

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Quarter Ended June 30, 2010

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, 2010. 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, 2010 and the notes thereto. The Company's 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 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, 2009.

Additional information relating to the Company, including the Company's most recent annual information form, is available on SEDAR at 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 13, 2010.

Key points for the quarter

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

Key points for the year to date

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

Near-term objectives (next three months)

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

Longer term objectives (2011 onwards)

- Completion of construction, commissioning and ramp-up of the Kinsevere Stage II Solvent Extraction–Electrowinning ("SX-EW") plant.
- Completion of a scoping study on options to heap-leach low-grade material (0.3% to 0.7%Cu) in order to provide additional feed to the SX-EW plant.
- Identification of investment opportunities in the DRC to consolidate the Company's position and to develop a pipeline of growth prospects.

- Initiation of further drilling at Kinsevere to enable the delineation of an expanded sulphide resource.
- Completion of preliminary studies on the mining and processing of the sulphide resource at Kinsevere.
- Completion of additional drilling to allow the Company to further evaluate the Mutoshi project.

Development: Kinsevere Stage II SX-EW Plant

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

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

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

Key areas of progress include the following:

- Civil and Structural:
 - Civil construction is approximately 97% complete.
 - Concrete works are approximately 90% complete.
 - North-south and east-west pipe-racks have been completed and installation of piping and cable ladders onto the pipe-racks is continuing.
 - Stainless steel tankage is approximately 85% complete.
 - Acid storage tanks have been erected and roof covers installed.
 - The Tailings Storage Facility is approximately 70% complete and final earthworks on the solution ponds are well underway.
- Mechanical construction is approximately 35% complete:
 - Apron feeder and MMD sizer are installed.
 - SAG mill installation has commenced.
 - Installation of leach tanks agitators has commenced.
 - Installation of SX agitators / pump mixers is well advanced.
 - EW filters are assembled.
 - Water and air system tanks equipment is being assembled.
 - Reagent system assembly has started.
- Ordering of major capital items is approximately 98% complete.
- Significant progress has been made in the crusher, SAG mill and ROM pad areas:
 - Steel structural and plate work related to the installation of the crusher, apron feeder and MMD sizer has been completed.
 - Steel and concrete work on the bridge between the ROM pad and crusher has been completed.
 - Concrete work for the mill feed conveyors foundations has been completed.
 - Concrete works for the main substation at the grinding facility has been completed and block work installation is well underway.
 - The mill erection vendor representatives arrived on site in July to oversee the installation of the SAG mill.
- Progress made with structural steel erection, the CCD thickeners, the pin bed clarifiers, the low-grade and high-grade solvent extraction tanks and electro-winning tankhouse area includes the following:
 - Bridges and rakes have now been installed in the CCD thickeners.
 - Main structures for the pin bed clarifiers have been largely erected.
 - Welding of the high-grade and low-grade SX stainless steel tanks has been completed and the welds have been water tested.
 - The slab for the tank foundations at the south and north ends of the east side of the electro-winning building and the slab for the stripping machine have been completed.
 - Installation of the hoists on the electro-winning crane has commenced and the installation of the crane conductor bars has been completed.
 - Approximately half of the electro-winning cells are already available for installation.

Liquidity and Cash Position

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

Excluding funding designated specifically for the development of Kinsevere Stage II, as at August 13, 2010, the Company has approximately \$18.8 million held as cash. While the Company's cash forecasts have been based on an assumed copper price of \$2.50 per pound for the remainder of 2010, sensitivity analysis carried out by the Company shows that for each \$0.25 that the realized copper price is above \$2.50 per pound, the Company realizes additional revenue of approximately \$0.45 million per month.

Excluding funding required for the development of Kinsevere Stage II, the Company's liquidity requirements are met through ongoing operation of the Kinsevere Stage I HMS plant.

In addition to its existing cash balance and expected cash generation from the operation of the Kinsevere HMS plant, the Company has available-for-sale investments of \$24.0 million, comprised of an equity investment in Chalice Gold Mines Ltd with a fair value of \$3.8 million and debt investments of \$20.2 million.

The Company seeks to reduce the risk to the value of the available-for-sale investments by diversifying the portfolio of available-for-sale investments in accordance with the limits approved by the Board to ensure that, in the opinion of the Board, the Company is not overly exposed to one company or one particular sector of the market; and by requiring that the primary counterparties related to its available-for-sale investments carry investment grade ratings of BBB+ or above.

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

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

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

The Company expects that the first drawdown under the Loan Facility will be required during September 2010. The Loan Facility is subject to other typical conditions consistent with a commercial debt financing and the Company continues to work to satisfy such conditions in order to ensure that it is in position to draw down the Loan Facility when necessary. The proceeds from the Loan Facility will be used exclusively to meet costs associated with the completion of construction of Kinsevere Stage II.

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

Discontinuance of Operations at Dikulushi

In February 2010, the Company reached agreement with Mawson West Ltd ("Mawson West") on the terms and conditions for the sale of the Company's 90% interest in Anvil Mining Congo SARL ("AMC"), the holder of the Dikulushi Mining Convention and the Dikulushi copper-silver mine in the DRC. The Company completed the sale of AMC on April 9, 2010 and recognized a gain of \$5.9 million.

