	Cost	Accumulated depletion, amortization and write- down	Net book value
	\$	\$	\$
12. Property, plant and equipment			
Dikulushi ¹			
Land and buildings	3,070	(1,717)	1,353
Plant and equipment	28,617	(15,964)	12,653
Mine property	23,010	(12,842)	10,168
Capital work in progress	6,175	-	6,175
	60,872	(30,523)	30,349
Mutoshi ²			
Land and buildings	861	(100)	761
Plant and equipment	7,159	(3,727)	3,432
Mine property	11,141	(3,125)	8,016
Capital work in progress	5,505	-	5,505
	24,666	(6,952)	17,714
Kinsevere ³			
Land and buildings	4,873	(833)	4,040
Plant and equipment	28,272	(8,134)	20,138
Mine property	113,448	(11,044)	102,404
Capital work in progress	87,190	-	87,190
	233,783	(20,011)	213,772
Services ⁴			
Land and buildings	805	(121)	684
Plant and equipment	5,587	(2,245)	3,342
Capital work in progress	4,225	-	4,225
	10,617	(2,366)	8,251
Corporate and other ⁵	2,965	(492)	2,473
Total	332,903	(60,344)	272,559

- 1 The Dikulushi property, plant and equipment includes all property, plant and equipment located at Dikulushi or used in the support of the Dikulushi operations situated in the Democratic Republic of Congo ("DRC") and elsewhere in Central and Southern Africa.
- 2 The Mutoshi property, plant and equipment includes all property, plant and equipment related to Mutoshi Stage I Heavy Media Separation ("HMS") plant, located at Kolwezi in the DRC.
- 3 The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere in the DRC.
- 4 The Services property, plant and equipment includes all property, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC.
- 5 The Corporate and other assets are all located in Australia, Canada and Philippines.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	December 31, 2007		
	Cost	Accumulated depletion, amortization and write- down	Net book value
	\$	\$	\$
12. Property, plant and equipment			
Dikulushi ¹			
Land and buildings	2,958	(1,530)	1,428
Plant and equipment	26,112	(13,049)	13,063
Mine property	19,440	(5,452)	13,988
Capital work in progress	2,606	-	2,606
	51,116	(20,031)	31,085
Mutoshi ²			
Land and buildings	277	(45)	232
Plant and equipment	5,784	(2,825)	2,959
Mine property	10,832	(2,057)	8,775
Capital work in progress	2,197	-	2,197
	19,090	(4,927)	14,163
Kinsevere ³			
Land and buildings	4,865	(528)	4,337
Plant and equipment	25,787	(4,887)	20,900
Mine property	112,770	(4,425)	108,345
Capital work in progress	41,865	-	41,865
	185,287	(9,840)	175,447
Services ⁴			
Land and buildings	801	(92)	709
Plant and equipment	4,344	(1,589)	2,755
Capital work in progress	1,749	-	1,749
	6,894	(1,681)	5,213
Corporate and other ⁵	2,621	(477)	2,144
Total	265,008	(36,956)	228,052

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

2 The Mutoshi property, plant and equipment includes all property, plant and equipment related to the Mutoshi Stage I HMS plant located at Kolwezi in the DRC.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30 2008	December 31 2007
	\$	\$
13. Accounts payable and accrued liabilities		
Trade creditors	8,550	10,217
Creditor and other accruals	13,137	14,827
	<u>21,687</u>	<u>25,044</u>

14. Non-controlling interests and social development expenditure

The Group holds a beneficial interest of 90% in Anvil Mining Congo s.a.r.l. ("AMC") and, in addition, has administrative responsibility for the economic benefit of the remaining 10% interest, which is held in trust by the Group for the social, economic and infrastructure development of the region of the Group's activities at the Dikulushi mine. Wholly-owned subsidiaries of the Group are the trustees of the trusts.

