

Anvil Mining Limited

Consolidated Financial Statements

Three months ended March 31, 2009

(Unaudited)

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

Consolidated Balance Sheets (unaudited)

	Notes	March 31 2009	December 31 2008
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	25,617	45,033
Restricted cash	4	885	871
Accounts receivable	5	12,813	24,243
Inventories	6	28,993	31,064
Available-for-sale investments	7	20,663	24,032
Prepaid expenses and deposits	8	44,731	51,258
		133,702	176,501
Equity accounted investment	9	-	1,320
Long-term inventory	6	10,651	10,651
Long-term receivable	10	13,192	12,464
Exploration and acquisition expenditure	11	52,418	51,352
Property, plant and equipment	12	304,685	280,334
		514,648	532,622
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	13	38,163	34,731
Income taxes payable		415	463
Other liabilities		1,951	2,460
Current portion of long-term debt		412	362
		40,941	38,016
Future income tax liability		20,886	24,431
Long-term debt		272	321
Asset retirement obligations		13,195	12,980
		75,294	75,748
Non-controlling interest	14	1,862	1,909
		77,156	77,657
Shareholders' equity			
Equity accounts	15	384,779	383,419
Retained earnings		52,154	70,987
Accumulated other comprehensive income		559	559
Total shareholders' equity		437,492	454,965
		514,648	532,622
Nature of operations and going concern	1		
Commitments	16		

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

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

Consolidated Statements of Income and Comprehensive Income (unaudited)

	Notes	Quarter Ended March 31	
		2009	2008
		\$	\$
Sales		1,645	75,267
Operating expenses		(12,452)	(34,058)
Amortization		(3,664)	(7,493)
		(14,471)	33,716
Other income	2	321	2,732
Share of loss in associates	10	-	(336)
Provision for impairment of assets	2	(4,677)	-
General, administrative and marketing		(2,635)	(5,305)
Foreign exchange gains		641	48
Stock based compensation	15	(1,360)	(567)
Interest and financing fees	2	(238)	(1,605)
(Loss) / earnings before income tax and non-controlling interest		(22,419)	28,683
Income tax recovery / (expense)		3,542	(5,597)
Non-controlling interest share of (gain) / loss		44	(1,647)
Net (loss) / income		(18,833)	21,439
Other comprehensive income, net of taxes			
Net unrealized gain on available-for-sale investments		-	142
Total comprehensive (loss) / income		(18,833)	21,581
Basic (loss) / earnings per share (\$)	18	(0.27)	0.30
Diluted (loss) / earnings per share (\$)	18	(0.27)	0.30

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

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

	March 2009		March 2008	
	Number	Amount	Number	Amount
Common shares				
Balance at beginning of period	71,244,578	376,350	71,115,244	377,350
Exercise of stock options	-	-	26,666	304
Balance at end of period	71,244,578	376,350	71,141,910	377,654
Contributed surplus				
Balance at beginning of period		7,069		4,758
Employee stock based compensation recognised		1,360		567
Transfer to common shares		-		(88)
Balance at end of period		8,429		5,237
Equity accounts				
		384,779		382,891
Retained earnings				
Balance at beginning of period		70,987		209,524
Net (loss) / income for the period		(18,833)		21,439
Balance at end of period		52,154		230,963
Accumulated other comprehensive income				
Balance at beginning of period		559		432
Net change in unrealized gains on available –for- sale investments		-		142
Balance at end of period		559		574
Shareholders' equity at end of period				
		437,492		614,428

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

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

Consolidated Statements of Cash Flows (unaudited)

