Anvil Mining Limited

Consolidated Financial Statements

As at December 31, 2004 and June 30, 2004 and

for the six months ended December 31, 2004 and year ended June 30, 2004.

(Expressed in thousands, of United States dollars except where indicated)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Anvil Mining Limited were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 3 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

PricewaterhouseCoopers LLP, the Company's independent auditors, conduct an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. As well, they make an assessment of the accounting principles used and significant estimates made by management and they evaluate the overall financial statement presentation.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) William S. Turner	(Signed) Craig R. Munro
President and Chief Executive Officer	Chief Financial Officer

February 10, 2005

Auditors' Report to the Shareholders of Anvil Mining Limited

We have audited the consolidated balance sheets of Anvil Mining Limited as at December 31, 2004 and June 30, 2004 and the consolidated statements of earnings, retained earnings and cash flows for the periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and June 30, 2004 and the results of its operations and its cash flows for the financial periods then ended in accordance with Canadian generally accepted accounting principles.

(Signed) PricewaterhouseCoopers LLP

Chartered Accountants

Toronto, Ontario, Canada

February 10, 2005

(Expressed in thousands, of U.S dollars, except where indicated)

Consolidated Balance Sheets

	Notes	December 30 2004 $	June 30 2004 $
ASSETS			
Current assets			
Cash and cash equivalents		4,559	7,170
Restricted cash	6	14,133	134
Accounts receivable		2,181	1,144
Inventories	7	5,514	2,228
Investments		0	55
Prepaid expenses and deposits		639	391
		27,026	11,122
Deferred financing fees	8	679	709
Deferred mining costs	9	2,617	1,975
Exploration and evaluation expenditure	10	4,727	2,194
Property, plant and equipment	11	21,509	16,022
		56,558	32,022
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		4,640	4,235
Current income taxes	5	45	41
Other liabilities		500	195
Current portion of long term debt	12	6,625	3,300
		11,810	7,771
Long term debt	12	1,500	2,825
Environmental and mine closure liabilities		306	294
Non controlling interest	13	613	637
		14,229	11,527
Shareholders' equity			
Equity accounts	14	38,740	17,782
Cumulative translation adjustments	14 (f)	559	559
Retained earnings		3,030	2,154
		56,558	32,022
Contingent liabilities	12		
Commitments for expenditure	15		
Subsequent events	22		

Approved by the Board of Directors	(signed) *William S Turner*	(signed) *John W Sabine*

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

(Expressed in thousands, of U.S dollars, except where indicated)

Consolidated Statements of Earnings and Retained Earnings

	Notes	6 Months Ended December 31 2004 $	12 Months Ended June 30 2004 $
Copper-silver concentrate sales		15,867	29,081
Operating expenses		(10,487)	(16,658)
Amortization		(1,737)	(2,300)
Operating profit		3,643	10,123
Other income	4	382	1,408
General, administrative and marketing		(1,515)	(1,609)
Exploration expense		(0)	(518)
Foreign exchange gains/(losses)		70	(328)
Stock based compensation		(245)	(191)
Interest and financing fees	4	(1,270)	(2,154)
Earnings before income tax and non controlling interest		1,065	6,731
Income tax	5	0	(41)
Non controlling interest		(189)	(637)
Net Earnings		876	6,053
Retained earnings (deficit) at beginning of the period		2,154	(3,899)
Retained earnings at end of the period		3,030	2,154
Basic earnings per share (cents)	19	3.69	30.65
Diluted earnings per share (cents)	19	3.55	28.67

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

(Expressed in thousands, of U.S dollars, except where indicated)

Consolidated Statements of Cash Flows

	Notes	6 Months Ended December 31 2004 $	12 Months Ended June 30 2004 $
Cash flows from operating activities			
Net earnings for the period		876	6,053
Items not affecting cash			
Amortization		1,737	2,300
Exploration expenditure written off		0	94
Gain on disposal of investments		(363)	(1,374)
Non controlling interest		189	637
Borrowing costs - amortized		162	195
Unrealized foreign exchange (gains)/losses		(264)	7
Stock based compensation		245	191
Changes in non-cash working capital	20	(4,491)	(3,476)
		(1,909)	4,627
Cash flows from investing activities			
Payments for property, plant and equipment		(7,583)	(7,671)
Proceeds from sale of investments		424	1,633
Payments for exploration and evaluation expenditure		(2,533)	(752)
		(9,692)	(6,790)
Cash flows from financing activities			
Proceeds from issue of shares (net of issue expenses)		20,712	6,558
Increase in restricted cash – issue of special warrants		(13,759)	0
Proceeds from borrowings		3,150	4,000
Repayment of borrowings		(1,150)	(2,036)
		8,953	8,522
Net increase (decrease) in cash and cash equivalents		(2,648)	6,359
Cash and cash equivalents at beginning of the period		7,170	645
Effects of exchange rate changes on cash held in foreign currencies		37	166
Cash and cash equivalents at end of the period		4,559	7,170
Non cash financing and investing activities	21		

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

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

Anvil Mining Limited ("Anvil" or the "Company") was incorporated under the *Business Corporations Act* (Northwest Territories) on January 8, 2004 for the purpose of acquiring all of the issued and outstanding shares of Anvil Mining NL ("Anvil NL") an Australian company listed on the Australian Stock Exchange, pursuant to a scheme of arrangement ("Scheme") under Australian law. The Scheme was completed in June 2004.

Anvil operates in one operating segment, namely the acquisition, exploration, development and mining of mineral properties. Its principal asset is a 90% interest in the copper-silver mine (the "Dikulushi Mine") situated in the Democratic Republic of Congo ("DRC"), which at December 31, 2004 was in commercial production and completed the Stage II expansion of its processing facilities in October 2004. Anvil also holds interests in other exploration properties in the DRC, Zambia and South East Asia.

Anvil's cash flow and profitability are affected by the market price of copper and silver, operating costs and exploration and development activity costs. The recoverability of the amounts shown in the consolidated balance sheet for deferred exploration and mine properties is dependent upon the existence of economically recoverable reserves, confirmation of the company's interest in the underlying mining claims, and the political and economic conditions in the relevant African and South East Asian countries involved.

Reorganization

In conjunction with the Scheme, in Australia, the Company completed its initial public offering ("IPO") on the Toronto Stock Exchange in June 2004. As part of the Scheme and IPO, the Company also listed its shares as Chess Depository Interests ("CDIs") on the Australian Stock Exchange in June 2004. The events, actions and transactions involved in the reorganization to put into effect the Scheme and IPO are hereinafter collectively referred as the "Reorganization".

Pursuant to the Scheme, the shareholders of Anvil NL received one common share of the Company for ten (10) ordinary shares of Anvil NL held immediately prior to the Scheme becoming effective. Consequently, the economic interest of the shareholders of Anvil NL did not change. Accordingly, these consolidated financial statements present the continuity of interest and reflect the operations of the Company as if the Scheme had been in effect prior to July 1, 2003.

2. Change in fiscal year-end

During period to December 2004, the Company changed the year-end from June 30 to December 31. The financial information that is presented for the current financial period is a six month period ended December 31, 2004 and the comparative period is a twelve month period ended June 30, 2004.

3. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Summarized below are the significant accounting policies used in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company and their results for the period since the acquisition date (see also Note 1). The effects of all transactions between entities in the consolidated group are eliminated in full.

b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Significant areas where management's judgement is applied are asset and investment valuations, asset retirement obligations and estimates of ore reserves. Actual results may differ from those estimates.

c) Reporting currency

The functional currency of the Company is the United States Dollar and the functional currency used in the principal operations at the Dikulushi Mine and in Anvil's other principal businesses is the United States Dollar ("US$" or "US Dollar"). Accordingly, the Company has adopted the United States Dollar as its reporting currency.

d) Foreign currency translations

The Company employs the current rate method of translation for its self-sustaining operations. Under this method, all assets and liabilities are translated at the year-end rates and all revenue and expense items are translated at the average monthly exchange rates for recognition in income. Differences arising from these foreign currency restatements are recorded in shareholders' equity as a cumulative translation adjustment until they are realized by a reduction in the investment.

The Company employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the year-end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized as income. Realized exchange gains and losses and currency translation adjustments are included in income.

e) Revenue recognition

Revenue from sales of copper-silver concentrate is recorded net of smelter treatment charges and deductions. Sales are recognized when shipments are delivered at the smelters and title passes to the customer.

f) Cash and cash equivalents

Cash and cash equivalents are comprised of highly liquid investments with maturity of three months or less at the date of original issue.

g) Receivables

All receivables are recognized at the amounts due for settlement no more than 60 days from the date of recognition. The collectibility of receivables is reviewed on an ongoing basis. Accounts, which are known to be uncollectible, are written off. A provision for doubtful accounts is raised where some doubt as to collection exists.

h) Inventories

Inventories of broken ore and concentrate are physically measured or estimated and valued at the lower of cost and net realizable value.

Cost represents weighted average cost and includes direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortisation.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost. Obsolete or damaged inventories are valued at net realizable value. A regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

i) Deferred financing fees

Costs incurred (including the fair value of shares and options granted) to obtain long-term debt or finance facilities are deferred and amortized over the respective terms of the underlying debt.

Interest and financing fees are recognized as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets. Interest and financing fees incurred in direct connection with financing a qualifying asset are included in the cost of the qualifying asset.

j) Deferred mining costs

Certain mining costs, principally those that relate to the stripping of waste and which relate to the future economically recoverable ore to be mined, have been capitalised. These costs are deferred or taken to the production cost as the case may be, so that each tonne of ore mined bears the average cost of waste removal per tonne of ore, as determined by the waste to ore ratio derived from the current pit plan. The waste to ore ratio and the remaining life of the mine are both regularly assessed by management to ensure the carrying value and the rate of deferral is appropriate.

k) Exploration, evaluation and development expenditure

Exploration and evaluation expenditure incurred is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest, which is expensed in the year it is incurred.

Property acquisition costs relating to exploration properties and expenditures incurred on properties identified as having development potential are deferred as mine development costs on a project basis until the viability of the project is determined.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Evaluation expenditure for each area of interest/mineral resource is carried forward, but only to the extent to which its recovery out of revenue to be derived from the relevant area of interest/mineral resource, or from sale of that area of interest, is reasonably assured.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Company's rights of tenure to that area of interest are current.

l) Property, plant and equipment

The cost of each item of buildings, fixed plant, mobile machinery and equipment is written off over its expected useful life to the Company. Either the units-of-production or straight-line method may be used. The unit-of-production basis results in an amortization charge proportional to the depletion of the recoverable mineral resources. Each item's economic life has due regard to both its own physical life limitations and to present assessment of recoverable mineral resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all mine buildings, fixed plant and mobile machinery and equipment, with annual reassessments for major items.

The expected useful lives are as follows:

- Mine buildings – the shorter of applicable mine life on units-of-production basis and 15 years
- Fixed plant – the shorter of applicable mine life on units-of-production basis and 15 years
- Mobile machinery and equipment – the shorter of applicable useful life and 7 years, depending on

the nature of the asset

Major spares purchased specifically for particular plant are capitalized and amortized on the same basis as the plant to which they relate.

Total net carrying value of property, plant and equipment is reviewed regularly and, to the extent to which these values exceed their fair values that excess is fully provided against in the financial year in which this is determined.

m) Mine properties

Mine properties comprise the accumulation of all exploration, evaluation and development expenditure, incurred by or on behalf of the entity, in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are likely to be realized, otherwise such expenditure is classified as part of the cost of production.

Amortization of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its fair value, that excess in carrying value is either fully provided against or written off in the financial year in which this is determined.

n) Asset retirement obligations

Future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site have been recognized and recorded as a liability at fair value, assuming a credit adjusted risk-free discount rate of 7.5% and an inflation factor of 2.5%. The liability is accreted over time through periodic charges to earnings. In addition the asset retirement cost is capitalized as part of the asset's carrying value and amortized over the asset's useful life. Subsequent to the initial recognition of the asset retirement obligation and associated asset retirement cost any changes resulting from a revision to either timing or amount of estimated cash flows are prospectively reflected in the year those estimates change.

Although the ultimate amount to be incurred is uncertain, the estimated liability and asset retirement cost has been based on the assessments made in an independent Environmental Impact Assessment, completed in April 2003, using an initial expected life of mine of 5 years and total undiscounted amount of estimated cash flows of $366. During the six month period ended December 31, 2004 the accretion expense in relation to the liability was $ 11 (June 30, 2004 $21). There were no revisions to the estimated cash flows during the six months period.

o) Income tax

The Company accounts for income taxes under the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying values and tax bases of assets and liabilities. Future tax assets and liabilities are measured using tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of changes in tax rates is recognized in income in the period in which the change is applied.

p) Earnings per share

The Company follows the "treasury stock" method in calculating diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued, should "in the money" options be exercised and the proceeds used to repurchase common shares at the weighted average market price in the period.

(Expressed in thousands, of U.S dollars, except where indicated)

q) Stock-based compensation

The Company recognizes the fair value of options granted as an expense against income and the corresponding value recorded in contributed surplus.

Anvil stock options issued to persons other than employees are accounted for at fair value and deferred and amortized over the period over which the relevant service is provided. Where financing facilities are made available to Anvil but there is no term or the term does not exceed 12 months then the cost of stock based compensation is expensed in the period in which it is incurred.

