

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*Set out below is a review of the activities, results of operations and financial condition of Anvil Mining Limited (the "Company") and its subsidiaries (collectively, the "Group" or "Anvil") for the second quarter and six months ended June 30, 2009. The discussion below should be read in conjunction with the unaudited consolidated financial statements of the Company for the second quarter and six months ended June 30, 2009 and the notes thereto. The Company's unaudited consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").*

*Capitalized terms used and not defined below have the meanings given to them in the unaudited consolidated financial statements and the notes thereto. References below to "\$" or "US dollar" refer to United States dollars. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil set out below originates in Canadian dollars ("C\$"), or Australian dollars ("A\$"), and has been translated into US dollars, based on prevailing exchange rates and in accordance with Note 2 to the audited consolidated financial statements for the year ended December 31, 2008.*

*Additional information relating to the Company, including the Company's most recent annual information form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.*

*This management's discussion and analysis of financial condition and results of operations is as of August 12, 2009.*

### **Liquidity and summary of current position and outlook**

As a result of events during the second half of 2008, most notably a sharp fall in the copper price, highly illiquid capital markets and a deterioration in the outlook for global economic growth, Anvil put in place a strategy appropriate for such circumstances to best position itself to be able to secure the funding required to allow for the continued development of its Kinsevere Stage II Solvent Extraction-Electrowinning ("SX-EW") plant.

Key initiatives central to this strategy included placing the fabrication and construction works associated with the Kinsevere Stage II SX-EW development on hold; cessation of operations at the Dikulushi and Mutoshi mines; significantly reducing operating and administration costs; the curtailment of all but essential capital spending and suspension of all exploration activity.

A number of additional initiatives focused on enhancing the Company's cash position have also been implemented, including:

- Completion during the second quarter of 2009 of a public offering that involved the issue of 30,015,000 Common Shares at C\$1.15 per share, for gross proceeds of C\$34.5 million (net \$27.2 million)
- In addition to a reduction in the Company's workforce from 2,200 employees to 360 employees that occurred in the fourth quarter of 2008, the Company further reduced the workforce to 220 employees during the second quarter, with further reductions expected.
- Liquidation of a significant portion of the Company's available-for-sale investments, which has generated approximately \$11.1 million during the quarter.
- The sale of existing stockpiles of copper concentrates at Kinsevere of approximately 16,700 tonnes grading 27% copper for 4,500 tonnes of copper metal, previously destined for processing through the Electric-Arc Furnace ("EAF"), all of which has been sold during the current quarter.
- Resumption of operation of the Kinsevere Heavy Media Separation ("HMS") plant on March 27, 2009, with feed sourced from the Run of Mine ("ROM") stockpile comprising 259,000 tonnes of ore grading in excess of 5% copper; the HMS plant is expected to produce approximately 8,900 tonnes of copper contained in concentrates through to Q3 2009, at an operating cash cost at the mine gate of less than \$0.50/lb Cu (after sunk costs).
- Plans to resume during August 2009, mining of the Stage I Central (Tshifufia) Pit where ore faces and broken stocks with an inventory of approximately 825,000 tonnes at an average grade in excess of 5% copper are available.
- Transfer of the Company's interest in the Itogon project in the Philippines.

In addition to the above initiatives, during July 2009 the Company finalised an amendment agreement with *La Générale des Carrières et des Mines* ("Gécamines") and the Government of the Democratic Republic of Congo ("DRC") on the terms of its Mutoshi Joint Venture ("JV") Agreement. Under the commercial terms of the amended agreement, the Company's interest in the Mutoshi JV has reduced from 80% to 70%, an additional *Pas de Porte* (entry premium) payment of \$14.4 million is payable to Gécamines and the Company will pay royalties to Gécamines of 2.5% of gross turnover (total sales) calculated in accordance with the 2003 Mining Code, whereas previously, royalties were based on a 2% net smelter return). Finalisation of the amended Mutoshi JV agreement, together with the agreements reached on the Company's Kinsevere Lease Agreement and the Dikulushi Mining Convention, brings to an end the DRC Government's review of the Company's mining agreements.

On August 10, 2009 the Company announced that it had reached agreement with Trafigura Beheer B.V. ("Trafigura") for a combined debt and equity financing arrangement for an aggregate amount of \$200 million that

represents a fully financed solution for the development of Kinsevere Stage II. Under the terms of the equity financing, Trafigura will subscribe for Anvil equity units by way of private placement, which will result in proceeds to Anvil of \$100 million. Each Anvil equity unit will be issued at a price of C\$2.20 and consist of one common share of Anvil and 0.232 of one common share purchase warrant. The equity financing will be undertaken in two tranches, the first of which will bring Trafigura's aggregate equity interest in Anvil to 19.9% and the second of which, will increase Trafigura's shareholding to approximately 36% of the issued and outstanding common shares of Anvil, with an opportunity to increase its shareholding to approximately 39% on a fully-diluted basis should it exercise the common share purchase warrants.

Trafigura will also make available to the Company a loan facility with a total commitment of \$100 million. The term of the loan facility is five years from the first drawdown and all amounts outstanding under the loan facility will bear interest at a rate *per annum* equal to LIBOR plus 4%, plus the cost of political risk insurance.

The second tranche of the equity financing, the debt finance and the additional agreements described below are subject to normal regulatory approvals and shareholder approval.

In addition to the agreements reached in connection with the equity and debt financing, the Company has reached agreement with Trafigura on the principal terms of an offtake agreement, a technical services agreement and an ancillary rights agreement.

As at August 12, 2009, Anvil had approximately \$40.0 million in cash, \$10.5 million in available-for-sale investments and \$5.2 million of receivables, the majority of which it expects to realize during the third quarter of 2009. During the next 12 months the Company's commitments include \$12.2 million for *Pas de Porte* payments due to Gécamines with respect to the Kinsevere and Mutoshi amended agreements and \$19.5 million that relate to the Kinsevere Stage II development.

