

Anvil Mining Limited

Consolidated Financial Statements

Three months (Second Quarter) ended June 30, 2009

(Unaudited)

(Expressed in thousands of United States dollars
except per share amounts and as otherwise stated)

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

Consolidated Balance Sheets (unaudited)			
	Notes	June 30 2009	December 31 2008
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	48,677	45,033
Restricted cash	4	964	871
Accounts receivable	5	9,478	24,243
Inventories	6	23,964	31,064
Available-for-sale investments	7	12,635	24,032
Prepaid expenses and deposits	8	33,142	51,258
		128,860	176,501
Equity accounted investment	9	-	1,320
Long-term inventory	6	10,651	10,651
Long-term receivable	10	13,411	12,464
Exploration and acquisition expenditure	11	49,790	51,352
Property, plant and equipment	12	320,120	280,334
		522,832	532,622
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	13	29,059	34,731
Income taxes payable		414	463
Other liabilities		1,759	2,460
Current portion of long-term debt		535	362
		31,767	38,016
Future income tax liability		19,167	24,431
Long-term debt		195	321
Asset retirement obligations		13,410	12,980
		64,539	75,748
Non-controlling interest	14	1,118	1,909
		65,657	77,657
Shareholders' equity			
Equity accounts	15	412,444	383,419
Retained earnings		40,805	70,987
Accumulated other comprehensive income		3,926	559
Total shareholders' equity		457,175	454,965
		522,832	532,622
Nature of operations and going concern	1		
Commitments	16		
Subsequent events	20		

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

Consolidated Statements of Income and Comprehensive Income (unaudited)

	Notes	3 Months Ended June 30		6 Months Ended June 30	
		2009	2008	2009	2008
		\$	\$	\$	\$
Sales		7,738	59,789	9,384	135,056
Operating expenses		(11,371)	(27,928)	(23,823)	(61,986)
Amortization		(4,032)	(15,897)	(7,697)	(23,390)
		(7,665)	15,964	(22,136)	49,680
Other income	2	125	2,428	446	5,247
Share of loss in associates		-	-	-	(336)
Provision for impairment of assets	2	(258)	-	(4,935)	-
Exploration expenditure written off	2	(3,224)	-	(3,224)	-
General, administrative and marketing		(3,208)	(7,021)	(5,842)	(12,413)
Foreign exchange gains		905	334	1,545	382
Stock based compensation	15	254	(433)	(1,106)	(1,000)
Interest and financing fees	2	(280)	748	(518)	(857)
(Loss) / earnings before income tax and non-controlling interest		(13,351)	12,020	(35,770)	40,703
Income tax recovery / (expense)		1,692	(3,712)	5,234	(9,309)
Non-controlling interest share of loss / (gain)		310	208	354	(1,439)
Net (loss) / income		(11,349)	8,516	(30,182)	29,955
Other comprehensive income, net of taxes					
Net unrealized gain on available-for-sale investments		3,367	200	3,367	342
Total comprehensive (loss) / income		(7,982)	8,716	(26,815)	30,297
Basic (loss) / earnings per share (\$)	18	(0.13)	0.12	(0.37)	0.42
Diluted (loss) / earnings per share (\$)	18	(0.13)	0.12	(0.37)	0.42

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

	June 30, 2009		June 30, 2008	
	Number	Amount	Number	Amount
Common shares				
Balance at beginning of period	71,244,578	376,350	71,115,244	377,350
Share Issue	30,710,652	27,919	-	-
Exercise of stock options	-	-	86,667	721
Balance at end of period	101,955,230	404,269	71,201,911	378,071
Contributed surplus				
Balance at beginning of period		7,069		4,758
Employee stock based compensation recognised		1,106		1,000
Transfer to common shares		-		(203)
Balance at end of period		8,175		5,555
Equity accounts				
		412,444		383,626
Retained earnings				
Balance at beginning of period		70,987		209,524
Net (loss) / income for the period		(30,182)		29,955
Balance at end of period		40,805		239,479
Accumulated other comprehensive income				
Balance at beginning of period		559		432
Net change in unrealized gains on available –for-sale investments		3,367		342
Balance at end of period		3,926		774
Shareholders' equity at end of period				
		457,175		623,879

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

Consolidated Statements of Cash Flows (unaudited)

