



anvilmining

News Release

FOR IMMEDIATE RELEASE

June 9, 2011

TSX, ASX: AVM

Common shares outstanding 157.6 million

All amounts are expressed in US dollars, unless otherwise stated.

Anvil Mining Reports First Quarter 2011 Results and Updates on the Operation of its Kinsevere Stage II 60,000 tonnes per year SX-EW Plant

Montréal, Canada: Anvil Mining Limited (TSX, ASX: AVM), (“Anvil” or the “Company”) is pleased to announce its financial and operating results for the first quarter ended March 31, 2011.

The Company’s consolidated financial statements for the first quarter ended March 31, 2011 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for the first time. Please note that the consolidated financial statements were previously prepared in accordance with Canadian generally accepted accounting principles. Information on the Company’s first-time adoption of IFRS is available in the Company’s March quarter 2011 consolidated financial statements.

First quarter highlights

Key operating highlights for the March quarter included:

- Net copper sales of \$17.6 million compared to \$15.5 million for the first quarter of 2010.
- Operating profit of \$6.7 million, compared to \$4.7 million for the first quarter of 2010.
- Net income from continuing operations of \$37.5 million (\$0.24 per share), compared to the net loss of \$0.1 million (\$0.00 per share) for the first quarter of 2010. Excluding a one-time gain of \$28.8 million or \$0.19 earnings per share (basic) arising from the reclassification of the Company’s investment in Mawson West Limited, net income after tax would have been \$8.7 million or \$0.06 earnings per share (basic).
- Average realized copper price of \$4.50 per pound, compared to \$3.33 per pound for the first quarter of 2010.
- Production of 3,316 tonnes of copper, compared to 4,093 tonnes of copper in the first quarter of 2010.
- Cash cost per tonne of concentrate produced of \$738 compared to \$319 for the first quarter of 2010.
- No lost time injury incidents were recorded during the March quarter of 2011.

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people	mine
explore	grow
develop	sustain

Darryll Castle, President and CEO of Anvil, commented, “Supported by a favourable copper price environment, the Kinsevere Stage I Heavy Media Separation plant continued to generate operating profit for the first quarter of 2011. Most significantly though, the Company’s focus of effort remains firmly on the commissioning and ramp-up of the Kinsevere Stage II SX-EW plant, which continues to progress well, with over 1,350 tonnes of copper cathode, all of which has been independently assayed as LME Grade A quality, produced during May. Given the current rate of progress with ramp-up and commissioning, it is anticipated that design capacity will be achieved during the fourth quarter of 2011. Construction is now over 95% complete with only minor punch-list items and construction clean-up to finalise.”

Mr. Castle further commented, “Kinsevere Stage II, with its design capacity of 60,000 tonnes of copper cathode per year, provides the Company with a strong platform for growth. In addition to the restart of exploration, the Company plans to investigate expanding the capacity of the existing Stage II SX-EW plant and consider merger and acquisition opportunities in order to increase both copper production and total mineral resources and to develop a pipeline of growth projects.”

The complete March quarter 2011 unaudited financial statements together with the related Management’s Discussion and Analysis (MD&A) are available on Anvil’s website at www.anvilmining.com under the heading “Financial Reports” within the Investor Relations section.

2011 Production Guidance & Second Half Cost Estimate

The Company expects to produce 36,000 to 38,000 tonnes of copper (as copper cathodes and copper in concentrates) for the full year 2011. It is anticipated that operation of the Heavy Media Separation (“HMS”) plant will shut down at the end of June 2011.

The estimated cash unit cost of production, excluding royalties, during the commissioning and ramp-up period through to the end of the fourth quarter is expected to be in the range of \$1.10 to \$1.25/lb Cu. These cost guidance numbers are dependent on throughput volumes, which in turn will be dependent on the progress through the ramp-up phase to full-scale production. It is expected that the unit costs will improve in 2012 when the plant is expected to be operating at full design capacity and fully optimized.

Development: Kinsevere Stage II SX-EW Plant

After commencing production of copper cathode from the Kinsevere Stage II expansion on May 4, 2011, total production for the 28 days through to the end of the month was 1,353 tonnes of copper cathode. Most importantly, all provisional copper cathode assays received from an independent laboratory since the start of production, confirm that all metal produced conforms to LME Grade A specifications. The Company will be seeking LME registration for its Kinsevere cathode.

