

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Quarter Ended June 30, 2011

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, 2011. The discussion below should be read in conjunction with the condensed interim unaudited consolidated financial statements for the three and six months ended June 30, 2011 and the interim unaudited consolidated financial statements for the three months ended March 31, 2011 and the notes thereto prepared in accordance with International Financial Reporting Standards ("IFRS").

Capitalized terms used and not defined below have the meanings given to them in the consolidated financial statements and the notes accompanying. 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.

Additional information relating to the Company, including the Company's most recent Annual Information Form ("AIF"), 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 June 30, 2011.

SUMMARY OF OPERATIONAL AND FINANCIAL PERFORMANCE

		Three Months Ended June 30		Six Months Ended June 30	
		2011	2010	2011	2010
<i>Kinsevere HMS operation</i>					
Concentrate revenues	\$000s	10,402	14,529	27,966	30,015
Operating (loss) / profit ¹	\$000s	(1,909)	2,535	4,603	7,190
Net (loss) / profit	\$000s	(832)	15,096	36,678	15,083
(Loss) / earnings per share – basic	\$	(0.01)	0.10	0.23	0.10
Concentrate produced	Tonnes	11,184	18,369	24,038	34,689
Concentrate grade	% Cu	23.4	24.0	24.7	24.5
Copper produced in concentrate	Tonnes	2,623	4,412	5,939	8,505
Copper sold in concentrate	Tonnes	2,149	4,872	5,331	9,296
Realized copper price	\$/lb	4.09	2.95	4.33	3.13
Operating cash cost ¹	\$/tonne concentrate produced	924	292	824	305
Cash and cash equivalents	\$000s	28,428	63,460	28,428	63,460
<i>Kinsevere Solvent Extraction Electrowinning plant</i>					
Cathode copper produced ²	Tonnes	3,376	-	3,376	-
Cathode copper sold ²	Tonnes	2,975	-	2,975	-

¹ "Operating Profit" and "Operating cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

² Revenue and costs from production of cathode copper during the testing and commissioning phase are capitalized under IFRS. Refer to Development section on page 3.

HIGHLIGHTS FOR THE JUNE QUARTER

The Company produced its first copper cathode while testing and commissioning the Kinsevere Stage II Solvent Extraction Electrowinning ("SX-EW") plant ("the Plant") on May 4, 2011 and produced 3,376 tonnes of cathode in the quarter. At June 30, 2011 key areas of the Plant had been commissioned and ramp-up was progressing well.

The revenue and costs related to the production of cathode during the testing and commissioning phase were capitalized against the construction costs of the Plant in accordance with accounting standards.

Most importantly, provisional copper cathode assays received from the testing and commissioning phase, from a third party independent laboratory, confirm that the majority of cathode produced during the quarter conforms to LME Grade A chemical specifications.

Group copper production for the June quarter amounted to 5,999 tonnes, comprised of 2,623 tonnes of copper in concentrate and 3,376 tonnes of copper cathode. For the six months ended June 30, 2011, Group copper production totaled 9,315 tonnes, comprised of 5,939 tonnes of copper in concentrate and 3,376 tonnes of copper cathode.

The Kinsevere Stage I Heavy Media Separation ("HMS") operated until June 24, 2011 at which time it was placed on care and maintenance, allowing resources to focus on the commissioning and ramp-up of the Plant. Performance during the June quarter was adversely affected by lower production of copper in concentrate and higher operating cash costs, however, these factors were offset by a higher copper price, and higher payable rate on copper sold.

The Group incurred an operating loss of \$1.9 million for the June quarter due to lower volume of sales of copper in concentrate and continued increased mining activity in relation to the cutback program in the central pit at Kinsevere in order to prepare for Stage II processing and to provide waste material for the raising of the embankments at the Stage II tailings storage facility. The net loss after tax for the June quarter was \$0.8 million, equivalent to loss per share of \$0.01 (basic).

MARKET CONDITIONS AND GROUP OUTLOOK

The Company continued to benefit from a strong copper price during the June quarter and while there are some concerns regarding the global economy, both the copper market fundamentals and analysts' forecasts indicate that a favourable copper demand environment is expected to remain in place for the short to medium-term.

Testing and commissioning of the Plant is continuing and it is expected that commercial production will be declared during the third quarter of 2011. In July, the Plant produced a further 3,173 tonnes of copper cathode.

The Company's focus is very much on the ramp-up of the Plant, so that design capacity of 60,000 tonnes of copper cathode per year can be achieved as quickly as possible. Based on the progress with ramp-up and performance to date of the Plant, the Company continues to expect that design capacity will be achieved during the fourth quarter of 2011.

