



anvilmining

News Release

FOR IMMEDIATE RELEASE

November 14, 2011

TSX, ASX: AVM

Common shares outstanding 158.0 million

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

Anvil Mining Reports Third Quarter 2011 Results Kinsevere Stage II SX-EW Plant near Design Capacity

Perth, Australia: Anvil Mining Limited (TSX, ASX: AVM), (“Anvil” or the “Company”), today announced that the ramp-up of the Kinsevere Stage II Solvent Extraction Electrowinning (“SX-EW”) plant is continuing, with design capacity of 60,000 tonnes of copper cathode per year, expected to be achieved before year-end 2011.

For the three months ended September 30, 2011, production of copper cathode totalled 8,718 tonnes, while for the nine months ended September 30, 2011, copper production totalled 18,033 tonnes, comprised of 12,094 tonnes of copper cathode and 5,939 tonnes of copper in concentrate from the Kinsevere Stage I Heavy Media Separation (“HMS”) plant which was placed on care and maintenance in the previous quarter.

For the three months ended September 30, 2011, the Company generated revenues of \$66.4 million, and recorded an operating profit of \$32.4 million and net profit after tax for the third quarter of \$2.9 million, or \$0.02 per share (basic). For the nine months ended September 30, 2011, the Company generated revenues of \$94.3 million, comprised of \$65.4 million from copper cathode sales and \$28.9 million from copper concentrate sales and recorded net profit of \$39.6 million or \$0.25 per share (basic).

On August 1, 2011, in accordance with accounting standards, the Group concluded that the SX-EW plant was operating as intended and thus commenced recording revenue, costs and depreciation of the SX-EW plant within the income statement. The revenue and costs related to the production of copper cathode during the testing and commissioning phase were previously capitalized, in accordance with accounting standards.

The Company’s consolidated financial statements for the three and nine months ended September 30, 2011 and 2010 restated comparatives have been prepared in accordance with IFRS.

The complete September quarter 2011 unaudited financial statements together with the related Management’s Discussion and Analysis (MD&A) are available on Anvil’s website at www.anvilmining.com under the heading “Financial Reports” within the Investor Relations section.

Perth Office

Level 1, 76 Hasler Road
Herdsmen Business Park
Osborne Park 6017
Western Australia

Tel: +61 8 9481 4700
Fax: +61 8 9201 0125
anvil@anvilmining.com
ASX/TSX:AVM

www.anvilmining.com

Montréal Office

1 Place Ville-Marie
Suite 2001
Montréal, Québec
Canada, H3B 2C4
Tel: +1 514 448 6664
Fax: +1 514 448 6665

people	mine
explore	grow
develop	sustain

Highlights for the third quarter

- Copper revenues of \$66.4 million.
- Production of 8,718 tonnes of copper cathode.
- Operating profit of \$32.4 million, compared to \$4.2 million for the third quarter of 2010.
- Net profit of \$2.9 million (\$0.02 per share), compared to net profit of \$1.0 million (\$0.01 per share) for the third quarter of 2010.
- Average realized copper price of \$4.04 per pound, compared to \$3.28 per pound for the third quarter of 2010.
- Commencement in June of drilling program at the Kinsevere sulfide deposit.
- Commencement in September of an in-fill drilling program at Mutoshi, with two diamond-drill rigs in operation.

Darryll Castle, President and CEO of Anvil, commented, “Ramp-up of the SX-EW continued during the quarter, albeit at a slower than anticipated rate, due to a number of issues, the most significant of which related to operation of rectifiers and transformers and current efficiency in the tankhouse. However, good progress has been made in resolving these issues and in October, copper cathode production totalled 4,022 tonnes, representing 80% of design capacity. We are confident that the design capacity of 60,000 tonnes of copper cathode per year will be achieved before year-end. Owing to lower than anticipated production in the September quarter, we have now revised our 2011 forecast copper production to 30,000 to 31,000 tonnes of copper, from previous 2011 copper production guidance of 36,000 to 38,000 tonnes.”

Takeover offer by Minmetal Resources Limited

In August 2011, the Company announced that it had been informed by its largest shareholder, TrafiguraBeheer B.V. (“Trafigura”), that it considered its 39% ownership interest (fully diluted) in Anvil to be non-core and was considering alternatives to maximize the value thereof. In light of Trafigura’s decision, the Board of Directors of Anvil formed a Special Committee to review alternatives in order to maximize value for all shareholders and retained BMO Capital Markets to assist in this regard.

