

**Anvil Mining Limited**

Consolidated Financial Statements

**Three months (First Quarter) ended March 31, 2006**

**(Unaudited)**

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

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

**Consolidated Balance Sheets (unaudited)**

	Notes	March 31 2006 \$	December 31 2005 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		112,261	7,945
Restricted cash	3	199	204
Accounts receivable	4	21,970	7,915
Inventories	5	6,950	7,353
Prepaid expenses and deposits		1,223	826
		142,603	24,243
<b>Deferred financing fees</b>	6	36	1,584
<b>Deferred mining costs</b>	7	3,371	4,078
<b>Exploration and evaluation expenditure</b>	8	27,178	27,578
<b>Property, plant and equipment</b>	9	32,530	30,057
		<b>205,718</b>	<b>87,540</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		8,306	7,958
Current income taxes		-	75
Other liabilities		551	490
Current portion of long term debt	10	-	5,500
Purchase consideration payable	11	2,613	4,526
		11,470	18,549
<b>Long term debt</b>	10	-	5,146
<b>Purchase consideration payable</b>	11	109	2,085
<b>Future income tax liability</b>		6,413	6,413
<b>Asset retirement obligations</b>		783	778
		18,775	32,971
<b>Non controlling interest</b>	12	3,660	1,722
<b>Shareholders' equity</b>			
Equity accounts	13	164,495	42,310
Retained earnings		18,788	10,537
Total shareholders' equity		183,283	52,847
		<b>205,718</b>	<b>87,540</b>
Commitments for expenditure	14		
Contingent liabilities	15		

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

**Consolidated Statements of Earnings and Retained Earnings (unaudited)**

		<b>Quarter Ended March 31</b>	
	<b>Notes</b>	<b>2006</b>	<b>2005</b>
		<b>\$</b>	<b>\$</b>
<b>Concentrate sales</b>		33,213	7,695
Operating expenses		(15,833)	(6,524)
Amortization		(1,807)	(1,393)
Operating profit/(loss)		15,573	(222)
Other income	2	369	50
General, administrative and marketing		(1,682)	(788)
Foreign exchange losses		(445)	(10)
Stock based compensation		(243)	(107)
Interest and financing fees	2	(3,855)	(671)
Earnings before income tax and non controlling interest		9,717	(1,748)
Income tax		4	6
Non controlling interest		(1,470)	76
<b>Net Earnings (loss)</b>		8,251	(1,666)
Retained earnings at beginning of the period		10,537	3,030
<b>Retained earnings at end of the period</b>		18,788	1,364
Basic earnings (loss) per share	17	0.26	(0.06)
Diluted earnings (loss) per share	17	0.25	(0.06)

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

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

**Consolidated Statements of Cash Flows (unaudited)**

	Notes	Quarter Ended March 31	
		2006 \$	2005 \$
<b>Cash flows from operating activities</b>			
Net earnings (loss) for the period		8,251	(1,666)
Items not affecting cash			
Amortization		1,807	1,393
Non controlling interest		1,470	(76)
Deferred financing fees – amortized		1,553	89
Unrealized foreign exchange (gains)/losses		34	(61)
Stock based compensation		243	107
Changes in non-cash working capital	18	(12,656)	(3,380)
		702	(3,594)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,599)	(1,727)
Payment of deferred acquisition costs		(3,750)	-
Payments for exploration and evaluation expenditure		(1,321)	(6,182)
		(7,670)	(7,909)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of issue expenses)		121,936	(21)
Decrease in restricted cash		-	14,133
Repayment of borrowings		(10,652)	(1,375)
		111,284	12,737
<b>Net increase (decrease) in cash and cash equivalents</b>		104,316	1,234
Cash and cash equivalents at beginning of the period		7,945	4,559
Effects of exchange rate changes on cash held in foreign currencies		-	2
Cash and cash equivalents at end of the period		112,261	5,795

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

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)****1. Basis of presentation**

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited consolidated financial statements should be read in conjunction with the Notes to the Company's audited consolidated financial statements for the year ended December 31, 2005, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

	<b>Quarter ended March 31</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>2. Other Income</b>		
Interest received	207	50
Drilling services	162	-
	<u>369</u>	<u>50</u>
<b>Interest and financing fees</b>		
Financing fee (includes net smelter return – Note 10)	(2,097)	(481)
Interest	(205)	(101)
Write off deferred borrowing costs	(1,553)	(89)
	<u>(3,855)</u>	<u>(671)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

	<b>March 31 2006</b>	<b>December 31 2005</b>
	\$	\$
<b>3. Restricted cash</b>		
Cash deposits held as security	199	204

At March 31, 2006 and December 31, 2005, cash deposits were held by the Company's bankers against a rental bond guarantee and trade credit facilities granted to the Company.

