



anvilmining

News Release

FOR IMMEDIATE RELEASE

August 16, 2010

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

TSX, ASX: AVM

Common shares outstanding 150.4 million

Anvil Mining Reports Second Quarter 2010 Results

Net income from continuing operations of \$5.1 million (\$0.03 per share)

Cash flows from continuing operations of \$3.3 million

Montréal, Canada: Anvil Mining Limited (TSX, ASX: AVM), (“Anvil” or the “Company”), today announced net income from continuing operations for the second quarter ended June 30, 2010, of \$5.1 million (\$0.03 per share), compared to a net loss of \$11.3 million (-\$0.13 per share) for the second quarter of 2009. Cash flows from continuing operations, before working capital movements, were \$3.3 million (\$0.02 per share), compared to negative cash flows, before working capital movements, of \$6.4 million (-\$0.07 per share) for the second quarter of 2009. Net copper sales for the second quarter of 2010 totalled \$14.5 million and copper production for the second quarter of 2010 totalled 4,412 tonnes. The sale of Dikulushi was completed during the quarter for a gain of \$5.9 million. For the first six months of 2010, the Company recorded a net income from continuing operations of \$11.6 million (\$0.08 per share) on net sales of \$30.0 million. Cash flows from continuing operations for the first half of 2010, before working capital movements, were \$9.7 million (\$0.06 per share). Year-to-date production totalled 8,505 tonnes of copper contained in concentrate, compared to 5,571 tonnes for the same period of 2009.

Bill Turner, President and CEO of Anvil, commented, “We continue to generate positive cash flows from the Kinsevere Stage I HMS plant and expect to achieve our 2010 targeted production of 15,000 tonnes of copper contained in concentrate. The construction work on the Kinsevere Stage II 60,000 tonnes per year SX-EW plant continued during the second quarter and, with over 1,000 construction personnel now on site, the project has exceeded 750,000 LTI free man hours. As of today, we have spent and committed approximately \$167 million of the remaining \$200 million required to finish the project. As a result of construction delays caused by issues with expediting key materials and equipment to site and the commencement of the installation of the internal site utilities, the full commissioning of Kinsevere Stage II is now expected to begin during the second quarter of 2011.”

The complete June quarter 2010 unaudited financial statements together with the related Management’s Discussion and Analysis (MD&A) are available on Anvil’s website at www.anvilmining.com under the heading “Financial Reports” within the Investor Relations section.

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people	mine
explore	grow
develop	sustain



Key points for the quarter

- Net copper sales of \$14.5 million compared to net sales of \$7.7 million for the second quarter of 2009.
- Net income from continuing operations of \$5.1 million (\$0.03 per share), compared to net loss of \$11.3 million (-\$0.13 per share) for the second quarter of 2009.
- Positive cash flows from continuing operations, before working capital movements, of \$3.3 million (\$0.02 per share), compared to negative cash flows from operating activities, before working capital movements, of \$6.4 million (-\$0.07 per share) for the second quarter of 2009.
- Quarterly production of 4,412 tonnes of copper, compared to production of 5,372 tonnes of copper in the second quarter of 2009.
- Completion of the sale of the Dikulushi mine for a recognized gain on sale of \$5.9 million.
- Reversal of provision for impairments of available-for-sale debt investments of \$3.9 million.

Key points for the year to date

- Net copper sales of \$30.0 million compared to net sales of \$9.4 million for the same period of 2009.
- Net income from continuing operations of \$11.6 million (\$0.08 per share), compared to net loss of \$30.2 million (-\$0.37 per share) for the same period of 2009.
- Positive cash flows from continuing operations, before working capital movements, of \$9.7 million (\$0.06 per share) compared to negative cash flows from operating activities, before working capital movements, of \$18.3 million (-\$0.23 per share) for the same period of 2009.
- Year-to-date production of 8,505 tonnes of copper, compared to production of 5,571 tonnes of copper during the same period of 2009.
- Reversal of provision for impairments of available-for-sale debt investments of \$4.8 million.

Near-term objectives (next three months)

- Continued cash positive operation of the Kinsevere Heavy Media Separation (“HMS”) plant.
- Continuation of construction works at Kinsevere Stage II.
- Completion of the refinancing of the \$100 million facility (the “Loan Facility”) currently in place with Trafigura Beheer B.V. (“Trafigura”) to an amount of \$140 million.