Under the terms of the agreement with Mawson West, the shares in AMC held by Anvil have been transferred to Mawson West, in consideration for which Anvil received 83,070,000 shares in Mawson West, representing approximately 28% of the issued and outstanding shares in Mawson West, on an undiluted basis. The agreement also provides that so long as Anvil holds at least 15% of the issued and outstanding shares in Mawson West, Anvil will have top-up rights to ensure that it may participate in any future share issues or placements so that it is able to maintain its percentage shareholding in Mawson West and the right to appoint one director to the Mawson West Board of Directors.

The 10% interest in the Dikulushi mine that is held in trust for the benefit of the surrounding communities remains in place and, while the Company expects to retain an involvement in the administration of community development initiatives surrounding the Dikulushi mine, this is expected to be administered primarily by Mawson West.

Operations: Kinsevere HMS plant

The Group continues to operate the Kinsevere HMS plant, focused on achieving a low-cost operation to enable the Group to generate positive cash flow until such time as the Stage II SX-EW plant becomes operational.

The group is on track to meet forecast production of 15,000 tonnes of copper for the 2010 year and with an assumed average realized copper price of \$2.50 for the remainder of 2010, the HMS plant is expected to generate sufficient cash to allow the Group to maintain an adequate cash balance until commencement of SX-EW processing, which is expected to take place during the first quarter of 2011.

During the second quarter of 2010, the HMS plant generated net revenue of \$13.7 million and incurred cash operating expenses of \$6.8 million, resulting in a positive cash flow from HMS operations of \$6.9 million. After accounting for expenses of \$4.5 million related to care and maintenance of the Mutoshi mine, corporate overheads, social development and sustaining capital expenditure, operation of the HMS plant provided a net cash flow of \$2.4 million for the June quarter.

The table below illustrates the cash performance of the Kinsevere HMS plant for the last three months and the last six months ended June 30, 2010.

Performance of the Kinsevere HMS Plant	3 months ended June 30, 2010 \$ 'million	6 months ended June 30, 2010 \$ 'million
Sales from HMS plant	13.7	29.1
Operating expenses from HMS plant	(6.8)	(13.1) ¹
Cash generated from HMS plant	6.9	16.0
Care and maintenance expenses	(0.4)	(1.7)
Sustaining capital expenditure	(1.2)	(1.8)
Corporate overhead expenses	(2.9)	(5.0)
Cash flow	2.4	7.5

1. Includes sales costs of \$2.5 million for the year to date.

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

Key performance details of the HMS plant for the June quarter and YTD 2010 are set out in the table below.

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

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

Key Group results

Second Quarter (Q2)		Q2 2010		Q2 2009	
			% of Sales		% of Sales
Production	t Cu	4,412		5,372	
Sales ¹	t Cu	4,872		3,059	
Concentrate stockpiles	t Cu	626		5,295	
Net sales	\$ million	14.5	100	7.7	100
Operating profit / (loss)	\$ million	1.6	11	(7.7)	(99)
Net income / (loss)	\$ million	5.1	35	(11.3)	(147)
Basic earnings / (loss) per share	\$	0.03		(0.13)	

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 2010		YTD 2009	
			% of Sales		% of Sales
Production	t Cu	8,505		5,571	
Sales ¹	t Cu	9,296		4,537	
Net sales	\$ million	30.0	100	9.4	100
Operating profit / (loss)	\$ million	4.9	16	(22.1)	(236)
Net income / (loss)	\$ million	11.6	38	(30.2)	(322)
Basic earnings / (loss) per share	\$	0.08		(0.37)	

Copper Production (tonnes)

	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08
Kinsevere	4,412	4,093	4,970	5,865	5,372	199	4,457	7,113
Dikulushi	-	-	-	-	-	-	1,743	1,813
Mutoshi	-	-	-	-	-	-	1,288	2,392
Total	4,412	4,093	4,970	5,865	5,372	199	7,488	11,318

Q2 2010 Net Sales

(After treatment and refining charges ("TC/RCs"))		Q2 2010 \$ million	Q2 2009 \$ million
Kinsevere	- Copper	13.7	9.3
Dikulushi	- Copper	-	(0.9)
	- Silver	-	(0.6)
Mutoshi	- Copper	0.8	(0.1)
Net sales		14.5	7.7
Copper selling price		\$/lb	\$/lb
Current period sales ¹		3.07	2.02
Provisional pricing adjustment		(0.12)	(0.20)
TC/RC and freight charges		-	(0.02)
Realized copper price		2.95	1.80

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 components which are outside the control of the Company are therefore difficult to determine and are thus accounted for 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 increase to \$14.5 million

Owing to an increase in the tonnes of copper sold (4,872 tonnes of copper sold in the second quarter of 2010, compared to 3,059 tonnes of copper sold in the second quarter of 2009) and an increase in the realized copper price recognized during the quarter (\$2.95 compared to \$1.80 in the second quarter of 2009), net sales increased to \$14.5 million.

Q2 2010 Operating Profit / (Loss)

	Q2 2010		Q2 2009	
	\$ million	% of Sales	\$ million	% of Sales
Kinsevere	2.1	14	(3.0)	(39)
Mutoshi	(0.6)	(4)	(0.9)	(11)
CDA ¹	0.1	1	(0.9)	(12)
Dikulushi	-	-	(2.9)	(37)
Total operating profit / (loss)	1.6	11	(7.7)	(99)

1. These are administration and technical support costs required to support the mine operations and development.

Group records operating profit of \$1.6 million

The Group recorded an operating profit of \$1.6 million for the second quarter of 2010, compared to an operating loss of \$7.7 million for the second quarter of 2009. The increase in operating profit was primarily due to an increase in the realized copper price and lower operating costs compared to the second quarter of 2009.

