



ANVIL MINING LIMITED

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News Release

FOR IMMEDIATE RELEASE
November 2, 2004

TSX, ASX: AVM
Shares Outstanding: 23.6million

Quarterly Financial Results

Anvil Mining Limited (TSX, ASX: AVM) is pleased to announce its financial results for the three-month period ended September 30, 2004, the first quarter of the Company's 2005 fiscal year (Q1/05).

During the quarter, the Company successfully completed Stage II development of its Dikulushi copper-silver mine in the Democratic Republic of Congo, which involved the transition from a heavy-media separation recovery process to conventional grinding and flotation. Production of concentrate was reduced during the transition process, the result of shutting down the heavy-media separation plant at the end of August 2004 and the startup of the flotation plant during September 2004. Therefore, production of copper and silver in concentrate in Q1/05 was lower compared with Q1/04 and net earnings declined to \$0.4 million or \$0.01 per share in Q1/05 compared with \$2.5 million or \$0.14 per share in Q1/04. (All currency figures are in US\$)

Following the completion of the Stage II expansion, the Company has budgeted to produce 20,000 tonnes of copper and 1.6 million ounces of silver in concentrate on an annualized basis, about a 50% increase from Stage I's design capacity. The flotation concentrate from the Stage II expansion is also expected to have lower cash costs per pound of copper produced as the higher grade of the concentrate will reduce the unit transport costs and smelter charges per pound of produced copper.

Selected Financial and Production Results

	Quarter ended September 30	
	2004	2003
Copper-silver concentrate sales (\$ millions)	7.2	6.9
Payable pounds of copper in concentrate delivered (millions lb.)	5.3	8.7
Payable ounces of silver in concentrate delivered (oz.)	195,111	303,167
Operating profit: (\$ millions)	1.8	2.5
Net earnings: (\$ millions)	0.4	2.5
Copper produced (tonnes)	2,268	3,960
Silver produced (ounces)	191,021	322,908
Ore mined (tonnes)	69,210	79,889
Waste mined (tonnes)	423,119	794,437
Operating cash costs per pound (\$, ex mine gate after silver credit)	0.41	0.16
Total cash costs (\$, after silver credit)	0.68	0.45

Complete financial results and management's discussion and analysis have been filed on SEDAR (www.sedar.com) and are available on the Company's web site at www.anvil.com.au.

Outlook

Based on the results of deep drilling on the Dikulushi orebody to a vertical depth of 300 metres below surface completed during the June 2004 quarter, the Company expects that the potential mine life for the underground mine at Dikulushi will be increased by a further two years from the current expected life of 2008. The Company intends to undertake additional deeper drilling to evaluate the resource below 300 metres vertical depth, as the ore body beyond this level is still open.

Subsequent Events

On October 15, 2004, operations at the Dikulushi Mine were curtailed arising from local conflict at the village of Kilwa located 54 km south of the Dikulushi Mine. The curtailment of operations lasted four days, following which the mine resumed normal operations. This stoppage will have some effect on the level of production achieved and results for the month of October.

On October 20, 2004, RMB Resources Limited (RMB), part of the Rand Merchant Bank Group of South Africa, approved a \$2.4-million loan to the Company to finance a replacement mining fleet for the Dikulushi Mine. The loan is in addition to the \$6.5-million facility currently drawn down with RMB. The new loan is based on the same interest rate as the previous facilities provided to the Company and repayments will fit into the existing repayment schedule which will be fully repaid by March 2006.

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Additional Notes:

Scientific or technical information in this news release has been prepared under the supervision of Bill Turner, President and Chief Executive Officer of the Corporation, a Fellow of the Australasian Institute of Mining and Metallurgy and a qualified person under National Instrument 43-101.

Caution Regarding Forward Looking Statements: Statements regarding the Corporation's plans with respect to the expansion and future operation of the Dikulushi operation are forward-looking statements. There can be no assurance that Anvil's expectations with respect to future operations at Dikulushi will be met.

The terms "total cash cost" and "cash cost of production" are used on a per pound of copper basis. Total cash cost per pound is equivalent to mining operations, transport and smelting expenses (including the net credits for silver revenues) for the period divided by the number of pounds of copper produced during the period. Cash cost of production per pound of copper is equivalent to total cash cost per pound less transport and smelting expenses. Cash operating cost information is included to provide information about the cost structure of mining operations. The term "operating profit" represents the net attributable revenues after deducting mine operating costs. The mine operating costs exclude exploration expense, foreign exchange gains and losses, amortization and interest and

financing fees. This information differs from measures of performance determined in accordance with CAAP in Canada and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP and may not be comparable to similarly titled measures of other companies.