As previously reported, the Group re-established its exploration capability during the first quarter and continues to target the area around the Kinsevere mine, drilling of the sulfides at Kinsevere and in-fill drilling at Mutoshi. The Group estimates exploration spending for 2011 to be approximately \$10.0 million.

Kinsevere Stage II provides the Company with a strong platform for organic growth. The Company continues to investigate an expansion of the capacity of the Stage II SX-EW Plant, which to date has involved review of various technical options. The Board has given management the approval to proceed with the ordering of long lead-time items. The long lead-time items will serve an additional purpose of debottlenecking the existing facility and allow it to exceed current design parameters.

Anvil has been informed by its largest shareholder, Trafigura Beheer B.V., that it considers its 39% ownership interest (fully diluted) in Anvil to be non-core and is considering alternatives to maximize the value thereof. In light of Trafigura's decision, the Board of Directors of Anvil has formed a Special Committee to review alternatives in order to maximize value for all shareholders. BMO Capital Markets has been retained by the Company to assist in this regard.



OPERATIONS, DEVELOPMENT AND EXPLORATION

KINSEVERE HMS OPERATIONS

		Three Months Ended June 30		Six Months Ended June 30	
		2011	2010	2011	2010
Ore mined	Tonnes	448,715	191,130	740,492	401,257
Waste mined	Tonnes	1,529,149	202,705	2,316,631	376,383
Ore processed	Tonnes	51,772	72,716	133,613	134,207
Copper grade – HMS	% Cu	5.6	7.3	5.3	7.9
Copper recovery – HMS	% Cu	78.2	72.1	73.9	70.5
Concentrate produced – HMS and spirals	Tonnes	11,184	18,369	24,038	34,689
Concentrate grade – HMS and spirals	% Cu	23.4	24.0	24.7	24.5
Copper produced in concentrate – HMS and spiral	Tonnes	2,623	4,412	5,939	8,505
Copper sold in concentrate	Tonnes	2,149	4,872	5,331	9,296
Operating cash cost ¹	\$/tonne concentrate produced	924	292	824	305

¹ "Operating cash cost" is not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

Throughout the June quarter, mining continued on the cutback program in the central pit to prepare for Stage II processing and to provide waste material for the raising of the embankments at the Stage II tailings storage facility. This has involved a higher strip ratio than the life-of mine strip ratio of 1.2. Whilst it will enable ready access to ore for Stage II processing, it has resulted in significantly higher mining costs for the June quarter of 2011, relative to mining of material specifically for HMS processing.

The Group recorded an operating loss of \$1.9 million in the June quarter of 2011, compared to an operating profit of \$2.5 million in the June quarter of 2010. Higher mining costs as described above, and lower production resulted in an increase in the cash cost per tonne of concentrate to \$924 per tonne of concentrate produced in the June quarter of 2011, from \$292 per tonne of concentrate produced in the June quarter of 2010. These factors were partially offset by an increase in the copper price to \$4.09/lb in the June quarter of 2011, from \$2.95/lb in the June quarter of 2010. Production of copper in concentrate during the current quarter was 41% lower than the June quarter last year due to lower feed-grade to the HMS plant and issues with HMS plant availability.

DEVELOPMENT

Kinsevere Stage II

As at July 31, 2011, \$178 million of the \$200 million budget for completion of construction had been spent, \$123 million of which relates to the Engineering, Procurement and Construction (Lump Sum Turn Key) Contract (the "EPC Contract") with Ausenco Limited, \$55 million to Owner's Costs, with a further \$8 million committed for a total spent and committed amount of \$186 million of the remaining \$200 million required to complete the project.

Testing and commissioning of all modules is progressing well and it is expected to be completed in the third quarter of 2011. Construction is essentially complete and the Company remains firmly focused on the ramp-up of the Plant to design capacity. Consistency of supply of power from the grid will continue to be addressed both internally and with Société Nationale d'Electricité, the state owned electricity provider.

The good safety performance has continued and as at June 30, 2011 a total of over 3.3 million man-hours had been worked, with two lost-time injuries recorded.

Performance of the Kinsevere SX-EW Plant

		Three Months Ended June 30		Six Months Ended June 30	
		2011	2010	2011	2010
Cathode Revenue	\$'000	26,788	-	26,788	-
Cathode allocated costs	\$'000	9,085	-	9,085	-
Net Cathode contribution allocated to Capital	\$'000	17,703	-	17,703	-
Cathode produced	Tonnes	3,376	-	3,376	-
Cathode grade	% Cu	99.99	-	99.99	-
Cathode Copper sold	Tonnes	2,975	-	2,975	-

During the June quarter 3,376 tonnes of copper cathode was produced and 2,975 tonnes were sold. In accordance with IFRS it is appropriate to recognize the revenue and costs directly associated with sale of the copper cathode as property, plant and equipment within the balance sheet during the testing and commissioning phase. Owing to the need to run machinery, test equipment and ensure proper operation of the equipment it was not possible to operate the Plant at intended levels, during this period. The revenue and the costs associated with sale of copper cathode was a net positive contribution of \$17.7 million. The Company anticipates that the Plant will be operating as intended in the third quarter of 2011 following which the revenue, costs and depreciation of the Plant will be recognized in the income statement.