The Group holds a beneficial interest of 80% in Société Minière de Kolwezi s.p.r.l. ("SMK") which is the owner and operator of the Mutoshi project, including the Stage I HMS development and the holder of other exploration tenements in the Kolwezi region. The Company has previously referred to its Stage I HMS plant that processes material from the Kulumaziba river tailings deposit as the Kulu operation. This is now referred to as Mutoshi Stage I, being part of the broader Mutoshi project that includes other exploration tenements in the Mutoshi area.

The Group holds a beneficial interest of 95% in AMCK Mining s.p.r.l. ("AMCK") which is the owner and operator of the Kinsevere mine.

The movements in non-controlling interests during the three months ended June 30, 2008 are as follows:

	June 30 2008	December 31 2007
	\$	\$
(a) AMC – non-controlling interests		
Balance – beginning of period	11,361	6,495
Amounts disbursed on behalf of the Dikulushi Trusts during the period	(3,099)	(7,620)
Interests in net earnings of AMC	2,856	12,486
Balance – end of period	<u>11,118</u>	<u>11,361</u>
(b) SMK – non-controlling interest		
Balance – beginning of period	1,963	1,784
Interests in net earnings of SMK	(1,901)	179
Balance – end of period	<u>62</u>	<u>1,963</u>
(c) AMCK – non-controlling interests		
Balance – beginning of period	556	12
Interests in net earnings of AMCK	484	544
Balance – end of period	<u>1,040</u>	<u>556</u>
Total non-controlling interests – end of period	<u>12,220</u>	<u>13,880</u>
(d) Social development expenditure		
Social development expenses in operating expenses (Mutoshi and Kinsevere)	2,269	3,401
Social development expenses disbursed on behalf of the Dikulushi Trusts as disclosed in non-controlling interest	3,099	7,620
Total social development expenditure	<u>5,368</u>	<u>11,021</u>

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**15. Common shares, share options and share warrants****(a) Issued:**

	June 30, 2008		June 30, 2007	
	No. of Shares	Amount \$	No. of Shares	Amount \$
Balance – beginning of period	71,115,244	377,350	56,707,554	183,503
Exercise of stock options (i)	86,667	721	459,332	1,596
Issue of shares for acquisitions (ii)	-	-	872,093	9,000
Share issue (iii)	-	-	12,384,615	188,771
Share issue expenses (iv)	-	-	-	(9,594)
Balance – end of period	71,201,911	378,071	70,423,594	373,276

- (i) During the six months ended June 30, 2008, employee stock option and warrant holders exercised their options/warrants over 86,667 (YTD June 30, 2007: 459,332) common shares.
- (ii) On March 30, 2007, the Company issued 872,093 common shares at US\$10.32 per share as part consideration for an additional 15% interest in AMCK.
- (iii) In June 2007, the Company completed a bought deal financing when it issued an aggregate of 12,384,615 common shares at a price of C\$16.25 per share for total gross proceeds of C\$201,249,994.
- (iv) The total share issue expenses relating to the bought deal financing described in (iii) above amounted to \$9.6 million.

(b) Stock option plan

The Company has a Director and Employee Stock Option Plan (the "Plan"), under which it may grant options to directors and employees for up to ten percent of the total shares on issue. At June 30, 2008, the Company is able to issue an additional 4,807,537 (June 2007 – 4,768,391) common shares under the Plan.

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

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

Canadian Dollar based options

Risk free interest rate:	4.24%
Expected life:	71 months
Expected volatility:	46.2%
Expected dividend yield:	0%

During the six months ended June 30, 2008, 100,000 stock options with an exercise price of C\$13.09 each, 50,000 stock options with an exercise price of C\$11.28 each and 25,000 stock options with an exercise price of C\$12.04 each, with a total fair value of \$0.59 million, \$0.261 million and \$0.14 million respectively were issued to non-executive directors pursuant to the terms of the Plan. During the six months ended June 30, 2007, 75,000 stock options with an exercise price of C\$12.04 each and with a total fair value of \$0.34 million were issued to non-executive directors pursuant to the terms of the Plan.