	<b>March 31 2006</b>	<b>December 31 2005</b>
	\$	\$
<b>4. Accounts Receivable</b>		
Trade receivables	19,810	6,964
Other receivables	2,160	951
	<b>21,970</b>	<b>7,915</b>

	<b>March 31 2006</b>	<b>December 31 2005</b>
	\$	\$
<b>5. Inventories</b>		
Raw materials and stores – at cost	4,086	3,634
Ore stockpiles – at lower of cost or net realizable value	899	1,113
Concentrate in stockpiles and in transit – at cost	1,965	2,606
	<b>6,950</b>	<b>7,353</b>

<b>6. Deferred financing fees</b>		
Balance at beginning of period	1,584	679
Deferred fees paid and value of options granted	5	1,402
Amortization	(1,553)	(497)
Balance at end of period	<b>36</b>	<b>1,584</b>

<b>7. Deferred mining costs</b>		
Costs at the beginning of period	4,078	2,617
Waste stripping costs deferred during the period	-	2,243
Waste stripping costs amortized during the period	(707)	(782)
Costs at end of period	<b>3,371</b>	<b>4,078</b>

During the three months period ended March 31, 2006, the Group deferred nil (three months period ended March 31, 2005 - \$0.316 million) for deferred stripping costs based on a remaining life of mine strip ratio of 13.3:1 compared to the actual average strip ratio for the March 2006 quarter of 9.5:1 (December 2005 – 17.1:1).

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

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

	<b>March 31</b>	<b>December 31</b>
	<b>2006</b>	<b>2005</b>
	\$	\$
<b>8. Exploration and evaluation expenditure</b>		
Exploration and evaluation expenditure at beginning of period	27,578	4,727
Expenditure transferred to development properties	(1,699)	(2,329)
Fair value of exploration properties acquired	-	21,378
Expenditure incurred	1,299	3,802
Expenditure written off	-	-
Exploration and evaluation expenditure at end of period	<u>27,178</u>	<u>27,578</u>
Costs incurred on:		
Dikulushi mine and regional projects	3,525	2,928
Mutoshi projects	16,876	18,177
Kinsevere-Nambulwa projects	5,806	5,516
Philippines regional exploration project	170	151
Duc Bo exploration project – Vietnam	801	806
	<u>27,178</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.

<b>9. Property, plant and equipment</b>	<b>March 31</b>		
	<b>2006</b>		
	<b>Cost</b>	<b>Accumulated depletion, amortization and writedown</b>	<b>Net book value</b>
	\$	\$	\$
<b>Dikulushi<sup>(1)</sup></b>			
Land and buildings	2,424	(770)	1,654
Plant and equipment	18,414	(5,985)	12,429
Mine property	6,594	(4,411)	2,183
Construction work in progress	1,318	-	1,318
	<u>28,750</u>	<u>(11,166)</u>	<u>17,584</u>
<b>Kulu<sup>(2)</sup></b>			
Land and buildings	5	-	5
Plant and equipment	2,145	(534)	1,611
Mine property	7,748	(241)	7,507
Construction work in progress	3,139	-	3,139
	<u>13,037</u>	<u>(775)</u>	<u>12,262</u>
<b>Services<sup>(3)</sup></b>			
Land and buildings	39	(2)	37
Plant and equipment	1,802	(220)	1,582
Construction work in progress	672	-	672
	<u>2,513</u>	<u>(222)</u>	<u>2,291</u>
<b>Corporate and other<sup>(4)</sup></b>	531	(138)	393
<b>Total</b>	<u>44,831</u>	<u>(12,301)</u>	<u>32,530</u>

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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.

