

Anvil Mining Limited

Consolidated Financial Statements

As at and for the year ended December 31, 2006

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

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Anvil Mining Limited were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 2 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

PricewaterhouseCoopers LLP, the Company's independent auditors, conduct an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. As well, they make an assessment of the accounting principles used and significant estimates made by management and they evaluate the overall financial statement presentation.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) William S. Turner

(Signed) Craig R. Munro

President and Chief Executive Officer

Vice President Corporate and Chief Financial Officer

February 26, 2007

Auditors' Report to the Shareholders of Anvil Mining Limited

We have audited the consolidated balance sheets of Anvil Mining Limited as at December 31, 2006 and 2005 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) PricewaterhouseCoopers LLP

Chartered Accountants

Toronto, Ontario, Canada

February 26, 2007

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

Consolidated Balance Sheets

	Notes	December 31 2006 \$	December 31 2005 \$
ASSETS			
Current assets			
Cash and cash equivalents		59,302	7,945
Restricted cash	5	219	204
Accounts receivable	6	29,594	7,915
Inventories	7	18,020	7,353
Investments	8	95,819	-
Prepaid expenses and deposits		6,936	826
		<u>209,890</u>	<u>24,243</u>
Deferred financing fees	9	791	1,584
Deferred mining costs	10	-	4,078
Exploration and evaluation expenditure	11	127,138	27,578
Property, plant and equipment	12	63,930	30,057
Future income tax asset	4 (b)	737	-
		<u>402,486</u>	<u>87,540</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	13	14,285	7,958
Current income taxes	4 (a)	3,281	75
Other liabilities		676	490
Current portion of long term debt	14	8,000	5,500
Purchase consideration payable	15 (b)	46,250	4,526
		<u>72,492</u>	<u>18,549</u>
Long term debt	14	4,000	5,146
Purchase consideration payable	15 (b)	-	2,085
Future income tax liability	4 (b)	36,505	6,413
Asset retirement obligations	2 (n)	1,402	778
		<u>114,399</u>	<u>32,971</u>
Non controlling interest	16	8,291	1,722
Shareholders' equity			
Equity accounts	17	187,082	42,310
Retained earnings		92,714	10,537
Total Shareholders' equity		<u>279,796</u>	<u>52,847</u>
		<u>402,486</u>	<u>87,540</u>
Commitments for expenditure	18		
Contingent liabilities	19		

Approved by the Board of Directors

(signed)
William S Turner (signed)
John W Sabine

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 Earnings and Retained Earnings

	Notes	Year Ended December 31 2006 \$	Year Ended December 31 2005 \$
Concentrate sales		175,443	61,822
Operating expenses		(60,845)	(37,149)
Amortization		(7,561)	(5,881)
Operating profit		<u>107,037</u>	<u>18,792</u>
Other income	3	5,974	100
General, administrative and marketing		(10,134)	(4,330)
Exploration expenditure written off		(42)	-
Foreign exchange gains/(losses)		(370)	(5)
Stock based compensation		(1,367)	(630)
Interest and financing fees	3	(4,505)	(4,868)
Earnings before income tax and non controlling interest		<u>96,593</u>	<u>9,059</u>
Income tax	4 (a)	(3,830)	(17)
Non controlling interest		(10,586)	(1,535)
Net Earnings		<u>82,177</u>	<u>7,507</u>
Retained earnings at beginning of the year		<u>10,537</u>	<u>3,030</u>
Retained earnings at end of the year		<u><u>92,714</u></u>	<u><u>10,537</u></u>
Basic earnings per share (\$)	23	1.65	0.26
Diluted earnings per share (\$)	23	1.61	0.25

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

	Notes	Year Ended December 31 2006 \$	Year Ended December 31 2005 \$
Cash flows from operating activities			
Net earnings for the year		82,177	7,507
Items not affecting cash			
Amortization		7,561	5,881
Exploration expenditure written off		42	-
Loss on disposal of assets		-	4
Non controlling interest		10,586	1,535
Amortization of deferred financing fees		1,770	497
Unrealized foreign exchange (gains)/losses		(2,048)	(63)
Stock based compensation		1,367	630
Future tax		549	17
Investment interest and coupons classified as cash flows from investing activities		(2,558)	-
Changes in non-cash working capital	24	(24,861)	(6,137)
		<u>74,585</u>	<u>9,871</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(39,276)	(12,317)
Proceeds from sale of property, plant and equipment		84	-
Payment for acquisition of initial 70% interest in Mutoshi project		(6,491)	(7,366)
Payments for exploration and evaluation expenditure		(4,412)	(3,802)
Payment for acquisition of additional 10% interest in AMCK Mining s.p.r.l.		(10,000)	-
Payment for acquisition of additional 12.5% interest in Emiko s.p.r.l.		(9,873)	-
Payments for investments		(132,288)	-
Proceeds of principal repayments from investments		36,469	-
Interest and coupon payments received on investments		2,558	-
		<u>(163,229)</u>	<u>(23,485)</u>
Cash flows from financing activities			
Proceeds from issue of shares (net of issue expenses)		139,398	550
Decrease in restricted cash		-	13,929
Proceeds from borrowings (net of fees incurred)		14,250	9,146
Repayment of borrowings		(13,646)	(6,625)
		<u>140,002</u>	<u>17,000</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		7,945	4,559
Effects of exchange rate changes on cash held in foreign currencies		(1)	-
Cash and cash equivalents at end of the year		<u>59,302</u>	<u>7,945</u>
Non cash financing and investing activities	15 (b), 25		

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

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

The Company and its subsidiaries (the “Group” or “Anvil”) operate in one operating segment, namely the acquisition, exploration, development and mining of mineral properties. Its principal assets are a 90% interest in the Dikulushi copper-silver mine (the “Dikulushi mine”) situated in the Democratic Republic of Congo (“DRC”), an 80% interest in the Kulumaziba copper mine (the “Kulu mine”), a 95% interest in the Kinsevere-Nambulwa copper project (“Kinsevere”) and the associated Dikulushi, Mutoshi and Kinsevere-Nambulwa exploration tenements. Anvil also holds interests in other exploration properties in the DRC, Zambia and South East Asia.