Kinsevere records operating profit of \$2.1 million

		Q2 2010	Q2 2009
Ore mined	tonnes	135,486	-
Ore processed – HMS	tonnes	72,716	83,084
Feed grade – HMS	% Cu	7.3	7.9
Contained copper – HMS	tonnes	5,317	6,566
Copper recovery – HMS	%	72.1	70.9
Copper produced in concentrate – HMS	tonnes	3,835	5,372
Copper produced in concentrate – Spirals	tonnes	577	-
Copper produced in concentrate – HMS & Spirals	tonnes	4,412	5,372
Copper sold	tonnes	4,338	3,059
Operating cash cost (ex mine gate)	\$/tonne concentrate	292	484

During the June quarter, the Kinsevere HMS plant continued to perform well, generating an operating profit of \$2.1 million and recording an operating cash cost per tonne of oxide concentrate of \$292 per tonne.

Mutoshi records operating loss of \$0.6 million

As a result of the cessation of the Mutoshi HMS processing operation during the fourth quarter of 2008, there was no production at Mutoshi during the second quarter of 2010. The operating loss of \$0.6 million for the June quarter of 2010 related primarily to costs associated with care and maintenance.

Mutoshi sold 534 tonnes of copper contained in concentrate remaining in the stockpile during the second quarter of 2010.

Q2 2010 Net income / (loss)

	Q2 2010		Q2 2009	
	\$ million	% of Sales	\$ million	% of Sales
Operating income / (loss)	1.6	11	(7.7)	(99)
Other income	0.4	3	0.1	1
General administrative and marketing costs	(3.1)	(21)	(3.2)	(41)
Provision for impairment of assets	-	-	(0.3)	(3)
Write back provision for impairment of assets	3.9	27	-	
Exploration expenditure written off	(1.3)	(9)	(3.2)	(42)
Loss on derivative instrument	(0.8)	(5)	-	-
Interest expenses	(0.5)	(4)	(0.3)	(4)
Other (expenses) / income	(0.7)	(5)	1.3	15
Income tax	4.4	30	1.7	22
Non-controlling interest	1.2	8	0.3	4
Net income / (loss) from continuing operations	5.1	35	(11.3)	(147)
Gain on sale of discontinued operation	5.9	41	-	-
Net income / (loss)	11.0	76	(11.3)	(147)
Earnings / (loss) per share				
- basic & diluted	0.03		(0.13)	
Weighted average shares outstanding				
- basic	150.3		90.1	
- diluted	154.2		90.1	

Group records net income of \$11.0 million

The Group recorded net income of \$11.0 million, compared to a net loss of \$11.3 million for the second quarter of 2009. The increase in net income was due to lower operating costs of \$8.7 million (second quarter of 2009: \$11.4 million, which was significantly affected by redundancy and termination expenses), and a higher realized copper price of \$2.95 per pound, compared to \$1.80 per pound for the second quarter of 2009.

Gain on sale of discontinued operation resulted from the consideration received from Mawson West of \$12.5 million (83,070,000 shares in Mawson West valued at \$0.15 per share), for Anvil's 90% interest in Dikulushi, which had been valued at \$5.7 million. Further costs of \$0.9 million relating to the sale resulted in a net gain on the sale of Dikulushi of \$5.9 million.

The income tax benefit of \$4.4 million during the second quarter of 2010 relates to tax losses which are expected to reduce future taxable income within the relevant tax jurisdiction.

Impairments of available-for-sale debt investments of \$3.9 million were reversed during the second quarter of 2010 due to the increase in the fair value of these investments. The Group's available-for-sale investments are comprised of an investment in Chalice Gold Mines Limited ("Chalice"), a company listed on the Australian Securities Exchange ("ASX") and debt instruments.

Fair value of the investment in Chalice is determined by reference to the ASX share price, while fair value of the debt instruments is based on available market prices at the reporting date. Where instruments are not traded in an active market, fair value is determined using valuation techniques taking into account market information for financial instruments with similar characteristics as the underlying instrument being valued and where there is no comparable market information to determine the fair value of the instrument, fair value is calculated using other techniques, such as estimated discounted cash flows using contractual terms of the instrument, discount rates considered appropriate for the credit risk of the instrument and the current volatility in the market place.

Q2 2010 Cash Flows

	Q2 2010 \$ million	Q2 2009 \$ million
Cash flows from operations:		
Operating activities		
- before working capital changes	3.3	(6.4)
- after working capital changes	6.9	(5.4)
Investing activities	(29.9)	1.7
Financing activities	(1.4)	26.7
Net (decrease) / increase in cash and cash equivalents	(24.4)	23.0
Cash flow from continuing operations per share		
- before working capital	0.02	(0.07)
- after working capital	0.05	(0.06)

Cash inflows from operations before working capital changes were \$3.3 million, an increase of \$9.7 million compared to the second quarter of 2009. The increase in cash inflows from operations was due mainly to higher revenue resulting from higher copper prices and lower operating costs.

Investing cash outflows related largely to expenditures for property, plant and equipment of \$23.5 million in connection with the development of Kinsevere Stage II.

