



# ANVIL MINING LIMITED

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## News Release

FOR IMMEDIATE RELEASE  
January 28, 2005

TSX, ASX: AVM  
Shares Outstanding: 29.0 million

### Report for Quarter ended December 31, 2004

**Anvil Mining Limited (TSX, ASX: AVM)** is pleased to report on the activities of the Company for the quarter ended December 31, 2004.

This report does not contain the same level of detail as previous quarterly reports issued by Anvil to the ASX prior to listing on the Toronto Stock Exchange (TSX) in June 2004 as the Company has changed its financial year end to December 31 and will issue a set of consolidated financial statements and a management discussion and analysis report as required by the TSX.

#### Highlights

- In mid-November 2004 Anvil announced it had entered into an agreement with La Générale des Carrières et des Mines (Gécamines), a state-owned mining company in the Democratic Republic of Congo (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. The Company subsequently completed due diligence on the Mutoshi Project and made the first payment of US\$3 million and issued shares to the value of US\$750,000 as the first stage of the settlement of the total acquisition cost of US\$12.5 million.
- In late November 2004 Anvil announced it had 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 DRC also owned by Gécamines.
- In mid-December 2004 Anvil announced that it had completed a brokered private placement with an over-allotment which had been fully exercised. The Company sold an aggregate of 5,240,000 special warrants at a price of C\$5.25 each for gross proceeds of C\$27,510,000, in a syndicated offering led by Haywood Securities Inc. and including Euroz Securities Ltd. and Canaccord Capital Corporation.
- Dikulushi Stage II Flotation Plant continues to operate at designed capacity of 45tph mainly on lower-grade floats and tailings from the earlier HMS operation. There is still a backlog of waste material that is limiting access to the high-grade ore in the bottom of the open pit. Additional haulage capacity has recently been sourced to increase the rate of waste removal and the resumption of full access to high-grade ore is expected during April 2005.
- The results of the sampling program over the main part of the Kulumaziba deposit at Kolwezi has indicated that the average grade of this coarse rejects/tailing deposit is higher than previously thought and is now expected to be in excess of 4.0% copper.
- Design criteria for a one million tonnes per annum Heavy Media Separation (HMS) Plant for the Kulumaziba deposit are nearing completion and are awaiting the final results of the metallurgical variability test work. An EPCM contract is currently being established with Perth engineering company, Intermet Pty Ltd and equipment ordering is expected to begin

within two weeks. The project is expected to be in production before the end of 2005, producing approximately 25,000 tonnes of copper contained in an oxide concentrate.

### **Mutoshi Project**

On November 17, 2004 Anvil announced that it had entered into an agreement with La Générale des Carrières et des Mines (Gécamines), a 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.

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 US\$3 million 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. These shares are subject to a four-month hold period expiring May 7, 2005 in accordance with Canadian securities regulations.

The remainder of the purchase price will be paid in cash as follows: US\$2.0 million on April 14, 2005; US\$1.25 million on July 7, 2005; US\$1.25 million on January 7, 2006. The balance of US\$4.25 million is to be paid in 18 equal monthly payments beginning four months after the start of commercial production.

As part of the due diligence work, Anvil completed a sampling program over the main part of the Kulumaziba coarse rejects/tailings deposit. A total of 450 samples, each of approximately 50 kg were collected from test pits dug to the original riverbed surface. The samples were reduced to 2 kg and dispatched for assay at the A.H. Knight laboratory in Kitwe, Zambia. Standards were used every 20 samples and a repeat assay was done on every tenth sample.

The results of this sampling program indicated that the average grade of the Kulumaziba coarse rejects/tailings deposit was higher than previously thought and will be in excess of 4.0% copper. The deposit varies in thickness up to 3 metres deep, is up to 200 metres wide and was sampled over a length of approximately 10 kilometres immediately downstream from the Mutoshi Washing Plant, previously operated by Gécamines between 1960 and 1987.