Pursuant to the strategic review process, on September 29, 2011 the Company entered into a binding agreement (the “Support Agreement”) with Minmetals Resources Limited (“Minmetals”), pursuant to which Minmetals agreed, subject to the terms of the Support Agreement, to make an offer to purchase all common shares of Anvil by way of a friendly take-over bid at a price of C\$8.00 per share in cash (the “Offer”). The Offer, which commenced on October 19, 2011 with the mailing to shareholders of Minmetals’ take-over bid circular and related documents, is open for acceptance until November 24, 2011, unless the Offer is extended or withdrawn. In connection with the Offer, the Company has been consulting with various stakeholders in the DRC.

For further information on the Offer, please refer to the Company’s previous disclosure, which is available on SEDAR at www.sedar.com.

Kinsevere Stage II ramp-up

Ramp-up continued in the September quarter, during which several issues were identified that constrained the ramp-up rate of the SX-EW plant and resulted in lower than expected production. Good progress has been made on the resolution of such issues, the most notable of which were:

- Persistent problems with rectifiers and transformers were experienced during the quarter, part of which was attributable to the quality and stability of power supplied from the grid and part of which was due to hardware faults with the units related to design as well as storage issues. Following the purchase of two new transformers and the refurbishment of an existing spare transformer, the Group is now well positioned to manage issues associated with transformer performance. All three units are expected to be on site prior to year-end 2011.
- As the rectifier and transformer issues were resolved and the operation was able to operate at full-load it became apparent that the current efficiency in the tankhouses was materially sub-optimal. The low current efficiency resulted in a lower than planned cathode plating rate, but not a loss of copper. The current efficiency problem has been found to be the result of a combination of inefficient design, construction issues and operator learning curve factors. Certain interim fixes have been implemented and a program of retrofitting is in place which will be completed by the first quarter of 2012. Improved housekeeping and operating practices to overcome the inherent inefficiencies have in the meanwhile improved the tankhouse performance to acceptable levels.

Rectification of the above-mentioned issues appears to have been effective, with production of copper cathode in October totalling 4,022 tonnes. Progress in resolution of current efficiency issues at the tankhouse and with work on the optimization of performance of the SX-EW plant continuing, the Company expects that design capacity will be achieved prior to year-end.

From a quality standpoint, independent assays confirmed that the majority of cathode produced during the quarter conformed to LME Grade A chemical specifications however, approximately 25% of bundles produced were off specification due to lead content. The increased lead content was a direct result of the disturbance of the anode surfaces during the installation of the new anode insulators. A procedural change was instigated for such installation and this had an immediate effect on copper cathode quality, with the latest site-based assays showing that production from the SX-EW plant is on specification for lead content and all other LME elements.

Liquidity

As at September 30, 2011, Anvil had approximately \$40.5 million in available cash, all of which is held on deposit with international banks. Principal outstanding under the \$100 million Trafigura Loan Facility (the "Loan Facility") was \$43.0 million, compared to \$57.0 million as at June 30, 2011. During the three months ended September 30, 2011, the Company repaid \$14.0 million of principal under the Loan Facility, \$7.1 million being a scheduled repayment, the balance of \$6.9 million representing an accelerated repayment.

As at October 31, 2011 Anvil had approximately \$51 million in cash and cash equivalents (including restricted cash).

No conference call

As the Company remains subject to the Offer, it will not hold a conference call in connection with the release of its results for the three and nine months ended September 30, 2011.

The company has filed the Offer documents on SEDAR at www.sedar.com, as well as on its website at www.anvilmining.com, and has issued certain news releases, which it will continue to do, as relevant information becomes available.

Anvil Mining Limited is a copper producer whose shares are traded on the Toronto Stock Exchange (as Common Shares) and the Australian Securities Exchange (as CDIs) under the symbol AVM.

For further information, please contact:

Darryll Castle

President & CEO

Tel: +27 (11) 750 6876

Email: darryllc@anvilmining.com (Perth)

Robert La Vallière

Vice President Corporate Affairs

Tel: (Office) +1 (514) 448 6664, (Cell) +1 (514) 944 9036

Email: robertl@anvilmining.com (Montréal)

Website: www.anvilmining.com

Caution Regarding Forward Looking Statements:

This news release contains “forward-looking statements” and “forward-looking information”, based on assumptions and judgments of management regarding future events and results. Such “forward-looking statements” and “forward-looking information” which may include, but is not limited to the operation of Kinsevere SX-EW plant, the Group’s plans for expansion of the Kinsevere operation, the Group’s funding requirements, proposed exploration activities and the completion of the Offer (as defined). Many of these assumptions are based on factors and events that are not within the control of Anvil and there is no assurance they will prove to be correct. Often, but not always, “forward-looking information” can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. The purpose of “forward-looking information” is to provide the reader with information about management’s expectations and plans for 2011 and 2012 and expectations regarding the Offer. Readers are cautioned that “forward-looking information” involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anvil and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the “forward-looking information”. Such factors include, among others, the actual market price of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company’s filed documents. There can be no assurance that the Kinsevere SX-EW plant will operate as anticipated, that expansion of the Kinsevere operation will proceed as planned, or that the Offer will be completed. There can be no assurance that “forward-looking information” will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on “forward looking information”.