Commissioning of the crushing and grinding circuits commenced on April 28, 2011 and steady state operations were achieved with these circuits extremely quickly and at slightly above the design throughput of 200 dry tonnes per hour. During the month of May, the grinding circuit was fed from stockpiled ore averaging approximately 2.8% AsCu (acid soluble copper), this being within the budget range selected for the commissioning and ramp-up. Over time, the grade of ore delivered to the plant will be steadily increased to design of 4.0% AsCu, in parallel with improving operational efficiencies as the plant progresses through the various ramp-up and optimisation phases.

With the crushing, grinding, leaching, CCD thickener, SX circuits and EW Tank-house 1 now all operational, over 95% of the Stage II plant is now under the control of the Company’s operating personnel. The heap leach operation, that supplied the early copper units, continues

to be cycled on and off as required and in the coming weeks will be operating at full flows. The heap leach operation is a site-based project implemented to supply extra copper units to augment the Kinsevere Stage II leach facility.

The focus now is to have the construction teams complete the punch-list items, attend to the usual commissioning issues associated with a plant of this size and complexity, and for the Company to begin to focus on operational optimization so that design capacity of 5,000 tonnes of copper cathodes per month can be achieved while maintaining the high level of safety performance.

As at April 30, 2011, \$168 million of the \$200 million budget for completion of construction had been spent, \$122 million of which relates to the Engineering, Procurement and Construction (Lump Sum Turn Key) Contract (the “EPC Contract”) with Ausenco Limited, \$46 million to Owner’s Costs, with a further \$23 million committed for a total spent and committed amount of \$191 million of the remaining \$200 million required to complete the project.

Liquidity

As at May 31, 2011, Anvil had approximately \$41 million in cash, all of which is held on deposit with international banks and restricted cash of \$7.4 million, the majority of which relates to cash collateral in connection with security in place under the EPC Contract. The Company has commitments of approximately \$23.0 million that relate to the Kinsevere Stage II development.

In addition to its cash, \$43 million of the \$100 million Project Loan Facility (the “Loan Facility”) provided by Trafigura Beheer B.V., the proceeds of which are being used exclusively to meet costs associated with the completion of construction of Kinsevere Stage II, remains undrawn. Given the existing cash balance, together with proceeds available under the Loan Facility, the Group anticipates that it is fully funded to take Kinsevere Stage II to construction completion, commissioning and ramp up.

Following its decision to re-establish exploration capability, the Company recruited an expatriate manager of exploration and an exploration geologist and recently completed the recruitment of technicians and field officers. The Group’s exploration activity is targeting the following areas:

- Regional exploration in the area within a 50km trucking distance of the Kinsevere mine;
- Further drilling at Kinsevere aimed at fully delineating an expanded sulphide resource; and
- An in-fill drilling program at Mutoshi.

The Company estimates its exploration expenditure for 2011 to be approximately \$10.0 million which is expected to be funded through revenues from operations.

Kinsevere HMS Production

During the first quarter of 2011, the HMS plant produced 3,316 tonnes of copper contained in concentrate. Key operating performance details of the HMS plant for the first quarter of 2011 are set out in Appendix A.

The Company continued its cutback program in the central pit in order to ensure continued supply of feed to the HMS plant during the wet season, to prepare for Stage II processing and to provide waste material for the raising of the embankments at the Stage II tailings storage facility, all of which resulted in higher mining costs for the March quarter of 2011, relative to

mining of material specifically for HMS processing. The higher mining costs, along with an increase in expatriate employee numbers to support the development of Kinsevere Stage II and higher power costs resulted in an increase in the cash cost per tonne of concentrate produced. Despite the increase in costs and lower production of copper, the Company recorded an increase in operating profit compared to the March quarter of 2010, which was attributable primarily to a higher payable on copper sold and a higher copper price.

March Quarter 2011 Results Conference Call and Webcast

A conference call will be held at 8:30 a.m. (Toronto time) on Thursday June 9, 2011 coinciding with 8:30 p.m. (AWST – Australia, Perth time) on the same day to discuss the Company's first quarter 2011 results.

