

Anvil Mining Limited

Consolidated Financial Statements

Three months (Third Quarter) ended September 30, 2008

(Unaudited)

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

CONSOLIDATED BALANCE SHEETS (unaudited)

	Notes	September 30 2008 \$	December 31 2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	125,485	215,754
Restricted cash	5	1,515	322
Accounts receivable	6	40,880	65,761
Inventories	7	45,541	32,221
Available- for-sale investments	8	42,409	63,800
Prepaid expenses and deposits	9	49,567	21,449
		305,397	399,307
Equity accounted investment	10	1,991	5,766
Long-term inventory	7	9,304	-
Long-term receivable	11	8,498	3,966
Exploration and acquisition expenditure	12	70,817	49,680
Property, plant and equipment	13	305,826	228,052
Future income tax asset		2,286	1,884
		704,119	688,655
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14	28,933	25,044
Income taxes payable		5,071	5,116
Other liabilities		1,794	1,296
Current portion of long-term debt		272	-
		36,070	31,456
Future income tax liability		44,177	39,587
Long-term debt		411	-
Asset retirement obligations		12,693	11,668
		93,351	82,711
Non-controlling interest	15	9,317	13,880
		102,668	96,591
Shareholders' equity			
Equity accounts	16	384,603	382,108
Retained earnings		222,143	209,524
Accumulated other comprehensive income		(5,295)	432
Total shareholders' equity		601,451	592,064
		704,119	688,655
Commitments	21		

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

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

	Notes	3 Months Ended September 30		9 Months Ended September 30	
		2008 \$	2007 \$	2008 \$	2007 \$
Concentrate sales		42,320	76,200	177,376	183,932
Operating expenses		(37,371)	(24,963)	(99,357)	(59,375)
Amortization		(7,579)	(4,497)	(30,969)	(8,529)
		(2,630)	46,740	47,050	116,028
Other income	3	1,581	4,098	6,828	7,444
Share of loss in associates	10	(555)	-	(891)	-
Provision for impairment of investments	3	(5,517)	(767)	(5,517)	(767)
General, administrative and marketing		(5,721)	(3,510)	(18,134)	(8,965)
Exploration expenditure written off		(2,500)	-	(2,500)	(1,063)
Foreign exchange gains/(losses)		(481)	178	(99)	140
Stock based compensation		(784)	(619)	(1,784)	(1,823)
Interest and financing fees	3	(215)	(326)	(1,072)	(1,145)
Earnings / (loss) before income tax and non-controlling interest		(16,822)	45,794	23,881	109,849
Income tax		(969)	(2,716)	(10,278)	(3,764)
Non-controlling interest		455	(4,014)	(984)	(10,581)
Net income / (loss)		(17,336)	39,064	12,619	95,504
Other comprehensive income, net of taxes					
Net unrealized losses on available-for-sale investments		(6,069)	(1,197)	(5,727)	(484)
Total comprehensive income / (loss)		(23,422)	37,867	6,892	95,020
Basic earnings / (loss) per share (\$)	19	(0.24)	0.55	0.18	1.52
Diluted earnings / (loss) per share (\$)	19	(0.24)	0.54	0.18	1.48

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

	September 30, 2008		September 30, 2007	
	Number	Amount	Number	Amount
Common shares				
Balance at beginning of period	71,115,244	377,350	56,707,554	183,503
Exercise of stock options	129,334	982	507,665	2,005
Share issue	-	-	12,384,615	188,771
Issue of shares for acquisition	-	-	872,093	9,000
Share issue expenses		-		(10,071)
Balance at end of period	71,244,578	378,332	70,471,927	373,208
Contributed surplus				
Balance at beginning of period		4,758		3,020
Employee stock based compensation recognised		1,784		1,823
Transfer to common shares		(271)		(599)
Balance at end of period		6,271		4,244
Equity accounts		384,603		377,452
Retained earnings				
Balance at beginning of period		209,524		92,714
Adjustment to opening retained earnings		-		(190)
Share of loss in Associates		-		(164)
Net income for the period		12,619		95,504
Balance at end of period		222,143		187,864
Accumulated other comprehensive income				
Balance at beginning of period		432		559
Adjustment to opening other comprehensive income		-		127
Net unrealized losses on available-for-sale investments		(5,727)		(484)
Balance at end of period		(5,295)		202
Shareholders' equity at end of period		601,451		565,518