Appendix

Key Financial and Production Data(unaudited)

	3 Months Ended September 30		9 Months Ended September 30	
	2011	2010	2011	2010
FINANCIAL PERFORMANCE				
Copper cathode and concentrate sales (\$ millions)	66,384	14,932	94,350	44,947
Operating income(\$ millions)	32,442	4,175	37,045	11,364
Net profit (\$ millions) ¹	2,944	958	39,622	16,050
PRODUCTION STATISTICS				
Consolidated Group				
Copper produced – cathode and copper in concentrate (tonnes)	8,718	4,216	18,033	12,721
Kinsevere mine (SX-EW)				
Ore processed (tonnes)	310,542	-	457,332	-
Feed grade (% ASCu)	3.0	-	3.1	-
Cathode produced (tonnes)	8,718	-	12,094	-
Cathode sold (tonnes)	9,102	-	12,077	-
Cathode cash cost (\$/lbcathode produced)	1.23	-	1.23	-
Kinsevere mine (HMS)				
Ore processed (tonnes)	-	80,911	133,613	215,118
Copper grade (% Cu)	-	6.7	5.3	7.5
Copper recovery – HMS (% Cu)	-	68.1	73.9	69.3
Concentrate grade – HMS and spirals (% Cu)	-	24.3	24.7	24.4
Copper produced in concentrate – HMS and spiral (tonnes)	-	4,216	5,939	12,721
Copper sold (tonnes)	188	4,301	5,519	13,597
Operating cash costs (\$/tonne concentrate produced)	-	344	824	318

1. Net profit from continuing operations.

Consolidated Balance Sheets (unaudited)

(Expressed in thousands of United States dollars)

	September 30 2011	Dec 31 2010 <i>(restated)</i>
ASSETS		
Current assets		
Cash and cash equivalents (including restricted cash)	40,706	63,729
Trade and other receivables	33,379	12,988
Inventories	36,743	14,060
Other financial assets	-	182
Current assets classified as held for sale	-	1,204
	110,828	92,163
Non-current assets		
Restricted cash	513	513
Trade and other receivables	13,600	14,253
Other financial assets	22,988	-
Investment in associate	-	11,927
Inventories	16,704	13,109
Exploration and evaluation expenditure	61,623	60,657
Property, plant and equipment	499,629	488,703
	615,057	589,162
Total assets	725,885	681,325
LIABILITIES		
Current liabilities		
Trade and other payables	21,733	29,508
Financial liabilities	24,894	38,669
Borrowings	13,812	4,649
Current income taxes	37	21
Provisions	2,174	2,634
	62,650	75,481
Non-current liabilities		
Borrowings	27,865	31,829
Provisions	21,627	20,991
Deferred tax liabilities	9,883	10,766
	59,375	63,586
Total liabilities	122,025	139,067
Net assets	603,860	542,258

Consolidated Balance Sheets (cont.)

(Expressed in thousands of United States dollars)

	September 30 2011	December 31 2010 <i>(restated)</i>
Shareholders' equity		
Share capital	519,587	480,787
Share based payment reserve	11,490	9,413
Retained earnings	95,929	54,944
Other reserves	(18,897)	-
Capital and reserves attributable to owners of Anvil Mining Ltd	608,109	545,144
Non-controlling interests	(4,249)	(2,886)
Total equity	603,860	542,258

Consolidated Statements of Income and Comprehensive Income (unaudited)

(Expressed in thousands of United States dollars except per share amounts)

