



**anvil**mining

## News Release

**FOR IMMEDIATE RELEASE**

**January 27, 2010**

**TSX, ASX: AVM**

**Common shares outstanding 150.4 million**

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

### **Anvil Reports Updated Economic Analysis of Kinsevere Stage II**

**Montréal, Canada: Anvil Mining Limited (TSX, ASX: AVM)**, (“Anvil” or the “Company”) AMCK Mining SPRL (“AMCK”), a Joint Venture company formed by Anvil (95%) and Mining Company of Katanga SPRL (5%) today reported an updated analysis of its Stage II 60,000 tonnes per year Solvent Extraction and Electrowinning (“SX-EW”) development at its Kinsevere Copper Project, located approximately 30 km north of Lubumbashi, the provincial capital of the Katanga Province in the Democratic Republic of Congo (“DRC”). The updated economic analysis follows completion of a new Mineral Reserve estimate, revised mine plan and completion of a Lump Sum Turnkey (“LSTK”) contract with Ausenco Limited (“Ausenco”).

AMCK has an exclusive “*Contrat d’Amodiation*” (Lease Agreement) with *La Générale des Carrières et des Mines* (“Gécamines”), the title holder of the mineral rights. In January 2009, the Company reached agreement with Gécamines and the Government of the DRC on the terms of the Lease Agreement.

#### **Key outcomes of the updated economic analysis of Kinsevere Stage II:**

- A Net Present Value (“NPV”), at 95% equity of \$683 million after tax;
- Internal Rate of Return of 79%;
- A payback period of less than 2.5 years after final loan drawdown;
- Cash cost of \$0.89/lb Cu (C1);
- Total operating cost of \$1.33/lb Cu (C3);
- Commercial production expected to be achieved during the second quarter of 2011;
- Proven and Probable Mineral Reserve of 20.8 million tonnes at an average grade of 3.9% total copper (“TCu”) available for Stage I and Stage II processing;
- Contained acid soluble copper of approximately 690,000 tonnes;
- Peak mill throughput of 1.6 million tonnes per annum; and
- Operational life of 14 years.

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#### **Perth Office**

Level 1, 76 Hasler Road  
Herdsman Business Park  
Osborne Park 6017  
Western Australia

Tel: +61 8 9481 4700  
Fax: +61 8 9201 0125  
anvil@anvilmining.com  
ASX/TSX:AVM

[www.anvilmining.com](http://www.anvilmining.com)

#### **Montréal Office**

1 Place Ville-Marie  
Suite 2001  
Montréal, Québec  
Canada, H3B 2C4  
Tel: +1 514 448 6664  
Fax: +1 514 448 6665

<b>people</b>	<b>mine</b>
<b>explore</b>	<b>grow</b>
<b>develop</b>	<b>sustain</b>



Bill Turner, President and CEO of the Company said: “Kinsevere Stage II is the Company’s flagship project, with outstanding economic returns, reflecting the exceptional quality of these copper deposits located in the renowned Katangan Copperbelt. It is pleasing to see the construction works at Kinsevere starting to gather pace and we look forward to completing this project and commencing commissioning in early 2011. During the last two years, a significant amount of work has been undertaken to further enhance our understanding of the Kinsevere ore bodies and we are pleased to have completed an updated Mineral Reserve estimate. The sulphide portion of the Kinsevere orebodies beneath the defined oxide reserves remains open at depth and as optimization studies continue and with further drilling, there is scope to increase the sulphide resources”.

Applying a discount rate of 10%, the economic analysis has been based on a Stage II project construction capital cost of \$400 million, commissioning commencing in the first quarter of 2011, a six-month ramp-up period to full production, a Mineral Reserve estimate of 20.8 million tonnes with an average grade of 3.3% acid soluble copper (“ASCu”), an average head grade of 4.0% ASCu over an initial eight year period followed by a period of reclamation from lower grade stockpiles, an open pit waste to ore ratio of around 1.2:1, an average copper price of \$2.44/lb, corporate tax in the DRC of 30%, and royalty payments of 2.5% of gross revenues to Gécamines and 2% Net Smelter Return (“NSR”) to the DRC Government.

The outcomes associated with the economic analysis are highly sensitive to variations in copper price, with every 10% change in the copper price resulting in a change of \$120 million in the NPV. Movements in other key variables have a less significant impact. For example, a 10% change to capital expenditure results in only a 2% change in the discounted cash flow, whilst a 10% change in the operating costs results in a 7% change in the discounted cash flow.