Anvil’s cash flow and profitability are affected by the market price of copper and silver, operating costs and exploration and development activity costs. The recoverability of the amounts shown in the consolidated balance sheet for deferred exploration and mine properties is dependent upon the existence of economically recoverable reserves, confirmation of Anvil’s interest in the underlying mining claims, and the political and economic conditions in the relevant African and South East Asian countries involved.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Summarized below are the significant accounting policies used in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company and their results for the period since the acquisition date. The effects of all transactions between entities in the consolidated group are eliminated in full.

b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Significant areas where management’s judgement is applied are asset and investment valuations, asset retirement obligations and estimates of ore reserves. Actual results may differ from those estimates.

c) Reporting currency

The functional currency of the Group is the United States Dollar and the functional currency used in the principal operations at the Dikulushi and Kulu mines and in Anvil’s other principal businesses is the United States Dollar (“US\$” or “US Dollar”). Accordingly, the Company has adopted the United States Dollar as its reporting currency.

d) Foreign currency translations

The Company employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the year-end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized as income. Realized exchange gains and losses and currency translation adjustments are included in income.

e) Revenue recognition

Revenue from sales of copper-silver concentrate is recorded net of smelter treatment charges and deductions. Sales are recognized when shipments are delivered at the smelters and title passes to the customer.

f) Cash and cash equivalents

Cash and cash equivalents are comprised of highly liquid investments with maturity of three months or less at the date of original issue.

g) Receivables

All receivables are recognized at the amounts due for settlement no more than 60 days from the date of recognition. The collectibility of receivables is reviewed on an ongoing basis. Accounts, which are known to be uncollectible, are written off. A provision for impairment is recognized when there is evidence that the Company will not be able to collect all amounts due.

h) Inventories

Inventories of broken ore and concentrate are physically measured or estimated and valued at the lower of cost and net realizable value.

Cost represents weighted average cost and includes direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortization.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost. Obsolete or damaged inventories are valued at net realizable value. A regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

i) Deferred financing fees

Costs incurred (including the fair value of shares and options granted) to obtain long-term debt or finance facilities are deferred and amortized over the respective terms of the underlying debt.

Interest and financing fees are recognized as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets. Interest and financing fees incurred in direct connection with financing a qualifying asset are included in the cost of the qualifying asset.

j) Deferred mining costs

Certain mining costs, principally those that relate to the stripping of waste and which relate to the future economically recoverable ore to be mined, have been capitalised. These costs are deferred or taken to the production cost as the case may be, so that each tonne of ore mined bears the average cost of waste removal per tonne of ore, as determined by the waste to ore ratio derived from the current pit plan. The waste to ore ratio is regularly assessed by management to ensure the carrying value and the rate of deferral is appropriate.

k) Exploration, evaluation and development expenditure

Exploration and evaluation expenditure incurred is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest, which is expensed in the year it is incurred.

Property acquisition costs relating to exploration properties and expenditures incurred on properties identified as having development potential are deferred as mine development costs on a project basis until the viability of the project is determined.

If, after management review, it is determined that the carrying amount of an exploration property is impaired, that property is written down to its estimated fair value. An exploration property is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Company's rights of tenure to that area of interest are current.

l) Property, plant and equipment

The cost of each item of buildings, fixed plant, mobile machinery and equipment is written off over its expected useful life. Either the units-of-production or straight-line method may be used. The unit-of-production basis results in an amortization charge proportional to the depletion of the recoverable mineral resources. Each item's economic life has due regard to both its own physical life limitations and to present assessment of recoverable mineral resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all mine buildings, fixed plant and mobile machinery and equipment, with annual reassessments for major items.

The expected useful lives are as follows:

- Mine buildings – the shorter of applicable mine life on units-of-production basis and 15 years
- Fixed plant – the shorter of applicable mine life on units-of-production basis and 15 years
- Mobile machinery and equipment – the shorter of applicable useful life and 7 years, depending on the nature of the asset

Major spares purchased specifically for particular plant are capitalized and amortized on the same basis as the plant to which they relate.

The Company reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable based on future undiscounted cash flows. When assets are determined to be impaired, recorded asset values are revised to fair value and an impairment loss is recognized.

m) Mine properties

Mine properties comprise the accumulation of all exploration, evaluation and development expenditure, incurred by or on behalf of the entity, in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are likely to be realized, otherwise such expenditure is classified as part of the cost of production.

Amortization of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its fair value, that excess in carrying value is either fully provided against or written off in the financial year in which this is determined.

n) Asset retirement obligations

Future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site have been recognized and recorded as a liability at fair value, assuming a credit adjusted risk-free discount rate of 7.89% and an inflation factor of 2.5%. The liability is accreted over time through periodic charges to earnings. In addition the asset retirement cost is capitalized as part of the asset's carrying value and amortized over the asset's useful life. Subsequent to the initial recognition of the asset retirement obligation and associated asset retirement cost any changes resulting from a revision to either timing or amount of estimated cash flows are prospectively reflected in the year those estimates change.

Although the ultimate amount to be incurred is uncertain, management has at December 31, 2006 revised the estimated liability and the asset retirement cost has been based on management's revision of the independent Environmental Impact Assessment, completed for the Kulu operation in May 2005, and the Environmental Adjustment Plan, completed for the Dikulushi operation in August 2006, using a continuing expected life of mine of 5 years and total undiscounted amount of estimated cash flows of \$1.582 million. During the year ended December 31, 2006 the accretion expense in relation to the liability was \$0.073 million (year ended December 31, 2005 \$0.022 million).

o) Income tax

The Company accounts for income taxes under the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying values and tax bases of assets and liabilities. Future tax assets and liabilities are measured using tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of changes in tax rates is recognized in income in the period in which the change is applied.

p) Earnings per share

The Company follows the "treasury stock" method in calculating diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued, assuming "in the money" options were exercised and the proceeds used to repurchase common shares at a weighted average market price.

q) Stock-based compensation

The Company recognizes the fair value of options granted as an expense over the respective vesting period against income and the corresponding value recorded in contributed surplus.

(r) Investments

Investments are carried at the lower of cost and quoted market value.