The details to access the conference call and the live audio webcast are as follows:

Conference call:

(Please call approximately five minutes prior to the scheduled start of the call).

- **Toll-free within North America: 1-888-231-8191**
- **For local and overseas calling: 1-647-427-7450**

Live audio webcast of the conference call (listen mode only):

- **CNW Group website at:**

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3378540> (English)

<http://www.cnw.ca/fr/webcast/viewEvent.cgi?eventID=3378540> (French)

Replay Information (available for a period of 7 days):

The conference call will be recorded and a playback of the call will be available after the event by dialling:

Toll Free: 1-800-642-1687

Local: 416-849-0833, 514-807-9274, 613-667-0035, 403-451-9481, 778-371-8506 or 902-455-3955.

Conference ID/Password number: 38509764 followed by the pound (#) key.

Anvil Mining Limited is a copper producer whose shares are traded on the Toronto Stock Exchange (as Common Shares) and the Australian Securities Exchange (as CDIs) under the symbol AVM.

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Caution Regarding Forward Looking Statements:

This news release 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 operation of the Kinsevere HMS plant, 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, or that the Kinsevere Stage I HMS plant will operate in accordance with forecast performance. 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.

Appendix

Key Financial and Production Data (unaudited)

	3 Months Ended March 31	
	2011	2010
Sales: (\$ millions)	17.6	15.5
Operating income / (loss) : (\$ millions)	6.7	4.7
Net Income /(loss): (\$ millions)	37.5	(0.1)
PRODUCTION STATISTICS:		
Consolidated Group		
Copper produced in concentrates (tonnes)	3,316	4,093
Kinsevere mine		
Ore processed ¹ (tonnes)	81,841	61,491
Copper grade (% Cu)	5.1	8.6
Copper recovery – HMS (% Cu)	69.6	68.4
Concentrate grade – HMS and spirals (% Cu)	25.8	25.1
Copper produced in concentrate – HMS and Spiral (tonnes)	3,316	4,093
Copper sold (tonnes)	3,182	4,424
Costs of production (\$)		
Operating cash costs (\$/tonne concentrate)	738	319

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

Consolidated Balance Sheets (unaudited)
(Expressed in thousands of United States dollars)

	March 31 2011	Dec 31 2010 <i>(restated)</i>	January 1 2010 <i>(restated)</i>
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	60,176	56,415	120,753
Restricted cash	7,323	7,314	-
Trade and other receivables	17,927	12,988	43,866
Inventories	17,266	14,060	14,220
Other financial assets	-	182	1,243
Current assets classified as held for sale	-	1,204	7,594
	102,692	92,163	187,676
Non-current assets			
Restricted cash	513	513	887
Trade and other receivables	15,291	14,253	18,333
Other financial assets	41,885	-	16,827
Investment in associate	-	11,927	-
Inventories	13,268	13,109	11,163
Exploration and evaluation expenditure	60,565	60,657	60,619
Property, plant and equipment	512,405	488,703	329,622
	643,927	589,162	437,451
Total assets	746,619	681,325	625,127
LIABILITIES			
Current liabilities			
Trade and other payables	26,357	29,508	12,037
Financial liabilities	20,000	38,669	13,285
Borrowings	12,977	4,649	290
Current income taxes	81	21	6
Provisions	2,643	2,634	1,712
Liabilities directly associated with assets classified as held for sale	-	-	3,127
	62,058	75,481	30,457
Non-current liabilities			
Borrowings	38,781	31,829	74
Other non-current liability	-	-	6,711
Provisions	21,208	20,991	18,762
Deferred tax liabilities	7,490	10,766	21,050
	67,479	63,586	46,597
Total liabilities	129,537	139,067	77,054
Net assets	617,082	542,258	548,073

Consolidated Balance Sheets (cont.)
(Expressed in thousands of United States dollars)

	March 31 2011	Dec 31 2010 <i>(restated)</i>	January 1 2010 <i>(restated)</i>
	\$	\$	\$
Shareholders' equity			
Share capital	517,738	480,787	481,298
Share based payment reserve	9,776	9,413	8,960
Retained earnings	92,959	54,944	55,349
Other reserves	-	-	2,206
Capital and reserves attributable to owners of Anvil Mining Ltd	620,473	545,144	547,813
Non-controlling interests	(3,391)	(2,886)	260
Total equity	617,082	542,258	548,073

