

## MANAGEMENT'S DISCUSSION AND ANALYSIS (04/11/2009)

Set out below is a review of the activities, results of operations and financial condition of Anvil Mining Limited and its subsidiaries ("Anvil", the "Company", or the "Group") for the third quarter and nine months ended September 30, 2009. The discussion below should be read in conjunction with the unaudited consolidated financial statements of the Company for the third quarter and nine months ended September 30, 2009 and the notes thereto. The Company's unaudited 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 unaudited 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, 2008.

Additional information relating to the Company, including the Company's most recent annual information form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.

This management's discussion and analysis of financial condition and results of operations is as of November 12, 2009.

### Operations: Kinsevere Heavy Media Separation plant

The Group recommenced operation of the Kinsevere Heavy Media Separation ("HMS") plant on March 27, 2009, focused on achieving a low-cost operation that generated sufficient cash flow to enable the Group to sustain a positive cash flow until such time as the Stage II Solvent Extraction – Electrowinning ("SX-EW") plant becomes operational.

Since recommencement of operations of the HMS plant, it has generated gross revenue of \$27.4 million and incurred cash operating expenses of \$9.5 million resulting in a positive cash flow from HMS operations of \$17.9 million. The Group has utilized these funds to pay expenses of \$8.2 million related to care and maintenance of the Dikulushi and Mutoshi mines, corporate overheads, exploration and social development, providing a cash flow of \$9.7 million, since recommencement of operation of the HMS plant. During the third quarter the Group achieved a net cash flow of \$9.1 million.

The table below reflects the cash performance of the Kinsevere HMS plant for the September quarter 2009 and for the year to date since recommencement of operations on March 27, 2009.

Performance since commencement of operation of the HMS Plant <sup>1</sup>	Q3 2009	March 27, 2009 to September 30, 2009
	\$ million	\$ million
Sales from HMS plant	18.1	27.4
Operating expenses from HMS plant <sup>1</sup>	(5.3)	(9.5)
<b>Cash generated from HMS plant</b>	<b>12.8</b>	<b>17.9</b>
Care and maintenance expenses	(0.9)	(2.7)
Corporate overhead expenses	(1.5)	(3.9)
Exploration expenses <sup>2</sup>	(1.1)	(1.1)
Social development expenses	(0.2)	(0.5)
<b>Cash flow</b>	<b>9.1</b>	<b>9.7</b>

1. Excludes one-off costs such as redundancy payments and contract termination payments.

2. Exploration expenses include cash calls for joint-ventures.

Based on forecast production and an assumed average realized copper price of \$2.25 / lb for the remainder of 2009 and \$2.50 for 2010, the HMS plant is expected to generate sufficient cash to allow the Group to maintain a positive operating cash flow.

Feed to the HMS plant was initially sourced from the Run of Mine ("ROM") stockpile comprised of approximately 259,000 tonnes of ore grading approximately 5% copper. By the end of the third quarter, the ROM stockpile was almost fully depleted and as a result, during August 2009, mining recommenced in the Central Pit, continuing at this elevation through to the end of October prior to the commencement of the wet season. Ore and waste mining also proceeded on higher elevations of the pit, where relatively drier mining conditions are expected through to the third quarter of 2010.

The Group has budgeted for feed to the HMS plant for the period between September 2009 and December 2010 of 974,000 tonnes at an average grade of 3.5%. Whilst this is a lower average grade relative to the Life of Mine plan for the same period, the revised short to medium-term mine plan allows higher grade ore mining to be deferred until the Stage II SX-EW operation commences.

Since recommencing operations on March 27, 2009, the HMS plant has performed well and at September 30, 2009 had produced 43,557 tonnes of concentrate, at an average grade of 26.3% copper for 11,436 tonnes of copper contained in concentrate. Key performance details of the HMS plant for the September quarter and the year to date are set out in the table below.

	<b>Q3 2009</b>	<b>Year to date as at September 30, 2009</b>
Ore processed – HMS plant (dmt)	80,730	166,510
Cu grade (%)	8.0	8.0
Contained copper (tonnes)	6,443	13,320
Recovery Cu (%)	80.6	75.9
Concentrate produced – HMS and spirals (tonnes)	21,901	43,557
Concentrate grade – HMS and spirals (% Cu)	26.8	26.3
Copper produced in concentrate – HMS and spirals (tonnes) <sup>1</sup>	5,865	11,436

1. Copper produced in concentrate from the spirals plant was 673 tonnes and 1,391 for the September quarter 2009 and year-to-date 2009 respectively.

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

For the fourth quarter of 2009 and calendar year 2010, the HMS plant is expected to produce approximately 16,500 tonnes of copper contained in concentrates, at an average operating cash cost at the mine gate of less than \$0.50/lb Cu (after sunk costs).

During October, the Company entered into a zero-cost transaction with its offtake partner Trafigura Beheer B.V. ("Trafigura"), to hedge 70% of its anticipated copper production for the first half of 2010. Under the terms of the transaction, the Company has locked in a floor price of \$2.50 per pound and a cap price of \$3.53 per pound and will receive the market price where the copper price is between \$2.50 per pound and \$3.53 per pound.

### **Strategic Alliance with Trafigura for a \$200 million Funding Package**

On August 10, 2009 the Company announced that it had reached agreement with 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 the Kinsevere Stage II 60,000 tonnes per year SX-EW plant. Under the terms of the equity financing, which will be undertaken in two tranches, Trafigura will subscribe for Anvil equity units by way of private placement, which will result in proceeds to Anvil of \$100 million.

The equity financing will be undertaken in two tranches; the first tranche, consisting of the purchase by Trafigura of 15,644,293 equity units at a price of C\$2.20 per unit, with each unit comprised of one Common Share of Anvil and 0.232 of one Common Share purchase warrant (the "Warrant") closed on September 17, 2009. The completion of the first tranche delivered gross proceeds of \$31,977,248 to Anvil. Giving effect to the exercise of the 3,629,476 Warrants included in the first tranche and Trafigura's pre-existing holdings of 4,850,800 Common Shares, Trafigura's aggregate equity interest in Anvil is approximately 19.9%.

