MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Quarter Ended June 30, 2008

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, 2008. 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, 2008 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, 2007.

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

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 11, 2008.

Highlights for the quarter[1]

- Net copper concentrate sales of $59.8 million, a decrease of 9% compared to Q2 2007.
- Net income of $8.5 million ($0.12 per share), a decrease of 76% compared to Q2 2007.
- Cash flows from operating activities, before working capital movements, of $24.6 million ($0.35 per share), a decrease of 43% compared to Q2 2007.
- Quarterly production of 10,521 tonnes of copper and 248,816 ounces of silver produced in concentrate, an increase of 32% and decrease of 57% respectively compared to Q2 2007.
- Modification of the underground mining method at Dikulushi from a Sub-level caving method to an Avoca cut and fill method.
- Further development of the Kinsevere Stage II project with good progress for construction to be completed on budget towards the end of 2009.

Highlights for the year to date[1]

- Net income of $30.0 million or $0.42 per share.
- Operating cash flow before working capital movements of $60.0 million or $0.84 per share.
- Copper production of 22,548 tonnes.

Near Term Objectives (Remainder of 2008)

- Commissioning of the first Electric-Arc Furnace ("EAF") at Kinsevere during Q3 2008.
- Finalization of discussions with the Mining Commission Review in the Democratic Republic of Congo ("DRC").
- Completion of updated Mineral Resource estimate for Kinsevere.
- Development of the Dikulushi underground mine in accordance with new mining methodology to allow for resumption of ore stoping in Q1 2009.
- Updated estimation of the tailings resource and review of mining methods for the Mutoshi Stage I Heavy Media Separation ("HMS") operation.
- Completion of preliminary studies on the development of a Stage II Solvent Extraction Electrowinning ("SX-EW") plant at Mutoshi.

[1] It should be noted that comparisons with the three months & six months ended June 30, 2007 are significantly impacted by the fact that the Kinsevere mine did not commence production until late June 2007.

Longer Term Objectives (2009 onwards)

- Construction completion and commissioning of Kinsevere Stage II SX-EW in 2009 within budget.
- Complete feasibility study for the Mutoshi Stage II SX-EW project.
- Increase in Kinsevere Mineral Resource to allow for an expansion of the 60,000 tonnes per year SX-EW plant.

Key Group Results

Second Quarter (Q2)		**Q2 2008**		**Q2 2007**	
			% of Sales		**% of Sales**
Production	t Cu	10,521		7,942	
Sales[ı]	t Cu	11,736		9,699	
Concentrate stockpiles	t Cu	5,391		3,079	
Net sales	$ million	59.8	100	65.7	100
Operating profit	$ million	16.0	27	42.6	65
Net income	$ million	8.5	14	35.4	54
Basic EPS	$	0.12		0.58	

[ı] Sales of copper reflect Kinsevere and Mutoshi copper concentrate sold at mine gate at a discount to London Metal Exchange ("LME") price.

Year to date (YTD)		**YTD 2008**		**YTD 2007**	
			% of Sales		**% of Sales**
Production	t Cu	22,548		15,983	
Sales[ı]	t Cu	24,160		18,133	
Net sales	$ million	135.1	100	107.7	100
Operating profit	$ million	49.7	37	69.3	64
Net income	$ million	30.0	22	56.5	53
Basic EPS	$	0.42		0.96	

Copper Production (tonnes)

	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Dikulushi	2,607	4,885	6,943	6,198	5,951	5,469	5,774	5,738
Kinsevere	6,433	4,855	6,384	6,142	480	-	-	-
Mutoshi	1,481	2,287	3,551	2,432	1,511	2,572	4,749	7,078
Total	**10,521**	**12,027**	**16,878**	**14,772**	**7,942**	**8,041**	**10,523**	**12,816**

Q2 2008 Net Sales

(After treatment and refining charges ("TC/RCs")		Q2 2008 $ million	Q2 2007 $ million
Dikulushi	- Copper	23.3	47.4
	- Silver	4.4	7.4
Kinsevere	- Copper	20.6	-
Mutoshi	- Copper	11.5	10.9
Net sales		59.8	65.7
Copper selling price		**$/lb**	**$/lb**
Current period sales[1]		3.64	3.27
Prior period provisional pricing adjustment		(0.03)	0.12
TC/RC and freight charges		(0.05)	(0.07)
Realized copper price		3.56	3.33

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

Group net sales decrease 9% to $59.8 million owing to lower volume of copper sold, partially offset by higher copper prices

Net sales decreased owing to a reduction in the tonnes of copper sold (down 11% to 7,067 tonnes of payable copper) and an increase in the realized copper price recognized during the quarter (up 7%). Group copper production was 32% higher than the June quarter 2007, mainly due to the commencement of production from Kinsevere in June 2007. However copper production at Dikulushi decreased due to lower than planned tonnes mined from the underground combined with lower feed grade resulting in lower recovery. The 10% increase in the average LME copper price and a reduction in TC/RC's partially offset the impact of the decrease in the tonnes of copper sold.

Dikulushi net sales decrease 50% to $27.7 million owing to lower volume of concentrate sales

Net sales compared to the same quarter in 2007, decreased as a result of a 50% decrease in the tonnes of payable copper sold. Copper production at Dikulushi decreased by 56% due to reduced mining of ore and lower grade feed which lowered recovery rates from 91% in the June quarter 2007 compared to 77% in the June quarter 2008.

Kinsevere net sales of $20.6 million in its fourth quarter since commencement of commercial production

Copper production for the current quarter was higher than the previous quarter due to an increase in tonnage processed, a higher grade and improved recovery.

Mutoshi net sales increase 6% to $11.5 million due to higher realized copper prices

Net sales compared to the June quarter 2007 increased as a result of higher realized prices offset by a 2% reduction in the tonnes of payable copper sold. This was due to lower feed grade and lower copper recoveries from processing finer grade material.