<sup>(4)</sup> 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)

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

	<b>December 31 2005</b>		
	<b>Cost</b>	<b>Accumulated depletion, amortization and writedown</b>	<b>Net book value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Dikulushi<sup>(1)</sup></b>			
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
	27,532	(10,050)	17,482
<b>Kulu<sup>(2)</sup></b>			
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
	10,892	(277)	10,615
<b>Services<sup>(3)</sup></b>			
Land and buildings	39	(1)	38
Plant and equipment	1,396	(41)	1,355
Construction work in progress	211	-	211
	1,646	(42)	1,604
<b>Corporate and other<sup>(4)</sup></b>			
	463	(107)	356
<b>Total</b>	<b>40,533</b>	<b>(10,476)</b>	<b>30,057</b>

<b>10. Long term debt facilities</b>	<b>March 31 2006</b>	<b>December 31 2005</b>
	<b>\$</b>	<b>\$</b>
RMBI project financing	-	5,500
Deans Knight facility	-	5,146
Total long-term debt	-	10,646
Less: current portion	-	(5,500)
	-	5,146

The scheduled minimum repayments are as follows:

Financial year 2006	-	5,500
Financial year 2007	-	5,146
	-	10,646

RMB International (Dublin) Limited ("RMBI") a subsidiary of the Rand Merchant Bank Group provided the initial project financing facility to a subsidiary for the purpose of developing Stage I of the Dikulushi Mine in 2002. The initial Stage I loan facility provided was \$4.5 million and scheduled repayments commenced on December 31, 2002. Further Stage II project financing of \$5.0 million and a facility of \$2.4 million to finance a replacement mining fleet for the Dikulushi Mine was also provided by RMBI. At March 31, 2006, the RMBI financing facilities were repaid in full.

## NOTES TO THE FINANCIAL STATEMENTS (unaudited)

The loan securities of a fixed and floating charge over the assets of the Group and a negative pledge by all entities owned by the Company have been released. The loan bore interest at the London Interbank Offer Rate (LIBOR) + 2.5% per annum and was payable in arrears, quarterly. The effective interest rate for the three months ended March 31, 2006 was 7.0% (December 31, 2005 – 5.5%).

As part of the RMBI financing facility, the Group granted a 6.25% net smelter return financing fee to RMBI. The net smelter financing fee was payable until the Group has sold 65,000 tonnes of copper cathodes or equivalent from copper ore which is being mined from the Dikulushi Project. On January 9, 2006, the net smelter return financing fee obligation was extinguished when the Group exercised the buy back option for \$2.0 million.

On March 21, 2006, the Company repaid in full the C\$6.0 million unsecured loan from Deans Knight Capital Management Ltd (“Deans Knight”), which was drawn down on December 22, 2005.

At March 31, 2006, the approved Fortis Bank facility of \$15.0 million had not been drawn down as the legal documentation and certain conditions precedent had not yet been completed.

### 11. Purchase consideration payable

#### Mutoshi acquisition

In January 2005, the Group announced the completion of the due diligence review of the Mutoshi Copper-Cobalt project subject to the legal documentation of the tenement transfers and the initial payments under the acquisition agreements were made.

At December 31, 2005 the remainder of the project acquisition purchase price due in cash were two further instalments of \$1.250 million when transfers of the tenements were completed; and \$1.250 million due six months thereafter with the balance of \$4.353 million due in 18 equal monthly payments beginning four months after the start of commercial production.

At March 31, 2006 this liability totalling \$2.722 million (December 2005 - \$6.411 million) net of advances provided and reapportionment, is included in current liabilities at an amount of \$2.613 million (December 2005 - \$4.526 million), which includes a portion of the 18 equal monthly payments as well as the \$1.250 million instalment which is now due on September 14, 2006. The remaining equal monthly instalment payments after offsets of the advances provided and reapportionment totalling \$0.109 million (December 2005 - \$2.085 million) is disclosed in non current liabilities.

#### Kinsevere-Nambulwa acquisition

In November 2005, the Group announced the finalization of the 25 year Mining Lease Agreement of the mining rights over the Kinsevere-Nambulwa mining tenements where the Group has acquired an indirect 70% interest and the initial acquisition payment of \$2.1 million was made in December 2005. At March 31, 2006 there were no further outstanding payments. In March 2006, the balance of \$0.2 million was paid to the Anvil Group’s joint venture partner Mining Company Katanga s.p.r.l. (“MCK”). MCK is pursuing the completion and satisfaction of the outstanding conditions in respect of the assignment of the interest in the mining rights over the lease to AMCK which holds the Group’s indirect interest in the mining tenements.

### 12. Non controlling interests

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, community 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%, giving the Group greater control over how this 10% interest is administered.