Anvil is continuing with its “fast-track” development plans for the Kulumaziba deposit to achieve production before the end of 2005. Anvil has commissioned Intermet Engineering Pty. Ltd. of Perth to complete the detailed design of a one million tonnes per annum HMS plant, which is now expected to produce more than 25,000 tonnes of copper per annum contained in an oxide concentrate.

The Kulumaziba deposit provides an excellent opportunity for Anvil to initiate another low-capital-cost starter project, similar to that at Dikulushi, but this time in the Kolwezi Region. This project has the added advantage of very low-cost mining and much better infrastructure than that at Dikulushi, including access to the national hydroelectric power grid, which passes across the tenement.

### **Kinsevere-Nambulwa Project**

On November 29, 2004 Anvil announced that it has 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 DRC owned by Gécamines.

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.

The Exploration Permits surrounding the Kinsevere and Nambulwa Exploitation Permits contain nine known copper-cobalt occurrences in Mines Series rocks which are considered highly prospective. An aggressive exploration program will be initiated to determine whether or not these mineral occurrences can be incorporated into an expanded project around the known Kinsevere and Nambulwa mineralization.

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 have been 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.

Anvil's entry into the Kinsevere-Nambulwa Joint Venture and its 70% interest in the Mutoshi copper-cobalt Project at Kolwesi will establish an operating presence in two separate regions of the DRC Copperbelt, referred to as Group Central and Group West. Anvil intends to use these initial positions to build a strong operating presence in these two regions of the DRC Copperbelt.

### **Dikulushi Mine**

The Stage II Flotation Plant continues to operate at designed capacity of 45tph mainly on lower-grade floats and tailings from the earlier HMS operation. As a result, the average grade of the plant feed for the quarter has been 4.69% copper and 155g/t silver. Metallurgical recoveries at the lower grades are meeting plant design for that grade.

#### **Dikulushi Mine - Quarterly Production Summary**

| Production Statistics  | 2004         |               |              |              | 2003         |              |
|--|--------------|---------------|--------------|--------------|--------------|--------------|
|  | Dec Qtr 2004 | Sept Qtr 2004 | Jun Qtr 2004 | Mar Qtr 2004 | Dec Qtr 2003 | Sep Qtr 2003 |
| Ore processed  | 75,864       | 65,455        | 70,053       | 58,674       | 66,956       | 70,915       |
| Copper grade %   | 4.69%        | 5.81          | 6.42         | 7.84         | 6.80         | 7.99         |
| Contained copper (tonnes)  | 3,558        | 3,800         | 4,500        | 4,603        | 4,552        | 5,667        |
| Recovery %   | 81.3         | 69.1          | 71.0         | 73.1         | 67.5         | 69.8         |
| Copper produced (tonnes)   | 2,894        | 2,626         | 3,189        | 3,365        | 3,074        | 3,960        |
| Silver produced (ounces)   | 277,403      | 224,784       | 301,315      | 255,953      | 331,555      | 322,908      |
| Payable pounds of copper contained in concentrate delivered (million pounds) | 5.8          | 5.3           | 7.1          | 6.7          | 6.8          | 8.7          |
| Payable ounces of silver contained in concentrate delivered (ounces)         | 240,553      | 195,111       | 287,780      | 226,997      | 323,297      | 303,167      |

The backlog of waste removal, caused by the Company's South African mining contractor being placed into liquidation in mid-2004, is steadily being caught up, however additional haulage capacity has recently been sourced to ensure that the high-grade ore is fully accessed by the end of April 2005.

A revised mine plan has been designed to ensure that sufficient ore stocks at average resource grades, are available to sustain three months of uninterrupted ore supply to the Flotation Plant.

Work commenced during December 2004 on the final installation of the second ball mill which is expected to be commissioned by the end of the March 2005 Quarter. The commissioning of the second ball mill is expected to increase plant throughput from 45tph to approximately 55tph and allow the continued reprocessing of the residual HMS tailings and floats along with the high-grade ore from the open pit.