### **Key points for the quarter**

- Financial results for the second quarter 2009 were impacted by one-off charges totalling \$6.1 million as follows:
  - Exploration expenditure related to Philippines written off \$3.2 million;
  - Provision of \$0.3 million for impairment of available-for-sale investments; and
  - Further severance payments of \$2.6 million incurred as a result of the suspension of construction works at Kinsevere Stage II and placing operations on care and maintenance.
- Net unrealized gain related to mark-to-market movement in the value of available-for-sale investments of \$3.4 million during the second quarter, recognised in shareholders equity.
- Net sales of \$7.7 million, a decrease of 87% compared to the second quarter 2008.
- Net loss of \$11.3 million (-\$0.13 per share), compared to net income of \$8.5 million (\$0.12 per share) in the second quarter of 2008.
- Negative cash flows from operating activities, before working capital movements, of \$6.4 million (-\$0.07 per share), compared to a positive cash flow of \$24.6 million (\$0.35 per share) in the second quarter of 2008.
- Quarterly production of 5,372 tonnes of copper, a decrease of 49% compared to the second quarter of 2008.
- Completion on May 4, 2009 of a public offering that involved the issue of 30,015,000 Common Shares at C\$1.15 per share, for gross proceeds of C\$34,517,250.

### **Key points for the year to date**

- Net sales of \$9.4 million, a decrease of 93% compared to the same period of 2008.
- Net loss of \$30.2 million (-\$0.37 per share), a decrease of 201% compared to the same period of 2008.
- Negative cash flows from operating activities, before working capital movements, of \$18.3 million (-\$0.23 per share).
- Copper production of 5,571 tonnes, a decrease of 75% compared to the same period of 2008.
- Shut down of the EAF at Kinsevere and resumption of the operation of the HMS plant at Kinsevere.

### **Near term objectives (next six months)**

- Successful resumption of mining at Kinsevere and cash positive operation of the Kinsevere HMS plant.

### **Longer term objectives (2010 onwards)**

- Completion of construction and commissioning of the Kinsevere Stage II SX-EW plant.
- Completion of a pre-feasibility study for the Mutoshi Stage II SX-EW project.
- Completion of preliminary studies on the mining and processing of the sulphide resource at Kinsevere.

## Key Group results

Second quarter (Q2)		Q2 2009		Q2 2008	
			% of Sales		% of Sales
Production	t Cu	5,372		10,521	
Sales <sup>1</sup>	t Cu	3,059		11,736	
Concentrate stockpiles	t Cu	5,295		5,391	
Net sales	\$ million	7.7	100	59.8	100
Operating (loss) / profit	\$ million	(7.7)	(99)	16.0	27
Net (loss) / income	\$ million	(11.3)	(147)	8.5	14
Basic (loss) / earnings per share	\$	(0.13)		\$0.12	

1. Production and sales of copper reflect Kinsevere and Mutoshi copper concentrate sold at mine gate at a discount to the London Metal Exchange ("LME") price.

Year to date (YTD)		YTD 2009		YTD 2008	
			% of Sales		% of Sales
Production	t Cu	5,571		22,548	
Sales <sup>1</sup>	t Cu	4,537		24,160	
Net sales	\$ million	9.4	100	135.1	100
Operating (loss) / profit	\$ million	(22.1)	(236)	49.7	37
Net (loss) / income	\$ million	(30.2)	(322)	30.0	22
Basic (loss) / earnings per share	\$	(0.37)		\$0.42	

## Copper Production (tonnes)

	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07
Kinsevere	5,372	199	4,457	7,113	6,433	4,855	6,384	6,142
Dikulushi	-	-	1,743	1,813	2,607	4,885	6,943	6,198
Mutoshi <sup>1</sup>	-	-	1,288	2,392	1,481	2,287	3,551	2,432
<b>Total</b>	<b>5,372</b>	<b>199</b>	<b>7,488</b>	<b>11,318</b>	<b>10,521</b>	<b>12,027</b>	<b>16,878</b>	<b>14,772</b>

1. The Company has previously referred to its Stage I HMS plant that processes material from the Kulumaziba river tailings deposit as the Kulu operation. This is now referred to as Mutoshi Stage I, being part of the broader Mutoshi project that includes other exploration tenements in the Mutoshi area.

## Q2 2009 Net Sales

(After treatment and refining charges ("TC/RCs"))		Q2 2009 \$ million	Q2 2008 \$ million
Kinsevere	- Copper	9.3	20.6
Dikulushi	- Copper	(0.9)	23.3
	- Silver	(0.6)	4.4
Mutoshi	- Copper	(0.1)	11.5
Net sales		7.7	59.8
<b>Copper selling price</b>		<b>\$/lb</b>	<b>\$/lb</b>
Current period sales <sup>1</sup>		2.02	3.64
Provisional pricing adjustment		(0.20)	(0.03)
TC/RC and freight charges		(0.02)	(0.05)
<b>Realized copper price</b>		<b>1.80</b>	<b>3.56</b>

1. Sales of copper concentrate at Kinsevere and Mutoshi are at mine gate at a discount to the LME price and recorded as sales revenue. The TC/RC and freight component is therefore difficult to extract and is thus included in the current period realized selling price. Concentrate from Dikulushi has not been sold at mine gate and thus the TC/RCs and freight charges are known and separately disclosed in the calculation of the total realized copper price.

**Group net sales decrease 87% to \$7.7 million owing to lower volume of copper sold and also lower copper prices**

Group copper production was 49% lower than the second quarter of 2008, mainly due to Dikulushi being placed on care and maintenance and the cessation of HMS processing operations at Mutoshi during the fourth quarter of 2008. An unfavourable provisional pricing adjustment of \$0.9 million (\$0.20/lb of payable Cu) was recognized during the second quarter of 2009, the majority of which related to final assay results in connection with the sale of Dikulushi concentrates in prior periods.

**Q2 2009 Operating (Loss) / Profit**

	Q2 2009		Q2 2008	
	\$ million	% of Sales	\$ million	% of Sales
Kinsevere	(3.0)	(39)	6.5	11
Dikulushi	(2.9)	(37)	14.4	24
Mutoshi	(0.9)	(11)	(1.9)	(3)
CDA <sup>1</sup>	(0.9)	(12)	(3.0)	(5)
<b>Total Operating (Loss) / Profit</b>	<b>(7.7)</b>	<b>(99)</b>	16.0	27

1. Please refer to segment information on page 15. These are administration and technical support costs based in the DRC to support the mine operations and development.