The Group also holds an indirect 70% interest in Société Minière de Kolwezi s.p.r.l. (“SMK”) which is the owner and operator of the Kulu mine and an indirect 70% interest in AMCK Mining s.p.r.l. (“AMCK”) which is undertaking the development of the Kinsevere-Nambulwa tenements (collectively “Other subsidiaries”).

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

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

The movements in non controlling interests during the three months ended March 31, 2006 are as follows:

	<b>March 31</b>	<b>December 31</b>
	<b>2006</b>	<b>2005</b>
<b>(a) Anvil Congo – non controlling interests.</b>	<b>\$</b>	<b>\$</b>
Balance – beginning of period	1,661	613
Amounts disbursed on behalf of the Trusts during the period	(82)	(426)
Interests in net earnings of Anvil Congo	1,131	1,474
Balance – end of period	<u>2,710</u>	<u>1,661</u>
<b>(b) Other subsidiaries – non controlling interests</b>		
Balance – beginning of period	61	-
Interests in net earnings of SMK	339	61
Minority shareholding in EMIKO (12.5%)	550	-
Balance – end of period	<u>950</u>	<u>61</u>
<b>Total non- controlling interests – end of period</b>	<u><u>3,660</u></u>	<u><u>1,722</u></u>

**13. Equity accounts**

	<b>March 31</b>	<b>December 31</b>
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Common shares (a)	157,019	35,077
Contributed surplus (b)	6,917	6,674
Cumulative translation adjustments	559	559
	<u>164,495</u>	<u>42,310</u>

**(a) Common shares****Authorized:**

The Company's authorized share capital consists of an unlimited number of Common shares without par value. The Company is also authorized to issue an unlimited number of Preferred shares in one or more series.

**Issued:**

		<b>March 31</b>		<b>December 31</b>	
		<b>2006</b>		<b>2005</b>	
		<b>Number of</b>	<b>Amount</b>	<b>Number of</b>	
		<b>shares</b>	<b>\$</b>	<b>shares</b>	
				<b>Amount</b>	
				<b>\$</b>	
Balance – Beginning of period		29,086,847	35,077	25,624,229	23,302
Exercise of stock options	(i)	817,631	1,367	57,499	129
Share issue	(ii)	23,000,000	128,359	-	-
Conversion of special warrants to common shares	(iii)	-	-	3,240,000	10,339
Issue of shares for acquisitions	(iv)	-	-	165,119	1,268
Transfer from contributed surplus	(i)	-	-	-	83
Share issue expenses	(v)	-	(7,784)	-	(44)
Balance – End of period		<u>52,904,478</u>	<u>157,019</u>	<u>29,086,847</u>	<u>35,077</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

- (i) During the quarter ended March 31, 2006, employee stock option and warrant holders exercised their options/warrants over 817,631 common shares. The transfer from Contributed Surplus relates to the value ascribed to stock options/warrants in 2005, exercised during the period.
- (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 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.
- (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 of 70% .
- On January 25, 2005 the Company issued 11,169 Common Shares at C\$5.95 per share as part consideration of an additional 5% interest in the Duc Bo exploration project.
- (v) The total share issue expenses relating to the brokered private placement described in (ii) above amounted to \$7.784 million

**(b) Contributed surplus**

	<b>March 31</b>	<b>December 31</b>
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Balance – Beginning of period	6,674	2,672
Fair value of warrants issued	-	3,645
Allocated share issue expenses	-	(190)
Employee stock based compensation recognised	243	630
Transfer to Common shares (refer (a) above and (c) below)	-	(83)
Balance – End of period	<u>6,917</u>	<u>6,674</u>

**(c) Warrants**

Warrants to purchase common shares in the capital of the Company (options in Anvil NL prior to the Scheme) during the period from December 2005 to March 2006 that have been granted or cancelled were as follows:

<b>Date</b>	<b>Details</b>	<b>Notes</b>	<b>No. of Warrants</b>	<b>Exercise Price</b>	<b>Fair Values \$</b>
<b>December 2005</b>	Opening Balance		4,516,631		5,567
January 2006	Exercise of Warrants	(i)	(296,631)	A\$1.20	(15)
March 2006	Exercise of Warrants	(ii)	(500,000)	A\$3.00	(499)
March 2006	Exercise of Warrants	(iii)	(1,000)	C\$6.25	(1)
<b>March 2006</b>	Closing Balance		<u>3,719,000</u>		<u>5,052</u>

Details of movements in warrants are as follows:

- (i) 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.
- (ii) In March 2006, 500,000 Warrants issued in respect of the grant of financing facilities by RMBI were exercised.
- (iii) In March 2006, 1,000 Warrants issued as part of the Special Warrants issued in December 2004 were exercised.