Anvil Mining Limited

Consolidated Financial Statements

Three months (Quarter) ended September 30, 2004

(Unaudited)

(Expressed in United States Dollars except where indicated)

Consolidated Balance Sheets

	Notes	September 30 2004 \$ 000	June 30 2004 \$ 000
ASSETS			
Current assets			
Cash and cash equivalents		3,355	7,170
Restricted cash		140	135
Accounts receivable		1,550	1,144
Inventories	3	3,723	2,228
Investments		57	55
Prepaid expenses and deposits		622	390
		<u>9,447</u>	<u>11,122</u>
Deferred financing fees	4	610	709
Deferred mining costs	5	1,877	1,975
Exploration and evaluation expenditure	6	2,505	2,194
Property, plant and equipment	7	18,227	16,022
		<u>32,666</u>	<u>32,022</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		3,734	4,234
Current portion of long term debt	8	4,400	3,300
Current income taxes		42	41
Other liabilities		298	195
		<u>8,474</u>	<u>7,770</u>
Long term debt	8	2,100	2,825
Environmental and mine closure liabilities		300	294
		<u>10,874</u>	<u>10,889</u>
Non controlling interest		760	637
Shareholders' equity	9	17,856	17,783
Cumulative translation adjustments		670	559
Retained earnings		2,507	2,154
		<u>32,666</u>	<u>32,022</u>
Commitments for expenditure	10		
Contingent liabilities	11		
Subsequent events	15		

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

Consolidated Statements of Earnings and Retained Earnings

		Quarter ended September 30	
	Notes	2004 \$ 000	2003 \$ 000
Copper-silver concentrate sales		7,156	6,864
Operating expenses		(4,702)	(4,034)
Amortization		(692)	(348)
Operating profit		<u>1,762</u>	<u>2,482</u>
Other income	2	10	1,379
General, administrative and marketing		(677)	(277)
Exploration expense		(0)	(88)
Foreign exchange gains/(losses)		(38)	(95)
Stock based compensation		(94)	(0)
Interest and financing fees	2	(487)	(492)
Earnings from ordinary activities before income tax and non controlling interest		<u>476</u>	<u>2,909</u>
Income tax		(0)	(275)
Non controlling interest		(123)	(105)
Net Earnings		<u>353</u>	<u>2,529</u>
Retained earnings at beginning of the period		2,154	(3,899)
Retained earnings (Deficit) at end of the period		<u>2,507</u>	<u>(1,370)</u>
Basic earnings per share (cents)		1.50	14.35
Diluted earnings per share (cents)		1.46	12.70

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

Consolidated Statements of Cash Flows

	Notes	Quarter ended September 30	
		2004	2003
Cash flows from operating activities		\$ 000	\$ 000
Net earnings for the period		353	2,529
Items not affecting cash			
Amortization		692	348
(Gain)/loss on disposal of investments		0	(1,375)
Non controlling interest		123	105
Borrowing costs		0	35
Unrealised foreign exchange losses		30	(77)
Stock based compensation		94	0
Changes in non-cash working capital	14	(2,445)	552
		(1,153)	2,117
Cash flows from investing activities			
Payments for property, plant and equipment		(2,795)	(787)
Proceeds from sale of investments		0	1,592
Payments for exploration and evaluation expenditure		(287)	(102)
		(3,082)	703
Cash flows from financing activities			
Proceeds from issue of shares (net of issue expenses)		0	921
Proceeds from borrowings		750	0
Repayment of borrowings		(375)	(698)
		375	223
Net increase (decrease) in cash and cash equivalents		(3,860)	3,043
Cash and cash equivalents at beginning of the period		7,170	645
Effects of exchange rate changes on cash held in foreign currencies		45	71
Cash and cash equivalents at end of the period		3,355	3,759

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation

The unaudited interim consolidated financial statements have been presented in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim reporting. They do not include all the information and disclosure required by Canadian GAAP for annual financial statements.

In the opinion of management all adjustments required for a fair presentation are included in these statements in accordance with the accounting policies of the Company. The unaudited interim consolidated financial statements should be read in conjunction with the year-end 2004 audited financial statements for the detailed note disclosure.

Certain comparative figures for the prior period have been reclassified to conform to the current period’s presentation.