EXPLORATION

Kinsevere Sulfides Project

As reported in the Company's latest AIF, results from previous drilling at Kinsevere have identified a Measured and Indicated Resource of 11.86 million tonnes with a total copper grade of 2.7% for approximately 317,000 tonnes of contained copper and a similar-sized Inferred Resource.

During June, the Company commenced drilling, the objective of which is to define a sulfide mineral resource that is compliant with Canadian National Instrument 43-101 to allow for an evaluation of development options in Q1 2012. As at June 30, 2011, over 400 metres had been drilled, with core being logged and stored for assaying at an on-site laboratory operated by an international laboratory services company and overseen by African Mining Consultants.

Kinsevere Regional Project

The Company continues to target the area within a 50km to 80km radius of the Company's Kinsevere project to identify tenement acquisition opportunities. The Company has entered into two option agreements covering four tenements and orientation termite mound sampling and geochemistry programs have been completed, with assay results expected during August.

In addition, an orientation termite mound sampling program was completed over part of Anvil's Kinsevere tenements during April, the results of which identified a copper anomaly, with associated path-finder elements occurring immediately to the east of the Kinsevere Hill deposit. Following investigation of this anomaly, it has been determined that further drill testing is appropriate to locate the source of the anomaly at depth.

Also, preparation for drilling at the Company's Likasi tenement, located approximately 80km north-west of Kinsevere, commenced in June and following the completion of clearing works to enable access, drilling to test geochemical anomalies started in July.

The Company has entered into a confidentiality agreement in connection with a tenement located approximately 30km west of Likasi and is in ongoing discussions in relation to other exploration opportunities located in relatively close proximity to the Kinsevere tenements.

Mutoshi Project

The Group expects to begin a 33,000 metre in-fill drilling program at Mutoshi in September 2011, the objective of which is to define sufficient near-surface oxide copper and cobalt mineralization to enable evaluation of development options. Hole positions have been determined and a comprehensive review of previous exploration work is currently being undertaken.

In connection with an agreement between the Company and Alexander Mining plc ("Alexander") for Alexander to build and operate a pilot plant to treat up to 150,000 tonnes of cobalt ore at Anvil's Mutoshi deposit located in the Kolwezi region, a cobalt trial pit has been established and reverse circulation drilling at the Mutoshi cobalt trial pit was completed in June 2011. Drill chip logging has been completed on all holes and analysis and data entry are ongoing, with samples being transported to Kinsevere from where they will be dispatched for assay to South Africa. Follow-up diamond drilling

is to commence in August and this data will be used to provide metallurgical test work samples to support the processing of at least 150,000 tonnes at 0.5% Cobalt.

FINANCIAL PERFORMANCE

GROUP PERFORMANCE

	Three Months Ended June 30		Six Months Ended June 30	
	2011 (\$000s)	2010 (\$000s)	2011 (\$000s)	2010 (\$000s)
Operating Revenue	10,402	14,529	27,966	30,015
Operating Costs	12,311	11,994	23,363	22,825
Operating (loss) / profit ¹	(1,909)	2,535	4,603	7,190
Adjusted EBITDA ¹	(5,026)	2,005	824	7,651
Other Income	93	3,290	30,694	4,952
Net Profit / (loss)	(832)	15,096	36,678	15,083

¹ "Operating Profit" and "Adjusted EBITDA" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

The Group recorded an operating loss of \$1.9 million for the three months ended June 30, 2011; a decrease of 175% compared to the second quarter of 2010. This was due to a decrease in revenue by \$4.1 million (28%) as a result of a 56% decrease in volume of concentrate sales partially offset by a 39% increase in the average realized copper price compared to the June quarter of 2010.

The Group recorded an operating profit of \$4.6 million for the six months ended June 30, 2011; a decrease of 36% compared to the six months ended June 30, 2010. This was due to decrease in revenue by \$2.0 million (7%) as a result of a 43% decrease in volume of concentrate sales partially offset by a 38% increase in the average realized copper price compared to the six months ended June 30, 2010.