	Notes	Quarter ended March 31	
		2009	2008
		\$	\$
Cash flows from operating activities			
Net (loss) / earnings for the period		(18,833)	21,439
Items not affecting cash			
Amortization		3,664	7,493
Loss on derivative instruments		-	960
Share of loss in associates		-	336
(Profit) / Loss on sale of assets		(10)	288
Provision for impairment of assets		4,677	-
Accretion expense		215	-
Non-controlling interest share of income / (loss)		(44)	1,647
Unrealized foreign exchange losses		612	82
Future tax		(3,546)	2,533
Stock based compensation		1,360	567
Changes in non-cash working capital	19	10,781	(16,354)
		<u>(1,124)</u>	<u>18,991</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(17,648)	(39,242)
Proceeds from sale of assets		10	179
Payments for exploration and evaluation expenditure		(1,066)	(4,767)
Proceeds of principal repayments from investments		468	1,248
		<u>(18,236)</u>	<u>(42,582)</u>
Cash flows from financing activities			
Proceeds from issue of shares (net of issue expenses)		-	216
Proceeds from borrowings (net of fees incurred)		-	800
Movement in restricted cash		(14)	98
Disbursements on behalf of Dikulushi Trusts		(3)	(795)
		<u>(17)</u>	<u>319</u>
Net decrease in cash and cash equivalents		(19,377)	(23,272)
Cash and cash equivalents at beginning of the period		45,033	215,754
Effects of exchange rate changes on cash held in foreign currencies		(39)	15
Cash and cash equivalents at end of the period		<u>25,617</u>	<u>192,498</u>

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 "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, 2008, 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.

The financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Group is committed to the development of the Kinsevere Stage II Solvent Extraction-Electrowinning ("SX-EW") plant, however the associated fabrication and construction works have been placed on hold.

In addition to its working capital requirements, the Group currently has capital commitments of \$22 million over the coming year relating to the Kinsevere Stage II SX-EW processing plant. In addition the Group expects that a further \$200 million, approximately, will be required to complete the construction and commissioning of this plant, based on current estimates.

The Group does not have sufficient cash or debt facilities to fund the development of the Kinsevere Stage II SX-EW processing plant. As a result the Group will require additional funding which, if not raised, will result in further project delays. The Group is currently examining a number of financing options to allow for this development to proceed. However there can be no assurance that the Group's financing activities will be successful or sufficient. Consequently, there is significant doubt over the Group's ability to continue as a going concern and to meet its obligations as they become due and, accordingly, the appropriateness of the use of the accounting principles applicable to a going concern.

The Group's ability to continue as a going concern is dependent upon its ability to fund its working capital, complete the construction of the Kinsevere Stage II SX-EW plant and generate positive cash flows from these processing operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

New accounting policies

Section 1582 Business combinations, Section 1601 consolidated financial statements and Section 1602 non-controlling interests

These sections replace the former Canadian Institute of Chartered Accountants ("CICA") 1581, Business Combinations and CICA 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections provide the Canadian equivalent to FASB Statements No. 141(R), Business Combinations and No. 160 Non-controlling Interests in Consolidated Financial Statements. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011.

Pre-production costs

CICA 3064, Goodwill and intangible assets establish revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company is no longer able to defer costs and revenues incurred subsequent to the completion of plant commissioning and prior to the commercial levels of production at new mine operations. The Company adopted the new standard retrospectively effective January 1, 2009 and there was no significant impact on the financial statements.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended December 31, 2008 and there was no significant impact on its financial statements as a result of applying this abstract.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*

In January 2009, the CICA issued EIC 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This EIC provides guidance on the impact of equity and counterparty credit risk when determining the fair value of financial assets and liabilities including derivative instruments. The Company adopted this EIC effective January 1, 2009. The adoption of the EIC did not have a significant impact on the Company's financial statements.

Convergence with International Financial Reporting Standards ("IFRS")

Canadian GAAP for public companies is transitioning to IFRS. The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Group's consolidated financial statements has not yet been determined.

