

Anvil Mining Limited

Consolidated Financial Statements

Three months ended March 31, 2008

(Unaudited)

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

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

Consolidated Balance Sheets (unaudited)

	Notes	March 31 2008 \$	December 31 2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	192,498	215,754
Restricted cash	5	223	322
Accounts receivable	6	71,724	65,761
Inventories	7	38,936	32,221
Investments	8	62,689	63,800
Prepaid expenses and deposits		28,571	21,449
		<u>394,641</u>	<u>399,307</u>
Equity accounted investment	9	5,430	5,766
Long term receivable		4,859	3,966
Exploration and acquisition expenditure	10	54,447	49,680
Property, plant and equipment	11	252,129	228,052
Future income tax asset		2,855	1,884
		<u>714,361</u>	<u>688,655</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	22,310	25,044
Income taxes payable		5,200	5,116
Other liabilities		1,432	1,296
Current portion of long term debt		239	-
		<u>29,181</u>	<u>31,456</u>
Future income tax liability		43,091	39,587
Long-term debt		561	-
Asset retirement obligations		12,368	11,668
		<u>85,201</u>	<u>82,711</u>
Non-controlling interest	13	14,732	13,880
		<u>99,933</u>	<u>96,591</u>
Shareholders' equity			
Equity accounts	14	382,891	382,108
Retained earnings		230,963	209,524
Accumulated other comprehensive income		574	432
Total shareholders' equity		<u>614,428</u>	<u>592,064</u>
		<u>714,361</u>	<u>688,655</u>
Commitments	15		

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

Consolidated Statements of Income and Comprehensive Income (unaudited)

	Notes	Quarter Ended March 31	
		2008 \$	2007 \$
Concentrate sales		75,267	42,036
Operating expenses		(34,058)	(13,537)
Amortization		(7,493)	(1,820)
		<u>33,716</u>	<u>26,679</u>
Other income	3	2,732	1,151
Share of loss in associates		(336)	-
General, administrative and marketing		(5,305)	(2,406)
Foreign exchange gains		48	50
Stock based compensation		(567)	(559)
Interest and financing fees	3	(1,605)	(401)
Earnings before income tax and non-controlling interest		<u>28,683</u>	<u>24,514</u>
Income tax		(5,597)	(811)
Non-controlling interest		(1,647)	(2,625)
Net Income		<u>21,439</u>	<u>21,078</u>
Other comprehensive income, net of taxes:			
Net unrealized gains/(losses) on available-for-sale securities		142	(71)
Total comprehensive income		<u>21,581</u>	<u>21,007</u>
Basic earnings per share (\$)	17	0.30	0.37
Diluted earnings per share (\$)	17	0.30	0.36

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

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

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

	Quarter ended March 31			
	2008		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	26,666	304	108,333	721
Issue of shares for acquisition			872,093	9,000
Balance at end of period	<u>71,141,910</u>	<u>377,654</u>	<u>57,687,980</u>	<u>193,224</u>
Contributed surplus				
Balance at beginning of period		4,758		3,020
Employee stock based compensation recognised		567		559
Transfer to common shares		(88)		(204)
Balance at end of period		<u>5,237</u>		<u>3,375</u>
Equity accounts				
		<u>382,891</u>		<u>196,599</u>
Retained earnings				
Balance at beginning of period		209,524		92,714
Adjustment to opening retained earnings		-		(190)
Net income for the period		21,439		21,078
Balance at end of period		<u>230,963</u>		<u>113,602</u>
Accumulated other comprehensive income				
Balance at beginning of period		432		559
Adjustment to opening other comprehensive income ⁽¹⁾		-		127
Net change in unrealized gains/(losses) on available for sale securities		142		(71)
Balance at end of period		<u>574</u>		<u>615</u>
Shareholders' equity at end of period				
		<u>614,428</u>		<u>310,816</u>

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

Consolidated Statements of Cash Flows (unaudited)

