



**anvil**mining

## News Release

**FOR IMMEDIATE RELEASE**

**November 13, 2008**

**TSX, ASX: AVM**

**Common shares outstanding 71.2 million**

**All amounts are expressed in US dollars, unless otherwise stated.**

### **Anvil Mining Reports Third Quarter 2008 Results**

**Montréal, Canada: Anvil Mining Limited (TSX, ASX: AVM)**, (“Anvil” or the “Company”), today announced a net loss for the third quarter ended September 30, 2008 of \$17.3 million (-\$0.24 per share on a weighted average number of shares basis), compared to net income of \$39.1 million (\$0.55 per share) for the third quarter of 2007. Concentrate sales for the third quarter of 2008 totalled \$42.3 million, down 44% from the third quarter of 2007. Operating cash flow, before working capital movements, was (\$1.0) million, (-\$0.01 per share). Year to date net income was \$12.6 million (\$0.18 per share) on sales of \$177.4 million, compared to net income of \$95.5 million (\$1.52 per share) on sales of \$183.9 million in the first nine months of 2007. Operating cash flow for the first nine months of 2008, before working capital movements, was \$59.9 million (\$0.84 per share).

#### **Current Position and Outlook**

In recent months, Anvil and the base metals mining sector generally, have been subjected to a number of significant negative events, most notably a sharp fall in the copper price which declined by approximately 50% from prices seen in September as well as illiquid capital markets. In Anvil’s case, the impact of these events has been compounded by uncertainty regarding the review of mining agreements by the Government of the Democratic Republic of Congo (“DRC”), operational difficulties at the Dikulushi underground mine, delay in the commissioning of the Electric-Arc Furnace (“EAF”) at Kinsevere and increases in operating costs.

The cumulative effects of these events have placed Anvil in a difficult position, particularly in relation to the continued development of the Stage II Solvent Extraction-Electrowinning (“SX-EW”) plant at Kinsevere, for which the total projected cost is \$380 million. As at October 31, 2008 approximately \$136 million had been spent and approximately \$56 million committed, mainly for the purchase of key equipment with long lead times, leaving almost \$190 million of expenditure over the next 9 to 12 months to complete the project.

As at November 12, 2008, Anvil has approximately \$90 million in cash and short-term deposits and \$38 million in longer term investments, the majority of which do not mature

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<b>people</b>	<b>mine</b>
<b>explore</b>	<b>grow</b>
<b>develop</b>	<b>sustain</b>



within the next three years. Furthermore, in the current environment, there is limited availability of debt finance for mining companies and the Company has concluded that raising equity finance is not currently a viable option.

Management has carefully considered these conditions and developed a strategy for the next six to eighteen months that takes into account the Company's current position, consensus estimates of copper prices, conservative estimates of production and operating costs and the potential to raise debt finance in the event that availability of such finance improves in 2009.

The key elements of the strategy are:

- Maintaining a minimum cash balance over this period as required for the Company's operations;
- Finalizing the tentative agreements reached with Gécamines and the DRC Government for the Company's mining properties in DRC;
- Operating the Dikulushi underground mine and Kinsevere mine at a positive cash flow;
- Curtailing all but essential capital spending;
- Reducing exploration costs to essential activities related to the definition of resources at the Dikulushi and Kinsevere mines; and
- Cutting general and administrative costs to the minimum necessary to support essential operations.

Central to this strategy, the Company has placed the fabrication and construction works associated with the Kinsevere Stage II SX-EW development on hold until additional finance is available and there is greater certainty in global financial and commodity markets. Design work and civil works will continue and are expected to be completed later this year. In order to complete this development and maintain a minimum cash balance throughout the construction and commissioning phase, the Company requires additional funding. The Company is in discussions with a number of possible lenders and preliminary indications are that debt finance could be available in the first half of 2009, assuming satisfactory resolution of negotiations with the DRC Government regarding the Company's mining agreements, which the Company expects to be finalized during the fourth quarter of 2008.

While the Company currently expects to have financing arranged in time to allow for the recommencement of the Kinsevere Stage II SX-EW development during the third quarter of 2009, with commissioning of the plant in early 2010, there can be no assurance that required finance will be available and that development of the project will re-commence within this timeframe.

In the event that finance is not available during 2009, the Company believes that with the implementation of the strategy outlined above and using conservative estimates of medium-term copper prices, it can operate its Kinsevere Stage I and Dikulushi mines in a profitable manner, with positive cash flow.