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

3. Other income and interest and financing fees	Year Ended December 31 2006	Year Ended December 31 2005
	\$	\$
Interest received	5,296	100
Other	678	-
	<u>5,974</u>	<u>100</u>
 Interest and financing fees		
Financing fee	2,227	3,745
Interest	508	626
Amortization of deferred financing fees	1,770	497
	<u>4,505</u>	<u>4,868</u>

4. Income tax	Year Ended December 31 2006	Year Ended December 31 2005
	\$	\$
(a) The income taxes shown in the consolidated statement of earnings differ from amounts calculated by applying the statutory rates to earnings before provision for income taxes due to the following:		
Earnings before income tax and non controlling interest	<u>96,593</u>	<u>9,059</u>
Income taxes at Canadian statutory rates - 32% (2005 – 38%)	30,910	3,442
Difference in tax rates	(27,358)	(5,244)
Non deductible expenses	3	138
Change in valuation allowance	(270)	1,681
Temporary differences in tax and accounting treatment	545	-
Taxation expense	<u>3,830</u>	<u>17</u>
Comprising:		
Current income taxes	3,281	17
Future income taxes	549	-

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

	December 31 2006	December 31 2005
	\$	\$
(b) Future Tax		
Exploration expenditure	35,223	6,413
Non-capital loss carry forwards	2,764	3,416
Other temporary differences	545	-
	<u>38,532</u>	<u>9,829</u>
Valuation allowance	(2,764)	(3,416)
Net future tax liability	<u>35,768</u>	<u>6,413</u>
Future tax liability	36,505	6,413
Future tax asset	(737)	-
	<u><u>35,768</u></u>	<u><u>6,413</u></u>

The Group has non-capital loss carry-forwards as at December 31, 2006 of \$8.6 million (December 31, 2005 - \$8.5 million) that may be available for tax purposes. The 2006 losses are in Canada. The losses in Canada expire after twenty years. The use of these losses arising from operating losses and exploration and development expenditures are subject to certain restrictions.

A full valuation allowance has been recorded against the potential income tax benefits of these carry forward losses, as realization thereof cannot at this time be considered more likely than not.

<u>Non-capital tax loss carry- forwards</u>	<u>Year of Expiry</u>
\$2.1 million	2024
\$4.3 million	2025
\$2.2 million	2026
<u>\$8.6 million</u>	

Under the Mining Convention (“Convention”) granted by the DRC Government, the Dikulushi mine operations in the DRC currently enjoy a concessionary tax benefit of reduced income tax rates for the first fifteen years from the date of first commercial mine production, which commenced in October 2002. The tax concessionary rates based on the applicable DRC Professional income tax rate of 40% which was in effect when the Convention was granted are as follows:

<u>Period</u>	<u>% of Professional Tax Rate</u>	<u>Effective income tax rate</u>
First five years of production	0%	0%
Sixth through to tenth years of production	40%	16%
Eleventh through to fifteenth years of production	45%	18%
Thereafter	100%	30% ⁽ⁱ⁾

i) The Convention holder elected, as entitled, to adopt the more favourable rate of 30%.

The Kulu mine operates under the fiscal regime at the time the DRC Mining Code (“Code”) came into effect in June 2003. The DRC Professional income tax rate applicable to the Kulu mine operations is 30%.

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

	December 31 2006	December 31 2005
	\$	\$
5. Restricted cash		
Cash deposits held as security or on escrow	219	204

At December 31, 2006, cash deposits were held by the Company's bankers against a rental bond guarantee and trade credit facilities granted to the Company.

	December 31 2006	December 31 2005
	\$	\$
6. Accounts receivable		
Trade receivables	25,498	6,964
Accrued interest income	1,178	-
Other	2,918	951
	<u>29,594</u>	<u>7,915</u>

	December 31 2006	December 31 2005
	\$	\$
7. Inventories		
Raw materials and stores – at cost	7,007	3,634
Ore stockpiles – at cost	2,719	1,113
Concentrate in stockpiles and in transit – at cost	8,294	2,606
	<u>18,020</u>	<u>7,353</u>

	December 31 2006	December 31 2005
	\$	\$
8. Investments		
Investments at cost	<u>95,819</u>	-
Investments at quoted market value	<u>95,946</u>	-

The investments are a result of the cash received from the capital raising in March 2006 being placed into highly secure and liquid assets. The investments can be readily converted into cash as, and when, the Group's funding requirements necessitate.

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

	December 31 2006	December 31 2005
	\$	\$
9. Deferred financing fees		
Balance at beginning of year	1,584	679
Deferred fees paid and value of warrants and options granted (refer Note 17 (d))	977	1,402
Amortization	(1,770)	(497)
Balance at the end of year	<u>791</u>	<u>1,584</u>

	December 31 2006	December 31 2005
	\$	\$
10. Deferred mining costs		
Costs at the beginning of year	4,078	2,617
Waste stripping costs deferred during the year	-	2,243
Waste stripping costs amortized during the year	(4,078)	(782)
Costs at end of year	<u>-</u>	<u>4,078</u>

	December 31 2006	December 31 2005
	\$	\$
11. Exploration and evaluation expenditure		
Exploration and evaluation expenditure at beginning of year	27,578	4,727
Expenditure transferred to development properties	(1,699)	(2,329)
Fair value of exploration properties acquired	96,034	21,378
Expenditure incurred	5,267	3,802
Expenditure written off	(42)	-
Foreign exchange movement	-	-
Exploration and evaluation expenditure at end of year	<u>127,138</u>	<u>27,578</u>
Costs incurred on:		
Dikulushi mine and regional projects	3,710	2,928
Mutoshi projects	30,264	18,177
Kinsevere-Nambulwa projects	91,712	5,516
Philippines regional exploration projects	431	151
Duc Bo exploration project – Vietnam	1,021	806
	<u>127,138</u>	<u>27,578</u>

The carrying value of expenditure on areas of interest in the exploration and evaluation 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.

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

12. Property, plant and equipment	December 31 2006		
	Cost \$	Accumulated depletion, amortization and write-down \$	Net book value \$
Dikulushi⁽¹⁾			
Land and buildings	2,909	(1,086)	1,823
Plant and equipment	22,588	(8,449)	14,139
Mine property	6,661	(5,215)	1,446
Construction work in progress	4,322	-	4,322
	36,480	(14,750)	21,730
Kulu⁽²⁾			
Land and buildings	68	(9)	59
Plant and equipment	3,560	(1,287)	2,273
Mine property	10,620	(852)	9,768
Construction work in progress	921	-	921
	15,169	(2,148)	13,021
Kinsevere⁽³⁾			
Construction work in progress	24,655	-	24,655
Services⁽⁴⁾			
Land and buildings	662	(27)	635
Plant and equipment	2,180	(567)	1,613
Construction work in progress	1,790	-	1,790
	4,632	(594)	4,038
Corporate and other⁽⁵⁾	724	(238)	486
Total	81,660	(17,730)	63,930

⁽¹⁾ The Dikulushi property, plant and equipment includes all property, plant and equipment located at Dikulushi or used in the support of the Dikulushi operations but situated in the Democratic Republic of Congo (DRC) and elsewhere in Central and Southern Africa.