Q2 2008 Operating Profit

	Q2 2008		Q2 2007	
	$ million	**% of Sales**	**$ million**	**% of Sales**
Dikulushi	14.4	24	41.3	63
Kinsevere	6.5	11	-	-
Mutoshi	(1.9)	(3)	1.0	2
CDA[1]	(3.0)	(5)	0.4	0
Total Operating Profit	**16.0**	**27**	**42.7**	**65**

[1] Please refer to segment information on page 18. These are administration and technical support costs based in DRC to support the mine operations and development.

Group operating profit decreases 63% to $16.0 million owing to lower sales volume, higher operating costs partially offset by higher realized prices.

Group operating profit decreased due to a fall in operating profits at Dikulushi and Mutoshi, partially offset by operating profit at Kinsevere which commenced production in late June 2007. Operating profit at Dikulushi decreased due to lower sales volume and a marginal decrease in realized copper prices. The operating loss at Mutoshi was due to lower sales volume and higher operating costs resulting from processing of finer, low grade ore.

Dikulushi operating profit decreases 65% on lower sales and higher operating costs

		Q2 2008	**Q2 2007**
Ore mined	tonnes	33,159	4,980
Ore processed	tonnes	110,990	85,480
Feed grade	%	3.1	7.7
Contained copper	tonnes	3,399	6,564
Copper recovery	%	76.7	90.7
Copper produced in concentrate	tonnes	2,607	5,951
Silver produced in concentrate	ounces	248,816	583,269
Copper sold	tonnes	3,352	6,688
Silver sold	ounces	333,159	678,241
Operating cash cost (ex-mine gate) (after silver credits)[1]	$/lb Cu	0.73	0.06
TC/RC and freight charges	$lb Cu	0.51	0.43
Total cash costs from operations	$lb Cu	1.24	0.49

[1] Operating cash cost (ex-mine gate) after silver credits excludes a one off adjustment in relation to allocation of underground development costs to be capitalised, due to change in mining method, equivalent to $1.05/lb Cu for Q2 2008. Including this adjustment the operating cash cost would have been -$0.32/lb Cu and total cash cost from operations $0.19/lb Cu.

Dikulushi total cash costs from operations per pound produced increased by 153% due to a) absence of mining costs in Q2 2007 as the underground mine was still being developed; b) higher processing costs due to lower feed grade resulting in lower recovery and production of copper, c) increased fuel and labour costs. These were partially offset by increased silver credits of $0.20/lb Cu compared to the same period last year.

Kinsevere records operating profit of $6.5 million in its fourth full quarter of production

		Q2 2008	Q2 2007
Ore mined	tonnes	578,350	151,355
Ore processed[1]	tonnes	94,403	8,367
Feed grade	%	10.0	9.0
Contained copper	tonnes	9,424	754
Copper recovery	%	68.3	63.7
Copper produced in concentrate	Tonnes	6,433	480
Copper sold	Tonnes	4,915	-
Operating cash cost (ex-mine gate)	$/tonne concentrate	278	-

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

The operating cash cost per tonne of oxide concentrate at Kinsevere for the June quarter 2008 was $278 per tonne. This is lower than the cash cost for Q1 2008 due to increased production of 32%. The operating profit was impacted by higher amortisation costs of the acquisition value paid for the 95% interest of Kinsevere (capital cost $98.0 million) and the asset retirement obligation (capital cost $9.6 million) being amortised over the life of mine on a unit of production method. Similar costs were not incurred in the 2007 June quarter.

Mutoshi records operating loss as decline in grade of ore impacts results

		Q2 2008	Q2 2007
Ore mined	tonnes	200,035	134,112
Ore processed	tonnes	130,693	74,987
Feed grade	%	3.7	4.6
Contained copper	tonnes	4,872	3,446
Copper recovery	%	30.4	44.5
Copper produced in concentrate	tonnes	1,481	1,511
Copper sold	tonnes	3,469	3,011
Operating cash cost (ex-mine gate)	$/tonne concentrate	1,164	694

The operating cash cost per tonne of oxide concentrate at Mutoshi for the June quarter 2008 was $1,164 per tonne, an increase of 68% compared to the June quarter 2007, due to a diminishing recovery from the processing of finer, lower-grade material, increased haul distances and deteriorating mining conditions in the river. An upgrade to the HMS plant with a view to improving the throughput rate and recovery is scheduled for completion in July 2008.

Q2 2008 Net Income

	Q2 2008		Q2 2007	
	$ million	% of Sales	$ million	% of Sales
Operating profit	16.0	27	42.7	65
Other income	2.4	4	2.2	3
General administrative and marketing costs	(7.0)	(12)	(3.0)	(4)
Interest expenses	0.7	1	(0.5)	(1)
Other expenses	(0.1)	0	(1.9)	(3)
Income tax	(3.7)	(6)	(0.2)	0
Non-controlling interest	0.2	0	(3.9)	(6)
Net income	8.5	14	35.4	54
Earnings per share				
- basic	$0.12		$0.58	
- diluted	$0.12		$0.57	
Weighted average shares outstanding				
- basic	71.2		60.9	
- diluted	71.6		62.3	

Group net income decreases 76% to $8.5 million

Higher realized copper prices and inclusion of Kinsevere results contributed positively to net income but this was offset by decreased profitability at Mutoshi from processing low grade ore and higher operational costs at Dikulushi as a result of treating low-grade ore. There were also higher income tax charges ($3.7 million) as a result of the scheduled change in tax rates under the Dikulushi Mining Convention (the “Convention”), and increases in general, administrative and marketing costs.

General, administrative and marketing expenses for the quarter ended June 30, 2008 were $7.0 million (2007 June quarter: $3.0 million), an increase of 130% over the same period in 2007. This was partly due to the recruitment of additional senior technical and administrative staff to support the Company’s expansion and other non-recurring expenses including severance payments, legal and consultants’ fees and the employee share purchase plan which was introduced in 2008.