During the six months ended June 30, 2008, 256,157 stock options with an exercise price of C\$12.43 each, with a total fair value of C\$1.24 million, were issued to employees under the Plan and 86,667 employee stock options were exercised. During the six months ended June 30, 2007, 807,966 stock options with an exercise price, ranging from C\$9.41 to C\$17.04 each, with a total fair value of \$3.55 million were issued to employees under the Plan and 469,332 employee stock options were exercised.

The stock option expense for the period ended June 30, 2008 amounted to \$1.00 million (six months ended June 30, 2007 – \$1.20 million). As at June 30, 2008, the aggregate fair value of unvested stock options remaining to be charged to income amounted to \$3.65 million (June 30, 2007– \$4.40 million).

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30, 2008		December 31, 2007	
	No. of Shares	Weighted Average Exercise Price	No. of Shares	Weighted Average Exercise Price
Outstanding stock options				
Canadian Dollar based options ¹				
Outstanding at beginning of period	2,162,879	C\$7.59	1,526,334	C\$5.46
Granted under plan	431,157	C\$12.43	882,966	C\$10.67
Exercised	(86,667)	C\$5.98	(215,982)	C\$5.20
Expired and forfeited	(194,715)	C\$11.22	(30,439)	C\$6.93
Outstanding at the end of the period	2,312,654	C\$8.25	2,162,879	C\$7.59
Options vested and outstanding at the end of the period	967,460	C\$5.63	666,224	C\$4.76

¹ These stock options have been issued to the directors and employees of the Company pursuant to the Plan.

The following table summarizes information about stock options outstanding at June 30, 2008:

Range of exercise prices	Options outstanding			Options exercisable		
	No. of stock options outstanding at June 30, 2008	Weighted average of remaining contractual life (months)	Weighted average exercise price	No. of stock options vested and outstanding at June 30, 2008	Weighted average of remaining contractual life (months)	Weighted average exercise price
C\$3.80	503,334	35	C\$3.80	410,001	35	C\$3.80
C\$4.25–C\$4.40	258,334	26	C\$4.29	253,889	26	C\$4.28
C\$7.06	258,667	45	C\$7.06	172,445	45	C\$7.06
C\$9.41	600,000	51	C\$9.41	-	-	-
C\$10.54	125,000	55	C\$10.54	62,500	55	C\$10.54
C\$11.23–C\$11.28	80,000	53	C\$11.26	10,000	53	C\$11.23
C\$12.04–C\$12.43	286,443	65	C\$12.29	25,000	56	C\$12.04
C\$13.09	100,000	68	C\$13.09	-	-	-
C\$14.06	60,876	57	C\$14.06	20,292	57	C\$14.06
C\$17.04	40,000	59	C\$17.04	13,333	59	C\$17.04
Total	2,312,654	47	C\$8.25	967,460	37	C\$5.63

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**16. Commitments****(a) Exploration Expenditure Commitments**

In order to maintain the mining tenements in which the Company has interests, the Company is committed to meet prescribed conditions under which the tenements were granted. The Company's exploration expenditure commitment as at June 30, 2008 is \$0.15 million (December 31, 2007 - \$0.07 million).

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

(b) Dikulushi mine

The outstanding capital commitments of the Dikulushi mine contracted for as at June 30, 2008 were \$1.7 million (December 31, 2007 - \$2.5 million).

(c) Mutoshi mine

The outstanding capital commitments of the Mutoshi mine contracted for as at June 30, 2008 were \$1.6 million (December 31, 2007 - \$5.5 million). Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2% of net sales of copper to La Générale des Carrières et des Mines ("Gécamines"). SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

(d) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted for as at June 30, 2008 were \$47.5 million (December 31, 2007 - \$26.7 million). Under the Kinsevere acquisition agreement, AMCK has an ongoing obligation to pay a mining royalty that varies with the copper price up to a maximum of \$70 per tonne to Gécamines. AMCK is currently paying the maximum royalty. AMCK also has a royalty obligation of 2% of net sales to the DRC Government.