		Quarter ended March 31	
	Notes	2008	2007
		\$	\$
Cash flows from operating activities			
Net earnings for the period		21,439	21,078
Items not affecting cash			
Amortization		7,493	1,820
Loss on derivative instruments		960	-
Share of loss in associates		336	
Loss on sale of assets		288	-
Non-controlling interest		1,647	2,625
Borrowing costs - amortized		-	151
Unrealized foreign exchange (gains)/losses		83	(6)
Future tax		2,533	(52)
Stock based compensation		567	559
Changes in non-cash working capital	18	(16,354)	(10,357)
		<u>18,992</u>	<u>15,818</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(39,242)	(22,081)
Proceeds from sale of assets		179	13
Payments for exploration and evaluation expenditure		(4,767)	(4,030)
Payment for acquisition of additional interest in AMCK Mining s.p.r.l		-	(36,000)
Proceeds of principal repayments from investments		1,248	5,992
		<u>(42,582)</u>	<u>(56,106)</u>
Cash flows from financing activities			
Proceeds from issue of shares (net of issue expenses)		216	82
Proceeds from borrowings (net of fees incurred)		800	-
Movement in restricted cash		98	-
Repayment of borrowings		-	(2,000)
Disbursements on behalf of Dikulushi Trusts		(795)	(518)
		<u>319</u>	<u>(2,436)</u>
Net decrease in cash and cash equivalents		(23,272)	(42,724)
Cash and cash equivalents at beginning of the period		215,754	59,302
Effects of exchange rate changes on cash held in foreign currencies		15	-
Cash and cash equivalents at end of the period		<u>192,498</u>	<u>16,578</u>

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" and "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 – Disclosure 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 Disclosure

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.

2 Financial risk management

The Group's activities expose it 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 March 31, 2008:

Financial Assets

Cash and cash equivalents	192,498
Restricted cash	223
Accounts receivable	71,724
Investments	62,689
Long term receivable	4,859
	<u>331,993</u>

Financial liabilities

Accounts payable and accrued liabilities	22,310
Long term debt	800
	<u>23,110</u>

(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 March 31, 2008, with other variables unchanged, a plus or minus 5% change in the value of the US dollar against other currencies would have an affect of \$1.0 million on net income for the quarter.

(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 March 31, 2008 prices. There is no impact on other comprehensive income.

Impact of commodity price risk on financial instruments:

	Price on March 31, 2008	Change	Effect of financial instruments on net income for the quarter
Copper (3 month)	\$8,333 per tonne	+/- 10%	\$1.9 million
Silver (3 month)	\$19.51 per ounce	+/- 10%	\$0.3 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, and risk can be managed by reducing exposure where necessary. 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.

The table below summarises the diversified portfolio of investments by credit exposure.

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

Asset Group	Face Value	Market Value	Rating	% of Total Portfolio Investment
Asset backed securities	45,160	44,987	AAA \$18,026 AA \$11,621 A+ \$10,227 BBB+ \$5,113	71.76
Credit linked note	5,000	27	D	0.04
Floating rate note	10,000	10,062	A-1+ \$ 5,037 A-2 \$5,025	16.05
Mortgage Backed Securities	11,265	7,613	AAA \$ 4,239 AA \$1,958 B- \$1,416	12.15
Total	71,425	62,689		100.00

(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 investment grade short-term deposits certificates issued by major international commercial banks. The Company periodically monitors the investment it makes and is satisfied with the credit rating of its banks.

As at March 31, 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 our receivables, derivative assets, 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 (March 31, 2008: \$192,498 and December 31, 2007: \$215,754) 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 continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Management intends to invest current and future surplus funds in instruments that are tradeable in highly liquid markets.

(d) 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.

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

	Accounts Payable & Accruals	Bank Loans	Total
Within one year	22,310	312	22,622
In one to two years		312	312
In two to three years		312	312
	22,310	936	23,246
Effect of discount rates	-	(136)	(136)
Balance sheet carrying value	22,310	800	23,110

(e) 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 securities) 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31 2008 \$	March 31 2007 \$
3. Other Income		
Interest received	3,020	1,151
Gain/ (Loss) on sale of assets	(288)	-
	<u>2,732</u>	<u>1,151</u>

Interest and financing fees

Interest	645	250
Loss on derivative instruments	960	-
Amortization of deferred borrowing costs	-	151
	<u>1,605</u>	<u>401</u>

	March 31 2008 \$	December 31 2007 \$
4. Cash		
Cash at bank and in hand	19,618	40,002
Deposits at call	172,880	175,752
	<u>192,498</u>	<u>215,754</u>

(a) Credit risk exposure

All cash investments not held in a transactional account are invested in term deposits held with major international commercial banks.