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Notes	3 Months Ended September 30		9 Months Ended September 30	
		2008 \$	2007 \$	2008 \$	2007 \$
Cash flows from operating activities					
Net income/(loss) for the period		(17,336)	39,064	12,619	95,504
Items not affecting cash:					
- Amortization		7,579	4,497	30,969	8,529
- Provision for impairment of investments		5,517	767	5,517	767
- Accretion expense		189	-	1,079	-
- Exploration expenditure written off		2,500	-	2,500	1,063
- Share of loss in associates		555	-	891	-
- Loss on sale of assets		20	-	277	-
- Non-controlling interest		(455)	4,014	984	10,581
- Borrowing costs – amortized		-	158	-	514
- Unrealized foreign exchange gains/(losses)		(1,492)	982	(942)	862
- Future income tax asset / liability		1,126	-	4,189	(52)
- Stock based compensation		784	619	1,784	1,823
Changes in non-cash working capital	20	30,137	(7,143)	12,915	(42,233)
		29,124	42,958	72,782	77,358
Cash flows from investing activities					
Payments for property, plant and equipment		(41,376)	(25,518)	(137,464)	(55,693)
Proceeds from sale of assets		225	(2)	465	11
Payments for exploration expenditure		(8,587)	(6,184)	(23,946)	(15,123)
Payment for additional interest in AMCK Mining s.p.r.l		-	-	-	(36,000)
Payments for build up of low-grade ore stockpiles		(3,164)	-	(9,304)	-
Investment in Sub-Sahara Resources NL		-	(2,118)	-	(6,090)
Proceeds of principal repayments from investments		5,605	6,843	12,910	21,529
		(47,297)	(26,979)	(157,339)	(91,366)
Cash flows from financing activities					
Proceeds from issue of shares (net of issue expenses)		193	(197)	711	179,672
Proceeds from borrowings (net of fees incurred)		-	(35)	800	(115)
Movement in restricted cash		-	(13)	(1,193)	(190)
Repayments of borrowings		(79)	(2,000)	(117)	(6,000)
Disbursements on behalf of Dikulushi Trusts		(2,448)	(1,845)	(5,547)	(3,774)
		(2,334)	(4,090)	(5,346)	169,593
Net decrease in cash and cash equivalents		(20,507)	11,889	(89,903)	155,584
Cash and cash equivalents at beginning of the period		146,186	202,997	215,754	59,302
Effects of exchange rate changes on cash held in foreign currencies		(194)	-	(366)	-
Cash and cash equivalents at end of the period		125,485	214,886	125,485	214,886

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**1. Basis of Presentation and New Accounting Policies****Basis of Presentation**

The unaudited interim consolidated financial statements have been prepared by Anvil Mining Limited (the "Company" or the "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 be read in conjunction with the Notes to the Company's audited consolidated financial statements for the year ended December 31, 2007, 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.

New Accounting Policies***Capital Disclosures and financial Instruments – Disclosures and Presentation***

On January 1, 2008 the Company adopted three new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1535: Capital Disclosures, Handbook Section 3862: Financial Instruments – Disclosures and Handbook section 3863: Financial Instruments – Presentation.

Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Financial Instruments Disclosure and Presentation

The new Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments - Disclosure and Presentation", revising and enhancing its disclosure requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Convergence with International Financial Reporting Standards ("IFRS")

Convergence with International Financial Reporting Standards 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 Company's consolidated financial statements has not yet been determined.

2. Financial Risk Management

The Group's activities are exposed to a variety of financial risks, which include foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. From time-to-time, the Group may use foreign exchange forward contracts, commodity price contracts and interest rate swaps to manage exposure to fluctuations in foreign exchange, metal prices and interest rates. The use of derivatives is based on established practices and parameters, which are subject to the oversight of the Board of Directors. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

The Group holds the following financial instruments as at September 30, 2008:

Financial assets

Cash and cash equivalents	125,485
Restricted cash	1,515
Accounts receivable	40,880
Investments	42,409
Long-term receivable	8,498
	218,787

Financial liabilities

Accounts payable and accrued liabilities	28,933
Long-term borrowings	683
	29,616

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**(a) Market Risk****(i) Foreign Exchange Risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a foreign currency. The risk is measured on the basis of forecast cash flows. The Group reviews its foreign currency needs and may take appropriate financial derivatives as required to mitigate the risks.

As at September 30, 2008, with other variables unchanged, a plus or minus 10% change in the value of the US dollar against other currencies would have an affect of \$0.2 million on net income for the period.

(ii) Commodity Price Risk

The Group is subject to price risk from fluctuations in market prices of commodities. The Group has elected not to actively manage its exposure to commodity price risk at this time. From time-to-time, the Group may use commodity price contracts to manage its exposure to fluctuations in commodities prices. The use of derivatives is based on established practices and parameters, and is subject to approval by the Board. The Group's commodity price risk associated with financial instruments primarily relates to changes in fair value caused by settlement adjustments to receivables. The following represents the effect on net income after-tax from a 10% change to metal prices on receivable balances that have been provisionally priced, based on the September 30, 2008 prices. There is no impact on other comprehensive income.

