annual report **2006**

# focused on growth

anvilmining

people | explore | develop | mine | grow | sustain

Photo right: Kulu Copper Concentrate; Front cover photo: Looking out to the Dikulushi pit from the portal to the Dikulushi Underground Mine

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## CORPORATE PROFILE

Anvil Mining (AVM on TSX and ASX) is among the lowest-cost copper producers, and is the leading copper producer in the Democratic Republic of Congo (DRC) in central Africa, with a strong production profile, a proven development record and experienced management. The Corporation currently produces a copper and silver concentrate from the high-grade Dikulushi mine and copper concentrates from the Kulu copper tailings retreatment operation. In addition, the Corporation is currently developing the Kinsevere copper-cobalt project as its third mine in the DRC.

Anvil's strategy for the past five years, consisting of a staged development approach with modest capital expenditures and a focus on high-grade resources, is bearing fruit. Anvil is committed to improving shareholder returns through the responsible and profitable growth of its core copper business. It will accomplish this by optimizing copper production from its current pipeline of mines and projects through multiple expansion phases.

The Corporation's medium-term objective is to become a mid-tier copper producer, producing in excess of 100,000 tonnes of copper per year, with a considerable proportion in the form of cathode copper.

anvil mining

### FORWARD-LOOKING STATEMENTS

The forward-looking statements made in this annual report are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements, including but not limited to those with respect to reserve and resource estimates, cost and timing of the development of new deposits, timing and amount of estimated future production, estimated cost of future production, operational capabilities and copper and silver prices, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from forecast 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 and changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Corporation's filed documents.

**All amounts in this annual report are in US dollars unless otherwise indicated.**

**In this report, "Anvil", "Anvil Mining", "Anvil and its subsidiaries", "the Company" and "the Corporation" refer to Anvil Mining Limited.**

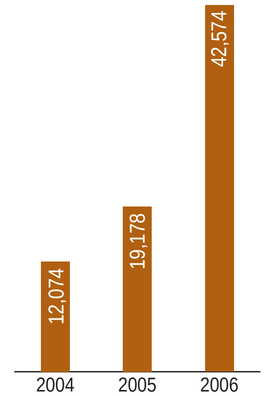
# 2006 highlights

- Record year for production, revenues, net earnings and cash flow
- Copper production up by 122%
- Revenues and net earnings up by 184% and 995% respectively
- Quadrupling of Kinsevere copper resource estimate
- Total Measured and Indicated Resources up by 127% to 1.1 million tonnes of contained copper
- Increased ownerships in Kinsevere and Mutoshi Joint Ventures
- Successful completion of a C$149.5 million bought deal equity financing in March 2006
- Cash[1] of $155 million at year-end, with only $12 million in debt

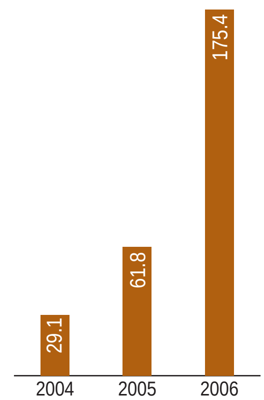
**Key Financial and Production Data**

| YEAR ENDED DECEMBER 31, | | 2006 | 2005 |
|---|---|---|---|
| **Financial statistics** | | | |
| Revenues ($ millions) | | 175.4 | 61.8 |
| Operating profit[2] ($ millions) | | 107.0 | 18.8 |
| Net earnings ($ millions) | | 82.2 | 7.5 |
| Earnings per share ($/share) | – Basic | 1.65 | 0.26 |
| | – Diluted | 1.61 | 0.25 |
| Cash flows from operations before changes in non-cash working capital ($ millions) | | 99.4 | 16.0 |
| Average realized metal prices[3] | – Cu ($/lb) | 3.04 | 1.63 |
| | – Ag ($/oz) | 11.20 | 7.16 |
| Cash[1] ($ millions) | | 155.3 | 8.1 |
| Total assets ($ millions) | | 402.5 | 87.5 |
| Long-term debt or net obligations ($ millions) | | 12.0 | 10.6 |
| Shareholders' equity ($ millions) | | 279.8 | 52.8 |
| Weighted average number of common shares outstanding | | 49,729,151 | 28,861,658 |
| Common shares outstanding at year end | | 56,707,554 | 29,086,847 |
| **Production statistics** | | | |
| Copper produced (tonnes) | | 42,574 | 19,178 |
| Silver produced (ounces) | | 2,174,448 | 1,721,768 |
| **Global Measured and Indicated Resources** (in millions of tonnes of contained copper) | | 1.1 | 0.5 |
| **Employees** | | 1,900 | 1,300 |

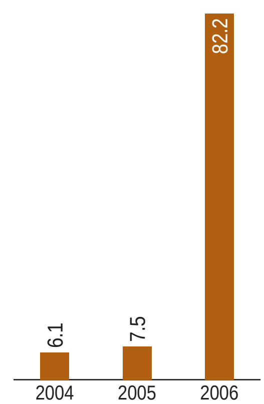
1. Cash consists of cash and cash equivalents, restricted cash and investments.
2. Operating profit represents the net attributable revenues after deducting mine operating costs and amortization.
3. Average realized copper and silver prices are for the Dikulushi mine only.



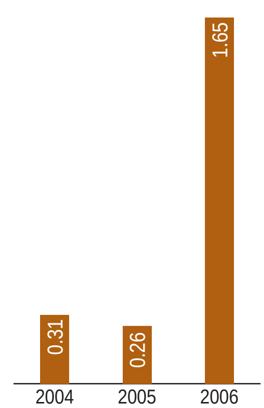

**Production**
(tonnes of copper)




**Revenues**
(in millions of $)




**Net Earnings**
(in millions of $)




**Basic Earnings per Share**
(in $/share)

# **report** to shareholders

*I am pleased to report another extraordinary year of growth for Anvil, with new records set across the production, financial and operating fronts. This is the fourth consecutive year of record-breaking results that confirm the strong growth in our copper and silver production, our copper mineral resources and our excellent project pipeline, against the backdrop of a positive copper market. Furthermore, our stock outperformed most other mid-sized copper producers in 2006, rising 89%.*

William S. Turner
President and Chief Executive Officer

## FINANCIAL

### Record Revenues, Cash Flow and Net Earnings

For the fourth consecutive year, the Company surpassed its previous financial results to generate net earnings of $82.2 million or $1.65 per share on revenues of $175.4 million. At the end of 2006, cash flow from operations, before changes in non-cash working capital, was nearly $100 million. Our strong financial performance was attributable to substantial growth in copper and silver production, an improved operating performance at our two high-grade mines, and higher realized copper and silver prices. We exceeded all our financial and operating targets for 2006.

To maintain our financial capacity and support our expansion plans at the Dikulushi and Kulu mines and the Kinsevere Stage I development, we raised C$165.9 million during the year through a bought deal equity financing and the accelerated exercise of warrants. Despite investments of $68.9 million in 2006 to acquire additional interests in the Mutoshi and Kinsevere-Nambulwa joint ventures, maintain our mines, pursue our expansion projects and repay our debt, we ended the year with an enviable financial position of $155 million in cash and only $12 million in debt.

Flotation cells at the Dikulushi plant

## Copper Market

In 2006, the copper price averaged $3.06/lb, double the average price for 2005. Copper reached nearly $4.00/lb in May 2006, its highest level since the beginning of the First World War. Our realized price for copper production from the Dikulushi mine was $3.04/lb Cu in 2006, compared to $1.63/lb Cu in 2005. Strong demand from China, speculator interest, problems at the large copper mines in Chile and low copper inventories on the London Metal Exchange (LME) all acted to push up copper prices to new highs in the first half of 2006. However, multiple corrections occurred in the second half of the year and early in 2007, reflecting rising LME inventories, slowing new home construction and automobile and home appliance sales in the United States, profit-taking by speculators, and above all, signs of economic slowdown in China. On February 26, 2007, copper stood at $2.84/lb, with an average of $2.55/lb for the year to date in 2007.

**Copper Price – LME – Jan. 2004-Feb. 2007** (US$/lb)

Rising copper prices over the last three years have generated massive investment in exploration, the revival of dormant projects and new project development. The promise of copper supply from future projects has had a negative effect on copper prices. However, we believe that recently announced large copper projects will only come on stream in two or three years, and that copper prices will stabilize at healthy levels in the near term. Even if the copper price were to slip in the medium term, our mines rank in the lowest quartile of copper producers in terms of operating costs, and we will still manage to generate considerable operating margins.

## RECORD PRODUCTION RESULTS

I am very pleased to note that we achieved our 2006 production targets, generating 42,574 tonnes of copper and over 2.2 million ounces of silver in concentrates, an increase of over 122% year on year. Production growth was due to the excellent operating performance of the open pit Dikulushi copper-silver mine and the start-up of commercial production, on time and on budget, of the Kulu tailings operation. Throughput at both mines surpassed their mill design capacity.

We expect to complete the Dikulushi Stage III underground development by the third quarter of 2007. As of the fourth quarter of 2007, mining at Dikulushi will be entirely underground, with a six-year mine life given current reserves and resources. The potential for extending the rich copper-silver zones is excellent, and deep drilling will continue in 2007 to test continuity beneath the 400 metres below surface depth. We have personnel in place with underground mining experience, and anticipate a smooth transition from open pit to underground mining. By the end of February 2007, the decline had advanced over 1,000 metres and was on track and on budget.

In its first year of operation, the Kulu tailings operation produced nearly 20,000 tonnes of copper in concentrate. Containing an average of 29% copper, the concentrates were sold to local Electrical Arc Furnace (EAF) smelters in 2006 at an average price of $643 per tonne, corresponding to 40-50% of the London Metal Exchange (LME) price for concentrates. In order to optimize the value of our Kulu copper product, we will invest $13 million in 2007 to build an EAF on site and a 14-km power line. This investment, which has a payback of less than one year, will enable us to reduce our total operating costs and increase our operating margin by producing black copper ingots grading 90-94% copper. The EAF will be fully operational in the first quarter of 2008.

*“This is the fourth consecutive year of record-breaking results that confirm the strong growth in our copper and silver production, our copper mineral resources and our excellent project pipeline, against the backdrop of a positive copper market.”*

Kulu Deposit

## KINSEVERE

### Our Third Mine Will Enter Production Within Three Months

Stage I of the Kinsevere development began last May and is expected to cost $35 million. The project is now 70% complete, and we anticipate that production of copper concentrates will begin in the second quarter of 2007, with delivery of the first black copper ingots grading 90-94% copper during the third quarter of 2007. Given the extraordinary success of the exploration program, which enabled us to increase Kinsevere's Measured and Indicated Resources by over 300%, we have decided to conduct a feasibility study on a 60,000 tonne-per-annum (tpa) SX-EW operation rather than the 30,000 tpa operation initially considered. This study will be completed in the second quarter of 2007. If Stage II of the expansion proceeds, the first 99.9% pure copper cathodes from the SX-EW operation would be produced in the second half of 2009.