The balance of the equity financing of US\$68,022,752 will be received upon completion of the second tranche of the private placement. Each whole Warrant entitles the holder to acquire one additional Common Share upon payment of C\$2.75 (for a period of thirty months from the date of issuance of the Warrant). Completion of the second tranche of the equity financing 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 loan facility will be refinanced with a syndicate of banks and discussions in this respect are ongoing.

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.

The second tranche of the equity financing, the debt finance and the additional agreements described above are subject to shareholder approval. A meeting of shareholders to approve the transaction with Trafigura is expected to be held during the fourth quarter of 2009.

### **Liquidity and Cash Position**

As at November 12, 2009, Anvil had approximately \$67.1 million in cash, \$16.9 million in available-for-sale investments and \$8.2 million of trade receivables, the majority of which it expects to realize during the fourth quarter of 2009. During the next twelve months the Company's commitments include \$12.2 million for *Pas de Porte* payments due to La Générale des Carrières et des Mines ("Gécamines") with respect to the Kinsevere and Mutoshi amended agreements and \$17.1 million that relate to the Kinsevere Stage II development.

### **Key points for the quarter**

- Sales of \$18.1 million.
- Net loss of \$0.2 million (\$0.00 per share).
- Operating profit of \$4.2 million.
- Positive cash flows from operating activities, before working capital movements, of \$6.6 million (\$0.06 per share).
- Quarterly production of 5,865 tonnes of copper.
- Net unrealized gain related to mark-to-market movement in the value of available-for-sale investments of \$3.7 million during the third quarter, recognised in shareholders' equity.
- Completion of the first tranche of the private placement with Trafigura for proceeds of approximately \$32 million.

### **Key points for the year to date**

- Sales of \$27.5 million.
- Net loss of \$30.4 million (-\$0.34 per share).
- Negative cash flows from operating activities, before working capital movements, of \$11.7 million (-\$0.13 per share).
- Copper production of 11,436 tonnes.

### **Near term objectives (next three months)**

- Continued cash positive operation of the Kinsevere HMS plant.
- Shareholder approval of the transaction with Trafigura.
- Completion of remaining engineering and design works for Kinsevere Stage II.
- Completion of early works program at Kinsevere Stage II.
- Completion of Lump Sum Turnkey ("LSTK") contract with Ausenco to allow for execution immediately following the shareholders' meeting to approve the transaction with Trafigura.
- Appointment of Owner's Representative for Kinsevere Stage II.

### **Longer term objectives (2010 onwards)**

- Completion of construction and commissioning of the Kinsevere Stage II SX-EW plant.
- Completion of a pre-feasibility study for the Mutoshi Stage II SX-EW project.
- Completion of preliminary studies on the mining and processing of the sulphide resource at Kinsevere.

### **Development: Kinsevere Stage II SX-EW Plant**

Having received the proceeds from the first tranche of the \$200 million financing agreed with Trafigura, the Company is currently undertaking various activities in order to allow for a rapid mobilisation of contractor and sub-contractor personnel to ensure a timely recommencement of construction and fabrication works at Kinsevere Stage II. Key activities have included:

- Engineering and Design – work is progressing well, with approximately 56% of the works completed as at October 31, with the remaining works expected to be completed in early December 2009.
- Contract documentation – a term sheet that sets out the major commercial terms of a LSTK contract has been agreed with Ausenco and negotiations to finalise the LSTK contract are continuing.
- Early Works Program – the Company has begun an Early Works Program, the key elements of which include: refurbishment of the Stage II camp and supporting infrastructure; procurement of long-lead time items; and commencement by Ausenco of negotiations with sub-contractors.
- Ausenco Project Risk Review – a risk review was carried out during September 2009 at which representatives from Ausenco, the Company, Trafigura and Green Team International ("GTI") participated.
- Peer Review – the Company engaged GTI to conduct a Peer Review focusing on the project schedule, manpower requirements, cost estimates and the contractor's capabilities, which is expected to be finalized during the fourth quarter of 2009.
- Appointment of an Owner's Representative – discussions are well advanced in relation to the appointment of an Owner's Representative and the Company expects to be in position to make such an appointment immediately following the execution of the LSTK contract after the meeting of shareholders to approve the transaction with Trafigura.

The Company estimates that the timeframe for completion of construction, dry commissioning and hydraulic testing for readiness to receive ore is approximately 12-15 months from award of contract.

## Key Group results

Third quarter (Q3)		Q3 2009		Q3 2008	
			% of Sales		% of Sales
Production	t Cu	5,865		11,318	
Sales <sup>1</sup>	t Cu	7,093		11,658	
Concentrate stockpiles	t Cu	4,673		6,894	
Net sales	\$ million	18.1	100	42.3	100
Operating profit / (loss)	\$ million	4.2	23	(2.6)	(6)
Net loss	\$ million	(0.2)	(1)	(17.3)	(41)
Basic (loss) per share	\$	(0.00)		(0.24)	

1. Production and sales of copper reflect Kinsevere and Mutoshi copper concentrate sold at mine gate at a discount to the London Metal Exchange ("LME") price.

Year to date (YTD)		YTD 2009		YTD 2008	
			% of Sales		% of Sales
Production	t Cu	11,436		33,866	
Sales <sup>1</sup>	t Cu	11,761		35,818	
Net sales	\$ million	27.5	100	177.4	100
Operating (loss) / profit	\$ million	(17.9)	(65)	47.1	26
Net (loss) / income	\$ million	(30.4)	(111)	12.6	7
Basic (loss) / earnings per share	\$	(0.34)		0.18	

1. Production and sales of copper reflect Kinsevere and Mutoshi copper concentrate sold at mine gate at a discount to the London Metal Exchange ("LME") price.