	Quarter ended September 30	
	2004 \$ 000	2003 \$ 000
2. Other Income		
Gain on sale of Golden Star Resources Ltd (“GSR”) shares	0	1,375
Interest received – other persons	10	4
	10	1,379
Interest and financing fees		
Financing fee (net smelter return)	444	418
Interest	73	36
Amortization of deferred borrowing costs	21	38
Less: amounts capitalised	(51)	0
	487	492
	September 30	June 30
	2004	2004
	\$ 000	\$ 000
3. Inventories		
Raw materials and stores – at cost	2,251	1,128
Ore stockpiles – at cost	605	497
Concentrate in stockpiles and in transit – at cost	867	603
	3,723	2,228
4. Deferred financing fees		
Deferred fees paid and value of options granted	968	968
Amortization	(358)	(259)
	610	709
5. Deferred mining costs		
Costs at the beginning of period	1,975	674
Waste stripping costs deferred during the period	(98)	1,301
Costs at end of period	1,877	1,975

During the quarter ended September 30, 2004, the Company expensed \$98,000 of deferred stripping costs based on a life of mine strip ratio of 8.4:1 compared to the actual strip ratio for quarter of 6.4:1.

8. Long term debt Facilities	September 30 2004 \$ 000	June 30 2004 \$ 000
RMBI project financing (a)	6,500	6,125
Total long-term debt	6,500	6,125
Less: current portion	(4,400)	(3,300)
	<u>2,100</u>	<u>2,825</u>

The scheduled minimum repayments are as follows:

Twelve months to September 2005 (June 2005)	4,400	3,300
Twelve months to September 2006 (June 2006)	2,100	2,825
	<u>6,500</u>	<u>6,125</u>

- (a) RMB International (Dublin) Limited (“RMBI”) a subsidiary of the Rand Merchant Bank Group provided the project financing facility to a subsidiary for the purpose of developing Stage I of the Dikulushi Mine. The Stage I project facility was for \$4,500,000. RMBI increased the project facility by US\$5,000,000 to include the Stage II, ball mill and flotation ore processing plant expansion. The loan is secured by a fixed and floating charge over the assets of the Company and a negative pledge by all entities owned by the Company. The loan bears interest at the London Interbank Offer Rate (LIBOR) + 2.5% per annum and is payable in arrears, quarterly. The effective interest rate for the quarter ended September 30, 2004 was 4.5%. A 6.25% net smelter return financing fee is payable to RMBI until the Company has sold 65,000 tonnes of copper cathodes from ore which is being mined from the Dikulushi Mine. Repayments commenced in December 31, 2002 and the increased facility is repayable by March 2006.

Undrawn debt facilities

As at September 30, 2004, there were no undrawn debt facilities.

9. Shareholders’ equity share capital	September 30 2004 \$ 000	June 30 2004 \$ 000
Represented by:		
Common shares	16,809	16,800
Warrants	0	0
Contributed surplus	1,047	983
	<u>17,856</u>	<u>17,783</u>
	Number	Number
Number of shares issued and outstanding	23,564,229	23,554,229
Weighted average number of shares	23,557,381	19,746,568

10. Commitments for expenditure

- (a) Exploration Expenditure Commitments

In order to maintain the mining tenements in which the Company has interests, the Company is committed to meet prescribed conditions under which the tenements were granted. The Company’s exploration expenditure commitment as at September 30, 2004 is \$126,000 (June 2004 - \$75,000).

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.

(b) Dikulushi Mine

The outstanding capital commitments of the Company relating to the Dikulushi Stage II mine construction contracted at September 30, 2004 was \$nil (June 30, 2004 \$1,142,000). The outstanding capital commitments of the Company relating to the acquisition of a Dikulushi mining fleet contracted at September 30, 2004 was \$1,000,000 (June 30, 2004 \$nil).

11. Contingent liabilities**Dikulushi Project**

In conjunction with the RMBI financing facility, the Company granted a 6.25% net smelter return financing fee to RMBI. The net smelter financing fee is payable until the Company has sold 65,000 tonnes of copper cathodes or equivalent from copper ore which is being mined from the Dikulushi Project. At September 30, 2004, 22,600 tonnes of copper had been sold and in aggregate since the commencement \$2,475,563 of financing fees has been paid. It is not practical to estimate the potential effect of this liability, which is dependent on the future price of copper and silver and the commercial smelting and refining terms.

12. Segment information

The Company operates primarily in the mining and mineral exploration industry in Africa and Southeast Asia.

The operations in DRC comprise the Dikulushi copper-silver mine as well as exploration on tenements, totalling almost 20,000 square kilometres, held in DRC. The Zambia operations comprise the infrastructure support to the Dikulushi mine, as well as 2,900 square kilometres of exploration tenements. The Ghana assets include the Company's investment in Golden Star Resources Limited. The Vietnam and Philippine operations are mainly exploration projects. The 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 Mine. The total assets located by geographic areas are as follows:

Total assets - Geographical Reporting	September 30 2004 \$ 000	June 30 2004 \$ 000
Democratic Republic of Congo	27,889	24,509
Ghana	57	55
Zambia	369	286
Vietnam	538	518
Philippines	51	30
Australia and Canada ⁽¹⁾	3,762	6,624
	32,666	32,022

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

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

Revenues - Geographical Reporting	Quarter ended September 30	
	2004 \$ 000	2003 \$ 000
Democratic Republic of Congo	7,156	6,864

The total external revenue from operating activities and the related external trade receivables balances is due from Republic House AG pursuant to an "off-take sales agreement".