	Notes	3 Months Ended June 30		6 Months Ended June 30	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash flows from operating activities					
Net (loss) / earnings for the period		(11,349)	8,516	(30,182)	29,955
Items not affecting cash					
Amortization		4,032	15,897	7,697	23,390
(Gain) on derivative instruments		-	(960)	-	-
Share of loss in associates		-	-	-	336
(Gain) / Loss on sale of assets		52	(31)	42	257
Exploration expenditure written off		3,224	-	3,224	-
Provision for impairment of assets		258	-	4,935	-
Accretion expense		215	-	430	-
Non-controlling interest share of (loss) / income		(310)	(208)	(354)	1,439
Unrealized foreign exchange losses		(552)	467	59	550
Future tax		(1,719)	530	(5,265)	3,063
Stock based compensation		(254)	433	1,106	1,000
Changes in non-cash working capital	19	1,025	(7,008)	11,806	(23,362)
		(5,378)	17,636	(6,502)	36,628
Cash flows from investing activities					
Payments for property, plant and equipment		(9,649)	(55,956)	(27,297)	(95,198)
Proceeds from sale of assets		342	61	352	240
Payments for exploration and evaluation expenditure		(42)	(10,592)	(1,108)	(15,359)
Proceeds of principal repayments from investments		11,060	6,057	11,528	7,305
		1,711	(60,430)	(16,525)	(103,012)
Cash flows from financing activities					
Proceeds from issue of shares (net of issue expenses)		27,199	302	27,199	518
Proceeds from borrowings (net of fees incurred)		-	-	-	800
Repayment of borrowings		-	(38)	-	(38)
Movement in restricted cash		(79)	(1,291)	(93)	(1,193)
Disbursements on behalf of Dikulushi Trusts		(434)	(2,304)	(437)	(3,099)
		26,686	(3,331)	26,669	(3,012)
Net increase / (decrease) in cash and cash equivalents					
		23,019	(46,125)	3,642	(69,396)
Cash and cash equivalents at beginning of the period		25,617	192,498	45,033	215,754
Effects of exchange rate changes on cash held in foreign currencies		41	(187)	2	(172)
Cash and cash equivalents at end of the period		48,677	146,186	48,677	146,186

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presentation and new accounting policies

Basis of presentation and going concern

The unaudited interim consolidated financial statements have been prepared by Anvil Mining Limited (the "Company" or "Group") in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited consolidated financial statements should

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

be read in conjunction with the Notes to the Company's audited consolidated financial statements for the year ended December 31, 2008, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

The financial statements have been prepared using Canadian GAAP applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Group is committed to the development of the Kinsevere Stage II Solvent Extraction-Electrowinning ("SX-EW") plant however the associated fabrication and construction works have been placed on hold. The Group expects that a further \$195 million, approximately, will be required to complete the construction and commissioning of this plant, based on current estimates.

On August 10, 2009 the Group announced that it had reached agreement with Trafigura Beheer B.V. ("Trafigura") for a combined debt and equity financing arrangement for an aggregate amount of \$200m ("the Transaction"). The proceeds of the Transaction will be used to recommence construction and development of the Kinsevere Stage II expansion project. Completion of the financing is subject to satisfaction of a number of conditions, including normal regulatory approvals and the approval of Anvil's shareholders. Further details of the agreement are set out in Note 20.

The Group's ability to continue as a going concern is dependent upon its ability to fund its working capital, complete the construction of the Kinsevere Stage II SX-EW plant and generate positive cash flows from these processing operations. Until shareholder and regulatory approval of the transaction is obtained, there remains significant doubt over the Group's ability to continue as a going concern and, accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

New accounting policies

Section 1582 Business combinations, Section 1601 consolidated financial statements and Section 1602 non-controlling interests

These sections replace the former Canadian Institute of Chartered Accountants ("CICA") 1581, Business Combinations and CICA 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections provide the Canadian equivalent to FASB Statements No. 141(R), Business Combinations and No. 160 Non-controlling Interests in Consolidated Financial Statements. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011.

Pre-production costs

CICA 3064, Goodwill and intangible assets establish revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company is no longer able to defer costs and revenues incurred subsequent to the completion of plant commissioning and prior to the commercial levels of production at new mine operations. The Company adopted the new standard retrospectively effective January 1, 2009 and there was no significant impact on the financial statements.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended December 31, 2008 and there was no significant impact on its financial statements as a result of applying this abstract.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This EIC provides guidance on the impact of equity and counterparty credit risk when determining the fair value of financial assets and liabilities including derivative instruments. The Company adopted this EIC effective January 1, 2009. The adoption of the EIC did not have a significant impact on the Company's financial statements.

Convergence with International Financial Reporting Standards ("IFRS")

Canadian GAAP for public companies is transitioning to IFRS. The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Group's consolidated financial statements has not yet been determined.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	3 Months Ended June 30		6 Months Ended June 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
2. Other Income				
Interest received	177	2,397	488	5,504
(Loss) / Gain on sale of assets	(52)	31	(42)	(257)
	<u>125</u>	<u>2,428</u>	<u>446</u>	<u>5,247</u>
Interest and financing fees				
Interest	(280)	(212)	(518)	(857)
Loss on derivative instruments	-	960	-	-
	<u>(280)</u>	<u>748</u>	<u>(518)</u>	<u>(857)</u>
Provision for impairment				
Relating to available-for sale-investments	(258)	-	(3,816)	-
Relating to equity accounted investments	-	-	(445)	-
Relating to long lived assets	-	-	(674)	-
	<u>(258)</u>	<u>-</u>	<u>(4,935)</u>	<u>-</u>
Exploration expenditure written off				
Philippines regional exploration projects	(3,224)	-	(3,224)	-
	<u>(3,224)</u>	<u>-</u>	<u>(3,224)</u>	<u>-</u>

	June 30	December 31
	2009	2008
	\$	\$
3. Cash		
Cash at bank and in hand	6,747	6,178
Deposits at call	41,930	38,855
	<u>48,677</u>	<u>45,033</u>

(a) Credit Risk Exposure

All cash investments not held in transactional bank accounts are invested in term deposits held with major international banks. The credit risk exposure of the Group in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