*Anvil has had a tremendous year. I must acknowledge the talent and commitment of our 1,900 employees and our local and international contractors.*

## SUCCESSFUL EXPLORATION PROGRAMS

The success of our exploration programs is unequivocal: the Company's resource base has grown by more than 1,600% since 2004. In 2006, resources were increased by 178% to a total of nearly 2 million tonnes of contained copper. The 2006 discovery rate per metre drilled was 38 tonnes of copper for a discovery cost of $2.61 per tonne of copper. Kinsevere alone represents more than 85% of the Company's total resources, and will definitely become a major asset and generator of substantial cash flow for Anvil for at least the next 20 years. We plan to aggressively pursue our exploration programs in 2007 to further increase our resource base.

## STEADY IMPROVEMENTS FOR THE DRC

In 2006, the DRC held its first democratic presidential and parliamentary elections in 40 years. These votes, including the second round presidential vote, were held under the guidance of the European Union Electoral Observer Mission and MONUC, the United Nations Mission to the DRC. UN Secretary-General Kofi Annan characterized the historic event as "a milestone in the country's peace process". The recent elections are commonly expected to enhance the DRC business climate by reducing political risk, and to generate significant new near-term foreign investment in the natural resources sector. During 2006, nearly a billion dollars was raised by foreign mining companies for the development of base and precious metal projects in Katanga Province alone. We are confident that Katanga Province is destined to become a highly-promising area for large investments in the exploration and development of new deposits.

## MAKING A TANGIBLE DIFFERENCE

On the social front, we invested over $3 million in social programs with the assistance of Pact Inc., an internationally-renowned, Washington-based NGO.

This is an unprecedented amount for the country in recent years and we believe we are setting the benchmark. A brochure explaining our community engagement and our social programs, as well as our social, environmental and health and safety goals, will be available during the second quarter of 2007. We are also proud of the independent audit of our DRC activities by Emeritus Professor Jim Freedman, based on OECD Guidelines for Multinational Enterprises (2000) and the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones (2006). The audit indicates that the Company is 82% compliant on the set of 21 parameters selected by Professor Freedman. The audit report, unique in the mining industry, can be found in the Community section of our website, www.anvilmining.com.

## OUTLOOK

Capital and development expenditures for 2007 are budgeted at approximately $65 million, and consist of sustaining capital expenditures for operations ($9 million), completion of the Stage I HMS plant and the EAF at Kinsevere ($24 million), completion of underground development at Dikulushi ($6 million), construction of the EAF and power line at Kulu ($13 million) and exploration ($13 million). These expenditures do not include the capital cost of the 60,000 tonne-per-annum SX-EW plant at Kinsevere, which will only be known once the feasibility study is completed.

We are well on our way to meeting our production target of over 100,000 tonnes of copper per annum by 2010, based on the mines and projects currently in the pipeline. We will maximize copper production from our assets through multiple expansions that will enable us to attain this goal. Within two years, we expect to begin producing LME-quality copper cathodes using the SX-EW process, which will reduce our transport and smelting costs and further enhance our revenues and margins. We anticipate that by 2010 half our copper production will be LME grade metal.

To support our growth, in the last two years we have hired five new vice presidents, including two in early 2007, namely Mike Newman, Vice President Project Development, and Lee Nehring, Vice President Social Development. In addition to significantly enhancing our in-house social responsibility capability, these appointments will enable us to plan our future growth and diversification strategy more effectively and manage the increasingly complex and challenging project development pipeline.

Anvil has had a tremendous year. I must acknowledge the talent and commitment of our 1,900 employees and our local and international contractors. Thanks to their unrelenting efforts, these people delivered on the exacting targets we set for them at the beginning of the year. I am very proud of this. Our people are dedicated and ready to meet the challenges of a very competitive mining environment for the benefit of all our stakeholders. We will continue to invest in their development and training.

I would also like to take this opportunity to welcome a new member to our board of directors, independent director Kenneth Brown. Kenneth has an impressive background as a former US ambassador to several countries in Central and West Africa. His knowledge of diplomacy and support will be a strong asset for our shareholders, and indeed for all Anvil Mining stakeholders.

Bill Turner
President and Chief Executive Officer
February 26, 2007

## OUTLOOK

With two mines now in production and one more commencing production in the second quarter of 2007, the Company will strive to continue to deliver on its 2007 commitments for the benefit of all its stakeholders, which are:

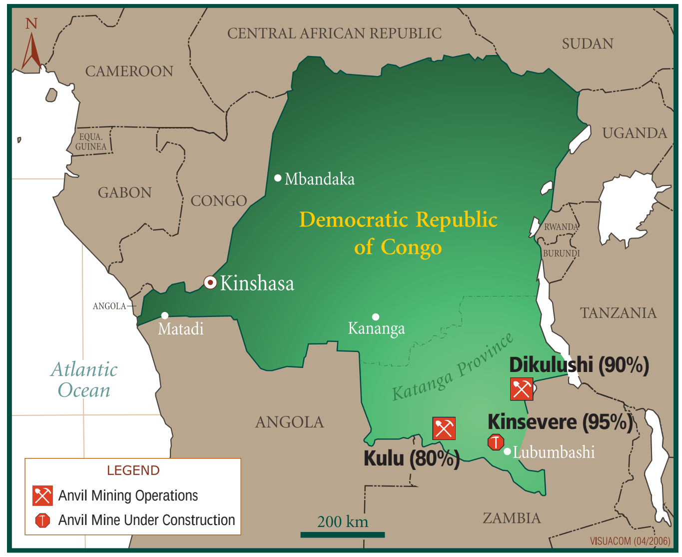
- Producing approximately 50,000 tonnes of copper and 2 million ounces of silver for the year;
- Achieving design capacity at the new Kinsevere HMS plant in the second quarter;
- Completing a Bankable Feasibility Study for a 60,000 tonne-per-annum SX-EW operation at Kinsevere in the second quarter;
- Making the transition to full-scale underground operations at Dikulushi in the third quarter;
- Building an EAF and 14-km power line at Kulu by the end of the fourth quarter; and
- Completing an intensive drilling program of over 50,000 metres at Dikulushi, Mutoshi and Kinsevere to continue growing the Company's resource base.

Dikulushi underground mine development

# **review** of operations

*Thanks to the excellent operating performance of both the Dikulushi and Kulu mines, Anvil met its copper and silver production target in 2006, producing over 42,000 tonnes of copper and 2.2 million ounces of silver contained in concentrates.*

*For 2007, with the start-up of commercial production at Kinsevere scheduled for the second quarter of 2007, the Corporation has set its production target at over 50,000 tonnes of copper and close to 2 million ounces of silver.*




## DIKULUSHI MINE (90%)

The Dikulushi mine is located in Katanga Province in southeastern DRC, 400 km by road north of the provincial capital, Lubumbashi and approximately 25 km west of Lake Mweru, which forms part of the border between Zambia and the DRC. The operation is based on average Measured and Indicated resource grades of 7.6% copper and 181 g/t silver. Anvil has a 90% beneficial interest in the project, with the remaining 10% held by a foundation and used for local community development.

### 2006 Production

Dikulushi achieved record production for the fourth consecutive year, with 22,618 tonnes of copper and 2.2 million ounces of silver contained in concentrates. Feed to the processing plant consisted of high-grade ore from the open pit blended with ore from the low-grade stockpiles to produce an average head-grade of 5.9% copper for 2006. Open pit mining at Dikulushi ceased in November 2006, with all feed to the plant now sourced from the high-grade Run of Mine and low-grade ore stockpiles. There is sufficient ore in the high-grade stockpile to supply plant feed into 2008, which will adequately maintain a production level around 20,000 tonnes of copper until the underground mine comes on stream.

For the full year of 2006, operating cash costs at the mine gate (after silver credits) were $0.28 per payable pound of copper produced and total cash costs (after silver credits) were $1.02 per payable pound of copper. Operating cash costs were lower than in 2005 due mainly to higher silver credits resulting from silver price increases. Total cash costs for 2006 rose due to higher industry-wide concentrate transport costs resulting from fuel cost increases, as well as the export of concentrates to overseas markets.

Ball mills at the Dikulushi plant

| Dikulushi Mine | | |
|---|---|---|
| **YEAR ENDED DECEMBER 31,** | **2005** | **2006** |
| Ore processed (tonnes) | 410,374 | 470,402 |
| Copper grade (%) | 5.07 | 5.41 |
| Contained copper in ore (tonnes) | 20,802 | 25,456 |
| Recovery Cu % | 85.7 | 88.9 |
| Copper produced in concentrates (tonnes) | 17,816 | 22,618 |
| Silver produced in concentrates (ounces) | 1,721,768 | 2,174,448 |
| Ore mined (tonnes) | 382,344 | 607,132 |
| Waste mined (bcm) | 2,461,098 | 1,261,963 |
| **Costs of production[1] ($)** | | |
| Operating cash costs per pound (after silver credits) (ex mine gate) | 0.42 | 0.28 |
| Total cash costs (after silver credits) | 0.88 | 1.02 |
| Capital expenditures ($ millions) | 2.1 | 8.6 |
| Number of employees (incl contractors) | 540 | 678 |
| **Contained copper resources** | | |
| Measured and Indicated category (tonnes) | 67,300 | 59,300 |
| Inferred category (tonnes) | 37,700 | 72,900 |

1. Refer to Non-GAAP Financial Measures on page 30.

## Open Pit to Underground

During the fourth quarter, work progressed on the development of the Stage III underground mine. As of the second week of February 2007, underground development had progressed approximately 1,015 metres into the footwall on the northern side of the open pit. The first ore was encountered in the underground development during December, and was consistent with expected grades. Production from the underground mine will commence in the fourth quarter of 2007, building up to full-scale production in the first quarter of 2008.

*2007 will be a transition year for the Dikulushi mine from open pit to underground operations starting in the fourth quarter.*

## Resources up by 31%

An updated mineral resource estimate, based on a revised geological interpretation and assay results from a deep diamond drilling program, was announced in November 2006. This program, which targeted the Dikulushi orebody between 300 and 400 metres below surface, was completed during the second quarter. Recent drilling has resulted in a substantial increase in all resource categories, with a 31% increase in contained copper metal for the Measured and Indicated resource categories, and a 114% increase for the Inferred category, compared to the 2005 year-end estimates.

## Outlook

2007 will be a transition year for the Dikulushi mine from open pit to underground operations starting in the fourth quarter of 2007. In 2007, the Dikulushi plant will treat 365,000 tonnes at a grade of 6.8% copper, representing a mix of HMS tailings and floats and ore from the high-grade stockpile, to produce over 20,000 tonnes of copper and 1.8 million ounces of silver in concentrates.

An estimated $6.0 million in capital expenditures for 2007 will serve to complete the underground work up to the production levels. Part of the Company's plan is to upgrade 192 km of National Road No. 5 from Kilwa to the Kasemeno junction in order to transport the high-grade copper-silver concentrate directly to the Kinsevere EAF to produce "black copper" ingots. A decision will be taken in the second quarter of 2007, with capital costs and construction time estimated at approximately $20 million and 20 months once the project is given the go-ahead.