	6 Months Ended December 31 2004 $	**12 Months Ended June 30 2004 $**
4. Other Income		
Gain on sale of Golden Star Resources Ltd ("GSR") shares	363	1,375
Interest received – other persons	19	26
Other	0	7
	382	1,408
Interest and financing fees		
Financing fee (includes net smelter return – Note 12)	1,121	1,806
Interest	162	153
Amortization of deferred borrowing costs	162	195
Less: amounts capitalized	(175)	0
	1,270	2,154

(Expressed in thousands, of U.S dollars, except where indicated)

5. Income tax

The income taxes shown in the consolidated statement of earnings differ from amounts calculated by applying the statutory rates to earnings before provision for income taxes due to the following:

	6 Months Ended December 31 2004 $	12 Months Ended June 30 2004 $
Earnings before income tax and non controlling interest	1,065	6,731
Income taxes at Canadian statutory rates - 38% (2004 – 38%)	405	2,558
Difference in tax rates	(719)	(2,493)
Non deductible expenses	(33)	28
Tax losses not recognized	347	61
Recovery of prior year foreign tax losses	0	(113)
Taxation expense	0	41
Comprising:		
Current income taxes	0	41
Future income taxes	0	0

Anvil has non-capital loss carry-forwards as at December 31, 2004 of $5,800 (June 30, 2004: $5,100) that may be available for tax purposes. These losses are primarily in Canada and Australia. The losses in Canada expire after seven years and in respect to the Australian losses there is no specific expiry date. The use of these losses arising from operating losses and exploration and development expenditures are subject to certain restrictions.

A full valuation allowance has been recorded against the potential income tax benefits of these carry forward losses and deductible temporary differences, as realization thereof cannot at this time be considered more likely than not.

The Dikulushi Mine operations in the DRC currently enjoy a concessionary tax benefit of reduced income tax rates for the first fifteen years from the date of first commercial mine production, which commenced in October 2002. The tax concessionary rates applicable based on the current DRC Professional income tax rate of 40% are as follows:

Period	% of Professional Tax Rate	Effective income tax rate
First five years of production	0%	0%
Sixth through to tenth years of production	40%	16%
Eleventh through to fifteenth years of production	45%	18%
Thereafter	100%	40%

(Expressed in thousands, of U.S dollars, except where indicated)

	December 31 2004 $	June 30 2004 $
6. Restricted cash		
Cash deposits held as security on escrow	14,133	134

At December 31, 2004, the cash deposit of $14,133, which relates to the proceeds from issue of 3,240,000 special warrants (refer Note 14 (b)), was held in trust subject to shareholders'approval for the conversion of the special warrants into common shares and share purchase warrants, at a meeting of shareholders on January 20, 2005 (refer Note 22).

At June 30, 2004, a deposit was pledged to secure an irrevocable letter of credit issued by the Company's bankers in favour of a supplier. The letter of credit was drawn on by the supplier on November 1, 2004 on the completion of commissioning of the power station as part of the Stage II expansion at Dikulushi.

	December 31 2004 $	June 30 2004 $
7. Inventories		
Raw materials and stores – at cost	3,442	1,128
Raw materials and stores in transit – at cost	345	0
Ore stockpiles – at cost	1,149	497
Concentrate in stockpiles and in transit – at cost	578	603
	5,514	2,228

8. Deferred financing fees		
Deferred fees paid and value of options granted (see also Note 14 (c))	1,100	968
Amortization	(421)	(259)
	679	709

9. Deferred mining costs		
Costs at the beginning of period	1,975	674
Waste stripping costs deferred during the period	642	1,301
Costs at end of period	2,617	1,975

During the six months period ended December 31, 2004, the Company deferred $642 (twelve months to June 30, 2004 - $1,301) for deferred stripping costs based on a life of mine strip ratio of 8.4:1 compared to the actual strip ratio for the six months period to December 2004 of 11.8:1 (June 2004 – 11.4:1).

(Expressed in thousands, of U.S dollars, except where indicated)

10. Exploration and evaluation expenditure

	December 31 2004 $	June 30 2004 $
Exploration and evaluation expenditure at beginning of period	2,194	622
Expenditure transferred to development properties	0	0
Expenditure incurred	2,533	1,658
Expenditure written off	0	(93)
Foreign exchange movement	0	7
Exploration and evaluation expenditure at end of period	4,727	2,194
Costs incurred on:		
Dikulushi, Dikulushi regional and Copperbelt exploration projects in the DRC	4,117	1,646
Philippines regional exploration project	71	30
Duc Bo exploration project – Vietnam	539	518
	4,727	2,194

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.

11. Property, plant and equipment

December 31 2004

	Cost $	Accumulated depletion, amortization and writedown $	Net book value $
Dikulushi[1]			
Land and buildings	1,092	(239)	853
Plant and equipment	17,921	(2,323)	15,598
Mine property	6,243	(2,409)	3,834
Construction work in progress	1,029	0	1,029
	26,285	(4,971)	21,314
Corporate and other[2]	207	(12)	195
Total	26,492	(4,983)	21,509

June 30 2004

	Cost $	Accumulated depletion, amortization and writedown $	Net book value $
Dikulushi[1]			
Land and buildings	891	(167)	724
Plant and equipment	5,356	(1,236)	4,120
Mine property	6,192	(1,779)	4,413
Construction work in progress	6,655	0	6,655
	19,094	(3,182)	15,912
Corporate and other[2]	190	(80)	110
Total	19,284	(3,262)	16,022

(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 but situated in the Democratic Republic of Congo and elsewhere in Central and Southern Africa

(2) The corporate and other assets are all located in Australia and Canada.

(Expressed in thousands, of U.S dollars, except where indicated)

12. Long term debt Facilities

	December 31 2004 $	June 30 2004 $
RMBI project financing	8,125	6,125
Total long-term debt	8,125	6,125
Less: current portion	(6,625)	(3,300)
	1,500	2,825
The scheduled minimum repayments are as follows:		
Financial year 2005	6,625	3,300
Financial year 2006	1,500	2,825
	8,125	6,125

RMB International (Dublin) Limited ("RMBI") a subsidiary of the Rand Merchant Bank Group provided the project financing facility to a subsidiary for the purpose of developing Stage I of the Dikulushi Mine. The Stage I loan facility provided in 2002, was $4,500 and scheduled repayments commenced on December 31, 2002. In October 2003, RMBI increased the Stage I project financing facility by $5,000 for the Company to undertake the Stage II expansion of the Dikulushi Mine. In November 2004, RMBI further extended the facility by $2,400 to finance a replacement mining fleet for the Dikulushi Mine. At December 31, 2004, the Company had no unused finance facilities.

The loan is secured by a fixed and floating charge over the assets of the Company and a negative pledge by all entities owned by the Company. The loan bears interest at the London Interbank Offer Rate (LIBOR) + 2.5% per annum and is payable in arrears, quarterly. The effective interest rate for the six months ended December 31, 2004 was 4.3% (June 30, 2004 - 3.9%).

In conjunction with the RMBI financing facility, the Company granted a 6.25% net smelter return financing fee to RMBI. The net smelter financing fee is payable until the Company has sold 65,000 tonnes of copper cathodes or equivalent from copper ore which is being mined from the Dikulushi Project. At December 31, 2004, 25,000 tonnes of copper had been sold and in aggregate $2,981 of financing fees have been paid. It is not practical to estimate the potential effect of this liability, which is dependent on the future price of copper and silver and the commercial smelting and refining terms

13. Non controlling interest

The Company holds an indirect 90% equity interest in Anvil Mining Congo s.a.r.l. (Anvil Congo) and, in addition, has administrative responsibility for the economic benefit of the remaining 10% equity interest, which is held in trust by the Anvil Group of companies for the social, economic and infrastructure development of the region of the Company's activities at the Dikulushi Mine. Wholly-owned subsidiaries of the Company are the trustees of the trusts that hold the remaining 10%, giving the Anvil Group greater control over how this 10% interest is administered.

The movements in the non controlling interest during the six months to December 31, 2004 is as follows:

	December 31 2004 $	June 30 2004 $
Balance – Beginning of period	637	0
Amounts disbursed on behalf of the Trusts during the period	(213)	0
Interests in net earnings of Anvil Congo	189	637
Balance – End of period	613	637

(Expressed in thousands, of U.S dollars, except where indicated)

14. Equity accounts

	December 31 2004 $	June 30 2004 $
Common shares (a)	23,302	16,800
Special warrants (b)	12,766	0
Contributed surplus (d)	2,672	982
	38,740	17,782

(a) Common shares

Authorized:

The Company's authorized share capital consists of an unlimited number of Common shares without par value. The Company is also authorized to issue an unlimited number of Preferred shares in one or more series.

Issued:

		December 2004		June 2004	
		Number of shares	Amount $	Number of shares	Amount $
Balance – Beginning of period		23,554,229	16,800	172,080,231	9,811
Conversion of convertible notes	(i)		0	5,926,314	430
Exercise of stock options	(ii)	70,000	67		0
Exercise by option holders	(iii)		0	26,645,987	2,106
Issue of shares to employee	(iv)		0	180,000	28
Conversion of partly paid to fully paid shares	(v)		0	14,209,756	1,194
Balance prior to reorganization				219,042,288	13,569
Reorganization	(vi)			(219,042,288)	
Reorganization	(vi)			21,904,229	
Share issue (IPO)	(vii)		0	1,650,000	5,147
Conversion of special warrants to common shares	(viii)	2,000,000	6,879		0
Transfer from contributed surplus	(ii)		53		0
Share issue expenses	(ix)		(497)		(1,197)
Loans to Directors	(x)				(719)
Balance – End of period		25,624,229	23,302	23,554,229	16,800

(i) The conversion of convertible notes relates to a series of convertible notes held by First Quantum Minerals Limited – "FQM" which were convertible in one third tranches. In July 2003, Anvil NL issued 2,960,000 shares and 2,960,000 unlisted options, at an exercise price of A$0.12, exercisable on or before November 25, 2004 were issued to the convertible note holder upon conversion of one-third of the outstanding convertible notes having a face value of A$296 and in January, 2004, a further 2,966,314 shares and 2,966,314 unlisted options, exercise price of A$0.12, exercisable on or before January 15, 2006 were issued to the convertible note holder upon conversion of the final one-third of the outstanding convertible notes having a face value of A$297 (see Note 14 (c)).

(ii) During the six months ended December 31, 2004, employee stock option holders exercised their options over 70,000 common shares. The transfer from Contributed Surplus relates to the value ascribed to stock options exercised during the period.

(iii) The Company issued 26,645,987 shares at various dates during the year pursuant to the exercise by option holders of options (including 725,000 options held by employees) to purchase ordinary shares (of Anvil NL) at exercise prices of A$0.10 and A$0.12 per share.

(iv) In March 2003, Anvil NL made a commitment to issue, at a date twelve months hence, 180,000 shares at A$0.20 each to an employee under the terms of an employment contract. The market price at of Anvil NL shares the date of the commitment was Australian 13.5 cents each and in March 2004, the shares were issued.

(v) In September and October 2003, Anvil NL issued 5,200,000 fully paid up shares following a call made by the Company on 5,200,000 partly paid shares for the outstanding A$0.12 in unpaid capital each. On March 15, 2004, Anvil NL issued 500,000 shares upon the receipt of the outstanding A$0.12 each in unpaid capital. In June 2004, in accordance with shareholders' approval of the loans to parties associated with Directors' William Turner and Peter Bradford (as detailed in Note 18) and following the approval of the Scheme, 8,509,756 shares were issued by Anvil NL to holders of the remaining outstanding partly paid shares.

(vi) In accordance with the Scheme, which was formally approved by shareholders in a Special General Meeting on May 18, 2004, the Company issued 21,904,229 common shares to Anvil NL shareholders.

(vii) On June 2, 2004, the Company issued 1,650,000 common shares at C$4.25 each in accordance with the Company's IPO on the Toronto Stock Exchange.

(viii) On December 16, 2004, the Company completed the sale of 5,240,000 special warrants at a price of C$5.25 each through a brokered private placement. A total of 2,000,000 of the special warrants were immediately converted into 2,000,000 common shares and 999,952 share purchase warrants as allowed under the Australian Stock Exchange 15% placement capacity rule. The balance of 3,240,000 special warrants is convertible to common shares and one half of a share purchase warrant for each special warrant on receipt of shareholders' approval at a meeting held on January 20, 2005 (refer (b) below).

(ix) The total share issue expenses relating to the brokered private placement described in (viii) above amounted to $1,607 and includes that portion of brokers fees associated with the issue Special Warrants which are not yet converted to Common Shares pending the Shareholders' meeting to approve the issue of Common Shares (June 2004 – these share issue expenses related to the IPO and reorganisation). Of the total incurred $1,110 were allocated to the respective Special Warrants and Warrants financial instruments on a proportional basis.

(x) The amounts receivable from Director related entities (see details in Note 18), which relate to common shares issued under arrangements to facilitate the completion of the Scheme, are denominated in Australian Dollars.

(b) Special Warrants

At December 31, 2004, the Company had outstanding 3,240,000 special warrants which were issued at a price of C$5.25 each through a brokered private placement. The special warrants are convertible into 3,240,000 common shares and 1,620,048 share purchase warrants and were at December 31, 2004, subject to shareholders' approval at a meeting held on January 20, 2005 (see Note 22). The one half share purchase warrant which attaches to each share purchase warrant expires on December 16, 2007, entitles the holder of each whole share purchase warrant to purchase one Common shares at a price of C$6.25 at any time up to the expiry date. However, if the trading price of the Company's common shares exceeds C$8.00 for a period of 20 consecutive days on either the TSX or ASX, then the Company will have the right to accelerate the expiry date of the share purchase warrants, on 30 days notice to the holders.

The estimated amounts allocated to the fair value of the Warrants which form part of the Special Warrants were valued using the Black-Schöles model.