	June 30	December 31
	2009	2008
	\$	\$
4. Restricted cash		
Cash deposits held as security	964	871
	<u>964</u>	<u>871</u>

At June 30, 2009 and December 31, 2008, cash deposits were held by the Company's bankers against deposits held for future mine property rehabilitation and guarantees for acquisition of equipment related to Kinsevere Stage II.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30 2009	December 31 2008
	\$	\$
5. Accounts receivable		
Trade receivables (net of provision for doubtful debts)	5,367	19,349
Accrued interest income	58	452
Advances to suppliers and contractors	1,282	1,423
Other	2,771	3,019
	9,478	24,243

Receivables are non-interest bearing and unsecured. Trade receivables are on the terms operating in the commodities industry, which usually require settlement within three to five months of the quotation period. The credit risk exposure of the Group in relation to receivables is the carrying amount.

	June 30 2009	December 31 2008
	\$	\$
6. Inventories		
Raw materials and stores – at Net Realisable Value (“NRV”)	4,863	6,819
Ore stockpiles – at cost	22,577	25,187
Concentrate in stockpiles and in transit – at NRV	7,175	9,709
	34,615	41,715
Less: Non-current (low-grade ore stockpiles) – at cost	(10,651)	(10,651)
Current Portion of Inventory	23,964	31,064

The low-grade ore stockpiles at Kinsevere have been classified non-current as they are expected to be used in the Stage II SX-EW plant as from 2011.

	June 30 2009	December 31 2008
	\$	\$
7. Investments		
Available-for-sale investments at cost		
Debt instruments	45,813	59,736
Equity instruments	875	-
	46,688	59,736
Available-for-sale investments at fair value		
Debt instruments	10,676	24,032
Equity instruments	1,959	-
	12,635	24,032

The debt instruments relate to cash received from the capital raising in March 2006 being placed into investment grade assets. The equity instruments represent investments in Sub-Sahara Resources NL.

	June 30 2009	December 31 2008
	\$	\$
8. Prepaid expenses and deposits		
Prepayments to creditors and sub-contractors	30,760	49,428
Prepaid expenses – Other	1,622	1,045
Deposits	760	785
	33,142	51,258

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NOTES TO THE FINANCIAL STATEMENTS (unaudited)

Due to the location of the Group's mining and project development operations, suppliers require significant prepayment as a prerequisite for delivery to site. \$28.9 million of the prepayments to creditors and sub-contractors relate to procurement of equipment for Kinsevere Stage II and will be transferred to capital work in progress, in accordance with the Group's accounting policy, once delivery occurs.

9. Equity accounted investment

Name of Company	June 30, 2009			December 31, 2008		
	Ownership interest %	No. Shares	\$	Ownership interest %	No. Shares	\$
Sub-Sahara Resources NL ("SBS")	18	90,000,000	-	18	90,000,000	1,320

SBS is incorporated in Australia and listed on the Australian Securities Exchange.

	June 30 2009	December 31 2008
	\$	\$
(a) Movements in carrying amounts		
Opening carrying value in SBS	1,320	5,766
Share of profits or loss	-	(891)
Provision for impairment	(445)	(3,555)
Transfer to Available-for-sale investments (equity accounted investments) ¹	(875)	-
Carrying value at end of the period	-	1,320

¹ The investments in SBS were transferred to available-for-sale investments in January 2009 as a result of the Company ceasing to have any significant influence over the affairs of SBS.

10. Long-term receivables

Receivables from Société Nationale d'Électricité ("SNEL")

	June 30 2009	December 31 2008
	\$	\$
Receivables from Société Nationale d'Électricité ("SNEL")	13,411	12,464

The Group entered in to a joint venture agreement with Ruashi Mining SPRL to construct infrastructure necessary to ensure supply of the required power for the operation of the Kinsevere Stage II SX-EW plant. Under the terms of this agreement, Anvil has agreed to provide \$15.2 million. The expected completion date for the development of the infrastructure is the third quarter of 2009 at which time it shall become the property of SNEL, the Government electricity company of the Democratic Republic of Congo ("DRC"). The Group's costs incurred in this development will be recovered through a series of monthly repayments over a five-year period that commences six months from completion.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30 2009	December 31 2008
	\$	\$
11. Exploration and acquisition expenditure		
Exploration and acquisition expenditure at beginning of period	51,352	49,680
Expenditure transferred to development properties	-	(309)
Expenditure incurred	1,662	33,271
Expenditure written off ³	(3,224)	(31,290)
Exploration and acquisition expenditure at end of period	49,790	51,352
Exploration expenditure per area of interest ¹		
- Kinsevere projects	19,992	19,470
- Mutoshi projects	13,771	13,621
- Philippines regional exploration projects and Other	1,552	3,786
	35,315	36,877
Acquisition expenditure per area of interest ²		
- Mutoshi projects	14,475	14,475
	49,790	14,475
Total exploration and acquisition expenditure per area of interest		
- Kinsevere projects	20,912	19,470
- Mutoshi projects	28,246	28,096
- Philippines regional exploration projects and Other	1,552	3,786
	49,790	51,352

The carrying value of expenditure on areas of interest in the exploration phase is dependent upon the successful development and commercial exploitation of the tenements, or alternatively the sale of the tenements for at least carrying value.