⁽²⁾ The Kulu property, plant and equipment include all property, plant and equipment located at Kolwezi in the DRC.

⁽³⁾ The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere 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 and Canada.

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

	December 31 2005		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
Dikulushi⁽¹⁾			
Land and buildings	2,379	(670)	1,709
Plant and equipment	17,787	(5,208)	12,579
Mine property	6,466	(4,172)	2,294
Construction work in progress	900	-	900
	<u>27,532</u>	<u>(10,050)</u>	<u>17,482</u>
Kulu⁽²⁾			
Land and buildings	-	-	-
Plant and equipment	1,928	(123)	1,805
Mine property	5,933	(154)	5,779
Construction work in progress	3,031	-	3,031
	<u>10,892</u>	<u>(277)</u>	<u>10,615</u>
Services⁽⁴⁾			
Land and buildings	39	(1)	38
Plant and equipment	1,396	(41)	1,355
Construction work in progress	211	-	211
	<u>1,646</u>	<u>(42)</u>	<u>1,604</u>
Corporate and other⁽⁵⁾			
	463	(107)	356
Total	<u>40,533</u>	<u>(10,476)</u>	<u>30,057</u>

	December 31 2006	December 31 2005
	\$	\$
13. Accounts payable and accrued liabilities		
Trade creditors	6,835	2,428
Creditor and other accruals	7,450	5,530
	<u>14,285</u>	<u>7,958</u>

	December 31 2006	December 31 2005
	\$	\$
14. Long term debt facilities		
RMBI project financing	-	5,500
Deans Knight facility	-	5,146
Fortis Bank facility	12,000	-
Total long-term debt	<u>12,000</u>	<u>10,646</u>
Less: current portion	<u>(8,000)</u>	<u>(5,500)</u>
	<u>4,000</u>	<u>5,146</u>

The scheduled minimum repayments are as follows:

Financial year 2006	-	5,500
Financial year 2007	8,000	5,146
Financial year 2008	4,000	-
	<u>12,000</u>	<u>10,646</u>

(a) Fortis Bank facility

On June 16, 2006, the Group finalised all documentation for the Fortis Bank \$15 million finance facility. As at December 31, 2006 the Group had fully drawn down \$15 million of the facility, of which \$3 million had been repaid. The loan bears interest at the London Interbank Offer Rate (LIBOR) + 2.92% per annum and is payable in arrears, quarterly, over six further quarters.

The Group has pledged the following to Fortis as security for the facility:

- (i) Assignment of Initial Intra-Group Loan Agreements. The rights, title, interest and benefit associated with the Dikulushi Project Financing and Mutoshi Project Financing agreements between Anvil Mining Investments Limited, and Anvil Mining Congo s.a.r.l and Société de Minière de Kolwezi s.p.r.l. (all Anvil Mining Limited Group subsidiaries) respectively.
- (ii) Assignment of specific off take contracts with Republic House and Transamine. The whole benefit and all of the right, title and interest in the specific off take contracts is assigned to Fortis.
- (iii) Fortis has been granted first ranking pledge over the bank accounts of Anvil Mining Investments Limited, and Anvil Mining Congo s.a.r.l and Société de Minière de Kolwezi s.p.r.l. that are held with Fortis.
- (iv) Assignment of Operational Insurances. The rights, title, benefit and claims of Anvil Mining Limited and its subsidiaries under policies of insurance against physical loss in respect of the projects are assigned to Fortis.

15. (a) Acquisition

The Group finalized the acquisition of an additional 10% interest in AMCK Mining s.p.r.l (AMCK) in September 2006, an additional 12.5% interest in Entreprise Minière de Kolwezi s.p.r.l (“Emiko”) in November 2006, and its additional 15% interest in AMCK in December 2006. The additional acquisitions have increased the Group’s interest in the Mutoshi projects to 80%, and increased the Group’s ownership in the Kinsevere-Nambulwa project from 70% to 95%. These additional interests acquired during the year ended 31 December, 2006, have been accounted for using the purchase method as follows:

Purchase price:	
Cash paid	19,873
Shares issued	4,000
Purchase consideration payable	45,000
Total cost of acquisitions	<u>68,873</u>
Fair Value of Assets acquired	
Current assets	1,431
Non-current assets	7,364
Exploration and evaluation expenditure	96,034
	<u>104,829</u>
Fair Value of Liabilities assumed	
Current liabilities	1,584
Non-current liabilities	5,562
Future income tax liability ⁽¹⁾	28,810
	<u>35,956</u>
Fair Value of Net assets acquired	<u>68,873</u>

- (1) The future income tax liability assumed relates to the tax effect at 30% of the temporary difference arising on the acquisition fair valued exploration and evaluation expenditure which is expected to reverse upon subsequent amortization or disposal of this asset.

(b) Purchase consideration payable**Mutoshi acquisition**

At December 31, 2006 \$1.25 million purchase consideration for the initial acquisition of the 70% interest in Mutoshi has not been settled, as the legal documentation regarding the tenement transfers has not been completed.

Kinsevere acquisition of additional 15% interest

In December 2006, the Group acquired an additional 15% interest in the mining rights for the Kinsevere-Nambulwa copper-cobalt deposits from Mining Company Katanga s.p.r.l. (MCK), a private DRC company that is Anvil's joint venture partner in the project. The consideration was \$45 million, \$36 million in cash, and \$9 million in common shares (872,093 common shares at US\$10.32 per share). At December 31, 2006, the \$45 million was unpaid and is included as a current liability in the balance sheet.

16. Non controlling interest

The Group holds an indirect 90% equity interest in Anvil Mining Congo s.a.r.l. ("Anvil Congo") and, in addition, has administrative responsibility for the economic benefit of the remaining 10% equity 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 that hold the remaining 10%.

The Group also holds an indirect 80% interest in SMK which is the owner and operator of the Kulu mine and an indirect 95% interest in AMCK which is undertaking the development of the Kinsevere-Nambulwa tenements (collectively "Other subsidiaries").