Net loss for the June 2011 quarter was \$0.8 million, a decrease of \$15.9 million compared to the June 2010 quarter. The decrease was largely due to lower production volumes and increased mining costs. In addition, the current June quarter did not recognize a write-back of provision for impairment of available-for-sale investments (2010 June quarter: \$3.9 million) and the gain on valuation of the Trafigura warrants recorded at fair value through profit and loss was \$1.2 million in the current June quarter (2010 June quarter \$9.9 million).

Net profit for the six months to June 30, 2011 was \$36.7 million, an increase of \$21.6 million compared to the first six months of 2010. The increase was largely due to a change in accounting treatment, whereby following an initial public offering by Mawson West Limited ("Mawson West"), the Group no longer holds significant influence over its affairs and equity accounting principles are no longer applied to the Company's investment in Mawson West. This interest is now recorded as a non-current available-for-sale investment measured at fair value. This change in accounting treatment resulted in a mark-to-market gain of \$28.8 million included in other income.

KINSEVERE HMS OPERATION

	Three Months Ended June 30		Six Months Ended June 30	
	2011 (\$000s)	2010 (\$000s)	2011 (\$000s)	2010 (\$000s)
Operating Revenue	10,402	13,689	27,966	29,110
Operating (Loss) / Profit	(1,883)	2,387	4,629	7,030
Adjusted EBITDA ¹	828	5,743	10,270	14,556
Operating Cash Cost ¹ per tonne of concentrate produced	924	292	824	305

¹ "Adjusted EBITDA" and "Operating cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

The Kinsevere mine generated revenues from sale of copper in concentrate of \$10.4 million for the June quarter of 2011, a decrease of 24% compared to the June quarter of 2010. The decrease in revenues was due to a 58% decrease in the quantity of copper sold from 2,149 tonnes in the June quarter of 2011, compared to 5,133 tonnes in the June quarter of 2010. This was offset by an increase in the average realized copper price of \$4.09 per pound, which represented a 39% increase compared to the June quarter of 2010 (\$2.95 per pound). Adjusted EBITDA for the 2011 June quarter was a loss of \$0.8 million as a result of higher than average mining costs due to the cutback program in the central pit in order



to prepare for Stage II processing and to provide waste material for the raising of the embankments at the Stage II tailings storage facility.

The Kinsevere mine generated revenues from sale of copper in concentrate of \$28.0 million for the six months ended June 30, 2011, a decrease of 4% compared to the six months to June 2010. The decrease in revenues was due to a 43% decrease in the quantity of copper sold from 5,331 tonnes in the six months to June 2011, compared to 9,296 tonnes in the six months to June 2010. This was offset by increase in the average realized copper price of \$4.33 per pound of copper, which represented a 38% increase compared to the six months to June 2010 (\$3.13 per pound of copper). Adjusted EBITDA for the six months to June 30, 2011 was \$10.3 million and was also impacted by higher than average mining costs as discussed previously.

MUTOSHI MINE

	Three Months Ended June 30		Six Months Ended June 30	
	2011 (\$000s)	2010 (\$000s)	2011 (\$000s)	2010 (\$000s)
Operating revenue	-	840	-	905
Adjusted EBITDA ¹	(476)	(267)	(699)	(638)

¹ "Adjusted EBITDA" and "Operating cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

The adjusted EBITDA reflects costs associated with evaluation work and care-and-maintenance costs incurred at Mutoshi.

FINANCIAL POSITION

	June 30, 2011	December 31, 2010
Assets (\$ million)		
Cash and cash equivalents (including restricted cash)	35.7	64.2
Other financial assets	25.8	0.2
Other current assets	55.4	27.0
Property, plant and equipment	516.8	488.7
Other non-current assets	89.3	100.0
Assets classified as held for sale	-	1.2
Total assets	723.0	681.3
Liabilities (\$ million)		
Current liabilities (excluding borrowings and provisions)	44.0	68.2
Borrowings	52.0	36.5
Future income tax liability	0.5	10.8
Provisions	24.1	23.6
Total liabilities	120.6	139.1
Shareholders' equity (\$ million)	602.4	542.2
Weighted average number of shares (for basic earnings per share) (millions)	156.2	150.3
Outstanding shares (millions)	158.0	150.3

Cash and cash equivalents

The decrease in cash and cash equivalents to \$35.7 million as at June 30, 2011 (December 31, 2010: \$64.2 million) was due mainly to expenditure for property, plant and equipment of \$45.4 million and build up of inventory stockpiles of \$13.4 million that relates to the Plant, funded by proceeds of \$16.5 million received from the exercise by Trafigura, of six million warrants and borrowings of \$15.0 million under the \$100 million Trafigura Project Loan Facility (the "Loan Facility").