(e) Anvil Mining Services s.p.r.l. ("AMS")

The outstanding capital commitments of AMS contracted for as at June 30, 2008 were \$0.3 million (December 31, 2007 - \$0.6 million).

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

The outstanding capital commitments of Anvil Mining Australia Pty Ltd. contracted for at June 30, 2008 were \$0.7 million (December 31, 2007 - \$0.3 million)

(g) Central Bank of Congo

Anvil subsidiaries operating in the DRC are required to comply with the Central Bank of Congo regulations regarding repatriation of sales proceeds received into bank accounts located outside the DRC. The subsidiaries are required to repatriate no less than 40% of the realized sales receipts, within certain time periods, into US dollar denominated bank accounts located in the DRC. At June 30, 2008 the amount to be repatriated was \$6.1 million (December 31, 2007 - \$5.0 million). These funds, once repatriated, are available to the Company to meet obligations both within and outside the DRC.

17. 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

The Group holds a beneficial interest of 90% in the Dikulushi mine. The operation is located in the Katanga province of the DRC. The operation was developed in 2002 and produces a sulphide copper concentrate with a silver credit.

Mutoshi

The Group holds a beneficial interest of 80% in the Mutoshi tenements located in the Kolwezi region within the Katanga province of the DRC. The Mutoshi Stage I HMS operation was developed in 2005 and produces an oxide copper concentrate. The Company has previously referred to its Stage I HMS plant that processes material from the Kulumaziba river tailings deposit as the Kulu operation. This is now referred to as Mutoshi Stage I, being part of the broader Mutoshi project that includes other exploration tenements in the Mutoshi area.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The heavy media separation plant operation was developed in 2007 and produces an oxide copper concentrate. The first Electric Arc Furnace ("EAF") is expected to be commissioned during the third quarter of 2008 followed by the second EAF to be commissioned during the fourth 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.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

CDA

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

For the three month and six month ended June 30, 2008, segmented information is presented as follows. The inter-segment eliminations relate to inter-company interest charged on loan balances and the charging of corporate marketing, finance and agency fees within the Group.

	Quarter ended June 30, 2008					
	Dikulushi	Mutoshi	Kinsevere	CDA	Inter-segment	Total
Concentrate sales	27,673	11,534	20,582	-	-	59,789
Operating expenses	(4,431)	(12,281)	(8,431)	(2,785)	-	(27,928)
Amortization	(8,874)	(1,153)	(5,621)	(249)	-	(15,897)
Segmented operating profit/(loss)	14,368	(1,900)	6,530	(3,034)	-	15,964
Interest and financing fees	-	(704)	(190)	938	704	748
Other income	25	43	8	7,043	(4,691)	2,428
Other expenses	(470)	(1,426)	(4,239)	(4,972)	3,987	(7,120)
Segmented profit before under noted items	13,923	(3,987)	2,109	(25)	-	12,020
Income taxes	(1,529)	(926)	(1,086)	(171)	-	(3,712)
Non-controlling interest	(779)	1,204	(217)	-	-	208
Segmented profit	11,615	(3,709)	806	(196)	-	8,516
Property, plant and equipment	30,349	17,714	213,772	10,724	-	272,559
Total assets	95,632	82,504	317,749	228,329	-	724,214
Capital expenditures	(7,864)	(908)	(46,010)	(1,174)	-	(55,956)
	Quarter ended June 30, 2007					
	Dikulushi	Mutoshi	Kinsevere	CDA	Inter-segment	Total
Concentrate sales	54,842	10,854	-	-	-	65,696
Operating expenses	(12,275)	(9,093)	-	493	-	(20,875)
Amortization	(1,331)	(817)	-	(64)	-	(2,212)
Segmented operating profit/(loss)	41,236	944	-	429	-	42,609
Interest and financing fees	-	(517)	-	(418)	517	(418)
Other income	76	-	-	4,951	(2,832)	2,195
Other expenses	(1,061)	(509)	-	(5,590)	2,315	(4,845)
Segmented profit before under noted items	40,251	(82)	-	(628)	-	39,541
Income taxes	-	(32)	-	-	-	(237)
Non-controlling interest	(3,965)	23	-	-	-	(3,942)
Segmented profit	36,286	(91)	-	(833)	-	35,362
Property, plant and equipment	25,695	12,962	56,527	5,948	-	101,132
Total assets	133,404	33,350	81,640	364,313	-	612,707
Capital expenditures	(2,869)	(700)	(4,490)	(35)	-	(8,094)