Kulu Tailings Operation

## KULU TAILINGS OPERATION (80%)

### Simple Operation: No Stripping – No Blasting

The Kulu deposit is located in the heart of the famous Congo Copperbelt, in an area known as the Kolwezi Klippe, a major mining district for almost 90 years. Mining operations at Kulu started in September 2005, and the HMS plant was delivered on time and on budget in December 2005. The mining of the course rejects tailings deposit is a relatively simple operation, with no waste stripping and no drilling and blasting requirements, as the ore has already been processed.

Following the installation of a scrubber and a larger screen in the second quarter of 2006, throughput increased to reach design capacity of 6,000 tonnes of copper concentrate per month at an average copper grade of 29%. All the oxide copper concentrate is being sold to a local smelter in Kolwezi to produce "black copper" ingots grading approximately 90%-94% copper. The average head grade for 2006 was 8.1% copper. The 2006 operating cash cost per tonne of oxide concentrate (ex mine gate) was $237. In its first full year of operation in 2006, the Kulu HMS plant produced a total of 19,956 tonnes of copper contained in oxide concentrates including artisanal miner production. Artisanal mining activities ceased in the fourth quarter. However, a stockpile of remaining concentrate was purchased from local artisanal miners and is being progressively run down.

At the end of the fourth quarter of 2006, the inventory of concentrate grading more than 29% copper at the Kulu mine was approximately 16,000 tonnes. This abnormally high inventory level resulted from a shortage of available transport from Kolwezi to Lubumbashi and impacted negatively on the Company's revenues from copper concentrate sales in the fourth quarter of 2006. This concentrate will be processed in the coming months.

In order to enhance its operating margins, the Company recently announced a $13 million investment in 2007 for the construction of an EAF and a 14-km power line at Kulu, including substations and transformers. The capital payback is expected to be less than one year, with the EAF and power grid to be financed out of the Company's existing cash resources.

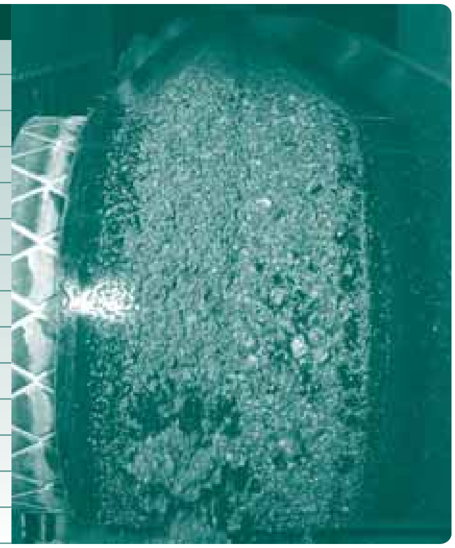
This investment is consistent with the staged development approach that has been successfully applied at all the Company's mines in the DRC. The installation of an EAF will significantly reduce unit cash operating costs, as the Kulu mine will produce "black copper" ingots grading 90-94% copper instead of selling an HMS copper concentrate at a discounted LME price.

*"The mining of the course rejects tailings deposit is a relatively simple operation, with no waste stripping and no drilling and blasting requirements, as the ore has already been processed."*

| Kulu mine | | |
|---|---|---|
| **YEAR ENDED DECEMBER 31,** | **2005** | **2006** |
| Ore processed (tonnes) | 17,981 | 307,589 |
| Copper grade (%) | 7.67 | 8.07 |
| Contained copper in ore (tonnes) | 1,379 | 24,833 |
| Recovery Cu % | 51.6 | 66.5 |
| Copper produced in concentrates[1] (tonnes) | 1,361 | 19,956 |
| Ore mined (tonnes) | 122,125 | 272,759 |
| **Costs of production[2] ($)** | | |
| Operating cash costs per tonne of oxide concentrate ($/tonne) | 166 | 237 |
| Capital expenditures ($ millions) | 10.0 | 5.1 |
| Number of employees (incl contractors) | 290 | 412 |
| **Contained copper resources** | | |
| Measured and Indicated category (tonnes) | 192,600 | 214,700 |
| Inferred category (tonnes) | 18,500 | 18,500 |

Note: the Kulu HMS plant was commissioned in December 2005.

1. Includes concentrates purchased from local artisanal miners.
2. Refer to Non-GAAP Financial Measures on page 30.



Kulu concentrate at the HMS plant

It is estimated that the 7.5 MVA EAF and power grid will be completed at the end of the fourth quarter of 2007 and be fully operational during the first quarter of 2008, producing at a rate of 15,500 tonnes of copper metal per annum in "black copper" ingots grading 90-94% copper.

## Outlook

Tailings from the river will continue to be mined in 2007 and treated in the HMS plant at a rate of 394,000 tpa at an average grade of 6.4% copper to produce 16,000 tonnes of copper concentrate grading over 27% copper. Ongoing capital expenditures at the mine are budgeted at $1.8 million for the year, excluding the cost of building the EAF and power line.

Kulu HMS Plant

# development and exploration

## DEVELOPMENT

### Kinsevere-Nambulwa Copper-Cobalt Project (95%)

The Kinsevere-Nambulwa joint venture is between Anvil (95%) and the Mining Company of Katanga (MCK) (5%). The lease agreement covers two separate exploitation permits: one for the Kinsevere deposits and one for the Nambulwa deposit, which are located 30 and 60 kilometres (km) north of the provincial capital Lubumbashi, for a combined area of 29.6 km$^2$.

Kinsevere Tshifufia Deposit

### Gécamines Agreement

In November 2005, an exclusive *Contrat d'Amodiation* (Lease Agreement) was signed between MCK and La Générale des Carrières et des Mines (Gécamines) for a period of 25 years to mine and process ore from the Kinsevere, Tshifufia, Tshifufiamashi and Nambulwa copper-cobalt deposits. Anvil and MCK have formed a local joint venture operating company, AMCK s.p.r.l.

The lease agreement provides for AMCK to make royalty payments to Gécamines on each tonne of commercially-viable copper metal extracted from future mining operations on the Kinsevere-Nambulwa deposits. The royalty payment is calculated on both copper and cobalt mined as copper equivalent tonnes (CuEq), and varies from a floor price of $35 per tonne of CuEq at an LME copper price of $2,200/t (or $1.00/lb Cu) to a ceiling price of $70/t of CuEq at an LME copper price of $4,000/t (or $1.81/lb Cu).

In 2006, Anvil increased its interest in the Kinsevere-Nambulwa copper-cobalt joint venture by 25% to 95% for a total consideration of $59 million.

### Development – Kinsevere Project

In the second quarter of 2006, Anvil announced the approval of Stage I development of Kinsevere, which comprises the construction of an open-pit mine, an HMS plant and two EAFs for a capital expenditure of $35 million. Stage I is expected to be completed in the second half of 2007. Ultimately, the Kinsevere project is expected to produce 23,000-25,000 tpa of "black copper" ingots grading 90%-94% copper.

Work is continuing on the feasibility study for the Kinsevere Stage II (SX-EW) plant to produce 60,000 tpa of cathode copper. The feasibility study should be completed in the second quarter of 2007.

### Spectacular Increase in Mineral Resource

The previous mineral resource estimate for the Kinsevere project, which was announced in November 2005, was based on the Phase 1 drilling program of approximately 8,000 metres carried out on the Tshifufia, Tshifufiamashi and Kinsevere Hill deposits. The 2006 Phase 2 drilling program of 17,220 metres, which focused entirely on the Tshifufia deposit, resulted in the discovery of a much thicker mineralized copper zone than expected. A new resource estimate showed that the Measured and Indicated Resource for the project has increased by 310% based on the 2006 drill results. Given this situation, as well as the significant additional potential that exists, the Company has decided to double the scale of the planned Stage II SX-EW plant from 30,000 to 60,000 tpa of SX-EW copper.

Phase 2 of drilling on the neighbouring Tshifufiamashi and Kinsevere Hill deposits will be undertaken in 2007.

Core samples at Kinsevere

Magnetic survey on the Dikulushi area

In addition to the oxide copper resource drilling at Tshifufia, six diamond holes were drilled beyond the base of weathering (approximately 100 metres below surface) in 2006 to further test the underlying sulphide mineralization. The first of two deep diamond holes drilled at Tshifufia in 2005 intersected 85 metres of 9.5% Cu in the oxide zone, followed immediately by 272 metres of 3.2% Cu in the underlying sulphide zone. Comparable results have been reported from the Phase 2 program. An Inferred mineral resource of 15.4 million tonnes at 2.9% Cu for 436,700 tonnes of contained copper has been defined from the eight holes drilled into sulphides to date.

## EXPLORATION

In 2006, Anvil's exploration team surpassed its own exceptional performance of 2005 by further increasing the total resource base of the Company by 175%. The 2006 exploration program involved over 33,500 metres of drilling, for a total cost of $6.3 million. Highlights of the program were as follows:

### Kinsevere

- Completed Phase 2 drill-out (17,220 metres) of the oxide resource in the Tshifufia deposit.
- Discovery rate of 70t Cu per metre drilled (vs 40t Cu per metre in 2005).
- Increased the Measured and Indicated Resource estimate for the Kinsevere project by 310% (to 20Mt @ 4.3% Cu), and the Inferred Resource estimate by 420% (to 21Mt @ 3.4% Cu).

### Dikulushi

- Completed Phase 1 deep drilling program (4,410 metres) to approximately 400 metres below surface.
- Revised the geological model of the deposit and defined several new drill targets.
- Increased the Measured and Indicated Resource estimate for the deposit by 31% (to 1Mt @ 8.3% Cu & 224 g/t Ag), and the Inferred Resource estimate by 114% (to 1.4Mt @ 5.8% Cu & 141 g/t Ag).
- Farmed out the Kapulo Prospects to Perth-based Mawson West, who may earn a 65% interest by spending $4 million.

### Kolwezi

- Completed scope drilling of eighteen targets (10,360 metres), at least three of which require follow-up infill drilling.

In light of this success, the exploration budget for 2007 has been doubled to $13 million.

## GOALS 2007

The top priorities and goals for 2007 will be:

1. To evaluate the full extent of the oxide resources at Kinsevere, to justify expansion of the Stage II, 60,000 tpa SX-EW plant to a 120,000 tpa facility;
2. To discover open-pittable resources within trucking distance of the Dikulushi mine, to supplement high-grade feed from the future underground operation and keep the plant utilized at full capacity; and
3. To discover 0.5Mt copper in an open-pittable oxide resource in the Kolwezi District, to justify the building of a 30-60,000 tpa SX-EW plant.

In addition, new exploration programs are to be launched in the Democratic Republic of Congo,in the Likasi area, within the Copperbelt (looking for classic Cu-Co targets), at Kalemie, on the western shore of Lake Tanganyika (looking for gold), and in the Baguio District of the Philippines (looking for gold).

## **corporate** responsibility

*For over four years now, we have been committed to integrating social, environment and economic considerations into our business decisions in order to achieve sustainable development.*

### SOCIAL RESPONSIBILITY

#### Building the Value of the Impact

Anvil remains committed to supporting the orderly development of regions in which it operates and improving the social and economic well-being of local communities. The Company recognizes the direct influence and economic impact of mining and the need to focus on building and sustaining the long-term value beyond the life of individual mining operations. The fundamental platform for this focus is based on community engagement, social performance, transparency and capacity building. Meaningful community engagement is critical for the validation of social performance decisions and is part of the Company's commitment to transparency. The independent audit by Emeritus Professor Jim Freedman carried out in 2006 according to OECD guidelines validated many of Anvil's current practices as a responsible mining company and can be viewed on the Company's website. More importantly, it also provided detailed information regarding building our own capacity to continuously learn and improve.