The credit risk exposure of the Group in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

	March 31 2008 \$	December 31 2007 \$
5. Restricted cash		
Cash deposits held as security	223	322
	<u>223</u>	<u>322</u>

At March 31, 2008 and December 31, 2007, cash deposits were held by the Company's bankers against deposits held for future mine property rehabilitation.

	March 31 2008 \$	December 31 2007 \$
6. Accounts Receivable		
Trade receivables	65,560	59,366
Accrued interest income	232	598
Advances to suppliers and contractors	4,003	5,045
Other	1,929	752
	<u>71,724</u>	<u>65,761</u>

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

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 March 31, 2008, the Group had not experienced any impairment of trade receivables.

(b) Fully performing and past due but not impaired

As of March 31, 2008, trade receivables of \$59.547 million were fully performing and \$6.013 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 ageing analysis of these past due but not impaired trade receivables is as follows:

Up to 3 months	3,611
3 to 6 months	<u>2,402</u>
	<u>6,013</u>

(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.

(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 credit quality of the entity's trade receivables.

	March 31 2008 \$	December 31 2007 \$
7. Inventories		
Raw materials and stores	12,793	11,997
Ore stockpiles	11,049	8,504
Concentrate in stockpiles and in transit	<u>15,094</u>	<u>11,720</u>
	<u>38,936</u>	<u>32,221</u>

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31 2008 \$	December 31 2007 \$
8. Investments		
Available-for-sale investments at cost	72,041	73,295
Available-for-sale investments at fair value	62,689	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 March 31, 2008, available-for-sale investments with a carrying value of \$60.0 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 impaired. The amount of provision relating to these investments was \$9.4 million. The individually impaired investments mainly relate to a medium-term floating rate note (\$5 million), and two U.S sub-prime mortgage backed securities investments, one at \$3.8 million and another which failed to meet its asset collateralization test resulting in a rating downgrade (\$0.6 million).

9. Equity accounted investment

Name of Company	March 31, 2008			December 31, 2007		
	Ownership interest %	No. Shares	\$	Ownership interest %	No. Shares	\$
Sub-Sahara Resources NL ("SBS")	18	90,000,000	5,430	18	90,000,000	5,766

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

	March 31 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 or loss	(336)	(324)
Carrying value at end of the period	5,430	5,766

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31 2008 \$	December 31 2007 \$
10. Exploration and acquisition expenditure		
Exploration and acquisition expenditure at beginning of period	49,680	127,138
Expenditure transferred to development properties	-	(92,196)
Expenditure incurred	4,767	20,377
Expenditure written off	-	(4,389)
Waiver of purchase consideration payable	-	(1,250)
Exploration and acquisition expenditure at end of period	54,447	49,680
Exploration expenditure per area of interest ⁽¹⁾		
Dikulushi mine and regional projects	5,505	5,100
Mutoshi projects	8,316	6,200
Kinsevere projects	8,964	7,299
Philippines regional exploration projects	3,851	3,270
	<u>26,636</u>	<u>21,869</u>
Acquisition expenditure per area of interest ⁽²⁾		
Mutoshi projects	26,354	26,354
Kinsevere projects	1,457	1,457
	<u>27,811</u>	<u>27,811</u>
Total exploration and acquisition expenditure per area of interest:		
Dikulushi mine and regional projects	5,505	5,100
Mutoshi projects	34,670	32,554
Kinsevere projects	10,421	8,756
Philippines regional exploration projects	3,851	3,270
	<u>54,447</u>	<u>49,680</u>

The carrying value of expenditure on areas of interest in the exploration and evaluation 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.

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

	March 31, 2008		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
11. Property, plant and equipment			
Dikulushi⁽¹⁾			
Land and buildings	2,963	(1,636)	1,327
Plant and equipment	27,469	(14,236)	13,233
Mine property	19,440	(5,754)	13,686
Capital work in progress	3,155	-	3,155
	53,027	(21,626)	31,401
Kulu⁽²⁾			
Land and buildings	284	(55)	229
Plant and equipment	6,000	(3,318)	2,682
Mine property	10,723	(2,355)	8,368
Capital work in progress	6,436	-	6,436
	23,443	(5,728)	17,715
Kinsevere⁽³⁾			
Land and buildings	4,865	(680)	4,185
Plant and equipment	26,935	(6,535)	20,400
Mine property	112,945	(7,175)	105,770
Capital work in progress	62,723	-	62,723
	207,468	(14,390)	193,078
Services⁽⁴⁾			
Land and buildings	803	(106)	697
Plant and equipment	4,650	(1,914)	2,883
Capital work in progress	4,299	-	4,299
	9,752	(2,020)	7,732
Corporate and other⁽⁵⁾	2,637	(434)	2,203
Total	296,327	(44,198)	252,129

1 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 Democratic Republic of Congo ("DRC") and elsewhere in Central and Southern Africa.