## Copper Production (tonnes)

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07
Kinsevere	5,865	5,372	199	4,457	7,113	6,433	4,855	6,384
Dikulushi	-	-	-	1,743	1,813	2,607	4,885	6,943
Mutoshi <sup>1</sup>	-	-	-	1,288	2,392	1,481	2,287	3,551
<b>Total</b>	<b>5,865</b>	<b>5,372</b>	<b>199</b>	<b>7,488</b>	<b>11,318</b>	<b>10,521</b>	<b>12,027</b>	<b>16,878</b>

1. 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.

## Q3 2009 Net Sales

(After treatment and refining charges ("TC/RCs"))		Q3 2009 \$ million	Q3 2008 \$ million
Kinsevere	- Copper	18.1	23.0
Dikulushi	- Copper	-	7.8
	- Silver	-	1.9
Mutoshi	- Copper	-	9.5
	- Cobalt	-	0.1
Net sales		18.1	42.3
<b>Copper selling price</b>		<b>\$/lb</b>	<b>\$/lb</b>
Current period sales <sup>1</sup>		2.67	3.47
Provisional pricing adjustment		0.06	(0.65)
TC/RC and freight charges		0.00	(0.04)
<b>Realized copper price</b>		<b>2.73</b>	<b>2.78</b>

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

## Group net sales decrease 57% to \$18.1 million, owing to lower volume of copper sold and lower copper prices

Group copper production was 48% lower than the third quarter of 2008, mainly due to Dikulushi being placed on care and maintenance and the cessation of HMS processing operations at Mutoshi since the fourth quarter of 2008. Production from Kinsevere was also lower due to a decrease in the volume of ore processed through the HMS plant, together with a lower feed grade. Provisional pricing on current period sales was 23% lower compared to the same period last year due to a lower copper price. This was partially offset by a favourable provisional

pricing adjustment of \$0.4 million (\$0.06/lb of payable Cu), the majority of which related to final assay results in connection with the sale of Kinsevere concentrate in prior periods.

### Q3 2009 Operating Profit / (Loss)

	Q3 2009		Q3 2008	
	\$ million	% of Sales	\$ million	% of Sales
Kinsevere	4.3	24	11.1	26
Dikulushi	0.8	4	(6.5)	(15)
Mutoshi	(0.7)	(4)	(4.0)	(9)
CDA <sup>1</sup>	(0.2)	(1)	(3.2)	(8)
<b>Total Operating Profit / (Loss)</b>	<b>4.2</b>	<b>23</b>	<b>(2.6)</b>	<b>6</b>

1. Please refer to segment information on page 15. These are administration and technical support costs based in the DRC to support the mine operations and development.

### Group records operating profit of \$4.2 million due to performance of the Kinsevere HMS plant

Group operating profit was primarily a result of the performance of the Kinsevere HMS plant. Care and maintenance costs continue to be incurred at Dikulushi and Mutoshi however these were offset by release of provisions relating to import duties.

### Kinsevere records operating profit of \$4.3 million

		Q3 2009	Q3 2008
Ore mined	tonnes	132,493	727,736
Ore processed – HMS <sup>1</sup>	tonnes	80,730	104,414
Feed grade – HMS	% Cu	8.0	9.1
Contained copper – HMS	tonnes	6,443	9,467
Copper recovery – HMS	%	80.6	75.1
Copper produced in concentrate – HMS	tonnes	5,192	7,113
Copper produced in concentrate – Spirals <sup>2</sup>	tonnes	673	-
Copper produced in concentrate – HMS & Spirals	tonnes	5,865	7,113
Copper sold	tonnes	7,093	6,043
Operating cash cost (ex mine gate)	\$/tonne concentrate	249	194

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

2. Ore processed Spirals relates to ore processed through the Spirals plant

The Kinsevere HMS plant continued to perform well, generating an operating profit for the September quarter of \$4.3 million. The operating cash cost per tonne of oxide concentrate at Kinsevere for the September quarter 2009 was \$249 per tonne. This is higher than the cash costs for the third quarter of 2008 due to a decrease in production of 18% and a lower feed grade of ore processed through the HMS plant. For comparative purposes, the operating cash cost per tonne excludes one-off costs that were not directly related to operation of the HMS plant, primarily being settlement costs related to the termination of contracts (\$1.3 million).

### Dikulushi records operating profit of \$0.8 million

As a result of the cessation of mining and processing operations during the fourth quarter of 2008, there was no production during the third quarter of 2009. The operating profit of \$0.8 million represents the care and maintenance costs incurred during the quarter, offset by a release of provisions related to import duties which were no longer required.

		Q3 2009	Q3 2008
Ore mined	tonnes	-	15,265
Ore processed	tonnes	-	134,994
Feed grade	% Cu	-	2.2
Contained copper	tonnes	-	2,934
Copper recovery	%	-	61.8
Copper produced in concentrate	tonnes	-	1,813
Silver produced in concentrate	ounces	-	189,867
Copper sold	tonnes	-	2,025
Silver sold	ounces	-	208,039
Operating cash cost (ex-mine gate) (after silver credits)	\$/lb Cu	-	2.89
TC/RC and freight charges	\$/lb Cu	-	0.58
Total cash costs from operations	\$/lb Cu	-	3.47

### Mutoshi records operating loss of \$0.7 million

As a result of the cessation of the Mutoshi HMS processing operations during the fourth quarter of 2008, there was no production during the third quarter of 2009. There was no sale of concentrate from Mutoshi during the quarter and the operating loss was attributable to care and maintenance costs incurred during the third quarter of 2009.