1. Refers to exploration expenditure directly incurred by the Group as part of general exploration activity.

2. Refers to the fair value of exploration property acquired.

3. The Company completed the transfer of its interest in the Itogon Project in the Philippines. Under the terms of the transfer, Anvil will receive a cash payment for the depreciated value of items on the project fixed asset register, plus separate payments on completion of a bankable feasibility study ("BFS") and commencement of commercial production. No amount has been recognised for these additional payments at this stage due to the contingent nature of the receivables.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30, 2009		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
12. Property, plant and equipment			
Kinsevere ¹			
Land and buildings	6,050	(1,516)	4,534
Plant and equipment	68,879	(49,323)	19,556
Mine property	128,945	(15,885)	113,060
Capital work in progress	160,646	-	160,646
	364,520	(66,724)	297,796
Dikulushi ²			
Land and buildings	3,473	(2,769)	704
Plant and equipment	30,316	(28,732)	1,584
Mine property	29,630	(28,637)	993
Capital work in progress	1,110	-	1,110
	64,529	(60,138)	4,391
Mutoshi ³			
Land and buildings	1,013	(227)	786
Plant and equipment	7,362	(5,994)	1,368
Mine property	11,138	(8,108)	3,030
Capital work in progress	5,922	-	5,922
	25,435	(14,329)	11,106
Services ⁴			
Land and buildings	1,060	(221)	839
Plant and equipment	4,139	(2,420)	1,719
Capital work in progress	1,538	-	1,538
	6,737	(2,641)	4,096
Corporate and other ⁵	3,956	(1,225)	2,731
	3,956	(1,225)	2,731
Total	465,177	(145,057)	320,120

1 The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere in the DRC. This also includes the \$15 million premium for Gécamines in relation to the DRC mining commission review.

2 The Dikulushi property, plant and equipment includes all property, plant and equipment located at Dikulushi or used in the support of the Dikulushi operations situated in the DRC and elsewhere in Central and Southern Africa.

3 The Mutoshi property, plant and equipment includes all property, plant and equipment related to the Mutoshi Stage I HMS (Heavy Media Separation) plant located at Kolwezi in the DRC.

4 The Services property, plant and equipment includes all property, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC.

5 The Corporate and other assets are all located in Australia, Canada and Philippines.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	December 31, 2008		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
12. Property, plant and equipment			
Kinsevere ¹			
Land and buildings	6,050	(1,138)	4,912
Plant and equipment	68,879	(43,656)	25,223
Mine property	113,945	(15,885)	98,060
Capital work in progress	128,809	-	128,809
	317,683	(60,679)	257,004
Dikulushi ²			
Land and buildings	3,473	(2,727)	746
Plant and equipment	30,452	(28,085)	2,367
Mine property	29,630	(28,637)	993
Capital work in progress	103	-	103
	63,658	(59,449)	4,209
Mutoshi ³			
Land and buildings	1,013	(164)	849
Plant and equipment	7,489	(5,286)	2,203
Mine property	11,138	(8,108)	3,030
Capital work in progress	5,271	-	5,271
	24,911	(13,558)	11,353
Services ⁴			
Land and buildings	1,008	(176)	832
Plant and equipment	4,118	(1,979)	2,139
Capital work in progress	1,594	-	1,594
	6,720	(2,155)	4,565
Corporate and other ⁵	3,923	(720)	3,203
Total	416,895	(136,561)	280,334

1. The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere in the DRC.

2. The Dikulushi property, plant and equipment includes all property, plant and equipment located at Dikulushi or used in the support of the Dikulushi operations situated in the DRC and elsewhere in Central and Southern Africa.

3. The Mutoshi property, plant and equipment includes all property, plant and equipment related to the Mutoshi Stage I HMS plant located at Kolwezi in the DRC.

4. The Services property, plant and equipment includes all property, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC.

5. The Corporate and other assets are all located in Australia, Canada and Philippines.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30 2009	December 31 2008
	\$	\$
13. Accounts payable and accrued liabilities		
Trade creditors	21,825	19,699
Creditor and other accruals	7,037	15,032
Bank overdraft	197	-
	<u>29,059</u>	<u>34,731</u>

14. Non-controlling interests and social development expenditure

The Group holds a beneficial interest of 90% in Anvil Mining Congo s.a.r.l. ("AMC") and, in addition, has administrative responsibility for the economic benefit of the remaining 10% interest, which is held in trust by the Group for the social, economic and infrastructure development of the region of the Group's activities at the Dikulushi mine. Wholly-owned subsidiaries of the Group are the trustees of the trusts.

The Group holds a beneficial interest of 80% in Société Minière de Kolwezi s.p.r.l. ("SMK") which is the owner and operator of the Mutoshi project, including the Stage I HMS development that processes material from the Kulumaziba river tailings deposit at the Kulu operation and the holder of other exploration tenements in the Kolwezi region. During July 2009 the Company completed an agreement with Gécamines and the Government of the DRC on the terms of its Mutoshi Joint Venture ("JV") Agreement. Refer to Note 20 – Subsequent events.

The Group holds a beneficial interest of 95% in AMCK Mining s.p.r.l. ("AMCK") which is the owner and operator of the Kinsevere mine.