The movements in non controlling interests during the year ended December 31, 2006 are as follows:

	December 31	December 31
	2006	2005
(a) Anvil Congo – non controlling interests	\$	\$
Balance – beginning of year	1,661	613
Amounts disbursed on behalf of the Trusts during the year	(3,224)	(426)
Interests in net earnings of Anvil Congo	8,058	1,474
Balance – end of year	<u>6,495</u>	<u>1,661</u>
(b) Other subsidiaries – non controlling interests		
Balance – beginning of year	61	-
Interests in net earnings of SMK	2,528	61
Minority shareholding in Emiko (12.5%) – owner of 80% interest in SMK	551	-
Minority shareholding in AMCK (20%)	46	-
Non-controlling interest bought back via purchase of 12.5% shares in Emiko	(1,356)	-
Non-controlling interest bought back via purchase of 15% shares in AMCK	(34)	-
Balance – end of year	<u>1,796</u>	<u>61</u>
Total non- controlling interests – end of year	<u><u>8,291</u></u>	<u><u>1,722</u></u>

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

17. Equity accounts	December 31 2006 \$	December 31 2005 \$
Common shares (a)	183,503	35,077
Contributed surplus (b)	3,020	6,674
Cumulative translation adjustments (e)	559	559
	187,082	42,310

(a) Issued:

		December 31 2006		December 31 2005	
		Number of shares	Amount \$	Number of shares	Amount \$
Balance – Beginning of year		29,086,847	35,077	25,624,229	23,302
Exercise of stock options	(i)	101,666	257	57,499	129
Share issue	(ii)	23,000,000	128,359	-	-
Conversion of special warrants to common shares	(iii)	2,620,000	14,807	3,240,000	10,339
Conversion of ordinary warrants to common shares	(i)	1,296,631	3,998	-	-
Issue of shares for acquisitions	(iv)	602,410	4,000	165,119	1,268
Transfer from contributed surplus	(i)	-	5,021	-	83
Share issue expenses	(v)	-	(8,016)	-	(44)
Balance – End of year		56,707,554	183,503	29,086,847	35,077

- (i) During the year ended December 31, 2006, employee stock option and warrant holders exercised their options/warrants over 1,398,297 (December 31, 2005: 57,499) common shares. The transfer from Contributed Surplus relates to the fair value ascribed to stock options/warrants exercised during the year.
- (ii) On March 21, 2006, the Company completed the sale of 23,000,000 common shares at a price of C\$6.50 per share pursuant to an Underwriting Agreement with Paradigm Capital Inc., Haywood Securities Inc. and GMP Securities L.P.
- (iii) On December 16, 2004, the Company completed the sale of 5,240,000 special warrants convertible at a price of C\$5.25 each through a brokered private placement. A total of 2,000,000 of the special warrants were immediately converted into 2,000,000 common shares and 999,952 share purchase warrants as allowed under the Australian Stock Exchange 15% placement capacity rule. The balance of 3,240,000 special warrants was convertible to common shares and one half of a share purchase warrant (1,620,048 warrants) for each special warrant on receipt of shareholders' approval at a meeting held on January 20, 2005. By June 19, 2006, all 2,620,000 share purchase warrants exercisable at C\$6.25 per share, with an original expiry date of December 16, 2007 and subsequently accelerated to June 5, 2006, were exercised.
- (iv) On January 12, 2005 the Company announced that the due diligence review of the Mutoshi Copper-Cobalt Project had been completed satisfactorily and that, as per the terms and conditions of the agreement announced on November 17, 2004, the Company issued 153,950 common shares at C\$6.02 per share as part of the consideration to acquire a 87.5% interest in L'Entreprise Minière de Kolwezi s.p.r.l. ("Emiko") which in turn has an 80% interest in Société Minière de Kolwezi s.p.r.l. ("SMK" - formerly Société de Traitements de Rejets de Mutoshi s.p.r.l.) which holds the Mutoshi Project giving the Group an effective interest in SMK, at the time of the acquisition, of 70% .
On January 25, 2005 the Company issued 11,169 common shares at C\$5.95 per share as part consideration for an additional 5% interest in the Duc Bo exploration project.
On September 11, 2006, the Company issued 602,410 common shares at USD \$6.64 per share as part consideration for an additional 10% interest in AMCK Mining s.p.r.l, the holder of the mining rights for the Kinsevere-Nambulwa copper-cobalt deposits.
- (v) The total share issue expenses relating to the brokered private placement described in (ii) above amounted to \$7.784 million.

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

(b) Contributed surplus

	December 31	December 31
	2006	2005
	\$	\$
Balance – Beginning of year	6,674	2,672
Fair value of warrants issued (refer (d) below)	-	3,645
Allocated share issue expenses	-	(190)
Employee stock based compensation recognised	1,367	630
Transfer to common shares (refer (a) above)	(5,021)	(83)
Balance – End of year	<u>3,020</u>	<u>6,674</u>

(c) Stock option plan

The Company has a Director and employee stock option plan, under which it may grant options to Directors and employees for up to 3,804,421 (December 2005 - 1,768,684) common shares.

The Black-Schöles option pricing model and the valuation assumptions below are used to estimate the fair values of stock options granted.

The assumptions used in determining the fair values of stock options granted under the stock option plan are as follows:

	Australian Dollar based options	Canadian Dollar based options
Risk free interest rate:	5.28%	4.27%
Expected life:	36 months	68 months
Expected volatility:	67.8%	49.7%
Expected dividend yield:	0%	0%

During the year ended December 31, 2006, 75,000 stock options with an exercise price of C\$7.06 each, with a total fair value of \$0.217 million and 50,000 stock options with an exercise price of C\$3.80 each, with a total fair value of \$0.086 million were issued to non-executive Directors pursuant to the terms of the plan. During the year ended December 31, 2005, 75,000 stock options with an exercise price of C\$3.80 each, with a total fair value of \$0.093 million were issued to non-executive Directors pursuant to the terms of the plan and 24,999 stock options were exercised. During the year ended December 31, 2005, 150,001 stock options were forfeited.

During the year ended December 31, 2006, 703,000 stock options with an exercise price, ranging from C\$3.80 to C\$11.28 each, with a total fair value of \$2.018 million were issued to employees under the stock option plan and 101,666 employee stock options were exercised. During the year ended December 31, 2005, 435,000 stock options with an exercise price, ranging from C\$3.80 to C\$4.66 each, with a total fair value of \$0.627 million were issued to employees under the stock option plan and 32,500 employee stock options were exercised.