(Expressed in thousands, of U.S dollars, except where indicated)

(c) Warrants

Warrants to purchase common shares in the capital of the Company (Anvil NL prior to the Scheme) during the period from June 2003 to December 2004 that have been granted or cancelled were as follows:

Date	Details	Notes	No. of Warrants	Exercise Price	Fair Values $
June 2003	Opening Balance		22,960,987		116
	Issue of warrants	(i)	5,926,314	A$0.12	
	Exercise of warrants	(iii)	(25,920,987)		
	Issue of warrants	(xi)	5,000,000	A$0.30	499
			7,966,314		615
June 2004	Reorganization	(xii)	(7,966,314)		
	Reorganization	(xii)	796,631		
December 2004	Conversion of Special Warrants	(viii)	999,952	C$6.25	1,615
	Allocated issue expenses				(117)
December 2004	Closing Balance		1,796,583		2,113

Details of movements in warrants are as follows:

(xi) In October 2003, 5,000,000 warrants exercisable at A$0.30 exercisable on or before August 31, 2006 each were issued to RMBI as part of the project financing facility conditions for Stage II.

(xii) As part of the Reorganization, the Company issued two warrants to replace convertible securities that Anvil NL had issued. The warrants have the same terms as the securities they replaced, adjusted as necessary to reflect the fact that they are issued by the Company and not Anvil NL. One of the warrants is in respect of 500,000 common shares, has an exercise price of A$3.00 per share and expires August 31, 2006. The second warrant is in respect of 296,631 common shares, has an exercise price of A$1.20 per share and expires January 15, 2006. These warrants are transferable by the holders thereof.

(d) Contributed Surplus

	December 31 2004 $	June 30 2004 $
Balance – Beginning of period	982	292
Fair value of warrants (options) issued (refer (c) above)	1,615	499
Allocated share issue expenses	(117)	0
Employee stock based compensation recognised	245	191
Transfer to Common shares (refer (a) above)	(53)	0
Balance – End of period	2,672	982

(e) Stock option plan

The Company has a Director and employee stock option plan, under which it may grant options to Directors and employees for up to 1,342,923 (June 2004 - 1,652,923) common shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The options are non-assignable and may be granted for a term not exceeding six years.

(Expressed in thousands, of U.S dollars, except where indicated)

Options may be granted under the Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian or Australian stock exchange upon which the common shares may be listed or may trade from time to time. The number of common shares reserved for issue to any one person pursuant to the Plan may not exceed 5% of the issued and outstanding common shares at the date of such grant. The exercise price of options issued may not be less than the fair market value of the common shares at the time the option is granted.

The Company's stock option plan provides for the automatic grant of an option to purchase 50,000 common shares to each person who becomes a non-employee director, as of the date such person first becomes a non-employee director, provided that, within the previous year, such person was not granted any other stock options by the Company. In addition, under the Plan, subject to regulatory approval, if required, each non-employee director is automatically granted stock options to purchase 25,000 common shares as of the date of the first Board meeting after the end of each financial year. The Board may, at its discretion, grant additional options to non-employee directors from time to time. All options granted to the non-employee directors under the Plan vest as to one-third at the end of each of the first three years after grant and have a six-year term.

The Black-Schöles model and the valuation parameters below were used to estimate the fair values of stock options granted.

The weighted averages used in determining the fair values of stock options granted under the stock option Plan are as follows:

	Australian Dollar based options	**Canadian Dollar based options**
Risk free interest rate:	5.28%	4.69%
Expected life:	36 months	68 months
Expected volatility:	67.8%	65.6%
Expected dividend yield:	0%	0%

On May 26, 2004, 200,000 stock options, with an estimated fair value of $477,exercisable on or before May 26, 2010, at C$4.25 each were issued to four non-executive directors pursuant to the terms of the Plan. During the six month period to December 31, 2004, a further 100,000 stock options, with an estimated fair value of $296, exercisable on or before October 28, 2010, at C$ 4.30 were issued to the four non-executive directors pursuant to the terms of the Plan.

During the six month period to December 31, 2004, 210,000 stock options, with an estimated fair value of $429, were granted to employees.

The fair value of employee stock and share options granted and expensed in the period ended December 31, 2004 amounted to $245 (June 30, 2004 – $191). As at December 31, 2004, the aggregate unexpensed fair value of unvested stock options granted amounted to $1,041 (June 30, 2004 – $527).

(Expressed in thousands, of U.S dollars, except where indicated)

Outstanding stock options:

	December 31, 2004		June 30, 2004	
	Shares	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**
Australian Dollar based options				
Outstanding at beginning of period	502,500	A$1.93	4,700,000	A$0.12
Granted under Plan			1,050,000	A$0.45
Exercised	(70,000)	A$1.24	(725,000)	A$0.12
Expired	0		0	
Outstanding prior to Reorganization			5,025,000	A$0.19
Reorganization(1)			502,500	A$1.93
Outstanding at the end of period)	432,500	A$1.79	502,500	A$1.93
Options vested and exercisable at the end of the period	372,500	A$1.32	442,500	A$1.31
Canadian Dollar based options(2)				
Outstanding at beginning of period	200,000	C$4.25	0	
Granted under Plan	310,000	C$4.52	200,000	C$4.25
Exercised	0		0	
Expired	0		0	
Outstanding at the end of period	510,000	C$4.44	200,000	C$4.25
Options vested and exercisable at the end of the period	0	C$0	0	C$0

(1) The shares number is the entitlement number of common shares following the Reorganization.
(2) These stock options have been issued to the Directors and employees of the Company pursuant to the Stock Option Plan.

The following table summarizes information about stock options outstanding at December 31, 2004:

	Options outstanding			Options exercisable		
Range of exercise prices	Number outstanding at Dec 31, 2004	Weighted average of remaining contractual life	Weighted average exercise price	Number outstanding at Dec 31, 2005	Weighted average of remaining contractual life	Weighted average exercise price
A$1.20-A$2.60	372,500	35	A$1.32	372,500	35	A$1.32
A$6.50	60,000	27	A$6.50	0		
C$4.25-C$4.30	460,000	68	C$4.28	0		
C$5.20-C$5.60	50,000	32	C$5.40	0		

(Expressed in thousands, of U.S dollars, except where indicated)

(f) Cumulative translation adjustments

	Six months ended December 31 2004 $	**Twelve months ended June 30 2004 $**
Balance at the beginning of the period	559	375
Net exchange differences on translation	0	184
Balance at the end of the period	559	559

Following the Reorganization Anvil Mining Management NL (formerly Anvil Mining NL) became a wholly owned subsidiary and intermediate holding company without any independent financing or operating cash flows and is now dependent on the Company. Effective July 1, 2004, this subsidiary is now considered to be a fully integrated operation rather than self sustaining. Had this change occurred with effect from July 1, 2003, the net earnings for the previous period to June 30, 2004 would have been increased by $156.

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 December 31, 2004 is $75 (June 2004 - $75).

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.

(b) Dikulushi Mine

The outstanding capital commitments of the Company contracted for at December 31, 2004 was $525 (June 30, 2004 $1,142).

(c) Mutoshi Project

In November 2004 the Company announced that it had entered into an agreement with La Générale des Carrières et des Mines (Gécamines), the state-owned mining company in the DRC and Emiko s.p.r.l. (Emiko), a DRC private company, to acquire a 70% interest in the Mutoshi Copper-Cobalt Project in the Kolwezi Region of the DRC.

At December 31, 2004, the Company had a conditional commitment which was subject to the completion of due diligence for the acquisition of a 70% interest in the Mutoshi Copper –Cobalt Project amounting to $12,500.

On January 12, 2005 the Company announced that the due diligence review of the Mutoshi Copper-Cobalt Project had been completed satisfactorily and that, as per the terms and conditions of the agreement announced on November 17, 2004, the Company had paid $3,000 to Gécamines and had issued 153,950 Common Shares at C$6.02 per share to acquire its 87.5% interest in Emiko, which in turn has an 80% interest in the Mutoshi Project.

The remainder of the project acquisition purchase price will be paid in cash as follows: $2,000 on April 14, 2005; $1,250 on July 7, 2005; $1,250 on January 7, 2006. The balance of $4,250 is to be paid in 18 equal monthly payments beginning four months after the start of commercial production.

(d) Kinsevere Project

In November 2004, the Company entered into a joint venture agreement with Mining Company Katanga s.p.r.l. (MCK) to carry out feasibility study work on the Kinsevere-Nambulwa copper-cobalt deposits in Katanga Province of the Democratic Republic of Congo (DRC), owned by Gécamines.

MCK holds an option to either acquire or lease from Gécamines, the exploitation and exploration permits that comprise the entire Kinsevere-Nambulwa Project, excluding a 5% interest to be retained by the DRC government. The acquisition or lease rental terms and conditions are defined as the fair market value based on contained copper as determined by the feasibility study work, which Anvil intends to complete within a period of two years. MCK's acquisition agreement with Gécamines will be transferred to a special purpose joint venture company, in which Anvil will hold a 70% interest. The acquisition or lease of the properties following the successful completion of the feasibility study work will require the approval of the Gécamines' board and the approval of the DRC Ministry of Mines.

(Expressed in thousands, of U.S dollars, except where indicated)

At December 31, 2004, commitments on exploration required or the feasibility study work had not been finalised with the joint venturers and 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.

(e) Central Bank of Congo

Anvil Congo entered into an agreement with the Central Bank of Congo, under which Anvil Congo is permitted to deposit sales proceeds into bank accounts located outside the DRC. The agreement requires that Anvil Congo repatriate no less than 40% of the realized sales receipts, within certain time periods, into Anvil Congo's bank account located in the DRC. At December 31, 2004 the amount to be repatriated was $613 (June 2004 - $344). These funds are, once repatriated, available to the Company to meet obligations both within and outside the DRC.

16. Segment information

The Company operates primarily in the mining and mineral exploration industry in Africa, Southeast Asia and Australia.

The operations in DRC comprise the Dikulushi copper-silver mine as well as exploration on tenements, totalling almost 20,000 square kilometres, held in DRC. The Zambia operations comprise the infrastructure support to the Dikulushi mine, as well as 2,900 square kilometres of exploration tenements. The Ghana assets include the Company's investment in GSR. The Vietnam and Philippine operations are mainly exploration projects. The 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 Mine. The total assets located by geographic areas are as follows:

Total assets - Geographical Reporting	**December 31 2004 $**	**June 30 2004 $**
Democratic Republic of Congo	35,550	24,509
Ghana	0	55
Zambia	430	286
Vietnam	539	518
Philippines	71	30
Australia and Canada(1)	19,968	6,624
	56,558	32,022

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

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

Revenues - Geographical Reporting	**Six months ended December 31 2004 $**	**Twelve months ended June 30 2004 $**
Democratic Republic of Congo	15,867	29,081

The total external revenue from operating activities and the related external trade receivables balances is due from Republic House AG pursuant to an "off-take sales agreement".

(Expressed in thousands, of U.S dollars, except where indicated)

17. Financial instruments

Credit Risk Exposure

Credit risk relates to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the Company. The credit risk on financial assets of the Company, which have been recognized on the balance sheet, is generally the carrying value net of any provision for doubtful debts. The Company has adopted a policy of dealing only with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

Interest Rate Risk

The Company's long-term debt is subject to interest rate risk.

18. Related party information

The loans by the Company to the Director associated entities, are interest free and repayable in Australian Dollars, and were implemented in order that each of the partly paid shares held by each of Mr. Turner and Mr. Bradford in the capital of Anvil NL could be paid in full prior to the implementation of the Reorganization such that on completion of the Reorganization, there would be no partly paid shares in the capital of Anvil remaining thereafter. These loans are secured by way of a pledge agreement pursuant to which each of the companies associated with Mr. Turner and Mr. Bradford has pledged their respective shares to the Company as security. The voting rights attached to such Common shares are restricted such that only 8/20th of the aggregate number of such shares may be voted until such time as the loans relating to such shares are fully paid. The loans were made to preserve the pre-existing rights of the companies associated with Mr. Turner and Mr. Bradford and to enable the Reorganization to proceed.

(1) Peter J.L. Bradford (though Bayfalls Pty Ltd, an associated company) is indebted to the Company for an aggregate amount of A$480 ($374). The entire loan to Mr. Bradford was payable on the earlier of demand made by the Company and six months after the date the loan is advanced (due date December 7, 2004). The repayment date of the loan has been extended to June 1, 2005. The market value of these shares as at December 31, 2004, was C$2,400 ($1,994).

(2) William S. Turner (through Wintercoast Pty Ltd, an associated company) is indebted to the Company for an aggregate amount of A$541 ($422). In respect of the loan to Mr. Turner, A$132 ($103) of the loan is payable on the earlier of demand made by the Company and twelve months after the date the loan is advanced (due date June 7, 2005). In respect of the remaining A$409 ($319), such amount will be due and payable on the earlier of (i) 28 days from the date Mr. Turner ceases to be an executive director of the Company and (ii) on November 21, 2005 in respect of A$216 ($168) and June 27, 2006 in respect of A$193 ($151). The market value of these shares as at December 31, 2004, was C$2,706 ($2,248).

19. Earnings per share

	Six months ended December 31 2004	**Twelve months ended June 30 2004**
Basic earnings per share (cents per share)	3.69	30.65
Diluted earnings per share (cents per share)	3.55	28.67
Weighted average number of ordinary shares outstanding - basic earnings per share	23,733,305	19,746,568
Weighted average number of ordinary shares outstanding - diluted earnings per share	24,719,336	21,121,685

(Expressed in thousands, of U.S dollars, except where indicated)

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

			Six months ended December 31 2004
	Income $	Shares Number	Cents per share amount
Basic earnings per share			
Income available to shareholders	876	23,733,305	3.69
Effect of dilutive securities			
Options		986,031	
Diluted earnings per share			
Income available to shareholders and assumed conversions	876	24,719,336	3.55

			Twelve months ended June 30 2004
	Income $	Shares Number	Cents per share amount
Basic earnings per share			
Income available to shareholders	6,053	19,746,568	30.65
Effect of dilutive securities			
Options		1,091,009	
Convertible note	3	284,108	
Diluted earnings per share			
Income available to shareholders and assumed conversions	6,056	21,121,685	28.67

(1) Restated for comparative purposes to the post Reorganization basis.