Financing cash outflows were \$1.4 million (second quarter of 2009: cash inflow of \$26.7 million) which was due mainly to further financing costs incurred in relation to the Loan Facility and Common Shares purchased pursuant to the recommencement of an executive and senior staff incentive plan.

YTD 2010 Net Sales

(After TC/RCs)	YTD 2010 \$ million	YTD 2009 \$ million
Kinsevere - Copper	29.1	8.4
Dikulushi - Copper	-	1.7
- Silver	-	0.1
Mutoshi - Copper	0.9	(0.8)
Net sales	30.0	9.4
Copper selling price	\$/lb	\$/lb
Current period sales ¹	3.20	1.84
Provisional pricing adjustment	(0.07)	(0.51)
TC/RC and freight charges	-	(0.09)
Realized copper price	3.13	1.24

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 increase 219% to \$30.0 million

Owing to an increase in the tonnes of copper sold (9,296 tonnes of copper sold during the six months ended June 30, 2010, compared to 4,537 tonnes of copper sold during the same period of 2009) and an increase in the realized copper price recognized during the six months ended June 30, 2010 (\$3.13 compared to \$1.24 during the same period of 2009), net sales increased by \$20.6 million compared to the same period of 2009.

YTD 2010 Operating Profit / (Loss)

	YTD 2010		YTD 2009	
	\$ million	% of Sales	\$ million	% of Sales
Kinsevere	6.7	22	(12.8)	(136)
Dikulushi	-	-	(2.8)	(29)
Mutoshi	(1.3)	(4)	(1.5)	(17)
CDA ¹	(0.5)	(2)	(5.0)	(54)
Total operating profit / (loss)	4.9	16	(22.1)	(236)

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 profit of \$4.9 million

Group operating profit of \$4.9 million was primarily due to an increase in revenue from sales of concentrate resulting from a higher realized copper price (\$3.13 compared to \$1.24 during the same period of 2009) and higher sales (9,296 tonnes of copper sold during the six months ended June 30, 2010, compared to 4,537 tonnes of copper sold during the same period of 2009). Operating expenses during the six months ended June 30, 2010 were lower than the corresponding period in 2009, due to one off costs of \$4.1 million related to staff redundancy payments that were incurred during the first quarter of 2009.

Kinsevere records operating profit of \$6.7 million

		YTD 2010	YTD 2009
Ore mined	tonnes	225,408	-
Ore processed – HMS	tonnes	134,207	85,780
Feed grade – HMS	% Cu	7.9	8.0
Contained copper – HMS	Tonnes	10,624	6,837
Copper recovery – HMS	%	70.5	70.9
Copper produced in concentrate – HMS	Tonnes	7,464	5,571
Copper produced in concentrate – Spirals	Tonnes	1,041	-
Copper produced in concentrate – HMS & Spirals	Tonnes	8,505	5,571
Copper sold	Tonnes	8,762	4,121
Operating cash cost (ex mine gate)	\$/tonne concentrate	305	734

The operating cash costs per tonne of oxide concentrate at Kinsevere for the six months ended June 30, 2010 were \$305 per tonne. This was lower than the cash costs for the same period of 2009 due mainly to one-off costs of \$4.1 million for redundancies incurred during the six months ended June 30, 2009. .

YTD 2010 Net Income / (Loss)

	YTD 2010		YTD 2009	
	\$ million	% of Sales	\$ million	% of Sales
Operating profit / (loss)	4.9	16	(22.1)	(236)
Other income	1.1	4	0.4	4
General administrative and marketing costs	(5.5)	(18)	(5.8)	(62)
Provision for impairment of assets	4.8	16	(4.9)	(52)
Exploration expenditure written off	(1.3)	(4)	(3.2)	(34)
Loss on derivative instrument	(0.4)	(1)		
Interest expenses	(1.1)	(4)	(0.5)	(5)
Other expenses	(0.6)	(4)	0.4	4
Income tax	8.0	27	5.2	56
Non-controlling interest	1.7	6	0.3	3
Net income / (loss) from continuing operations	11.6	38	(30.2)	(322)
Gain on sale of discontinued operation	5.9	20	-	-
Net Income / (Loss)	17.5	58	(30.2)	(322)
Earnings / (Loss) per share				
- basic & diluted	0.08		(0.37)	
Weighted average shares outstanding				
- basic	150.3		80.8	
- diluted	154.3		80.8	

Group records net profit of \$17.5 million

The net profit during the six months ended June 30, 2010 was primarily attributable to an operating profit of \$4.9 million, recognition of a gain on the sale of Dikulushi of \$5.9 million, reversal of impairment relating to available-for-sale debt investments of \$4.8 million and income tax benefit of \$8.0 million.

A write off of exploration expenditure was due to the relinquishment of smaller tenements on which the Company had no further exploration or development plans.

The income tax benefit of \$8.0 million during the six months ended June 30, 2010 related to tax losses which are expected to reduce future taxable income within the relevant tax jurisdiction.