Longer term objectives (2011 onwards)

- Completion of construction, commissioning and ramp-up of the Kinsevere Stage II Solvent Extraction–Electrowinning (“SX-EW”) plant.
- Completion of a scoping study on options to heap-leach low-grade material (0.3% Cu to 0.7% Cu) in order to provide additional feed to the SX-EW plant.
- Identification of investment opportunities in the DRC to consolidate the Company’s position and to develop a pipeline of growth prospects.
- Initiation of further drilling at Kinsevere to enable the delineation of an expanded sulphide resource.



- Completion of preliminary studies on the mining and processing of the sulphide resource at Kinsevere.
- Completion of additional drilling and further metallurgical work to allow the Company to further evaluate the Mutoshi project.

Status of Kinsevere Stage II

As at July 31, 2010, \$83.0 million of the \$200 million budget for completion of construction had been spent, \$64.0 million of which relates to Ausenco EPC (Lump Sum Turn Key) Contract costs and \$19.0 million to Owner's Costs, with a further \$84.0 million committed for a total spent and committed amount of \$167.0 million of the remaining \$200 million required to complete the project.

The Company continues to progress with the construction and fabrication works for the Kinsevere Stage II SX-EW development, with extrapolation of the actual progress curve now indicating commencement of full commissioning in the second quarter of 2011. While critical activities relate to the installation of internal site utilities, acid proofing, electricals and instrumentation, significant progress has been achieved in the crusher area, the CCD thickeners, the pipe racks, acid tank area, high-grade and low-grade solvent extraction areas, reagent tanks, electro-winning tankhouse and tailings storage facility.

The on-site construction workforce is now 1,030, of whom 745 are direct labour. The project has exceeded 750,000 LTI (lost time injury) free man hours.

Key areas of progress include the following:

- Civil and Structural:
 - Civil construction is approximately 97% complete.
 - Concrete works are approximately 90% complete.
 - North-south and east-west pipe-racks have been completed and installation of piping and cable ladders onto the pipe-racks is continuing.
 - Stainless steel tankage is approximately 85% complete.
 - Acid storage tanks have been erected and roof covers installed.
 - The Tailings Storage Facility is approximately 70% complete and final earthworks on the solution ponds is well underway.
- Mechanical construction is approximately 35% complete:
 - Apron feeder and MMD sizer are installed.
 - SAG mill installation has commenced.
 - Installation of leach tanks agitators has commenced.
 - Installation of SX agitators / pump mixers is well advanced.
 - EW filters are assembled.
 - Water and air system tanks equipment is being assembled.
 - Reagent system assembly has started.
- Ordering of major capital items is approximately 98% complete.
- Significant progress has been made in the crusher, SAG mill and ROM pad areas:
 - Steel structural and plate work related to the installation of the crusher, apron feeder and MMD sizer has been completed.



- Steel and concrete work on the bridge between the ROM pad and crusher has been completed.
 - Concrete work for the mill feed conveyors foundations has been completed.
 - Concrete works for the main substation at the grinding facility has been completed and block work installation is well underway.
 - The mill erection vendor representatives arrived on site in July to oversee the installation of the SAG mill.
- Progress made with structural steel erection, the CCD thickeners, the pin bed clarifiers, the low-grade and high-grade solvent extraction tanks and electro-winning tankhouse area includes the following:
 - Bridges and rakes have now been installed in the CCD thickeners.
 - Main structures for the pin bed clarifiers have been largely erected.
 - Welding of the high-grade and low-grade SX stainless steel tanks has been completed and the welds have been water tested.
 - The slab for the tank foundations at the south and north ends of the east side of the electro-winning building and the slab for the stripping machine have been completed.
 - Installation of the hoists on the electro-winning crane has commenced and the installation of the crane conductor bars has been completed.
 - Approximately half of the electro-winning cells are already available for installation.

Kinsevere HMS Production

During the second quarter of 2010, the HMS plant produced 18,369 tonnes of concentrate, at an average grade of 24.0% copper for 4,412 tonnes of copper contained in concentrate. For the 2010 year-to-date, production from the HMS plant was 8,505 tonnes of copper contained in concentrate.

Key performance details of the HMS plant for the June quarter and year-to-date 2010 are set out in the table below.

	3 months ended June 30, 2010	6 months ended June 30, 2010
Ore processed – HMS plant (dmt)	72,716	134,207
Feed grade – HMS (%Cu)	7.3	7.9
Contained copper – HMS (tonnes)	5,317	10,624
Recovery Cu (%)	72.1	70.2
Concentrate produced – HMS and spirals (tonnes)	18,369	34,689
Concentrate grade – HMS and spirals (% Cu)	24.0	24.5
Copper produced in concentrate – HMS and spirals (tonnes) ¹	4,412	8,505

1. In addition to producing a coarse concentrate from the HMS plant, a fine grained, slightly lower grade concentrate is produced from a spirals circuit, through which the fines (<0.6mm) that are screened off before the HMS circuit, are treated.