13. Earnings per share

	Quarter ended September 30	
	2004	2003
Basic earnings per share (cents per share)	1.50	14.35
Diluted earnings per share (cents per share)	1.46	12.70
Weighted average number of ordinary shares outstanding - basic earnings per share	23,557,381	17,624,308
Weighted average number of ordinary shares outstanding - diluted earnings per share	24,196,264	19,943,889

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

	Quarter ended September 30		
	2004		
	Income	Shares	Cents per share
	\$ 000	Number	amount
Basic earnings per share			
Income available to shareholders	353	23,557,381	1.50
Effect of dilutive securities			
Options		638,883	
Diluted earnings per share			
Income available to shareholders and assumed conversions	353	24,196,264	1.46
	Quarter ended September 30		
	2003⁽¹⁾		
	Income	Shares	Cents per share
	\$ 000	Number	amount
Basic earnings per share			
Income available to shareholders	2,529	17,624,308	14.35
Effect of dilutive securities			
Options		1,593,027	
Convertible note	3	726,554	
Diluted earnings per share			
Income available to shareholders and assumed conversions	2,532	19,943,889	12.70

(1) Restated for comparative purposes to the post Reorganization basis.

The number of potentially dilutive shares excluded from the calculation of diluted earnings per share as at September 30, 2004 is nil (September 30 2003: nil).

14. Supplementary cash flow information

	Quarter ended September 30	
	2004	2003
	\$ 000	\$ 000
(a) Changes to non-cash working capital		
Accounts receivable	(406)	88
Inventories	(1,495)	(170)
Prepaid expenses and deposits	(229)	9
Deferred mining	98	(245)
Accounts payable and accrued liabilities	(518)	311
Tax provision	0	275
Other liabilities	105	284
Restricted cash movements	0	0
	<u>(2,445)</u>	<u>552</u>
(b) Other information		
Interest and financing fees paid	(556)	(344)

15. Subsequent events

On October 15, 2004 operations at the Dikulushi mine were curtailed arising from local conflict at the village of Kilwa located 54 kilometres south of the Dikulushi Mine. The curtailment of operations lasted 4 days, following which the mine resumed normal operations. This stoppage will have some effect on the level of production achieved and results for the month of October.

On October 20, 2004 RMBI approved a \$2.4 million loan to the Company to finance a replacement mining fleet for the Dikulushi mine. The loan is in addition to the \$6.5 million facility currently drawn down with RMBI. The new loan is based on the same interest rate as the previous facilities provided to the Company and repayments will fit into the existing repayment schedule which will be fully repaid by March 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 30, 2004

This discussion and analysis of financial position and results of operations of Anvil Mining Limited (the "Company") and its subsidiaries for the quarter ended September 30, 2004 is presented as of October 29, 2004. The discussion below should be read in conjunction with the unaudited consolidated financial statements of the Company and the notes thereto for the three months ended September 30, 2004 and the audited consolidated financial statements of the Company for the year ended June 30, 2004. The Company's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles.

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 dollar. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil Mining Limited set out below originates in Canadian dollar ("C\$") or the Australian dollar ("A\$") and has been translated into US dollar based on prevailing exchange rates and in accordance with the basis stated in note 2 to the annual consolidated financial statements.

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

1. Overview

During the quarter, the Stage II expansion of the Dikulushi Copper-Silver Mine comprising the replacement of the Heavy Media Separation ("HMS") plant with ball mill and flotation circuits was completed.

Dikulushi Copper-Silver Mine

The Dikulushi Mine is situated in the southeast part of the Democratic Republic of Congo ("DRC") in the Haut Katanga District. The mine was initially established using a staged development approach. Stage I, which involved establishing a 250,000 tonnes per annum HMS production circuit, was commissioned during September 2002. The next phase of the development, the Stage II expansion, comprising a 350,000 tonnes per annum ball mill and flotation circuits was commenced during November 2003 and completed during the September 2004 Quarter.

At June 2003, the open pit mine had a resource of 1,138,000 tonnes of ore with an average grade of 8.11% of copper and 238 g/t of silver. During the quarter ended September 2004, 69,210 tonnes of ore grading 6.55% copper and 166 g/t silver were mined from the open pit. Cumulative ore tonnes mined from the open pit from the commencement of operations to the end of September 2004 amounted to 532,000 tonnes at an average grade of 7.29% copper and 184 g/t silver.