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)****14. Commitments**

## (a) Exploration Expenditure Commitments

In order to maintain the mining tenements in which the Anvil Group has interests, the Anvil Group is committed to meet prescribed conditions under which the tenements were granted. The Anvil Group's exploration expenditure commitment as at March 31, 2006 is \$0.302 million (December 31, 2005 - \$0.075 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 Anvil Group contracted for at March 31, 2006 was \$3.1 million (December 31, 2005 \$2.8 million).

## (c) Kulu Mine

The outstanding capital commitments of the Anvil Group contracted for at March 31, 2006 was \$0.1 million (December 31, 2005 \$0.3 million). Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a net smelter royalty to Gecamines of 2% of metal sold from operations on the acquired mining properties. SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

## (d) Central Bank of Congo

Anvil Mining Congo sarl ("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 March 31, 2006 the amount to be repatriated was \$8.3 million (December 31, 2005 - \$7.1 million). These funds are, once repatriated, available to Anvil Congo to meet obligations both within and outside the DRC.

**15. Contingent liabilities**

At March 31, 2006, a Group subsidiary, SMK, is in arbitration in the London Court of International Arbitration concerning a claim in relation to an alleged unperformed pre-acquisition "off-take agreement". In the event that the claim is successful the Group can enforce an indemnity that was given at the time of the acquisition.

**16. Segment information**

The Anvil Group operates primarily in the mining and mineral exploration industry in Central Africa and Southeast Asia.

The operations in DRC comprise the Dikulushi copper-silver mine, Kulu copper mine as well as exploration on tenements held in the DRC. The Group's Zambia operations comprise the infrastructure support to the Dikulushi mine and exploration tenements in Zambia. The Group's operations in Vietnam and Philippines are mainly exploration projects. 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:

<b>Total assets - Geographical Reporting</b>	<b>March 31</b>	<b>December 31</b>
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Democratic Republic of Congo	91,401	76,952
Zambia	798	589
Vietnam	801	806
Philippines	170	151
Australia <sup>(1)</sup>	44,727	768
Canada <sup>(1)</sup>	67,821	8,274
	<b>205,718</b>	<b>87,540</b>

(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)

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

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:

<b>Revenues - Geographical Reporting</b>	<b>Quarter ended March 31</b>	
	<b>2006</b> \$	<b>2005</b> \$
Democratic Republic of Congo	33,213	7,695
	<b>33,213</b>	<b>7,695</b>

**17. Earnings (loss) per share**

	<b>Quarter ended March 31</b>	
	<b>2006</b>	<b>2005</b>
Basic earnings (loss) per share	0.26	(0.06)
Diluted earnings (loss) per share	0.25	(0.06)
Weighted average number of ordinary shares outstanding – basic earnings per share	31,913,895	28,294,271
Weighted average number of ordinary shares outstanding – diluted earnings per share	33,236,762	28,294,271

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

	Income \$	Shares Number	<b>Quarter ended</b>
			<b>March 31</b> <b>2006</b>
			Cents per share amount
Basic earnings/(loss) per share	8,251	31,913,895	25.9
Income available to shareholders			
Effect of dilutive securities			
Options		1,322,867	
Diluted earnings/(loss) per share	8,251	33,236,762	24.8
Income available to shareholders and assumed conversions			

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

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

			<b>Quarter ended March 31 2005</b>
	Income \$	Shares Number	Cents per share amount
Basic earnings per share			
Income available to shareholders	(1,666)	28,294,271	(5.9)
Effect of dilutive securities			
Options		-	
Diluted earnings per share			
Income available to shareholders and assumed conversions	(1,666)	28,294,271	(5.9)

**18. Supplementary cash flow information**

	<b>Quarter Ended March 31</b>	
	<b>2006</b>	<b>2005</b>
	\$	\$
(a) Changes to non-cash working capital		
Accounts receivable	(14,055)	(1,697)
Inventories	403	(1,448)
Prepaid expenses and deposits	(397)	273
Deferred mining	707	(316)
Accounts payable and accrued liabilities	348	54
Tax provision	(75)	(45)
Other liabilities	413	(201)
	<u>(12,656)</u>	<u>(3,380)</u>
(b) Other information,		
Interest and financing fees paid	(3,844)	(647)
Income tax paid	-	(39)