2 The Kulu property, plant and equipment includes all property, plant and equipment located at Kolwezi in the DRC.

3 The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere 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)

	December 31, 2007		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
11. Property, plant and equipment			
Dikulushi⁽¹⁾			
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
Kulu⁽²⁾			
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
Kinsevere⁽³⁾			
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
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 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.

2 The Kulu property, plant and equipment include all property, plant and equipment located at Kolwezi in the DRC.

3 The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere 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)

	March 31 2008 \$	December 31 2007 \$
12. Accounts payable and accrued liabilities		
Trade creditors	6,420	10,217
Creditor and other accruals	15,890	14,827
	<u>22,310</u>	<u>25,044</u>
13. Non-controlling interests and Social development expenditure		
<p>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.</p> <p>The Group also holds a beneficial interest of 80% in Société Minière de Kolwezi s.p.r.l ("SMK") which is the owner and operator of the Kulu mine and a beneficial interest of 95% in AMCK Mining s.p.r.l. ("AMCK") which is the owner and operator of the Kinsevere mine.</p> <p>The movements in non-controlling interests during the three months ended March 31, 2008 are as follows:</p>		
	March 31 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	(795)	(7,620)
Interests in net earnings of AMC	2,077	12,486
Balance – end of period	<u>12,643</u>	<u>11,361</u>
(b) SMK – non-controlling interest		
Balance – beginning of period	1,963	1,784
Interests in net earnings of SMK	(697)	179
Balance – end of period	<u>1,266</u>	<u>1,963</u>
(c) AMCK – non-controlling interests		
Balance – beginning of period	556	12
Interests in net earnings of AMCK	267	544
Balance – end of period	<u>823</u>	<u>556</u>
Total non-controlling interests – end of period	<u>14,732</u>	<u>13,880</u>
(d) Social development expenditure		
Social development expenses in operating expenses (Kulu & Kinsevere)	1,214	3,401
Social development expenses disbursed on behalf of the Dikulushi Trusts as disclosed in non controlling interest	795	7,620
Total social development expenditure	<u>2,009</u>	<u>11,021</u>

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**14. Common shares, share options and share warrants****(a) Issued:**

	March 31, 2008		March 31, 2007	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance – Beginning of period	71,115,244	377,350	56,707,554	183,503
Exercise of stock options (i)	26,666	304	108,333	721
Issue of shares for acquisitions (ii)	-	-	872,093	9,000
Balance – End of period	71,141,910	377,654	57,687,980	193,224

- (i) During the quarter ended March 31, 2008, employee stock option and warrant holders exercised their options/warrants over 26,666 (March 31, 2007: 108,333) 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, the holder of the mining rights for the Kinsevere copper-cobalt deposits.

(b) Stock option plan

The Company has a Director and Employee Stock Option Plan (“the Plan”), under which it may grant options to directors and employees for up to ten percent of the total shares on issue. At March 31, 2008, the Company is able to issue an additional 4,829,645 (March 2007 – 3,700,324) common shares under the Plan.

The Black-Schöles 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:	4.25%
Expected life:	72 months
Expected volatility:	46.2%
Expected dividend yield:	0%

During the three months ended March 31, 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 \$0.586 million, \$0.261 million and \$0.141 million respectively were issued to non-executive directors pursuant to the terms of the Plan. During the three months ended March 31, 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 three months ended March 31, 2008, no stock options were issued to employees under the Plan and 26,666 employee stock options were exercised. During the three months ended March 31, 2007, 240,473 stock options with an exercise price, ranging from C\$10.54 to C\$14.06 each, with a total fair value of \$1.230 million were issued to employees under the Plan and 108,333 employee stock options were exercised.

The stock option expense for the period ended March 31, 2008 amounted to \$0.567 million (three months ended March 31, 2007 – \$0.559 million). As at March 31, 2008, the aggregate fair value of unvested stock options remaining to be charged to income amounted to \$3.305 million (March 31, 2007– \$2.723 million).