Impact of commodity price risk on financial instruments:

	Average Price for September 2008	Change	Effect of financial instruments on net income for the quarter
Copper - (3 month)	\$6,971 per tonne	+/- 10%	\$1.2 million
Silver - (3 month)	\$12.41 per ounce	+/- 10%	\$0.2 million

(iii) Securities Price Risk

The Group is exposed to securities price risk. This principally arises from investments held by the Group and classified on the balance sheet as available-for-sale. To manage its price risk arising from investments in securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The credit exposure of financial assets is disclosed under (b) of credit risk disclosure.

The Group seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Board, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Board, normally quarterly. The Group does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

The table below summarises the diversified portfolio of available-for-sale investments by credit exposure.

Asset Group	Face Value	Fair Value	Rating	% of Total Portfolio Investment	
Asset backed securities	44,125	37,129	AAA	16,625	87.55
			AA	3,604	
			AA-	4,078	
			A+	9,113	
			BBB+	3,709	
			CCC-	-	
Credit linked note	5,000	-	D	-	-
Mortgage backed securities	10,639	5,280	AAA	3,444	12.45
			AA	1,835	
			D	1	
Total	59,764	42,409		42,409	100.00

The maturity dates of for the available-for-sale investments range from one year to six years. While the Company has \$5.5 of for the available-for-sale investments maturing within 12 months, the majority of these investments (over 70 per cent) have expected maturity dates during 2013 and 2014. The Company has the intent and the ability to hold the available-for-sale investments to maturity and shall liquidate the investments on an orderly basis, dependent on conditions in global credit markets.

(iv) Interest Rate Risk

The Group's main interest rate risk arises from available-for-sale investments and short term deposits. These investments are managed as a portfolio by an external consultant who operates under the guidance and instructions from management subject to policies mandated by the Board. The Group has significant cash balances and very little interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposits with major international banks. The Company periodically monitors the investment it makes and is satisfied with the credit rating of its banks.

As at September 30, 2008, with other variables unchanged, a plus or minus 1% change in interest rates, on investments whose interest rates are not fixed, would affect net income by plus or minus \$0.1 million for the quarter.

(b) Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group's primary counterparties related to its available-for-sale investments carry investment grade ratings. The Group manages credit risk for trade and other receivables through established credit monitoring activities. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group does not have a significant concentration of credit risk with any single counterparty or group of counterparties. The Group's maximum exposure to credit risk at the reporting date is the carrying value of receivables, cash and cash equivalents and available-for-sale investments. Credit risk is managed as noted in Notes 4(a), 6, and 8(a) with respect to cash, receivables, and securities in the available-for-sale investment portfolio respectively.

(c) Liquidity Risk

The Company has sufficient funds (September 30, 2008: \$125 million and December 31, 2007: \$215 million) to settle current and long-term liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Management intends to invest current and future surplus funds in instruments that are tradeable in highly liquid markets.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**Maturities of Financial Liabilities**

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Accounts Payable & Accruals	Bank Loans	Total
Within one year	28,933	338	28,595
In one to two years	-	312	312
In two to three years	-	156	156
	28,933	806	29,739
Effect of discount rates	-	(123)	(123)
Balance sheet carrying value	28,933	683	29,616

(d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale investments) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and investments in unlisted subsidiaries) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value of the remaining financial instruments. The available-for-sale investments are valued using the above mentioned techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value, less impairment provision of trade receivables and payables is assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

	3 Months Ended September 30		9 Months Ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
3. Other income				
Interest received	1,602	4,098	7,006	7,444
Gain/(loss) on sale of assets	(21)	-	(178)	-
	1,581	4,098	6,828	7,444
Interest and financing fees				
Interest	215	168	1,072	631
Amortization of deferred borrowing costs	-	158	-	514
	215	326	1,072	1,145
Provision for impairment of investments				
Relating to available-for sale-investments	2,633	767	2,633	767
Relating to equity accounted investments	2,884	-	2,884	-
	5,517	767	5,517	767

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	September 30 2008	December 31 2007
	\$	\$
4. Cash		
Cash at bank and in hand	28,011	40,002
Deposits at call	97,474	175,752
	125,485	215,754

(a) Credit Risk Exposure

All cash investments not held in a transactional 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.

	September 30 2008	December 31 2007
	\$	\$
5. Restricted cash		
Cash deposits held as security	1,515	322

At September 30, 2008 and December 31, 2007, 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.

	September 30 2008	December 31 2007
	\$	\$
6. Accounts receivable		
Trade receivables	33,276	59,366
Accrued interest income	279	598
Advances to suppliers and contractors	3,916	5,045
Recoverable from Société Nationale d'Electricité ("SNEL") (Ruashi JV costs)	1,519	-
Other	1,890	752
	40,880	65,761

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.

(a) Impaired trade receivables

As at September 30, 2008, the Group has no impaired trade receivables.

(b) Fully performing and past due but not impaired

As of September 30, 2008, trade receivables of \$27.0 million were fully performing and \$6.3 million were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The receipts from amounts past due but not impaired since September 30, 2008 total \$2.6 million. The ageing analysis of these past due but not impaired trade receivables is as follows:

	September 30 2008
	\$
Up to 3 months:	2,824
3 to 6 months:	3,454
	6,278

(c) Foreign exchange and interest rate risk

Information about the exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 2.