Other financial assets

The increase in other financial assets to \$25.8 million as at June 30, 2011 (December 31, 2010: \$0.2 million) was due to the classification of the Group's shareholding in Mawson West as an available-for-sale investment, measured at fair value. Previously the investment met the definition of an associate and was accounted for in accordance with equity accounting principles.

Borrowings

The increase in borrowings to \$52.0 million as at June 30, 2011 (December 31, 2010: \$36.5 million) was due to further drawdowns of \$15.0 million in the first quarter of 2011 under the Loan Facility provided by Trafigura. Deferred financing fees relating to the establishment of the Loan Facility have been offset proportionally against the current and long-term portion of the Loan Facility.

Statement of Cash Flow

	Three Months Ended June 30		Six Months Ended June 30	
	2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Operating activities	(26.0)	6.9	(34.8)	8.0
Investing activities	(8.1)	(29.8)	(27.7)	(63.6)
Financing activities	2.4	(1.4)	34.7	(2.1)
Discontinued operations	-	0.5	-	-
Net increase / (decrease) in cash and cash equivalents	(31.7)	(23.8)	27.8	(57.7)

Operating activities

Operating cash outflows were \$34.8 million for the six months ended June 30, 2011 (six months ended June 30, 2010: inflow \$8.0 million) due mainly to a \$36.7 million outflow from an increase in changes in non-cash working capital as a result of a build up of inventory stockpiles for feed to the Plant, increase in value of trade receivables due to invoicing of copper cathode produced in June 2011, and a decrease in accounts payable and accrued liabilities due to decrease in construction activities related to the Plant.

Investing activities

Investing cash outflows were \$27.7 million for the six months ended June 30, 2011 (six months ended June 30, 2010: \$63.6 million) due mainly to the cash expenditure on plant and equipment of \$45.4 million in connection with the construction of the Plant, offset by a net contribution of \$17.7 million from the sale of copper cathode during the testing and commissioning period which is recorded in property plant and equipment.

Financing activities

Financing cash inflows were \$34.7 million for the six months ended June 30, 2011 (six months ended June 30, 2010: cash outflow \$2.1 million) due mainly to the proceeds from the exercise of Trafigura warrants and drawdowns of \$15.0 million under the Loan Facility, both of which occurred during the first quarter of 2011.

OTHER INFORMATION

Capital Commitments, Contractual Obligations and Liquidity

The following table summarizes the Company's contractual and other obligations, as at June 30, 2011.

Payments due by period	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	More than 5 Years
	(\$ million)	(\$ million)	(\$ million)	(\$ million)	(\$ million)
Borrowings	57.0	14.2	42.8	-	-
Environmental and mine closure liabilities	21.3	-	-	-	21.3
Capital commitments	12.6	12.6	-	-	-
Office operating lease	0.5	0.4	0.1	-	-
Settlement of contract cancellation	0.5	0.5	-	-	-

As at July 31, 2011, Anvil had approximately \$25.2 million in cash, all of which is held on deposit with international banks and restricted cash of \$7.3 million, the majority of which relates to cash collateral in connection with security in place under the EPC Contract. The Group has commitments of approximately \$13.0 million that relate to the Kinsevere Stage II development.

In addition to the cash holdings there remains \$43 million yet to be drawn under the Loan Facility, the proceeds of which are being used exclusively to meet costs associated with the completion of construction of the Plant. Given the existing cash balance, together with proceeds available under the Loan Facility, the Group anticipates that it is fully funded to complete the ramp-up and optimization of the Plant.

With the Plant now in ramp-up phase, the HMS plant ceased operation in June 2011. Corporate and operating costs will now be met through proceeds from the sale of copper cathode.

There are no hedging requirements under the Loan Facility and Group copper production is currently unhedged.

Transactions with Related Parties

As at July 31, 2011, Trafigura is the beneficial owner of 59,248,729 Common Shares, representing 37.6% of the Company's issued and outstanding Common Shares. During the June quarter, the Group entered into transactions with Trafigura for the sale of copper concentrates and copper cathode, the provision of technical services, the supply of fuel and acid to Kinsevere and the drawdown of funds under the Loan Facility, all of which were on arms-length commercial terms.

Sale of copper concentrates and copper cathode

In August 2009 the Group entered into a life-of-mine Offtake Agreement with Trafigura for the sale of all products from the Kinsevere mine, the commercial details of which are separately agreed at least annually. In January 2011, the Group entered into contracts with Trafigura (the "Copper Concentrate Sales Contracts"), under which it agreed to sell its 2011 production of concentrate from its Kinsevere HMS plant. In May 2011, the Group entered into a sales contract (the "Copper Cathode Sales Contract") under which it agreed to sell its production of copper cathode from the Plant for the following 12 months. The Copper Cathode Sales Contract and the Copper Concentrate Sales Contracts are benchmarked to LME prices and are on standard commercial terms for comparable sales contracts.