		Q3 2009	Q3 2008
Ore mined	tonnes	-	154,602
Ore processed	tonnes	-	135,772
Feed grade	% Cu	-	3.8
Contained copper	tonnes	-	5,152
Copper recovery	% Cu	-	46.4
Copper produced in concentrate	tonnes	-	2,392
Copper sold	tonnes	-	3,590
Operating cash cost (ex-mine gate)	\$/tonne concentrate	-	984

### Q3 2009 Net (Loss) / Income

	Q3 2009		Q3 2008	
	\$ million	% of Sales	\$ million	% of Sales
Operating profit / (loss)	4.2	23	(2.6)	(6)
Other income	0.5	2	1.6	4
General administrative and marketing costs	(1.5)	(8)	(5.7)	(14)
Provision for impairment of assets	(2.4)	(12)	(5.5)	(13)
Exploration expenditure written off	-	-	(2.5)	(6)
Interest expenses	(0.2)	(1)	(0.2)	(0)
Other expenses	(1.2)	(7)	(1.9)	(5)
Income tax	0.6	3	(1.0)	(2)
Non-controlling interest	(0.2)	(1)	0.5	1
<b>Net (Loss) / Income</b>	<b>(0.2)</b>	<b>(1)</b>	<b>(17.3)</b>	<b>(41)</b>
(Loss) / earnings per share (\$)				
- basic	(0.00)		(0.24)	
- diluted	(0.00)		(0.24)	
Weighted average shares outstanding (million)				
- basic	104.2		71.2	
- diluted	104.2		71.2	

### Group records net loss of \$0.2 million

The Group recorded a net loss of \$0.2 million which represented an increase of \$17.1 million compared to the third quarter 2008 net loss of \$17.3 million. This was due to the effect of cost reduction initiatives implemented earlier this year that contributed to lower operating costs to \$10.1 million in the third quarter of 2009 compared to \$37.4 million in the third quarter of 2008. In addition, general, administrative and marketing costs for the third quarter of 2009 were \$1.5 million, a decrease of 74% compared to the third quarter of 2008, primarily driven by a reduction in technical and administrative staff. Other expenses include foreign exchange losses incurred as a result of a weakening of the US\$ during the third quarter of 2009.

The provision for impairment was \$2.4 million during the third quarter of 2009 relating to full impairment of inventory items for the Electric-Arc-Furnace ("EAF"), as compared to \$5.5 million in the same period last year due to provision of \$2.6 million for two specific investments in the Company's portfolio of available-for-sale investments and recognition of impairment of \$2.9 million for a permanent diminution in the value of investments in Sub-Sahara Resources NL (now Chalice Gold Mines Ltd).

The decrease in other income was caused by lower interest income earned on available-for-sale investments and term deposits.

The Group has recorded income tax credits as opposed to recording a tax expense in the same period last year due to losses incurred during 2009.

### Q3 2009 Cash Flows

	Q3 2009 \$ million	Q3 2008 \$ million
<b>Cash flows from:</b>		
Operating activities		
- before working capital changes	6.6	(1.0)
- after working capital changes	1.9	29.1
Investing activities	(12.7)	(47.3)
Financing activities	31.1	(2.3)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>20.3</b>	<b>(20.5)</b>
Cash flow per share (\$)		
- before working capital changes	0.06	(0.01)
- after working capital changes	0.02	0.41

Cash inflow from operations before working capital changes was \$6.6 million (third quarter 2008: -\$1.0 million). This was due to improvement in operating performance by implementation of cost reduction initiatives across all operational activities.

Investing cash outflows related mainly to expenditures for property, plant and equipment were \$13.5 million (third quarter 2008: \$41.4 million) incurred primarily in connection with the development of Kinsevere Stage II and exploration expenditure of \$1.1 million. These were offset by proceeds from repayments of principal of \$1.1 million on available-for-sale investments.

Financing cash inflows were \$31.1 million (third quarter 2008: \$2.3 million cash outflows), due to proceeds of \$32.0 million from completion of the first tranche of the private placement to Trafigura, offset by \$0.5 million of disbursements made on behalf of the Dikulushi Trusts.

#### YTD 2009 Net Sales

(After TC/RCs)	YTD 2009 \$ million	YTD 2008 \$ million
Kinsevere - Copper	26.5	64.2
Dikulushi - Copper	1.7	72.8
- Silver	0.1	16.0
Mutoshi - Copper	(0.8)	24.3
- Cobalt	-	0.1
<b>Net sales</b>	<b>27.5</b>	<b>177.4</b>
<b>Copper selling price</b>		
Current period sales <sup>1</sup>	2.55	3.53
Provisional pricing adjustment	(0.28)	(0.14)
TC/RC and freight charges	(0.05)	(0.05)
<b>Realized copper price</b>	<b>2.22</b>	<b>3.34</b>

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

#### Group net sales decrease 85% to \$27.5 million owing to lower volume of copper sold and lower copper prices

Group copper production was 66% lower compared to the same period of 2008, due mainly to Dikulushi and Mutoshi being placed on care and maintenance and the HMS plant at Kinsevere not recommencing operations until March 27, 2009. The provisional price of \$2.55 / lb of payable Cu realized was 28% lower than the same period in 2008 and an unfavourable provisional pricing adjustment of \$3.4 million (\$0.28/lb of payable Cu) has been recognized in 2009 resulting in lower sales.

#### YTD 2009 Operating (Loss) / Profit

	YTD 2009		YTD 2008	
	\$ million	% of Sales	\$ million	% of Sales
Kinsevere	(8.4)	(31)	24.0	14
Dikulushi	(2.0)	(8)	41.1	23
Mutoshi	(2.2)	(8)	(9.2)	(5)
CDA <sup>1</sup>	(5.3)	(19)	(8.8)	(6)
<b>Total Operating (Loss) / Profit</b>	<b>(17.9)</b>	<b>(65)</b>	<b>47.1</b>	<b>26</b>

1. Please refer to segment information on page 16. These are administration and technical support costs based in the DRC to support the mine operations and development.

#### Group records operating loss of \$17.9 million owing to lower sales volume, lower realized copper price and one-off costs in relation to implementation of cost reduction initiatives

Group operating loss of \$17.9 million was primarily due to ongoing care and maintenance costs at all sites including the Kinsevere mine for which such costs were incurred only during the first quarter of 2009. During the nine months ended September 30, 2009 there was no production at Dikulushi and Mutoshi as the mines continued to be on care and maintenance. The decrease in sale of concentrate (down 74% payable Cu sold) and a lower realized copper price (decrease of 34%) contributed to the operating loss which was negatively impacted by one-off costs, including those related to staff redundancy payments (\$3.3 million).

