

## **News Release**

**FOR IMMEDIATE RELEASE**

**May 11, 2006**

**TSX, ASX: AVM**

**Common shares outstanding 52.9 million**

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

### **Anvil Mining Announces First Quarter 2006 Results Record Net Earnings of \$8.3 Million (\$0.26 Per Share)**

**Toronto, Canada - Anvil Mining Limited (TSX, ASX: AVM), (“Company”)** today announced first quarter 2006 consolidated net earnings of \$8.3 million (\$0.26 per share), compared to net loss of \$1.7 million (\$0.06 per share) for the first quarter of the previous year. Revenues for the quarter totalled \$33.2 million, up 331% compared to the corresponding quarter in 2005. The operating profit, after depreciation and amortization, was \$15.6 million as compared to an operating loss of \$0.2 million in the first quarter of 2005. Thanks to the solid performance of the Dikulushi mine and the commissioning of the Kulu mine last December, Anvil achieved its fourth consecutive quarter of record revenues and third consecutive quarter of record operating profit and record net earnings with production of 8,137 tonnes of copper (or 17.9 million pounds of copper) for the first quarter of 2006.

#### **Highlights: First Quarter 2006**

- Production of 8,137 tonnes of contained copper and 532,842 ounces of silver.
- Revenues from copper-silver concentrate sales of \$ 33.2 million, up 331%.
- Operating profit (after D&A) of \$15.6 million.
- Cash flow from operations before changes in working capital of \$13.4 million.
- Consolidated net earnings of \$ 8.3 million (\$0.26 per share).
- Successful completion of a C\$149 million (\$128.4 million) bought deal equity financing.
- Completion of a scoping study on the development options for Kinsevere project.

Bill Turner, President & CEO, commented, “This is our fourth consecutive quarter of growth in revenues, and third consecutive quarter of growth in operating profit and net earnings as a result of continuously improving operational performance at the Dikulushi mine, the commissioning of the Kulu mine in December 2005 and strengthening copper and silver prices. The current outlook for the Company is very positive in terms of achieving our stated organic growth objective of moving to mid-tier status within 3-4 years, with an interim production level of 100,000 tonnes of copper per year, a large proportion of which is expected to be cathode copper.”

The complete financial statements together with the related Management Discussion and Analysis are available at Anvil’s website at [www.anvilmining.com](http://www.anvilmining.com) under the heading “Latest News”.

## **Expenditures**

For the first quarter of 2006, expenditures for investing activities amounted to \$7.7 million and were used mainly for acquisition payments in relation to the interests acquired in the Mutoshi and the Kinsevere-Nambulwa projects (\$3.8 million), installation of the scrubber at Kulu, the purchase of mining equipment for the proposed Stage III underground mine development at Dikulushi (\$2.6 million) and exploration and evaluation expenditures incurred on the Dikulushi, Mutoshi and Kinsevere permits (\$1.3 million). The Company incurred higher general, administrative and marketing expenses during the quarter to support the growth of the Company and a higher level of corporate activity associated with the equity raising which was completed in March 2006.

## **Successful Completion of a Bought Deal Equity Financing: Solid Financial Position**

At the end of the first quarter of 2006, with the completion of a bought deal equity financing of C\$149.5 million (\$128.4 million), the Company had cash and cash equivalents amounting to \$112.4 million. Bill Turner noted: "We are delighted with the interest and strong confidence the market has shown in Anvil and this offering will help to accelerate the organic growth of the Company in the near-term and has enhanced our financial position."

The net proceed of the equity offering amounted to \$121.9 million out of which the Company repaid the RMB International (Dublin) Limited facility of \$5.5 million and the Deans Knight unsecured loan facility of \$5.2 million by the end of the quarter leaving the Company debt free at the end of the first quarter.