During the June quarter, the Group sold to Trafigura, 9,004 dry metric tonnes of copper concentrates from its Kinsevere Stage I HMS operation and 2,975 tonnes of copper cathode from its operation, for revenue (including provisional payments and final payments for prior period sales) of \$37.2 million.

Technical services

In November 2009, the Company entered into a Technical Services Agreement with Trafigura, under the terms of which, a Technical 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 management and can take appropriate and additional steps to promote and safeguard Kinsevere Stage II.

The Technical Committee (upon approval of the Anvil Board and management) 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 Group incurred costs of \$65,000 in connection with the provision of technical services by Trafigura.

Fuel and acid supply

The Group has ongoing requirements for diesel fuel at its Kinsevere operations. Trafigura is one of several fuel suppliers from which the Group obtains quotations for the supply of fuel to Kinsevere. During the June quarter, the Group purchased fuel for its Kinsevere operations to a value of \$3.5 million. Fuel supplied to support the Group's care-and-maintenance activities at Mutoshi is not provided by Trafigura.

In January 2011, following a tender process, the Company entered into an agreement with Trafigura under which Trafigura would supply sulfuric acid to meet the requirements for the Plant for a period of 12 months. During the June quarter, the Group purchased acid for its Kinsevere operations to a value of \$1.1 million.

Loan Facility

In December 2009, the Company reached agreement with Trafigura on the terms and conditions under which Trafigura made available to the Company the Loan Facility with a total commitment of US\$100 million for the sole purpose of funding the completion of Kinsevere Stage II. The Group made its first drawdown under the Loan Facility in October 2010.

During the June quarter of 2011, the Company did not drawdown under the Loan Facility, with \$43.0 million of the total commitment of \$100 million remaining undrawn. During the same period, the Company made interest payments of \$0.61 million.

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.

Outstanding Share Data

At July 31, 2011, the Company had 157,972,886 Common Shares outstanding. In addition, there were 4,043,361 director and employee stock options outstanding with exercise prices ranging between C\$1.16 and C\$14.06 per share and 5,228,320 share purchase warrants with an exercise price of C\$2.75 per share purchase warrant.

Class Action

During November 2010, a group of NGOs calling itself the Canadian Association Against Impunity, comprised of three groups: Rights and Accountability in Development, the Canadian Centre for International Justice and Global Witness, lodged a class action application against Anvil in a Montréal court. The action appears to be supported by two Congolese advocacy groups: ASADHO and ACIDH and is based upon an incident at Kilwa in the north-east part of the Katanga Province of the DRC, which occurred in 2004.

A preliminary hearing was held during April 2011 at which the Company was unsuccessful in having the application dismissed in the first instance. In June 2011, the Company was granted leave to appeal the decision at the preliminary hearing, with the appeal hearing scheduled to take place in November 2011 and a decision announced three to six months thereafter.

Over the past several years, the incident and Anvil have been subject to numerous investigations and court proceedings both in and outside the DRC. No findings adverse to Anvil or any of its employees have arisen in respect of the Kilwa incident in any of the foregoing and Anvil intends to defend itself against the class action application currently before a Montréal court.

Appointment of Senior Executives

During the June quarter, the Company made two executive appointments to newly created positions, each of which further strengthened the management team and the Company's capacity to deliver its operational and growth objectives. Mr Greg Morris was appointed to the position of Chief Operating Officer and Mr Neil Caldwell was appointed to the position of Vice President Development and Sustainability. Both Mr Morris and Mr Caldwell are based in Johannesburg and report directly to the President and Chief Executive Officer. A summary of their respective experience is available on the Company's website (www.anvilmining.com) under the Corporate/Management section. The appointment of Mr Morris and Mr Caldwell follows the appointment of Mr Darryll Castle to the position of President and CEO, effective May 1, 2011.

Social Development

The Group's social development activities continue to target the area surrounding the Kinsevere project with a focus on food security. A farmers' assistance program covering 500 hectares designed to support grain farming through the provision of seed, fertilizer and training and a vegetable growing project covering 6 hectares that involves the provision of seed and farming education, both continue to produce pleasing results. The Company is also investigating the establishment of a large-scale commercial farming operation using land located in close proximity to Kinsevere.

During the quarter, the Company, using International SOS Southern Africa Ltd. ("ISOS"), completed a community health baseline survey across 14 villages. Follow-up meetings have been held with ISOS and the survey information is expected to inform the Company's health related social development activities and guide further interaction and engagement with the surrounding communities.