#### Community Engagement

During 2006, Pact, a Washington-based NGO with significant international expertise and experience, worked with 31 communities to create participatory development committees to build their capacity for identifying their priorities, creating their social development plans and communicating effectively with the community members they represent. In this way, Pact reinforces Anvil's commitment to develop social infrastructure and programs that are meaningful to the needs of the local population and, through capacity building in areas such as decision-making and governance, support the sustainable value of the Company's impacts.

To support the Company's ability to enhance its engagement with communities, particularly regarding issues or concerns associated with its operations, a local Social Development team was created to ensure that communities and other interested parties have easy access to, and dialogue with, its Dikulushi, Kolwezi, Kinsevere and Lubumbashi sites.

#### Social Performance Highlights

Anvil's social development program, implemented through its partnership with Pact, continued to gain momentum in 2006. More than $3 million was invested in community priorities, including:

- The completion of two schools with six classrooms each, with Anvil continuing to provide school equipment and annual contributions for school administration and supplies.
- The construction of two permanent market places to provide safe, well-designed stalls for more than 200 local micro-entreprises.
- The installation of twenty-two water wells in nine communities, bringing clean drinking water and a significant reduction in adverse health effects from contaminated water. Construction of the 14 km gravity-fed water pipeline to bring water to an estimated population of 25,000 continues, with completion scheduled for mid 2007. To support the sustainability of these efforts, Pact has created local water management committees, including the provision of technical training.


Vegetable garden at Kolwezi


Lumekete School


Water well near Dikulushi

- Emphasis on increasing food security and household income through programs such as the ten Women's Savings Groups, with 315 members in total, to develop savings and micro-enterprise networks, reinforced with literacy and numeracy classes. Thirty-one Farmers Contact groups were installed and 924 farmers were reached, resulting in over 20 tons of peanut, bean, soybean, sunflower and vegetables delivered, matched with training and seed multiplication sites.

In 2007, the Company expects to maintain its current rate of spending on its social programs, with an increasing emphasis on local employment and training initiatives, and capacity building support for local business enterprises. There will also be a continued emphasis on supporting transparency and good corporate governance through our commitment to the Extractive Industries Transparency Initiative (EITI) and the Voluntary Principles.

## ENVIRONMENT, HEALTH AND SAFETY

Along with the other aspects of our operations, our environmental performance had an unprecedented year last year, posting very positive results. Not one significant environmental infraction or incident was reported in 2006, a reflection of our prevention efforts in terms of work practices and ongoing employee and contractor training. Our environmental management systems are monitored on an annual basis by the Health, Safety and Environmental Manager and an environmental team made up exclusively of local Congolese staff.

The Dikulushi mine posted a record low lost-time injury rate (the number of lost-time injuries per 1,000,000 manhours) of only 0.81 in 2006, down from 4.23 in 2005. For its first year of operation, the Kulu mine recorded a lost-time injury rate of only 0.67. The health and safety of our employees and contractors is an integral part of our business, with all our operations practicing a zero-tolerance approach.

## OUR GREATEST RESOURCE: OUR EMPLOYEES

At the end of 2006, Anvil Mining had a workforce of close to 1,300 employees and 570 contractors at its operations and offices in the DRC, mainly in Katanga Province. Over 93% of our employees are Congolese, well above our commitment to the DRC government and in line with a key element of our sustainable development policy, namely to provide the greatest possible number of local jobs. Our training programs have enabled us to source our structural parts and on-site assemblies from a growing number of local contractors. We strive to protect and enhance the health, safety and well-being of our personnel, while working closely with the local communities where we operate.

The Company's Sustainable Development Report, to be published in the second quarter of 2007, will contain a fuller discussion of the activities, initiatives and commitments referred to in this summary.

Welder at Kinsevere

Sample preparation lab

On-site brick making – Kinsevere

# **corporate** governance

Unless otherwise noted, Anvil complies with all aspects of the ASX Corporate Governance Council's *"Principles of Good Corporate Governance and Best Practice Recommendations."* As a Canadian incorporated company, Anvil is also required to produce a management information circular with further disclosure on corporate governance, in accordance with Canadian regulatory requirements. This will be circulated to shareholders separately and will also be available on the Corporation's website, www.anvilmining.com, in April 2007.

The Corporation seeks to achieve high standards of corporate governance and has designed its corporate governance practices to be consistent with this objective. The Board of Directors has adopted its governance practices in response to Canadian regulatory initiatives as well as Australian regulatory requirements. The Board will continue to revise its practices as new rules and policies come into effect.

The Board operates according to a Board Charter that sets out the role, composition and responsibilities of the Boards of the Corporation and its subsidiaries, as derived from the policies of the Toronto Stock Exchange, the Australian Stock Exchange, the Articles of Incorporation of the Corporation and certain administrative policies adopted by the Board. In accordance with Canadian National Instrument (NI) 58-101, the text of the Board Charter is included in the Corporation's management information circular.

## 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 a minimum of four directors. This number may be increased where it is felt additional expertise is required in specific areas or when the growth of the Corporation warrants additional directors.
- The Board shall consist of a majority of independent non-employee directors. The independence of directors will be determined in accordance with the definitions contained in NI 58-101.
- The Chairman of the Board should be a non-employee director.

## MEMBERSHIP OF THE BOARD

**John W. Sabine, B.A., LL.B.**

Chairman, Independent Director

Mr. Sabine is a partner in the Canadian law firm, Fraser Milner Casgrain LLP. He is recognised as a leading mining practitioner in Canada with experience in mining and resource law and corporate finance, and 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. He is a member of the Audit Committee and the chairman of the Corporate Governance Committee.

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

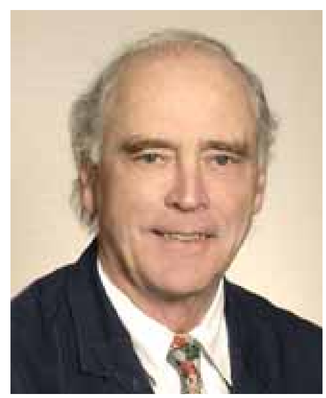
Mr. Turner has been a Board member of Anvil Mining Limited since September 1996. He has a Bachelor of Science (Geology and Mineralogy) from the University of Queensland, a Master of Science from James Cook University and a M.B.A. from Monash University, and worked internationally at a senior level for over 15 years in Central and Southeast Asia and Africa. Prior to joining Anvil in 1995, he 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 Mining Limited since September 1998. He has a Bachelor of Applied Science from the Western Australian School of Mines and is a metallurgist with 20 years experience in the mining industry. He was Managing Director of Anvil Mining Limited from September 1998 to October 1999, and is currently President, Chief Executive Officer and a director of Golden Star Resources Limited and a director of Guyanor Resources S.A. He 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.

**Thomas C. Dawson, B.Comm., C.A.**
Chairman of the Audit Committee and Independent Director

Mr. Dawson has been a Board member of Anvil Mining Limited since May 2005. He received his B.Comm. from Concordia University, Montreal, Canada, in 1959. He has been a Chartered Accountant since 1961 and is a retired senior audit and accounting partner with 40 years of experience at Deloitte & Touche LLP, Chartered Accountants. Mr. Dawson is Chairman of the Company's Audit Committee. He currently serves as a director of several other companies, including Arizona Star Resource Corp., SouthernEra Diamonds Inc., WFI Industries Ltd., Energy Split Corp., Energy Split II Corp., R Split II Corp. and Seabridge Gold Inc.



**Ambassador (ret.) Kenneth L. Brown**
Independent Director

Mr. Brown has been a Board member since November 2006. He has a B.A. and M.A. in International Relations from Pomona College and Yale University, an M.A. in Political Science from NYU and a Ph.D. in Political Sociology from the University of Cape Coast in Ghana. Mr. Brown is President of the Association for Diplomatic Studies and Training in Washington, DC. Previously, in the U.S. Foreign Service, his positions included: Ambassador to the Republic of Congo, Côte d'Ivoire and Ghana, Consul General in Johannesburg, Political Officer in Kinshasa, Deputy Assistant Secretary of State for Africa, Associate Spokesman, Director of Central African Affairs and Deputy Director of UN Political Affairs. He is also a trustee of the Ghana Heritage Conservation Trust, a former Director of the Dean Rusk Program in International Studies at Davidson College, a director of Pioneer Goldfields, Ltd. and a member of the Senior Advisory Group of the U.S. European Command.

### Independent Professional Advice

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

### Performance Evaluation of the Board

The Nomination and Compensation Committee of the Board has been delegated responsibility for all matters in relation to evaluating the performance of the Board and key executives. The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The Board also discusses with each director their requirements, performance and involvement in the Corporation.

### Compensation Policies and Procedures

Compensation-related matters are the responsibility of the Nomination and Compensation Committee (see below under Committees of the Board).

### Code of Business 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 formalized in the Code of Business Conduct, a copy of which is available at www.anvilmining.com.

The Code of Business Conduct is supported by a number of specific policies that prescribe the manner in which all employees are required to act when undertaking specific activities. In particular, the sale and acquisition of securities of the Corporation must take place in accordance with the Corporation's Insider Trading and Continuous Disclosure Policy, which defines the protocol by which directors and insiders must trade in the Corporation's securities, including the application of designated blackout periods during which trading is not allowed.

### Risk Oversight and Management

The Board of Directors is charged with primary responsibility for identifying principal risks to the Corporation's business and ensuring that appropriate systems are implemented to manage these risks and mitigate their impact in the event that they materialize. At Board of Director meetings, areas of risk are regularly reviewed, including risks relating to operating performance, exploration and development, the political environment in which the Corporation operates, budget control, asset safeguarding and IT security. Currently, all directors, executives and employees are charged with the responsibility of advising the Chairman of any business risk they identify. The Chairman then takes appropriate action, which may include calling a directors' meeting to deal specifically with the identified risk.

In light of the Corporation's growth during the past 12 months, it is proposed that a Risk Assessment and Management Committee be formed during 2007, comprising all Board members.

## COMMITTEES OF THE BOARD

The Board of Directors has established the following committees:

- Audit Committee
- Nomination and Compensation Committee
- Corporate Governance Committee
- Sustainability and Safety Committee
- Environmental Committee

The Board of Directors has approved charters for the Audit Committee, the Nomination and Compensation Committee and the Corporate Governance Committee. Each charter must be periodically reviewed and approved by the Board of Directors. As necessary, the Board considers for review those matters that have been delegated to Board committees for review.

## Audit Committee

The primary function of the Audit 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.