### **Capital Cost Estimate**

The capital cost estimate for construction of Kinsevere Stage II of \$400 million includes \$200 million already spent. The LSTK contract with Ausenco was signed on January 22, 2010 for a total value of \$130 million. Owner’s Costs, which include purchase and transportation of the remaining capital equipment, spares, first fills, initial training and pre-commissioning costs and associated taxes and duties amount to \$58 million, which together with contingency of \$12 million, brings the total remaining cost to \$200 million.

At December 31, 2009 the Company had unaudited cash reserves of \$121 million, available-for-sale securitised investments of \$18 million and receivables of \$18 million. The Company is well advanced in discussions with a syndicate of banks to refinance the \$100 million loan facility established with Trafigura Beheer B.V. (“Trafigura”) in December 2009, to an amount of \$140 million. The additional funding is sought in order to ensure that the Company has sufficient funding available to meet the Stage II ramp-up costs that are expected to be incurred during the first half of 2011, the pas de porte payment due to Gécamines for the Company’s Mutoshi project and the recommencement of exploration and development activity.

### **Kinsevere Stage II Operating Parameters**

The revised life of mine plan has a Stage II mining life of approximately eight years, during which time approximately 18 million tonnes of ore will be mined to produce a total of



approximately 631,500 tonnes of contained copper metal. Processing of material from long-term stockpiles is expected to continue for another six years following the completion of mining of the current reserves. The peak ore processing rate is 1.6 million tonnes per year. A summary of the key operating parameters for Stage II is shown in Table 1.

**Table 1: Summary of Kinsevere Stage II Operations**

<b>Description</b>	<b>Stage II</b>
Ore mined (million tonnes)	18.0
Average grade (%ASCu)	3.5
Waste mined (million tonnes)	22.4
Waste to ore ratio	1.2:1
Processing life (years)	14
Ore processed (million tonnes) <sup>1</sup>	21.9
Average processed grade (%ASCu)	3.2
Recovery (%) <sup>2</sup>	91.9
<b>Cu metal produced (tonnes)</b>	<b>648,500</b>

1. Total ore processed exceeds the total ore mined due to reclamation from existing long-term stockpiles (refer to Table 3), plus floats and effluent stockpiled from Stage I processing.
2. Average recovery over the term of Stage II reflects a period of reduced recovery during production ramp-up.

### Operating Cost Estimate

Table 2 lists the updated Stage II unit cash operating cost estimates, in real terms.

**Table 2: Average Stage II Unit Operating Costs**

<b>Average Stage II Operating Costs</b>	<b>Cash Costs (\$/lb)</b>
Mining and Technical Services Costs	\$0.15
Processing Costs	\$0.34
Maintenance Costs	\$0.07
Administrative Costs	\$0.11
<b>Cash Cost at Mine Gate</b>	<b>\$0.67</b>
Transport and Marketing Costs	\$0.20
Export Duties	\$0.02
<b>Total C1 Cash Costs</b>	<b>\$0.89</b>
Royalties – Paid	\$0.11
Depreciation & Amortisation	\$0.33
<b>Total C3 Operating Cost</b>	<b>\$1.33</b>



## **Progress with Kinsevere Stage II**

Following the receipt in September 2009 of the Tranche 1 funds of \$32 million relating to the \$200 million financing agreed with Trafigura, an Early Works Program was initiated on the Kinsevere Stage II project, with progress being made in a number of areas since this date, including:

- Steel erection – 213 tonnes of pre-fabricated pipe rack steel have been erected, representing approximately 9% of the total requirement.
- Contracts – security, catering and earthworks contracts negotiated by Ausenco are in an advanced stage of documentation and are expected to be finalised shortly.
- Critical path issues – steel for the sulphuric acid tanks has been ordered and fabrication of a variety of other tanks is near completion.
- Stockpiles of cement, sand and aggregate – orders and initial payments for the total stock requirement of cement and additives for the remainder of the project have been made and the first two of four deliveries of cement were received in November 2009.
- New orders – purchase orders have been prioritised according to schedule requirements and are being prepared and committed.
- Transportation of goods in storage – equipment items held in storage since Kinsevere Stage II was placed on hold have been reviewed and categorised according to priority. Delivery of these goods to site is underway and the Company expects to take delivery of the majority of this equipment before March 31, 2010.
- Work permit applications – Ausenco has assumed full responsibility for obtaining work permits and the process is underway for identified staff.
- Camp refurbishment – significant progress has been made in relation to the junior and senior accommodation, laundry and messes.