Up to June 2004 a deep drilling program at Dikulushi extended the known mineralization to a depth of 300 metres from the surface. Results of the drilling are currently being incorporated in a new study on the Stage III underground mine development. In conjunction with a revised resource estimation, a revised open pit plan and Stage III underground mine development optimization models are expected to be completed during the December 2004 quarter.

2. September Quarterly Information

	Quarter ended September 30	
	2004	2003
Revenues: (\$ millions)		
Copper-silver concentrate sales	7.2	6.9
Payable pounds of copper in concentrate delivered (lbs millions)	5.3	8.7
Payable ounces of silver in concentrate delivered (ozs)	195,111	303,167
Operating profit (loss): (\$ millions)	1.8	2.5
Net earnings: (\$ millions)	0.4	2.5
Production statistics:		
Copper produced (tonnes)	2,268	3,960
Silver produced (ounces)	191,021	322,908
Ore mined (tonnes)	69,210	79,889
Waste mined (tonnes)	423,119	794,437
Costs of production: (\$)		
Operating cash costs per pound (ex mine gate after silver credit)	0.41	0.16
Total cash costs (after silver credit)	0.68	0.45

3. Discussion of Earnings and Operations

Revenues

The sales of concentrate for the quarter realized \$7.2 million (Sep 2003 quarter: \$6.9 million) from the sale of 5.3 million pounds of contained copper and 195,111 ounces of contained silver (Sep 2003 quarter: 8.7 million pounds of contained copper and 303,167 ounces of contained silver).

The lower level of production of contained copper and silver in concentrates for the quarter was a result of the production transition involving the shutdown of the HMS plant at the end of August 2004 and start up of the flotation plant during September 2004. Commissioning tests on the flotation plant were also completed during September 2004.

The declining availability of the contractor's mining equipment hampered mining operations during the quarter. The complete change out of the contractor's poorly maintained mining fleet to the owner mining fleet was not completed as planned during the quarter. The seven larger capacity Bell B40 replacement trucks from another contractor arrived during August and September 2004. And the first two major loading items, being two Hitachi ZX650 excavators arrived during October 2004. These new excavators will redress the lack of digging capacity, experienced since June 2004, for waste stripping and ore production at the open pit. Other replacement ancillary equipment also arrived at Dikulushi during October 2004.

The impact of lower copper and silver production was however, offset partly by higher copper and silver prices achieved.

Operating Expenses

Operating expenses for the quarter were \$4.7 million (Sep 2003 quarter: \$4.0 million) and were higher from increased labour costs and the absorption of approximately \$290,000 of costs associated with the termination and settlement with the liquidator of the mining contractor's obligations in the Democratic Republic of Congo ahead of the mining fleet change out. Higher labour costs are mainly due to the increased number of employees arising from the flotation plant and other mine infrastructure associated with the Stage II expansion.

The total cash operating cost per pound of copper produced (after silver credits) was \$0.68 (Sep 2003 quarter: \$0.45) which was reflective of the lower copper production achieved during the installation of the flotation plant. The average realized copper and silver prices were \$1.24 per pound (Sep 2003 quarter: \$0.77 per pound) and \$6.03 per ounce (Sep 2003 quarter: \$4.18 per ounce) respectively.

The operating profit (after amortisation) decreased for the quarter ended September 30, 2004 to \$1.8 million (Sep 2003 quarter: \$2.5 million) reflecting the lower copper production. Higher realized sales prices for both copper and silver offset the lower production levels achieved.

Net Earnings

The net earnings for the quarter were \$0.4 million (Sep 2003 quarter: \$2.5 million). The basic earnings per share decreased to 1 cent per share (Sep 2003 quarter: 14 cents per share) as a result of the lower production levels achieved during the commissioning of the ball mill and flotation circuits.

In addition to the impact from changes in revenues and operating costs during the September 2004 quarter, the net earnings result for the quarter ended September 30, 2004 compared with September 30, 2003 quarter, also reflect the following changes:

- Net income in the September 2003 of \$1.4 million mainly from the sale of Golden Star Resources Limited ("GSR") shares contributed to high net earnings in the September quarter 2003 compared to the result for the September 2004 quarter.
- General, administrative and marketing costs, primarily relates to the corporate office costs in Australia and since the corporate reorganization in June 2004, includes the new corporate office in Toronto, Canada. In the September quarter, this total cost was \$0.7 million (Sep 2003 quarter: \$0.3 million), an increase of 244%. The increase in total costs also reflects the additional costs associated with the expanded corporate governance, financial control and administrative support infrastructure for the management, administration, accounting and other administrative support services being provided from the corporate offices following the reorganization of the group.
- The stock based compensation cost in the quarter ended September 30, 2004 of \$0.1 million (Sep 2003 quarter: \$nil) relates to the accrued cost of option plans granted to employees and directors designed as incentives for maintaining and increasing performance.
- The higher amortization expense of \$0.7 million (Sep 2003 quarter: \$0.3 million) relates to the increased asset base of the Stage II expansion being depreciated during the quarter.
- Interest and financing fees of \$0.5 million (Sep 2003 quarter: \$0.5 million) in the quarter ended September 30, 2004 and in the comparative quarter both include the finance cost associated to the RMB Resources International (Dublin) Limited ("RMBI") facility fee (which includes a 6.25% net smelter return).