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In addition to the community health baseline survey, during the June quarter, the Company continued to carry out consultation with the surrounding communities to assist with the development of the overall regional social development strategy.



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:

	Jun 11	Mar 11	Dec 10	Sep 10	Jun 10	Mar 10	Dec 09	Sep 09
	Qtrr	Qtr	Qtrr	Qtr	Qtr	Qtr	Qtrr	Qtrr
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP	CGAAP
Statement of Operations and Income								
Concentrate sales (\$ million) ¹	10.4	17.6	15.2	14.9	14.5	15.5	23.5	18.1
Cathode sales	26.8	-	-	-	-	-	-	-
Operating profit / (loss) (\$ million) ²	(1.9)	6.7	0.9	4.2	2.5	4.7	8.7	4.2
Net income / (loss) (\$ million)	(0.8)	37.5	(24.8)	1.0	15.1	(0.1)	10.9	(0.2)
Basic earnings / (loss) per share (\$)	(0.01)	0.24	(0.16)	0.01	0.15	0.00	0.09	(0.00)
Diluted earnings / (loss) per share (\$)	(0.01)	0.23	(0.16)	0.01	0.14	0.00	0.09	(0.00)
Production Statistics – Total								
Copper produced in concentrate and cathode (tonnes)	5,999	3,316	3,817	4,216	4,412	4,093	4,970	5,865
Production Statistics – Kinsevere mine								
Ore processed – HMS (tonnes)	51,772	81,841	88,044	80,911	72,716	61,491	65,313	80,730
HMS feed grade % Cu	5.6	5.1	6.0	6.7	7.3	8.6	8.9	8.0
Recovery Cu %	78.2	69.6	64.5	68.1	72.1	68.4	77.0	80.6
Copper produced in concentrate – HMS and Spirals (tonnes)	2,623	3,316	3,817	4,216	4,412	4,093	4,970	5,865
Copper concentrate sold (tonnes)	9,004	12,297	15,019	17,707	18,057	17,610	30,993	27,589
Production Statistics – Kinsevere SX-EW								
Ore processed – SX-EW (tonnes)	146,790	-	-	-	-	-	-	-
SX-EW feed grade – % Cu	3.4	-	-	-	-	-	-	-
Copper cathode produced (tonnes)	3,376	-	-	-	-	-	-	-
Copper cathode sold (tonnes)	2,975	-	-	-	-	-	-	-
Production Statistics – Mutoshi mine								
Copper concentrate sold (tonnes)	-	-	-	-	3,007	226	1,665	-

1. Concentrate sales includes concentrates from Kinsevere and Mutoshi.

2. "Operating Profit" is not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.



APPENDIX B – REGULATORY DISCLOSURES

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, licenses and permits, land title, Government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in these financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The significant areas of estimation and uncertainty considered by management in preparing these interim consolidated financial statements are the same as those described in the Company's first quarter of 2011 MDandA.

CHANGES IN ACCOUNTING POLICIES

IFRS 9 Financial Instruments – classification and measurement

The Company has elected to apply Phase 1 (Classification and measurement of financial assets and financial liabilities) of IFRS 9 Financial Instruments (as issued in December 2009), including subsequent amendments, from 1 April 2011, in relation to its equity investment in Mawson West. This has no impact on the current June quarter, however all future gains and losses in the fair value of the investment will be reflected in other comprehensive income. In accordance with the transition provisions, comparative figures have not been restated. Refer to note 2 (b) of the Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2011 for further details.

New Standards

A number of additional new standards and issued amendments to standards and interpretations are not yet effective for the year ending December 31, 2011, and have not been applied when preparing these condensed interim consolidated financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 10 Consolidated Financial Statements

International Financial Reporting Standard 10, Consolidated Financial Statements ("IFRS 10") has been issued and will replace all of the existing guidance on control and consolidation in IAS 27, Consolidated and separated financial statements and SIC12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control so the same criteria are applied to all entities to determine control and includes detailed guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The changed definition is not expected to result in widespread change, although for some entities where this does represent a change, the change could be significant. The core principle – that a consolidated entity presents a parent entity and its subsidiaries as if they are a single entity – remains unchanged, as do the mechanics of consolidation.

IFRS 11 Joint Arrangements

International Financial Reporting Standard 11, Joint Arrangement ("IFRS 11") has been issued and the new rules are aimed at providing investors with greater clarity about a participant's involvement in a joint arrangement.

The key change in relation to the participant's contractual rights and obligations arising from their joint arrangements will determine the accounting under IFRS 11 rather than the arrangement's legal form.