### **Kilwa Event**

During October 2004, production was suspended for a period of five days owing to the precautionary evacuation of staff to Lubumbashi, following an incursion of a small number of rebels into the Kilwa area. The evacuation and corresponding return to work was carried out efficiently and without incident. The government and military response on both provincial and national levels was rapid and supportive of the prompt resumption of operations. Security consultants have been engaged to review current security risk mitigation measures, to ensure that the likelihood of similar business interruptions occurring in the future is minimised.

### **Exploration**

Anvil's entry into joint ventures on the Mutoshi and Kinsevere Projects has opened up a significant number of high-quality exploration targets which justify an immediate major drill evaluation effort. As a result, the Company is currently in the process of bringing six drilling rigs into the DRC; two diamond drilling rigs, two RC rigs and two air-core rigs.

The first of the RC rigs commenced drilling on Tshifufia deposit in the Kinsevere-Nambulwa Project on January 20, 2005. Immediate targets located in the Kolwezi Region include Mutoshi NorthWest, Nioka and the discrete cobalt targets at the western end of the Mutoshi open pit.

### **Capital Raising of C\$27.5 million**

On November 30, 2004 the Company announced that it intended to undertake a brokered private placement of 3,810,000 special warrants at a price of C\$5.25 each (for gross proceeds of C\$20,002,500), as well as granting the agents an over-allotment option for up to an additional 1,430,000 special warrants for an additional gross proceeds of up to C\$7,507,500.

On December 16, 2004 the Company announced that it had completed the private placement and that the over-allotment option had been fully exercised. The Company had sold an aggregate of 5,240,000 special warrants at a price of C\$5.25 each for gross proceeds of C\$27,510,000, in a syndicated offering led by Haywood Securities Inc. and including Euroz Securities Ltd. and Canaccord Capital Corporation.

Each special warrant entitled the holder to receive one common share and one-half of one share purchase warrant. Each full share purchase warrant issued on exercise of the special warrants converts to shares upon the payment of the exercise price of C\$6.25. The share purchase warrants will expire December 16, 2007. 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 the 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 special warrants and the underlying common shares and warrants will be subject to a 4 month hold period from closing, which hold period expires on April 16, 2005.

A total of 2,000,000 of the special warrants were converted to a share plus one half warrant during December 2004, as allowed under the ASX 15% placement capacity rule, with the balance

converting upon the receipt of Anvil shareholder approval, which was received at a special meeting held on January 20, 2005.

### **Drawdown of RMB Resources Funding for Stage II Expansion**

An additional finance facility of US\$2.4 million was entered into with RMB Resources Limited on October 21, 2004 to finance the replacement mining equipment following the collapse of the company's mining contractor in June 2004. The facility was fully drawn during October 2004.

Anvil Mining Limited is an unhedged copper and silver producer whose shares are listed for trading on the Toronto Stock Exchange and the Australian Stock Exchange under the symbol AVM. It owns and operates the Dikulushi copper-silver mine in the Katanga Province of the DRC, which was brought into production in October 2002 and recently underwent an expansion to increase the processing plant capacity by approximately 50% to 20,000 tonnes of copper and 1.6 million ounces of silver per year.

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#### **Additional Notes:**

*Scientific or technical information in this news release has been prepared under the supervision of Bill Turner, President and Chief Executive Officer of the Corporation, a Fellow of the Australasian Institute of Mining and Metallurgy and a qualified person under National Instrument 43-101.*

*Caution Regarding Forward Looking Statements: Statements regarding the Company's plans with respect to the development of the Mutoshi and Kinsevere Projects and to the expansion of the Dikulushi operation are forward-looking statements. There can be no assurance that future due diligence will be successfully completed, that future required regulatory approvals will be obtained or that anticipated transactions will be completed satisfactorily. There can be no assurance that the Company will be able to confirm the presence of a mineral deposit at any of the prospects at Mutoshi or Kinsevere-Nambulwa nor that any mineralization will be proven to be economic. Similarly, there can be no assurance as to the exact result of the recent expansion of the Dikulushi operation.*