The movements in non-controlling interests during the six months ended June 30, 2009 are as follows:

	June 30 2009	December 31 2008
	\$	\$
(a) AMC – non-controlling interests		
Balance – beginning of period	1,909	11,361
Amounts disbursed on behalf of the Dikulushi Trusts during the period	(437)	(6,610)
Interests in net earnings of AMC	(354)	(2,842)
Balance – end of period	<u>1,118</u>	<u>1,909</u>
(b) SMK – non-controlling interest		
Balance – beginning of period	-	1,963
Interests in net earnings of SMK	-	(1,963)
Balance – end of period	<u>-</u>	<u>-</u>
(c) AMCK – non-controlling interests		
Balance – beginning of period	-	556
Interests in net earnings of AMCK	-	(556)
Balance – end of period	<u>-</u>	<u>-</u>
Total non-controlling interests – end of period	<u>1,118</u>	<u>1,909</u>

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	June 30 2009	December 31 2008
	\$	\$
(d) Social development expenditure		
Social development expenses in operating expenses (Mutoshi and Kinsevere)	395	4,198
Social development expenses disbursed on behalf of the Dikulushi Trusts as disclosed in non-controlling interest	437	6,610
Total social development expenditure	832	10,808

15. Common shares, share options and share warrants**(a) Equity Accounts**

	June 30, 2009		June 30, 2008	
	No. of Shares	Amount \$	No. of Shares	Amount \$
Balance – beginning of period	71,244,578	376,350	71,115,244	377,350
Exercise of stock options / warrants (i)	-	-	86,667	721
Share issue (ii)	30,015,000	29,298	-	-
Share issue expenses (iii)	-	(2,098)	-	-
Issue of shares for services (iv)	695,652	719	-	-
Balance – end of period	101,955,230	404,269	71,201,911	378,071
Contributed Surplus				
Balance – beginning of period	-	7,069	-	4,758
Employee stock based compensation recognised	-	1,106	-	1,000
Transfer to common shares	-	-	-	(203)
Balance – end of period	-	8,175	-	5,555
Equity Accounts	101,955,230	412,444	71,201,911	383,626

- (i) During the six months ended June 30, 2009, there were no employee stock options or warrants exercised over Common Shares (June 30, 2008: 86,667).
- (ii) On May 4, 2009, the company issued 30,015,000 common shares at a price of C\$1.15 for gross proceeds of C\$34.5 million.
- (iii) The total share issue expenses relating to the issue of 30,015,000 shares in (ii) above amounted to \$2.1 million.
- (iv) On June 17, 2009, the company issued 695,652 common shares at a price of C\$1.15 to BMO Nesbitt Burns Inc ("BMO"). The shares were issued to settle an outstanding payment of C\$0.8 million due to BMO in connection with work carried out by BMO during 2008.

(b) Stock options

Pursuant to the Anvil Mining 2008 Share Incentive Plan (the "Plan"), which was approved by the Company's shareholders at the 2007 Annual General Meeting, the Company may grant options and awards to directors, officers, employees and consultants. At June 30, 2009, the Company is able to issue an additional 5,618,878 (June 30, 2008– 4,807,537) common shares under the Plan.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

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The Black-Scholes option pricing model and the valuation assumptions below are used to estimate the fair values of stock options granted.

The assumptions used in determining the fair values of stock options granted under the Stock Option Plan are as follows:

Canadian Dollar based options

Risk free interest rate:	3.08%
Expected life:	58 months
Expected volatility:	84.8%
Expected dividend yield:	0%

During the six months ended June 30, 2009, 550,000 stock options with an exercise price ranging from C\$1.27 to C\$1.35 each, with a total fair value of \$0.52 million were granted to non-executive directors as compensation for special committee work in relation to capital restructuring. In addition, during the six months ended June 30, 2009, 250,000 stock options with an exercise price ranging from C\$1.16 to C\$1.35 each, with a fair value of \$0.278 million were issued to non-executive directors pursuant to the terms of the Plan. During the six months ended June 30, 2008 100,000 stock options with an exercise price of C\$13.09 each, 50,000 stock options with an exercise price of C\$11.28 each and 25,000 stock options with an exercise price of C\$12.04 each, with a total fair value of \$0.59 million, \$0.26 million and \$0.14 million respectively were issued to non-executive directors pursuant to the terms of the Plan.

During the six months ended June 30, 2009, 2,030,000 stock options with an exercise price of C\$1.35 each, with a total fair value of \$1.37 million, were issued to employees under the Plan and no employee stock options were exercised. During the six months ended June 30, 2009, 579,330 options were cancelled. During the six months ended June 30, 2008, 256,157 stock options with an exercise price of C\$12.43 each, with a total fair value of C\$1.24 million, were issued to employees under the Plan and 86,667 employee stock options were exercised.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Toronto Stock Exchange during the five trading days immediately before the options were granted.

The stock option expense for the period ended June 30, 2009 amounted to \$1.11 million (six months ended June 30, 2008 – \$1.00 million). As at June 30, 2009 the aggregate fair value of unvested stock options remaining to be charged to income amounted to \$1.79 million (June 30, 2008– \$3.65 million).