The main differences in the new standard are as follows:

- The definition of a joint arrangement, under IFRS 11, is when two or more parties contractually agree to share control of an arrangement. Joint control exists only when the decisions about the relevant activities (those that significantly affect the returns of an arrangement) require unanimous consent of the parties sharing control
- The new rules classify joint arrangements as either a joint operation or a joint venture
- The legal structure of an arrangement is no longer the most significant factor when determining the classification. All parties must determine the type of joint arrangement based on the contractual rights and obligations arising from the arrangement, the old rules gave entities the option of either proportionate



consolidation or equity accounting for joint ventures. Under the new standard, proportionate consolidation is not allowed and all joint ventures must be equity accounted. In contrast, entities involved in a joint operation are required to account for their rights and obligations to the assets (including assets held jointly), liabilities (including liabilities incurred jointly) and corresponding revenues and expenses.

IFRS 12 Disclosure of interests in other entities

International Financial Reporting Standard 12, Disclosure of interest in other entities (“IFRS 12”) has been issued and sets out the required disclosures for entities reporting under the two new standards IFRS 10 and IFRS 11 *Joint arrangements*. The new rules also replace the disclosure requirements currently found in IAS 28 *Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet this objective, disclosures are required in the areas outlined below and the required disclosures in these areas are expected to result in companies facing increased disclosure requirements.

IFRS 13 Fair value measurements

International Financial Reporting Standard 13, Fair value measurements (“IFRS 13”) has been issued and does not apply to transactions within the scope *Leases*, or certain other measurements that are required by value (for example, value in use in IAS 36 *Impairment of assets*).

The guidance in IFRS 13 is quite extensive and some of the key provisions in the standard are included as follows:

- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability therefore reflects non-performance risk (that is, own credit risk).
- Fair value measurement is to assume that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market is the market with the greatest volume and level of activity for the asset or liability that can be accessed by the entity.
- Fair value is measured using the same assumptions and taking into account the same characteristics of the asset or liability as market participants would. Fair value is a market based, not entity specific, measurement.
- For non-financial assets only, the fair value is determined based on the highest and best use of the asset as determined by a market participant.
- The use of bid prices for asset positions and ask prices for liability positions is permitted if those prices are most representative of fair value in the circumstances, but it is not required.
- The three-tier fair value hierarchy is maintained, based on the inputs to the valuation techniques. Each fair value measurement is categorised based on the lowest level input that is significant to it.

Anvil uses fair value measurements in the preparation of its financial statements and consequently will be subject to the new requirements.

Each of the above standards has an effective date for annual periods beginning on or after January 1, 2013, with earlier application permitted so long as each of the other standards is also early applied. The early adoption of IFRS 12 is not subject to adopting the other standards. The Company is currently assessing the impact of these standards. Initial indications suggest that these standards are not expected to have a significant impact on its consolidated financial statements.

NON-IFRS FINANCIAL MEASURES

The term “operating cash cost” is a non-IFRS financial measure calculated per tonne of copper concentrate produced at the Kinsevere mine. Operating cash cost includes all mining and processing costs, less any profits from by-products. Copper concentrates from Kinsevere are sold at the mine gate, thus operating cash cost does not include any transport, treatment and refining charges incurred in connection with the sale of product from Kinsevere. Operating cash 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 “Adjusted EBITDA” represents earnings before interest, tax, depreciation and amortization, and any non-recurring expenditure from operating segments and unrealized gains/losses on derivative instruments.

The term “operating profit” is a non-IFRS performance measure reported in this MDandA and is equivalent to gross profit as reported on the IFRS statement of income presented in the financial statements.

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use the above terms and information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.



FINANCIAL INSTRUMENTS

The Company seeks to reduce the risk to the value of any available-for-sale debt investments by diversifying the portfolio of such 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, at time of investment, the primary counterparties related to any available-for-sale investments the Company holds, carry investment grade ratings of BBB+ or above.

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 and 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 AND 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, 2011 is made known to them. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer has, as at June 30, 2011:

- Designed disclosure controls and procedures, or caused it to be designed under the Company's supervision, to provide reasonable assurance that:
 - 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;
 - 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
- 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, 2011.

During the quarter ended June 30, 2011 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 MDandA contains “forward-looking statements” and “forward-looking information”, based on assumptions and judgments of management regarding future events and results. Such “forward-looking statements” and “forward-looking information” which may include, but is not limited to the financing of the development of Kinsevere Stage II, the operation of Kinsevere Stage II and the Group’s plans for expansions of the Kinsevere copper mine and exploration activities. Many of these assumptions are based on factors and events that are not within the control of Anvil 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 2011. 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 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 be completed as planned, within expected time limits and budgets or that, when completed, the expanded Kinsevere Stage II copper project will operate as anticipated. 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.