The Committee's key responsibilities are:

- Evaluating whether management is setting the appropriate "control culture";
- Reviewing annually the adequacy and quality of the Corporation's financial and accounting staff, the need for and scope of internal audit reviews, and the plan, budget and designations of responsibilities for any internal audit;
- Reviewing the performance and material findings of internal audit reviews;
- Reviewing annually with the external auditors any significant matters regarding the Corporation's internal controls and procedures over financial reporting that have come to their attention during the conduct of their annual audit;
- Reviewing the implementation status of internal control recommendations made by the auditors;
- Reviewing major risk exposures (whether financial, operating or other) and the guidelines and policies that management has put in place to manage such exposures; and
- Establishing procedures for the receipt, retention and treatment of any complaints received by the Corporation regarding internal controls or auditing matters.

A copy of the Audit Committee's charter is available at www.anvilmining.com. In accordance with NI 52-110, the text of the Corporation's Audit Committee charter will also be included in the Corporation's annual information form (AIF).

## Nomination and Compensation Committee

The Nomination and Compensation Committee has been delegated the responsibilities for all compensation-related matters. The responsibilities of the Nomination and Compensation Committee are outlined in its charter. Disclosures on director and executive remuneration are contained in the Company's AIF and management information circular. Copies of the charter, AIF and management information circular are available at www.anvilmining.com.

## Corporate Governance Committee

The Corporate Governance Committee has been delegated the responsibilities for all governance-related matters as they apply to the Corporation, and reports to the Board on such matters. The responsibilities of the Corporate Governance Committee are outlined in its charter, which is available at www.anvilmining.com.

## Sustainability and Safety Committee

The role of the Sustainability and Safety Committee is carried out by the Board as a whole.

## Environmental Committee

The role of the Environmental Committee is carried out by the Board as a whole.

## STAKEHOLDER COMMUNICATIONS

The Corporation regularly communicates with shareholders and other interested stakeholders. This communication takes the form of media releases announcing material business developments, the release of periodic operating and financial results, and continuous disclosure of information as required under Australian and Canadian securities law and Australian and Toronto Stock Exchange listing rules.

# **consolidated reserves and resources** at year-end 2006

| Classification | Tonnes | Total Copper Grade (%) | Copper Metal (Tonnes) | Cobalt Grade (%) | Cobalt Metal (Tonnes) | Silver (g/t) | Silver Metal (Moz) |
|---|---|---|---|---|---|---|---|
| **RESERVES** | | | | | | | |
| **Dikulushi Mine** | | | | | | | |
| Proved (ROM) | 481,000 | 6.0 | 28,800 | – | – | 180 | 2.8 |
| **RESOURCES** | | | | | | | |
| **Dikulushi Mine** | | | | | | | |
| Measured | 133,000 | 6.1 | 8,200 | – | – | 165 | 0.7 |
| Indicated | 650,000 | 7.9 | 51,100 | – | – | 184 | 3.8 |
| **Total Measured and Indicated** | **783,000** | **7.6** | **59,300** | | | **181** | **4.5** |
| Inferred | 1,070,000 | 6.8 | 72,900 | – | – | 169 | 5.8 |
| Measured (Stockpile) | 704,000 | 1.1 | 7,600 | – | – | 25 | 0.6 |
| **Kulu Mine** | | | | | | | |
| Measured (Coarse Tailings) | 611,000 | 7.2 | 44,000 | 0.15 | 1,000 | – | – |
| Indicated (Coarse Tailings) | 3,423,000 | 3.7 | 126,700 | 0.14 | 4,800 | – | – |
| **Total Measured and Indicated** | **4,034,000** | **4.2** | **170,700** | **0.14** | **5,800** | | |
| Inferred (Coarse Tailings) | 286,000 | 6.5 | 18,500 | 0.13 | 400 | – | – |
| Total Indicated (Fine Tailings) | 4,944,000 | 0.9 | 44,000 | 0.09 | 4,400 | – | – |
| **Kinsevere Project** | | | | | | | |
| Measured | 6,010,000 | 4.4 | 266,700 | 0.29 | 17,200 | – | – |
| Indicated | 14,070,000 | 4.3 | 598,000 | 0.19 | 26,600 | – | – |
| **Total Measured and Indicated** | **20,080,000** | **4.3** | **864,700** | **0.22** | **43,800** | | |
| Inferred | 20,918,000 | 3.4 | 716,400 | 0.06 | 13,000 | – | – |

Notes: 1. Resources are reported inclusive of reserves 2. Feasibility studies are being completed on Dikulushi, Kinsevere and Kulu to determine the extent of reserves 3. Resources and reserves are reported in accordance with both the JORC Code and CIM guidelines. 4. Resources have been reported as per those already filed with Sedar, but depleted by production. 5. All reported resources and reserves have been filed in accordance with Canadian National Instrument 43-101 6. Artisanal workers have been mining in the Kulu River and an on-going evaluation of the effects of this activity is being undertaken. 7. Cut-off grades applied were 1.5% Cu for Dikulushi and 0.5% Cu for Kinsevere and Kulu.

Additional Note: The information in this report relates to information compiled by Gerry Fahey of FinOre Pty Ltd and Nick Franey of Anvil Mining Limited. Gerry Fahey is a Chartered Professional and a member of the Australasian Institute of Mining and Metallurgy, and a member of the Australian Institute of Geoscientists, and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Qualified Person in terms of the Canadian National Instrument 43-101.Gerry Fahey consents to the inclusion of such information in this resource tabulation in the form and context in which it appears. Nick Franey is a member of the Australian Institute of Geoscientists, and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Qualified Person in terms of the Canadian National Instrument 43-101. Nick Franey consents to the inclusion of such information in this resource tabulation in the form and context in which it appears.

Dikulushi Underground Mine

# 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 (the "Group" or "Anvil") for the year ended December 31, 2006 and the year ended December 31, 2005, together with certain trends and factors that are expected to impact its December 2007 financial year. This information is presented as of February 26, 2007. The discussion below should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2006 and year ended December 31, 2005 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 "$" or "US dollar" refer to United States dollar. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil Mining Limited set out below originates in Canadian dollars ("C$") or Australian dollars ("A$") and has been translated into US dollars based on prevailing exchange rates and in accordance with note 2 to the consolidated financial statements.

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

## Highlights for the year ended December 31, 2006 and the Fourth Quarter 2006.

*Fourth quarter ended December 31, 2006.*

- Net earnings for the fourth quarter of $21.3 million or $0.38 per share.
- Operating profit for the fourth quarter of $25.8 million or $0.46 per share
- Cash flows from operating activities for the quarter, before working capital movements, of $17.7 million or $0.31 per share.
- Quarterly copper production of 10,523 tonnes of copper contained in concentrates and silver production of 569,655 ounces.
- Updated Mineral Resource estimate for the Kinsevere Project that resulted in a 307% increase in contained copper metal for the Measured and Indicated Resource categories, and a 422% increase in the Inferred resource category, compared to the 2005 year-end estimate.
- Updated Mineral Resource estimate for the Dikulushi copper-silver mine that resulted in a 31% increase in contained copper metal for the Measured and Indicated resource categories, and a 114% increase in the Inferred resource category, compared to the 2005 year-end estimate.
- Global Measured and Indicated Resources of 1,150,000 tonnes of contained copper, and Inferred Resources of 815,600 tonnes of contained copper, comprised of:
  – Kulu: 8,960,000 tonnes at a grade of 2.35% (Measured and Indicated) and 286,000 tonnes at a grade of 6.50% (Inferred).
  – Dikulushi: 853,000 tonnes at a grade of 8.85% (Measured and Indicated) and 1,380,000 tonnes at a grade of 5.80% (Inferred).
  – Kinsevere: 20,090,000 tonnes at a grade of 4.30% (Measured and Indicated) and 20,920,000 tonnes at a grade of 3.40% (Inferred).
- The scale of the planned Stage II SX-EW plant at Kinsevere has been doubled from 30,000 to 60,000 tonnes per annum of copper, and is currently the subject of a feasibility study.
- Acquisition of an additional 15% interest in the mining rights for the Kinsevere-Nambulwa copper-cobalt joint venture, taking the Company's interest to 95%.
- Acquisition of an additional 10% interest in the Mutoshi copper-cobalt project, taking the Company's interest to 80%.

*Year ended December 31, 2006*

- Net earnings for the year of $82.2 million or $1.65 per share.
- Operating profit for the year of $107.0 million or $2.15 per share.
- Cash flows from operating activities for the year, before working capital movements, of $99.4 million or $2.00 per share.
- Annual production for the year ended December 2006 of 42,574 tonnes of copper contained in concentrates and 2,174,448 ounces of silver contained in concentrates.

## 1. Overview

The Group operates in the mineral producing, development and exploration industry with a focus on base and precious metal exploration and mine development.

The Group 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 Group also has an 80% indirect interest in the Mutoshi Copper-Cobalt project in the Kolwezi region in DRC. The Mutoshi project, which is held by subsidiary Société Minière de Kolwezi sprl ("SMK"), includes the Mutoshi mine, the Kulu mine (coarse rejects/tailings deposit), the Mutoshi Northwest deposit, the Nioka 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.

The Group also has an indirect 95% interest in the mining rights of the Kinsevere-Nambulwa Exploitation Permits, held through AMCK Mining sprl ("AMCK"). Agreement was reached in December 2006 to acquire an additional 15% interest in the mining rights for the Kinsevere-Nambulwa joint venture, taking the Company's interest to 95%. The Kinsevere-Nambulwa properties lie approximately 30 kilometres north of the provincial capital of Lubumbashi and include two separate Exploitation Permits, Kinsevere and Nambulwa, totalling 29.6 square kilometres. The two exploitation-permitted areas, approximately 25 kilometres apart, contain four distinct mineralized zones that outcrop at surface.

### *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 approach. Stage I involved a 250,000 tonnes per annum Heavy Media Separation ("HMS") production circuit and the Stage II expansion comprised a 350,000 tonnes per annum ball mill and flotation circuit. The Stage III underground mine development, which commenced in 2006 following completion of deep drilling below the existing open pit and known resource extension, will begin production during the fourth quarter of 2007, building up to full scale production in the first quarter of 2008.

*Kulu Copper mine*

The Kulu mine is located northeast of the Kolwezi town in the southwest part of the DRC. The mine was established in November 2005 following commencement of construction in September 2005. Stage I of the mine involved refurbishing the HMS plant from Dikulushi and construction of the mine support infrastructure. The HMS plant, which commenced operations in December 2005, is currently treating the coarse rejects/tailings deposit from the Kulumaziba watercourse, which were discharged from a previous operation at the Mutoshi open pit mine. A subsequent upgrade, which involved the commissioning of a scrubber and larger screen to increase throughput of the existing HMS plant, was completed during the March quarter, and resulted in a steady improvement in production, reaching design throughput in May 2006. In February 2007, following the completion of a feasibility study, board approval was given to proceed with the construction of an Electric-Arc Furnace ("EAF") and power transmission line for the Kulu mine. The total capital cost is estimated at $13 million, with the construction expected to be completed at the end of the fourth quarter of 2007. The EAF is expected to be fully operational during the first quarter of 2008.

*Kinsevere mine development*

The Kinsevere-Nambulwa project ("Kinsevere project") is located in Katanga Province in the southeast of the DRC. It is situated in the central section of the Congo Copperbelt, approximately 30 kilometres north of the provincial capital, Lubumbashi.