The fair value of stock options granted and expensed in the year ended December 31, 2006 amounted to \$1.367 million (year ended December 31, 2005 – \$0.630 million). As at December 31, 2006, the aggregate fair value of unvested stock options remaining to be charged to income amounted to \$1.710 million (December 31, 2005 – \$1.436 million).

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

Outstanding stock options:

	December 31, 2006		December 31, 2005	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Australian Dollar based options				
Outstanding at beginning of year	400,000	A\$2.10	432,500	A\$1.79
Granted under plan	-	-	-	-
Exercised	(60,000)	A\$1.65	(32,500)	A\$1.50
Outstanding at the end of year	340,000	A\$2.16	400,000	A\$2.10
Options vested and exercisable at the end of the year	320,000	A\$1.88	360,000	A\$1.60
Canadian Dollar based options⁽¹⁾				
Outstanding at beginning of year	740,000	C\$4.16	510,000	C\$4.44
Granted under plan	828,000	C\$6.60	510,000	C\$3.98
Exercised	(41,666)	C\$4.98	(24,999)	C\$4.27
Expired & forfeited	-	-	(255,001)	C\$4.25
Outstanding at the end of year	1,526,334	C\$5.46	740,000	C\$4.16
Options vested and exercisable at the end of the year	308,333	C\$4.24	98,330	C\$4.47

(1) These stock options have been issued to the Directors and employees of the Company pursuant to the stock option plan.

The following table summarizes information about stock options outstanding at December 31, 2006:

Range of exercise prices	Options outstanding			Options exercisable		
	Number outstanding at December 31, 2006	Weighted average of remaining contractual life	Weighted average exercise price	Number outstanding at December 31, 2006	Weighted average of remaining contractual life	Weighted average exercise price
A\$1.20-A\$2.60	280,000	16	A\$1.22	280,000	16	A\$1.25
A\$6.50	60,000	3	A\$6.50	40,000	3	A\$6.50
C\$3.80	605,000	53	C\$3.80	118,333	53	C\$3.80
C\$4.25-C\$4.66	318,334	47	C\$4.34	160,000	44	C\$4.32
C\$5.20-C\$5.92	105,000	51	C\$5.82	16,667	8	C\$5.60
C\$7.06	328,000	63	C\$7.06	-	-	-
C\$9.41	100,000	32	C\$9.41	-	-	-
C\$11.23-C\$11.28	70,000	71	C\$11.26	-	-	-

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

(d) Warrants

Warrants to purchase common shares that have been granted or cancelled were as follows:

Date	Details	Notes	No. of Warrants	Exercise Price	Fair Values \$
January 1, 2005	Opening balance		1,796,583		2,113
January 2005	Conversion of special warrants	(i)	1,620,048	C\$6.25	2,617
	Allocated issue expenses				(190)
July 2005	Issue of warrant	(ii)	500,000	C\$5.25	335
December 2005	Issue of warrant	(iii)	600,000	C\$6.25	692
December 31, 2005	Closing balance		4,516,631		5,567
January 2006	Exercise of warrants	(iv)	(296,631)	A\$1.20	(116)
March 2006	Exercise of warrants	(v)	(500,000)	A\$3.00	(499)
March to June 2006	Exercise of warrants	(vi)	(2,620,000)	C\$6.25	(3,925)
August 2006	Exercise of warrants	(vii)	(500,000)	C\$5.25	(335)
December 31, 2006	Closing balance		600,000		692

Details of movements in warrants are as follows:

- (i) On January 20, 2005, the remaining special warrants issued through the brokered private placement in December 2005 were converted into 1,620,048 warrants (refer Note 15 (b) Special warrants above).
- (ii) On July 7, 2005, the Company issued 500,000 warrants, to purchase 500,000 shares at an exercise price of C\$5.25 per share expiring on June 30, 2008, to RMBI as part of the working capital finance facility of \$4.0 million. The fair value of these warrants of \$0.335 million is accounted for as deferred borrowing costs associated with the additional working capital financing facility.
- (iii) On December 22, 2005, the Company issued 600,000 warrants, to purchase 600,000 shares at an exercise price of C\$6.25 per share expiring on December 22, 2007, to Deans Knight as part of the unsecured 18 month facility of C\$6.000 million. The fair value of these warrants of \$0.692 million is accounted for as deferred borrowing costs associated with the Deans Knight financing facility.
- (iv) In January 2006, 296,631 Warrants issued through the conversion of Convertible Notes, issued by Anvil NL (prior to the Reorganization), in January 2004, were exercised by the warrant holder.
- (v) In March 2006, 500,000 warrants issued in respect of the grant of financing facilities by RMBI were exercised.
- (vi) During the period March to June 2006, 2,620,000 share purchase warrants issued as part of the special warrants issued in December 2004 were exercised.
- (vii) In August 2006, 500,000 warrants issued in respect of the grant of financing facilities by RMBI were exercised.

(e) Cumulative translation adjustments

	December 31 2006	December 31 2005
	\$	\$
Balance at the beginning of the year	559	559
Net exchange differences on translation	-	-
Balance at the end of the year	559	559

18. 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 December 31, 2006 is \$0.1 million (December 31, 2005 - \$0.1 million).

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.

(b) Dikulushi mine

The outstanding capital commitments of the Dikulushi mine contracted for at December 31, 2006 was \$3.0 million (December 31, 2005 \$2.8 million).

(c) Kulu mine

The outstanding capital commitments of the Group contracted for at December 31, 2006 was \$1.5 million (December 31, 2005 \$0.3 million). Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2% of sales of copper extracted from the acquired mining properties. SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

(d) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted for at December 31, 2006 was \$19.0 million.

(e) Anvil Mining Services

The outstanding capital commitments of the Group contracted for at December 31, 2006 was \$0.6 million.

(f) Central Bank of Congo

Anvil Congo entered into an agreement with the Central Bank of Congo, under which Anvil Congo is permitted to deposit sales proceeds into bank accounts located outside the DRC. The agreement requires that Anvil Congo repatriate no less than 40% of the realized sales receipts, within certain time periods, into Anvil Congo's bank account located in the DRC. At December 31, 2006 the amount to be repatriated was \$5.0 million (December 2005 - \$7.1 million). These funds, once repatriated, are available to the Company to meet obligations both within and outside the DRC.

19. Contingent liabilities

At December 31, 2006, the Office Congolaise de Controle (OCC) in the DRC claim of \$1.3 million for fees relating to import duty from a Group subsidiary, Anvil Mining Congo s.a.r.l (AMC), is still outstanding. The Group's potential liability for the amount of \$1.3 million is being contested as the claimant opposes the application of the new mining code in the DRC.