### Kinsevere records operating loss of \$8.4 million

		YTD 2009	YTD 2008
Ore mined	tonnes	132,493	2,248,467
Ore processed – HMS <sup>1</sup>	tonnes	166,510	290,808
Feed grade – HMS	% Cu	8.0	9.4
Contained copper – HMS	tonnes	13,320	27,290
Copper recovery – HMS	%	75.9	67.4
Copper produced in concentrate – HMS	tonnes	10,045	18,401
Copper produced in concentrate – Spirals	tonnes	1,391	-
Copper produced in concentrate – HMS & Spirals	tonnes	11,436	18,401
Copper sold	tonnes	11,761	16,910
Operating cash cost (ex mine gate)	\$/tonne concentrate	300	270

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

The effect of the suspension of HMS processing at Kinsevere until March 27, 2009 while continuing to incur ongoing care and maintenance costs contributed to an operating loss for the nine months ended September 30, 2009 of \$8.4 million. The operating cash cost per tonne of oxide concentrate at Kinsevere for the nine months ended September 30, 2009 was \$300 per tonne. This was higher than the cash costs for the same period of 2008 (\$270 per tonne) due to a 38% decrease in the volume of ore processed through the HMS plant together with a lower feed grade. For comparative purposes the operating cash cost per tonne excludes one-off costs that were not directly related to operation of the HMS plant, being settlement costs related to the termination of contracts (\$1.3 million).

### Dikulushi records operating loss of \$2.0 million

		YTD 2009	YTD 2008
Ore mined	Tonnes	-	81,288
Ore processed	Tonnes	-	345,517
Feed grade	% Cu	-	3.4
Contained copper	Tonnes	-	11,637
Copper recovery	%	-	80.0
Copper produced in concentrate	Tonnes	-	9,304
Silver produced in concentrate	Ounces	-	921,339
Copper sold	Tonnes	231	10,651
Silver sold	Ounces	20,472	1,063,185
Operating cash cost (ex-mine gate) (after silver credits)	\$/lb Cu	-	0.59
TC/RC and freight charges	\$/lb Cu	-	0.51
Total cash costs from operations	\$/lb Cu	-	1.10

The operating loss at Dikulushi was due to there being no production during 2009 and ongoing costs associated with care and maintenance. The decrease in copper prices which resulted in recognition of unfavourable provisional pricing adjustments of \$1.0 million and staff redundancy payments of \$0.4 million also contributed to the increase in operating loss.

### Mutoshi records operating loss of \$2.2 million

There has been no production at Mutoshi during 2009 as the mine has remained on care and maintenance. The operating loss primarily relates to ongoing care and maintenance costs, unfavourable provisional pricing adjustments of \$1.2 million due to a decrease in copper prices and staff redundancy payments of \$0.6 million.

		YTD 2009	YTD 2008
Ore mined	Tonnes	-	428,361
Ore processed	Tonnes	-	373,199
Feed grade	% Cu	-	3.9
Contained copper	Tonnes	-	14,624
Copper recovery	% Cu	-	41.1
Copper produced in concentrate	Tonnes	-	6,160
Copper sold	Tonnes	185	8,257
Operating cash cost (ex-mine gate)	\$/tonne concentrate	-	914

### YTD 2009 Net (Loss) / Income

	YTD 2009		YTD 2008	
	\$ million	% of Sales	\$ million	% of Sales
Operating (loss) / profit	(17.9)	(65)	47.1	26
Other income	0.9	3	6.8	4
General administrative and marketing costs	(7.3)	(27)	(18.1)	(10)
Provision for impairment of assets	(7.3)	(27)	(5.5)	(3)
Exploration expenditure written off	(3.2)	(12)	(1.1)	(1)
Interest expenses	(0.8)	(3)	(2.5)	(1)
Other expenses	(0.8)	(3)	(2.8)	(2)
Income tax	5.8	22	(10.3)	(6)
Non-controlling interest	0.2	1	(1.0)	(1)
<b>Net (Loss) / Income</b>	<b>(30.4)</b>	<b>(111)</b>	<b>12.6</b>	<b>7</b>
(Loss) / earnings per share (\$)				
- basic	(0.34)		0.18	
- diluted	(0.34)		0.18	
Weighted average shares outstanding (million)				
- basic	88.6		71.1	
- diluted	88.6		71.6	

### Group records net loss of \$30.4 million

The net loss during the nine months ended September 30, 2009 was due mainly to an operating loss of \$17.9 million as a result of the cessation of operations at Dikulushi and Mutoshi, suspension of HMS processing at Kinsevere until March 27, 2009, ongoing care and maintenance costs, staff redundancy payments, and unfavourable provisional pricing adjustments during the nine months ended September 30, 2009.

Provision for impairment of assets resulted from a decline in the mark-to-market value of available-for-sale investments of \$4.1 million, impairment of long-lived assets relating to the EAF of \$2.8 million and impairment relating to underground development costs at Dikulushi of \$0.4 million.

The decrease in other income was a result of lower interest income earned on the Group's available-for-sale investments due to liquidation of some of the investments.

The Company completed the transfer of its interest in the Itogon project located in the Philippines, resulting in an expenditure write-off of \$3.2 million. Under the terms of the transfer, Anvil has received a cash payment for the depreciated value of items on the project fixed asset register and will receive separate payments on completion of a bankable feasibility study 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.

The Group has recorded income tax and non-controlling interest credits as opposed to recording a tax expense in the same period last year due to losses incurred.