YTD June 2010 Cash Flows

	YTD June 2010 \$ million	YTD June 2009 \$ million
Cash flows from:		
Operating activities		
- before working capital changes	9.7	(18.3)
- after working capital changes	8.3	(6.5)
Investing activities	(63.9)	(16.5)
Financing activities	(2.1)	26.7
Net (decrease) / increase in cash and cash equivalents	(57.7)	3.7
Cash flow per share		
- before working capital changes	0.06	(0.23)
- after working capital changes	0.06	(0.08)

Cash inflow from operations in the six months ended June 30, 2010 was \$8.3 million (six months ended June 30, 2009: \$6.5 million cash outflows). Investing cash outflows of \$63.9 million included cash expenditures on plant and equipment of \$57.0 million (six months ended June 30, 2009: \$27.3 million) in connection with the development of Kinsevere Stage II and \$6.4 million paid as a security deposit pursuant to the contractual arrangements with Ausenco.

Financing cash outflows were \$2.1 million (six months ended June 30, 2009: \$26.7 million cash inflows) which were due mainly to further financing costs incurred in relation to the Loan Facility and Common Shares purchased pursuant to the recommencement of an executive and senior staff incentive plan.

Q2 2010 Balance Sheet

	June 30, 2010	December 31, 2009
Assets (\$ million)		
Cash and cash equivalents (including restricted)	63.5	121.6
Current available-for-sale investments	-	1.2
Other current assets	33.2	58.1
Property, plant & equipment	409.1	324.5
Non-current available-for-sale investments	22.6	16.8
Other non-current assets	105.4	92.0
Assets related to discontinued operations	-	7.3
Total assets	633.8	621.5
Liabilities (\$ million)		
Current liabilities	30.4	14.6
Long-term debt	-	0.1
Purchase consideration payable	-	6.7
Future income tax liability	13.0	21.0
Asset retirement obligations	12.9	12.9
Liabilities related to discontinued operations	-	2.7
Total liabilities	56.3	58.0
Non-controlling interests	(1.7)	0.3
Shareholders' equity (\$ million)	579.2	563.2
Working capital (\$ million)	59.8	166.3
Weighted average number of shares (for basic earnings per share) (millions)	150.3	97.3
Outstanding shares (millions)	150.0	150.4

Cash and cash equivalents

The decrease in cash and cash equivalents to \$63.5 million for the six months ended June 30, 2010 (December 31, 2009: \$121.6 million) was due mainly to cash expenditure for property, plant and equipment of \$57.0 million relating to capital expenditure for Kinsevere Stage II and \$6.4 million for a related security deposit. Cash outflows

from investing activities were offset by cash inflow from operations of \$8.2 million during the six months ended June 30, 2010.

Available-for-sale investments

The increase in available-for-sale investments to \$22.6 million for the period ended June 30, 2010 (December 31, 2009: \$16.8 million) was primarily attributable to a reversal of prior years' impairment charge of \$4.8 million resulting from an appreciation in the market value of the available-for-sale debt investments.

Other Current assets

Other current assets for the period ended June 30, 2010 decreased by \$24.9 million to \$33.2 million (December 31, 2009: \$58.1 million). This was due to transfers from prepayments to property, plant and equipment for capital equipment upon recommencement of the construction of Kinsevere Stage II.

Current liabilities

Current liabilities for the period ended June 30, 2010 increased by \$15.8 million to \$30.4 million (December 31, 2009: \$14.6 million). During the period ended June 30, 2010, the Company made net creditor payments of \$6.7 million. This was offset by the reclassification of the *Pas de Porte* payment in respect of Mutoshi that is due in January 2011, from non-current liabilities to current liabilities. Trade and other payables includes accruals of \$9.8 million for Kinsevere Stage II.

Shareholders' equity

At June 30, 2010, shareholders' equity had increased by \$16.0 million to \$579.2 million, due mainly to an increase in retained earnings of \$17.1 million during the year.

Contractual Obligations

The following table summarizes the Company's contractual and other obligations, as at June 30, 2010.

Payments due by period	Total	Less than 1 Year	1 – 3 Yrs	4 – 5 Yrs	More than 5 Years
	\$ million	\$ million	\$ million	\$ million	\$ million
Environmental and mine closure liabilities	12.9	-	-	-	12.9
Capital commitments – Kinsevere Stage II	91.8	91.8	-	-	-
Equipment operating lease	1.1	0.4	0.7	-	-

Outstanding share data

At August 13, 2010, the Company had 150,403,159 Common Shares outstanding. In addition, there were 4,434,385 director and employee stock options outstanding with exercise prices ranging between C\$1.16 and C\$14.06 per share and 11,228,320 warrants with an exercise price of \$2.75 per warrant.

Exploration

The only exploration expenditure incurred during the six months ended June 30, 2010 related to the annual rents paid on 12 of the Company's tenements in the DRC.

During the June quarter, the Company wrote off \$1.3 million of exploration expenditure, due to the relinquishment of smaller tenements on which the Company had no further exploration or development plans.

Operations

The Group continues to operate the Kinsevere HMS plant, focused on achieving a low-cost operation to enable the Group to maintain an adequate cash balance until such time as the Stage II SX-EW plant becomes operational.

The group is on track to meet forecast production of 15,000 tonnes of copper for the 2010 year and with an assumed average realized copper price of \$2.50 for the remainder of 2010, the HMS plant is expected to generate sufficient cash to allow the Group to maintain an adequate cash balance until commencement of SX-EW processing, which is expected to take place during the first quarter of 2011.