20. Supplementary cash flow information

	Six months ended December 31 2004 $	**Twelve months ended June 30 2004 $**
(a) Changes to non-cash working capital		
Accounts receivable	(1,250)	(358)
Inventories	(3,286)	(1,153)
Prepaid expenses and deposits	(243)	(113)
Deferred mining	(642)	(1,301)
Accounts payable and accrued liabilities	483	(777)
Tax provision	0	41
Other liabilities	313	148
Restricted cash movements	134	37
	(4,491)	(3,476)
(b) Other information		
Interest and financing fees paid	(1,089)	(1,804)

21. Non-Cash financing and investing activities

On July 24, 2003, the convertible note holder converted one-third of the total issued value of the convertible notes having a face value of A$296 and 2,960,000 fully paid ordinary shares and 2,960,000 options exercisable at A$0.12 any time before July 23, 2005 were issued by Anvil NL to the convertible note holder.

On January 16, 2004, the convertible note holder converted the balance one-third of the total issued value of the convertible notes having a face value of A$297 and 2,966,314 fully paid ordinary shares and 2,966,314 options exercisable at A$0.12 any time before January 15, 2006 were issued by Anvil NL to the convertible note holder.

Anvil NL issued options to acquire shares in Anvil NL for no cash consideration to several parties for services provided. Details of these issuances and their fair value where relevant are shown in Note 14(c).

In February, 2004 RMBI, deducted $250 for fees payable to RMB Resources in relation to the project financing facility for Stage II expansion draw down amount of $1,000 (see Note 12).

In November, 2004 RMBI, deducted $132, for fees payable to RMB Resources in relation to the replacement mining fleet financing facility draw down (see Note 12).

22. Subsequent events

On January 12, 2005 the Company announced that the due diligence review of the Mutoshi Copper-Cobalt Project had been completed satisfactorily and that, as per the terms and conditions of the agreement announced on November 17, 2004, the Company had paid $3,000 to Gécamines and had issued 153,950 Common Shares at C$6.02 per share to acquire its 87.5% interest in Emiko, which in turn has an 80% interest in the Mutoshi Project. (see Note 15).

On January 20, 2005, the Company held a Special Meeting of Shareholders of the Company to a) ratify the issuance of 2,000,000 Common Shares and 999,952 share purchase Warrants which units were issued on December 16, 2004 upon conversion of Special Warrants (see Note 14 (a) (viii)) which had been issued by way of a private placement and b) approve the issuance of 3,240,000 Special Warrants consisting of 3,240,000 Common Shares and 1,620,048 share purchase Warrants (see Note 14 (b)). Both resolutions were approved at the Special Meeting of Shareholders.

23. Deed of cross guarantee

Information in relation to the Deed of cross guarantee is presented for the purposes of the Company's reporting obligations in Australia which requires a disclosing entity, which is a registered foreign holding company to disclose condensed statements of earnings and balance sheets of both "the Closed Group" and "the Extended Closed Group" as defined by the Australian Securities and Investments Commission ("ASIC") Class Order 98/1418.

On June 30, 2004, Anvil Mining Limited, Anvil Mining Management NL, Central African Holdings Pty Ltd, Congo Development Pty Ltd, Anvil Mining No 2 Pty Ltd, Anvil Mining No 3 Pty Ltd, Leda Mining Pty Ltd and Bannon Mining Pty Ltd (together the "Closed Group") entered into a Deed of Cross Guarantee and in August 2004 a Deed of Variation (together the "Deeds"), under which each company guarantees the liabilities of all other companies that are party to the Deeds. A benefit arising from the Deeds is to relieve eligible entities from the requirements to prepare audited financial reports under the Australian Corporations Act 2001 and ASIC accounting and audit relief Orders.

The following entities form part of the consolidated entity but are not members of the Closed Group:

Anvil Mining Congo sarl, Anvil Mining Holdings Ltd, Anvil Mining Zambia Ltd, Anvil International Holdings Limited, Anvil International Finance Limited and Anvil Mining Investment Company South Africa (Pty) Ltd (together the "Extended Closed Group").

Set out below are the condensed statements of earnings and balance sheets for the period ended December 31, 2004 and June 30, 2004 of the Closed Group and the Extended Closed Group:

(Expressed in thousands, of U.S dollars, except where indicated)

Condensed statement of earnings	Closed Group		Extended Closed Group[1]	
	Six months Ended December 31, 2004 $	**Twelve months Ended June 30, 2004 $**	**Six months Ended December 31, 2004 $**	**Twelve months Ended June 30, 2004 $**
Copper-silver concentrate sales	0	0	15,867	29,081
Cost of operations	0	0	(10,487)	(16,658)
Amortization			(1,737)	(2,300)
Operating profit	0	0	3,643	10,123
Other income[2]	694	2,001	382	1,408
General, administrative and marketing	(1,515)	(1,609)	(1,515)	(1,609)
Exploration expense	0	(118)	(0)	(518)
Foreign exchange gains/(losses)	420	(3)	70	(328)
Stock based compensation	(245)	(191)	(245)	(191)
Amortization	(23)	(81)		
Interest and financing fees	(70)	(199)	(1,270)	(2,154)
Earnings (loss) before income tax and non controlling interests	(739)	(200)	1,065	6,731
Income tax	0	(41)	0	(41)
Non controlling interests	0	0	(189)	(637)
Net earnings (loss)	(739)	(241)	876	6,053
Retained earnings (deficit) at beginning of the period	(3,488)	(3,247)	2,154	(3,899)
Retained earnings (loss) at end of the period	(4,227)	(3,488)	3,030	2,154

(Expressed in thousands, of U.S dollars, except where indicated)

Condensed balance sheets	Closed Group		Extended Closed Group[1]	
	Six months Ended December 31, 2004 $	Twelve months Ended June 30, 2004 $	Six months Ended December 31, 2004 $	Twelve months Ended June 30, 2004 $
ASSETS				
Current assets				
Cash and cash equivalents	3,986	5,379	4,559	7,170
Restricted cash	14,133	134	14,133	134
Accounts receivable	575	487	2,181	1,144
Inventories	334	0	5,514	2,228
Investments	0	55	0	55
Prepaid expenses and deposits	100	100	639	391
	19,128	6,155	27,026	11,122
Receivables from subsidiaries[3]	14,418	8,726		
Deferred financing fees	373	491	679	709
Deferred mining costs	0	0	2,617	1,975
Exploration and evaluation expenditure	2,546	554	4,727	2,194
Property, plant and equipment	699	110	21,509	16,022
	37,164	16,036	56,558	32,022
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	1,825	960	4,640	4,235
Current portion of long term debt	0	0	6,625	3,300
Current income taxes	45	41	45	41
Other liabilities	103	63	500	195
	1,973	1,064	11,810	7,771
Long term debt	0	0	1,500	2,825
Environmental and mine closure liabilities	0	0	306	295
Non controlling interest	0	0	613	637
	1,973	1,064	13,616	11,527
Shareholders' equity				
Equity accounts	38,740	17,782	38,740	17,782
Cumulative translation adjustments	559	559	559	559
Retained earnings (deficit)	(4,108)	(3,369)	3,030	2,154
	37,164	16,036	56,558	32,022

(1) The members of the consolidated entity comprising the Extended Closed Group are the same as those entities, which comprise the consolidated entity, as Anvil Mining Limited is the ultimate parent entity.
(2) Other income of the Closed Group includes inter-company charges between the Closed Group and entities outside the Closed Group amounting to $312 for the six months ended December 31, 2004 (twelve months to June 2004: $600).
(3) These long-term receivables relate to receivables from controlled entities, which are outside the Closed Group, as is listed above.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Set out below is a review of the activities, results of operations and financial condition of Anvil Mining Limited (the "Company") and its subsidiaries for the six months ended December 31, 2004 and the twelve months ended June 2004, together with certain trends and factors that are expected to impact its December 2005 financial year. This information is presented as of February 10, 2005. The discussion below should be read in conjunction with the audited consolidated financial statements of the Company for the six months ended December 31, 2004 and twelve months ended June 30, 2004 and the notes thereto. The Company's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles.

Capitalized terms used and not defined below have the meanings given to them in the consolidated financial statements and the notes thereto. References below to "$" or "US dollar" refer to United States dollar. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil Mining Limited set out below originates in Canadian dollar ("C$") or the Australian dollar ("A$") and has been translated into US dollar based on prevailing exchange rates and in accordance with note 3 to the consolidated financial statements.

Additional information relating to the Company, including the Company's most recent annual information form (once filed), is available on SEDAR at www.sedar.com.

1. Overview

The Company was established on January 8, 2004, for the purpose of becoming the new Canadian holding company of Anvil Mining NL ("Anvil NL"), an Australian company, pursuant to a court-approved scheme of arrangement under Australian law (the "Reorganization"). The Reorganization was approved by a majority of shareholders of Anvil NL on May 18, 2004, following which the Supreme Court of Western Australia approved the Reorganization.

Prior to completion of the Reorganization in June 2004, the Company had no previous operating history. As a result, the financial statements, historical financial information and activities described in this Management Discussion and Analysis relate to the operations of Anvil NL and its subsidiaries prior to completion of the Reorganization. Thereafter the statements and information relate to the reorganized Company and its subsidiaries.

During the period to December 2004, the Company changed the year-end from June 30 to December 31. The financial information that is presented for the current financial period is a six month period ended December 31, 2004 and the comparative period is a twelve month period ended June 30, 2004.

The Company is a mineral producing, development and exploration company with a focus on base and precious metal exploration and mine development. The Company holds a 90% beneficial interest in the Dikulushi Mine and surrounding exploration areas, which is held under the terms of the Dikulushi Mining Convention ("Mining Agreement") with the Government of the Democratic Republic of Congo ("DRC"). The Dikulushi Mine commenced commercial production in October 2002 following the completion of the Stage I, Heavy Media Separation ("HMS") development. This was followed by the Stage II expansion comprising ball mill and flotation circuit additions which were completed in October 2004.

In November 2004, the Company announced the acquisition of a 70% beneficial interest in the Mutoshi Copper-Cobalt Project in the Kolwezi region in DRC. Final due diligence on the acquisition was finalized in January 2005. The Mutoshi Project includes the Mutoshi Mine, the Kulumaziba coarse rejects/tailings deposit, the Mutoshi Northwest Deposit, the Noika Deposit, the Kamukonko cobalt prospect and areas situated on the relatively under-explored southern edge of the Kolwezi Klippe, a prominent geological feature in the area. The total area included in the Mutoshi Project is 136.92 square kilometres.

Also in November 2004, the Company announced the joint venture agreement with Mining Company Katanga s.p.r.l. ("MCK") to carry out feasibility study work on the Kinsevere-Nambulwa copper-cobalt deposits in Katanga Province of the Democratic Republic of Congo (DRC), owned by La Générale des Carrières et des Mines (Gécamines), the DRC state-owned mining company.

The Kinsevere-Nambulwa properties lie approximately 50 kilometres north of the provincial capital of Lubumbashi and include two separate Exploitation Permits, Kinsevere and Nambulwa, totaling 19.5 square kilometres surrounded by a much larger area covered by Exploration Permits totaling 819 square kilometres. The two exploitation-permitted areas, approximately 25 kilometres apart, contain four distinct mineralized zones that outcrop at surface.

MCK holds an option to either acquire or lease from Gécamines, the exploitation and exploration permits that comprise the entire Kinsevere-Nambulwa Project, excluding a 5% interest to be retained by the DRC government. The acquisition or lease rental terms and conditions are defined as the fair market value based on contained copper as determined by the feasibility study work, which Anvil intends to complete within a period of two years. MCK's acquisition agreement with Gécamines will be transferred to a special purpose joint venture company, in which Anvil will hold a 70% interest. The acquisition or lease of the properties following the successful completion of the feasibility study work will require the approval of the Gécamines' board and the approval of the DRC Ministry of Mines.

Dikulushi Copper-Silver Mine

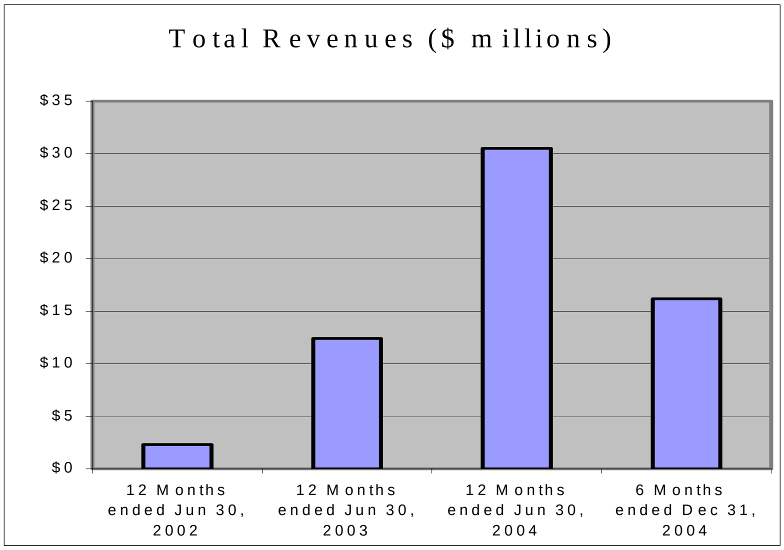
The Dikulushi Mine is situated in the Southeast part of the DRC in the Haut Katanga District. The mine was initially established using a staged development method. Stage I, which involved an initial 250,000 tonnes per annum HMS production circuit, was commissioned during September 2002. The next phase of the development, Stage II expansion, comprising a 350,000 tonnes per annum ball mill and flotation circuit was completed in October 2004.

At June 2003, the open pit mine had a reserve of 1,138,000 tonnes of ore grading an average 8.11% of copper and 238 g/t of silver. During the six months ended December 31, 2004 127,019 tonnes (twelve months ended June 2004, 276,088 tonnes) of ore grading 6.05% copper (June 2004 - 7.21%) and 166 g/t silver (June 2004 - 198 g/t) were mined from the open pit.