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**Outstanding stock options:**

	March 31, 2008		December 31, 2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
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	175,000	C\$12.42	882,966	C\$10.67
Exercised	(26,666)	C\$8.12	(215,982)	C\$5.20
Expired & forfeited	(26,667)	C\$11.84	(30,439)	C\$6.93
Outstanding at the end of period	2,284,546	C\$7.91	2,162,879	C\$7.59
Options vested and exercisable at the end of the period	836,074	C\$5.81	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 March 31, 2008:

Range of exercise prices	Options outstanding			Options exercisable		
	Number of stock options outstanding at March 31, 2008	Weighted average of remaining contractual life (months)	Weighted average exercise price	Number of stock options outstanding at March 31, 2008	Weighted average of remaining contractual life (months)	Weighted average exercise price
C\$3.80	528,334	38	C\$3.80	268,889	38	C\$3.80
C\$4.25-C\$4.66	275,002	30	C\$4.31	265,001	29	C\$4.30
C\$7.06	300,334	48	C\$7.06	168,556	48	C\$7.06
C\$9.41	600,000	54	C\$9.41	-	-	-
C\$10.54	125,000	58	C\$10.54	62,500	58	C\$10.54
C\$11.06-C\$11.28	155,000	57	C\$11.22	35,000	57	C\$11.19
C\$12.04	100,000	58	C\$12.04	25,000	59	C\$12.04
C\$13.09	100,000	71	C\$13.09	-	-	-
C\$14.06	60,876	60	C\$14.06	11,128	60	C\$14.06
C\$17.04	40,000	62	C\$17.04	-	-	-
Total	2,284,546	48	C\$7.91	836,074	40	C\$5.81

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

15. 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 March 31, 2008 is \$0.19 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 March 31, 2008 were \$2.7 million (December 31, 2007 - \$2.5 million).

(c) Kulu mine

The outstanding capital commitments of the Kulu mine contracted for as at March 31, 2008 were \$1.7 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 March 31, 2008 were \$41.4 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 is currently paying the maximum royalty. 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 March 31, 2008 were \$0.4 million (December 31, 2007 \$0.6 million).

(f) 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 March 31, 2008 the amount to be repatriated was \$14.3 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.

16. Segment information

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

Dikulushi copper/silver operation – 90% ownership

The Dikulushi 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.

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**Kulu copper operation - 80% ownership**

The Kulu operation is located in the Katanga province of the DRC. The operation was developed in 2005, and produces an oxide copper concentrate.

Kinsevere copper/cobalt operation - 95% ownership

The Kinsevere operation is located in the Katanga province of the DRC. The heavy media separation plant operation was developed in 2007, and produces an oxide copper concentrate.

Corporate development, administration and other ("CDA")

The corporate development, administration and other segment 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 quarter ended March 31, 2008, segmented information is presented as follows. The inter-segment eliminations relate to intercompany interest charged on loan balances, and the charging of corporate marketing, finance and agency fees within the Group.

	Dikulushi	Kulu	Kinsevere	CDA	Inter-segment	March 31 2008 Total
Concentrate sales	51,394	3,229	20,644	-	-	75,267
Operating expenses	(16,410)	(5,553)	(9,669)	(2,426)	-	(34,058)
Amortization	(1,813)	(938)	(4,550)	(192)	-	(7,493)
Segmented operating profit (loss)	33,171	(3,262)	6,425	(2,618)	-	33,716
Interest and financing fees	(433)	(570)	(189)	(905)	492	(1,605)
Other income	(149)	20	8	6,050	(3,197)	2,732
Other expenses	(845)	(329)	(1,531)	(6,160)	2,705	(6,160)
Segmented profit before under noted items	31,744	(4,141)	4,713	(3,633)	-	28,683
Income taxes	(4,011)	(48)	(2,035)	497	-	(5,597)
Non-controlling interest	(2,077)	697	(267)	-	-	(1,647)
Segmented profit	25,656	(3,492)	2,411	(3,136)	-	21,439
Property, plant and equipment	31,401	17,714	193,078	9,936	-	252,129
Total assets	101,518	74,330	261,042	277,471	-	714,361
Capital expenditures	2,020	4,210	29,866	3,146	-	39,242