Group Five Projects (“Group Five”) is being engaged by Ausenco to undertake the Kinsevere Stage II construction and fabrication works. Prior to November 2008 when the development of Stage II was placed on hold, Group Five was contracted to perform this role and as a result has a sound understanding of the Stage II development. In addition Group Five has an established presence in the DRC and is well equipped to manage logistical, regulatory and other issues associated with operating in the DRC.

Group Five and Ausenco have already begun mobilising to site and it is expected that by February 2010, more than 100 Group Five personnel and 15 Ausenco personnel will be on site.

The engineering and design works which recommenced during the third quarter of 2009 are approximately 95% complete, with 2,057 drawings of the total of 2,160 now completed. In addition, a substantial amount of vendor data has been received.

With the commencement of the Early Works Program, the engagement of Group Five, the near completion of the engineering and design works and the mobilisation already underway, the Company is well positioned to allow for a timely recommencement of full-scale construction and fabrication works at Kinsevere Stage II.

### Proven and Probable Reserve Estimate at Year-end 2009

The Proven and Probable Mineral Reserve estimate at year-end 2009 shown in Table 3 totals 20.8 million tonnes at an average copper grade of 3.3% ASCu, representing approximately 690,000 tonnes of contained acid soluble copper. The copper price used for the Mineral Reserve estimate was \$1.43/lb Cu flat and the cut-off grade was determined as 0.7% ASCu. The Mineral Reserve estimate was derived from conventional mine planning processes including Whittle optimisation, detailed pit designs and life of mine production scheduling. The total Mineral Reserve includes additional previously mined ore located on various long-term stockpiles, available for either Heavy Media Separation (“HMS”) or SX-EW processing, as shown in Table 3.

**Table 3: Kinsevere Copper Project: Mineral Reserve Estimate**

<b>Kinsevere oxide Mineral Reserve statement as at December 31, 2009 (based on \$1.43/lb Cu)</b>					
<b>Deposit</b>	<b>Category</b>	<b>Tonnes (M t)</b>	<b>TCu (%)</b>	<b>ASCu (%)</b>	<b>Contained ASCu (k t)</b>
Tshifufia	Proven	7.14	4.12	3.51	250.5
	Probable	4.40	5.09	4.05	178.3
Tshifufiamashi	Proven	1.65	3.56	3.21	52.8
	Probable	1.20	4.02	3.68	44.3
Kinsevere Hill	Proven	-	-	-	-
	Probable	4.02	3.42	3.07	123.5
<b>Subtotal Pits</b>	<b>Proven and Probable</b>	<b>18.41</b>	<b>4.14</b>	<b>3.53</b>	<b>649.5</b>
Stockpiles	Proven	-	-	-	-
	Probable	2.40	1.99	1.67	40.1
<b>Subtotal Stockpiles</b>	<b>Proven and Probable</b>	<b>2.40</b>	<b>1.99</b>	<b>1.67</b>	<b>40.1</b>
<b>Total Pits and Stockpiles</b>	<b>Proven and Probable</b>	<b>20.81</b>	<b>3.89</b>	<b>3.31</b>	<b>689.5</b>

Note: The Total Mineral Reserve is available for both HMS and SX-EW processing.

The Mineral Reserve has declined from 2008, as a result of ore extraction to feed the Kinsevere HMS plant, together with mineral resource model density and grade estimation differences.

### Measured and Indicated Resource Estimate at Year-end 2009

The Measured and Indicated Mineral Resource for oxidised mineralisation at year-end 2009 (Table 4), using a 0.7% TCu cut-off grade is estimated at 25.7 million tonnes at an average grade of 3.1% ASCu, representing approximately 807,000 tonnes of contained acid soluble copper. The Proven and Probable Mineral Reserves included within the Measured and Indicated Mineral Resource are for oxidised mineralisation. The oxide and sulphide Inferred Mineral Resource is estimated at 14.2 million tonnes at an average grade of 3.6% TCu for approximately 507,000 tonnes of additional contained total copper.