Near mine deeper drilling exploration of up to 300 metres from the surface and immediately below the resource was completed in June 2004 and the results of the drilling are being considered in the study on the potential Stage III underground mine development or alternative enlarged open pit. An updated resource estimation and revised mine optimization model is expected to be completed during 2005, while the Stage II expansion is being optimized.

2. Selected Annual Information

	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004	12 Months ended Jun 30, 2003	12 Months ended Jun 30, 2002
Statement of operations				
Total revenues ($ millions)	16.2	30.5	10.6	2.3
Net earnings (loss) ($ millions)	0.9	6.0	(0.8)	1.6
Net earnings per share ($)	0.04	0.31	(0.04)	0.11
Diluted net earnings per share ($)	0.04	0.29	(0.04)	0.11
Balance sheet ($ millions) total assets	56.6	32.0	15.1	8.6
Total long-term liabilities	2.4	3.8	2.1	0.0
Shareholders' equity ($ millions)	42.4	20.5	6.6	5.6
Cash flow from: Operating activities ($ millions)	(1.9)	4.6	0.6	(1.0)
Operating cash flow per share	(0.08)	0.23	0.04	(0.07)

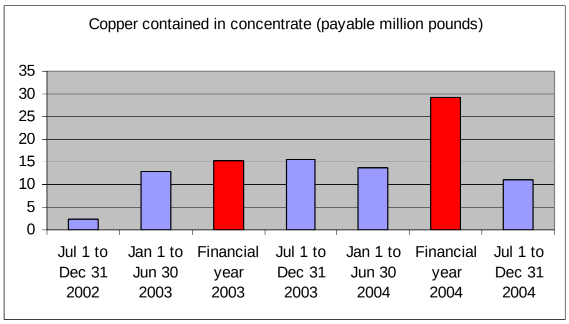


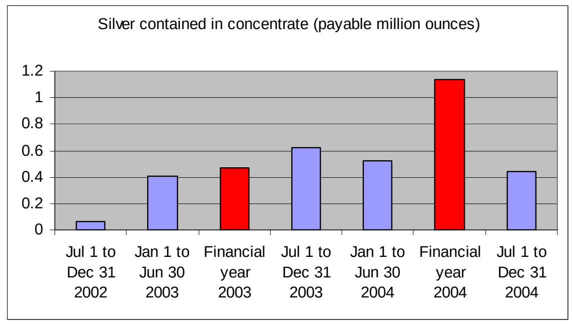
3. Discussion of Earnings and Operations

Total Revenue

The total revenue for the six months ended December 2004 was $16.2 million which includes $0.4 million from the sale of 100,061 shares of Golden Star Resources Limited ("GSR") (twelve months to June 2004 - $30.5 million including $1.4 million from 492,300 GSR shares) from the sale of 11,630 tonnes of copper-silver concentrate (June 2004 - 33,797 tonnes of copper-silver concentrate) yielding 11.1 million payable pounds of copper (June 2003 - 29.3 million payable pounds of copper) and 436,000 ounces of payable silver (June 2004 - 1,141,000 ounces of payable silver).

Annual revenues	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Copper-silver concentrate sales ($ millions)	15.8	29.1
Other income	0.4	1.4
Total revenue	16.2	30.5
Sales statistics		
Copper contained in concentrate delivered (payable pounds)	11.1 Million	29.3 Million
Silver contained in concentrate (payable ounces)	0.44 Million	1.14 Million
Realized price		
Copper ($ per pound)	1.28	0.97
Silver ($ per ounce)	6.93	5.39





The realized copper price rose to $1.28 per pound (June 2004 - $0.97 per pound) and silver to $6.93 per ounce (June 2004 - $5.39 per ounce) reflecting the LME copper price rises during the period.

Costs of Operations

Costs of operations for the six months ended December 2004 was $10.5 million compared with the full twelve months of operations during the period ended June 2004 of $16.7 million. The higher average monthly operating costs were from increases due to the changes in operating consumables associated with the Stage II expansion and expected higher labour costs from the increase in number of employees by approximately a third.

	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Costs		
Cost of operations ($ millions)	10.5	16.7
Amortization	1.7	2.3
Cash costs (ex mine gate – after silver credit) ($ per payablepound)	0.47	0.21
Total cash costs (after silver credits) ($ per payable pound)	0.74	0.49
Production statistics		
Copper produced (tonnes)	5,520	13,587
Silver produced (‘000s ounces)	502	1,212
Ore mined (tonnes)	127,019	276,088
Ore grade mined – copper (%)	6.05%	7.21%
Ore grade mined – silver (g/t)	166	198
Waste mined (tonnes)	1,333,644	2,913,431

The cash operating cost per pound of copper after silver credits for the six months to December 2004 was $0.74 per payable pound of copper (June 2004 - $0.49 per payable pound of copper) and the average realized copper and silver sales prices were $1.28 per payable pound (June 2004 - $0.97 per pound) and $6.93 per ounce (June 2004 - $5.39 per ounce) respectively. The higher cash operating costs per payable pound of copper for the six months to December 2004 was from the comparatively lower volume of copper production as the plant feed mainly comprised lower copper grade HMS floats and tailings being used to supplement the insufficient ore feed from the open pit. The insufficient fresh ore from the open pit was the result from the collapse of the mining contractor leaving a backlog of waste rock removal to be completed which impeded access to high grade ore.

The operating profit for the six months to December 2004 was $3.6 million compared with $10.1 million the twelve months ended June 30, 2004 reflecting the lower copper production offset by better recovery and the higher realized sales prices for both copper and silver. Production operating costs increased in line with expectations for the expanded Stage II were also impacted by cost increases from higher diesel usage from the larger power generation units being deployed as well as increases in world oil prices. The benefits from the replacement owner mining fleet were not realized during the six months as the replacement equipment only arrived at Dikulushi during November and December 2004.

Net Earnings

	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Earnings – ($ millions)	0.9	6.0
Basic earnings per share ($)	0.04	0.31
Diluted earnings per share ($)	0.04	0.29

The net earnings for the six months to December 2004 were $0.9 million (twelve months to June 2004 - $6.0 million). Basic earnings per share was 4 cents per share (June 2004 - 31 cents per share).

The net earnings result for the six months ended December 2004 compared with the twelve months ended June 30, 2004 also reflect the following changes:

- General, administrative and marketing costs which relate to the corporate activity of the Perth and Toronto corporate offices was $1.5 million (June 2004 - $1.6 million). The increase in costs during the six months to December 2004 was from the additional activity on corporate business development on the new joint ventures in the DRC, corporate governance and support infrastructure for management, administration, and related internal control and reporting systems and other support services being provided from the corporate office. A total of $1.6 million of costs relating to the equity raising through a brokered private placement was applied against the capital of the Company (June 2004 - $1.2 million of costs relating to the initial public offering and Reorganization).

- There were no exploration costs expensed in the six months ended December 2004 as the costs relating to the new project and joint venture acquisitions have been carried forward as exploration and evaluation expenditure relating to the Mutoshi project. In the twelve months to June 2004 $0.5 million was incurred on regional work that was carried out in the vicinity of the Dikulushi Mine. During the six months to December 2004, a total of $2.5 million was deferred to exploration costs carried forward on the Company's interests in projects in the DRC, Vietnam and Philippines.

- The net foreign exchange gains for the six months to December 2004 was $70,000 and for the twelve months to June 2004 the net exchange loss was $328,000 resulting from the movement in exchange rates between the time the costs are incurred.

- The stock based compensation cost for the six months ended December 2004 was $245,000 and during the twelve months ended June 30, 2004 this was $191,000 arising from the grant of options to employees and directors under the Company's stock option plan designed as incentives for maintaining performance.

- The amortization expense for the six months ended December 2004 of $1.7 million (June 2004 - $2.3 million) relates mainly to amortization of the plant and equipment and development expenditure at the Dikulushi Mine which includes the Stage II expansion incorporating the ball mill and flotation plant from October 2004.

- The interest and financing fees for the six months to December 2004 of $1.3 million (June 2004 - $2.2 million) relates to the higher finance facility fee (6.25% of net smelter return) coming from the higher copper prices achieved and the increase in interest paid at 2.5% over LIBOR on the RMBI increased project financing facility during the six months to finance completion of the Stage II expansion and replacement mining equipment at Dikulushi.

4. Discussion of Cash Flows

	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Cash flows from: ($ millions)		
Operating activities	(1.9)	4.6
Investing activities	(9.7)	(6.7)
Financing activities	8.9	8.5

The net cash outflow from operating activities for the six months ended December 2004 was $1.9 million and for the twelve months to June 2004 the net cash inflow was $4.6 million.

The operating cash outflow resulted mainly from the build up of spares, operating consumables and ore stockpiles of $3.3 million (June 2004 - $1.2 million) and further deferred stripping during the six months of $0.6 million (June 2004 - $1.3 million).

The cash outflows from investing activities was $9.7 million (June 2004 - $6.7 million). The outflows related to payments for completion of Dikulushi Stage II expansion, acquisition of a replacement mining fleet and drilling equipment totalling $7.6 million (June 2004 – $7.7 million) and exploration and evaluation costs on the new projects in the Copperbelt and the deep drilling of the Dikulushi resource of $2.5 million (June 2004 - $0.8 million). These outflows were offset by inflows from the sale of GSR shares of $0.4 million (June 2004 - $1.6 million).

The cash inflow from financing activities generated $8.9 million, excluding that portion of funds received from issue of special warrants above the Australian Stock Exchange 15% limit, of $13.8

million, which were held in escrow at December 2004 (June 2004 - $8.5 million). This resulted in part from the issue of a total of 5,240,000 Special Warrants at Canadian Dollars 5.25 each pursuant to a private brokered placement on December 16, 2004. (June 2004 – Initial Public Offering, which followed the Reorganization - $6.6 million).

During the six months to December 2004, the final drawdown of $0.75 million of RMB International (Dublin) Ltd ("RMBI") increase of Stage II project finance facility of $5.0 million occurred. RMBI further extended a $2.4 million facility which was fully drawn down, to finance replacement mining equipment following the financial failure of the mining contractor in July 2004 (June 2004 – Stage II facility draw downs $4.0 million). During the period, repayments against the RMBI facility of $1.2 million were made (June 2004 - $1.5 million).

5. Discussion of Financial Position and Liquidity

	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Assets ($ millions)		
Cash and cash equivalents	4.6	7.2
Current assets	27.0	11.1
Total assets	56.6	32.0
Liabilities ($ millions)		
Current liabilities	11.8	7.8
Long-term debt	1.5	2.8
Total liabilities	14.2	11.5
Shareholders' equity ($ millions)	42.4	20.5
Working capital ($ millions)	15.2	3.3
Weighted average number of shares	23,733,305	19,746,568
Outstanding number of shares	25,624,229	23,554,229

Cash and cash equivalents

The cash and cash equivalents reduction to $4.6 million at December 31, 2004 (June 2004 - $7.2 million), was attributable to the build up of inventories and accounts receivables and outflow from operating activities, the proceeds from non escrow portion of funds from the private brokered placement on December 16, 2004 partly offset the decrease arising from outflows of funds from operations.

Current assets

The total current assets increase to $27.0 million at December 31, 2004 (June 2004 - $11.1 million) was due to the increases in restricted cash, accounts receivable and inventories. The increase in accounts receivable was due to changes in the monthly cut-off dates for invoicing and receipts of provisional payments from sales and the increase in inventories was from holding a higher level of spares and consumables to support the Dikulushi owner mining operations, the new processing plant and a higher level of ore stockpiles.

Total assets

The increase in total assets at December 31, 2004 to $56.6 million (June 2004 - $32.0 million) was attributable to increased current assets, deferred exploration and evaluation expenditure in relation to the new Copperbelt projects and increases in capital assets associated with the Stage II development.

Current liabilities

Current liabilities were $11.8 million (June 2004 - $7.7 million) arising from a higher current repayable amount of long-term debt over the next twelve months of $3.3 million and an increase of $0.4 million in accounts payable attributable to the Stage II expansion at Dikulushi.

Total liabilities

Total liabilities increased to $14.2 million at December 31, 2004 (June 2004 - $11.5 million). This increase is from the net effect of draw down of additional debt for the Stage II expansion and the replacement mining equipment facility net of debt repayments during the six months period. Non controlling interest of $613,000 (June 2004 - $637,000) has been classified as a long term liability as the Company has greater control of how this commitment (see Note 13) is administered.

The following table summarizes the Company's contractual and other obligations, as at December 31, 2004.

Contractual Obligations

Payments due by period	Total	Less than 1 year	1 – 3 years	4 – 5 years	More than 5 years
	$ million	$ million	$ million	$ million	$ million
Long term debt	8.125	6.625	1.500		
Environmental and mine closure liabilities	0.306			0.306	
Capital commitments – Dikulushi and Copperbelt projects	0.525	0.525			
Equipment operating lease	0.647	0.195	0.434	0.018	
Exploration expenditure commitments	0.075	0.075			
Non controlling interest commitments	0.613	0.287	0.326		

Long Term Debt

Long-term debt increased to $8.125 million as at December 31, 2004 (June 2004 - $6.125 million) from the draw down of $3.15 million during the six months to complete the Dikulushi Stage II expansion and finance replacement mining equipment at Dikulushi. The RMBI Stage I, Stage II project expansion facility of $5.0 million and the $2.4 million Mining Equipment facility incurs interest at LIBOR plus 2.5% and is fully repayable by March 2006. At December 31, 2004 there were no unused finance facilities.

Working capital

Working capital has increased to $15.2 million as at December 31, 2004 (June 2004 - $3.3 million) due to a higher level of restricted (in escrow) cash balances, accounts receivable and inventories.