	3 Months Ended September 30		9 Months Ended September 30	
	2011	2010 <i>(restated)</i>	2011	2010 <i>(restated)</i>
Continuing operations				
Revenue from sale of goods	66,384	14,932	94,350	44,947
Cost of goods sold	(33,942)	(10,757)	(57,305)	(33,583)
Gross profit	32,442	4,175	37,045	11,364
Other income	61	2,756	30,755	2,802
(Loss) /gain on derivative instruments	(75)	357	(182)	(52)
Exploration costs	(1,267)	(88)	(1,332)	(444)
Provision for impairment	(1,469)	-	(1,469)	-
Write back provision for impairment	-	709	-	5,518
General, administrative and marketing costs	(6,017)	(5,959)	(16,348)	(13,716)
Share of gain / (loss) in associate	-	-	1,116	(226)
Fair value gain on warrants carried at fair value through profit and loss	(6,253)	(4,435)	(5,460)	(237)
Other expenses	(786)	(293)	(1,886)	(676)
Profit/ (loss) before finance items and tax	16,636	(2,778)	42,239	4,333
Finance costs	(4,513)	(579)	(4,990)	(1,594)
Finance income	206	776	1,564	1,768
Finance items - net	(4,307)	197	(3,426)	174
Profit/ (loss) before tax	12,329	(2,581)	38,813	4,507
Income tax (expense) / benefit	(9,385)	3,539	809	11,543
Profit for the period from continuing operations	2,944	958	39,622	16,050
Discontinued operation				
Profit from discontinued operation	-	-	-	5,436
Profit for the period	2,944	958	39,622	21,486
Other comprehensive income / (loss)				
Changes in fair value of available for sale investments	(2,763)	2,366	(18,897)	2,081
Total comprehensive income for the period	181	3,324	20,725	23,567
Profit / (loss) attributable to:				
Owners of Anvil Mining Ltd	3,035	1,639	40,985	23,905
Non-controlling interests	(91)	(681)	(1,363)	(2,419)
	2,944	958	39,622	21,486
Total comprehensive income / (loss) attributable to:				
Owners of Anvil Mining Ltd	272	4,005	22,088	25,986
Non-controlling interests	(91)	(681)	(1,363)	(2,419)
	181	3,324	20,725	23,567
Profit per share from continuing operations:				
Basic profit per share (\$)	0.02	0.01	0.25	0.11
Diluted profit per share (\$)	0.02	0.01	0.25	0.10

Consolidated Statement of Cash Flows (unaudited)

(Expressed in thousands of United States dollars)

	3 Months Ended September 30		9 Months Ended September 30	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit for the period from continuing operations	2,944	958	39,622	16,050
Adjustments for:				
Depreciation and amortization	9,371	4,538	17,088	13,602
Share of loss/(gain) of associate	-	-	(1,116)	226
Gain / (loss) on derivative instruments	75	(357)	182	52
Provision for impairment of asset	1,469	-	1,469	-
Write back of provision for impairment of asset	-	(709)	-	(5,518)
Gain on sale of asset	-	-	(1,671)	-
Non cash finance cost	209	575	627	1,574
Gain on discontinuation of equity accounting	-	-	(28,842)	-
Provision for bad or doubtful debts	-	-	-	450
Net exchange differences	48	(290)	(748)	(517)
Fair value gain on warrants	6,253	4,435	5,460	237
Borrowing costs amortised	3,529	-	3,529	-
Deferred tax	9,311	(3,538)	(883)	(11,543)
Share based payment expense	740	293	1,075	675
	33,949	5,905	35,792	15,288
Changes in non-cash working capital	(15,289)	(5,374)	(51,978)	(6,772)
	18,660	531	(16,186)	8,516
Cash flows from investing activities				
Payments for property, plant and equipment	(121)	(31,697)	(27,793)	(88,718)
Payments for exploration expenditure	(901)	(106)	(966)	(333)
Repayments / (payments) as security deposit	6,550	(90)	6,550	(6,550)
Proceeds from repayments from investment	-	123	-	235
	5,528	(31,770)	(22,209)	(95,366)
Cash flows from financing activities				
Proceeds from issue of shares (net of issue expenses)	491	261	20,569	32
Payment of loan origination costs	795	(2,090)	-	(2,621)
Movement in restricted cash	23	(102)	528	(58)
Payment of borrowings	(14,000)	(48)	(14,101)	(188)
Receipts from borrowings	-	-	15,000	-
Shares purchased – ESSIP	-	-	-	(1,238)
	(12,691)	(1,979)	21,996	(4,073)
Net increase / (decrease) in cash and cash equivalents	11,497	(33,218)	(16,399)	(90,923)
Cash and cash equivalents at beginning of the period	28,428	63,460	56,415	121,234
Effects of exchange rate changes on cash held in foreign currencies	544	169	453	100
Cash and cash equivalents at end of the period for continuing operations	40,469	30,411	40,469	30,411
Cash and cash equivalents at end of the period	40,469	30,411	40,469	30,411