4. Discussion of Cash Flows

	Quarter ended September 30	
	2004	2003
Cash flows from: (\$ millions)		
Operating activities	(1.2)	2.0
Investing activities	(3.0)	0.7
Financing activities	0.4	0.2

The cash outflow from operating activities was \$1.2 million (Sep 2003 quarter: inflow of \$2.0 million). The cash operating outflow for the quarter was attributable to an increase in inventory levels arising from higher levels of consumables being carried for the first fills associated with the Stage II processing facility expansion and the installation of the new 4.8 Megawatt power station. Additionally, spare parts and consumables were acquired to maintain the contractor's mining fleet prior to the change over to owner mining operations.

The cash outflow from investing activities of \$3.0 million (Sep 2003: inflow \$0.7 million) was mainly in relation to payments for construction labour, materials and components for the Dikulushi Stage II expansion and additional associated infrastructure with the mine administration. In the September 2003 quarter, payments for additional fixed assets were offset by inflows from the sale of GSR shares of \$1.6 million which contributed to the net inflow during that quarter. Expenditure on capitalised exploration projects during the quarter was \$0.3 million (Sep 2003 quarter: \$0.1 million).

The cash inflow from financing activities generated a net \$0.4 million (Sep 2003 quarter: net inflow \$0.2 million). This net movement arose from the final drawdown of \$0.8 million of the increased RMBI \$5.0 million project finance facility for the Dikulushi Stage II expansion and the quarterly repayment of \$0.4 million against this loan facility.

5. Discussion of Financial Position and Liquidity

	September 30	June 30
	2004	2004
Assets (\$ millions)		
Cash and cash equivalents	3.3	7.2
Current assets	9.4	11.1
Total assets	32.7	32.0
Liabilities (\$ millions)		
Current liabilities	8.5	7.8
Long-term debt	2.1	2.8
Total liabilities	10.9	10.9
Shareholders' equity (\$ millions)	21.0	20.5
Working capital (\$ millions)	0.9	3.4
Weighted average number of shares	23,557,381	19,746,568
Outstanding number of shares	23,564,229	23,554,229

Cash and cash equivalents

The cash and cash equivalents decrease to \$3.3 million at September 30, 2004 (Jun 2004: \$7.2 million), was attributable primarily to the outflows from operating activities and investing activities associated with the increase in inventory and payments for fixed assets in relation to the Dikulushi Stage II expansion.

Current assets

The total current assets decrease to \$9.4 million at September 30, 2004 (Jun 2004: \$11.1 million) was mainly due to a decrease in cash offset by increases in receivables and inventories.

Total assets

The small net increase in total assets at June 30, 2004 to \$32.7 million (Jun 2004: \$32.0 million) was attributable to reduction in cash balances (\$3.8 million) to meet payments associated with the Stage II expansion (\$3.4 million increase in property, plant and equipment before amortization) offset by an increase in receivables (\$0.4 million) and inventories (\$1.5 million). The increase during the quarter in exploration and evaluation expenditure of \$0.3 million was attributable mainly to regional exploration activity in the DRC.

Current liabilities

Current liabilities at September 30, 2004, increased to \$8.4 million (Jun 2004: \$7.7 million) arising from the reclassification of \$1.1 million of debt from long term to current, which was offset by a reduction of \$0.5 million in accounts payable.

Total liabilities

Total liabilities at September 30, 2004 were \$10.9 million (Jun 2004: \$10.9 million). The impact of reduction of accounts payable was offset by the net increase in long term debt resulting in total liabilities remaining constant.

Long Term Debt

Total long-term debt increased to \$6.5 million at September 30, 2004 (Jun 2004: \$6.1 million) from the final draw down of \$0.8 million during the quarter associated with the Dikulushi Stage II expansion. The RMBI debt was also reduced by the regular quarterly repayment of \$0.4 million.

Working capital

Working capital reduced to \$0.9 million at September 30, 2004 (Jun 2004: \$3.4 million) mainly due to a lower level of working cash balances.

Shareholders' equity

Shareholders' equity at September 30, 2004 increased slightly to \$21.0 million (Jun 2004: \$20.5 million) arising from the net earnings result for the quarter and an increase from the vesting of staff and directors options accounted for as stock compensation expense in the profit and loss account.