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**(d) Fair value and credit risk**

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the entity's trade receivables.

	September 30 2008	December 31 2007
	\$	\$
7. Inventories		
Raw materials and stores	17,876	11,997
Ore stockpiles	23,977	8,504
Concentrate in stockpiles and in transit	12,992	11,720
	<u>54,845</u>	<u>32,221</u>
Less: Non-current (low grade ore stockpiles)	(9,304)	-
Current Portion of Inventory	<u>45,541</u>	<u>32,221</u>

The low grade ore stockpiles at Kinsevere have been classified non-current as they are expected to be used in the Stage II Solvent Extraction – Electrowinning (“SX-EW”) plant as from 2011.

	September 30 2008	December 31 2007
	\$	\$
8. Investments		
Available-for-sale investments at cost	60,263	73,295
	<u>60,263</u>	<u>73,295</u>
Available-for-sale investments at fair value	42,409	63,800

The current investments are a result of the cash received from the capital raising in March 2006 being placed into investment grade assets. The investments are intended to be held to maturity or until the Group's funding requirements necessitate.

(a) Credit risk and impairment

The maximum exposure to credit risk at the reporting date is the fair value of the investments classified as available-for-sale.

As at September 30, 2008, available-for-sale investments with a carrying value of \$48.3 million were fully performing. No income relating to these investments was past due. Available-for-sale investments with a carrying value of \$12.0 million were fully impaired. The amount of provision relating to these investments was \$12.0 million. The provision for impaired investments relates to a \$5 million medium-term floating rate note, and two U.S sub-prime mortgage backed securities investments, one of \$5 million and another of \$2 million.

The change in the fair value of the available-for-sale investments of \$5.7 million has been recognized as Other Comprehensive Income.

(b) Matters subsequent to balance sheet date

Subsequent to the reporting date, the fair value of the available-for-sale investments decreased by a further \$4.1 million. The fair value of the available-for-sale investments at and subsequent to the reporting date is affected by a variety of market factors, and changes in response to variation in such market factors.

	September 30 2008	December 31 2007
	\$	\$
9. Prepaid expenses and deposits		
Prepayments to creditors and sub-contractors	45,493	16,845
Prepaid expenses – Other	3,352	4,490
Deposits	722	114
	<u>49,567</u>	<u>21,449</u>

Owing to the location of the Group's mining and project development operations, suppliers require significant prepayment as a prerequisite for delivery to site. Over \$42 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.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

10. Equity accounted investment

Name of Company	September 30, 2008			December 31, 2007		
	Ownership interest %	No. of Shares	\$	Ownership interest %	No. of Shares	\$
Sub-Sahara Resources NL ("SBS")	18	90,000,000	1,991	18	90,000,000	5,766

SBS is incorporated in Australia and listed on the Australian Securities Exchange ("ASX").

	September 30 2008	December 31 2007
	\$	\$
(a) Movements in carrying amounts		
Opening carrying value in SBS – at cost	5,766	
Cost of investments purchased during the period	-	6,090
Share of profits/(loss)	(891)	(324)
Provision for impairment	(2,884)	-
Carrying value at end of the period	1,991	5,766

While the Company's intentions in relation to SBS have not changed, the provision for impairment was primarily due to a decline in the value of SBS investments in excess of 30% for each of the past two quarters. These investments have been written down to the market value as at September 30, 2008. At September 30, 2008 Anvil held 90 million SBS shares representing 18% of the shares on issue in SBS. The market value of this holding, based on the closing share price of SBS on the Australian Securities Exchange as at November 12, 2008 was \$0.9 million.

11. Long term receivables

	September 30 2008	December 31 2007
	\$	\$
Receivable from SNEL	10,017	3,966
Less: Current Portion	(1,519)	-
	8,498	3,966

The Company 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 for development of this infrastructure. The expected completion date for the development of the infrastructure is the first 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 Company'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 of the infrastructure development.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	September 30 2008	December 31 2007
	\$	\$
12. Exploration and acquisition expenditure		
Exploration and acquisition expenditure at beginning of period	49,680	127,138
Expenditure transferred to development properties	(309)	(92,196)
Expenditure incurred	23,946	20,377
Expenditure written off	(2,500)	(4,389)
Waiver of purchase consideration payable	-	(1,250)
Exploration and acquisition expenditure at end of period	70,817	49,680
Exploration expenditure per area of interest ¹		
- Kinsevere projects	15,375	7,299
- Dikulushi mine and regional projects	9,488	5,100
- Mutoshi projects	15,380	6,200
- Philippines regional exploration projects	2,763	3,270
	43,006	21,869
Acquisition expenditure per area of interest ²		
- Kinsevere projects	1,457	1,457
- Mutoshi projects	26,354	26,354
	27,811	27,811
Total exploration and acquisition expenditure per area of interest		
- Kinsevere projects	16,832	8,756
- Dikulushi mine and regional projects	9,488	5,100
- Mutoshi projects	41,734	32,554
- Philippines regional exploration projects	2,763	3,270
	70,817	49,680