Transactions with related parties

As at August 13, 2010, Trafigura is the beneficial owner of 53,248,729 Common Shares, representing 35.4% of the issued and outstanding Common Shares. During the June quarter of 2010, the Company entered into transactions with Trafigura for the sale of copper concentrates, the provision of technical services and the supply of fuel to Kinsevere, all of which were on commercial terms.

Sale of copper concentrates

In January 2010, the Company entered into contracts with Trafigura (the "Sales Contracts"), under which it agreed to sell its 2010 forecast production of concentrate from its Kinsevere HMS plant. The Sales Contracts are benchmarked to LME prices and are on standard commercial terms for comparable sales contracts.

During the June quarter, the Company sold to Trafigura, 21,175 tonnes of copper concentrates from its Kinsevere Stage I operation, for revenue of \$14.4 million.

Technical services

In November 2009, the Company entered into a technical services agreement (the "TSA") with Trafigura, under the terms of which, a technical services committee (the "Technical Committee") was established, comprising an equal number of Anvil and Trafigura appointees, to address all material technical issues relating to the development of Kinsevere Stage II. The Technical Committee makes recommendations to the Anvil Board and can take appropriate and additional steps to promote and safeguard Kinsevere Stage II.

The Technical Committee (upon approval of the Anvil Board) may appoint Trafigura, on a case-by-case basis, to provide services related to project management support, data processing, technical services support, coordination and consulting at Kinsevere Stage II. Where Trafigura is unable or unavailable to perform any services which it has been appointed to provide to Anvil or AMCK, Trafigura may engage independent contractors to provide such services. During the June quarter, the Company did not incur any costs in connection with the provision of such technical services.

Fuel supply

The Company has ongoing requirements for diesel fuel at its Kinsevere operations. Trafigura is one of several fuel suppliers from whom the Company obtains quotations for the supply of fuel to Kinsevere. During the June quarter, the Company purchased fuel for its Kinsevere operations to a value of \$1.1 million. Fuel supplied to support the Company's care and maintenance activities at Mutoshi is not provided by Trafigura.

For a description of the Group's relationship with Trafigura, please refer to the sections headed "Interest of Informed Persons in Material Transactions" and "Particulars of Matters to be Acted Upon" in the Corporation's management information circular dated November 16, 2009, which is available on the Company's website at www.anvilmining.com or under the Company's profile on SEDAR at www.sedar.com.

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:

Statement of Operations and Income	Jun 10 Quarter	Mar 10 Quarter	Dec 09 Quarter	Sep 09 Quarter	Jun 09 Quarter	Mar 09 Quarter	Dec 09 Quarter	Sep 09 Quarter
Concentrate sales (\$ million) ¹	14.5	15.5	23.5	18.1	7.7	1.7	13.9	42.3
Operating profit ² / (loss) before amortization (\$ million)	5.8	8.2	14.4	8.0	(3.7)	(10.8)	(37.7)	5.0
Amortization (\$ million)	(4.2)	(4.7)	(5.7)	(3.8)	(4.0)	(3.7)	(12.4)	(7.6)
Operating profit ² / (loss) (\$ million)	1.6	3.5	8.7	4.2	(7.7)	(14.5)	(50.1)	(2.6)
Net income / (loss) (\$ million)	5.1	6.6	10.9	(0.2)	(11.3)	(18.8)	(151.2)	(17.3)
Basic earnings / (loss) per share (\$)	0.03	0.04	0.09	(0.00)	(0.13)	(0.27)	(2.12)	(0.24)
Diluted earnings / (loss) per share (\$)	0.03	0.04	0.09	(0.00)	(0.13)	(0.27)	(2.12)	(0.24)
Production Statistics – Total								
Copper produced in concentrate (tonnes)	4,412	4,093	4,970	5,865	5,372	199	7,488	11,318
Production Statistics – Kinsevere mine								
Ore processed (tonnes) ³	72,716	61,491	65,313	80,730	83,084	2,695	59,219	104,414
Copper grade % Cu	7.3	8.6	8.9	8.0	7.9	10.2	9.9	9.1
Contained copper (tonnes)	5,317	5,307	5,782	6,443	6,566	275	5,849	9,467
Recovery Cu %	72.1	68.4	77.0	80.6	70.9	72.2	76.2	78.4
Copper produced in concentrate - HMS (tonnes)	3,835	3,629	4,455	5,192	4,653	199	4,457	7,741
Copper produced in concentrate – Spirals (tonnes)	577	464	515	673	719	-	-	-
Copper produced in concentrate – HMS & Spirals (tonnes)	4,412	4,093	4,970	5,865	5,372	199	4,457	7,113
Copper concentrate sold (tonnes)	18,057	17,610	30,993	27,589	18,549	479	11,644	22,586
Production Statistics – Dikulushi mine								
Ore processed (tonnes) ³	-	-	-	-	-	-	117,577	134,994
Copper grade % Cu	-	-	-	-	-	-	2.3	2.2
Contained copper (tonnes)	-	-	-	-	-	-	2,689	2,935
Recovery Cu %	-	-	-	-	-	-	64.8	61.8
Copper produced in concentrate (tonnes)	-	-	-	-	-	-	1,743	1,813
Silver produced in concentrate (ounces)	-	-	-	-	-	-	174,463	189,867
Payable pounds of copper contained in concentrate delivered (million)	-	-	-	-	-	-	6.3	4.3
Payable ounces of silver contained in concentrate delivered	-	-	-	-	-	-	249,086	187,372
Production Statistics – Mutoshi mine								
Ore processed (tonnes) ³	-	-	-	-	-	-	89,296	135,772
Copper grade % Cu	-	-	-	-	-	-	3.6	3.8
Contained copper (tonnes)	-	-	-	-	-	-	3,243	5,152
Recovery Cu %	-	-	-	-	-	-	39.7	46.4
Copper produced in concentrate (tonnes)	-	-	-	-	-	-	1,288	2,392
Copper concentrate sold (tonnes)	3,007	226	1,665	-	-	-	8,290	12,057