Shareholders' equity

Shareholders' equity has increased to $42.4 million at December 31, 2004 (June 2004 - $20.5 million) arising from the private brokered placement of 5,240,000 special warrants at C$5.25 each net of the share issue expenses of $1.6 million. The retained net earnings of $0.3 million and changes in translation adjustments of $0.6 million also contributed to the increase in shareholders' equity.

At February 10, 2005, the Company had outstanding 25,624,229 common shares. In addition there were outstanding 942,500 director and employee stock options with exercise prices ranging between A$1.20 to A$6.50 and C$4.25 to C$5.60 per share. The Company had outstanding 1,796,583 share purchase warrants, of which 296,631 are exercisable at price of A$1.20, 500,000 at an exercise price of A$3.00 and 999,952 at an exercise price of C$6.25 per share, which expire on January 15, August 31, 2006 and December 16, 2007 respectively. Further details of these instruments are set out in note 14 of the Company's financial statements.

6. Other Matters

Segment Information

Geographical Reporting **December 31, 2004**

	DRC	Other Africa	Corporate	Total
Revenues	15.8	0.4	-	16.2
Cost of production	(10.5)	-	-	(10.5)
Other expenses	(2.9)	-	(1.7)	(4.6)
Non controlling interest	(0.2)	-	-	(0.2)
	2.2	0.4	(1.7)	0.9

DRC revenues and expenses relate to the Dikulushi Mine. The revenue in Other Africa represents the income from the sale of GSR shares. Corporate expenses relate to the general, administrative and marketing costs of the activities of the Perth and Canadian offices.

Deferred Exploration

As at December 31, 2004, the Company had deferred exploration costs of $4.7 million (June 2004 - $2.2 million), which consisted mainly of expenditure in relation to Dikulushi $1.7 million, DRC Copperbelt projects $2.5 million and Duc Bo $0.5 million.

During the six months ended December 2004, the Company deferred $2.5 million (June 2004 - $1.6 million) on other exploration targets that were predominantly located within the Copperbelt region in the DRC.

Reclassification of non controlling interest as long term liability

The Company holds an indirect 90% equity interest in Anvil Mining Congo s.a.r.l. (Anvil Congo) and, in addition, has administrative responsibility for the economic benefit of the remaining 10% equity interest, which is held in trust by the Anvil Group of companies for the social, economic and infrastructure development of the region of the Company's activities at the Dikulushi Mine. Wholly-owned subsidiaries of the Company are the trustees of the trusts that hold the remaining 10%, giving the Anvil Group greater control over how this 10% interest is administered and for this reason the net amount attributable to the non controlling interest of $613,000 (after expenditures incurred during the six months of $213,000 (see note 13) has been classified as a long term liability.

Subsequent events

On January 12, 2005 the Company announced that the due diligence review of the Mutoshi Copper-Cobalt Project had been completed satisfactorily and that, as per the terms and conditions of the agreement announced on November 17, 2004, the Company had paid $3,000,000 to Gécamines and had issued 153,950 Common Shares at C$6.02 per share to acquire its 87.5% interest in Emiko, which in turn has an 80% interest in the Mutoshi Project. (see Note 15 of the Financial Statements).

On January 20, 2005, the Company held a Special Meeting of Shareholders of the Company to a) ratify the issuance of 2,000,000 Common Shares and 999,952 share purchase Warrants which units were issued on December 16, 2004 upon conversion of Special Warrants (see Note 14 (a) (viii) of the Financial Statements) which had been issued by way of a private placement and b) approve the issuance of 3,240,000 Special Warrants consisting of 3,240,000 Common Shares and 1,620,048 share purchase Warrants (see Note 14 (b) of the Financial Statements). Both resolutions were approved at the Special Meeting of Shareholders.

7. Outlook

The Dikulushi Mine is budgeted to produce 20,000 tonnes of copper contained in concentrates on an annualized basis once the limitation from the backlog of waste material arising from the collapse of the mining contractor is overcome by April 2005. The concentrates produced from the Stage II flotation concentrate plant is also expected to contain 1,700,000 ounces of silver on an annualized basis.

The finalization of the due diligence on the Mutoshi Copper-Cobalt Project (Anvil - 70%), in January 2005, enables the development work on the Kulumaziba deposit to proceed. This involves designing a one million tonnes per annum Heavy Media Separation (HMS) Plant and the establishment of an EPCM contract to proceed subject to the final results of the metallurgical variability test work. The Kulumaziba Project when in production is expected to produce approximately 25,000 tonnes of contained copper in an oxide concentrate per annum.

8. Critical accounting policies

The accounting policies that involve significant management judgement are discussed in this section. For a complete list of the significant accounting policies reference should be made to note 3 of the consolidated financial statements:

Change in fiscal year-end

During period to December 2004, the Company changed the year-end from June 30 to December 31. The financial information that is presented for the current financial period is for the six month period ended December 31, 2004 and the comparative period is the twelve month period ended June 30, 2004.

Mine properties

The Company adopts a unit-of-production method to depreciate its mine properties. This method requires estimates of economically recoverable reserves of the Company's mine properties. Qualified independent surveyors and geologists are engaged to estimate the economic recoverable reserves. The estimation process involves sampling and other statistical tools to estimate the amount of recoverable reserves.

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

Exploration Costs

The Company accumulates certain costs associated with exploration activities on specific areas of interest where the Company has rights of tenure. The Company's policy is to expense any exploration and associated costs relating to non-specific projects and properties. Significant property acquisition, exploration, evaluation and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. No costs are deferred on a mineral property that is considered to be impaired in value. As at December 31, 2004, the Company has deferred exploration costs of approximately $4.7 million associated with exploration properties in Africa and Southeast Asia.

Deferred Mining Costs

The Company uses the deferred stripping accounting method for mining costs associated with waste rock removal, which is in excess of the life-of-mine average. Waste rock mining costs are deferred and charged to operations on the basis of the average stripping ratio for the life of the mine. The waste to ore ratio and remaining life of the mine are both regularly assessed to ensure the carrying value and rate of deferral are appropriate.

The amount deferred or charged to cost of production is subject to management's estimate of the stripping ratio over the life of the mine. Any change in the stripping ratio or mine life estimate could have a material effect on the financial results. During the year ended December 31, 2004, the Company incurred $0.6 million of deferred stripping costs based on a life of mine strip ratio of 8.4:1 compared to the actual strip ratio for the six months to December 2004 of 11.4:1.

Restoration, rehabilitation and environmental expenditure

Expenditures related to ongoing restoration, rehabilitation and environmental obligation activities are accrued and expensed as incurred and included in the relevant exploration activity cost or as part of the cost of production where the expenditures are in relation to current mining operations.

Future restoration, rehabilitation and environmental obligations based on reasonably determinable current regulatory requirements are provided for in accordance with the standard issued by the Canadian Institute of Chartered Accountants in relation to Asset Retirement Obligations.

Foreign currency translation

Following the Reorganization Anvil Mining Management NL (formerly Anvil Mining NL) became a wholly owned subsidiary and intermediate holding company without any independent financing or operating cash flows and is now dependent on the Company. Effective July 1, 2004, this subsidiary is now considered to be a fully integrated operation rather than self sustaining. Had this change occurred with effect from July 1, 2003, the net earnings for the previous period to June 30, 2004 would have been increased by $156,000.

Future Income Taxes

The Company has adopted the use of the accounting standard in relation to Future Income Taxes. The Company is required to estimate the existence of both taxable losses and the recoverability of these losses.

As at December 31, 2004, the Company has estimated its future recoverable income tax losses in Canada, Australia, the DRC and Zambia.

The recoverability of losses is dependent upon the ability to generate positive future taxable income to offset the existing carry forward losses.

Estimates, Risks and Uncertainties

Financial statements which are prepared in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

The Company's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to disclosure regarding mining and processing, mine development, copper and silver prices, estimation of carrying values, government and environmental regulations, operating in an international environment, health, currency, inflation, key personnel, share market and capital requirements risks. A more detailed analysis of the risk factors the Company is faced with can be found in the most recent annual information form, which is available on SEDAR at www.sedar.com.

Deed of Cross Guarantee

For the purpose of simplyfing reporting in Australia, Anvil Mining Limited and certain Australian incorporated companies entered into a Deed of Cross Guarantee and Deed of Variation (the "Deeds") under which each company guarantees the liabilities of all other companies that are a party to the Deeds. The companies which form this "Closed Group" (as defined by Australian Securities and Investments Commission Class Order 98/1418) are: - Anvil Mining Limited, Anvil Mining Management NL, Central African Holdings Pty Ltd, Congo Development Pty Ltd, Anvil Mining No 2 Pty Ltd, Anvil Mining No 3 Pty Ltd, Leda Mining Pty Ltd and Bannon Mining Pty Ltd.

Additional Notes

Information of a scientific or technical nature in this management discussion and analysis and financial review has been prepared under the supervision of Bill Turner, President and Chief Executive Officer of Anvil Mining Limited, a Fellow of the Australasian Institute of Mining and Metallurgy, who has more than five years experience in the field of the activity reported herein and is a qualified person under National Instrument 43-101.

Non-GAAP Financial Measures

The terms "total cash cost" and "cash cost of production" are used on a per payable pound of copper basis. Total cash cost per payable pound is equivalent to the cumulative cost of mining operations, transport and smelting expenses (including the net credits for silver revenues) for the period divided by the number of payable pounds of copper produced during the period. Cash cost of production per payable pound of copper is equivalent to total cash cost per payable pound less concentrate transport and smelting expenses. Cash operating cost information is included to provide information about the cost structure of mining operations. The term "operating profit" represents the net attributable revenues after deducting mine operating costs and amortization. The mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. This information differs from measures of performance determined in accordance with GAAP in Canada and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP and may not be comparable to similarly titled measures of other companies.

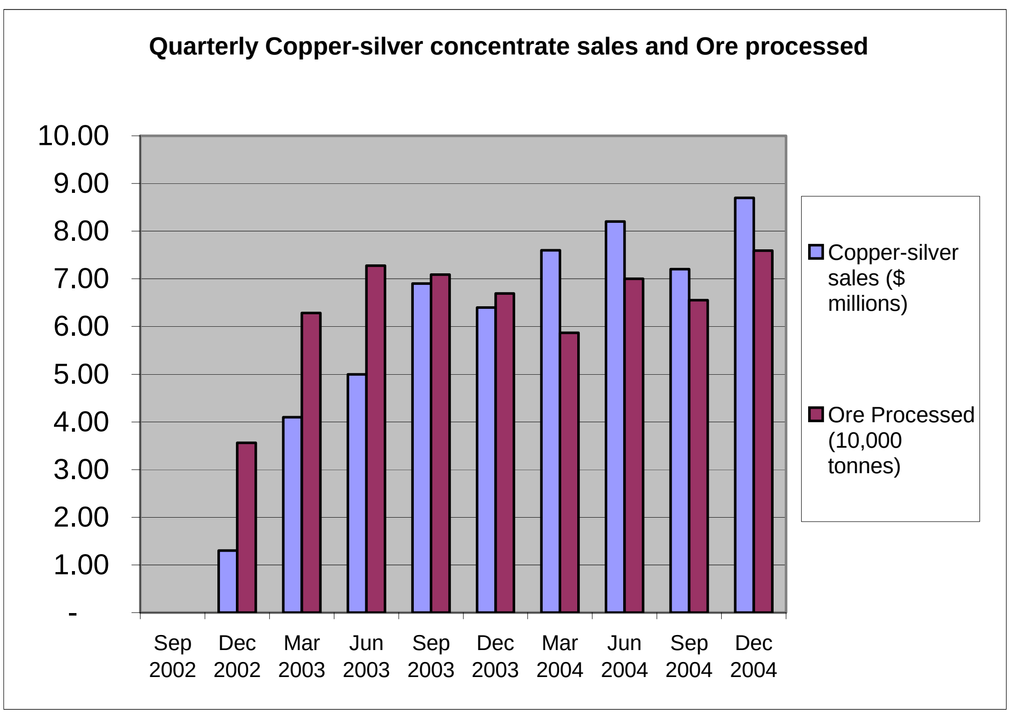
Forward Looking Statements

The forward-looking statements made in this Management's Discussion and Analysis is based on assumptions and judgements of management regarding future events and results. Such forward-looking statements, including but not limited to those with respect to the prices of copper, silver and estimated future production. Estimated costs of future production involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual prices of copper and silver, the actual results of current exploration, development and mining activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's filed documents.

9. Summary of Quarterly Results (unaudited)

The financial performance, financial position and operating statistics for the last eight quarters are shown in the table below.

	Dec 04 Quarter	Sep 04 Quarter	Jun 04 Quarter	Mar 04 Quarter	Dec 03 Quartrer	Sep 03 Quarter	Jun 03 Quarter	Mar 03 Quarter
Statement of Operations and Earnings								
Copper-silver concentrate sales ($ millions)	8.7	7.2	8.2	7.6	6.4	6.9	5.0	4.1
Operating profit (loss) ($ millions)	1.8	1.8	3.3	4.0	2.3	2.8	1.6	0.5
Net earnings (loss) ($ millions)	0.5	0.4	1.3	2.1	0.2	2.5	(0.1)	(0.0)
Basic earnings per share (cents)	2.13	1.43	6.35	11.08	0.79	14.35	(0.32)	(0.02)
Diluted earnings per share (cents)	2.03	1.39	5.93	10.20	.072	12.68	(0.32)	(0.02)
Production Statistics								
Ore processed	75,864	69,210	70,053	58,674	66,956	70,915	72,798	62,866
Copper grade %	4.69	6.55	6.42	7.84	6.8	7.99	7.46	8.51
Contained copper (tonnes)	3,558	166	4,500	4,603	4,552	5,667	5,436	5,347
Recovery %	81.3	69.1	71.0	73.1	67.5	69.8	65.4	61.4
Copper produced (tonnes)	2,894	2,626	3,189	3,365	3,074	3,960	3,555	3,286
Silver produced (ounces)	277,403	224,784	301,315	255,953	331,555	322,908	261,128	233.,410
Copper contained in concentrate delivered (payable million pounds)	5.8	5.3	7.1	6.7	6.8	8.7	7.1	5.8
Silver contained in concentrate delivered (payable ounces)	240,553	195,111	287,780	226,997	323,297	303,167	232,228	184,910



Quarter ended December 2004 - Unaudited

	Dec 04 3 months	Dec 03 3 months
Revenues: ($ millions)		
Copper-silver concentrate sales	8.7	6.4
Operating profit	1.8	2.3
Net earnings	0.5	0.2
Production statistics		
Copper produced (tonnes)	2,894	3,074
Silver produced (ounces)	277,403	331,555
Ore mined (tonnes)	57,809	74,869
Waste mined (tonnes)	910,525	894,708
Costs of production		
Operating cash costs per payable pound (ex mine gate after silver credit)	0.52	0.20
Total cash costs per payable pound (after silver credit)	0.79	0.52

Revenue

The December 2004 quarter revenues were $8.7 million (December 2003 - $6.4 million). The increase in revenues reflects the higher realized copper and silver prices.