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 on tenements as part of general exploration activity.
2. Refers to the fair value of exploration property acquired.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	September 30, 2008		
	Cost	Accumulated depletion, amortization and write- down	Net book value
	\$	\$	\$
13. Property, plant and equipment			
Kinsevere ¹			
Land and buildings	4,873	(985)	3,888
Plant and equipment	28,374	(9,778)	18,596
Mine property	113,945	(14,409)	99,536
Capital work in progress	125,311	-	125,311
	272,503	(25,172)	247,331
Dikulushi ²			
Land and buildings	3,203	(1,803)	1,400
Plant and equipment	29,176	(17,772)	11,404
Mine property	25,235	(10,865)	14,370
Capital work in progress	6,692	-	6,692
	64,306	(30,440)	33,866
Mutoshi ³			
Land and buildings	1,013	(132)	881
Plant and equipment	7,457	(4,233)	3,224
Mine property	11,141	(3,711)	7,430
Capital work in progress	5,565	-	5,565
	25,176	(8,076)	17,100
Services ⁴			
Land and buildings	1,008	(155)	853
Plant and equipment	3,870	(1,724)	2,145
Capital work in progress	1,442	-	1,442
	6,320	(1,879)	4,440
Corporate and other ⁵	3,722	(634)	3,088
Total	372,027	(66,201)	305,826

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 Mutoshi Stage I Heavy Media Separation ("HMS") plant, located at Kolwezi in the DRC.3.

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.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	December 31, 2007		
	Cost	Accumulated depletion, amortization and write- down	Net book value
	\$	\$	\$
13. Property, plant and equipment			
Kinsevere ¹			
Land and buildings	4,865	(528)	4,337
Plant and equipment	25,787	(4,887)	20,900
Mine property	112,770	(4,425)	108,345
Capital work in progress	41,865	-	41,865
	185,287	(9,840)	175,447
Dikulushi ²			
Land and buildings	2,958	(1,530)	1,428
Plant and equipment	26,112	(13,049)	13,063
Mine property	19,440	(5,452)	13,988
Capital work in progress	2,606	-	2,606
	51,116	(20,031)	31,085
Mutoshi ³			
Land and buildings	277	(45)	232
Plant and equipment	5,784	(2,825)	2,959
Mine property	10,832	(2,057)	8,775
Capital work in progress	2,197	-	2,197
	19,090	(4,927)	14,163
Services ⁴			
Land and buildings	801	(92)	709
Plant and equipment	4,344	(1,589)	2,755
Capital work in progress	1,749	-	1,749
	6,894	(1,681)	5,213
Corporate and other ⁵	2,621	(477)	2,144
Total	265,008	(36,956)	228,052

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.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	September 30 2008 \$	December 31 2007 \$
14. Accounts payable and accrued liabilities		
Trade creditors	8,642	10,217
Creditor and other accruals	20,291	14,827
	28,933	25,044

15. 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.

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 three months ended September 30, 2008 are as follows:

	September 30 2008 \$	December 31 2007 \$
(a) AMC – non-controlling interests		
Balance – beginning of period	11,361	6,495
Amounts disbursed on behalf of the Dikulushi Trusts during the period	(5,547)	(7,620)
Interests in net earnings of AMC	2,070	12,486
Balance – end of period	7,884	11,361
(b) SMK – non-controlling interest		
Balance – beginning of period	1,963	1,784
Interests in net earnings of SMK	(1,963)	179
Balance – end of period	-	1,963
(c) AMCK – non-controlling interests		
Balance – beginning of period	556	12
Interests in net earnings of AMCK	877	544
Balance – end of period	1,433	556
Total non-controlling interests – end of period	9,317	13,880
(d) Social development expenditure		
Social development expenses in operating expenses (Mutoshi and Kinsevere)	2,830	3,401
Social development expenses disbursed on behalf of the Dikulushi Trusts as disclosed in non-controlling interest	5,547	7,620
Total social development expenditure	8,377	11,021

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**16. Common shares, share options and share warrants****(a) Issued:**

	September 30, 2008		September 30, 2007	
	No. of Shares	Amount \$	No. of Shares	Amount \$
Balance – beginning of period	71,115,244	377,350	56,707,554	183,503
Exercise of stock options (i)	129,334	982	507,665	2,005
Issue of shares for acquisitions (ii)	-	-	872,093	9,000
Share issue (iii)	-	-	12,384,615	188,771
Share issue expenses (iv)	-	-	-	(10,071)
Balance – end of period	71,244,578	378,332	70,471,927	373,208

- (i) During the nine months ended September 30, 2008, employee stock option and warrant holders exercised their options/warrants over 129,334 (YTD September 30, 2007: 507,665) common shares.
- (ii) On March 30, 2007, the Company issued 872,093 common shares at US\$10.32 per share as part consideration for an additional 15% interest in AMCK.
- (iii) In June 2007, the Company completed a bought deal financing when it issued an aggregate of 12,384,615 common shares at a price of C\$16.25 per share for total gross proceeds of C\$201,249,994.
- (iv) The total share issue expenses relating to the bought deal financing described in (iii) above amounted to \$10.0 million.