## **Mine Production**

### **Dikulushi mine (90%)**

The Dikulushi mining and processing operations continued to produce above the design capacity of 20,000 tonnes of copper per annum during the first quarter of 2006 processing 128,259 tonnes of ore at an average head grade of 5.0% Cu and 143 grams/tonne of silver. Production for the quarter was 5,505 tonnes of contained copper and 532,842 ounces of silver. Feed for the treatment plant consisted of high-grade ore from the open pit which was blended with low-grade stockpiles.

The operating cash cost at the mine (after silver credits) was \$0.46 per payable pound of copper produced and the total cash cost (after silver credits) was \$1.07 per pound of copper produced. Unit operating cash costs were slightly higher than those in the previous quarter owing to worldwide increases in consumables (particularly fuel) and resulting increases in concentrate transport costs. In addition, the export of some concentrates to overseas markets also increased transportation costs.

Design work for the transition to underground mining at Dikulushi continued during the quarter. All the major development equipment was ordered with delivery expected during the second quarter. Senior underground personnel have been recruited and most underground materials and spares are on site.

Seven holes comprising 3,012 metres of drilling were completed in the Dikulushi deep drilling program, designed to test the orebody to a depth of 400 metres below surface. Results and interpretation of the drilling program will be available in the second quarter of 2006.

## Production and Costs

### *First Quarter 2006 Production Highlights*

<b>DIKULUSHI &amp; KULU MINES, DRC</b>		
	Quarters ended March 31	
	<b>1Q 2006</b>	<b>1Q 2005</b>
<b>Dikulushi mine</b>		
Ore mined (tonnes)	150,864	91,862
Waste mined (tonnes)	1,419,272	1,321,719
Ore processed (tonnes)	128,259	80,812
Ore grade (%Cu)	5.0	3.9
Contained copper (tonnes)	6,352	3,119
Recovery in % (Cu)	86.7	82.1
Copper produced (tonnes)	5,505	2,559
Silver produced (ounces)	532,842	245,044
<b>Costs of production: (\$/lb Cu)</b>		
Operating cash costs per pound (ex-mine gate after silver credit)	0.46	0.65
Total cash costs (after silver credit)	1.07	1.11
<b>Kulu mine</b>		
Ore mined (tonnes)	25,032	-
Ore processed (tonnes)	51,808	-
Copper grade (%Cu)	8.0	-
Contained copper (tonnes)	4,118	-
Recovery in % (Cu)	58.0	-
Copper produced (tonnes)	2,632	-
<b>Costs of production: (\$/t of concentrate)</b>		
Operating cash cost per tonne of concentrate ex mine gate (\$)	272	-

Note: The Kulu HMS plant was commissioned in December 2005.

### **Kulu mine (70%)**

The new Kulu mine, commissioned last December as a Heavy Media Separation (HMS) processing plant, treated 51,808 tonnes of ore at an average grade of 8.0% Cu during the quarter for production of 8,893 tonnes of copper concentrate grading 28.5% copper for 2,632 tonnes of contained copper. The operating cash cost for oxide copper concentrate was \$272 per tonne. The concentrate is being sold to a local smelter in Kolwezi where it is smelted to produce “black copper” ingots grading around 95% copper. Production volume is being ramped up on the HMS plant to 5,000 tonnes of concentrate per month following the commissioning of the scrubber late March 2006 and the installation of the larger sink-screen in April and this will reduce unit cash costs. Despite the shutdown of the mine as a precautionary measure for a period of 5 days in April as a result of a group of illegal miners engaging in unlawful activities in the town of Kolwezi which regrettably

resulted in the loss of life of one Anvil staff member and one of its external contractor's security guards, the Company is confident that the mine will reach its original production target for 2006 of 16,500 tonnes of copper contained in concentrates.

### **Kinsevere Project (70%)**

A scoping study was completed during the quarter on the development options for the Kinsevere deposits based on the resources reported in the NI 43-101 Technical Report in December 2005. This scoping study has indicated the preferred development option for Kinsevere is an open pit mining operation combined with an HMS plant producing an oxide concentrate that would be processed through a custom-built electric arc furnace. This processing route would produce "black copper" ingots grading between 85%-95% copper.