Cash and liquidity

As at August 13, 2010, Anvil had approximately \$51.9 million in cash and \$24.0 million in available-for-sale investments. During the next six months the Company's commitments include \$141.5 million that relates to the Kinsevere Stage II development and \$7.2 million for a *Pas de Porte* (Entry Premium) payment due to Gécamines with respect to the Mutoshi amended agreements.



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In order to provide a greater degree of certainty over the Company's cash balance, during August, the Company entered into a transaction to hedge approximately 100% of its anticipated copper production for the remainder of 2010. The transaction is comprised of two components as follows:

- For 50% of anticipated production for the remainder of 2010, the Company has locked in a floor price of \$3.00 per pound and a cap price of \$3.41 per pound and will receive the market price where the copper price is between \$3.00 per pound and \$3.41 per pound; and
- For 50% of anticipated production for the remainder of 2010, the Company has locked in a price of \$3.24 per pound.

Refinancing of Trafigura Loan Facility

In December 2009, the Company completed the previously announced \$200 million financing agreement with Trafigura, comprised of a private placement (the "Private Placement") to Trafigura for proceeds to Anvil of \$100 million and the Loan Facility. The term of the Loan Facility is five years from the first drawdown and funds available under the Loan Facility can be drawn down only after funds from the Private Placement have been utilized for the development of Kinsevere Stage II.

The Company expects that the first drawdown under the Loan Facility will be required during late September 2010. The Loan Facility is subject to other typical conditions consistent with a commercial debt financing and the Company is currently finalising the last of the conditions precedent to be in a position to draw down the Loan Facility when required.

The Company has mandated a group of commercial banks to arrange, on a commercially reasonable efforts basis, a debt facility of \$140 million (the "Debt Facility") to replace the Loan Facility. Under the terms agreed with the syndicate of banks, the Debt Facility is expected to include a hedging facility for a period of not more than three years, the details of which are yet to be determined.

Corporate Succession Planning

After more than 15 years with Anvil, Bill Turner, President and CEO, has informed the Board of Directors of Anvil that he will be retiring in early 2011, by which time, the Kinsevere Stage II SX-EW plant is expected to have commenced full commissioning. The Board of Directors has hired an international executive search firm to assist in the search for a successor and hopes to name his replacement by the end of 2010. The Board looks forward to Bill's leadership and support during the transition period. As was mentioned in a previous news release dated March 19, 2010, the Company is continuing the process of recruiting a new CFO, and in the interim, Mr. Lui Evangelista, the Company's Financial Controller continues in the position of Acting CFO.

Second Quarter 2010 Results Conference Call and Webcast

The Company will hold a conference call at 8:30 a.m. (Canada, Toronto time) today, Monday, August 16, 2010, coinciding with 8:30 p.m. (AWST – Australia, Perth time) on the same day, to discuss the results.



The details to access the conference call and the live audio webcast are as follows:

Conference call:

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

- **Toll-free within North America: 1-888-231-8191**
- **For local and overseas calling: 1-647-427-7450**

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

- **CNW Group** website at:
<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3164260> (English)
<http://www.cnw.ca/fr/webcast/viewEvent.cgi?eventID=3164260> (French)

Replay Information (available for a period of 7 days):

The conference call will be recorded and a playback of the call will be available after the event by dialling: Toll Free: 1-800-642-1687 or local at 416-849-0833, 514-807-9274, 613-667-0035, 403-451-9481, 778-371-8506 or 902-455-3955.

Conference ID/Password number: 90220235 followed by the pound (#) key.