	March 31 2009	March 31 2008
	\$	\$
2. Other Income		
Interest received	311	3,020
Gain/ (Loss) on sale of assets	10	(288)
	321	2,732
Interest and financing fees		
Interest	238	645
Loss on derivative instruments	-	960
	238	1,605
Provision for impairment		
Relating to available-for sale-investments	3,558	-
Relating to equity accounted investments	445	-
Relating to long lived assets	674	-
	4,677	-
	March 31 2009	December 31 2008
	\$	\$
3. Cash		
Cash at bank and in hand	25,558	6,178
Deposits at call	59	38,855
	25,617	45,033
(a) Credit Risk Exposure		
All cash investments not held in transactional bank 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.		
	March 31 2009	December 31 2008
	\$	\$
4. Restricted cash		
Cash deposits held as security	885	871

At March 31, 2009 and December 31, 2008, 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.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31 2009	December 31 2008
	\$	\$
5. Accounts receivable		
Trade receivables (net of provision for doubtful debts)	8,433	19,349
Accrued interest income	50	452
Advances to suppliers and contractors	1,282	1,423
Other	3,048	3,019
	<u>12,813</u>	<u>24,243</u>

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.

	March 31 2009	December 31 2008
	\$	\$
6. Inventories		
Raw materials and stores – at Net Realisable Value (“NRV”)	5,625	6,819
Ore stockpiles – at cost	25,091	25,187
Concentrate in stockpiles and in transit – at NRV	8,928	9,709
	<u>39,644</u>	<u>41,715</u>
Less: Non-current (low-grade ore stockpiles) – at cost	(10,651)	(10,651)
Current Portion of Inventory	<u>28,993</u>	<u>31,064</u>

The low-grade ore stockpiles at Kinsevere have been classified non-current as they are expected to be used in the Stage II SX-EW plant as from 2011.

	March 31 2009	December 31 2008
	\$	\$
7. Investments		
Available-for-sale investments at cost		
Debt instruments	59,050	59,736
Equity instruments	875	-
	<u>59,925</u>	<u>59,736</u>
Available-for-sale investments at fair value		
Debt instruments	19,788	24,032
Equity instruments	875	-
	<u>20,663</u>	<u>24,032</u>

The debt instruments are from the cash received from the capital raising in March 2006 being placed into investment grade assets. The equity instruments represent investments in Sub-Sahara Resources NL.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31 2009	December 31 2008
	\$	\$
8. Prepaid expenses and deposits		
Prepayments to creditors and sub-contractors	42,602	49,428
Prepaid expenses – Other	1,348	1,045
Deposits	781	785
	<u>44,731</u>	<u>51,258</u>

Due to the location of the Group's mining and project development operations, suppliers require significant prepayment as a prerequisite for delivery to site. Over \$41.3 million of the prepayments to creditors and sub-contractors relate to procurement of equipment for Kinsevere Stage II and will be transferred to capital work in progress, in accordance with the Group's accounting policy, once delivery occurs.

9. Equity accounted investment

Name of Company	March 31, 2009			December 31, 2008		
	Ownership interest %	No. Shares	\$	Ownership interest %	No. Shares	\$
Sub-Sahara Resources NL ("SBS")	18	90,000,000	-	18	90,000,000	1,320

SBS is incorporated in Australia and listed on the Australian Securities Exchange.

	March 31 2009	December 31 2008
	\$	\$
(a) Movements in carrying amounts		
Opening carrying value in SBS	1,320	5,766
Share of profits or loss	-	(891)
Provision for impairment	(445)	(3,555)
Transfer of equity accounted investments ¹	(875)	-
	<u>-</u>	<u>1,320</u>
Carrying value at end of the period	-	1,320

¹ The investments in SBS were transferred to available-for-sale investments in January 2009 as a result of ceasing to have any significant influence over the affairs of SBS.

	March 31 2009	December 31 2008
	\$	\$
10. Long-term receivables		
Receivable from Société Nationale d'Électricité ("SNEL")	13,192	12,464