	June 30, 2009		June 30, 2008	
	No. of Shares	Weighted Average Exercise Price	No. of Shares	Weighted Average Exercise Price
Outstanding stock options				
Canadian Dollar based options ¹				
Outstanding at beginning of period	2,325,975	C\$8.39	2,162,879	C\$7.59
Granted under plan	2,830,000	C\$1.35	431,157	C\$12.43
Exercised	-	-	(86,667)	C\$5.98
Expired and forfeited	(579,330)	C\$7.29	(194,715)	C\$11.22
Outstanding at the end of the period	4,576,645	C\$4.25	2,312,654	C\$8.25
Options vested and outstanding at the end of the period	1,931,111	C\$4.21	967,460	C\$5.63

1. These stock options have been issued to the directors and employees of the Company pursuant to the Plan.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

The following table summarizes information about stock options outstanding at June 30, 2009:

Range of exercise prices	Options outstanding			Options exercisable		
	No. of stock options outstanding at June 30, 2009	Weighted average of remaining contractual life (months)	Weighted average exercise price	No. of stock options vested and outstanding at June 30, 2009	Weighted average of remaining contractual life (months)	Weighted average exercise price
C\$1.16 – C\$1.27	250,000	70	C\$1.23	250,000	70	C\$1.23
C\$1.35	2,190,000	37	C\$1.35	400,000	67	C\$1.35
C\$1.60	150,000	73	C\$1.60	150,000	73	C\$1.60
C\$3.80	470,000	23	C\$3.80	470,000	23	C\$3.80
C\$4.25–C\$4.66	225,000	13	C\$4.28	225,000	13	C\$4.28
C\$7.06	231,000	33	C\$7.06	231,000	33	C\$7.06
C\$9.41	600,000	38	C\$9.41	-	-	-
C\$11.06-C\$11.84	50,000	41	C\$11.28	16,667	41	C\$11.28
C\$12.04-C\$12.43	230,958	47	C\$12.26	101,986	50	C\$12.21
C\$13.09	100,000	56	C\$13.09	33,333	56	C\$13.09
C\$14.06	53,020	45	C\$14.06	35,347	45	C\$14.06
C\$17.04	26,667	47	C\$17.04	17,778	47	C\$17.04
Total	4,576,645	39	C\$4.25	1,931,111	45	C\$4.21

16. Commitments**(a) Exploration Expenditure Commitments**

In order to maintain the mining tenements in which the Company has interests, the Company is committed to meet prescribed conditions under which the tenements were granted. The Company's exploration expenditure commitment as at June 30, 2009 is nil (December 31, 2008 – nil).

No estimate has been given of commitments beyond one year as this is dependent upon the directors' review of operations in the short to medium term. Commitments for all tenement expenditure can be terminated at any date by forfeiture, exemption, sale or assignment of the tenements, subject to certain constraints.

(b) Dikulushi mine

The outstanding capital commitments of the Dikulushi mine contracted as at June 30, 2009 were nil (December 31, 2008 – nil).

(c) Mutoshi mine

The outstanding capital commitments of the Mutoshi mine contracted as at June 30, 2009 were nil (December 31, 2008 – nil). Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2% of net sales of copper to Gécamines. SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

(d) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted as at June 30, 2009 were \$19.5 million (December 31, 2008 - \$40.0 million). Under the Kinsevere acquisition agreement, AMCK has an ongoing obligation to pay a mining royalty of 2.5% of gross turnover to *La Générale des Carrières et des Mines* ("Gécamines"). AMCK also has a similar royalty obligation of 2% of net sales to the DRC Government.

(e) Anvil Mining Services s.p.r.l. ("AMS")

The outstanding capital commitments of AMS contracted as at June 30, 2009 were nil (December 31, 2008 nil).

(f) Corporate development, administration and other ("CDA")

The outstanding capital commitments of Anvil Mining Australia Pty Ltd. contracted at June 30, 2009 were nil (December 31, 2008 – nil)

(g) Central Bank of Congo

Anvil subsidiaries operating in the DRC are required to comply with the Central Bank of Congo regulations regarding repatriation of sales proceeds received into bank accounts located outside the DRC. The subsidiaries are required to repatriate no less than 40% of the realized sales receipts, within certain time periods, into US dollar denominated bank accounts located in the DRC. These funds, once repatriated, are available to the Company to meet obligations both within and outside the DRC. At June 30, 2009 no funds were required to be repatriated (December 31 2008 – nil).

17. Segment information

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

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The Stage I HMS plant was commissioned in June 2007 and produces an oxide copper concentrate. The first EAF commenced operation during the third quarter of 2008 and is currently on care and maintenance. Stage II involves development of a 60,000 tonnes per annum SX-EW plant which will produce LME Grade A copper cathode.

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 to produce a sulphide copper concentrate with a silver credit. Dikulushi was placed on care and maintenance in Q4-2008.

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 Stage I HMS operation was developed in 2005 to produce an oxide copper concentrate. The HMS processing operations was completed in Q4-2008. The Group has previously referred to its Stage I HMS plant that processes material from the Kulumaziba river tailings deposit as the Kulu operation. This is now referred to as Mutoshi Stage I, being part of the broader Mutoshi project that includes other exploration tenements in the Mutoshi area. During July 2009 the Company completed an agreement with Gécamines and the Government of the DRC on the terms of its Mutoshi Joint Venture ("JV") Agreement. Refer to Note 20 – Subsequent events.