**Group records operating loss of \$7.7 million owing to lower sales volume, lower realized copper price and higher operating costs due to operations being placed on care and maintenance.**

Group operating loss was primarily due to a fall in operating profits at all operating units. The HMS plant at Kinsevere was fully operational during the second quarter of 2009, while the Dikulushi and Mutoshi mines remained on care and maintenance. Contracts for the sale of concentrate at Kinsevere were concluded during April 2009 and combined with the cessation of operations at Dikulushi and Mutoshi, the volume of copper sold was lower than the second quarter of 2008. Costs associated with staff redundancy payments continued to impact on operating costs as the company rationalised its operations.

**Kinsevere records operating loss of \$3.0 million due to lower sales and decreased production**

		Q2 2009	Q2 2008
Ore mined	tonnes	-	578,350
Ore processed <sup>1</sup>	tonnes	83,084	94,403
Feed grade	% Cu	7.9	10.0
Contained copper	tonnes	6,566	9,424
Copper recovery	%	70.9	68.3
Copper produced in concentrate	tonnes	5,372	6,433
Copper sold	tonnes	3,060	4,915
Operating cash cost (ex mine gate)	\$/tonne concentrate	484	278

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

The operating cash cost per tonne of oxide concentrate at Kinsevere for the June quarter 2009 was \$484 per tonne. This is higher than the cash costs for Q2 2008 due to a decrease in production of 17%, lower feed grade of ore processed through the HMS plant, staff redundancy payments of \$0.5 million and lower sales due to a decrease in the realised price of copper.

### Dikulushi records operating loss of \$2.9 million

As a result of the cessation of mining and processing operations during the fourth quarter of 2008, there was no production during the second quarter of 2009. The operating loss of \$2.9 million represents the care and maintenance costs incurred during the quarter including redundancy payments (\$0.3 million), and an unfavourable provisional price adjustment relating to final assay results for copper and silver sold in prior periods of \$0.9 million and \$0.6 million respectively.

		Q2 2009	Q2 2008
Ore mined	tonnes	-	33,159
Ore processed	tonnes	-	110,990
Feed grade	% Cu	-	3.1
Contained copper	tonnes	-	3,399
Copper recovery	%	-	76.7
Copper produced in concentrate	tonnes	-	2,607
Silver produced in concentrate	ounces	-	248,816
Copper sold	tonnes	-	3,352
Silver sold	ounces	-	333,159
Operating cash cost (ex-mine gate) (after silver credits)	\$/lb Cu	-	0.73
TC/RC and freight charges	\$/lb Cu	-	0.51
Total cash costs from operations	\$/lb Cu	-	1.24

### Mutoshi records operating loss of \$0.9

As a result of the cessation of the Mutoshi HMS processing operations during the fourth quarter of 2008, there was no production during the second quarter of 2009. The operating loss was due to unfavourable provisional pricing adjustments of \$0.1 million and care and maintenance costs for the second quarter of 2009. There was no sale of concentrate from Mutoshi during the quarter.

		Q2 2009	Q2 2008
Ore mined	tonnes	-	200,035
Ore processed	tonnes	-	130,693
Feed grade	% Cu	-	3.7
Contained copper	tonnes	-	4,872
Copper recovery	% Cu	-	30.4
Copper produced in concentrate	tonnes	-	1,481
Copper sold	tonnes	-	3,469
Operating cash cost (ex-mine gate)	\$/tonne concentrate	-	1,164

## Q2 2009 Net (Loss) / Income

	Q2 2009		Q2 2008	
	\$ million	% of Sales	\$ million	% of Sales
Operating (loss) / profit	(7.7)	(99)	16.0	27
Other income	0.1	1	2.4	4
General administrative and marketing costs	(3.2)	(41)	(7.0)	(12)
Provision for impairment of assets	(0.3)	(3)	-	-
Exploration expenditure written off	(3.2)	(42)	-	-
Interest expenses	(0.3)	(4)	0.7	1
Other income / (expenses)	1.3	15	(0.1)	0
Income tax	1.7	22	(3.7)	(6)
Non-controlling interest	0.3	4	0.2	0
<b>Net (Loss) / Income</b>	<b>(11.3)</b>	<b>(147)</b>	<b>8.5</b>	<b>14</b>
(Loss) / earnings per share				
- basic	\$(0.13)		\$0.12	
- diluted	\$(0.13)		\$0.12	
Weighted average shares outstanding				
- basic	90.1		71.2	
- diluted	90.1		71.6	

### Group records net loss of \$11.3 million

The net loss during the second quarter of 2009 was primarily attributable to an operating loss of \$7.7 million. The operating loss from Dikulushi and Mutoshi of \$2.9 million and \$0.9 million respectively was due to there being no sales of concentrate as a result of the cessation of operations, ongoing care and maintenance costs, staff redundancy payments, unfavourable provisional pricing adjustments and concentrate stockpile movements of \$1.2 million reflecting higher costs of concentrate sold. In addition, provision for impairment of available-for-sale investments increased by \$0.2 million as a result of a decline in the mark-to-market value of available-for-sale debt investments.

The decrease in other income was caused by lower interest income earned on the available-for-sale investments.

The company transferred its interest in the Itogon project located in the Philippines to Indophil Resources NL ("Indophil"), resulting in an expenditure write-off of \$3.2 million. Under the terms of the transfer, Anvil will receive a cash payment for the depreciated value of items on the project fixed asset register, plus separate payments on completion of a bankable feasibility study and commencement of commercial production. No amount has been recognised for these additional payments at this stage due to the contingent nature of the receivables.

The Group has recorded income tax and non-controlling interests credits as opposed to recording a tax expense in the same period last year due to losses incurred.