The Group entered in to a joint venture agreement with Ruashi Mining SPRL to construct infrastructure necessary to ensure supply of the required power for the operation of the Kinsevere Stage II SX-EW plant. Under the terms of this agreement, Anvil has agreed to provide \$15.2 million. The expected completion date for the development of the infrastructure is the third quarter of 2009 at which time it shall become the property of SNEL, the Government electricity company of the DRC. The Group's costs incurred in this development will be recovered through a series of monthly repayments over a five-year period that commences six months from completion.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31 2009	December 31 2008
	\$	\$
11. Exploration and acquisition expenditure		
Exploration and acquisition expenditure at beginning of period	51,352	49,680
Expenditure transferred to development properties	-	(309)
Expenditure incurred	1,066	33,271
Expenditure written off	-	(31,290)
Exploration and acquisition expenditure at end of period	52,418	51,352
Exploration expenditure per area of interest ¹		
- Kinsevere projects	20,667	20,280
- Mutoshi projects	12,815	12,811
- Philippines regional exploration projects and Other	4,461	3,786
	<u>37,943</u>	<u>36,877</u>
Acquisition expenditure per area of interest ²		
- Mutoshi projects	14,475	14,475
	<u>14,475</u>	<u>14,475</u>
Total exploration and acquisition expenditure per area of interest		
- Kinsevere projects	20,667	20,280
- Mutoshi projects	27,290	27,286
- Philippines regional exploration projects and Other	4,461	3,786
	<u>52,418</u>	<u>51,352</u>

The carrying value of expenditure on areas of interest in the exploration 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 as part of general exploration activity.
2. Refers to the fair value of exploration property acquired.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31, 2009		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
12. Property, plant and equipment			
Kinsevere ¹			
Land and buildings	6,050	(1,327)	4,723
Plant and equipment	68,879	(46,692)	22,187
Mine property	128,945	(15,885)	113,060
Capital work in progress	141,446	-	141,446
	345,320	(63,904)	281,416
Dikulushi ²			
Land and buildings	3,473	(2,748)	725
Plant and equipment	30,337	(28,540)	1,797
Mine property	29,630	(28,637)	993
Capital work in progress	565	-	565
	64,005	(59,925)	4,080
Mutoshi ³			
Land and buildings	1,013	(195)	818
Plant and equipment	7,489	(5,701)	1,788
Mine property	11,138	(8,108)	3,030
Capital work in progress	5,925	-	5,925
	25,565	(14,004)	11,561
Services ⁴			
Land and buildings	1,060	(198)	862
Plant and equipment	4,139	(2,206)	1,933
Capital work in progress	1,549	-	1,549
	6,748	(2,404)	4,344
Corporate and other ⁵	4,088	(804)	3,284
Total	445,726	(141,041)	304,685

1 The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere in the DRC. This also includes the \$15 million payable to Gécamines towards entry premium following the completion of DRC mining commission review.

2 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.

3 The Mutoshi property, plant and equipment includes all property, plant and equipment related to the Mutoshi Stage I HMS (Heavy Media Separation) plant located at Kolwezi 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.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	December 31, 2008		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
12. Property, plant and equipment			
Kinsevere ¹			
Land and buildings	6,050	(1,138)	4,912
Plant and equipment	68,879	(43,656)	25,223
Mine property	113,945	(15,885)	98,060
Capital work in progress	128,809	-	128,809
	<u>317,683</u>	<u>(60,679)</u>	<u>257,004</u>
Dikulushi ²			
Land and buildings	3,473	(2,727)	746
Plant and equipment	30,452	(28,085)	2,367
Mine property	29,630	(28,637)	993
Capital work in progress	103	-	103
	<u>63,658</u>	<u>(59,449)</u>	<u>4,209</u>
Mutoshi ³			
Land and buildings	1,013	(164)	849
Plant and equipment	7,489	(5,286)	2,203
Mine property	11,138	(8,108)	3,030
Capital work in progress	5,271	-	5,271
	<u>24,911</u>	<u>(13,558)</u>	<u>11,353</u>
Services ⁴			
Land and buildings	1,008	(176)	832
Plant and equipment	4,118	(1,979)	2,139
Capital work in progress	1,594	-	1,594
	<u>6,720</u>	<u>(2,155)</u>	<u>4,565</u>
Corporate and other ⁵	3,923	(720)	3,203
Total	<u>416,895</u>	<u>(136,561)</u>	<u>280,334</u>

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

2. 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.

3. 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.