Increase in other income was caused by higher interest income earned on the Group’s portfolio of available-for-sale investments.

The change in interest expense was primarily attributable to reversal of unrealized loss on the mark-to-market of forward South African rand contracts recognized in March quarter of 2008 offset by the accretion expense for asset retirement obligation.

Q2 2008 Cash Flows

	Q2 2008 $ million	Q2 2007 $ million
Cash flows from:		
Operating activities		
- before working capital changes	24.6	43.3
- after working capital changes	17.6	18.6
Investing activities	(60.4)	(8.3)
Financing activities	(3.3)	176.1
Net increase / (decrease) in cash and cash equivalents	(46.1)	186.4
Cash flow per share		
- before working capital	$0.35	$0.71
- after working capital	$0.25	$0.30

Cash flow from operations in the June quarter 2008 was $17.6 million (June quarter 2007: $18.6 million), or $0.25 per share (June quarter 2007: $0.30). This was due to an increase in inventory of low-grade ore for the planned SX-EW plant at Kinsevere and higher levels of stores and consumables.

Investing cash outflows included exploration expenditures of $10.6 million, mainly on the Mutoshi and Kinsevere tenements and expenditures for property, plant and equipment of $56.0 million primarily incurred in connection with the development of Kinsevere Stage II.

Financing cash outflows were $3.3 million (June quarter 2007: $176.1 million cash inflows). An amount of $1.3 million was provided as guarantee for the purchase of equipment for Kinsevere Stage II development. There were $2.3 million of disbursements on behalf of the Dikulushi Trusts partially offset by $0.3 million received from the exercise of options during the quarter. During the same period of last year $179.8 million was received by the Company from a bought deal equity financing.

YTD 2008 Net Sales

(After TC/RCs)		YTD 2008 $ million	YTD 2007 $ million
Dikulushi	- Copper	65.0	75.0
	- Silver	14.1	13.0
Kinsevere	- Copper	41.2	-
Mutoshi	- Copper	14.8	19.7
Net Sales		135.1	107.7
Copper selling price		**$/lb**	**$/lb**
Current period sales[1]		3.55	3.00
Prior period provisional pricing adjustment		0.08	0.23
TC/RC and freight charges		(0.06)	(0.11)
Realized copper price		3.57	3.12

[1] Sales of copper concentrate at Kinsevere and Mutoshi are at mine gate at a discount to LME price and recorded as sales revenue. The TC/RC and freight component is therefore difficult to extract and thus is included in the current period realized selling price. Concentrate at Dikulushi is not 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 25% to $135.1 million owing to higher copper prices and higher volume of concentrate sales

Net sales increased as a result of an increase in the tonnes of copper sold, up 12% to 15,350 tonnes of payable copper. Group copper production was 41% higher than the same period in 2007 due to the inclusion of Kinsevere sales, offset by a decrease in production at Dikulushi. The average LME copper price increased by 25% compared to the same period in 2007. Reductions in TC/RCs also contributed to the higher net sales.

Dikulushi net sales decrease 10% to $79.1 million owing to lower volume of concentrate sales

Net sales compared to the same period in 2007, decreased as a result of a 24% decline in the tonnes of payable copper sold, offset by a 13% increase in the realized copper price. Copper production decreased by 34% as underground mining was halted to prepare for a change in the methodology. Low-grade ore stockpiles mined from the open pit will allow continued production until mining resumes in early 2009.

Kinsevere net sales of $41.2 million from its third and fourth quarter since commencement of commercial production

Net sales for the six months ended June 30, 2008 was $41.2 million from the sale of 5,055 tonnes of payable copper.

Mutoshi net sales decrease 25% to $14.8 million due to production of lower grade copper concentrate

Net sales compared to the June quarter 2007 decreased as a result of a 31% reduction in the tonnes of payable copper sold, despite higher realized prices. This was due to lower feed grade and lower copper recoveries from processing finer grade material.

YTD 2008 Operating Profit

	YTD 2008		YTD 2007	
	$ million	**% of Sales**	**$ million**	**% of Sales**
Dikulushi	47.5	35	64.7	60
Kinsevere	13.0	10	-	-
Mutoshi	(5.2)	(4)	4.9	4
CDA[i]	(5.7)	(4)	(0.3)	-
Total Operating Profit	**49.7**	**37**	**69.3**	**64**

[i] Please refer to segment information on page 18. These are administration and technical support costs based in DRC to support the mine operations and development.

Group operating profit decreases by 28% from decreased sales at Dikulushi and Mutoshi offset by inclusion of Kinsevere

Group operating profit decreased due to a decline in the operating profits at Dikulushi and Mutoshi, partially offset by Kinsevere, which commenced production in June 2007. Operating profit at Dikulushi decreased due to lower sales volume and an increase in operating expenses.

Dikulushi operating profit decreases 27% on lower sales and higher operating costs

		YTD 2008	**YTD 2007**
Ore mined	tonnes	63,470	9,283
Ore processed	tonnes	210,523	172,742
Feed grade	%	4.2	7.3
Contained copper	tonnes	8,903	12,702
Copper recovery	%	84.2	89.9
Copper produced in concentrate	tonnes	7,491	11,420
Silver produced in concentrate	ounces	731,472	1,121,127
Copper sold	tonnes	8,626	11,418
Silver sold	ounces	855,146	1,153,073
Operating cash cost (ex-mine gate) (after silver credits)[i]	$/lb Cu	0.39	0.01
TC/RC and freight charges	$lb Cu	0.50	0.44
Total cash costs from operations	$lb Cu	0.89	0.45

[i] Operating cash cost (ex-mine gate) after silver credits excludes a one off adjustment in relation to revaluation of underground development costs to be capitalised, due to change in mining method, equivalent to $0.37/lb Cu for YTD 2008. Excluding this adjustment the operating cash cost would be $0.02/lb Cu and total cash cost $0.52/lb Cu.