At December 31, 2006, the government tax authority in the DRC, DGI, has assessed income taxes submitted on expatriate salaries for the period January 2004 to January 2006 against AMC. AMC's potential liability of \$1.1 million is being contested as the present DGI claim does not recognise the exemption granted to AMC under the AMC Mining Convention.

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

20. 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.

Dikulushi copper/silver operation – 90% ownership

The Dikulushi operation is located in the Democratic Republic of Congo Katanga province. The operation was developed in 2002, and produces a sulphide copper concentrate with a silver credit.

Kulu copper operation - 80% ownership

The Mutoshi operation is located in the Democratic Republic of Congo Katanga province. The operation was developed in 2005, and produces an oxide copper concentrate.

Kinsevere copper/cobalt operation – 95% ownership

The Kinsevere operation is located in the Democratic Republic of Congo Katanga province. The operation is currently being developed, and will initially produce black copper ingots using an electric arc furnace. The Stage II development will later produce grade A copper cathodes through a SX-EW process.

Corporate development, administration and other (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 Vietnam and the Philippines.

For the year ended December 31, 2006, segmented information is presented as follows. The inter-segment eliminations relate to intercompany interest charged on loan balances, and the charging of corporate marketing, finance and agency fees within the Group.

						2006
	Dikulushi	Kulu	Kinsevere	CDA	Inter-segment	Total
Concentrate sales	145,770	29,673	-	-	-	175,443
Operating expenses	(49,748)	(10,003)	-	(1,094)	-	(60,845)
Amortization	(4,930)	(1,762)	-	(869)	-	(7,561)
Segmented operating profit (loss)	91,092	17,908	-	(1,963)	-	107,037
Interest and financing fees	(2,705)	(2,122)	-	(1,800)	2,122	(4,505)
Other income	523	250	-	10,587	(5,386)	5,974
Other expenses	(8,332)	(3,521)	-	(3,325)	3,264	(11,914)
Segmented profit before under noted items	80,579	12,515	-	3,499	-	96,593
Income taxes	-	(3,799)	-	(31)	-	(3,830)
Non controlling interest	(8,058)	(2,528)	-	-	-	(10,586)
Segmented profit	72,521	6,188	-	3,468	-	82,177
Property, plant and equipment	20,662	10,960	24,655	7,653	-	63,930
Total assets	70,591	37,794	89,903	204,198	-	402,486
Capital expenditures	8,610	5,119	23,424	2,123	-	39,276

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

For the year ended December 31, 2005, segmented information is presented as follows:

						2005
	Dikulushi	Kulu	Kinsevere	CDA	Inter-segment	Total
Concentrate sales	60,728	1,094	-	-	-	61,822
Operating expenses	(34,916)	(613)	-	(1,620)	-	(37,149)
Amortization	(5,420)	(277)	-	(184)	-	(5,881)
Segmented operating profit (loss)	20,392	204	-	(1,804)	-	18,792
Interest and financing fees	(4,457)	-	-	(411)	-	(4,868)
Other income	17	-	-	991	(908)	100
Other expenses	(1,206)	-	-	(4,667)	908	(4,965)
Segmented profit (loss) before under noted items	14,746	204	-	(5,891)	-	9,059
Income taxes	-	-	-	(17)	-	(17)
Non controlling interest	(1,474)	(61)	-	-	-	(1,535)
Segmented profit (loss)	13,272	143	-	(5,908)	-	7,507
Property, plant and equipment	17,231	11,049	-	1,777	-	30,057
Total assets	38,431	11,814	-	37,295	-	87,540
Capital expenditures	856	10,925	-	536	-	12,317

Geographical Reporting

The operations in DRC comprise the Dikulushi copper-silver mine, Kulu copper mine, Kinsevere copper-cobalt project, 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 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 and Kulu mines. The total assets located by geographic areas are as follows:

Total assets - Geographical Reporting	December 31	December 31
	2006	2005
	\$	\$
Democratic Republic of Congo	232,941	76,952
Zambia	678	589
Vietnam	1,021	806
Philippines	431	151
Australia ⁽¹⁾	52,753	768
Canada ⁽¹⁾	114,662	8,274
	402,486	87,540

(1) These assets are physically held in the geographical region and relate mainly to the corporate and management activity.

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

The geographic distribution of the Group's external revenues, which is attributed to regions based on the location of the principal underlying asset, is as follows:

Revenues - Geographical Reporting	Year ended December 31	
	2006 \$	2005 \$
Democratic Republic of Congo	175,443	61,822

21. Financial instruments

Credit risk exposure

Credit risk relates to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the Group. The credit risk on financial assets of the Group, which have been recognized on the balance sheet, is generally the carrying value net of any provision for doubtful debts. The Group has adopted a policy of dealing only with credit worthy counterparties and where appropriate obtaining sufficient collateral or other security, as a means of mitigating the risk of financial loss from any defaults.

Interest rate risk

Certain of the Group's long-term debt is subject to interest rate risk.

Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities of the Company approximates their carrying value.

22. Related party information

As at 31 December, 2005, William S. Turner (through an associated company Wintercoast Pty Ltd) was indebted to the Company for an aggregate amount of A\$0.541 million (\$0.397million). During the year ended 31 December, 2006, this loan was repaid in full.

23. Earnings per share

	Year ended December 31 2006	Year ended December 31 2005
Basic earnings per share (\$ per share)	1.65	0.26
Diluted earnings per share (\$ per share)	1.61	0.25
Weighted average number of ordinary shares outstanding - basic earnings per share	49,729,151	28,861,658
Weighted average number of ordinary shares outstanding - diluted earnings per share	51,006,948	29,684,991

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

	Income \$	Shares Number	Year ended December 31 2006 Per share amount \$
Basic earnings per share Income available to shareholders	82,177	49,729,151	1.65
Effect of dilutive securities Options	-	1,277,797	-
Diluted earnings per share Income available to shareholders and assumed conversions	82,177	51,006,948	1.61

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

			Year ended December 31 2005
	Income \$	Shares Number	Per share amount \$
Basic earnings per share	7,507	28,861,658	0.26
Income available to shareholders			
Effect of dilutive securities			
Options	-	823,333	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	7,507	29,684,991	0.25

24. Supplementary cash flow information

	Year ended December 31 2006 \$	Year ended December 31 2005 \$
(a) Changes to non-cash working capital		
Accounts receivable	(21,679)	(5,734)
Inventories	(10,667)	(1,839)
Prepaid expenses and deposits	(6,126)	(187)
Deferred mining	4,078	(1,461)
Accounts payable and accrued liabilities	6,327	3,149
Tax provision	3,206	(45)
Other liabilities	-	(20)
	(24,861)	(6,137)
(b) Other information		
Interest and financing fees paid	(2,735)	(3,355)

25. Non-cash financing and investing activities

On September 11, 2006, the Group completed its acquisition of an additional 10% interest in AMCK Mining s.p.r.l. The non-cash purchase consideration for this transaction was \$4.0 million in common shares of Anvil Mining Ltd.