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.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31 2009	December 31 2008
	\$	\$
13. Accounts payable and accrued liabilities		
Trade creditors	25,629	19,699
Creditor and other accruals	12,534	15,032
	<u>38,163</u>	<u>34,731</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 that processes material from the Kulumaziba river tailings deposit at the Kulu operation and the holder of other exploration tenements in the Kolwezi region.

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 March 31, 2009 are as follows:

	March 31 2009	December 31 2008
	\$	\$
(a) AMC – non-controlling interests		
Balance – beginning of period	1,909	11,361
Amounts disbursed on behalf of the Dikulushi Trusts during the period	(3)	(6,610)
Interests in net earnings of AMC	(44)	(2,842)
Balance – end of period	<u>1,862</u>	<u>1,909</u>
(b) SMK – non-controlling interest		
Balance – beginning of period	-	1,963
Interests in net earnings of SMK	-	(1,963)
Balance – end of period	<u>-</u>	<u>-</u>
(c) AMCK – non-controlling interests		
Balance – beginning of period	-	556
Interests in net earnings of AMCK	-	(556)
Balance – end of period	<u>-</u>	<u>-</u>
Total non-controlling interests – end of period	<u>1,862</u>	<u>1,909</u>

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31 2009	December 31 2008
	\$	\$
(d) Social development expenditure		
Social development expenses in operating expenses (Mutoshi and Kinsevere)	73	4,198
Social development expenses disbursed on behalf of the Dikulushi Trusts as disclosed in non-controlling interest	3	6,610
Total social development expenditure	76	10,808

15. Common shares, share options and share warrants**(a) Equity Accounts**

	March 31, 2009		March 31, 2008	
	No. of Shares	Amount \$	No. of Shares	Amount \$
Balance – beginning of period	71,244,578	376,350	71,115,244	377,350
Exercise of stock options / warrants ¹	-	-	26,666	304
Balance – end of period	71,244,578	376,350	71,141,910	377,654
Contributed Surplus				
Balance – beginning of period	-	7,069	-	4,758
Employee stock based compensation recognised	-	1,360	-	567
Transfer to common shares	-	-	-	(88)
Balance – end of period	-	8,429	-	5,237
Equity Accounts	71,244,578	384,779	71,141,910	382,891

During the quarter ended March 31, 2009, employee stock option and warrant holders exercised their options/warrants over nil (March 31, 2008: 26,666) Common Shares.

(b) Stock option plan

Pursuant to the Anvil Mining 2008 Share Incentive Plan (the "Plan"), which was approved by the Company's shareholders at the 2007 Annual General Meeting, the Company may grant options and awards to directors, officers, employees and consultants. At March 31, 2009, the Company is able to issue an additional 2,368,483 (March 31, 2008– 4,798,483) 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.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

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:	3.19%
Expected life:	56 months
Expected volatility:	79.8%
Expected dividend yield:	0%

During the three ended March 31, 2009, 400,000 stock options with an exercise price of C\$1.35 each, with a total fair value of \$0.37 were granted to non-executive directors as compensation for special committee work in relation to capital restructuring. During the three months ended March 31, 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 \$0.586 million, \$0.261 million and \$0.141 million respectively were issued to non-executive directors pursuant to the terms of the Plan.

During the three months March 31, 2009, 2,030,000 stock options with an exercise price of C\$1.35 each, with a total fair value of \$1.49 million, were issued to employees under the Plan and no employee stock options were exercised. During the three months ended March 31, 2008, no stock options were issued to employees under the Plan and 26,666 employee stock options were exercised.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Toronto Stock Exchange during the five trading days immediately before the options were granted.

The stock option expense for the period ended March 31, 2009 amounted to \$1.360 million (three months ended March 31, 2008 – \$0.567 million). As at March 31, 2009, the aggregate fair value of unvested stock options remaining to be charged to income amounted to \$3.027 million (March 31, 2008– \$3.305 million).