At September 30, 2004, the Company had outstanding 23,564,229 common shares. In addition there were outstanding 692,500 director and employee stock options with exercise prices of C\$4.25 and ranging from A\$1.20 to A\$4.50 per share. The Company had 796,631 share purchase warrants outstanding, of which 296,631 are exercisable at a price of A\$1.20 and 500,000 are exercisable at a price of A\$3.00 per share, expiring on January 15, 2006 and August 31, 2006 respectively. Further

details of these instruments are set out in note 13 of the Company's June 30, 2004 annual financial statements.

6. Other Matters

Segment Information

Geographical Reporting Quarter ended September 30, 2004

	DRC	Other Africa	Corporate	Total
Revenues	7.2	-	-	7.2
Cost of production	(4.7)	-	-	(4.7)
Other expenses	(1.4)	-	(0.6)	(2.0)
Non controlling interest	(0.1)	-	-	(0.1)
	<u>1.0</u>	<u>-</u>	<u>(0.6)</u>	<u>0.4</u>

Quarter ended September 30, 2003

	DRC	Other Africa	Corporate	Total
Revenues	6.9	1.4	-	8.3
Cost of production	(4.4)	-	-	(4.4)
Other expenses	(0.7)	-	(0.6)	(1.3)
Non controlling interest	(0.1)	-	-	(0.1)
	<u>1.7</u>	<u>1.4</u>	<u>(0.6)</u>	<u>2.5</u>

DRC revenues and expenses relate to the Dikulushi Mine operations. Corporate expenses relate to the general, administrative and marketing costs of the activities of the Perth and Toronto offices.

Deferred Exploration

As at September 30, 2004 the Company had deferred exploration costs of \$2.5 million (Jun 2004: \$2.2 million), which increased by \$0.3 million arising from increased deferral of exploration costs associated with new activities in the DRC copperbelt region.

7. Outlook

Following the completion of the Stage II expansion of the ore processing facilities at the Dikulushi Mine in August 2004 and the successful commissioning in September 2004, the Company has budgeted to produce 20,000 tonnes of copper contained in concentrates on an annualized basis. The concentrates produced from the Stage II ball mill and flotation concentrate plant are expected to contain 1,600,000 ounces of silver on an annualized basis.

The flotation concentrate from the Stage II expansion at Dikulushi is expected to have reduced cash costs per pound of copper produced as the higher grade of the concentrate will have the direct impact of reducing the unit transport costs and smelter charges per pound of produced copper. In addition, the expected higher silver grade of the concentrate produced is expected to increase the silver credits.

Based on the results of deep drilling on the Dikulushi ore body to a vertical depth of 300 metres below surface completed during the June 2004 quarter, the Company expects that the potential mine life for the underground mine at Dikulushi will be increased by a further two years from the current expected life of 2008. The Company intends to undertake additional deeper drilling to evaluate the resource below 300 metres vertical depth, as the ore body beyond this level is still open.

On October 15, 2004 operations at the Dikulushi mine were curtailed arising from local conflict at the village of Kilwa located 54 kilometres south of the Dikulushi Mine. The curtailment of operations lasted 4 days, following which the mine resumed normal operations. This stoppage will have some effect on the level of production achieved and results for the month of October.

On October 20, 2004 RMBI approved a \$2.4 million loan to the Company to finance a replacement mining fleet for the Dikulushi mine. The loan is in addition to the \$6.5 million facility currently drawn down with RMBI. The new loan is based on the same interest rate as the previous facilities provided to the Company and repayments will fit into the existing repayment schedule which will be fully repaid by March 2006.

8. Critical accounting policies

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 June 30, 2004 annual consolidated financial statements:

Mine properties

The Company adopts a unit-of-production method to depreciate its mine properties. This method requires estimates of economically recoverable reserves of the Company's mine properties. Qualified independent surveyors and geologists are engaged to estimate the economic recoverable reserves. The estimation process involves sampling and other statistical tools to estimate the amount of recoverable reserves.

Variations in the calculated 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 Company accumulates certain costs associated with exploration activities on specific areas of interest where the Company has rights of tenure. The Company'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 put into production, sold or abandoned. No costs are deferred on a mineral property that is considered to be impaired in value. As at September 30, 2004, the Company has deferred exploration costs of approximately \$2.5 million associated with exploration properties in Africa and Southeast Asia.

Deferred Mining Costs

The Company uses the deferred stripping accounting method for mining costs associated with waste rock removal, which is in excess of the life-of-mine average. Waste rock mining costs are deferred and charged to operations on the basis of the average stripping ratio for the life of the mine. The waste to ore ratio and remaining life of the mine are both regularly assessed to ensure that both the carrying value and rate of deferral are appropriate.