### Q2 2009 Cash Flows

	Q2 2009 \$ million	Q2 2008 \$ million
<b>Cash flows from:</b>		
Operating activities		
- before working capital changes	(6.4)	24.6
- after working capital changes	(5.4)	17.6
Investing activities	1.7	(60.4)
Financing activities	26.7	(3.3)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>23.0</b>	<b>(46.1)</b>
Cash flow per share		
- before working capital changes	(0.07)	\$0.35
- after working capital changes	(0.06)	\$0.25

Cash outflow from operations in the second quarter of 2009 was \$5.4 million (second quarter 2008: \$17.6 million cash inflow). Investing cash outflows primarily related to expenditures for property, plant and equipment of \$9.7 million (second quarter 2008: \$56.0 million) were incurred primarily in connection with the development of Kinsevere Stage II. These were offset by proceeds of principal repayments from available-for-sale investments of \$11.1 million.

Financing cash inflows were \$26.7 million (second quarter 2008: \$3.3 million cash outflows), due to proceeds of \$27.2 million from the public offering of Common Shares by way of short form prospectus that was completed in May 2009, offset by \$0.4 million of disbursements made on behalf of the Dikulushi Trusts.

### YTD 2009 Net Sales

(After TC/RCs)	YTD 2009 \$ million	YTD 2008 \$ million
Kinsevere - Copper	8.4	41.2
Dikulushi - Copper	1.7	65.0
- Silver	0.1	14.1
Mutoshi - Copper	(0.8)	14.8
Net sales	9.4	135.1
<b>Copper selling price</b>	<b>\$/lb</b>	<b>\$/lb</b>
Current period sales <sup>1</sup>	1.84	3.55
Provisional pricing adjustment	(0.51)	0.08
TC/RC and freight charges	(0.09)	(0.06)
<b>Realized copper price</b>	<b>1.24</b>	<b>3.57</b>

1. Sales of copper concentrate at Kinsevere and Mutoshi and blister copper from the Kinsevere EAF are at mine gate at a discount to the LME price and recorded as sales revenue. The TC/RC and freight component is therefore difficult to extract and is thus included in the current period realized selling price. Concentrate from Dikulushi has not been sold at mine gate and thus the TC/RCs and freight charges are known and separately disclosed in the calculation of the total realized copper price.

### Group net sales decrease 93% to \$9.4 million owing to lower volume of copper sold and also lower copper prices

Group copper production was 75% lower compared to the same period of 2008, mainly due to Dikulushi and Mutoshi being placed on care and maintenance and the HMS plant at Kinsevere not recommencing operations until late in the first quarter of 2009. The provisional price of \$1.84/lb of payable Cu realized was 48% lower than the same period last year and a provisional pricing adjustment of \$3.9 million (\$0.51/lb of payable Cu) has been recognized in 2009 resulting in lower sales.

### YTD 2009 Operating (Loss) / Profit

	YTD 2009		YTD 2008	
	\$ million	% of Sales	\$ million	% of Sales
Kinsevere	(12.8)	(136)	13.0	10
Dikulushi	(2.8)	(29)	47.5	35
Mutoshi	(1.5)	(17)	(5.2)	(4)
CDA <sup>1</sup>	(5.0)	(54)	(5.7)	(4)
<b>Total Operating (Loss) / Profit</b>	<b>(22.1)</b>	<b>(236)</b>	<b>49.7</b>	<b>37</b>

1. Please refer to segment information on page 14. These are administration and technical support costs based in the DRC to support the mine operations and development.

### Group records operating loss of \$22.1 million owing to lower sales volume, lower realized copper price and one-off costs in relation to implementation of cost reduction initiatives.

Group operating loss of \$22.1 million was primarily due to a fall in operating profits at all operating units. During the six months ended June 30, 2009 there was no production at Dikulushi and Mutoshi as the mines continued to be on care and maintenance. The decrease in sale of concentrate (down 78% payable Cu sold) and a lower realized copper price (decrease of 65%) contributed to a higher operating loss along with one off costs related to staff redundancy payments (\$4.1 million).

### Kinsevere records operating loss of \$12.8 million

		YTD 2009	YTD 2008
Ore mined	tonnes	-	1,520,731
Ore processed <sup>1</sup>	tonnes	85,780	186,394
Feed grade	% Cu	8.0	9.6
Contained copper	tonnes	6,837	17,823
Copper recovery	%	70.9	63.3
Copper produced in concentrate	tonnes	5,571	11,288
Copper sold	tonnes	4,121	10,867
Operating cash cost (ex mine gate)	\$/tonne concentrate	734	321

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

The operating cash costs per tonne of oxide concentrate at Kinsevere for the six months ended June 30, 2009 were \$734 per tonne. This was higher than the cash costs for the same period of 2008 due to a decrease in production of 51%, lower feed grade of ore processed through the HMS plant, staff redundancy payments of \$1.0 million, lower sales realisation due to a decrease in realised price of copper and unfavourable provisional pricing adjustments of \$3.6 million recognised in 2009.

### Dikulushi records operating loss of \$2.8 million

		YTD 2009	YTD 2008
Ore mined	tonnes	-	63,470
Ore processed	tonnes	-	210,523
Feed grade	% Cu	-	4.2
Contained copper	tonnes	-	8,903
Copper recovery	%	-	84.2
Copper produced in concentrate	tonnes	-	7,491
Silver produced in concentrate	ounces	-	731,472
Copper sold	tonnes	231	8,626
Silver sold	ounces	20,472	855,146
Operating cash cost (ex-mine gate) (after silver credits)	\$/lb Cu	-	0.39
TC/RC and freight charges	\$/lb Cu	-	0.50
Total cash costs from operations	\$/lb Cu	-	0.89

The operating loss at Dikulushi was due to there being no production and continued costs associated with care and maintenance. The decrease in copper prices which resulted in recognition of unfavourable provisional pricing adjustments of \$1.0 million and staff redundancy payments of \$0.5 million also contributed to the increase in operating loss.

### Mutoshi records operating loss of \$1.5 million

There was no production at Mutoshi as the mine continued to be on care and maintenance. The operating loss primarily relates to unfavourable provisional pricing adjustments of \$1.2 million due to a decrease in copper prices and staff redundancy payments of \$0.6 million.