Bill Turner, President and Chief Executive Officer of Anvil, commented, "We believe that Kinsevere is a significant, high grade resource, that has potential to increase in size and that



the actions we have taken to negotiate the settlement of terms with Gécamines and the DRC Government, to scale back capital expenditures and to reduce operating, general and administrative costs will leave us well positioned to take advantage of any future turn around in copper prices.”

## **Key Points for the Third Quarter**

- Financial results for the third quarter 2008 were impacted by several one-off adjustments, including:
  - Provision of \$2.6 million for impairment of available-for-sale investments;
  - An impairment of \$2.9 million in connection with the write down of the value of the Company’s investment in Sub Sahara Resources NL;
  - Provisional pricing adjustments of \$9.4 million resulting from the sharp fall in the price of copper during the September quarter and post quarter end; and
  - A write down of \$2.5 million in the value of exploration work carried out in the Philippines.
- Net copper concentrate sales of \$42.3 million, a decrease of 44% compared to the third quarter of 2007.
- Net loss of \$17.3 million (-\$0.24 per share), compared to net income of \$39.1 million (0.55 per share) in the third quarter of 2007.
- Cash flows from operating activities, before working capital movements, of -\$1.0 million (-\$0.01 per share), compared to positive cash flow in the third quarter of 2007.
- Quarterly production of 12,107 tonnes of copper and 189,867 ounces of silver produced in concentrate, a decrease of 18% and 69% respectively, compared to the third quarter of 2007.
- Development of the Dikulushi underground mine using an Avoca cut and fill mining method, on schedule for commencement of full production in the first quarter of 2009.
- Further development of the Kinsevere Stage II project.

Bill Turner further commented, “Our third quarter results were negatively impacted by the lower copper and silver production at Dikulushi due to lower production from underground and the inclusion of lower grade stockpile feed. However, Kinsevere performed well with a 56% increase in net sales due to higher copper production (+29%) through an increase in tonnes processed, higher grades and improved recoveries. At Dikulushi, modifications to the underground development to change the mining method to an Avoca cut-and-fill method are now well underway with full-scale underground mining expected to commence in the first quarter of 2009. Although there is additional capital cost involved in modifying the mining method, ore recovery rates are expected to improve, compared with the previous sub-level caving method. Due to recent rapid changes in market conditions and the sharp decline in base metals prices, the third quarter financial results were also impacted by several one-off adjustments totalling \$17.4 million. This included costs associated with legal and advisory fees related to a private placement which did not proceed as a result of the significant deterioration in market conditions for resources companies.



The continuing under performance of the Mutoshi Stage I HMS operation from processing lower grade, finer-grained material, together with high mining costs led to the suspension of mining activities at Mutoshi in September. Sufficient stockpiled ore is available to feed the Mutoshi Stage I HMS processing plant through to the end of the year and to achieve a 2008 copper production of 8,000 tonnes.”

While the construction and development of the Kinsevere Stage II 60,000 tonnes per year SX-EW plant has progressed well during the last six months, the project cannot be completed without additional financing. As a result, construction work has been deferred until required financing has been obtained, however design and civil works will continue. At the Dikulushi and Kinsevere mines, the Company is reviewing its cost structure and implementing changes to ensure these operations are profitable.

## **Operations**

### **Kinsevere Stage I**

Open pit mining at the Tshifufia and Tshifufiamashi deposits and processing through the HMS plant continue to operate as expected, with annual 2008 production forecast to be approximately 27,000 tonnes of copper. The first EAF was commissioned in August 2008, but is operating below its design capacity of 12,000 tonnes of copper per year due to a combination of design, logistical, and technical factors.

The Company has identified process flow issues associated with copper metal handling and furnace feed which are currently preventing achievement of design capacity. Trial production using a method to provide for direct casting into a large mould is currently being evaluated. Conveyors, bins, screw feeders and weightometers are being upgraded to provide a more automated process. These measures are expected to increase production levels to design capacity in the coming months. Commissioning of the second EAF has been delayed until the first furnace is operating efficiently.

### **Dikulushi**

Feed to the plant continues to be sourced primarily from existing low-grade stockpiles, supplemented by a small amount of development ore, with Dikulushi on track to achieve annual production of 11,000 tonnes of copper.