The amount deferred or charged to cost of production is subject to management's estimate of the stripping ratio over the life of the mine. Any change in the stripping ratio or mine life estimate could have a material effect on the financial results. During the quarter ended September 30, 2004, the Company expensed \$0.1 million for deferred stripping costs based on a life of mine strip ratio of 8.4:1 compared to the actual strip ratio for the quarter of 6.4:1.

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 new standard issued by the Canadian Institute of Chartered Accountants ("CICA") in relation to Asset Retirement Obligations ("ARO"). The Company's early adoption of the standard in the June 30, 2004 annual financial statements resulted in the prior year's figures being retroactively restated on the basis that the standard was applied for the first time as at July 1, 2002.

Future Income Taxes

The Company has adopted CICA 3465 "Income Taxes". Under the standard, the Company is required to estimate the existence of both taxable losses and the recoverability of these losses. The adoption of CICA 3465 has no material impact on the financial statements.

As at June 30, 2004, the Company 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.

Estimates, Risks and Uncertainties

Financial statements prepared in conformity with Canadian generally accepted accounting principles requires 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.

The Company'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 mining and processing, mine development, copper and silver prices, estimation of carrying values, estimation of waste:ore deferred stripping ratios, government and environmental regulations, political stability, international operations, health, currency, inflation, key personnel, share market and capital requirements risks. A more detailed analysis of the risk factors the Company is faced with can be found in the most recent annual information form available on SEDAR at www.sedar.com.

Deed of Cross Guarantee

In June and August 2004, Anvil Mining Limited and certain Australian incorporated companies 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.

Non-GAAP Financial Measures

The terms “total cash cost” and “cash cost of production” are used on a per pound of payable copper produced basis. Total cash cost per payable pound produced is equivalent to the costs of mining operations, transport and smelting (including the net credits for silver revenues) for the period divided by the number of pounds of copper produced during the period. Cash cost of production per pound of payable copper is equivalent to total cash cost per payable pound produced less transport and smelting expenses. Cash operating cost information is included to provide information about the cost structure of mining operations. The term “operating profit” represents the net attributable revenues after deducting mine operating costs and amortization. The mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. This information differs from measures of performance determined in accordance with GAAP in Canada and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP and may not be comparable to similarly titled measures of other companies.

Additional Notes

Information of a scientific or technical nature in this management discussion and analysis and financial review has been prepared under the supervision of Bill Turner, President and Chief Executive Officer of Anvil Mining Limited, a Fellow of the Australasian Institute of Mining and Metallurgy, who has more than five years experience in the field of the activity reported herein and is a qualified person under National Instrument 43-101.

Forward Looking Statements

The forward-looking statements made in this Management’s Discussion and Analysis 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 prices of copper and silver, estimated future production, estimated costs of future production involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual prices of copper and silver, the actual results of current exploration, development and mining activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company’s filed documents.

9. Summary of Quarterly Results

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

	Q1 2005 Sep 04	Q4 2004 Jun 04	Q3 2004 Mar 04	Q2 2004 Dec 03	Q1 2004 Sep 03	Q4 2003 Jun 03	Q3 2003 Mar 03	Q2 2003 Dec 02
Statement of Operations and Earnings								
Copper-silver concentrate sales (\$ millions)	7.2	8.2	7.6	6.4	6.9	5.0	4.1	1.3
Operating profit (loss) (\$ millions)	1.8	3.3	4.0	2.3	2.8	1.6	0.5	(0.2)
Net earnings (loss) (\$ millions)	0.4	1.3	2.1	0.2	2.5	(0.0)	(0.0)	(0.6)
Basic earnings per share (cents)	1.43	6.35	11.08	0.79	14.35	(0.32)	(0.02)	(3.50)
Diluted earnings per share (cents)	1.39	5.93	10.20	0.72	12.68	(0.32)	(0.02)	(3.50)
Production Statistics								
Ore processed (tonnes)	56,160	70,053	58,674	66,956	70,915	72,798	62,866	35,598
Copper grade %	6.05	6.42	7.84	6.80	7.99	7.46	8.51	7.56
Contained copper (tonnes)	3,397	4,500	4,603	4,552	5,667	5,436	5,347	2,693
Recovery %	66.8	71.0	73.1	67.5	69.8	65.4	61.4	46.9
Copper produced (tonnes)	2,268	3,189	3,365	3,074	3,960	3,555	3,286	1,264
Silver produced (ounces)	191,021	301,315	255,953	331,555	322,908	261,128	233,410	94,536
Payable pounds of copper contained in concentrate delivered (million pounds)	5.3	7.1	6.7	6.8	8.7	7.1	5.8	2.3
Payable ounces of silver contained in concentrate delivered (ounces)	195,111	287,780	226,997	323,297	303,167	232,228	184,910	55,203