		YTD 2009	YTD 2008
Ore mined	tonnes	-	287,991
Ore processed	tonnes	-	237,427
Feed grade	% Cu	-	4.0
Contained copper	tonnes	-	9,545
Copper recovery	% Cu	-	39.5
Copper produced in concentrate	tonnes	-	3,768
Copper sold	tonnes	185	4,667
Operating cash cost (ex-mine gate)	\$/tonne concentrate	-	871

### YTD 2009 Net (Loss) / Income

	YTD 2009		YTD 2008	
	\$ million	% of Sales	\$ million	% of Sales
Operating (loss) / profit	(22.1)	(236)	49.7	37
Other income	0.4	4	5.2	4
General administrative and marketing costs	(5.8)	(62)	(12.4)	(9)
Provision for impairment of assets	(4.9)	(52)	-	-
Exploration expenditure written off	(3.2)	(34)	-	-
Interest expenses	(0.5)	(5)	(0.8)	(1)
Other expenses	0.4	4	(1.0)	(1)
Income tax	5.2	56	(9.3)	(7)
Non-controlling interest	0.3	3	(1.4)	(1)
<b>Net (Loss) / Income</b>	<b>(30.2)</b>	<b>(322)</b>	<b>30.0</b>	<b>22</b>
(Loss) / earnings per share				
- basic	(0.37)		\$0.42	
- diluted	(0.37)		\$0.42	
Weighted average shares outstanding				
- basic	80.8		71.1	
- diluted	80.8		71.7	

### Group records net loss of \$30.2 million

The net loss during the six months ended June 30, 2009 was primarily attributable to an operating loss of \$22.1 million. The operating loss from Dikulushi and Mutoshi of \$2.8 million and \$1.5 million respectively was a result of the cessation of operations, ongoing care and maintenance costs, staff redundancy payments, unfavourable provisional pricing adjustments and concentrate stockpile movements during the six months ended June 30, 2009 of \$1.5 million reflecting higher costs of concentrate sold. In addition, provision for impairment of available-for-sale investments increased by \$3.8 million as a result of a decline in the mark-to-market value of available-for-sale investments and recognition of further impairment relating to a diminution in the value of the Group's investment in Sub-Sahara Resources NL ("Sub-Sahara") of \$0.4 million.

During the six months to June 30, 2009, the Company recognized provision for impairment of long-lived assets of \$0.7 million relating to:

- (a) Kinsevere - \$0.3 million primarily relating to the EAF; and
- (b) Dikulushi - \$0.4 million primarily relating to the underground development costs.

The decrease in other income was caused by lower interest income earned on the Group's available-for-sale investments.

The company transferred its interest in the Itogon project located in the Philippines to Indophil, resulting in an expenditure write-off of \$3.2 million.

The Group has recorded income tax and non-controlling interests credits as opposed to recording a tax expense in the same period last year due to losses incurred.

### YTD 2009 Cash Flows

	YTD 2009 \$ million	YTD 2008 \$ million
<b>Cash flows from:</b>		
Operating activities		
- before working capital changes	(18.3)	60.0
- after working capital changes	(6.5)	36.6
Investing activities	(16.5)	(103.0)
Financing activities	26.7	(3.0)
<b>Net (decrease) / increase in cash and cash equivalents</b>	3.7	(69.4)
Cash flow per share		
- before working capital changes	(0.23)	\$0.84
- after working capital changes	(0.08)	\$0.51

Cash outflow from operations in the six months ended June 30, 2009 was \$6.5 million (six months ended June 30, 2008: \$36.6 million cash inflows). Investing cash outflows included exploration expenditures of \$1.1 million (six months ended June 30, 2008: \$15.4 million), which were primarily related to cash calls in connection with the Kapulo project and expenditures for property, plant and equipment of \$27.3 million (six months ended June 30, 2008: \$95.2 million) incurred primarily in connection with the development of Kinsevere Stage II. These were partially offset by \$11.5 million realised from proceeds of principal repayments from available-for-sale investments.

Financing cash inflows were \$26.7 million (six months ended June 30, 2008: \$3.0 million cash outflows), of which \$27.2 million was from the public offering of Common Shares by way of short form prospectus that was completed in May 2009, partially offset by \$0.4 million of disbursements made on behalf of the Dikulushi Trusts.

### Balance Sheet

	June 30, 2009 (\$ million)	December 31, 2008 (\$ million)
<b>Assets</b>		
Cash and cash equivalents (including restricted)	49.7	45.9
Available-for-sale investments	12.6	24.0
Other current assets	66.6	106.6
Property, plant & equipment	320.1	280.3
Other non-current assets	73.9	75.8
<b>Total assets</b>	522.8	532.6
<b>Liabilities</b>		
Current liabilities	31.8	38.0
Long-term debt	0.2	0.3
Future income tax liability	19.1	24.4
Asset retirement obligations	13.4	13.0
<b>Total liabilities</b>	64.5	75.7
Non-controlling interests	1.1	1.9
Shareholders' equity	457.2	455.0
<b>Working capital</b>	97.1	138.5
Outstanding shares and weighted average number of shares (for basic earnings per share)	80.7 million	71.2 million

## Cash and cash equivalents

The increase in cash and cash equivalents to \$49.7 million for the period ended June 30, 2009 (December 31, 2008: \$45.9 million) was due to proceeds from the issue of shares (\$27.2 million), offset by further payments on the Kinsevere Stage II development and operating losses.

## Available-for-sale investments

The decrease in available-for-sale investments to \$12.6 million for the period ended June 30, 2009 (December 31, 2008: \$24.0 million) was attributable to maturing investments (\$11.5 million) which were converted into cash; provision for impairment of available-for-sale investments (\$3.8 million) resulting from a permanent diminution in the value of the Company's available-for-sale investments and unrealized gains resulting from a \$3.4 million appreciation in the market value of the Company's available-for-sale investments.

## Current assets

Total current assets for the period ended June 30, 2009 decreased by \$47.6 million to \$128.9 million (December 31, 2008: \$176.5 million). In addition to the movement in cash and investments outlined above, there was a decrease in accounts receivables of \$14.0 million due to the collection of outstanding receivables and a decrease in sales; a reduction in inventory of \$7.1 million arising from the sale of the concentrate stockpile at Kinsevere and depletion of the ROM stockpile from resumption of HMS processing at Kinsevere and a decrease of \$18.1 million in prepayments which were applied against purchase of capital equipment and services in connection with Kinsevere Stage II.