## YTD 2009 Cash Flows

	YTD 2009 \$ million	YTD 2008 \$ million
<b>Cash flows from:</b>		
Operating activities		
- before working capital changes	(11.7)	59.9
- after working capital changes	(4.6)	72.8
Investing activities	(29.2)	(157.3)
Financing activities	57.8	(5.3)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>24.0</b>	<b>(89.9)</b>
Cash flow per share		
- before working capital changes	(0.13)	0.84
- after working capital changes	(0.05)	1.02

Cash outflows from operations (after working capital charges) for the nine months ended September 30, 2009 was \$4.6 million (nine months ended September 30, 2008: \$72.8 million cash inflows). This was due to implementation of cost reduction measures resulting in staff redundancy payments and unfavourable provisional pricing adjustments during the nine months ended September 30, 2009. Also, the Kinsevere HMS plant only commenced operation in late March 2009 and as such the Company was not generating any cash during the first quarter of 2009, while continuing to incur ongoing care and maintenance costs.

Investing cash outflows included exploration expenditures of \$2.2 million (nine months ended September 30, 2008: \$23.9 million), which were primarily related to cash calls in connection with the Kapulo project and expenditures for property, plant and equipment of \$40.8 million (nine months ended September 30, 2008: \$137.5 million) incurred primarily in connection with the development of Kinsevere Stage II. These were partially offset by \$12.6 million of proceeds realised from principal repayments of available-for-sale investments.

Financing cash inflows were \$57.8 million (nine months ended September 30, 2008: \$5.3 million cash outflows), of which \$27.2 million was from the public offering of Common Shares by way of short form prospectus that was completed in May 2009 and \$32.0 million from the completion in September 2009 of the first tranche of a private placement with Trafigura, which was partially offset by \$1.0 million of disbursements made on behalf of the Dikulushi Trusts.

## Balance Sheet

	September 30, 2009 (\$ million)	December 31, 2008 (\$ million)
<b>Assets</b>		
Cash and cash equivalents (including restricted cash)	70.0	45.9
Available-for-sale investments	15.0	24.0
Other current assets	64.6	106.6
Property, plant & equipment	333.1	280.3
Other non-current assets	76.5	75.8
<b>Total assets</b>	<b>559.2</b>	<b>532.6</b>
<b>Liabilities</b>		
Current liabilities	26.2	38.0
Other non-current liabilities	6.6	-
Long-term debt	0.1	0.3
Future income tax liability	19.0	24.4
Asset retirement obligations	13.6	13.0
<b>Total liabilities</b>	<b>65.5</b>	<b>75.7</b>
Non-controlling interests	0.8	1.9
Shareholders' equity	492.9	455.0
<b>Working capital</b>	<b>123.5</b>	<b>138.5</b>
Outstanding shares and weighted average number of shares (for basic earnings per share)	104.2 million	71.2 million

## Cash and cash equivalents

The increase in cash and cash equivalents to \$70.0 million for the period ended September 30, 2009 (December 31, 2008: \$45.9 million) was due to proceeds from the issue of shares (\$59.2 million), offset by further payments on the Kinsevere Stage II development and operating losses.

## Available-for-sale investments

The decrease in available-for-sale investments to \$15.0 million for the period ended September 30, 2009 (December 31, 2008: \$24.0 million) was attributable to maturing investments (\$12.6 million) which were converted into cash; provision for impairment of available-for-sale investments (\$4.1 million) resulting from a permanent diminution in the value of the Company's available-for-sale investments and unrealized gains resulting from a \$7.1 million appreciation in the market value of the Company's available-for-sale investments.

## Current assets

Total current assets for the period ended September 30, 2009 decreased by \$26.9 million to \$149.6 million (December 31, 2008: \$176.5 million). In addition to the movement in cash and investments outlined above, there was a decrease in accounts receivable of \$11.1 million due to the collection of outstanding receivables and a decrease in sales; a reduction in inventory of \$13.3 million arising from the sale of the concentrate stockpile at Kinsevere and depletion of the ROM stockpile from resumption of HMS processing at Kinsevere; and a decrease of \$17.7 million in prepayments which were applied against the purchase of capital equipment and services in connection with Kinsevere Stage II.

## Current liabilities

Current liabilities at September 30, 2009 decreased to \$26.2 million (December 31, 2008: \$38.0 million). The decrease in current liabilities was due to payments made to creditors, including payments related to the Group's operations, purchases for Kinsevere Stage II and payment to Gécamines of the first tranche of the *Pas de Porte* (entry premium) payment of \$10 million for Kinsevere.

## Non-Current liabilities

Non-current liabilities at September 30, 2009 were \$40.1 million (December 31, 2008: \$39.6 million). The deferred tax liability relating to temporary differences in depreciation of assets for book and tax purposes in DRC declined \$5.5 million and non-controlling interests decreased by \$1.1 million. These were offset by recognition of non-current liability for the entry premium relating to Mutoshi of \$6.6 million.

## Shareholders' equity

Shareholders' equity as at September 30, 2009 increased by \$38.0 million to \$492.9 million due to the issue of Common Shares by way of short form prospectus that was completed in May 2009 (\$27.2 million), issue of Common Shares pursuant to closing of the first tranche of a private placement to Trafigura completed in September 2009 (\$32.0 million) and a net unrealized gain related to the mark-to-market movement in the value of available-for-sale investments (\$7.1 million), all of which were offset by a decrease in retained earnings (\$30.4 million).

## Contractual Obligations

The following table summarizes the Company's contractual and other obligations, as at September 30, 2009.

Payments due by period	Total	Less than 1 Year	1 – 3 Yrs	4 – 5 Yrs	More than 5 Years
	\$ million	\$ million	\$ million	\$ million	\$ million
Long-term debt	0.4	0.3	0.1		
Environmental and mine closure liabilities	13.6		0.7	1.0	11.9
Capital commitments – Kinsevere Stage II	17.1	17.1			
Equipment operating lease	1.3	0.4	0.9		
Entry premium payment <sup>1</sup>	19.4	12.2	7.2		
Non-controlling interest commitments – comprises the 10% outside equity interests in the retained earnings of Anvil Mining Congo SARL	0.8	0.8			

1. Payment to Gécamines in connection with the amendment to the Kinsevere and Mutoshi Lease Agreement reached in January 2009 and July 2009 respectively.