CDA

The corporate development, administration and other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration. It also holds the rights to mineral interests in the Philippines.

For the six months ended June 30, 2009, segmented information is presented as follows. The inter-segment eliminations relate to inter-company interest charged on loan balances and the charging of corporate marketing, finance and agency fees within the Group.

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	3 Months ended June 30, 2009					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Sales	9,306	(1,443)	(125)	-	-	7,738
Operating expenses	(9,473)	(1,236)	(355)	(307)	-	(11,371)
Amortization	(2,821)	(208)	(402)	(601)	-	(4,032)
Segmented operating (loss) / profit	(2,988)	(2,887)	(882)	(908)	-	(7,665)
Interest and financing fees	(203)	-	(694)	(67)	684	(280)
Other income	1	-	(52)	2,792	(2,616)	125
Other expenses	(1,944)	(11)	1	(5,509)	1,932	(5,531)
Segmented (loss) / profit before under noted items	(5,314)	(2,898)	(1,627)	(3,692)	-	(13,351)
Income taxes recovery / (expense)	1,730	-	-	(38)	-	1,692
Non-controlling interest	-	310	-	-	-	310
Segmented (loss) / profit	(3,404)	(2,588)	(1,627)	(3,730)	-	(11,349)
Property, plant and equipment	297,796	4,391	11,107	6,826	-	320,120
Total assets	401,769	8,759	41,711	70,593	-	522,832
Capital expenditures	(9,166)	(627)	-	144	-	(9,649)
	3 Months ended June 30, 2008					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Concentrate sales	20,582	27,673	11,534	-	-	59,789
Operating expenses	(8,431)	(4,431)	(12,281)	(2,785)	-	(27,928)
Amortization	(5,621)	(8,874)	(1,153)	(249)	-	(15,897)
Segmented operating profit / (loss)	6,530	14,368	(1,900)	(3,034)	-	15,964
Interest and financing fees	(190)	-	(704)	938	704	748
Other income	8	25	43	7,043	(4,691)	2,428
Other expenses	(4,239)	(470)	(1,426)	(4,972)	3,987	(7,120)
Segmented profit / (loss) before under noted items	2,109	13,923	(3,987)	(25)	-	12,020
Income taxes	(1,086)	(1,529)	(926)	(171)	-	(3,712)
Non-controlling interest	(217)	(779)	1,204	-	-	208
Segmented profit / (loss)	806	11,615	(3,709)	(196)	-	8,516
Property, plant and equipment	213,772	30,349	17,714	10,724	-	272,559
Total assets	317,749	95,632	82,504	228,329	-	724,214
Capital expenditures	(46,010)	(7,864)	(908)	(1,174)	-	(55,956)

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	6 Months ended June 30, 2009					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Sales	8,421	1,798	(835)	-	-	9,384
Operating expenses	(15,444)	(4,163)	(52)	(4,164)	-	(23,823)
Amortization	(5,730)	(417)	(677)	(873)	-	(7,697)
Segmented operating (loss) / profit	(12,753)	(2,782)	(1,564)	(5,037)	-	(22,136)
Interest and financing fees	(407)	-	(1,413)	(91)	1,393	(518)
Other income	4	11	(77)	4,162	(3,654)	446
Other expenses	(2,398)	(317)	(79)	(13,029)	2,261	(13,562)
Segmented (loss) / profit before under noted items	(15,554)	(3,088)	(3,133)	(13,995)	-	(35,770)
Income taxes recovery / (expense)	5,192	(3)	-	45	-	5,234
Non-controlling interest	0	354	-	-	-	354
Segmented (loss) / profit	(10,362)	(2,737)	(3,133)	(13,950)	-	(30,182)
Property, plant and equipment	297,796	4,391	11,107	6,826	-	320,120
Total assets	401,769	8,759	41,711	70,593	-	522,832
Capital expenditures	(25,588)	(1,136)	(525)	(48)	-	(27,297)
	6 months ended June 30, 2008					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Concentrate sales	41,226	79,067	14,763	-	-	135,056
Operating expenses	(18,100)	(20,842)	(17,834)	(5,210)	-	(61,986)
Amortization	(10,171)	(10,687)	(2,091)	(441)	-	(23,390)
Segmented operating profit / (loss)	12,955	47,538	(5,162)	(5,651)	-	49,680
Interest and financing fees	(379)	(433)	(1,274)	33	1,196	(857)
Other income	16	(124)	63	13,180	(7,888)	5,247
Other expenses	(5,770)	(1,315)	(1,755)	(11,219)	6,692	(13,367)
Segmented profit / (loss) before under noted items	6,822	45,666	(8,128)	(3,657)	-	40,703
Income taxes	(3,121)	(5,540)	(974)	326	-	(9,309)
Non-controlling interest	(484)	(2,856)	1,901	-	-	(1,439)
Segmented profit / (loss)	3,217	37,270	(7,201)	(3,331)	-	29,955
Property, plant and equipment	213,772	30,349	17,714	10,724	-	272,559
Total assets	317,749	95,632	82,504	228,329	-	724,214
Capital expenditures	(75,876)	(9,884)	(5,118)	(4,320)	-	(95,198)

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

The operations in DRC comprise the Dikulushi copper-silver mine, Mutoshi copper mine, Kinsevere copper mine, as well as exploration on tenements held in the DRC. The Group's Zambia operations comprise the infrastructure support to the Dikulushi mine and exploration tenements in Zambia. The Group's Australia and Canada segment carry all corporate activity costs.