## Current liabilities

Current liabilities at June 30, 2009 decreased to \$31.8 million (December 31, 2008: \$38.0 million). The decrease in current liabilities was due to payments made to creditors, including payments related to the Group's operations and purchases for Kinsevere Stage II.

## Non-Current liabilities

Non-current liabilities at June 30, 2009 were \$33.9 million (December 31, 2008: \$39.6 million). The deferred tax liability relating to temporary differences in depreciation of assets for book and tax purposes in DRC declined \$3.5 million and non-controlling interests were decreased by \$0.2 million.

## Shareholders' equity

Shareholders' equity as at June 30, 2009 increased by \$2.2 million to \$457.2 million due to the issue of Common Shares by way of short form prospectus that was completed in May 2009 (\$27.2 million), net unrealized gain related to the mark-to-market movement in the value of available-for-sale investments (\$3.4 million), offset by a decrease in retained earnings (\$30.2 million).

## Contractual Obligations

The following table summarizes the Company's contractual and other obligations, as at June 30, 2009.

Payments due by period	Total	Less than 1 Year	1 – 3 Yrs	4 – 5 Yrs	More than 5 Years
	\$ million	\$ million	\$ million	\$ million	\$ million
Long-term debt	0.7	0.3	0.4		
Environmental and mine closure liabilities	13.4		0.7	1.0	11.7
Capital commitments – Kinsevere Stage II	19.5	19.5			
Equipment operating lease	1.3	0.4	0.9		
Entry premium payment <sup>1</sup>	19.4	12.2	7.2		
Non-controlling interest commitments – comprises the 10% outside equity interests in the retained earnings of Anvil Mining Congo SARL	1.1	1.1			

1. Payment to Gécamines in connection with the amendment to the Kinsevere and Mutoshi Lease Agreement reached in January 2009 and July 2009 respectively.

## Outstanding share data

At August 12, 2009, the Company had 101,955,230 Common Shares outstanding. In addition, there were 4,311,052 director and employee stock options outstanding with exercise prices ranging between C\$1.16 and C\$17.04 per share.

## **Development Activities**

### Kinsevere Stage II

During the fourth quarter of 2008, the Company placed the remaining engineering design, fabrication, construction works and procurement for the Kinsevere Stage II 60,000 tonnes per year SX-EW development on hold, pending the securing of additional funding.

In July 2009, the Company re-engaged with Ausenco Limited ("Ausenco"), signing a contract for recommencement of work on engineering and design work relating mainly to electrical, piping and instrumentation, which was approximately 80% complete at the time the project was placed on hold in November 2008.

Having reached agreement with Trafigura for a combined debt and equity financing arrangement for an aggregate amount of \$200 million that represents a fully financed solution for the development of Kinsevere Stage II, the Company is working to put in place a Lump Sum Turnkey contract for completion of the construction and fabrication works, the awarding of which is conditional upon receiving the normal regulatory approvals and shareholder approval in connection with the funding package with Trafigura.

The Company estimates that the timeframe for completion of construction, dry commissioning, and hydraulic testing for readiness to receive ore is approximately twelve months from award of contract.

### **Exploration**

The only exploration activity carried out during the quarter related to cash calls in connection with the Kapulo project and the review of outstanding oxide assay results from Kinsevere.

### **Operations**

During the fourth quarter of 2008, the Dikulushi mine was placed on care and maintenance and HMS processing operations at Mutoshi ceased. As a result, the only operational activity during 2009 has been at the Kinsevere mine.

During March 2009 a decision was taken to cease operation of the EAF at Kinsevere and to recommence operation of the HMS plant, with feed to the plant currently sourced from the ROM stockpile, which is sufficient to allow for HMS processing through to the end of the third quarter of 2009. It is expected that the Kinsevere HMS plant will produce approximately 8,900 tonnes of copper contained in concentrates through to the end of the third quarter 2009, at an operating cash cost at the mine gate of less than \$0.50/lb Cu (after sunk costs).

In order to extend operation of the HMS plant beyond the end of the third quarter 2009, the Company plans to resume mining during August, in the Stage I Central (Tshifufia) Pit where ore faces and broken stocks with an inventory of approximately 825,000 tonnes, grading in excess of 5% copper are available.

### **Additional Information**

Refer to Appendix A for the Summary of Quarterly Results and to Appendix B for Additional Regulatory Disclosures.

## Appendix A

### Summary of Quarterly Results

The financial performance, financial position and operating statistics for the last eight quarters (unaudited) are shown in the table below:

<b>Statement of Operations and Income</b>	Jun 09 Quarter	Mar 09 Quarter	Dec 08 Quarter	Sept 08 Quarter	Jun 08 Quarter	Mar 08 Quarter	Dec 07 Quarter	Sep 07 Quarter
Concentrate sales (\$ million) <sup>1</sup>	7.7	1.7	13.9	42.3	59.8	75.3	79.3	76.2
Operating (loss) / profit <sup>2</sup> before amortization (\$ million)	(3.7)	(10.8)	(37.7)	5.0	31.9	41.2	52.9	51.2
Amortization (\$ million)	(4.0)	(3.7)	(12.4)	(7.6)	(15.9)	(7.5)	(9.0)	(4.5)
Operating (loss) / profit <sup>2</sup> (\$ million)	(7.7)	(14.5)	(50.1)	(2.6)	16.0	33.7	44.2	46.7
Net (loss) / income (\$ million)	(11.3)	(18.8)	(151.2)	(17.3)	8.5	21.4	21.7	39.0
Basic (loss) / earnings per share (\$)	(0.13)	(0.27)	(2.12)	(0.24)	0.12	0.30	0.31	0.55
Diluted (loss) / earnings per share (\$)	(0.13)	(0.27)	(2.12)	(0.24)	0.12	0.30	0.30	0.54
<b>Production Statistics – Total</b>								
Copper produced in concentrate (tonnes)	5,372	199	7,488	11,318	10,521	12,027	16,878	14,772
<b>Production Statistics – Kinsevere mine</b>								
Ore processed (tonnes) <sup>3</sup>	83,084	2,695	59,219	104,414	94,404	91,990	92,155	72,639
Copper grade (% Cu)	7.9	10.2	9.9	9.1	10.0	9.1	10.3	10.9
Contained copper (tonnes)	6,566	275	5,849	9,467	9,424	8,399	9,448	7,951
Recovery Cu (%)	70.9	72.2	76.2	78.4	68.3	57.8	67.6	77.0
Copper produced in concentrate (tonnes)	5,372	199	4,457	7,741	6,433	4,855	6,384	6,142
Copper concentrate sold (tonnes)	18,549	479	11,644	22,586	18,084	22,101	25,965	14,429
Cu contained in EAF Feed	-	496	706	174				
Copper grade (% Cu)	-	93.1	93.3	92.7				
Copper contained in blister copper	-	461	659	161				
<b>Production Statistics – Dikulushi mine</b>								
Ore processed (tonnes) <sup>3</sup>	-	-	117,577	134,994	110,990	99,533	92,121	88,574
Copper grade (% Cu)	-	-	2.3	2.2	3.1	5.3	8.1	7.7
Contained copper (tonnes)	-	-	2,689	2,935	3,399	5,303	7,507	6,836
Recovery Cu (%)	-	-	64.8	61.8	76.7	92.1	92.5	90.7
Copper produced in concentrate (tonnes)	-	-	1,743	1,813	2,607	4,885	6,943	6,198
Silver produced in concentrate (ounces)	-	-	174,463	189,867	248,816	482,655	717,402	612,739
Payable pounds of copper contained in concentrate delivered (million)	-	0.5	6.3	4.3	15.6	11.3	13.9	13.7
Payable ounces of silver contained in concentrate delivered	-	19,653	249,086	187,372	303,611	491,967	632,175	583,172
<b>Production Statistics – Mutoshi mine</b>								
Ore processed (tonnes) <sup>3</sup>	-	-	89,296	135,772	130,693	106,734	98,054	87,342
Copper grade (% Cu)	-	-	3.6	3.8	3.7	4.3	5.0	5.1
Contained copper (tonnes)	-	-	3,243	5,152	4,872	4,599	4,918	4,439
Recovery (Cu %)	-	-	39.7	46.4	30.4	49.7	72.2	54.8
Copper produced in concentrate (tonnes)	-	-	1,288	2,392	1,481	2,287	3,551	2,432
Copper concentrate sold (tonnes)	-	914	8,290	12,057	17,165	5,701	6,235	7,542

1. Concentrate sales include copper and silver concentrates from Dikulushi and copper concentrates from Mutoshi and Kinsevere.

2. Refer to Non-GAAP Financial Measures on page 16.

3. Ore processed at Dikulushi relates to ore processed through the ball mill and floatation plant, while ore processed at Mutoshi and Kinsevere relates to ore processed through the HMS plants.

## Segment Information

The Company's reportable operating segments are strategic business units that produce different but related products or services. Each business unit is managed separately because each requires different technology and marketing strategies.

### Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The HMS operation was developed in 2007 and produces an oxide copper concentrate. The first EAF was commissioned in August 2008 and ceased during the first quarter of 2009. On March 27, 2009, the Company recommenced HMS processing operations to produce oxide copper concentrates. During August, the Company plans to resume mining in the central pit in order to extend the operation of the Kinsevere HMS plant beyond the third quarter of 2009.

### Dikulushi

The Group holds a beneficial interest of 90% in the Dikulushi mine. The operation, which was placed on care and maintenance in December 2008, is located in the Katanga province of the DRC. The operation was developed in 2002 and produced a sulphide and oxide copper concentrate with a silver credit.

### Mutoshi

The Group holds a beneficial interest of 70% in the Mutoshi tenements located in the Kolwezi region within the Katanga province of the DRC. The Mutoshi HMS processing operation, which ceased in November 2008, was developed in 2005 and produced an oxide copper concentrate. SMK also holds additional exploration tenements within the Kolwezi region.

### Corporate development, administration and other (CDA)

The corporate development, administration and other segment of the Company is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration.

For the six months ended June 30, 2009, segmented information is presented as follows:

	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Sales	8,421	1,798	(835)	-	-	9,384
Operating expenses	(15,444)	(4,163)	(52)	(4,164)	-	(23,823)
Amortization	(5,730)	(417)	(677)	(873)	-	(7,697)
Segmented operating (loss) / profit	(12,753)	(2,782)	(1,564)	(5,037)	-	(22,136)
Interest and financing fees	(407)	-	(1,413)	(91)	1,393	(518)
Other income	4	11	(77)	4,162	(3,654)	446
Other expenses	(2,398)	(317)	(79)	(13,029)	2,261	(13,562)
Segmented (loss) / profit before under noted items	(15,554)	(3,088)	(3,133)	(13,995)	-	(35,770)
Income taxes recovery / (expense)	5,192	(3)	-	45	-	5,234
Non-controlling interest	0	354	-	-	-	354
Segmented (loss) / profit	(10,362)	(2,737)	(3,133)	(13,950)	-	(30,182)
Property, plant and equipment	297,796	4,391	11,107	6,826	-	320,120
Total assets	401,769	8,759	41,711	70,593	-	522,832
Capital expenditures	(25,588)	(1,136)	(525)	(48)	-	(27,297)

## Appendix B

### Regulatory Disclosures

#### Non-GAAP Financial Measures

The terms “total cash cost” and “operating cash cost (ex-mine gate)” are non-GAAP measures prepared on a per pound of copper produced basis at Dikulushi and on a per tonne of copper concentrate produced at the Kinsevere and Mutoshi mines. Operating cash cost (ex-mine gate) includes all mining and processing costs less any profits from by-products such as silver at the Dikulushi mine. The total cash cost of production per pound of copper produced at Dikulushi is equivalent to the operating cash cost (ex-mine gate) plus smelting and refining and realization costs as the product is priced as sold to the smelter. Copper concentrates from Mutoshi and Kinsevere are sold at the mine gate, thus total cash cost does not include any transport, treatment and refining charges from these mines.