**Outstanding share data**

At November 12, 2009, the Company had 117,599,523 Common Shares outstanding. In addition, there were 4,311,052 director and employee stock options outstanding with exercise prices ranging between C\$1.16 and C\$17.04 per share and 3,629,476 warrants with an exercise price of C\$2.75.

**Exploration**

The only exploration expenditure incurred during the quarter related to cash calls in connection with the Kapulo project.

During the quarter, the Company further reduced its interest in non-core exploration projects, finalising the disposal of the Itogon project in the Philippines and completing a second earn-in agreement in connection with tenements held in the Kalemie district, located near Lake Tanganyika in the DRC.

**Additional Information**

Refer to Appendix A for the Summary of Quarterly Results and to Appendix B for Additional Regulatory Disclosures.

## Appendix A

### Summary of Quarterly Results

The financial performance, financial position and operating statistics for the last eight quarters (unaudited) are shown in the table below:

<b>Statement of Operations and Income</b>	Sept 09 Quarter	Jun 09 Quarter	Mar 09 Quarter	Dec 08 Quarter	Sept 08 Quarter	Jun 08 Quarter	Mar 08 Quarter	Dec 07 Quarter
Sales (\$ million) <sup>1</sup>	18.1	7.7	1.7	13.9	42.3	59.8	75.3	79.3
Operating profit <sup>2</sup> / (loss) before amortization (\$ million)	8.0	(3.7)	(10.8)	(37.7)	5.0	31.9	41.2	52.9
Amortization (\$ million)	(3.8)	(4.0)	(3.7)	(12.4)	(7.6)	(15.9)	(7.5)	(9.0)
Operating profit <sup>2</sup> / (loss) (\$ million)	4.2	(7.7)	(14.5)	(50.1)	(2.6)	16.0	33.7	44.2
Net (loss) / income (\$ million)	(0.2)	(11.3)	(18.8)	(151.2)	(17.3)	8.5	21.4	21.7
Basic (loss) / earnings per share (\$)	(0.00)	(0.13)	(0.27)	(2.12)	(0.24)	0.12	0.30	0.31
Diluted (loss) / earnings per share (\$)	(0.00)	(0.13)	(0.27)	(2.12)	(0.24)	0.12	0.30	0.30
<b>Production Statistics – Total</b>								
Copper produced in concentrate (tonnes)	5,865	5,372	199	7,488	11,318	10,521	12,027	16,878
<b>Production Statistics – Kinsevere mine</b>								
Ore processed (tonnes) <sup>3</sup>	80,730	83,084	2,695	59,219	104,414	94,404	91,990	92,155
Copper grade (% Cu)	8.0	7.9	10.2	9.9	9.1	10.0	9.1	10.3
Contained copper (tonnes)	6,443	6,566	275	5,849	9,467	9,424	8,399	9,448
Recovery Cu (%)	80.6	70.9	72.2	76.2	78.4	68.3	57.8	67.6
Copper produced in concentrate – HMS (tonnes)	5,192	4,653	199	4,457	7,113	6,433	4,855	6,384
Copper produced in concentrate – Spirals (tonnes)	673	719	-	-	-	-	-	-
Copper produced in concentrate – HMS and Spirals (tonnes)	5,865	5,372	199	4,457	7,113	6,433	4,855	6,384
Copper concentrate sold (tonnes)	27,589	18,549	479	11,644	22,586	18,084	22,101	25,965
<b>Production Statistics – Dikulushi mine</b>								
Ore processed (tonnes) <sup>3</sup>	-	-	-	117,577	134,994	110,990	99,533	92,121
Copper grade (% Cu)	-	-	-	2.3	2.2	3.1	5.3	8.1
Contained copper (tonnes)	-	-	-	2,689	2,935	3,399	5,303	7,507
Recovery Cu (%)	-	-	-	64.8	61.8	76.7	92.1	92.5
Copper produced in concentrate (tonnes)	-	-	-	1,743	1,813	2,607	4,885	6,943
Silver produced in concentrate (ounces)	-	-	-	174,463	189,867	248,816	482,655	717,402
Payable pounds of copper contained in concentrate delivered (million)	-	-	0.5	6.3	4.3	15.6	11.3	13.9
Payable ounces of silver contained in concentrate delivered (ounces)	-	-	19,653	249,086	187,372	303,611	491,967	632,175
<b>Production Statistics – Mutoshi mine</b>								
Ore processed (tonnes) <sup>3</sup>	-	-	-	89,296	135,772	130,693	106,734	98,054
Copper grade (% Cu)	-	-	-	3.6	3.8	3.7	4.3	5.0
Contained copper (tonnes)	-	-	-	3,243	5,152	4,872	4,599	4,918
Recovery (Cu %)	-	-	-	39.7	46.4	30.4	49.7	72.2
Copper produced in concentrate (tonnes)	-	-	-	1,288	2,392	1,481	2,287	3,551
Copper concentrate sold (tonnes)	-	-	914	8,290	12,057	17,165	5,701	6,235

1. Concentrate sales include copper and silver concentrates from Dikulushi and copper concentrates from Mutoshi and Kinsevere.

2. Refer to Non-GAAP Financial Measures on page 16.

3. Ore processed at Dikulushi relates to ore processed through the ball mill and flotation plant, while ore processed at Mutoshi and Kinsevere relates to ore processed through the respective HMS plants.

## Segment Information

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

### Kinsevere

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

### Dikulushi

The Group holds a beneficial interest of 90% in the Dikulushi mine. The operation, which was placed on care and maintenance in December 2008, is located in the Katanga province of the DRC. The operation was developed in 2002 and produced a sulphide and oxide copper concentrate with a silver credit.

### Mutoshi

In July, 2009 Anvil's interest in the Mutoshi Joint Venture reduced from 80% to 70%, as a result of the DRC Government's review of mining contracts. Gécamines interest increased from 20% to 30% on a non-dilutable basis. The Group now holds a beneficial interest of 70% in the Mutoshi tenements located in the Kolwezi region within the Katanga province of the DRC. The Mutoshi Stage I HMS operation was developed in 2005 to produce an oxide copper concentrate, with HMS processing ceasing operations during the fourth quarter of 2008. The Group has previously referred to its Stage I HMS plant that processes material from the Kulumaziba river tailings deposit as the Kulu operation. This is now referred to as Mutoshi Stage I, being part of the broader Mutoshi project that includes other exploration tenements in the Mutoshi area.