All material assets comprising property, plant and equipment and associated inventories and other current assets relate primarily to the Dikulushi, Mutoshi and Kinsevere mines. The total assets located by geographic areas are as follows:

	June 30 2009	December 31 2008
	\$	\$
Total assets – Geographical reporting		
Democratic Republic of Congo	456,308	454,412
Zambia	722	783
Philippines	441	3,424
Australia ¹	11,974	40,332
Canada ¹	53,387	33,671
	522,832	532,622

1. These assets are physically held in the geographical region and relate mainly to the corporate and management activity.

The geographic distribution of the Group's external revenues, which are attributed to regions based on the location of the principal underlying asset, is as follows:

	3 Months Ended June 30		6 Months Ended June 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenues – Geographical reporting				
Democratic Republic of Congo	7,738	59,789	9,384	135,056

18. (Loss) / Earnings per share

Basic (loss) / earnings per share	(0.13)	0.12	(0.37)	0.42
Diluted (loss) / earnings per share	(0.13)	0.12	(0.37)	0.42
Weighted average number of ordinary shares outstanding - basic earnings per share	90,144,561	71,173,943	80,746,780	71,148,769
Weighted average number of ordinary shares outstanding - diluted earnings per share	90,144,561	71,635,151	80,746,780	71,714,698

(Expressed in thousands, of U.S dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

The reconciliation of basic and diluted earnings per share where relevant is as follows:

	3 Months Ended June 30, 2009		
	Income \$	No. of Shares	\$ per share amount
Basic (loss) per share			
Loss available to shareholders	(11,349)	90,144,561	(0.13)
Effect of dilutive securities:			
Options and warrants	-	-	-
Diluted (loss) per share			
Loss available to shareholders and assumed conversions	(11,349)	90,144,561	(0.13)

	3 Months Ended June 30, 2008		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	8,516	71,173,943	0.12
Effect of dilutive securities:			
Options and warrants	-	461,208	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	8,516	71,635,151	0.12

	6 Months Ended June 30, 2009		
	Income \$	No. of Shares	\$ per share amount
Basic (loss) per share			
Income / (loss) available to shareholders	(30,182)	80,746,780	(0.37)
Effect of dilutive securities:			
Options and warrants	-	-	-
Diluted (loss) per share			
Income / (loss) available to shareholders and assumed conversions	(30,182)	80,746,780	(0.37)

	6 Months Ended June 30, 2008		
	Income \$	No. of Shares	\$ per share amount
Basic (loss) per share			
Income available to shareholders	29,955	71,148,769	0.42
Effect of dilutive securities:			
Options and warrants	-	565,929	-
Diluted (loss) per share			
Income available to shareholders and assumed conversions	29,955	71,714,698	0.42

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	3 Months Ended June 30		6 Months Ended June 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
19. Supplementary cash flow information				
(a) Changes to non-cash working capital				
Accounts receivable	3,394	226	15,042	(6,692)
Inventories	5,030	(8,985)	7,101	(15,700)
Prepaid expenses and deposits	(982)	637	(161)	966
Accounts payable and accrued liabilities	(6,226)	(859)	(9,428)	(4,129)
Income taxes	-	1,799	(48)	1,883
Other liabilities	(191)	174	(700)	310
	1,025	(7,008)	11,806	(23,362)
(b) Other information				
Interest and financing fees paid	(6)	(2)	(13)	(2)
Interest received	177	2,385	487	5,404
Income tax paid	-	(1,196)	(48)	(4,114)

20. Subsequent Events**Amended Agreement for the Mutoshi Joint Venture**

During July 2009 the Company completed an agreement with Gécamines and the Government of the DRC on the terms of its Mutoshi Joint Venture ("JV") Agreement. Under the terms of the amended agreement, the Company's interest in the Mutoshi JV has reduced from 80% to 70% and an additional Pas de Porte payment of \$14.4 million is payable to Gécamines. Following the agreement reached in January 2009 with Gécamines and the DRC Government on the terms of the Company's Kinsevere Lease Agreement and the Dikulushi Mining Convention, this brings to an end the DRC Government's review of the Company's mining agreements.

Funding Agreement for development of Kinsevere Stage II

On August 10, 2009 the Company announced that it had reached agreement with Trafigura Beheer B.V. ("Trafigura") for a combined debt and equity financing arrangement for an aggregate amount of \$200 million that represents a fully financed solution for the development of Kinsevere Stage II. Under the terms of the equity financing, Trafigura will subscribe for Anvil equity units by way of private placement, which will result in proceeds to Anvil of \$100 million. Each Anvil equity unit will be issued at a price of C\$2.20 and consist of one common share of Anvil and 0.232 of one common share purchase warrant. The equity financing will be undertaken in two tranches, the first of which will bring Trafigura's aggregate equity interest in Anvil to 19.9% and the second of which, will increase Trafigura's shareholding to approximately 36% of the issued and outstanding common shares of Anvil, with an opportunity to increase its shareholding to approximately 39% on a fully-diluted basis should it exercise the common share purchase warrants.

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

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

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