The HMS plant would subsequently be upgraded to a Solvent Extraction Electrowinning (SX-EW) plant. A feasibility study on the SX-EW upgrade will be completed during the second quarter of 2006, with a commitment to proceed with the SX-EW development expected to be made in the third quarter of 2006.

## **Exploration**

### **Mutoshi Exploration (Kolwezi Region)**

Nineteen holes comprising 3,012 metres of RC drilling were completed in a scoping program designed to test the potential of the Mutoshi North-West syncline, which is situated immediately north of the Mutoshi open pit. All three of the expected mineralized horizons were recognized across two section lines and several well mineralized copper plus cobalt intervals of over 20 metres in thickness were reported.

A similar drilling program will start next month at the Nioka mining permit, on the southern margin of the Kolwezi Klippe.

### **Kinsevere Project (Lubumbashi Region)**

Preparations for the drilling campaign at Kinsevere are well advanced for the new field season and drilling is expected to start during the second quarter. Over 7,000 metres of drilling are planned for the three deposits, Tshifufia Central, Tshifufiamashi and Kinsevere. Drilling at the Nambulwa deposit is expected to start in the third quarter of 2006.

## **Corporate**

### **Kapulo Joint Venture**

Anvil has entered into an agreement with Mawson West Ltd (Mawson West), an ASX listed company, for Mawson West to begin earning into Anvil's Kapulo project tenements which are located 130 km north-east of the Company's Dikulushi mine.

The agreement with Mawson West will enable an exploration program to be carried out much sooner than was contemplated by Anvil, given its considerable evaluation and development commitments on the Kinsevere and Mutoshi projects in the main part of the DRC Copperbelt.

Mawson West can earn up to a 65% interest following the expenditure of \$4 million over 4 years.

## **Social & Community Development Programs**

In early April 2006, the Company signed an agreement with Pact Inc., (Pact) a Washington-based Non-Government Organization, for the design and implementation of the Company's social and community development programs in the vicinity of its Dikulushi mine.

Pact is well established in the Katanga Province of the DRC, and will add considerable professional capability to the Company's efforts to create meaningful and sustainable benefits for the local communities in the region of the Company's operations.

## **Reminder for the First Quarter Results Conference Call**

The Company will host a conference call at 11:00 a.m. (EST - North American time) on Friday, May 12, coinciding with 1:00am (AEST - Australian time) on Saturday, May 13, to discuss its first quarter results.

Details to access the conference call and the live audio webcast are as follow:

Conference call:

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

- Toll-free within North America: 1-800-219-6110
- For local and overseas calling: 1-303-262-2143

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

- CNW Group website at:  
<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=1474000>

Replay Information (available for a period of 4 days):

- The conference call will be recorded and a playback of the call will be available after the event by dialling 1-877-289-8525 or 1-416-640-1917, Reservation number 21188229 followed by the pound (#) key

Anvil Mining Limited is an unhedged copper and silver producer whose shares are listed for trading on the Toronto Stock Exchange and the Australian Stock Exchange under the symbol AVM. It owns and operates the Dikulushi copper-silver mine and the Kulu copper coarse rejects/tailings operation in the Katanga Province of the DRC.

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**Additional Notes:**

**Non-GAAP Financial Measures:** The terms “total cash cost” and “cash cost of production” are used on a per payable pound of copper basis. **Total cash cost** per payable pound is equivalent to the cumulative cost of mine site mining and processing operations, transport, smelting, refining and marketing expenses (including the net credits for silver revenues) for the period divided by the number of payable pounds of copper produced during the period. **Cash cost** of production per payable pound of copper is equivalent to the cost of mine site mining and processing operations (including the net credits for silver revenues) for the period divided by the number of payable pounds of copper produced during the period.

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 all 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 Canadian GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under Canadian GAAP and may not be comparable to similarly titled measures of other companies.