Costs of Operations

Costs of operations for the December 2004 quarter were $6.9 million (December 2003 - $4.1 million). The higher average monthly cost of operations was due to expected increases in operating costs associated with the Stage II expansion and concentrate transport costs resulting from increases in fuel costs and less opportunity for back-loading.

Net Earnings

The lower production volume of copper and silver for the December 2004 quarter as a result of the inability to access high grade parts of the orebody (see "Cost of Operations" on page 4) resulted in a net earnings of $0.5 million for (December 2003 – net earnings $0.2 million).

Other income for the December 2004 quarter was $0.4 million (December 2003 $nil) from the sale of GSR shares.

Other expenses for the December 2004 quarter were $1.7 million (December 2003 - $2.1 million) These include general, administrative, marketing costs, net foreign exchange gains and losses, interest and financing fees.

Place of Incorporation

Anvil was incorporated in Canada.

Chapters 6, 6A, 6B and 6C of the Australian Corporations Act

Anvil is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares in Anvil in relation to substantial holdings and takeovers.

Summary of Canadian Legal Requirements Respecting the Acquisition of Securities of Anvil

The following highlights the Canadian legal requirements applicable to persons who wish to acquire a substantial shareholding in Anvil. As Anvil is incorporated under the laws of the Northwest Territories in Canada, chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 do not apply to Anvil or to persons acquiring interests in it.

The applicable Canadian laws, like their Australian equivalent, are very technical. Shareholders should therefore consult their own Canadian legal advisors with respect to these matters rather than relying upon this summary.

Early Warning Reporting and Conduct of Takeover Bids

Canadian securities laws include a comprehensive code governing both the reporting of the acquisition of significant shareholdings and the conduct of takeover bids. For the purposes of these rules, a person is deemed to own all Common Shares and securities convertible into Common Shares that are owned directly or indirectly by or over which control or direction is exercised by, persons acting jointly or in concert with that person. Anvil's Common Shares trade on the Australian Stock Exchange in the form of CDIs, with each 10 CDIs being equal to one Common Share. For the purposes of these rules, the CDIs are considered to be a security convertible into Common Shares.

Early Warning Reporting

Under applicable Canadian securities legislation, any person who directly or indirectly acquires beneficial ownership of, or the power to exercise control or direction over, Common Shares (or securities convertible into Common Shares) of Anvil that, together with any Common Shares held by that person, would constitute 10% or more of the outstanding Common Shares, must forthwith issue a news release in Canada announcing the number of such securities they hold and their intentions with respect to the securities of Anvil. A formal report (an "early warning report") setting forth this information is also required to be filed with the Canadian Securities Commissions in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario within two business days of the acquisition of Common Shares (or convertible securities) that results in the person holding 10% or more of such securities.

Whenever a person who has filed an early warning report acquires an additional 2% of Anvil's Common Shares (including securities convertible into Common Shares), or if there is a change in a material fact disclosed in a previously filed report, an additional report must be filed within the same time limits.

Takeover Bid Rules

Any person who acquires or offers to acquire 20% or more of Anvil's Common Shares is deemed to be making a takeover bid. The applicable Canadian securities legislation generally provides that takeover bids must:

- be made available to all shareholders,
- be open for acceptance for a minimum of 35 days,
- offer identical consideration to all shareholders, and
- be made by a takeover bid circular containing prescribed information about the bidder and its intentions with respect to Anvil.

There are also rules that require the bidder to offer at least as high a price and offer to acquire at least as great a percentage as any the bidder gave to any other person in the 90-day period preceding the bid.

There are various statutory exemptions available from these rules. In particular, a person may acquire up to 5% of Anvil's Common Shares in any 12 month period at prices not in excess of "market price" (plus brokerage). Also, a person may acquire Common Shares of Anvil from no more than five persons in private transactions at no more than 115% of "market price".

Insider Reporting

A person who acquires direct or indirect beneficial ownership of or the power to exercise control or direction over, more than 10% of the Common Shares of Anvil is considered to be an “insider” of Anvil. Each insider must file an initial insider report in prescribed form within 10 days of becoming an insider disclosing the holdings of that person. A further insider report must be filed within 10 days of any change in the ownership or control or direction over securities of Anvil by that insider.

Insider reports are filed electronically using the System for Electronic disclosure by Insiders (or SEDI) established by the Canadian securities Administrators. Further information about SEDI can be found at the SEDI website: www.sedi.ca.

Compulsory Acquisition

A person who acquires 90% of the outstanding Common Shares in a takeover bid (other than any Common Shares owned by that person, its affiliates and associates at the commencement of the bid), may acquire any remaining Common Shares. The shares will be acquired at the price paid in the takeover bid unless the minority shareholder demands that they be acquired at fair value, as determined by the Court.

Restrictions on Foreign Investment - Investment Canada Act

The Structure of the Act

The *Investment Canada Act* requires acquisitions of existing Canadian businesses by foreign nationals to be reviewed by the Investment Canada division of Industry Canada when the value of the acquired business exceeds C$5 million. However, under the agreement establishing the World Trade Organization (“WTO”), a special status is conferred upon nationals of WTO member states and entities controlled by them. The investment threshold limit applicable to WTO investors (which includes Australians and Australian controlled companies) is currently (2004 year) businesses with assets valued at C$237 million. The threshold limit is adjusted annually based on the change to the Canadian GDP in each succeeding year. Any transaction below the current threshold is not reviewable unless the Canadian business is a “cultural business”, provides any financial service, engages in the production of uranium or provides any transportation service. Anvil does not currently carry on any business that would require review for an acquisition under the threshold.

In order for a reviewable transaction to be approved by Investment Canada, it must result in a “net benefit” to Canada. The Investment Canada Act sets out a number of factors that are to be taken into account in determining whether the proposed investment is of net benefit to Canada, including the effect of the investment on the level and nature of economic activity in Canada and the degree and significance of participation by Canadians in the existing and proposed businesses. Factors such as continued employment and infusion of capital by the acquiror are particularly significant to Investment Canada and assist in meeting the net benefit test. Conversely, plans to downsize following a merger can be impediments to achieving approval for the investment.

Investments by non-Canadians in non-reviewable acquisitions and in the establishment of a new business are subject only to a notice filing requirement that must be made within 30 days following implementation of the investment.

Investment Review

If a proposed investment is subject to review, the Minister of Industry who is responsible for Investment Canada, will, on recommendation of Investment Canada, either approve or not approve the proposed investment. The Minister of Industry has the power to order divestiture of control of a Canadian business that is the subject of an investment. The *Investment Canada Act* allows for negotiations to take place between Investment Canada and the investor to amend the terms of the application to provide for commitments, plans and undertakings, including with respect to the expenditure of certain amounts on capital or technology as well as the maintenance of employment levels or retaining head office functions in Canada so that the application is more acceptable to the Minister. Investment Canada, in the course of its review, will seek input from provincial governments or other government departments that they believe may be affected by, or have an opinion on, the investment.

Waiting Periods

If a review is required, then Investment Canada must, within 45 days after receipt of a complete review application, advise the investor whether or not the investment is, in the view of the Minister, of net benefit to Canada. The Minister is entitled to a 30-day extension, on notice to the investor, for completion of the review. After such time, the Minister may request an extension, which must be mutually agreed to by the investor.

Competition Review of Mergers

The *Competition Act* (Canada) defines a merger to include any acquisition, direct or indirect, by one or more persons, by any means, of control over, or significant interest in, the whole or part of a business of a competitor, supplier, customer or other person. An acquisition of control of Anvil would therefore be a merger for the purposes of this legislation.

The Commissioner of Competition may apply to the Competition Tribunal for a review of any merger or proposed merger. If the Tribunal determines that a merger or proposed merger prevents or lessens or is likely to prevent or lessen competition substantially, then the Tribunal has the power to prohibit or dissolve the merger or order divestiture of assets or shares. The Commissioner may make the application at any time up to three years after a merger has been consummated if, in the Commissioner's opinion, the merger raises concerns of substantial lessening of competition in the relevant market.

Pre-Merger Notification

The parties to a proposed merger must notify the Competition Bureau prior to completion of the transaction where the transaction exceeds two threshold tests.

The first threshold is met if the parties to the transaction, together with their affiliates, have assets in Canada or gross annual revenues from sales in or from Canada, that exceed C$400 million. For the purposes of this test, the *Competition Act* deems the parties to a proposed acquisition of shares to be the person or persons who propose to acquire the shares and the corporation the shares of which are to be acquired.

The second threshold is met if the transaction is an acquisition, direct or indirect, of an operating business that has assets in Canada the value of which exceeds C$50 million or gross revenues from sales in or from Canada generated from those assets exceeding C$50 million. In the case of an amalgamation where at least one of the amalgamating corporations carries on, or controls a company that carries on, an operating business in Canada, the threshold is met if the continuing corporation (or corporations controlled by the continuing corporation) has assets in Canada the value of which exceeds C$70 million or gross revenues from sales in or from Canada generated from those assets exceeding C$70 million. Given the broad definition of merger, an acquisition of 20% of all outstanding publicly trading voting shares of a company or the acquisition of 35% of all outstanding voting shares of a private company that is, or controls, an operating business with assets or gross revenues that meet the prescribed threshold will require pre-merger notification.

Filing and Waiting Periods

Where pre-notification is required, one or more of the parties involved in the transaction must file a notice of the proposed merger and provide the prescribed information. There are two possible filings, a "long form" and a "short form". The Bureau reserves the right to require a party submitting a short form filing to file the information contained in a long form filing.

If a short form is filed and accepted as complete by the Bureau, the parties may not complete the merger until 14 days after the short form notification has been receipted by the Bureau, provided that the Bureau does not require the applicant to file a long form. Generally speaking, if the short form has been correctly completed, the Bureau will issue its receipt within one business day following submission. However, the Bureau may notify the applicant that its application is incomplete, and the waiting period will not commence until the Bureau is satisfied that all required information has been received.

If a long form is filed, and accepted as complete by the Bureau, the parties may not complete the merger until 42 days after the long form notification has been receipted by the Bureau.

Advance Ruling Certificates

Where the Commissioner is satisfied, upon application by a party or parties to a proposed transaction, that there would not be sufficient grounds on which to apply to the Tribunal for an order under the merger provisions regarding the transaction, the Commissioner may issue an advance ruling certificate ("ARC") to this effect. The Commissioner is required to consider any request for an ARC as expeditiously as possible.

If the transaction to which an ARC relates is substantially completed within one year after the ARC is issued, the Commissioner may not apply to the Tribunal for a review of the transaction solely on the basis of information that is the same or substantially the same as the information on the basis of which the ARC was issued.

Statement of issued capital at 28 February 2005.

Distribution of fully paid ordinary shareholders

Size of Holding			Number of Shareholders	No. of Shares
1	-	1,000	559	308,957
1,001	-	5,000	600	1,542,968
5,001	-	10,000	151	1,178,580
10,001		100,000	160	4,697,315
100,001	-	and over	37	21,301,528
Total Shareholders			1,507	29,029,348

At the date of this statement there existed no shareholder who held less than a marketable parcel of shares.

Number of Anvil securities quoted on ASX

There are 29,029,348 common shares of Anvil quoted on the ASX.

Number of Anvil securities not quoted on ASX

Number	Class
942,500	Stock options (Employee Stock Option Plan)
2,620,000	Warrants to purchase common shares at C$6.25 each
500,000	Warrants to purchase common shares at A$3.00 each
296,631	Warrants to purchase common shares at A$1.20 each

Voting rights

All Anvil common shares carry one vote per share.

Each CHESS Depository Interests (CDIs) represents a 1/10th interest in one Anvil common share.

CDI holders are the beneficial owner of common shares and although they are not entitled to attend and vote at Anvil shareholder meetings, CDI holders may direct CHESS Depository Nominees Pty Ltd, as the legal holder of their Anvil common shares, to cast proxy votes at the relevant meeting.

Substantial shareholders

Name	No. of Common Shares	%
Deans Knight Capital Management	2,223,844	7.7

Quotation

Anvil Mining Limited securities are quotes as “AVM” on the Toronto Stock Exchange and Australian Stock Exchange Limited. The symbol for the Berlin Stock Exchange is A0B5NR.