The engagement during the second quarter 2008 of Byrncut Mining International Pty Ltd as the underground mining contractor to coordinate all underground mining activities has resulted in significant improvement in the development of the underground mine with the rate of development consistently ahead of budget.

Commencement of full scale production (approximately 17,000 tonnes of copper per year) from the underground mine is expected to commence during the first quarter of 2009. In order to fully utilise the mill capacity, additional feed will be sourced from the current low-grade stockpiles which currently amount to 910,000 tonnes grading at 1.2% copper and 27g/t silver.



## **Mutoshi**

Owing to the progressively lower metallurgical recovery from processing finer grained, lower grade material encountered further downstream, mining operations were suspended in September. Feed to the plant continues to be sourced from existing stockpiled ore which is sufficient for the remainder of 2008. While budgeted throughput and feed grade have been achieved, copper recovery at the plant has been disappointing and forecast production for 2008 has been reduced from 9,000 tonnes of copper to 8,000 tonnes of copper.

Preliminary studies on a Stage II SX-EW facility for Mutoshi are expected to be completed in the coming months.

**The complete unaudited financial statements together with the related Management's Discussion and Analysis (MD&A) are available on Anvil's website at [www.anvilmining.com](http://www.anvilmining.com) under the heading "Financial Reports".**



## Reminder – Third Quarter Financial Results Conference Call

A conference call will be held at 8:30 a.m. (EST – North American time) on Thursday November 13, 2008 coinciding with 10:30 p.m. (AWST – Australia, Perth time) on the same day to discuss the results announced in this News Release. Details to access the conference call and the live audio webcast are as follows:

### Conference call:

(Please call approximately five minutes prior to the scheduled start of the call).

- Toll-free within North America: 1-800-732-1073
- For local and overseas calling: 1-416-644-3420

### Live audio webcast of the conference call (listen mode only):

- **CNW Group** website at:  
<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2455420>  
<http://www.cnw.ca/fr/webcast/viewEvent.cgi?eventID=2455420>

### Replay Information (available for a period of 7 days):

- The conference call will be recorded and a playback of the call will be available after the event by dialling 1-877-289-8525 or 1-416-640-1917, **Reservation number 21287311 followed by the pound (#) key.**

Anvil Mining Limited is an unhedged copper and silver producer whose shares are listed for trading on the Toronto Stock Exchange (as common shares) and the Australian Securities Exchange (as CDIs) under the symbol AVM. It has majority interests in and operates the Dikulushi copper-silver mine, the Kinsevere copper mine and the Mutoshi Stage I copper tailings operation in the Katanga Province of the DRC.

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**Caution Regarding Forward Looking Statements:** *The forward-looking statements made in this news release are based on management's assumptions and judgments regarding future events and results. Such forward-looking statements, including but not limited to those with respect to the Company's plans for expansions of the Kinsevere copper mine and estimated future production at the Dikulushi, Mutoshi and Kinsevere mines, involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will proceed as planned or be*



*successfully completed within expected time limits and budgets or that, when completed, the expanded facility will operate as anticipated.*

*As a consequence of the letters Anvil received in February 2008 from the DRC Minister of Mines, Anvil has entered into discussions and negotiations with the DRC Government and Gécamines regarding its rights with respect to its properties in the DRC. No assurance can be given as to the outcome of any such discussions and negotiations or that Anvil's security of tenure and its ability to secure additional financing in the future may not be adversely affected so as to have a material adverse effect on its business, operating results and financial position.*