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. During 2009, the Company completed amended agreements with Gécamines and the DRC Government for its Kinsevere lease agreement and Mutoshi joint venture agreement.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The HMS operation commenced in 2007 and produces an oxide copper concentrate. On March 27, 2009, the Company recommenced HMS processing operations, after being placed in suspension during November 2008. During August 2009, following the depletion of the ROM stockpiles, the Company resumed mining in the central pit in order to extend the operation of the Kinsevere HMS plant.

Mutoshi

In July 2009, as a result of the DRC Government's review of mining contracts, Anvil's interest in the Mutoshi Joint Venture reduced from 80% to 70%. Gécamines interest increased from 20% to 30% on a non-dilutable basis. The Group now holds a beneficial interest of 70% in the Mutoshi tenements located in the Kolwezi region within the Katanga province of the DRC. The Mutoshi Stage I HMS operation was developed in 2005 to produce an oxide copper concentrate, with HMS processing ceasing operations during the fourth quarter of 2008. The Group 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.

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, 2010, segmented information is presented in the following table. Please note that all amounts are expressed in thousands, of US dollars.

	6 Months ended June 30, 2010				
	Kinsevere	Mutoshi	CDA	Inter-segment	Total
Sales	29,110	905	-	-	30,015
Operating expenses	(14,705)	(1,543)	103	-	(16,145)
Amortization	(7,713)	(642)	(611)	-	(8,966)
Segmented operating (loss) / profit	6,692	(1,280)	(508)	-	4,904
Interest expense and financing fees	(29,656)	(269)	(354)	29,219	(1,060)
Loss on derivative instruments	(409)	-	-	-	(409)
Write back of provision for impairment	-	-	4,809	-	4,809
Other income	26	84	36,187	(35,151)	1,146
Exploration expenditure written off	-	(880)	(435)	-	(1,315)
Other expenses	(6,389)	(881)	(4,840)	5,932	(6,178)
Segmented (loss) / profit before under noted items	(29,736)	(3,226)	34,859	-	1,897
Income taxes recovery / (expense)	8,020	-	(9)	-	8,011
Non-controlling interest	969	769	-	-	1,738
Segmented (loss) / profit from continuing operations	(20,747)	(2,457)	34,850	-	11,646
Loss from discontinued operation	-	-	(107)	-	(107)
Gain on sale of discontinued operation	-	-	5,911	-	5,911
Segmented (loss) / profit	(20,747)	(2,457)	40,654	-	17,450
Property, plant and equipment	394,741	9,641	4,745	-	409,127
Total assets	504,931	52,822	76,070	-	633,823
Capital expenditures	(56,990)	-	(31)	-	(57,021)

Appendix B

Regulatory Disclosures

Non-GAAP financial measures

The terms “total cash cost” and “operating cash cost (ex-mine gate)” are non-Generally Accepted Accounting Principles measures calculated 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. 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 December 31, 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.

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, 2010, the Group had deferred exploration and acquisition costs of approximately \$61.3 million associated with exploration properties in the DRC.

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, 2010, the Group has estimated its future recoverable income tax losses in Canada, Australia and the DRC. 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%.

Changes in accounting policies

On January 1, 2010 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*.

The adoption of these new standards resulted in changes to the Company's current period earnings (refer note 2 and 19 of the consolidated financial statements as at March 31, 2010). For an analysis of these new changes, please refer to notes 2 of the consolidated financial statements as at June 30, 2010.

Initial adoption of International Financial Reporting Standards

The Accounting Standards Board of Canada (the "AcSB") has approved a plan for the adoption of International Financial Reporting Standards ("IFRS") for financial years commencing on or after January 1, 2011 for all publicly accountable profit-oriented enterprises. As such, IFRS will replace Canadian GAAP as the financial reporting framework under which the Company currently prepares its financial statements, first effective for the financial year ending December 31, 2011. The presentation of interim and annual financial statements in 2011 will require comparative results to be disclosed for the year ending December 31, 2010 and an opening statement of financial position will therefore be required as at January 1, 2010.

Anvil has employed the technical support services of Deloitte Australia in an effort to ensure timely and effective transition from Canadian GAAP to IFRS by January 1, 2011, with adequate internal staff resources also allocated to ensure that a draft IFRS opening statement of financial position is available by the fourth quarter of 2010. The transition from Canadian GAAP to IFRS by January 1, 2011 is being managed under a 14 step process, comprised of three phases as follows:

Phase one – Scoping and Impact Analysis

Phase two – Evaluation and Design

Phase three – Implementation and Review

Phase one has concluded, with the Company having completed a business impact study summarizing the key differences between Canadian GAAP (as applied by the Company) and IFRS which may materially impact the Company's consolidated financial statements. Key differences that have been identified are set out below and these areas will be addressed to quantify any impact on the financial statements.