**Caution Regarding Forward Looking Statements:** The forward-looking statements made in this news release are based on assumptions and judgments 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, resource and reserve estimates, estimated future production and 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 anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of copper and silver, the actual results of current exploration, the actual results of future mining, processing and development activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company’s filed documents.

## Appendix

### Consolidated Balance Sheets (unaudited)

	Notes	March 31 2006 \$	December 31 2005 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		112,261	7,945
Restricted cash	3	199	204
Accounts receivable	4	21,970	7,915
Inventories	5	6,950	7,353
Prepaid expenses and deposits		1,223	826
		142,603	24,243
<b>Deferred financing fees</b>	6	36	1,584
<b>Deferred mining costs</b>	7	3,371	4,078
<b>Exploration and evaluation expenditure</b>	8	27,178	27,578
<b>Property, plant and equipment</b>	9	32,530	30,057
		<b>205,718</b>	<b>87,540</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		8,306	7,958
Current income taxes		-	75
Other liabilities		551	490
Current portion of long term debt	10	-	5,500
Purchase consideration payable	11	2,613	4,526
		11,470	18,549
<b>Long term debt</b>	10	-	5,146
<b>Purchase consideration payable</b>	11	109	2,085
<b>Future income tax liability</b>		6,413	6,413
<b>Asset retirement obligations</b>		783	778
		18,775	32,971
<b>Non controlling interest</b>	12	3,660	1,722
<b>Shareholders' equity</b>			
Equity accounts	13	164,495	42,310
Retained earnings		18,788	10,537
Total shareholders' equity		183,283	52,847
		<b>205,718</b>	<b>87,540</b>
Commitments for expenditure	14		
Contingent liabilities	15		

**Consolidated Statements of Earnings and Retained Earnings (unaudited)**

		<b>Quarter Ended March 31</b>	
		<b>2006</b>	<b>2005</b>
		<b>\$</b>	<b>\$</b>
	<b>Notes</b>		
<b>Concentrate sales</b>		33,213	7,695
Operating expenses		(15,833)	(6,524)
Amortization		(1,807)	(1,393)
Operating profit/(loss)		15,573	(222)
Other income	2	369	50
General, administrative and marketing		(1,682)	(788)
Foreign exchange losses		(445)	(10)
Stock based compensation		(243)	(107)
Interest and financing fees	2	(3,855)	(671)
Earnings before income tax and non controlling interest		9,717	(1,748)
Income tax		4	6
Non controlling interest		(1,470)	76
<b>Net Earnings (loss)</b>		8,251	(1,666)
Retained earnings at beginning of the period		10,537	3,030
<b>Retained earnings at end of the period</b>		18,788	1,364
Basic earnings (loss) per share	17	0.26	(0.06)
Diluted earnings (loss) per share	17	0.25	(0.06)

**Consolidated Statements of Cash Flows (unaudited)**

	Notes	Quarter Ended March 31	
		2006 \$	2005 \$
<b>Cash flows from operating activities</b>			
Net earnings (loss) for the period		8,251	(1,666)
Items not affecting cash			
Amortization		1,807	1,393
Non controlling interest		1,470	(76)
Deferred financing fees – amortized		1,553	89
Unrealized foreign exchange (gains)/losses		34	(61)
Stock based compensation		243	107
Changes in non-cash working capital	18	(12,656)	(3,380)
		702	(3,594)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,599)	(1,727)
Payment of deferred acquisition costs		(3,750)	-
Payments for exploration and evaluation expenditure		(1,321)	(6,182)
		(7,670)	(7,909)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of issue expenses)		121,936	(21)
Decrease in restricted cash		-	14,133
Repayment of borrowings		(10,652)	(1,375)
		111,284	12,737
<b>Net increase (decrease) in cash and cash equivalents</b>			
		104,316	1,234
Cash and cash equivalents at beginning of the period		7,945	4,559
Effects of exchange rate changes on cash held in foreign currencies		-	2
Cash and cash equivalents at end of the period		112,261	5,795