**Table 4: Kinsevere Copper Project: Mineral Resource Estimate**

<b>Kinsevere oxide Mineral Resource statement as at December 31, 2009 (0.7%TCu cutoff)</b>					
<b>Deposit</b>	<b>Category</b>	<b>Tonnes (M t)</b>	<b>TCu (%)</b>	<b>ASCu (%)</b>	<b>Contained ASCu (k t)</b>
Tshifufia	Measured	7.37	4.30	3.64	268.4
	Indicated	5.81	5.00	3.95	229.3
Tshifufiamashi	Measured	1.97	3.45	3.06	60.3
	Indicated	4.18	2.70	2.08	87.0
Kinsevere Hill	Measured	-	-	-	-
	Indicated	6.41	2.88	2.53	162.2
<b>Total Oxide Deposits</b>	<b>Measured and Indicated</b>	<b>25.74</b>	<b>3.78</b>	<b>3.14</b>	<b>807.1</b>
<b>Kinsevere sulphide Mineral Resource statement as at December 31, 2009 (0.7%TCu cutoff)</b>					
<b>Deposit</b>	<b>Category</b>	<b>Tonnes (M t)</b>	<b>TCu (%)</b>	<b>ASCu (%)</b>	<b>Contained ASCu (k t)</b>
Tshifufia	Measured	0.06	2.16	0.97	0.6
	Indicated	3.09	3.99	2.60	80.4
Tshifufiamashi	Measured	-	-	-	-
	Indicated	0.61	2.40	1.59	9.7
<b>Total Sulphide Deposits</b>	<b>Measured and Indicated</b>	<b>3.76</b>	<b>3.70</b>	<b>2.41</b>	<b>90.6</b>
<b>Total Oxide and Sulphide Deposits</b>	<b>Measured and Indicated</b>	<b>29.50</b>	<b>3.77</b>	<b>3.04</b>	<b>897.7</b>

The Mineral Reserve estimate has been classified and reported using the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004). These guidelines are generally consistent with those required by Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). The estimate was prepared by Mr Anthony Cameron of A & J Cameron and Associates Pty Ltd, who is a Qualified Person in accordance with NI 43-101.

The Mineral Resource estimate was prepared under the supervision of Mr Gerry Fahey of CSA Global Pty Ltd who is a Qualified Person in accordance with NI 43-101. All samples were prepared for assay and analysed at the ALS Chemex laboratory in Johannesburg or at the ActLabs Pacific laboratory in Perth, Australia, and standard QA/QC checks were applied throughout the drilling program, including the submission of certified reference materials, duplicate samples and blanks.

A revised NI-43-101 Technical Report will be lodged on the SEDAR website at [www.sedar.com](http://www.sedar.com) within the prescribed timeframe.

The shares of Anvil Mining Limited are listed for trading on the Toronto Stock Exchange (as Common Shares) and the Australian Securities Exchange (as CDIs) under the symbol AVM. For further information on Anvil, please refer to the Anvil website at [www.anvilmining.com](http://www.anvilmining.com).



**For further information, please contact:**

**Craig Munro**

Senior Vice President Corporate & CFO

Tel: +61 (8) 9481 4700

Email: [craigm@anvilmining.com](mailto:craigm@anvilmining.com) (Perth)

**Robert La Vallière**

Vice President Corporate Affairs

Tel: (Office) +1 (514) 448 6664

(Cell) +1 (514) 944 9036

Email: [robertl@anvilmining.com](mailto:robertl@anvilmining.com) (Montréal)

**Website:** [www.anvilmining.com](http://www.anvilmining.com)

**Additional Notes:** Information in this news release regarding Mineral Resources is based on information compiled by Gerry Fahey of CSA Global Pty Ltd and David Gray, formerly of Anvil. Gerry Fahey is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists, and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration, and to the activity he is undertaking, to act as a Qualified Person as defined by NI 43-101. Information in this news release regarding Mineral Reserves has been compiled by Anthony Cameron of A & J Cameron and Associates. Anthony Cameron is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration, and to the activity he is undertaking, to act as a Qualified Person as defined by NI 43-101. Other technical information in this news release has been reviewed by the following Anvil personnel: Michael Lawlor who is the Company's Manager of Group Technical Services and a Fellow of the Australasian Institute of Mining and Metallurgy and is a Qualified Person as defined by NI 43-101. Messrs Fahey, Gray, Cameron and Lawlor have consented to the inclusion of such information in this news release in the form and context in which it appears.

**Caution Regarding Forward Looking Statements:** This news release contains "forward-looking information" that is based on assumptions and judgements of management regarding future events and results. Such forward-looking information includes, but is not limited to, statements regarding the updated economic analysis of Kinsevere Stage II (including NPV, internal rate of return, payback period, cash costs, capital cost estimates, mill throughput and mine life), the future price of copper and updated mineral reserve and mineral resource estimates for the Kinsevere Copper Project. The purpose of forward-looking information is to provide the reader with information about management's expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors, many of which are not in the control of Anvil, which may cause the actual results, performance or achievements of Anvil and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the actual market price of copper, the actual results of future mining, processing and development activities, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents, including under the heading "Risk Factors" in the Company's most recently filed AIF, which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Although Anvil has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will proceed as planned and within expected time limits and budgets or that, when completed, the expanded Kinsevere Copper Project will operate as anticipated.