Consolidated Statements of Income and Comprehensive Income (unaudited)

(Expressed in thousands of United States dollars except per share amounts)

	3 Months Ended	
	March 31	
	2011	2010 <i>(restated)</i>
	\$	\$
Continuing operations		
Revenue from sale of goods	17,564	15,486
Cost of goods sold	(10,826)	(10,778)
Gross profit	6,738	4,708
Other income	31,926	1,964
(Loss) / gain on derivative instruments	(300)	348
General, administrative and marketing costs	(4,361)	(4,133)
Share of gain in associate	1,116	-
Fair value loss on warrants carried at fair value through profit and loss	(447)	(5,714)
Other expenses	(91)	(269)
Profit / (loss) before finance costs and tax	34,581	(3,096)
Finance costs	(268)	(513)
Profit / (loss) before tax	34,313	(3,609)
Income tax benefit	3,197	3,594
Profit / (loss) for the period from continuing operations	37,510	(15)
Discontinued operation		
Loss for the period from discontinued operation	-	(134)
Profit / (loss) for the period	37,510	(149)
Other comprehensive income / (loss)		
Changes in fair value of available-for sale investments	-	(51)
Income tax	-	-
Total comprehensive income / (loss) for the period	37,510	(200)
Profit / (loss) attributable to:		
Owners of Anvil Mining Ltd	38,015	391
Non-controlling interests	(505)	(540)
	37,510	(149)
Total comprehensive income / (loss) attributable to:		
Owners of Anvil Mining Ltd	38,015	340
Non-controlling interests	(505)	(540)
	37,510	(200)
Profit / (loss) per share from continuing operations:		
Basic profit / (loss) per share (\$)	0.24	0.00
Diluted profit / (loss) per share (\$)	0.23	0.00

Consolidated Statement of Cash Flows (unaudited)

(Expressed in thousands of United States dollars)

	Notes	3 Months Ended March 31	
		2011	2010
		\$	\$
Cash flows from operating activities			
Profit for the period from continuing operations		37,510	(15)
Adjustments for:			
Depreciation and amortization		3,563	4,819
Provision for impairment of assets		-	(905)
Share of gain of associate		(1,116)	-
Loss / (gain) on derivative instruments		300	(348)
Gain on sale of asset		(1,638)	-
Non cash finance cost		209	480
Gain on discontinuation of equity accounting		(28,842)	-
Net exchange differences		539	(342)
Fair value loss on warrants		447	5,714
Deferred tax		(3,276)	(3,594)
Share based payment expense		(32)	268
		<u>7,664</u>	<u>6,077</u>
Changes in non-cash working capital	18	(16,467)	(4,978)
		<u>(8,803)</u>	<u>1,099</u>
Cash flows used in investing activities			
Payments for property, plant and equipment		(19,579)	(33,529)
Payments for exploration expenditure		(91)	(222)
		<u>(19,670)</u>	<u>(33,751)</u>
Cash flows (used in) / provided by financing activities			
Proceeds from issue of shares (net of issue expenses)		18,114	(271)
Payment of loan origination costs		(795)	(276)
Movement in restricted cash		(9)	(83)
Payment of borrowings		(51)	(69)
Receipts from borrowings		15,000	-
		<u>32,259</u>	<u>(699)</u>
Cash flows from discontinued operations			
Cash flows used in operating activities		-	(511)
Cash flows from financing		-	30
Net decrease in cash and cash equivalents from discontinued operations		-	<u>(481)</u>
Net increase / (decrease) in cash and cash equivalents		<u>3,786</u>	<u>(33,832)</u>
Cash and cash equivalents at beginning of the period		56,415	121,234
Effects of exchange rate changes on cash held in foreign currencies		(25)	40
Cash and cash equivalents at end of the period for continuing operations		<u>60,176</u>	<u>87,442</u>
Less cash & cash equivalents at the end of the period relating to discontinued operations		-	(2)
Cash and cash equivalents at end of the period		<u>60,176</u>	<u>87,440</u>