## Appendix

### Key Financial and Production Data (unaudited)

	3 months ended September 30		9 months ended September 30	
	2008	2007	2008	2007
<b>Revenues: (\$ millions)</b>	42.3	76.2	177.3	183.9
Operating profit / (loss): (\$ millions)	(2.6)	46.7	47.0	116.1
Net Income / (loss): (\$ millions)	(17.3)	39.0	12.6	95.5
<b>Realized price: (\$)</b>				
Copper per pound	2.78	3.38	3.34	3.23
Silver per ounce	10.36	12.56	16.33	12.55
<b>PRODUCTION STATISTICS:</b>				
<b>Consolidated Group</b>				
Copper produced in concentrates (tonnes)	12,107	14,772	34,655	30,755
Silver produced in concentrates (ounces)	189,867	612,739	921,339	1,733,866
<b>Per Mine</b>				
<b>Kinsevere mine</b>				
Ore processed (tonnes) <sup>1</sup>	104,414	72,639	290,808	81,006
Copper grade (%)	9.1	10.9	9.4	10.0
Contained copper in ore (tonnes)	9,467	7,951	27,290	8,705
Recovery (%)	78.4	77.0	68.6	70.4
Copper produced in concentrates (tonnes)	7,741	6,142	18,708	6,622
Copper produced in Blister (tonnes)	161	-	161	-
Ore mined (tonnes)	727,736	386,288	2,248,467	605,939
<b>Costs of production (\$)</b>				
Operating cash costs per tonne (ex mine gate)	194	362	270	362
<b>Dikulushi mine</b>				
Ore processed (tonnes) <sup>2</sup>	134,994	88,574	345,517	261,316
Copper grade (%)	2.2	7.7	3.4	7.5
Contained Copper in Ore (tonnes)	2,934	6,836	11,637	19,538
Recovery (%)	61.8	90.7	80.0	90.2
Copper produced in concentrates (tonnes)	1,813	6,198	9,304	17,618
Silver produced in concentrates (ounces)	189,867	612,739	921,339	1,733,866
Ore mined (tonnes)	15,265	4,992	81,288	14,395
Operating cash cost (ex mine gate) (after silver credits) (\$/lb)	2.89	0.23	0.59	0.15
<b>Total cash costs from operations (\$/lb)</b>	<b>3.47</b>	<b>0.65</b>	<b>1.10</b>	<b>0.59</b>

1. The Kinsevere mine commenced production in June 2007.

2. Ore processed at Dikulushi relates to ore processed through the ball mill and flotation plant.



## Key Financial and Production Data (cont.)

PRODUCTION STATISTICS:	3 months ended September 30		9 months ended September 30	
	2008	2007	2008	2007
<b>Mutoshi mine</b>				
Ore processed (tonnes) <sup>3</sup>	135,772	87,342	373,199	242,574
Copper grade (%)	3.8	5.1	3.9	5.2
Contained copper in ore (tonnes)	5,152	4,439	14,624	12,732
Recovery (%)	46.4	54.8	41.1	51.0
Copper produced in concentrates (tonnes)	2,392	2,432	6,160	6,515
Ore mined (tonnes)	154,602	136,586	428,361	287,921
<b>Costs of production: (\$)</b>				
Operating cash costs per tonne (ex mine gate)	984	670	914	528

3. Ore processed at Mutoshi and Kinsevere relates to ore processed through the HMS plant.



## Consolidated Balance Sheets (unaudited)

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



## Consolidated Statements of Income and Comprehensive Income (unaudited)

	3 Months Ended September 30		9 Months Ended September 30	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>Concentrate sales</b>	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	1,581	4,098	6,828	7,444
Share of loss in associates	(555)	-	(891)	-
Provision for impairment of investments	(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	(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)
<b>Net income / (loss)</b>	<b>(17,336)</b>	<b>39,064</b>	<b>12,619</b>	<b>95,504</b>
Other comprehensive income, net of taxes				
Net unrealized losses on available-for-sale investments	(6,069)	(1,197)	(5,727)	(484)
<b>Total comprehensive income / (loss)</b>	<b>(23,422)</b>	<b>37,867</b>	<b>6,892</b>	<b>95,020</b>
Basic earnings / (loss) per share (\$)	(0.24)	0.55	0.18	1.52
Diluted earnings / (loss) per share (\$)	(0.24)	0.54	0.18	1.48

## Cash Flow Statement (unaudited)

	3 Months Ended September 30		9 Months Ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
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	30,137	(7,143)	12,915	(42,233)
	<b>29,124</b>	<b>42,958</b>	<b>72,782</b>	<b>77,358</b>
<b>Cash flows from investing activities</b>				
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
	<b>(47,297)</b>	<b>(26,979)</b>	<b>(157,339)</b>	<b>(91,366)</b>
<b>Cash flows from financing activities</b>				
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)
	<b>(2,334)</b>	<b>(4,090)</b>	<b>(5,346)</b>	<b>169,593</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(20,507)</b>	<b>11,889</b>	<b>(89,903)</b>	<b>155,584</b>
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)	-
<b>Cash and cash equivalents at end of the period</b>	<b>125,485</b>	<b>214,886</b>	<b>125,485</b>	<b>214,886</b>