Dikulushi total cash costs from operations per pound produced increased by 98% due to a) absence of mining costs in the same period last year as the underground mine was still being developed; b) higher processing costs due to lower feed grade resulting in lower recovery and production of copper, c) increased fuel and labour costs. These were partially offset by increased silver credits of $0.35/lb Cu compared to the same period last year.

Kinsevere records operating profit of $13.0 million from its third and fourth full quarter of production

		YTD 2008	YTD 2007
Ore mined	tonnes	1,520,731	151,355
Ore processed	tonnes	186,394	8,367
Feed grade	%	9.6	9.0
Contained copper	tonnes	17,823	754
Copper recovery	%	63.3	63.7
Copper produced in concentrate	tonnes	11,288	480
Copper sold	tonnes	10,867	-
Operating cash cost (ex-mine gate)	$/tonne concentrate	321	-

The operating cash cost per tonne of oxide concentrate at Kinsevere for the six months ended June 30, 2008 was $321 per tonne. Kinsevere commenced production in June 2007 and cash costs are not therefore disclosed. This will be shown in Q3 2008, when the operation will be compared against its first full quarter of operation in 2007.

Mutoshi operating profit decreases due to increased operating costs from processing finer grade ore

		YTD 2008	YTD 2007
Ore mined	tonnes	287,991	151,335
Ore processed	tonnes	237,427	155,232
Feed grade	%	4.0	5.3
Contained copper	tonnes	9,545	8,293
Copper recovery	%	39.5	49.2
Copper produced in concentrate	tonnes	3,768	4,083
Copper sold	tonnes	4,667	6,715
Operating cash cost (ex-mine gate)	$/tonne concentrate	871	494

Operating cash cost increased significantly compared to same period last year due mainly to increased mining and processing costs. Mining has continued further downstream and has encountered increasingly fine and lower-grade material which has lower metallurgical recovery through the HMS plant.

YTD 2008 Net Income

	YTD 2008		YTD 2007	
	$ million	% of Sales	$ million	% of Sales
Operating profit	49.7	37	69.3	64
Other income	5.2	4	3.3	3
General administrative and marketing costs	(12.4)	(9)	(5.4)	(5)
Interest expenses	(0.8)	(1)	(0.8)	(1)
Other expenses	(1.0)	(1)	(2.4)	(2)
Income tax	(9.3)	(7)	(1.0)	(1)
Non-controlling interest	(1.4)	(1)	(6.6)	(6)
Net income	30.0	22	56.4	52
Earnings per share				
- basic	$0.42		$0.96	
- diluted	$0.42		$0.94	
Weighted average shares outstanding				
- basic	71.1		58.8	
- diluted	71.7		60.3	

Group net income decreases by 47% to $30.0 million

Higher realized copper prices and commencement of commercial production at Kinsevere contributed positively to net income but these were offset by decreased profitability at Mutoshi and higher mining costs at Dikulushi due to commercial operation of underground mining compared to the same period in 2007 when the underground mine was still in development and costs were being capitalised. There were also higher income tax charges ($9.3 million) as a result of the scheduled change in tax rates under the Convention, and increases in general, administrative and marketing costs.

General, administrative and marketing expenses for the six months ended June 30, 2008 were $12.4 million (June quarter 2007: $5.4 million), an increase of 128% over the same period in 2007. This was partially due to the recruitment of additional senior technical and administrative staff to support the Company's expansion, other non-recurring expenses including severance payments, legal and consultants' fees and the employee share purchase plan which was introduced in 2008.

Increase in other income resulted from higher interest income earned on the Group's portfolio of available-for-sale investments.

Other expenses have decreased compared to the same period in 2007 as there was a write-off of exploration costs relating to Vietnam of $1.0 million in the June quarter 2007.

Non-controlling interest is lower this year compared to the same period in 2007 due to lower profitability from the Mutoshi and Dikulushi mines.

YTD 2008 Cash Flows

	YTD 2008 $ million	YTD 2007 $ million
Cash flows from:		
Operating activities		
- before working capital changes	60.0	69.5
- after working capital changes	36.6	34.4
Investing activities	(103.0)	(64.4)
Financing activities	(3.0)	173.7
Net increase / (decrease) in cash and cash equivalents	(69.4)	143.7
Cash flow per share		
- before working capital	$0.84	$1.18
- after working capital	$0.51	$0.58

Cash flow from operations in the six months ended June 30, 2008 was $36.6 million (six months ended June 30, 2007: $34.4 million), or $0.51 per share (six months ended June 30, 2007: $0.58). Operating cash flows after working capital movements for the six months ended June 30, 2008 were impacted by an increase in accounts receivable of $6.7 million and an increase in inventory of $15.7 million. The increase in inventory was primarily driven by a build up of inventory of low-grade ore for the planned SX-EW plant at Kinsevere and higher levels of stores and consumables.

Investing cash outflows were $103.0 million (six months ended June 30, 2007: $64.4 million). The Company incurred exploration expenditures of $15.4 million, mainly on the Mutoshi and Kinsevere tenements. Expenditures for property, plant and equipment of $95.2 million for the six months ended June 30, 2008 (six months ended June 30, 2007: $30.2 million) were predominantly incurred in connection with the development of Kinsevere Stage II.

Financing cash outflows were $3.0 million (six months ended June 30, 2007: $173.7 million cash inflows). During the six months ended June 30, 2008 the Company provided $1.2 million as security for the supply of equipment for the Kinsevere Stage II development. An amount of $0.8 million was obtained as long term mortgage on property acquisition in DRC. This was offset by $3.1 million of disbursements on behalf of the Dikulushi Trusts and $0.5 million received from the exercise of options during the period.