The Kinsevere project comprises two separate exploitation permits, Kinsevere (PE 528) and Nambulwa (PE 539) which total 29.6 square kilometres. The focus of exploration to date has been the Kinsevere PE. No exploration activities have been carried out yet on the Nambulwa prospect by Anvil or its joint venture parties. Kinsevere (PE 528) consists of three deposits, Kinsevere, Tshifufia and Tshifuamashi, and covers an area of 16.1 square kilometres. All three deposits lie within 2 kilometres of each other.

In May 2006, following completion of a feasibility study, Anvil committed to a $35 million Stage I development at Kinsevere. The Stage I development, which comprises a HMS Plant and an EAF, is expected to produce approximately 23,000-25,000 tonnes per annum of "black copper" ingots assaying 90%-95% copper. The HMS is expected to be commissioned in late April 2007 and the EAF in the third quarter of 2007. Kinsevere Stage II, which involves a Solvent Extraction and Electrowinning ("SX-EW") development for 60,000 tonnes per annum of copper, is currently the subject of a feasibility study. The Stage II feasibility study is expected to be completed during the second quarter of 2007.

Mining of ore and waste commenced in December 2006, with production from the Kinsevere mine expected to begin during the third quarter of 2007.

## 2. Fourth Quarter and Year ended December 31, 2006 (Selected Annual Information)

| | 12 Months ended Dec. 31, 2006 | 12 Months ended Dec. 31, 2005 | 6 Months ended Dec. 31, 2004 | 12 Months ended June 30, 2004 |
|---|---|---|---|---|
| **Statement of operations** | | | | |
| Total revenues and other income ($ millions) | 181.4 | 61.9 | 16.2 | 30.5 |
| Net earnings (loss) ($ millions) | 82.2 | 7.5 | 0.9 | 6.0 |
| Basic net earnings per share ($) | 1.65 | 0.26 | 0.04 | 0.31 |
| Diluted net earnings per share ($) | 1.61 | 0.25 | 0.04 | 0.29 |
| Balance sheet ($ millions) total assets | 402.5 | 87.5 | 56.6 | 32.0 |
| Total long-term liabilities | 4.0 | 7.2 | 1.5 | 2.8 |
| Shareholders' equity ($ millions) | 187.1 | 52.8 | 42.3 | 20.5 |
| Cash flow from: Operating activities ($ millions) | 74.6 | 9.9 | (1.9) | 4.6 |
| Operating cash flow per share ($) | 1.32 | 0.34 | (0.08) | 0.23 |

| | Fourth Quarter 2006 | Fourth Quarter 2005 | Year ended Dec. 31, 2006 | Year ended Dec. 31, 2005 |
|---|---|---|---|---|
| **Revenues:** ($ millions) Copper-silver and copper concentrate sales | 42.7 | 25.9 | 175.4 | 61.8 |
| **Operating profit:** ($ millions) | 25.8 | 10.0 | 107.0 | 18.8 |
| **Net earnings:** ($ millions) | 21.3 | 6.1 | 82.2 | 7.5 |
| **Realized Price:** ($) | | | | |
| *Dikulushi mine:* Copper per pound | 2.72 | 1.86 | 3.04 | 1.63 |
| Silver per ounce | 12.32 | 7.75 | 11.20 | 7.16 |
| *Kulu mine:* Copper concentrate per tonne (ex mine gate) | 652 | – | 643 | – |

| PRODUCTION STATISTICS: | Fourth Quarter 2006 | Fourth Quarter 2005 | Year ended Dec. 31, 2006 | Year ended Dec. 31, 2005 |
|---|---|---|---|---|
| **Dikulushi mine** | | | | |
| Ore processed (tonnes) | 92,755 | 127,222 | 470,402 | 410,374 |
| Copper grade (%) | 6.92 | 5.49 | 5.41 | 5.07 |
| Contained copper in ore (tonnes) | 6,417 | 7,049 | 25,456 | 20,802 |
| Recovery Cu % | 89.9 | 86.3 | 88.9 | 85.7 |
| Copper produced in concentrates (tonnes) | 5,774 | 6,085 | 22,618 | 17,816 |
| Silver produced in concentrates (ounces) | 569,655 | 587,882 | 2,174,448 | 1,721,768 |
| Ore mined (tonnes) | 41,300 | 135,002 | 607,132 | 382,344 |
| Waste mined (bcm) | 33,597 | 620,807 | 1,261,963 | 2,461,098 |
| *Costs of production[1]: ($)* | | | | |
| Operating cash costs per pound (after silver credits) (ex mine gate) | 0.14 | 0.43 | 0.28 | 0.42 |
| Total cash costs (after silver credits) | 1.01 | 0.93 | 1.02 | 0.88 |
| **Kulu mine** | | | | |
| Ore processed (tonnes) | 92,509 | 17,981 | 307,589 | 17,981 |
| Copper grade (%) | 7.61 | 7.67 | 8.07 | 7.67 |
| Contained copper in ore (tonnes) | 7,038 | 1,379 | 24,833 | 1,379 |
| Recovery Cu % | 62.6 | 51.6 | 66.51 | 51.6 |
| Copper produced in concentrates[2] (tonnes) | 4,749 | 1,361 | 19,956 | 1,361 |
| Ore mined (tonnes) | 51,968 | 122,125 | 272,759 | 122,125 |
| *Costs of production[2]: ($)* | | | | |
| Operating cash costs per tonne of concentrate (ex mine gate) | 285 | 166 | 237 | 166 |

1. Refer to Non-GAAP Financial Measures on page 30.
2. Includes concentrate purchased from local artisanal miners.

## 3. Discussion of Earnings and Operations

*Revenues (twelve months)*

The increased metal prices, production and delivery quantities of concentrates have contributed to the record high revenues for the 2006 year compared with 2005. Revenues from the Dikulushi mine increased to $145.8 million (2005: $60.8 million) from the delivery of 47.7 million payable pounds of copper (2005: 35.6 million pounds). The average realized copper and silver prices from Dikulushi sales for the year were $3.04 per pound (2005: $1.63 per pound) and $11.20 per ounce (2005: $7.16 per ounce) respectively.

In addition, the Kulu mine copper concentrate production and sales generated revenue of $29.7 million from the sale of 45,957 tonnes of copper concentrate. The average revenue per tonne of Kulu concentrate for the year was $643 per tonne.

*Revenues (fourth quarter)*

The increased copper price has been the main contributor to the increase in revenues for the fourth quarter of 2006 compared with the corresponding quarter in 2005. Revenues from the Dikulushi mine increased to $35.7 million (December 2005 quarter: $23.9 million) from the delivery of 13.0 million payable pounds of copper (December 2005 quarter: 12.9 million pounds). The average realized copper and silver prices from Dikulushi sales for the December quarter were $2.72 per pound (December 2005 quarter: $1.86 per pound) and $12.32 per ounce (December 2005 quarter: $7.75 per ounce) respectively.

In addition, the Kulu mine copper concentrate production and sales generated revenues of $7.0 million from the sale of 10,652 tonnes of copper concentrate. The average revenue per tonne of Kulu concentrate for the fourth quarter was $652 per tonne.

*Operating Expenses (twelve months)*

Operating expenses before amortization for the year were $60.8 million (2005: $37.1 million) from the higher level of operating activity at Dikulushi and the inclusion of Kulu mine operating costs for the full year.

The increase in operating level for both the mining and production operations at the Dikulushi mine led to a greater than 27% increase in production of contained copper in concentrate for the year of 22,618 tonnes (2005: 17,816 tonnes) and contained silver in concentrate to 2,174,448 ounces (2005:1,721,768 ounces) compared with that of the corresponding period.

The Dikulushi total cash operating cost per pound of copper produced (after silver credits) for the year was $1.02 (2005: $0.88), which was reflective of the continuing higher concentrate transport costs resulting from industry-wide increases in fuel costs and the export of concentrate to overseas markets. The operating cash cost (ex-mine gate) per pound of copper produced (after silver credits) for the mine was $0.28 (2005: $0.42), mainly from higher silver credits as a result of increases in the silver price.

For the first full year of production, the Kulu mine produced 70,244 tonnes of concentrate, containing 19,956 tonnes of copper. A total of 272,759 tonnes of ore was mined.

The operating cash cost per tonne of oxide concentrate at Kulu was $237 per tonne.

The Group operating result (after amortization) for the year to December 2006 was an operating profit of $107.0 million (2005: $18.8 million), mainly from a combination of the increased copper production and the higher realized sales prices for both copper and silver, which more than offset the increased operating costs. The amortization expense for the year to December 2006 was $7.6 million (2005: $5.9 million), an increase of $1.7 million over the corresponding period relating mainly to the additional amortization from the Kulu mine.

*Operating Expenses (fourth quarter)*

Operating expenses before amortization for the fourth quarter were $15.0 million (December 2005 quarter: $13.9 million) from the higher level of operating activity at Dikulushi and the inclusion of Kulu mine operating costs for a full quarter compared to the corresponding period in 2005 when the mine commenced in December 2005.

The Dikulushi total cash operating cost per pound of copper produced (after silver credits) for the year was $1.01 (2005: $0.93), which was reflective of the continuing higher concentrate transport costs resulting from industry-wide increases in fuel costs and the export of concentrate to overseas markets. The operating cash cost (ex-mine gate) per pound of copper produced (after silver credits) for the year was $0.14 (2005: $0.43), mainly from higher silver credits as a result of increases in the silver price.

The operating cash cost per tonne of oxide concentrate at Kulu was $285 per tonne.

*Net Earnings (twelve months)*

The net earnings for the year were $82.2 million (2005: $7.5 million). The basic net earnings per share were $1.65 (2005: $0.26).

In addition to the impact from changes in revenues, operating costs and amortization during the year, the net profit result for the year, compared with 2005, also reflects the following changes:

- The rapid expansion in activity from operating one mine (Dikulushi) in 2005 to the operation of two mines (Dikulushi and Kulu) and the development of another mine (Kinsevere) in 2006 has increased general, administrative and marketing costs to $10.1 million (2005: $4.3 million). Salary and on costs represented 60% of the $5.8 million increase in costs due to the recruitment of additional technical and administrative support to assist all operations. Other cost increases were travel and accommodation, legal costs, insurance and corporate consulting fees.
- The stock based compensation cost in the year of $1.4 million (2005 nine months: $0.6 million), which relates to the accrued cost of option plans granted to employees and directors designed as incentives for maintaining and increasing performance.
- Interest and financing fees of $4.5 million (2005: $4.9 million) in the year ended December 31, 2006. The current year includes the cost of the buy-back option of the NSR obligation, which was exercised for $2.0 million in January 2006. The buy-back has resulted in a saving of $7.0 million for the current year. Loan borrowing costs in relation to the loans provided by Deans Knight and RMBI were fully written off as both loans were repaid in full in March 2006.

*Net Earnings (fourth quarter)*

The net earnings for the fourth quarter were a profit of $21.3 million (December 2005 quarter: $6.1 million). The basic net earnings per share were $0.37 (December 2005 quarter: $0.21 per share) due mainly to higher realized copper and silver prices and increases in production output.