On December 21, 2006, the Group completed its acquisition of an additional 15% interest in AMCK Mining s.p.r.l. The consideration of \$45.0 million, being \$36 million in cash and \$9 million in common shares of Anvil Mining Limited, was unpaid at December 31, 2006.

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

26. Deed of cross guarantee

Information in relation to the Deed of cross guarantee is presented for the purposes of the Company's reporting obligations in Australia which requires a disclosing entity, which is a registered foreign holding company to disclose condensed statements of earnings and balance sheets of both "the Closed Group" and "the Extended Closed Group" as defined by the Australian Securities and Investments Commission ("ASIC") Class Order 98/1418.

On June 30, 2004, Anvil Mining Limited, Anvil Mining Management NL, Central African Holdings Pty Ltd, Congo Development Pty Ltd, Anvil Mining No 2 Pty Ltd, Anvil Mining No 3 Pty Ltd, Leda Mining Pty Ltd and Bannon Mining Pty Ltd (together the "Closed Group") entered into a Deed of Cross Guarantee and in August 2004 a Deed of Variation (together the "Deeds"), under which each company guarantees the liabilities of all other companies that are party to the Deeds. A benefit arising from the Deeds is to relieve eligible entities from the requirements to prepare audited financial reports under the Australian Corporations Act 2001 and ASIC accounting and audit relief Orders.

The following entities form part of the consolidated entity but are not members of the Closed Group:

Anvil Mining Congo sarl, Anvil Mining Investments Limited, L'Entreprise Miniere de Kolwezi sprl, Societe Miniere de Kolwezi sprl, AMCK Mining sprl, Anvil Mining Holdings Ltd, Anvil Mining Zambia Ltd, Anvil Mining Services sprl, Anvil International Holdings Limited, Anvil International Finance Limited and Anvil Mining Investment Company South Africa (Pty) Ltd (together the "Extended Closed Group").

Set out below are the condensed statements of earnings and balance sheets for the year ended December 31, 2006 and December 31, 2005 of the Closed Group and the Extended Closed Group:

Condensed statement of earnings	Closed Group		Extended Closed Group ⁽¹⁾	
	Year Ended December 31	Year Ended December 31	Year Ended December 31	Year Ended December 31
	2006	2005	2006	2005
	\$	\$	\$	\$
Copper-silver concentrate sales	-	-	175,443	61,822
Cost of operations	-	-	(60,845)	(37,149)
Amortization	-	-	(7,561)	(5,881)
Operating profit	-	-	107,037	18,792
Other income ⁽²⁾	14,385	974	5,974	100
General, administrative and marketing	(9,931)	(4,322)	(10,134)	(4,330)
Exploration expense	(42)	-	(42)	-
Foreign exchange gains/(losses)	(316)	(277)	(370)	(5)
Stock based compensation	(1,367)	(630)	(1,367)	(630)
Interest and financing fees	(1,271)	(206)	(4,505)	(4,868)
Earnings (loss) before income tax and non controlling interests	1,458	(4,558)	96,593	9,059
Income tax (expense) revenue	381	(17)	(3,830)	(17)
Non controlling interests	-	-	(10,586)	(1,535)
Net earnings (loss)	1,839	(4,575)	82,177	7,507
Retained earnings (deficit) at beginning of the year	(8,683)	(4,108)	10,537	3,030
Retained earnings (deficit) at end of the year	(6,844)	(8,683)	92,714	10,537

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

Condensed balance sheets	Closed Group		Extended Closed Group ⁽¹⁾	
	December 31 2006 \$	December 31 2005 \$	December 31 2006 \$	December 31 2005 \$
ASSETS				
Current assets				
Cash and cash equivalents	49,736	6,302	59,302	7,945
Restricted cash	219	204	219	204
Accounts receivable	4,593	7,915	29,594	7,915
Inventories	-	-	18,020	7,353
Investments	95,819	-	95,819	-
Prepaid expenses and deposits	1,783	104	6,936	826
	152,150	14,525	209,890	24,243
Receivables from subsidiaries⁽³⁾	32,682	24,083	-	-
Deferred financing fees	-	1,083	791	1,584
Deferred mining costs	-	-	-	4,078
Exploration and evaluation expenditure	52	1,010	127,138	27,578
Property, plant and equipment	590	356	63,930	30,057
Future income tax asset	737	-	737	-
	186,211	41,057	402,486	87,540
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	4,180	2,128	14,285	7,958
Current income taxes	299	-	3,281	75
Other liabilities	192	156	676	490
Current portion of long term debt	-	-	8,000	5,500
Purchase consideration payable	1,250	-	46,250	4,526
	5,921	2,284	72,492	18,549
Long term debt	-	5,146	4,000	5,146
Purchase consideration payable	-	-	-	2,085
Asset retirement obligations	-	-	1,402	778
Future income tax liability	52	-	36,505	6,413
	5,973	7,340	114,399	32,971
Non controlling interest	-	-	8,291	1,722
Shareholders' equity				
Equity accounts	187,082	42,310	187,082	42,310
Retained earnings (deficit)	(6,844)	(8,683)	92,714	10,537
Total shareholders' equity	180,238	33,627	279,796	52,847
	186,211	41,057	402,486	87,540

- (1) The members of the consolidated entity comprising the Extended Closed Group are the same as those entities, which comprise the consolidated entity, as Anvil Mining Limited is the ultimate parent entity.
- (2) Other income of the Closed Group includes inter-company charges between the Closed Group and entities outside the Closed Group amounting to \$9.7 million for the year ended December 31, 2006 (year ended 31 December 2005: \$0.9 million).
- (3) These long-term receivables relate to receivables from controlled entities, which are outside the Closed Group, as is listed above.