Liquidity

On July 10, the Company announced that it had entered into a binding term sheet for a private placement of approximately C$297 million. The private placement consists of 23,733,970 Common Shares of Anvil to be issued at a price of C$12.50 per share. The net proceeds from the private placement will be used by Anvil for completion of Kinsevere Stage II, Mutoshi Stage II SX-EW and studies leading to the development of an expanded SX-EW facility at Kolwezi and for general working capital purposes.

The private placement is subject to satisfaction of a number of conditions, including entering into a definitive subscription agreement, final regulatory approval and the approval of Anvil's shareholders. A special meeting of Anvil's shareholders to approve this transaction is currently scheduled for September 15, 2008.

If the transaction contemplated by the term sheet is not completed, the Company will require additional funding to support the Company's cash flow over the next six to 18 months. In that circumstance, the Company will consider various funding alternatives. The Company has been in discussions with lenders regarding a US$100 million debt facility which, if completed, would substantially satisfy the Company's commitments at Kinsevere Stage II. The Company has also been in discussions with lenders concerning a working capital facility of up to US$100 million. Finally, the Company believes it could raise required funds through an equity issue if necessary.

Q2 2008 Balance Sheet

	June 30, 2008	December 31, 2007
Assets ($ million)		
Cash and cash equivalents (including restricted cash)	147.7	216.1
Investments	56.8	63.8
Current assets	369.2	399.3
Total assets	724.2	688.7
Liabilities ($ million)		
Current liabilities	30.6	31.4
Long-term debt	0.5	-
Future income tax liability	44.5	39.6
Asset retirement obligations	12.5	11.7
Total liabilities	88.1	82.7
Shareholders' equity ($ million)	623.9	592.1
Working capital ($ million)	338.6	367.9
Weighted average number of shares (for basic earnings per share)	71.1	64.7
Outstanding shares	71.7	71.1

Cash and cash equivalents

The decrease in cash and cash equivalents to $147.7 million for the period ended June 30, 2008 (December 31, 2007: $216.1 million) was mainly due to increased expenditure on the Kinsevere Stage II development.

Current investments

The decrease in current investments to $56.8 million for the period ended June 30, 2008 (December 31, 2007: $63.8 million) was attributable to maturing investments ($7.3 million) which were converted into cash.

Current assets

Total current assets for the period ended June 30, 2008 decreased by $30.1 million to $ 369.2 million (December 31. 2007: $399.3 million). In addition to the movement in cash and investments outlined above, there was an increase in accounts receivables $6.8 million. The increase in inventory to $47.9 million (December 31, 2007: $32.2 million) was due to an increase in concentrate stockpiles at Dikulushi and Mutoshi and stockpiling of lower-grade ore for processing at the SX-EW plant currently being developed at Kinsevere. Prepaid expenses and deposits increased by $22.9 million to $44.3 million, consisting mainly of amounts paid to suppliers for plant and equipment required for the Kinsevere Stage II development.

Current liabilities

Current liabilities at June 30, 2008 marginally decreased to $30.6 million (December 31, 2007: $31.4 million).

Total liabilities

Total liabilities at June 30, 2008 were $88.1 million (December 31, 2007: $82.7 million). The increase was mainly due to an increase in deferred tax liability relating to temporary differences on depreciation of assets in DRC.

Non-controlling interests

The decrease in non-controlling interests to $12.2 million at June 30, 2008 (December 31, 2007: $13.9 million) was caused by lower profits accruing to minority shareholders and disbursements on behalf of the Dikulushi Trusts during the period.

Shareholders' equity

Shareholder's equity as at June 30, 2008 increased by $31.8 million to $623.9 million mainly as a result of an increase in retained income of $30.0 million.

Outstanding share data

At August 11, 2008, the Company had outstanding 71,244,578 common shares. In addition, there were 2,344,987 outstanding director and employee stock options with exercise prices ranging between C$3.80 and C$17.04 per share.

Growth Activities

Stage II Kinsevere

The development of the Kinsevere Stage II project is progressing and remains on track for construction to be completed on budget towards the end of 2009. The end of the wet season in April has enabled construction activity to increase significantly, with shipments of construction materials to site steady during the second quarter and expected to build up in the coming months.

Exploration

Dikulushi

An active exploration program is in place at Dikulushi, focused on near-mine exploration, targeting prospects in close proximity to the current Dikulushi operation which could supplement feed to the HMS plant. Noteworthy intersections have been found at the Kabusanje deposit, located 15 km from the mine. Assessment, including core drilling to understand the mineralization continues. Analysis of the boom-gate area has determined that no further work will be carried out on this deposit.

The underground mine orebody remains open at depth and to the east, with further drilling required to provide a better understanding of the existing resource for underground mine planning as well as evaluating the potential for extending the current estimated mine life beyond September 2011. The Company is currently sourcing a drill rig to carry out this work.

The Company is also using the results from an aeromagnetic survey that was completed in 2007 to assist with identification of general targets within a 40 kilometre radius of the current mine.

Kinsevere

Conclusion of Phase 3 drilling has enabled completion of resource modelling for Kinsevere Hill and the Kinsevere Hill extension, with optimisation of an enlarged oxide pit currently underway. This is expected to add to the Kinsevere resource.

Phase 4 drilling of the sulphide mineralisation at Tshifufia and Tshifufiamashi is underway in order to allow for preparation of a resource estimate to a level of confidence consistent with a Measured and Indicated Resource down to 250 metres and to a level of confidence consistent with an Inferred Resource between 250 metres and 400 metres. This will provide a resource estimate that includes oxide resources and sulphide resources not included in the most recent resource estimate.

The first stage of the Phase 4 drilling program for the oxide and sulphide resource at Tshifufia is expected to be completed by the end of the third quarter. Preliminary metallurgical test-work in relation to processing of the sulphides will commence in August and in the fourth quarter of 2008, updated resource and reserve estimates for Kinsevere will be determined and detailed mine planning and financial evaluation will be carried out.