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	6 months ended June 30, 2008					
	Dikulushi	Mutoshi	Kinsevere	CDA	Inter-segment	Total
Concentrate sales	79,067	14,763	41,226	-	-	135,056
Operating expenses	(20,842)	(17,834)	(18,100)	(5,210)	-	(61,986)
Amortization	(10,687)	(2,091)	(10,171)	(441)	-	(23,390)
Segmented operating profit/(loss)	47,538	(5,162)	12,955	(5,651)	-	49,680
Interest and financing fees	(433)	(1,274)	(379)	33	1,196	(857)
Other income	(124)	63	16	13,180	(7,888)	5,247
Other expenses	(1,315)	(1,755)	(5,770)	(11,219)	6,692	(13,367)
Segmented profit before under noted items	45,666	(8,128)	6,822	(3,657)	-	40,703
Income taxes	(5,540)	(974)	(3,121)	326	-	(9,309)
Non-controlling interest	(2,856)	1,901	(484)	-	-	(1,439)
Segmented profit	37,270	(7,201)	3,217	(3,331)	-	29,955
Property, plant and equipment	30,349	17,714	213,772	10,724	-	272,559
Total assets	95,632	82,504	317,749	228,329	-	724,214
Capital expenditures	(9,884)	(5,118)	(75,876)	(4,320)	-	(95,198)

	6 months ended June 30, 2007					
	Dikulushi	Mutoshi	Kinsevere	CDA	Inter-segment	Total
Concentrate sales	88,040	19,692	-	-	-	107,732
Operating expenses	(20,823)	(13,589)	-	-	-	(34,412)
Amortization	(2,540)	(1,167)	-	(325)	-	(4,032)
Segmented operating profit/(loss)	64,677	4,936	-	(325)	-	69,288
Interest and financing fees	-	(1,045)	-	(819)	1,045	(819)
Other income	126	-	-	7,531	(4,311)	3,346
Other expenses	(1,749)	(1,438)	-	(7,839)	3,266	(7,760)
Segmented profit before under noted items	63,054	2,453	-	(1,452)	-	64,055
Income taxes	-	(843)	-	(205)	-	(1,048)
Non-controlling interest	(6,245)	(322)	-	-	-	(6,567)
Segmented profit	56,809	1,288	-	(1,657)	-	56,440
Property, plant and equipment	25,695	12,962	56,527	5,948	-	101,132
Total assets	133,404	33,350	81,640	364,313	-	612,707
Capital expenditures	(3,961)	(739)	(25,405)	(70)	-	(30,175)

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

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

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

	June 30 2008	December 31 2007
	\$	\$
Total assets – Geographical reporting		
Democratic Republic of Congo	506,528	402,409
Zambia	799	885
Philippines	5,065	3,720
Australia ¹	12,462	5,535
Canada ¹	199,360	276,106
	724,214	688,655

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

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

	3 Months ended June 30		6 months ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenues – Geographical reporting				
Democratic Republic of Congo	59,789	65,696	135,056	107,732