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

For the quarter ended March 31, 2007, segmented information is presented as follows:

	Dikulushi	Kulu	Kinsevere	CDA	Inter-segment	March 31 2007 Total
Concentrate sales	33,198	8,838	-	-	-	42,036
Operating expenses	(8,548)	(4,496)	-	(493)	-	(13,537)
Amortization	(1,209)	(350)	-	(261)	-	(1,820)
Segmented operating profit (loss)	23,441	3,992	-	(754)	-	26,679
Interest and financing fees	-	(528)	-	(401)	528	(401)
Other income	50	-	-	2,580	(1,479)	1,151
Other expenses	(688)	(929)	-	(2,249)	951	(2,915)
Segmented profit before under noted items	22,803	2,535	-	(824)	-	24,514
Income taxes	-	(811)	-	-	-	(811)
Non controlling interest	(2,280)	(345)	-	-	-	(2,625)
Segmented profit	20,523	1,379	-	(824)	-	21,078
Property, plant and equipment	23,661	12,700	42,587	7,217	-	86,165
Total assets	93,687	53,723	136,623	104,639	-	388,672
Capital expenditures	1,092	39	19,748	1,202	-	22,081

The operations in DRC comprise the Dikulushi copper-silver mine, Kulu 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, Kulu and Kinsevere mines. The total assets located by geographic areas are as follows:

Total assets - Geographical Reporting	March 31 2008 \$	December 31 2007 \$
Democratic Republic of Congo	446,941	402,409
Zambia	908	885
Philippines	4,287	3,720
Australia ⁽¹⁾	8,186	5,535
Canada ⁽¹⁾	254,039	276,106
	714,361	688,655

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

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

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

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:

Revenues - Geographical Reporting	Quarter ended March 31	
	2008 \$	2007 \$
Democratic Republic of Congo	75,267	42,036

17. Earnings per share	Quarter ended March 31	
	2008 \$	2007 \$
Basic earnings per share	0.30	0.37
Diluted earnings per share	0.30	0.36
Weighted average number of ordinary shares outstanding - basic earnings per share	71,123,595	56,731,966
Weighted average number of ordinary shares outstanding - diluted earnings per share	71,825,030	58,060,900

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

	Quarter ended March 31		
	Income \$	Shares Number	\$ per share amount
2008			
Basic earnings per share			
Income available to shareholders	21,439	71,123,595	0.30
Effect of dilutive securities: Options and warrants	-	701,435	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	21,439	71,825,030	0.30
2007			
Basic earnings per share			
Income available to shareholders	21,078	56,731,966	0.37
Effect of dilutive securities: Options and warrants	-	1,328,934	-
Diluted earnings per share			
Income available to shareholders and assumed conversions	21,078	58,060,900	0.36

NOTES TO THE FINANCIAL STATEMENTS (unaudited)**Quarter ended March 31**

	2008	2007
	\$	\$
18. Supplementary cash flow information		
(a) Changes to non-cash working capital		
Accounts receivable	(6,918)	(9,750)
Inventories	(6,715)	(514)
Prepaid expenses and deposits	329	(482)
Accounts payable and accrued liabilities	(3,270)	(579)
Income taxes	84	863
Other liabilities	136	105
	<u>(16,354)</u>	<u>(10,357)</u>
(b) Other information		
Interest and financing fees paid Account	(45)	(250)
Interest received	3,019	1,174
Income tax paid	(2,918)	-

19. Mining Commission Review

In early February 2008, Anvil received letters from the Minister of Mines for the DRC notifying Anvil of the DRC Government's position as a consequence of the review by the DRC Government of the mining rights which Anvil's subsidiaries hold in respect of Anvil's Dikulushi, Kinsevere and Kulu mining properties. The letters from the Minister include a statement of terms upon which the Government proposes discussions be based to balance the partnership between the DRC and Anvil.

On February 29, 2008, the Company submitted responses to each of the letters received from the Minister of Mines for the DRC concerning results of the review by the DRC Government with respect to the Dikulushi, Kulu, and Kinsevere mine properties. Further to this submission of responses, on April 1, 2008, AMCK and SMK received letters from La Générale des Carrières et des Mines ("Gécamines") requesting a meeting concerning the review of mining agreements by the DRC Government. These meetings are expected to take place in the second quarter 2008.

Since submitting the Company response at the end of February there has been no further request for information from the DRC Government.