(c) Stock option plan

Pursuant to the Anvil Mining 2008 Share Incentive Plan (the "Plan"), which was approved by the Company's shareholders at the 2008 Annual General Meeting, the Company may grant options and awards to directors, officers, employees and consultants. At September 30, 2008, the Company is able to issue an additional 4,779,471 (September 2007– 4,840,997) common shares under the Plan. However, the Company has given certain undertakings in connection with operation of the Plan, including that not more than a further 1,344,582 common shares will be reserved for issue under the Plan.

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:	4.24%
Expected life:	71 months
Expected volatility:	46.2%
Expected dividend yield:	0%

During the nine months ended September 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, \$0.261 million and \$0.14 million respectively were issued to non-executive directors pursuant to the terms of the Plan. During the nine months ended September 30, 2007, 75,000 stock options with an exercise price of C\$12.04 each and with a total fair value of \$0.341 million were issued to non-executive directors pursuant to the terms of the Plan.

During the nine months ended September 30, 2008, 331,157 stock options with an exercise price ranging from C\$9.05 to C\$12.43 each, with a total fair value of \$1.68 million, were issued to employees under the Plan and 129,334 employee stock options were exercised. During the nine months ended September 30, 2007, 807,966 stock options with an exercise price, ranging from C\$9.41 to C\$17.04 each, with a total fair value of \$3.55 million were issued to employees under the Plan and 507,665 employee stock options were exercised.

The stock option expense for the period ended September 30, 2008 amounted to \$1.784 million (nine months ended September 30, 2007 – \$1.823 million). As at September 30, 2008, the aggregate fair value of unvested stock options remaining to be charged to income amounted to \$3.31 million (September 30, 2007– \$3.67 million).

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	September 30, 2008		December 31, 2007	
	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	2,162,879	C\$7.59	1,526,334	C\$5.46
Granted under plan	506,157	C\$12.07	882,966	C\$10.67
Exercised	(129,334)	C\$5.50	(215,982)	C\$5.20
Expired and forfeited	(194,715)	C\$11.22	(30,439)	C\$6.93
Outstanding at the end of the period	2,344,987	C\$8.38	2,162,879	C\$7.59
Options vested and outstanding at the end of the period	942,349	C\$5.66	666,224	C\$4.76

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

The following table summarizes information about stock options outstanding at September 30, 2008:

Range of exercise prices	Options outstanding			Options exercisable		
	No. of stock options outstanding at September 30, 2008	Weighted average of remaining contractual life (months)	Weighted average exercise price	No. of stock options vested and outstanding at September 30, 2008	Weighted average of remaining contractual life (months)	Weighted average exercise price
C\$3.80	470,000	32	C\$3.80	386,667	32	C\$3.80
C\$4.25–C\$4.66	258,334	23	C\$4.29	258,334	23	C\$4.28
C\$7.06	249,334	42	C\$7.06	166,223	42	C\$7.06
C\$9.41	600,000	48	C\$9.41	-	-	-
C\$10.05–C\$10.54	200,000	59	C\$10.54	62,500	52	C\$10.54
C\$11.06–C\$11.84	80,000	50	C\$11.26	10,000	50	C\$11.23
C\$12.04–C\$12.43	286,443	57	C\$12.29	25,000	53	C\$12.04
C\$13.09	100,000	65	C\$13.09	-	-	-
C\$14.06	60,876	54	C\$14.06	20,292	54	C\$14.06
C\$17.04	40,000	56	C\$17.04	13,333	56	C\$17.04
Total	2,344,987	44	C\$8.38	942,349	34	C\$5.66

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**17. 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 September 30, 2008 is \$0.11 million (December 31, 2007 - \$0.07 million).

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 for as at September 30, 2008 were \$2.9 million (December 31, 2007 - \$2.5 million).

(c) Mutoshi mine

The outstanding capital commitments of the Mutoshi mine contracted for as at September 30, 2008 were \$1.3 million (December 31, 2007 - \$5.5 million). Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2% of net sales of copper to La Générale des Carrières et des Mines ("Gécamines"). SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

(d) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted for as at September 30, 2008 were \$56.0 million (December 31, 2007 - \$26.7 million). Under the Kinsevere acquisition agreement, AMCK has an ongoing obligation to pay a mining royalty that varies with the copper price up to a maximum of \$70 per tonne to Gécamines. AMCK also has a 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 for as at September 30, 2008 were \$0.3 million (December 31, 2007 - \$0.6 million).