	March 31, 2009		March 31, 2008	
	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	2,325,975	C\$8.39	2,162,879	C\$7.59
Granted under plan	2,430,000	C\$1.35	175,000	C\$12.42
Exercised	-	-	(26,666)	C\$8.12
Expired and forfeited	-	-	(26,667)	C\$11.84
Outstanding at the end of the period	4,755,975	C\$4.79	2,284,546	C\$7.91
Options vested and outstanding at the end of the period	1,505,754	C\$5.11	836,074	C\$5.81

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

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

The following table summarizes information about stock options outstanding at March 31, 2009:

Range of exercise prices	Options outstanding			Options exercisable		
	No. of stock options outstanding at March 31, 2009	Weighted average of remaining contractual life (months)	Weighted average exercise price	No. of stock options vested and outstanding at March 31, 2009	Weighted average of remaining contractual life (months)	Weighted average exercise price
C\$1.35	2,430,000	43	C\$1.35	400,000	73	C\$1.35
C\$3.80	470,000	29	C\$3.80	386,667	29	C\$3.80
C\$4.25–C\$4.66	245,000	19	C\$4.28	245,000	19	C\$4.28
C\$7.06	249,334	39	C\$7.06	217,667	39	C\$7.06
C\$9.41	600,000	44	C\$9.41	-	-	-
C\$10.05–C\$10.54	200,000	56	C\$10.36	83,333	49	C\$10.54
C\$11.06–C\$11.84	80,000	47	C\$11.26	36,667	47	C\$11.25
C\$12.04–C\$12.43	280,765	54	C\$12.29	58,333	50	C\$12.04
C\$13.09	100,000	62	C\$13.09	33,333	62	C\$10.07
C\$14.06	60,876	51	C\$14.06	31,420	51	C\$14.06
C\$17.04	40,000	53	C\$17.04	13,333	53	C\$17.04
Total	4,755,975	42	C\$4.79	1,505,754	44	C\$5.11

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 March 31, 2009 is nil (December 31, 2008 – nil).

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 as at March 31, 2009 were nil (December 31, 2008 – nil).

(c) Kulu mine

The outstanding capital commitments of the Mutoshi mine contracted as at March 31, 2009 were nil (December 31, 2008 – nil). Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2% of net sales of copper to Gécamines. SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

(d) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted as at March 31, 2009 were \$22 million (December 31, 2008 - \$40.0 million). Under the Kinsevere acquisition agreement, AMCK has an ongoing obligation to pay a mining royalty of 2.5% of gross turnover to Gécamines. AMCK also has a similar 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 as at March 31, 2009 were nil (December 31, 2008 nil).

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

The outstanding capital commitments of Anvil Mining Australia Pty Ltd. contracted at March 31, 2009 were nil (December 31, 2008 – nil)

(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. These funds, once repatriated, are available to the Company to meet obligations both within and outside the DRC. At March 31, 2009 no funds were required to be repatriated (December 31 2008 – nil).

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.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The Stage I HMS plant was commissioned in June 2007 and produces an oxide copper concentrate. The first EAF commenced operation during the third quarter of 2008 and is currently on care and maintenance. Stage II involves development of a 60,000 tonnes per annum SX-EW plant which will produce LME Grade A copper cathode.

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 to produce a sulphide copper concentrate with a silver credit. Dikulushi was placed on care and maintenance in Q4-2008.

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 to produces an oxide copper concentrate. The HMS processing operations was completed in Q4-2008. The Group 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.