Anvil Mining Limited is a copper producer whose shares 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, please contact:

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Caution Regarding Forward Looking Statements: *This news release contains “forward-looking statements” and “forward-looking information”, based on assumptions and judgements of management regarding future events and results. Such “forward-looking statements” and “forward-looking information” which may include, but are not limited to the operation of the Kinsevere HMS plant, the refinancing of the Debt Facility, the drawdown of the Loan Facility and the Company’s plans for expansions of the Kinsevere copper mine. In addition, assumptions upon which such forward looking information is based include that Anvil and Trafigura will be able to satisfy the conditions to availability of the Loan Facility, including obtaining all third party and governmental approvals, including approvals of Anvil’s joint venture partner, Gécamines, the Central Bank of Congo and applicable departments of the government of the DRC and that all other conditions to availability of the Loan Facility will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of Anvil or Trafigura and there is no assurance they will prove to be correct. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. The purpose of forward-looking information is to provide the reader with information about management’s expectations and plans for 2010. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors 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 prices of the available-for-sale investments, the actual market price of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns and schedule delays, as well as those factors disclosed in the Company's filed documents. 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, or that the Kinsevere Stage I HMS plant will operate in accordance with forecast performance or that the Company will complete the refinancing of the Trafigura loan facility as planned. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information.



Appendix

Key Financial and Production Data (unaudited)

	3 Months Ended June 30		6 Months Ended June 30	
	2010	2009	2010	2009
Sales: (\$ millions)	14.5	7.7	30.0	9.4
Operating profit / (loss) : (\$ millions)	1.6	(7.7)	4.9	(22.1)
Provision for impairment: (\$ millions)	-	(0.3)	-	(4.9)
Write back of provision for impairment of assets: (\$ million)	3.9	-	4.8	-
Exploration expenditure written off: (\$ million)	(1.3)	(3.2)	(1.3)	(3.2)
Net Income / (loss) from continuing operations: (\$ millions)	5.1	(11.3)	11.6	(30.2)
PRODUCTION STATISTICS:				
Consolidated Group				
Copper produced in concentrates (tonnes)	4,412	5,372	8,505	5,571
Per Mine				
Kinsevere mine				
Ore mined (tonnes)	135,486	-	225,408	-
Ore processed ¹ (tonnes)	72,716	83,084	134,207	85,780
Copper grade (% Cu)	7.3	7.9	7.9	8.0
Contained copper in ore (tonnes)	5,317	6,566	10,624	6,837
Recovery Cu (%)	72.1	70.9	70.5	70.9
Copper produced in concentrates – HMS (tonnes)	3,835	5,372	7,464	5,571
Copper produced in concentrate – Spirals (tonnes)	577	-	1,041	-
Copper produced in concentrate – HMS and Spirals (tonnes)	4,412	5,372	8,505	5,571
Copper produced in blister (tonnes)	-	-	-	461
Costs of production (\$)				
Operating cash costs per tonne of concentrate (ex mine gate) \$/t	292	484	305	734

1. Ore processed at Kinsevere relates to ore processed through the HMS plant.



Consolidated Balance Sheets (Unaudited)
(Expressed in thousands of United States dollars)

	June 30 2010 \$	December 31 2009 \$
ASSETS		
Current assets		
Cash and cash equivalents	63,460	120,753
Accounts receivable	16,230	17,967
Inventories	12,789	14,220
Available-for-sale ("AFS") investments	-	1,243
Prepaid expenses and deposits	4,163	25,899
Current assets classified as held for sale	-	2,114
	96,642	182,196
Non-current assets		
Restricted cash	899	887
Available-for-sale ("AFS") investments	22,633	16,827
Investments accounted for using the equity method	12,234	-
Deferred financing fees	3,059	2,865
Long-term inventory	12,580	11,163
Long-term receivable	15,346	15,468
Exploration and acquisition expenditure	61,303	62,384
Property, plant and equipment	409,127	324,562
Non-current assets classified as held for sale	-	5,156
	537,181	439,312
Total assets	633,823	621,508
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	27,302	12,037
Derivative financial instrument	995	586
Income taxes payable	54	6
Provisions	1,758	1,712
Current portion of long-term debt	224	290
Current portion of liabilities directly associated with non-current assets classified as held for sale	-	1,764
	30,333	16,395
Non-current liabilities		
Future income tax liability	13,036	21,048
Other non-current liability	-	6,711
Long-term debt	-	74
Asset retirement obligations	12,933	12,858



Consolidated Balance Sheets (Unaudited) (cont.)