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

The outstanding capital commitments of Anvil Mining Australia Pty Ltd. contracted for at September 30, 2008 were \$0.4 million (December 31, 2007 - \$0.3 million).

(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. At September 30, 2008 the amount to be repatriated was \$4.2 million (December 31, 2007 - \$5.0 million). These funds, once repatriated, are available to the Company to meet obligations both within and outside the DRC.

18. 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 Electric Arc Furnace ("EAF") commenced operation during the third quarter of 2008. 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 and produces a sulphide copper concentrate with a silver credit.

Mutoshi

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

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 three month and six month ended September 30, 2008, 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.

	Quarter ended September 30, 2008					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Concentrate sales	22,953	9,739	9,628	-	-	42,320
Operating expenses	(6,740)	(15,248)	(12,562)	(2,821)	-	(37,371)
Amortization	(5,160)	(947)	(1,120)	(352)	-	(7,579)
Segmented operating profit / (loss)	11,053	(6,456)	(4,054)	(3,173)	-	(2,630)
Interest and financing fees	(190)	-	(877)	(25)	877	(215)
Other income	16	4	6	6,214	(4,659)	1,581
Other expenses	(2,008)	(345)	(1,324)	(15,663)	3,782	(15,558)
Segmented profit / (loss) before under noted items	8,871	(6,797)	(6,249)	(12,647)	-	(16,822)
Income taxes	(2,337)	1,486	500	(618)	-	(969)
Non-controlling interest	(394)	786	63	-	-	455
Segmented profit / (loss)	6,140	(4,525)	(5,686)	(13,265)	-	(17,336)
Property, plant and equipment	247,331	33,866	17,100	7,529	-	305,826
Total assets	370,226	67,742	81,999	184,152	-	704,119
Capital expenditures	(40,888)	(3,519)	(314)	3,345	-	(41,376)
	Quarter ended September 30, 2007					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Concentrate sales	14,758	54,166	7,291	-	(15)	76,200
Operating expenses	(4,834)	(12,817)	(6,503)	(824)	15	(24,963)
Amortization	(1,976)	(1,463)	(588)	(470)	-	(4,497)
Segmented operating profit / (loss)	7,948	39,886	200	(1,294)	-	46,740
Interest and financing fees	-	-	(559)	(326)	559	(326)
Other income	6	108	-	7,054	(3,070)	4,098
Other expenses	(1,031)	(840)	(664)	(4,694)	2,511	(4,718)
Segmented profit / (loss) before under noted items	6,923	39,154	(1,023)	740	-	45,794
Income taxes	(1,849)	-	175	(1,042)	-	(2,716)
Non-controlling interest	(269)	(3,915)	170	-	-	(4,014)
Segmented profit / (loss)	4,805	35,239	(678)	(302)	-	39,064
Property, plant and equipment	149,907	28,959	14,324	5,873	-	199,063
Total assets	110,099	173,958	45,797	329,717	-	659,571
Capital expenditures	(16,340)	(4,045)	(1,618)	(3,515)	-	(25,518)

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	9 months ended September 30, 2008					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Concentrate sales	64,179	88,806	24,391	-	-	177,376
Operating expenses	(24,839)	(36,089)	(30,396)	(8,033)	-	(99,357)
Amortization	(15,331)	(11,634)	(3,210)	(794)	-	(30,969)
Segmented operating profit / (loss)	24,009	41,083	(9,215)	(8,827)	-	47,050
Interest and financing fees	(568)	(433)	(2,151)	7	2,073	(1,072)
Other income	32	(120)	70	19,393	(12,547)	6,828
Other expenses	(7,777)	(1,660)	(3,079)	(26,883)	10,474	(28,925)
Segmented profit / (loss) before under noted items	15,696	38,870	(14,375)	(16,310)	-	23,881
Income taxes	(5,458)	(4,054)	(474)	(292)	-	(10,278)
Non-controlling interest	(877)	(2,070)	1,963	-	-	(984)
Segmented profit / (loss)	9,361	32,746	(12,886)	(16,602)	-	12,619
Property, plant and equipment	247,331	33,866	17,100	7,529	-	305,826
Total assets	370,226	67,742	81,999	184,152	-	704,119
Capital expenditures	(117,143)	(13,836)	(5,510)	(975)	-	(137,464)