## 4. Discussion of Cash Flows

| | Fourth Quarter 2006 | Fourth Quarter 2005 | Year ended Dec. 31, 2006 | Year ended Dec. 31, 2005 |
|---|---|---|---|---|
| **Cash flows from:** ($ millions) | | | | |
| Operating activities | 41.0 | 9.8 | 74.6 | 9.9 |
| Investing activities | (27.4) | (8.0) | (163.2) | (23.5) |
| Financing activities | (1.9) | 3.6 | 140.0 | 17.0 |

As a result of net earnings of $82.2 million, the Company was able to generate cash inflows from operations of $74.6 million for the year (2005: $9.9 million). This was due to increased copper production from both the Dikulushi and Kulu operations, improved operational performance and the higher realized metal prices achieved in 2006. The net increase in non-cash working capital to $24.9 million included an increase in accounts receivable of $21.7 million (from increased production and higher realized copper and silver prices), an increase in inventory of $10.7 million (of which $5.7 million was an increase in concentrate stock and concentrate in transit), and an increase in prepayments of $6.1 million (predominantly for capital purchases for Kinsevere).

The cash outflow from investing activities for the year was $163.2 million (2005: $23.5 million). The outflow relates mainly to cash received from the capital raising in March 2006 being placed into highly secure and liquid investments. These investments can, and will, be readily converted into cash when required for the development of the Kinsevere project and other working capital requirements. Other outflows relate to acquisition payments in relation to the purchase of additional equity interests in the Mutoshi and Kinsevere-Nambulwa joint ventures of $19.9 million, installation of the scrubber at Kulu, purchases of mining equipment for the proposed Stage III underground mine development at Dikulushi, and development of the Kinsevere project. Exploration and evaluation expenditure incurred was $4.4 million. The Company also realized $2.6 million in interest and coupon payments received on the short-term investments held.

The cash inflow from financing activities for the year was $140.0 million (2005: $17.0 million). This inflow was mainly the result of receiving the net proceeds ($121.9 million) on completion of the C$149.5 million capital raising, and also the exercise of all C$6.25 warrants, originally due to expire on December 16, 2007 but accelerated to June 5, 2006, raising C$16.4 million. This was offset by the repayments of the RMBI project finance facility of $5.5 million and Deans Knight loan facility of $5.2 million during the 2006 year. The Fortis Bank $15.0 million loan facility was fully drawn down during the year, of which $3.0 million had been repaid by 31 December, 2006.

*Cash Flow (fourth quarter)*

The strong cash flow from operations of $39.5 million (2005: $9.8 million), or $0.70 per share, was from the increased receipts from the delivery of 11,248 tonnes of payable contained copper and the higher realized copper and silver prices. Investing cash outflows were $26.0 million, predominantly for the development of the Kinsevere-Nambulwa mine plant and infrastructure (payments for property, plant and equipment totalled $19.4 million). Payments incurred on the acquisition of an additional 10% interest in the Mutoshi joint venture totalled $9.9 million. Net financing cash outflows amounted to $1.9 million, predominantly the result of repaying $2.0 million of the loan held with Fortis Bank.

## 5. Financial Position and Liquidity

| | Dec. 31, 2006 | Dec. 31, 2005 |
|---|---|---|
| **Assets** ($ millions) | | |
| Cash and cash equivalents (including restricted cash) | 59.5 | 8.1 |
| Investments | 95.8 | – |
| Current assets | 209.9 | 24.2 |
| Total assets | 402.5 | 87.5 |
| **Liabilities** ($ millions) | | |
| Current liabilities | 72.5 | 18.5 |
| Long-term debt | 4.0 | 5.1 |
| Total liabilities | 114.4 | 33.0 |
| **Non controlling interests** | 8.3 | 1.7 |
| **Shareholders' equity** ($ millions) | 279.8 | 52.8 |
| **Working capital** ($ millions) | 137.4 | 5.7 |
| Weighted average number of shares (for basic earnings per share) | 49,729,151 | 28,861,658 |
| Outstanding shares | 56,707,554 | 29,086,847 |

*Cash and cash equivalents*

The increase in cash and cash equivalents (including restricted cash) to $59.5 million (December 2005: $8.1 million) was due to the increased production of copper and higher copper prices.

*Investments*

The increase in investments to $95.8 million (December 2005: $0.0 million) was attributable to the C$149.5 million capital raising and exercise of all C$6.25 warrants, originally due to expire on December 16, 2007 but accelerated to June 5, 2006, raising C$16.4 million. These investments have low-risk profiles that generate income via interest and coupon payments, and have been purchased for the purpose of managing the Group's cash position and funding requirements following the capital raising. The investments are capable of reasonably prompt liquidation, and will be converted to cash as and when the Group's funding requirements necessitate this. The Group's directors and management view these investments as a low-risk alternative to holding cash and cash equivalents. The investments are highly liquid and are intended to provide a return greater than that which would have been achieved if the funds were held as cash.

*Current assets*

The total current assets increase to $209.9 million (December 2005: $24.2 million) was mainly from investments ($95.8 million) and cash and cash equivalents ($59.3 million). Other current assets were an increase in receivables to $29.6 million from higher deliveries and higher copper prices and an increase in the level of exports of concentrates to smelters offshore of Southern Africa. The inventory balance of $18.0 million includes concentrate in stockpiles and in transit amounting to $8.3 million. Prepaid expenses and deposits increased to $6.9 million, which are mainly amounts paid for plant and equipment required for the Kinsevere development.

*Total assets*

The increase in total assets to $402.5 million (December 2005: $87.5 million) was attributable mainly to cash received from the capital raising in March 2006 being invested into highly secure and liquid investments, and also an increase in receivables. Property, plant and equipment have increased by $33.9 million to $63.9 million, largely due to the approval of the Stage I development at Kinsevere and subsequent capital expenditure incurred. Capitalized exploration and evaluation expenditure has increased by $99.6 million to $127.1 million, which mainly consists of the fair value of additional equity interests in exploration property acquired as a result of the purchase of an additional 25% interest (in two separate acquisitions of 10% and 15%) in the Kinsevere-Nambulwa project ($84.1 million), and the fair value of exploration property acquired via the purchase of an additional 10% interest in the Mutoshi project ($11.8 million).

All deferred mining costs at December 31, 2005 ($4.1 million) have been amortized during the year, with no further deferred mining costs capitalized as at December 31, 2006. This is due to the open pit operations ceasing at Dikulushi in November. Development of the underground mine is ongoing and is expected to be completed by second quarter 2007.

A future income tax asset of $0.7 million has been recorded at year end, which is the result of timing differences between the accounting and tax treatments of certain corporate items.

*Current liabilities*

Current liabilities increased to $72.5 million (December 2005: $18.5 million). The significant changes result from the short-term portion of the Fortis Bank loan facility being recorded at $8.0 million; an amount of $3.2 million provided for income tax payable, predominantly in relation to the Kulu operation; an increase in accounts payable and accrued liabilities of $6.3 million and the accrual of the purchase consideration payable of $45.0 million in relation to the acquisition of an additional 15% interest in the Kinsevere-Nambulwa joint venture in December.

*Total Liabilities*

Total liabilities at year end were $114.4 million (December 2005: $33.0 million). The increase is due to the changes in current liabilities above and an additional $30.1 million as future income tax liability (mainly $25.3 million as a result of the additional 25% acquisition in the Kinsevere-Nambulwa joint venture, and $3.5 million as a result of the additional 10% acquisition in the Mutoshi joint venture). This represents the tax effect at 30% of the temporary difference arising on the acquisition fair valued exploration and evaluation expenditure which is expected to reverse upon subsequent amortization or disposal of the asset. The total liabilities also include the long term portion of the Fortis Bank loan facility recorded at $4.0 million and an additional $0.6 million in asset retirement obligations from increased operational activity at both the Dikulushi and Kulu mines.

*Non Controlling Interests*

The increase in non-controlling interests to $8.3 million (December 2005: $1.7 million) at year end is undistributed profits attributable to non-controlling interests of $1.8 million in SMK (December 2005: $0.0 million) and AMC of $6.5 million (December 2005: $1.7 million).

*Long Term Debt*

The long term debt of $4.0 million represents the long term portion of the Fortis Bank loan facility. The long term debt of $5.1 million existing at December 31, 2005, was repaid during the year.

*Working Capital*

Working capital increased to $137.4 million at year-end, mainly due to:

- receipt of funds from the bought deal equity financing of C$149.5 million ($121.9 million) net of the equity raising costs,
- exercise of all C$6.25 warrants, originally due to expire on December 16, 2007 but accelerated to June 5, 2006, raising C$16.4 million ($14.6 million),
- increase in receivables from changes in the cut-off dates of payments, higher quantities of deliveries of concentrates to smelters offshore of Southern Africa and the higher achieved copper and silver prices, as well as the beneficial effect of longer Quotational Periods in a period of rising copper prices, and
- net earnings of $82.2 million.

*Shareholders' equity*

Shareholders' equity at year-end increased to $279.8 million as a result of the completion of the bought deal equity financing of C$149.5 million; exercise of all C$6.25 warrants, originally due to expire on December 16, 2007 but accelerated to June 5, 2006, raising C$16.4 million.

At February 26, 2007, the Company had outstanding 56,720,887 common shares. In addition there were outstanding 2,053,001 director and employee stock options with exercise prices ranging between A$1.20 to A$6.50 and C$3.80 to C$11.84 per share. The Company also had 600,000 outstanding share purchase warrants which are exercisable as follows:

| Issued | Expiry date | Number | Exercise price |
|---|---|---|---|
| December 22, 2005 | December 22, 2007 | 600,000 | C$6.25 |

## 6. Other Financial Statement Matters

*Contractual Obligations*

The following table summarizes the Company's contractual and other obligations, as at December 31, 2006.

| **Payments due by period** (in $ million) | Total | Less than 1 year | 1 – 3 years | 4 – 5 years | More than 5 years |
|---|---|---|---|---|---|
| Long term debt | 12.0 | 8.0 | 4.0 | – | – |
| Environmental and mine closure liabilities | 1.4 | – | 0.5 | 0.9 | – |
| Capital commitments – Dikulushi, Kulu and Kinsevere mines | 23.5 | 23.5 | – | – | – |
| Equipment operating lease | 1.0 | 0.3 | 0.7 | – | – |
| Exploration expenditure commitments | 0.1 | 0.1 | – | – | – |
| Purchase consideration upon acquisition of initial interest in SMK. To be paid upon transfer of tenements | 1.3 | 1.3 | – | – | – |
| Acquisition of 15% interest in AMCK Mining | 45.0 | 45.0 | – | – | – |
| Non-controlling interest commitments – comprises the 10% outside equity interests in the retained earnings of Anvil Congo | 6.5 | 6.5 | – | – | – |

*Segment Information*

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

**Dikulushi copper/silver operation – 90% ownership**

The Dikulushi operation is located in the Katanga province of the Democratic Republic of Congo.The operation commenced in 2002, and produces a sulphide copper concentrate with a silver credit.

**Kulu copper operation – 80% ownership**

The Mutoshi operation is located in the Katanga province of the Democratic Republic of Congo. The operation commenced in 2005, and produces an oxide copper concentrate.