Cash operating cost information is included to provide information about the cost structure of the mining and processing operations.

The term “operating profit” represents the net attributable revenues after deducting mine operating costs and amortization. Mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. “Working capital” equals current assets less current liabilities. The term “Cash flow from operations per share, before changes in non-cash working capital”, for any period is based on a calculation using the weighted average number of Common Shares outstanding during the same period. The term “EBIT” represents earnings before interest and tax and “EBITDA” represents earnings before interest, tax, depreciation and amortization. This information differs from measures of performance prepared in accordance with Canadian GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under Canadian GAAP and may not be comparable to similarly titled measures of other companies.

#### Critical accounting estimates

The accounting policies that involve significant management judgement are discussed in this section. For a complete list of the significant accounting policies, reference should be made to Note 2 of the June 30, 2009 and December 31, 2008 consolidated financial statements. A more detailed analysis of the risk factors that face the Group can be found in the most recent annual information form available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Mine properties

The Group adopts a unit-of-production method to depreciate its mine properties. This method requires estimates to be made of economically recoverable reserves of the Group’s mine properties. Independent qualified surveyors and geologists are engaged to estimate the economically recoverable reserves. The estimation process involves sampling and other statistical tools.

Variations in estimates of recoverable reserves from period to period when the recoverable reserves are re-calculated affect both the carrying value of plant, property and equipment as well as the depreciation charges for any given financial period.

#### Exploration Costs

The Group accumulates certain costs associated with exploration activities on specific areas of interest where the Group has rights of tenure. The Group’s policy is to expense any exploration and associated costs relating to non-specific projects and properties. Significant property acquisition, exploration, evaluation and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. No costs are deferred on a mineral property that is considered to be impaired in value. As at June 30, 2009, the Group had deferred exploration and acquisition costs of approximately \$49.8 million associated with exploration properties in Africa and south-east Asia.

#### Restoration, rehabilitation and environmental expenditure

Expenditures related to ongoing restoration, rehabilitation and environmental obligation activities are accrued and expensed as incurred and included in the relevant exploration activity cost or as part of the cost of production, where the expenditures are in relation to current mining operations.

Future restoration, rehabilitation and environmental obligations based on reasonably determinable current regulatory requirements are provided for in accordance with the standard issued by the Canadian Institute of Chartered Accountants (“CICA”) in relation to Asset Retirement Obligations.

### Income Taxes

As at June 30, 2009, the Group has estimated its future recoverable income tax losses in Canada, Australia, the DRC and Zambia. The recoverability of losses is dependent upon the ability to generate positive future taxable income to offset the existing carry forward losses.

The Mutoshi and Kinsevere mines operate under the fiscal regime in effect at the time the DRC Mining Code came into effect in June 2003. The DRC Professional income tax rate applicable to the Mutoshi and Kinsevere mines is 30%.

Under the Convention granted by the DRC Government, the Dikulushi mine operations in the DRC currently enjoy reduced income tax rates for the first fifteen years from the date of commencement of commercial mine production, which commenced in October 2002. These concessionary tax rates, based on the applicable DRC Professional income tax rate of 40% 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% <sup>1</sup>

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

As set out above, commencing in October 2007, the Dikulushi operation completed its initial 5 years of production and as a result is subject to income tax at a rate of 16% for the ensuing 5 years.

### **Changes in accounting policies, including initial adoption**

On January 1, 2008 the Company adopted two new accounting standards issued by the CICA: *Section 1582 Business combinations*, *Section 1601 consolidated financial statements and Section 1602 non-controlling interests*; *Goodwill and intangible assets* Sections 3064.

The adoption of these new handbook sections provided additional disclosure in the notes to the financial statements but did not result in any changes to the Company's current period earnings nor did they require any adjustment to the opening balances.

The CICA plans to converge Canadian GAAP for public companies with International Financial Reporting Standards ("IFRS") over a transition period that is expected to end for accounting periods commencing on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined.

### **Estimates**

Financial statements which are prepared in conformity with Canadian GAAP require management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

### **Risks and Uncertainties**

The Group's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to, the speculative nature of mineral exploration and development, political stability, liquidity and availability of future financing, logistics, lack of infrastructure, uninsurable risks, mineral resources and ore reserves, uncertainty of inferred resources, mine life, licences and permits, land title, Government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper and silver prices, key personnel, labour and employment matters, subsidiaries, mineral exploration and mine carrying inherent risks, currency risk, competition, dilution, and dividend policy. A more detailed analysis of the risk factors the Group is faced with can be found in the most recent annual information form, which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Deed of Cross Guarantee**

For the purpose of simplifying reporting in Australia, the Company and certain of its Australian incorporated subsidiaries entered into a Deed of Cross Guarantee and Deed of Variation (the "Deeds") under which each company guarantees the liabilities of all other companies that are a party to the Deeds. The companies which form this "Closed Group" (as defined by Australian Securities and Investments Commission Class Order 98/1418) are: Anvil Mining Limited, Anvil Mining Management NL, Central African Holdings Pty Ltd, Congo Development Pty Ltd, Leda Mining Pty Ltd and Bannon Mining Pty Ltd.

## **Technical Information**

For further information regarding the Company's mine projects in the DRC, including a description of Anvil's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of these projects please refer to the various technical reports which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Evaluation of Disclosure Controls & Procedures**

The Company's certifying officers have designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to financial and operational conditions impacting disclosure for the quarter ended June 30, 2009 is made known to them. The certifying officers have evaluated the effectiveness of the disclosure controls and procedures and have concluded that these disclosure controls and procedures are effective at the reasonable assurance level. Management of the Company was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures. The inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

During the quarter ended June 30, 2009 there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

## **Forward Looking Statements**

This MD&A 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 is not limited to the operation of the Kinsevere HMS plant, the liquidation of the Company's available-for-sale investments and the Company's plans for expansions of the Kinsevere copper mine. 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 2009. 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, 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 or be successfully completed within expected time limits and budgets or that, when completed, the expanded facility will operate as anticipated.

### Additional Information

Additional information relating to the Company, including the Company's annual information form, may be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).