

Kulu Tailings Operation

Simple operation: no waste stripping
and no blast activities



Overview

Anvil Mining's acquisition of extensive interests in the Kolwezi area marks a significant advance in the Company's development. The Kolwezi Klippe is the most intensely mineralized area in the Katanga Copperbelt – and one of the most important mineral provinces in the world.

The Company has two projects under way in the area – the Kulu tailings operation and the Mutoshi cobalt prospect mine. By securing a significant stake in the area and working in partnership with the DRC government and local business, Anvil has opened up substantial new possibilities for the Company and the region.

The Kulu tailings operation is part of the Mutoshi exploration and mining joint venture between Anvil (70%), La Générale des Carrières et des Mines (Gécamines) – the DRC state-owned mining company (20%) and De Moura Enterprises (10%). The joint venture partners have the mineral rights to a total of 138.5 square kilometres (km²), held in three mining leases and one tailings mining lease.

The Kulu Tailings Mining Lease covers an area of 57.8km² to the east and north-east of the abandoned Mutoshi Mine. In 27 years – from 1960 to 1987 – an estimated 5-7Mt of malachite-rich tailings were discharged from the mine washing plant and flowed into the Kulumazibia watercourse, up to 14 kilometres (km) downstream.

Location

The Kulu mine is located 10 km east of the mining centre of Kolwezi in the Katanga Province in the southeast of the DRC. Kolwezi is situated in the wester extremity of the Central African Copperbelt, approximately 250km west of the provincial capital Lubumbashi.

Climate

The Kulu deposit area lies on a plateau which has remnant natural woodland, mixed with cleared agricultural plots. It is approximately 1,350 metres (m) above sea level. The property is accessed by an all weather gravel road from the main regional centre, Kolwezi, which has a population in excess of 50,000 people. The climate of the area is tropical, with distinct wet and dry seasons. The wet season starts at the beginning of October and finishes at the end of March. The rainfall is in order of 1,360mm per annum, with a range of 800mm to 2,200mm. It is Anvil's experience that the wet season generally does not inhibit mining and processing.

An Environmental Impact Assessment (EIA), including a baseline study, was recently completed in accordance with the World Bank standards.

Mineralization

The unique Kulu deposit consists of nodules of copper carbonate, principally malachite and waste material consisting of weathered and leached dolomites, sandstones, and other sedimentary fragments discharged from the old Mutoshi washing plant. The action of discharge water and natural creek flow during the wet season has winnowed the finer and low density particles preferentially leaving the coarser and denser rock fragments (mainly malachite nodules) which have accumulated in the creek bed and levee banks. As the creek has a low gradient, the reject

Ownership: Anvil 70%, Gécamines 20% and De Moura Enterprises 10%

Location: Kolwezi region, Katanga Province, Democratic Republic of Congo

Workforce: 297

Resources: 255,000t of contained copper

Average grades: Coarse tailings 4.4%

Anvil Projects on the Mutoshi tenements: Kulu copper tailings operation, Mutoshi copper-cobalt property

Life of the Kulu operation: 12 years

All amounts are expressed in US\$, unless otherwise indicated.



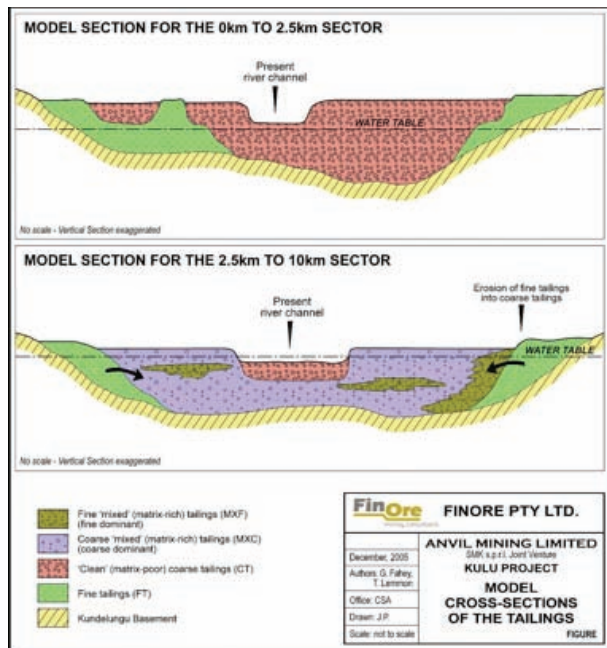
KULU TAILINGS OPERATION – KOLWEZI

Summary of production statistics:

	Q1 2006	Q2 2006
Ore mined (tonnes)	25,032	89,036
Average in-situ grade from 0 – 2km (% Cu)	7.5	8.9
Tonnes treated (tonnes)	51,808	80,848
Average grade (% Cu)	8.0	8.5
Run-of-mine stockpile at the end of quarter (tonnes)	78,423	86,656
Run-of-mine grade at the end of quarter (% Cu)	7.5	8.9
HMS Production		
Recovery (cumulative yield to date) (%)	58.0	72.6
Average concentrate grade (% Cu)	28.6	28.7
Operating cash cost per tonne (ex mine gate) ¹ (US \$/t)	292	190
Copper produced in concentrate (tonnes) ² (T Cu)	2,632	5,497

¹ % Recovery = Produced copper metal / copper metal contained in feed stock

² Q2 production includes concentrates purchased from local artisanal miners as part of an interim social assistance program, which totaled 1,725 tonnes at an average grade of 28.4% copper



tailings have accumulated within the creek bed along the entire 14km length of the creek.

Kulu deposit

The deposit is very shallow averaging between 3-7m in depth and more than 150m in width.

Mining

Mining operations at Kulu started in September 2005. The mining of the coarse rejects/tailings of the Kulu deposit is a relatively simple operation with no waste stripping and no requirement for drill and blast activities as the ore has been processed previously. Production has improved steadily since commissioning.

Processing

The commissioning of the HMS plant started in November 2005. Following the installation of a scrubber and a larger

screen during the second quarter of 2006, throughput increased to reach design capacity of 6,000 tonnes (t) of copper concentrate per month at a average copper grade of 29%. The HMS plant at Kulu is the refurbished plant used for the initial development of the Dikulushi Mine in 2002.

In June 2005 a second ball mill was added to improve the efficiency of the operation and increase annual throughput capacity to 540,000t.

A scoping study for a Stage II solvent extraction-electrowinning (SXEW) operation at Kulu is currently underway.

The HMS plant is projected to process 380,000t of ore a year with an average head grade for the first three years of greater than 6.0% copper. Mineralized floats and tailings from the HMS plant will be stockpiled for future processing through a Stage II SXEW plant. The HMS plant is expected to produce in the region of 55,000t of concentrate per year, grading approximately 30% copper for approximately 16,500-17,000t of contained copper.

Smelting and refining

Offtake agreements for the first 12 months of concentrate production are being finalized with smelters in Kolwezi and international metal trading companies.

The Future

Anvil is confident that the Kulu mine will reach its original 2006 production target of 16,500t of copper contained in concentrates in 2006. In an effort to improve returns further, the Company is reviewing the possibility of establishing its own smelting capability in Kolewzi, similar to that contemplated for the Kinsevere development.

Mineral Resources

In November 2005, the Company announced a revised mineral resource of 255,000t of contained copper, effectively doubling the earlier resource estimate. The Measured and Indicated Mineral Resources estimate is 4.3 million tonnes (Mt) grading 4.4% copper.

Development timeline – under budget and ahead of schedule

Early 20th century	Copper mineralization at Dikulushi first reported
Early 20th century	First gold mine in operation in the area – the Rewe gold mine
1950s	Copper and cobalt production first reported
1960-1987	Mutoshi open pit and wash plant
1987	Closure of the Mutoshi mine following pit walls collapse and corporate cash flow problems
2005	Leases granted to Anvil Mining in March
2005	Construction begins in September
2005	First oxide copper concentrate produced in December
2006	HMS plant reached design capacity in April



Mineral Resources – December 2005

Category	Tonnes	% Cu	Contained metal tonnes of copper
Coarse tailings			
Measured	919,000	7.2%	65,900
Indicated	3,423,000	3.7%	126,700
Total Measured and Indicated	4,342,000	4.4%	192,600
Inferred (coarse tailings)	286,000	6.5%	18,500
Indicated (fine tailings)	4,944,000	0.9%	44,000



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