Twenty Largest Shareholders

As at February 28, 2005, the twenty largest shareholders as known by the Corporation, held 70.3% of the total common shares in the Company as follows:

Name	Common Shares	% Held
1. CDS & Co	9,074,350	31.3
2. ANZ Nominees Limited	1,698,766	5.9
3. Wintercoast Pty Ltd	1,124,661	3.9
4. Bayfalls Pty Ltd	958,348	3.3
5. Citicorp Nominees Pty Limited <CFS W/SALE GBL RES FUND>	928,269	3.2
6. Westpac Custodian Nominees Limited	821,520	2.8
7. Citicorp Nominees Pty Limited	785,245	2.7
8. Fiducie Desjardins TR	636,000	2.2
9. Nesbitt Burns	600,000	2.1
10. Miningnut Pty Ltd	570,000	2.0
11. CSFB Europe Ltd Prime Brokerage	443,620	1.5
12. Stadiums Pty Ltd	410,000	1.4
13. Royal Trust Corp of Canada TR the Sic Equity Growth Fund	400,000	1.4
14. Bershaw & Co TR CFSIMAL A/T Colonial First State Wholesale Global Resources Fun	358,000	1.2
15. Zero Nominees	320,000	1.1
16. RMB Australia Holdings Limited	308,351	1.1
17. Bershaw & Co	276,000	1.0
18. National Nominees Limited	274,327	.9
19. Roytor & Co	200,000	.7
20. Nesbitt Burns TR Dynamic Power Hedge Fund	175,000	.6
Total	20,362,457	70.3%

Summary of Option Classes

As at February 28, 2005 the following warrants were on issue:

Name of Option Class	No. of Warrants On Issue	No. of Holders	Name of Holders with > 20%	% Held
Warrants expiring August 31, 2006, exercise price A$3.00	500,000	1	RMB International (Dublin) Limited	100
Warrants expiring January 15, 2006, exercise price A$1.20	296,631	1	BB Nomines Pty Ltd	100
Warrants expiring December 16, 2007, exercise price C$6.25	2,620,000		No holders >20%	

ADDITIONAL AUSTRALIAN STOCK EXCHANGE INFORMATION
SUMMARY OF MINING TENEMENTS
As at 28 February 2005

Project	Tenement	Commodity	Consolidated Entity's Interest	Joint Venture Partners
AUSTRALIAN PROJECTS				
Sunrise Dam	E38/449	Gold	20%	Gascoyne Gold NL
	MLA39/597-8	Gold	10%	Gascoyne Gold NL
Laverton (Spinifex Well)	E38/625	Gold	20% (diluting)	Metex Resources NL
AFRICAN PROJECTS				
DIKULUSHI-KAPULO MINING CONVENTION				
PWETO	546	Copper/Silver	90%	
PWETO	547	Copper/Silver	90%	
PWETO	548	Copper/Silver	90%	
MOBA AND PWETO	549	Copper/Silver	90%	
MOBA	1680	Copper/Silver	90%	
MOBA	1681	Copper/Silver	90%	
MOBA	1682	Copper/Silver	90%	
MOBA	1683	Copper/Silver	90%	
MOBA AND PWETO	1684	Copper/Silver	90%	
MOBA	1685	Copper/Silver	90%	
MOBA	1686	Copper/Silver	90%	
PWETO	1687	Copper/Silver	90%	
PWETO	1688	Copper/Silver	90%	
MOBA AND PWETO	1689	Copper/Silver	90%	
MOBA AND PWETO	1690	Copper/Silver	90%	
PWETO	1691	Copper/Silver	90%	
PWETO	1692	Copper/Silver	90%	
PWETO	1693	Copper/Silver	90%	
PWETO	1694	Copper/Silver	90%	
PWETO	1695	Copper/Silver	90%	
MOBA	1696	Copper/Silver	90%	
PWETO	1697	Copper/Silver	90%	
PWETO	1698	Copper/Silver	90%	
PWETO	1699	Copper/Silver	90%	
PWETO	1700	Copper/Silver	90%	
PWETO	1701	Copper/Silver	90%	
PWETO	1702	Copper/Silver	90%	
PWETO	1703	Copper/Silver	90%	
PWETO	1704	Copper/Silver	90%	
PWETO	1705	Copper/Silver	90%	
PWETO	1706	Copper/Silver	90%	
PWETO	1707	Copper/Silver	90%	
PWETO	1708	Copper/Silver	90%	
PWETO	1709	Copper/Silver	90%	
PWETO	1710	Copper/Silver	90%	
PWETO	1711	Copper/Silver	90%	
MOBA AND PWETO	1712	Copper/Silver	90%	
LUNGESHI ACCORD				
LUBUDI	831	Copper	80%	
MITWABA	832	Copper	80%	
LUBUDI AND BUKAMA	833	Copper	80%	

ADDITIONAL AUSTRALIAN STOCK EXCHANGE INFORMATION
SUMMARY OF MINING TENEMENTS
As at 28 February 2005

Project	Tenement	Commodity	Consolidated Entity's Interest	Joint Venture Partners
KALEMIEI ACCORD				
FIZI	818	Gold/Copper/PGMs	80%	
FIZI	819	Gold/Copper/PGMs	80%	
FIZI	820	Gold/Copper/PGMs	80%	
FIZI	821	Gold/Copper/PGMs	80%	
FIZI	822	Gold/Copper/PGMs	80%	
FIZI	823	Gold/Copper/PGMs	80%	
FIZI AND KALEMIE	824	Gold/Copper/PGMs	80%	
KALEMIE	825	Gold/Copper/PGMs	80%	
KALEMIE	826	Gold/Copper/PGMs	80%	
KALEMIE	827	Gold/Copper/PGMs	80%	
KALEMIE	828	Gold/Copper/PGMs	80%	
KALEMIE	829	Gold/Copper/PGMs	80%	
MUTOSHI PROJECTS				
Kulumaziba River Tailings	993	Gold	70%	
Mutoshi	2604	Gold	70%	
Kamukonko	666	Gold	70%	
Kampese and Nioka	2605	Gold	70%	
ZAMBIAN PROJECTS				
Nchelenge	LS204	Gold/Copper/Cobalt/Lead	100%	
Nchelenge	LS205	Gold/Copper/Cobalt/Lead	100%	
VIETNAM PROJECTS				
Duc Bo	1360/GP-DCKS	Zinc/Copper/Silver	50%	earning 90%

This statement outlines the main Corporate Governance practices that were in place at the date of this annual report. Unless otherwise noted, Anvil complies with all aspects of the ASX Corporate Governance Council's "*Principles of Good Corporate Governance and Best Practice Recommendations*." ("The Principles")

The Corporation was incorporated on January 8, 1994 for the purpose of becoming the new Canadian holding company of Anvil Mining NL, pursuant to a court approved scheme of arrangement "the Reorganization"). In conjunction with the reorganization, the composition of the board was substantially changed and new corporate governance documentation which supports the need of both the Canadian and Australian legislation was prepared. This report is based wholly on the Board of Anvil Mining Limited as at the date of this report.

BOARD OF DIRECTORS

The Board of Directors is responsible for supervising the management of the business and affairs of the Corporation in a way that ensures that the interests of shareholders and stakeholders are promoted and protected.

The composition of the Board is determined using the following principles:

- The Board should comprise five Directors. This number may be increased where it is felt additional expertise is required in specific areas or when the growth of the Company warrants additional Directors.
- The Board shall consist of a majority of independent non-executive directors. The independence of directors will be determined in accordance with the definitions contained in Proposed Multilateral Policy 58-201.
- The Chairman of the Board should be a non-executive director.

COMMITTEES OF THE BOARD

- Audit Committee,
- Nomination & Compensation Committee, and
- Corporate Governance Committee.

MEMBERSHIP OF THE BOARD

Philip K.R. Pascall, B. Sc., M.B.A.- Director and Independent[1], Chairman

Mr. Pascall has been a Board member of Anvil NL since October 1998. Mr. Pascall has over 26 years experience in mineral development projects throughout the world. He holds a Bachelor of Science (Honours) Degree in Control Engineering from Sussex University in the UK and a MBA from the University of Cape Town, South Africa. Mr. Pascall is Chairman and Chief Executive Officer of First Quantum Minerals Ltd., the Corporation's principal shareholder. Mr. Pascall is the chairman of the Nomination and Compensation Committee.

William S. Turner, B. Sc., M. Sc., M.B.A., F. Aus. I.M.M. – Director; President and Chief Executive Officer

Mr. Turner has been a Board member of Anvil NL since September 1996. Mr. Turner has a Bachelor of Science (Geology and Mineralogy) from the University of Queensland, a Master of Science from James Cook University and an M.B.A. from Monash University. Mr. Turner has worked internationally at a senior level for over 15 years in Central and Southeast Asia and Africa. Prior to joining Anvil NL in 1995, Mr. Turner worked with Dominion Mining Limited over a period of 10 years as the General Manager – Indonesia and Special Projects Manager – Australia. Mr. Turner is a Fellow of the Australasian Institute of Mining and Metallurgy.

Peter J. Bradford, B.Sc., F. Aus.I.M.M. – Independent Director

Mr. Bradford has been a Board member of Anvil NL since September 1998. Mr. Bradford was Managing Director of Anvil NL from September 1998 to October 1999. Mr. Bradford has a Bachelor of Applied Science from the Western Australian School of Mines. Mr. Bradford is a metallurgist with 20 years experience in the mining industry. Mr. Bradford is President, Chief Executive Officer and a

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[1] The Board has determined that Mr. Pascall is independent despite the fact that he is the President of First Quantum Minerals Ltd, a substantial shareholder of Anvil. In reaching this conclusion the board has relied on the definition of independence as outlined in Multilateral instrument 58-101 and has given consideration to the lack of voting control Mr. Pascall has on the Board of Directors.

director of Golden Star Resources Ltd. and is a director of Guyanor Resources S.A. Mr. Bradford is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Bradford is a member of the Audit Committee, the Corporate Governance Committee and the Nomination and Compensation Committee.

John W. Sabine, B.A., LL.B. – Independent Director

Mr. Sabine is a partner in the Canadian law firm, Fraser Milner Casgrain LLP. Mr. Sabine is recognized as a leading mining practitioner in Canada with experience in mining and resource law and corporate finance. Mr. Sabine lectures on various legal topics including those relating to securities, mergers and acquisitions and corporate governance. He has been a member of the Securities Advisory Committee to the Ontario Securities Commission. Mr. Sabine has a B.A. and an LL.B. (with Distinction) from the University of Western Ontario. Mr Sabine is a member of the Audit Committee and the chairman of the Corporate Governance Committee.

Lance S. Tigert, B.A.Sc., M.B.A.,C.F.A.- Independent Director

Mr. Tigert has over 35 years of experience in acquisition and development of mineral properties with Noranda Inc. Mr. Tigert is a Professional Engineer (Ontario) with degrees in Mining Engineering and Masters of Business Administration and is a Chartered Financial Analyst. Over the past decade, as Senior Vice President-Business and Project Development, Mr. Tigert has worked extensively in Zambia, Congo, Peru, Chile and Argentina. Mr. Tigert is the chairman of the Audit Committee and a member of the Nomination and Compensation Committee and the Corporate Governance Committee.

Name of Director	Date Appointed Director	Audit Committee Meetings Held (Attended)	Nomination & Compensation Committee	Corporate Governance Committee
Philip K.R. Pascal[2]	October 22, 1998		1 (1)	
William S. Turner	September 23, 1996			
Peter J.L. Bradford	September 11, 1998	1 (1)	1 (1)	0 (0)
John W. Sabine	February 29, 1994	1 (1)		0 (0)
Lance S. Tigert	March 23, 1994	Chairman 1 (1)	1 (1)	0 (0)

INDEPENDENT PROFESSIONAL ADVICE

Each director has the right to seek independent professional advice at the Company's expense. However prior approval of the Chairman is required, which is not unreasonably withheld.

PERFORMANCE EVALUATION OF THE BOARD

During the current reporting period, no performance evaluation of the Board or its members was conducted. This is a departure from Principle 8 of The Principles. The Corporation was incorporated during the period ending 30 June 2004 for the purpose of acquiring all of the shares of Anvil Mining NL. This reorganization culminated in a significant restructure of the board and its committees. As the Board has undergone a significant settling in period, it is anticipated that the process for evaluating the board, its committees, its individual members and executives will be developed and implemented in the next financial period.

COMPENSATION POLICIES AND PROCEDURES

The Nomination and Compensation Committee of the Board has been delegated the responsibilities for all matters in relation to compensation. The responsibilities of the committee are outlined it its charter. Disclosures on director and executive remuneration as required by Principle 9 are contained in the Company's Annual Information Form ("AIF") and Management Information Circular ("MIC"). As all shareholders will get a copy of the MIC, it is not considered necessary to reproduce it in this statement. Copies of the AIF, MIC and charter are available at www.anvil.com.au.

[2] Mr Pascall was a member of the audit committee of Anvil Mining NL. He attended the 1 meeting held during the year of the Anvil Mining NL audit committee.

AUDIT COMMITTEE

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through overseeing management's conduct of the Corporation's accounting and financial reporting process and systems of internal accounting and financial controls; selecting, retaining and monitoring the independence and performance of the Corporation's external auditors, including overseeing the audits of the Corporation's financial statements, and approving any non-audit services; and providing an avenue of communication among the external auditors, management and the Board.
A copy of the Committee's charter is available at www.anvil.com.au.

ENVIRONMENTAL COMMITTEE

As at the date of the Directors' report, the Company did not have an environmental committee of the Board of Directors, as the size of the Company does not warrant one. The Board as a whole carries out this function.

CODE OF CONDUCT

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. This commitment has been formalised in the Code of Business Conduct, a copy of which is available at www.anvil.com.au.

BUSINESS RISKS

As the Company is relatively small at present, all the Directors, executives and employees are charged with the responsibility of advising the Chairman of any business risk they identify. The Chairman will then take appropriate action which may include the calling of a Directors' meeting to deal specifically with the identified risk.

RISK OVERSIGHT AND MANAGEMENT

The Company is currently undertaking a review of its risk management systems including a review of internal controls. The review is being conducted as part of the Company's continual assessment of its risk management systems. At the date of this statement, the Company does not yet comply with Principle 7 but it is anticipated that full compliance will be achieved in the next reporting period.