The Company has identified the accuracy of density determinations as a risk to the number of tonnes reported in the current resource estimate. The results of bulk density tests carried out during 2008 indicate that in the current mining areas, the bulk density may be lower than that predicted from the core measurements used in the Feasibility Study. While the total impact of the issue has yet to be determined, mining rates have been adjusted to meet 2008 production targets. The Company is currently undertaking a rigorous evaluation of the density issue through targeted drilling to provide core for further specific gravity measurements, down-hole geophysical logging for obtaining in-situ density measurements and ongoing bulk density measurements.

Updated Mineral Resource and Mineral Reserve resulting from the Phase 3 and 4 drilling, which incorporate any updated findings on bulk density, are expected to be sufficient to justify a Stage III expansion of the Stage II SX-EW plant. The front-end of the Stage II SX-EW plant is being built with capability to process throughput volumes that are consistent with Stage III production levels.

Mutoshi

A scope drilling program at Mutoshi commenced in March 2008, with up to eight Reverse Circulation (“RC”) and diamond drill rigs being used. The objective of the scope drilling program is to outline near-surface oxide copper and cobalt mineralization, to an extent sufficient to justify development of the Mutoshi Stage II SX-EW plant. The program was completed in mid-July with a period of assaying and interpretation currently underway. Findings to date are as follows:

- At Mutoshi North, the program has yielded significant copper and cobalt intersections in two mineralized zones within 150 metres of surface.
- Drilling at Mutoshi North-West has returned consistent results, with mineralization below 40 meters from surface. Strike length is currently 800 metres and down dip width of the mineralization on average is more than 400 metres with a thickness of 25 to 30 metres. These sections of the deposit are being modelled in order to produce a resource estimate which can then be evaluated to determine if they are economic or not and whether further evaluation is required.
- Ten RC drill-holes have been drilled at Mulusonoi, located north-east of Mutoshi North-West, and these have shown the potential for near-surface copper mineralization over an area of 300 metres by 300 metres, with a true thickness of 10 metres.
- Cobalt mineralization seems to be significant in most of the fragments drilled and first assays returned by the Mutoshi laboratory have shown attractive, near surface cobalt grades. These initial assays appear to support a processing operation, producing cobalt in an intermediate form and copper cathode.
- In-fill drilling and further work to define a Mineral Resource at Mutoshi will continue for the remainder of 2008 and into the first quarter of 2009.

Separate to the scope drilling program, a team has been organised to electronically capture La Générale des Carrières et des Mines (“Gécamines”) drilling data from the old Mutoshi mine in order to produce a 3-D geological model of the Mutoshi regional mineralisation. This will be the basis of the initial mining inventory for the proposed Stage II expansion.

Outlook

Mining Commission Review

In early February 2008, Anvil received letters from the Minister of Mines for the DRC notifying the various subsidiaries of Anvil of the results of the review by the DRC Government with respect to the Dikulushi, Mutoshi and Kinsevere mining properties held by Anvil’s subsidiaries. The letters from the Minister included a statement of terms upon which the Government proposes discussions be based to re-balance the partnership between the DRC and Anvil.

On February 29, 2008, the Company submitted responses to each of the letters received from the Minister of Mines for the DRC concerning results of the review by the DRC Government with respect to the Dikulushi, Mutoshi, and Kinsevere mine properties.

Further to this submission of responses, on April 1, 2008, AMCK Mining s.p.r.l. ("AMCK") and Société Minière de Kolwezi s.p.r.l ("SMK") received letters from Gécamines requesting a meeting in respect of the Mutoshi and Kinsevere mining properties, concerning the review of mining agreements by the DRC Government. Discussions with both Gécamines and the DRC Government are continuing.

Operations

Dikulushi

During the second quarter of 2008, the Company determined that the extraction of ore from the underground stopes and the rate of underground development at the Dikulushi Mine was not proceeding as well as was initially expected. As a result, in its first quarter disclosures, the Company reduced its forecast production at Dikulushi to approximately 11,000 tonnes of copper and 950,000 ounces of silver and remains on track to achieve these production levels.

The Company, in consultation with specialist consultants from Snowden Associates and mining contractor Byrnecut Mining International Pty Ltd ("Byrnecut"), has carried out a detailed analysis of the situation and determined that the underground mining method should be modified from a Sub-level Caving method to an Avoca cut and fill method. The Avoca cut and fill mining method requires more underground development work than the Sub-level Caving method, but is expected to achieve better recoveries..

While a small amount of development ore continues to be extracted from underground, feed to the plant is currently being sourced primarily from stockpiled low-grade sulphide ore (<2%) for which metallurgical recoveries are lower, supplemented with some ore from the underground mine. A revised Life-of-Mine plan for Dikulushi will be completed during the third quarter of 2008. At this stage, mine life would extend to September 2011 with further exploratory drilling on-going.

In order to improve operational efficiencies, Byrnecut has been engaged as the underground mining contractor to coordinate all underground mining activities at Dikulushi. Byrnecut is among the largest underground mining contractors in Australia, with significant experience in underground mine development and production, including recent relevant experience in Zambia. The engagement of Byrnecut has resulted in the retrenchment of a number of senior mining staff, with further significant staff reductions expected in the coming months.

Mutoshi

Owing to the progressively lower metallurgical recovery from processing finer grained, lower grade material that is being encountered as mining progresses further downstream, the Company decided in August to suspend mining operations, pending the outcome of an investigation of alternative mining methods and ongoing preliminary studies for the Mutoshi Stage II SX-EW facility, both of which are expected to be completed by the end of 2008. The processing plant will continue to operate with existing stockpiled ore sufficient to provide feed for the remainder of 2008 and to achieve forecast 2008 production of 9,000 tonnes of copper. The suspension of mining operations is expected to result in a reduction in operating costs of $3 million over the second half of the year.