(Expressed in thousands of United States dollars)

	June 30 2010	December 31 2009
	\$	\$
Non-current portion of liabilities directly associated with non-current assets classified as held for sale	-	983
	25,969	41,674
Total liabilities	56,302	58,069
Non-controlling interest	(1,738)	260
	54,564	58,329
Shareholders' equity		
Equity accounts	509,261	510,347
Retained earnings	67,517	50,067
Accumulated other comprehensive income	2,481	2,765
Total shareholders' equity	579,259	563,179
	633,823	621,508



Consolidated Statements of Income and Comprehensive Income
(Expressed in thousands of United States dollars except per share amounts)

	3 Months Ended June 30		6 Months Ended June 30	
	2010	2009	2010	2009
	\$	\$	\$	\$
Revenue from continuing operations	14,529	7,738	30,015	9,384
Operating expenses	(8,684)	(11,371)	(16,145)	(23,823)
Amortization	(4,236)	(4,032)	(8,966)	(7,697)
	1,609	(7,665)	4,904	(22,136)
Other income	400	125	1,146	446
Provision for impairment of assets	-	(258)	-	(4,935)
Write back of provision for impairment of assets	3,905	-	4,809	-
Loss on derivative instruments	(757)	-	(409)	-
Share of loss in equity accounted investment	(226)	-	(226)	-
Exploration expenditure written off	(1,315)	(3,224)	(1,315)	(3,224)
General, administrative and marketing	(3,105)	(3,208)	(5,459)	(5,842)
Foreign exchange (losses) / gains	(427)	905	(111)	1,545
Stock based compensation	(114)	254	(382)	(1,106)
Interest and financing fees	(525)	(280)	(1,060)	(518)
(Loss) / income before income tax and non-controlling interest	(555)	(13,351)	1,897	(35,770)
Income tax benefit	4,414	1,692	8,011	5,234
Non-controlling interest share of loss	1,198	310	1,738	354
Net income / (loss) from continuing operations	5,057	(11,349)	11,646	(30,182)
Loss from discontinued operation	-	-	(107)	-
Gain on sale of discontinued operation	5,911	-	5,911	-
Net income / (loss)	10,968	(11,349)	17,450	(30,182)
Other comprehensive income, net of taxes:				
Net unrealized (losses) / gains on available-for-sale investments	(234)	3,367	(284)	3,367
Total comprehensive income / (loss)	10,734	(7,982)	17,166	(26,815)
Profit / (loss) per share from continuing operations:				
Basic & diluted profit / (loss) per share (\$)	0.03	(0.13)	0.08	(0.37)



Consolidated Statement of Cash Flows (Unaudited)

(Expressed in thousands of United States dollars)

	3 Months Ended June 30		6 Months Ended June 30	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash flows from operating activities				
Net profit / (loss) for the period	5,057	(11,349)	11,646	(30,182)
Items not affecting cash:				
- Amortization	4,236	4,032	8,966	7,697
- Provision for impairment of assets	(3,905)	258	(4,809)	4,935
- Share of loss in Equity Accounted Investment	226	-	226	-
- Loss on derivative instruments	757	-	409	-
- Non cash finance cost	541	215	1,044	430
- Loss on sale of assets	-	52	-	42
- Exploration expenditure written off	1,315	3,224	1,315	3,224
- Provision for bad and doubtful debts	450	-	450	-
- Non-controlling interest share of loss	(1,198)	(310)	(1,738)	(354)
- Unrealized foreign exchange loss / (gain)	129	(552)	(193)	59
- Future income tax	(4,414)	(1,719)	(8,011)	(5,265)
- Stock based compensation	114	(254)	382	1,106
Changes in non-cash working capital	3,580	1,025	(1,398)	11,806
	6,888	(5,378)	8,289	(6,502)
Payments for property, plant and equipment	(23,492)	(9,649)	(57,021)	(27,297)
Payment as security deposit	(6,460)	-	(6,460)	-
Proceeds from sale of assets	-	342	-	352
Payments for exploration expenditure	(5)	(42)	(531)	(1,108)
Proceeds of principal repayments from investments	112	11,060	112	11,528
	(29,845)	1,711	(63,900)	(16,525)
Cash flows from financing activities				
Proceeds from issue of shares (net of issue expenses)	41	27,199	(229)	27,199
Deferred borrowing costs	(256)	-	(531)	-
Movement in restricted cash	127	(79)	44	(93)
Payments of debt	(70)	-	(140)	-
Shares purchased - ESSIP	(1,238)	-	(1,238)	-
Disbursements on behalf of Dikulushi Trusts	-	(434)	-	(437)
	(1,396)	26,686	(2,094)	26,669
Adjustment for discontinued operations	479	-	-	-
Net (decrease) / increase in cash and cash equivalents	(23,874)	23,019	(57,705)	3,642
Cash and cash equivalents at beginning of the period	87,442	25,617	121,234	45,033
Effects of exchange rate changes on cash held in foreign currencies	(108)	41	(69)	2
Cash and cash equivalents at end of the period	63,460	48,677	63,460	48,677