### Corporate development, administration and other (CDA)

The corporate development, administration and other segment of the Company is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration.

For the nine months ended September 30, 2009, segmented information is presented as follows:

	Nine Months ended September 30, 2009					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
	\$	\$	\$	\$	\$	\$
Sales	26,495	1,813	(835)	-	-	27,473
Operating expenses	(26,277)	(3,229)	(400)	(4,033)	-	(33,939)
Amortization	(8,622)	(605)	(990)	(1,256)	-	(11,473)
Segmented operating loss	(8,404)	(2,021)	(2,225)	(5,289)	-	(17,939)
Interest and financing fees	(610)	0	(2,079)	(119)	2,046	(762)
Other income	160	25	(77)	8,015	(7,230)	893
Other expenses	(7,471)	(320)	(75)	(15,957)	5,184	(18,639)
Segmented loss before under noted items	(16,325)	(2,316)	(4,456)	(13,350)	-	(36,447)
Income tax credit	5,339	411	-	95	-	5,845
Non-controlling interest	-	187	-	-	-	187
Segmented loss	(10,986)	(1,718)	(4,456)	(13,255)	-	(30,415)
Property, plant and equipment	298,888	3,513	24,461	6,264	-	333,126
Total assets	415,576	6,370	54,341	82,908	-	559,195
Capital expenditures	(39,674)	(394)	(654)	(97)	-	(40,819)

## Appendix B

### Regulatory Disclosures

#### 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 mines. 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 concentrates from Mutoshi and Kinsevere are sold at the mine gate, thus total cash cost does not include any transport, treatment and refining charges from these mines.

Cash operating cost information is included to provide information about the cost structure of the mining and processing operations.

The term “operating profit” represents the net attributable revenues after deducting mine operating costs and amortization. Mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. “Working capital” equals current assets less current liabilities. The term “Cash flow from operations per share, before changes in non-cash working capital”, for any period is based on a calculation using the weighted average number of Common Shares outstanding during the same period. The term “EBIT” represents earnings before interest and tax and “EBITDA” represents earnings before interest, tax, depreciation and amortization. This information differs from measures of performance prepared in accordance with Canadian GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under Canadian GAAP and may not be comparable to similarly titled measures of other companies.

#### Critical accounting estimates

The accounting policies that involve significant management judgement are discussed in this section. For a complete list of the significant accounting policies, reference should be made to Note 2 of the September 30, 2009 and December 31, 2008 consolidated financial statements. A more detailed analysis of the risk factors that face the Group can be found in the most recent annual information form available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Mine properties

The Group adopts a unit-of-production method to depreciate its mine properties. This method requires estimates to be made of economically recoverable reserves of the Group's mine properties. Independent qualified surveyors and geologists are engaged to estimate the economically recoverable reserves. The estimation process involves sampling and other statistical tools.

Variations in estimates of recoverable reserves from period to period when the recoverable reserves are re-calculated affect both the carrying value of plant, property and equipment as well as the depreciation charges for any given financial period.

#### Exploration Costs

The Group accumulates certain costs associated with exploration activities on specific areas of interest where the Group has rights of tenure. The Group's policy is to expense any exploration and associated costs relating to non-specific projects and properties. Significant property acquisition, exploration, evaluation and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. No costs are deferred on a mineral property that is considered to be impaired in value. As at September 30, 2009, the Group had deferred exploration and acquisition costs of approximately \$50.3 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 the Canadian Institute of Chartered Accountants (“CICA”) in relation to Asset Retirement Obligations.

#### Income Taxes

As at September 30, 2009, 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.

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%.

Under the Convention granted by the DRC Government, the Dikulushi Convention provides for reduced income tax rates for the first fifteen years from the date of commencement of commercial mine production.

The Dikulushi mine 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.

### **Changes in accounting policies, including initial adoption**

On January 1, 2008 the Company adopted two new accounting standards issued by the CICA: *Section 1582 Business combinations, Section 1601 consolidated financial statements and Section 1602 non-controlling interests; Goodwill and intangible assets* Sections 3064.

The adoption of these new handbook sections provided additional disclosure in the notes to the financial statements but did not result in any changes to the Company's current period earnings nor did they require any adjustment to the opening balances.

The CICA plans to converge Canadian GAAP for public companies with International Financial Reporting Standards ("IFRS") over a transition period that is expected to end for accounting periods commencing on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined.

### **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 availability of future financing, logistics, lack of infrastructure, uninsurable risks, mineral resources and ore reserves, uncertainty of inferred resources, mine life, licences and permits, land title, Government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper and silver prices, key personnel, labour and employment matters, subsidiaries, mineral exploration and mine carrying inherent risks, currency risk, competition, dilution, and dividend policy. A more detailed analysis of the risk factors the Group is faced with can be found in the most recent annual information form, which is available under the Company's profile on SEDAR at [www.sedar.com](http://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 on SEDAR at [www.sedar.com](http://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 September 30, 2009 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 September 30, 2009 there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

## **Forward Looking Statements**

This MD&A contains "forward-looking statements" and "forward-looking information", based on assumptions and judgements of management regarding future events and results. Such "forward-looking statements" and "forward-looking information" which may include, but is not limited to the operation of the Kinsevere HMS plant, the liquidation of the Company's available-for-sale investments and the Company's plans for expansions of the Kinsevere copper mine. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. The purpose of forward-looking information is to provide the reader with information about management's expectations and plans for 2009. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anvil and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the actual market prices of the available-for-sale investments, the actual market price of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will proceed as planned or that the transactions proposed with Trafigura will be successfully completed within expected time limits and budgets or that, when completed, the expanded production facility will operate as anticipated. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information.

### 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](http://www.sedar.com).