The development of an SX-EW plant at Mutoshi would likely take place in two stages. The first stage would involve a 15,000 tonnes *per annum* SX-EW plant with a further 15,000 tonnes of capacity being added in a second stage expansion. A process Method Decision Note and Project Risk Workshop were recently completed, with a preliminary feasibility study to commence shortly and an update of the tailings resource expected before the end of the year.

Scope drilling has been carried out to support the compilation of a preliminary grade-tonnage model for the various Mutoshi deposits. Further infill drilling, development of indicative pit optimisations and metallurgical test work will commence during the third quarter of 2008 in order to better understand the potential size of the Mineral Resource and the scale of any future SX-EW development(s).

Kinsevere

Mining operations continued as expected during the second quarter. Open pit mining operations are well established on both the Tshifufia and Tshifufiamashi deposits and flexibility of mining operations yields ample HMS plant feed stocks, permitting consistent feed rates for processing.

During July, the HMS plant had a spirals plant added in order to capture copper metal losses from the combined Crusher and HMS deslime tailings streams. The combined tailings solids have a size fineness of less than 0.63mm. The spirals plant is producing approximately 40 dry metric tonnes of concentrate per day, grading 25% copper; with plant recovery ranging from 50-60%.

Commencement of commissioning of the first of the Kinsevere EAFs has been delayed to the first week of August 2008, due to a combination of design, logistical, and technical factors. The second EAF is expected to be operational in the fourth quarter of 2008. Further issues relating to the design may impact performance once commissioning recommences. As a consequence, little, if any, production of "black copper" is expected during the third quarter, with fourth quarter production dependent on the results of the recommissioning process and any operational issues encountered following recommissioning.

Forecast 2008 production

Forecast production for 2008 remains unchanged at 47,000 tonnes of copper and 950,000 ounces of silver. Individual mine site production numbers are as follows: Dikulushi, 11,000 tonnes of copper and 950,000 ounces of silver; Mutoshi, 9,000 tonnes of copper and Kinsevere 27,000 tonnes of copper.

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 08 Quarter	Mar 08 Quarter	Dec 07 Quarter	Sep 07 Quarter	Jun 07 Quarter	Mar 07 Quarter	Dec 06 Quarter	Sep 06 Quarter
Concentrate sales ($ million)[1]	59.8	75.3	79.3	76.2	65.7	42.0	42.7	56.6
Operating profit[2] before amortization ($ million)	31.9	41.2	52.9	51.2	44.8	28.5	27.7	40.1
Amortization ($ million)	(15.9)	(7.5)	(8.7)	(4.5)	(2.2)	(1.8)	(1.9)	(2.1)
Operating profit[2] ($ million)	16.0	33.7	44.2	46.7	42.6	26.7	25.8	38.0
Net income ($ million)	8.5	21.4	21.7	39.0	35.4	21.1	21.3	30.2
Basic Income per share ($)	0.12	0.30	0.31	0.55	0.58	0.37	0.38	0.54
Diluted Income per share ($)	0.12	0.30	0.30	0.54	0.57	0.36	0.37	0.53
Production Statistics – Total								
Copper produced in concentrate (tonnes)	10,521	12,027	16,878	14,772	7,942	8,041	10,523	12,816
Production Statistics – Dikulushi mine								
Ore processed (tonnes)[3]	110,990	99,533	92,121	88,574	85,480	87,262	92,755	114,154
Copper grade %	3.1	5.3	8.1	7.7	7.7	7.0	6.9	5.6
Contained copper (tonnes)	3,399	5,303	7,507	6,836	6,564	6,138	6,417	6,409
Recovery Cu %	76.7	92.1	92.5	90.7	90.7	89.1	89.9	89.5
Copper produced in concentrate (tonnes)	2,607	4,885	6,943	6,198	5,951	5,469	5,774	5,738
Silver produced in concentrate (ounces)	248,816	482,655	717,402	612,739	583,269	537,858	569,655	545,438
Payable pounds of copper contained in concentrate delivered (million)	15.6	11.3	13.9	13.7	14.1	10.0	13.0	12.2
Payable ounces of silver contained in concentrate delivered	303,611	491,967	632,175	583,172	610,417	427,349	563,754	491,242
Production Statistics – Mutoshi mine								
Ore processed (tonnes)[3]	130,693	106,734	98,054	87,342	74,987	80,245	92,509	82,424
Copper grade %	3.7	4.3	5.0	5.1	4.6	6.0	7.6	8.2
Contained copper (tonnes)	4,872	4,599	4,918	4,439	3,446	4,847	7,038	6,757
Recovery Cu %	30.4	49.7	72.2	54.8	44.5	52.8	62.6	70.1
Copper produced in concentrate (tonnes)	1,481	2,287	3,551	2,432	1,511	2,572	4,749	7,078
Copper concentrate sold (tonnes)	17,165	5,701	6,235	7,542	12,292	14,825	10,641	19,131
Production Statistics – Kinsevere mine								
Ore processed (tonnes)[3]	94,404	91,990	92,155	72,639	8,367			
Copper grade %	10.0	9.1	10.3	10.9	9.0			
Contained copper (tonnes)	9,424	8,399	9,448	7,951	754			
Recovery Cu %	68.3	57.8	67.6	77.0	63.7			
Copper produced in concentrate (tonnes)	6,433	4,855	6,384	6,142	480			
Copper concentrate sold (tonnes)	18,084	22,101	25,965	14,429				

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 18.*

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 plant.*

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.

Dikulushi

The Group holds a beneficial interest of 90% in the Dikulushi mine. The operation is located in the Katanga province of the DRC. The operation was developed in 2002 and produces a sulphide copper concentrate with a silver credit.

Mutoshi

The Group holds a beneficial interest of 80% in the Mutoshi tenements located in the Kolwezi region within the Katanga province of the DRC. The Mutoshi operation was developed in 2005 and produces an oxide copper concentrate. SMK also holds additional exploration tenements within the Kolwezi region.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The heavy media separation plant operation was developed in 2007 and produces an oxide copper concentrate.