	9 months ended September 30, 2007					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
Concentrate sales	14,758	142,205	26,984	-	(15)	183,932
Operating expenses	(4,844)	(34,439)	(19,820)	(287)	15	(57,527)
Amortization	(1,976)	(4,003)	(1,754)	(796)	-	(8,529)
Segmented operating profit / (loss)	7,938	103,763	5,410	(1,083)	-	116,028
Interest and financing fees	-	-	(1,605)	(1,145)	1,605	(1,145)
Other income	33	234	89	14,469	(7,381)	7,444
Other expenses	(1,041)	(2,390)	(2,467)	(12,356)	5,776	(14,326)
Segmented profit / (loss) before under noted items	6,930	101,607	1,427	(115)	-	109,849
Income taxes	(1,855)	-	(668)	(1,241)	-	(3,764)
Non-controlling interest	(268)	(10,161)	(152)	-	-	(10,581)
Segmented profit / (loss)	4,807	91,446	607	(1,356)	-	95,504
Property, plant and equipment	149,907	28,959	14,324	5,873	-	199,063
Total assets	110,099	173,958	45,797	329,717	-	659,571
Capital expenditures	(41,746)	(8,739)	(2,857)	(2,351)	-	(55,693)

(Expressed in thousands of US 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 Philippines operations comprise interests in exploration tenements in the Philippines. 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:

	September 30 2008	December 31 2007
	\$	\$
Total assets – Geographical reporting		
Democratic Republic of Congo	526,494	402,409
Zambia	826	885
Philippines	3,204	3,720
Australia ¹	50,998	5,535
Canada ¹	122,597	276,106
	704,119	688,655

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 September 30		9 months ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenues – Geographical reporting				
Democratic Republic of Congo	42,320	76,200	177,376	183,932

19. Earnings per share

Basic (loss) / earnings per share	(0.24)	0.55	0.18	1.52
Diluted (loss) / earnings per share	(0.24)	0.54	0.18	1.48
Weighted average number of ordinary shares outstanding - basic earnings per share	71,232,984	70,438,648	71,177,046	62,755,853
Weighted average number of ordinary shares outstanding - diluted earnings per share	71,232,984	71,828,595	71,515,354	64,380,310

(Expressed in thousands of US 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 September 30, 2008		
	Income \$	No. of Shares	\$ per share amount
Basic earnings / (loss) per share			
Income available to shareholders	(17,336)	71,232,984	(0.24)
Effect of dilutive securities:			
Options and warrants	-	-	-
Diluted earnings / (loss) per share			
Income available to shareholders and assumed conversions	(17,336)	71,232,984	(0.24)
	3 Months ended September 30, 2007		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	39,064	70,438,648	0.55
Effect of dilutive securities:			
Options and warrants	-	1,389,947	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	39,064	71,828,595	0.54
	9 months ended September 30, 2008		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	12,619	71,177,046	0.18
Effect of dilutive securities:			
Options and warrants	-	338,308	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	12,619	71,515,354	0.18
	9 months ended September 30, 2007		
	Income \$	No. of Shares	\$ per share amount
Basic earnings per share			
Income available to shareholders	95,505	62,755,853	1.52
Effect of dilutive securities:			
Options and warrants	-	1,624,457	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	95,505	64,380,310	1.48

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	3 months ended		9 months ended	
	September 30		September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
20. Supplementary cash flow information				
(a) Changes to non-cash working capital				
Accounts receivable	31,694	(13,449)	25,002	(36,170)
Inventories	(3,760)	(4,833)	(13,320)	(4,943)
Prepaid expenses and deposits	112	(4,214)	1,078	(8,223)
Deferred mining	-	6,914	-	-
Accounts payable and accrued liabilities	3,831	5,513	(298)	5,670
Income taxes	(1,928)	2,712	(45)	984
Other liabilities	188	214	498	449
	30,137	(7,143)	12,915	(42,233)
(b) Other information				
Interest and financing fees paid	(1)	(168)	(3)	(631)
Interest received	1,601	4,200	7,007	7,872
Income tax paid	(1,682)	(4)	(5,796)	(3,267)

21. DRC Government Review of Mining Agreements

The Company has concluded negotiations with Gécamines and the DRC Government on the Kinsevere Contrat d'Amodiation ("Lease Agreement"), Mutoshi joint venture ("JV") agreement and the Dikulushi Mining Convention. The Company has copies of signed minutes of meetings held with Gécamines and DRC Government officials during which the renegotiated commercial terms and conditions were agreed.

While the process to be followed to bring the DRC Government review of mining agreements to a formal conclusion has not been fully enunciated, the Company understands that the minutes have been approved by the Gécamines board and sent to Kinshasa for consideration by the Minister of Mines.

In relation to the Kinsevere Contrat d'Amodiation and Mutoshi JV agreement, it is anticipated that once the Minister of Mines has ratified the commercial terms and conditions contained in the minutes, this will conclude the negotiation, approval and ratification process, with only the execution of amendment agreements for attachment to the original agreements to be formalised. The Company expects to be in position to announce the final terms and conditions agreed between and amongst the parties following ministerial ratification of the minutes.

The process by which the renegotiated commercial terms and conditions agreed with Gécamines and the DRC Government will be formalised for Dikulushi under the Dikulushi Mining Convention, has not been communicated to the Company.