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 quarter ended March 31, 2009, 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.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	Quarter ended March 31, 2009					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Sales	(885)	3,240	(710)	-	-	1,645
Operating expenses	(5,970)	(2,926)	302	(3,858)	-	(12,452)
Amortization	(2,909)	(208)	(275)	(272)	-	(3,664)
Segmented operating (loss) / profit	(9,764)	106	(683)	(4,130)	-	(14,471)
Interest and financing fees	(203)	-	(720)	(23)	708	(238)
Other income	3	10	-	1,345	(1,037)	321
Other expenses	(454)	(306)	(106)	(7,494)	329	(8,031)
Segmented (loss) before under noted items	(10,418)	(190)	(1,509)	(10,302)	-	(22,419)
Income taxes recovery / (expense)	3,462	(4)	-	84	-	3,542
Non-controlling interest	-	44	-	-	-	44
Segmented (loss)	(6,956)	(150)	(1,509)	(10,218)	-	(18,833)
Property, plant and equipment	281,416	4,080	11,561	7,628	-	304,685
Total assets	397,466	13,634	44,733	58,815	-	514,648
Capital expenditures	16,422	461	573	192	-	(17,648)
	Quarter ended March 31, 2008					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Sales	20,644	51,394	3,229	-	-	75,267
Operating expenses	(9,669)	(16,410)	(5,553)	(2,426)	-	(34,058)
Amortization	(4,550)	(1,813)	(938)	(192)	-	(7,493)
Segmented operating profit (loss)	6,425	33,171	(3,262)	(2,618)	-	33,716
Interest and financing fees	(189)	(433)	(570)	(905)	492	(1,605)
Other income	8	(149)	20	6,050	(3,197)	2,732
Other expenses	(1,531)	(845)	(329)	(6,160)	2,705	(6,160)
Segmented profit / (loss) before under noted items	4,713	31,744	(4,141)	(3,633)	-	28,683
Income taxes	(2,035)	(4,011)	(48)	497	-	(5,597)
Non-controlling interest	(267)	(2,077)	697	-	-	(1,647)
Segmented profit / (loss)	2,411	25,656	(3,492)	(3,136)	-	21,439
Property, plant and equipment	193,078	31,401	17,714	9,936	-	252,129
Total assets	261,042	101,518	74,330	277,471	-	714,361
Capital expenditures	(29,866)	(2,020)	(4,210)	(3,146)	-	(39,242)

(Expressed in thousands, of U.S 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:

	March 31 2009	December 31 2008
	\$	\$
Total assets – Geographical reporting		
Democratic Republic of Congo	459,893	454,412
Zambia	750	783
Philippines	3,516	3,424
Australia ¹	21,644	40,332
Canada ¹	28,845	33,671
	514,648	532,622

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:

	Quarter ended March 31	
	2009	2008
	\$	\$
Revenues – Geographical reporting		
Democratic Republic of Congo	1,645	75,267

18. (Loss) / Earnings per share

Basic (loss) / earnings per share	(0.27)	0.30
Diluted (loss) / earnings per share	(0.27)	0.30
Weighted average number of ordinary shares outstanding - basic earnings per share	71,244,578	71,123,595
Weighted average number of ordinary shares outstanding - diluted earnings per share	71,244,578	71,825,030

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

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

	Quarter ended March 31, 2009		
	Income \$	No. of Shares	\$ per share amount
Basic (loss) per share			
Income available to shareholders	(18,883)	71,244,578	(0.27)
Effect of dilutive securities:			
Options and warrants	-	-	-
Diluted (loss) per share			
Income available to shareholders and assumed conversions	(18,883)	71,244,578	(0.27)

	Quarter ended March 31, 2008		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	21,439	71,123,595	0.30
Effect of dilutive securities:			
Options and warrants	-	701,435	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	21,439	71,825,030	0.30

	Quarter ended March 31	
	2009 \$	2008 \$
19. Supplementary cash flow information		
(a) Changes to non-cash working capital		
Accounts receivable	11,648	(6,918)
Inventories	2,071	(6,715)
Prepaid expenses and deposits	821	329
Accounts payable and accrued liabilities	(3,202)	(3,270)
Income taxes	(48)	84
Other liabilities	(509)	136
	10,781	(16,354)
(b) Other information		
Interest and financing fees paid	(7)	(45)
Interest received	342	3,019
Income tax paid	(48)	(2,918)

20. Subsequent Events

On May 4, 2009 the Company successfully completed a financing by way of a short-form prospectus and issued 30,015,000 Common Shares at C\$1.15 per share, for gross proceeds of C\$34,517,250. The Company plans to use the net proceeds of the offering for entry premium payments in respect of the Company's Kinsevere copper mine project in the DRC and general corporate purposes.