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. It also holds the rights to evaluate and develop mineral properties in the Philippines.

For the six months ended June 30, 2008, segmented information is presented as follows:

	Dikulushi	**Mutoshi**	**Kinsevere**	**CDA**	**Inter-segment**	**Total**
Concentrate sales	79,067	14,763	41,226	-	-	135,056
Operating expenses	(20,842)	(17,834)	(18,100)	(5,210)	-	(61,986)
Amortization	(10,687)	(2,091)	(10,171)	(441)	-	(23,390)
Segmented operating profit/(loss)	**47,538**	**(5,162)**	**12,955**	**(5,651)**	**-**	**49,680**
Interest and financing fees	(433)	(1,274)	(379)	33	1,196	(857)
Other income	(124)	63	16	13,180	(7,888)	5,247
Other expenses	(1,315)	(1,755)	(5,770)	(11,219)	6,692	(13,367)
Segmented profit before under noted items	**45,666**	**(8,128)**	**6,822**	**(3,657)**	**-**	**40,703**
Income taxes	(5,540)	(974)	(3,121)	326		(9,309)
Non-controlling interest	(2,856)	1,901	(484)	-	-	(1,439)
Segmented profit	**37,269**	**(7,201)**	**3,217**	**(3,331)**	**-**	**29,955**
Property, plant and equipment	30,349	17,714	213,772	10,724	-	272,559
Total assets	95,632	82,504	317,749	228,329	-	724,214
Capital expenditures	(9,884)	(5,118)	(75,876)	(4,320)	-	(95,198)

Appendix B

Regulatory Disclosures

Contractual Obligations

The following table summarizes the Company's contractual and other obligations, as at June 30, 2008.

Payments due by period	Total $ million	Less than 1 Year $ million	1 – 3 Yrs $ million	4 – 5 Yrs $ million	More than 5 Years $ million
Long-term debt	0.8	0.3	0.5		
Environmental and mine closure liabilities	12.5		0.7	0.9	10.9
Capital commitments – Dikulushi, Mutoshi and Kinsevere mines and Anvil Mining Services s.p.r.l	51.8	51.8			
Equipment operating lease	2.0	0.5	1.3	0.2	
Exploration expenditure commitments	0.2	0.2			
Non-controlling interest commitments – comprises the 10% outside equity interests in the retained earnings of AMC	12.2	12.2			

Non-GAAP Financial Measures

The terms "total cash cost" and "operating cash cost (ex-mine gate)" are non-GAAP measures prepared on a per pound of copper produced basis at Dikulushi and on a per tonne of copper concentrate produced at the Kinsevere and Mutoshi mine. Operating cash cost (ex-mine gate) includes all mining and processing costs less any profits from by products such as silver at the Dikulushi mine. The total cash cost of production per pound of copper produced at Dikulushi is equivalent to the operating cash cost (ex-mine gate) plus smelting and refining and realization costs as the product is priced as sold to the smelter. Copper concentrate from Mutoshi and Kinsevere is 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, 2007 and December 31, 2006 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.

New accounting policies - Capital Disclosures and Financial Instruments - Disclosures and Presentation

On January 1, 2008 the Company adopted three new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1535: Capital Disclosures, Handbook Section 3862: Financial Instruments – Disclosures and Handbook section 3863: Financial Instruments – Presentation. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments - Disclosure and Presentation", revising and enhancing its disclosure requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

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 the estimate of the 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, 2008, the Group had deferred exploration and acquisition costs of approximately $64.7 million associated with exploration properties in Africa and south-east Asia.

Restoration, rehabilitation and environmental expenditure

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

Future restoration, rehabilitation and environmental obligations based on reasonably determinable current regulatory requirements are provided for in accordance with the standard issued by CICA in relation to Asset Retirement Obligations.

Income Taxes

As at June 30, 2008, the Group has estimated its future recoverable income tax losses in Canada, Australia, the DRC and Zambia. The recoverability of losses is dependent upon the ability to generate positive future taxable income to offset the existing carry forward losses.

Under the Convention granted by the DRC Government, the Dikulushi mine operations in the DRC currently enjoy reduced income tax rates for the first fifteen years from the date of commencement of commercial mine production, which commenced in October 2002. These concessionary tax rates, based on the applicable DRC Professional income tax rate of 40% in effect when the Convention was granted, are as follows:

Period	**% of Professional Tax Rate**	**Effective Income Tax Rate**
First five years of production	0%	0%
Sixth through to tenth years of production	40%	16%
Eleventh through to fifteenth years of production	45%	18%
Thereafter	100%	30% [1]

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

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

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%.

Estimates

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

Risks and Uncertainties

The Group's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to, the speculative nature of mineral exploration and development, political stability, liquidity and future financings, 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, Anvil Mining Management NL, Central African Holdings Pty Ltd, Congo Development Pty Ltd, Leda Mining Pty Ltd and Bannon Mining Pty Ltd.

Technical Information

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

Evaluation of Disclosure Controls & Procedures

The Company's certifying officers have designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to financial and operational conditions impacting disclosure for the quarter ended June 30, 2008 is made known to them. The certifying officers have evaluated the effectiveness of the disclosure controls and procedures and have concluded that these disclosure controls and procedures are effective at the reasonable assurance level. Management of the Company was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures. The inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

During the quarter ended June 30, 2008 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

The forward-looking statements made in this MD&A are based on assumptions and judgements of management regarding future events and results. Such forward-looking statements, including but not limited to those with respect to the Company's plans for expansions of the Kinsevere copper mine and estimated future production at the Company's Dikulushi, Mutoshi and Kinsevere mines, involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of copper and silver, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will proceed as planned or be successfully completed within expected time limits and budgets or that, when completed, the expanded facility will operate as anticipated. In addition, there can be no assurance that the final outcome of the DRC Commission appointed to review mining agreements in the DRC, will not have an adverse effect on the Company.

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.