High Impact areas

IFRS1 – First time adoption of IFRS

IAS16 – Property, Plant and Equipment

IAS36 – Impairment of Assets

Key Medium Impact Areas

IFRS2 – Share based payments

IAS12 – Income Taxes

IAS18 – Revenue

IAS32 – Financial Instruments: Presentation

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

IAS39 – Financial Instruments: Recognition IAS37 – Provisions

Phase two is currently underway, the main task of which has been the preparation of an IFRS opening Statement of Financial Position as at January 1, 2010. This is being approached at an account balance level across all entities. Key areas addressed to date are:

- Assessment of the appropriate functional currency of each of the group entities – this has been determined to be USD for each entity, in accordance with the principles described by IAS 21, *The Effects of Changes in Foreign Exchange Rates*; and
- Assessment of the appropriate accounting treatment of financial instruments, inventories, property, plant and equipment and share based payments in accordance with IFRS.

Management are comfortable the transition project is well placed to prepare the IFRS Opening Statement of Financial Position as at January 1, 2010.

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.

The estimates and assumptions that have a significant risk of causing a material impact to the carrying amounts of assets and liabilities are discussed below.

(i) Estimated mineral reserves

The use of management estimates and assumptions relating to mineral reserves are the base inputs for future cash flow estimates utilized in impairment calculations and units-of-productions amortization calculations; estimates of recoverable copper in stockpile; environmental, reclamation and closure obligations.

(ii) Estimated impairment of long-lived assets

The Group assesses annually whether there are indicators of impairment. Where such indicators are present, the carrying amount of assets and liabilities are compared to the undiscounted cash flows. Where the carrying amount is in excess of these amounts an impairment loss is recognized.

The Group performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the value of the assets may not be recoverable. Where information is available and conditions suggest impairment, estimated future net cash flows for a mine or development project are calculated using estimated future prices, mineral resources, and operating, capital and reclamation costs on an undiscounted basis. When estimated future cash flows are less than the carrying value, the project is considered impaired. Reductions in the carrying value of a mine or development project are recorded to the extent the net book value exceeds the discounted estimated future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered.

Management estimates of mineral prices, recoverable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near-term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

(iii) Useful lives of property, plant and equipment and mine properties

The Group's management determines the useful lives of property, plant and equipment and mine properties based on a combination of applicable mine life, or where shorter for property, plant and equipment.

Given the required use of estimates in the measurement of contained mineral content, mine lives are subject to inherent measurement uncertainty. Actual mineral content may significantly differ from estimates which could result in a change to future amortization and depreciation charges. Management will increase the charge where useful lives are less than the previously estimated useful lives and reduce the charge where they are greater than those estimates. Reductions in a life of mine may indicate an impairment, in which case management would assess the recoverability of those assets.

Similarly estimates of useful lives for property, plant and equipment with lives shorter than the applicable mine life are open to measurement uncertainty. These result from uncertainties regarding future technical obsolescence, wear and tear and useful employment in the business of such assets.

(iv) Fair values of financial instruments

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. These valuations are sensitive to changes in underlying assumptions such as discount rates and credit spreads. Experience adjustments in future periods to these assumptions may materially change recorded amounts. Such adjustments may result from changes in the market's pricing of risk, credit standing of individual counterparties, default rates and other market based factors. Where quoted market prices in active markets are available, these are used.

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.

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, Central African Holdings Pty Ltd, Congo Development 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.

Evaluation of Disclosure Controls & Procedures and Internal Controls over Financial Reporting

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer has 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 three month period ended June 30, 2010 is made known to them. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer have, as at June 30, 2010 quarter end:

- (a) designed disclosure controls and procedures, or caused it to be designed under the Company's supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (b) designed Internal Controls over Financial Reporting, or caused it to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

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.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of internal controls over financial reporting. The design includes policies and procedures that:

- Pertain to the maintenance of records;
- Provide reasonable assurance that transactions are recorded accurately and that receipts and expenditures are made in accordance with the authorizations of management and directors; and
- Provide reasonable assurance in the prevention and timely detection of material unauthorized acquisition, use or disposal of the Company's assets.

On an annual basis, management evaluates the effectiveness of internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP. However, due to inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Management has used the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') framework to assess the effectiveness of the Company's internal controls over financial reporting. Management conducted an evaluation of the effectiveness of internal controls over financial reporting and concluded that they were effective as at June 30, 2010.

During the quarter ended June 30, 2010 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. In addition, assumptions upon which such forward looking information is based include that Anvil and Trafigura will be able to satisfy the conditions to availability of the Loan Facility, including obtaining all third party and governmental approvals, including approvals of Anvil's joint venture partner, Gécamines, the Central Bank of Congo and applicable departments of the government of the DRC and that all other conditions to availability of the Loan Facility will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of Anvil or Trafigura and there is no assurance they will prove to be correct. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. The purpose of forward-looking information is to provide the reader with information about management's expectations and plans for 2010. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anvil and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the actual market prices of the available-for-sale investments, the actual market price of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will proceed as planned and within expected time limits and budgets or that, when completed, the expanded Kinsevere Copper Project will operate as anticipated, or that the Kinsevere Stage I HMS plant will operate in accordance with forecast performance or that the Company will complete the refinancing of the Loan Facility as planned. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future

events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information.

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.