18. Earnings per share

Basic earnings per share	0.12	0.58	0.42	0.96
Diluted earnings per share	0.12	0.57	0.42	0.94
Weighted average number of ordinary shares outstanding - basic earnings per share	71,173,943	60,946,322	71,148,769	58,850,786
Weighted average number of ordinary shares outstanding - diluted earnings per share	71,635,151	62,256,234	71,714,698	60,275,563

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

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

	3 Months ended June 30, 2008		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	8,516	71,173,943	0.12
Effect of dilutive securities:			
Options and warrants	-	461,208	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	8,516	71,635,151	0.12

	3 Months ended June 30, 2007		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	35,362	60,946,322	0.58
Effect of dilutive securities:			
Options and warrants	-	1,309,912	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	35,362	62,256,234	0.57

	6 months ended June 30, 2008		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	29,955	71,148,769	0.42
Effect of dilutive securities:			
Options and warrants	-	565,929	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	29,955	71,714,698	0.42

	6 months ended June 30, 2007		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	56,440	58,850,786	0.96
Effect of dilutive securities:			
Options and warrants	-	1,424,777	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	56,440	60,275,563	0.94

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	3 months ended June 30		6 months ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
19. Supplementary cash flow information				
(a) Changes to non-cash working capital				
Accounts receivable	226	(12,535)	(6,692)	(22,721)
Inventories	(8,985)	404	(15,700)	(110)
Prepaid expenses and deposits	637	(3,527)	966	(4,009)
Deferred mining	-	(6,914)	-	(6,914)
Accounts payable and accrued liabilities	(859)	736	(4,129)	157
Income taxes	1,799	(3,027)	1,883	(1,728)
Other liabilities	174	130	310	235
	(7,008)	(24,733)	(23,362)	(35,090)
(b) Other information				
Interest and financing fees paid	(2)	(213)	(2)	(463)
Interest received	2,385	2,107	5,404	3,281
Income tax paid	(1,196)	(3,263)	(4,114)	(3,263)

20. Mining Commission Review

In early February 2008, Anvil received letters from the Minister of Mines for the DRC notifying the various subsidiaries of Anvil of the results of the review by the DRC Government with respect to the Dikulushi, Mutoshi and Kinsevere mining properties held by Anvil's subsidiaries. The letters from the Minister included a statement of terms upon which the Government proposes discussions be based to re-balance the partnership between the DRC and Anvil.

On February 29, 2008, the Company submitted responses to each of the letters received from the Minister of Mines for the DRC concerning results of the review by the DRC Government with respect to the Dikulushi, Mutoshi, and Kinsevere mine properties.

Further to this submission of responses, on April 1, 2008, AMCK and SMK received letters from Gécamines requesting a meeting in respect of the Mutoshi and Kinsevere mining properties, concerning the review of mining agreements by the DRC Government. Discussions with both Gécamines and the DRC Government are continuing.

21. Subsequent events

On July 10, the Company announced that it had entered into a binding term sheet for a private placement of approximately C\$297 million. The private placement consists of 23,733,970 Common Shares of Anvil to be issued at a price of C\$12.50 per share. The net proceeds from the private placement will be used by Anvil for completion of Kinsevere Stage II, Mutoshi Stage II SX-EW and studies leading to the development of an expanded SX-EW facility at Kolwezi and for general working capital purposes.

The private placement is subject to satisfaction of a number of conditions, including entering into a definitive subscription agreement, final regulatory approval and the approval of Anvil's shareholders. A special meeting of Anvil's shareholders to approve this transaction is currently scheduled for September 15, 2008.

If the transaction contemplated by the term sheet is not completed, the Company will require additional funding to support the Company's cash flow over the next six to 18 months. In that circumstance, the Company will consider various funding alternatives. The Company has been in discussions with lenders regarding a US\$100 million debt facility which, if completed, would substantially satisfy the Company's commitments at Kinsevere Stage II. The Company has also been in discussions with lenders concerning a working capital facility of up to US\$100 million. Finally, the Company believes it could raise required funds through an equity issue if necessary.