**Kinsevere copper/cobalt operation – 95% ownership**

The Kinsevere operation is located in the Katanga province of the Democratic Republic of Congo. The operation is currently being developed, and will initially produce black copper ingots using an EAF. The Stage II development will later produce grade A copper cathodes through an SX-EW process.

**Corporate development, administration and other (CDA)**

The corporate development, administration and other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration. It also holds the rights to mineral interests in Vietnam and the Philippines.

For the year ended December 31, 2006, segmented information is presented as follows:

| | Dikulushi | Kulu | Kinsevere | CDA | Inter-segment | 2006 Total |
|---|---|---|---|---|---|---|
| Concentrate sales | 145,770 | 29,673 | – | – | – | 175,443 |
| Operating expenses | (49,748) | (10,003) | – | (1,094) | – | (60,845) |
| Amortization | (4,930) | (1,762) | – | (869) | – | (7,561) |
| Segmented operating profit (loss) | 91,092 | 17,908 | – | (1,963) | – | 107,037 |
| Interest and financing fees | (2,705) | (2,122) | – | (1,800) | 2,122 | (4,505) |
| Other income | 523 | 250 | – | 10,587 | (5,386) | 5,974 |
| Other expenses | (8,332) | (3,521) | – | (3,325) | 3,264 | (11,914) |
| Segmented profit (loss) before undernoted items | 80,579 | 12,515 | – | 3,499 | – | 96,593 |
| Income taxes | – | (3,799) | – | (31) | – | (3,830) |
| Non controlling interest | (8,058) | (2,528) | – | – | – | (10,586) |
| Segmented profit | 72,521 | 6,188 | – | 3,468 | – | 82,177 |
| Property, plant and equipment | 20,662 | 10,960 | 24,655 | 7,653 | – | 63,930 |
| Total assets | 70,591 | 37,794 | 89,903 | 204,198 | – | 402,486 |
| Capital expenditures | 8,610 | 5,119 | 23,424 | 2,123 | – | 39,276 |

## Exploration and Evaluation Expenditure

At year end, the Company had deferred exploration costs of $127.1 million (December 2005: $27.6 million), comprising exploration and evaluation expenditure on the Dikulushi mining and exploration tenements ($3.7 million), Mutoshi mining, tailings and exploration tenements ($30.3 million), Kinsevere-Nambulwa mining tenements ($91.7 million), and the Philippines and Vietnam mining tenements ($1.4 million). A significant portion of this exploration and evaluation expenditure consists of fair value exploration property arising on the acquisition of the Mutoshi project ($27.6 million) and Kinsevere-Nambulwa project ($87.5 million).

*Philippines Evaluation and Development Agreement*

During the year, the Company signed an Evaluation and Development Agreement with Itogon Suyoc Resources Inc. ("Itogon"), a private Philippines minerals company, for their gold properties in the Baguio District on Luzon Island in the Philippines. The Itogon properties cover an area of 2,896 hectares and are located 12 km to the southeast of Baguio City and approximately 200 km north of Manila, the capital of the Philippines.

The agreement provided for the Company to acquire 100% of the Itogon mineral properties by completing a staged evaluation process, which included the following terms and conditions:

- A cash payment of $120,000 upon signature of the agreement and subsequent carrying out of a legal, social and environmental due diligence evaluation within a four-month period;
- A cash payment of $2.0 million to Itogon, and funding to a minimum of $2.0 million in exploration expenditures, if the Company elects to proceed with detailed evaluation of the properties;
- Following the detailed evaluation, completion of a feasibility study on a 'best efforts' basis, to take place within a period of two years; and
- A cash payment of $500,000 upon transfer of Itogon's mineral properties to the Company.

The Company announced in February 2007 that cash payment of $2.0 million had been made to Itogon and it will now provide funding to a minimum of $2.0 million in relation to detailed evaluation of the properties.

*Social and Development Programs*

In April 2006, the Company signed an agreement with Pact Inc. ("Pact"), a Washington-based non-government organization, for the design and implementation of the Company's social and community development programs in the vicinity of its Dikulushi mine. This agreement was subsequently extended to include the design and implementation of the Company's social and community development programs in the vicinity of its Kinsevere and Kulu mines.

**Dikulushi**

At the end of the December Quarter, the Company had drilled 22 boreholes that provide safe drinking water to an estimated 22,000 people from villages near the Dikulushi mine. To enhance the sustainability of these projects, Pact is assisting with the training of local villagers in basic maintenance techniques and is coordinating the formation of Water Management Committees that will oversee all activities related to the utilization of water. During the December Quarter, other initiatives included training of farmers in agricultural management in order to improve food security, literacy training, development of business plans and training of Village Development Committees in the basics of conflict resolution, roles and responsibilities. In the area of infrastructure development, Pact completed the construction of a three-classroom school and a village market. Two schools previously constructed by Anvil now have 1,200 pupils.

**Kulu**

Pact has been involved in the Company's social and development programs at the Kulu mine since October 2006. During the December Quarter, a number of initiatives were implemented, including: training of Village Development Committee members in the basics of conflict resolution, roles and responsibilities, feasibility studies for building improved community sanitary conditions, a health centre, a school and a store house for agricultural products, training in agricultural techniques, literacy training and support for income generating activities. An association has also been established by SMK comprising 33 women producing and selling vegetables to SMK in Kolwezi. Following a series of interviews conducted by Pact, access to safe drinking water has been identified as a priority need and efforts will be targeted to this area during 2007.

**Kinsevere**

Efforts continue to be directed towards the provision of clean drinking water for the villages located in the vicinity of the Kinsevere mine. During the December Quarter, a 10,000 litre water tank was installed to provide clean water to 3,500 people in three neighbouring villages. Plans are underway to install additional tanks, with approximately $120,000 earmarked for water projects. Drilling of boreholes is expected to commence in March 2007. Other initiatives undertaken during the December Quarter included: training of Water Management Committee members in management and maintenance of the water infrastructure that will be installed, training of local villagers in agricultural techniques, literacy training, and formation of management committees for small and medium business activities. A Social Impact Assessment has been conducted that will help to benchmark progress against social indicators.

## 7. Outlook

*Dikulushi*

The Dikulushi mine is expected to produce 20,000 tonnes of copper and 2,000,000 ounces of silver, contained in concentrates, for 2007. Open pit mining at Dikulushi ceased in November, 2006, with all feed to the plant now sourced from the Run-of-Mine stockpiles of high-grade ore and stockpiles of low-grade ore. There is sufficient ore at the high-grade stockpile to supply approximately 12 months of plant feed and this will adequately maintain current levels of copper production until the underground mine comes on stream.

During the December Quarter, work progressed on the development of the Stage III underground mine development. At the end of the December Quarter, the decline had progressed approximately 720 metres into the footwall on the northern side of the open pit. The first ore was encountered in the underground development during December, and was consistent with expected grades. Production from the underground mine will commence during the fourth quarter of 2007, building up to full scale production in the first quarter of 2008.

*Kulu*

The Kulu mine is expected to produce 16,000 tonnes of copper contained in concentrates for 2007. A project to construct an EAF and a 14 kilometre power line and sub-station to supply hydro-electric power from the DRC national hydro-electric grid is expected to be completed during the fourth quarter of 2007. Installation of the EAF and connection to the DRC national hydro-electric grid is expected to enable significant improvements in revenue and cost performance at the Kulu mine.

*Kinsevere*

The Kinsevere mine is expected to be commissioned during the second quarter of 2007 with budgeted production of 13,000 tonnes of copper to December 31, 2007. Design of the crushing circuit and HMS plant is now almost complete, with only a small amount of design detail outstanding. Keech Furnace Technologies, who have been engaged to design and supply two 7.5 MW electric-arc furnaces, are progressing with design work, and current indications are that the EAF building and supporting civil engineering works will be completed during the third quarter of 2007. Powerline Africa, which has been engaged to construct the 120 KVA power line which will link Kinsevere to the DRC national hydro-electric grid, has delivered equipment to site and has commenced clearing works. An agreement was signed with SNEL (the DRC electricity company) in December 2006 for the supply of electrical power sufficient to support the planned Stage II Solvent Extraction and Electrowinning ("SX-EW") development.

The drilling results from the Tshifufia Deposit at Kinsevere have exceeded the Company's expectations and, due to the size of the latest Mineral Resource estimate and the significant further potential that exists, the scale of the planned Stage II SX-EW plant has been doubled from 30,000 to 60,000 tonnes of copper per annum. Given this unexpected, but positive change in plan, the Feasibility Study on the Stage II SX-EW development will now be completed during the second quarter of 2007. Lycopodium Pty Ltd, an engineering company based in Perth, Western Australia, has been retained to complete preliminary design and costing of the Kinsevere Stage II SX-EW Plant.

Based on the budgeted production from the Dikulushi, Kulu and Kinsevere mines for 2007 and the Company's current financial position, the Company expects that there will be sufficient financial resources to meet its 2007 development plans.

## 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 2 of the consolidated financial statements and a more detailed analysis of the risk factors that face the Group can be found in the most recent annual information form available on SEDAR at www.sedar.com.

### *Mine Properties*

The Group adopts a unit-of-production method to depreciate its mine properties. This method requires estimates of economically recoverable reserves of the Group's mine properties. Independent qualified 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 Group accumulates certain costs associated with exploration activities on specific areas of interest where the Group has rights of tenure. The Group'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, 2006, the Group has deferred exploration costs of approximately $127.1 million associated with exploration properties in Africa and Southeast Asia.

### *Deferred Mining Costs*

The Group 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. In March 2005, the Company adopted a revised open pit mine plan for the Dikulushi mine on the basis of an enlarged 180 metre deep open pit requiring a prospective strip ratio of 19.2:1, to give a revised combined whole life of open mine strip ratio of 15.3:1. The Group further revised the mine plan in September 2005 to a shallower 150 metre deep open pit and a subsequent underground mine. This plan required a prospective strip ratio of 13.3:1 to be adopted for subsequent production. At December 31, 2006, all stripping costs had been amortized as mining in the open pit ceased in November 2006. Production from the Stage III underground mine is expected to commence during the fourth quarter of 2007, building up to full scale production in the first quarter of 2008.

### *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 ("CICA") in relation to Asset Retirement Obligations.

### *Income Taxes*

The Company follows CICA 3465 "Income Taxes".

As at December 31, 2006, the Group 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.

Under the Mining Convention ("Convention") granted by the DRC Government, 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 based on the applicable DRC professional income tax rate of 40% that was in effect when the Convention was granted 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% | 30% |

As from October 2007, the Dikulushi operations will be subject to income tax at an effective rate of 16% as this will be the commencement of the sixth year of operation.

### *Financial Instruments and Comprehensive Income*

In January 2005, the CICA issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement" and 1530, "Comprehensive Income". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. The Company will adopt these new standards effective January 1, 2007.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method;
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

The Company is currently assessing the impact of these new standards on its consolidated financial statements.

## 9. Estimates

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.

## 10. Risks and Uncertainties

The Group'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 the speculative nature of mineral exploration and development, political stability, liquidity and future financings, logistics, lack of infrastructure, uninsurable risks, mineral resources and ore reserves, uncertainty of inferred resources, mine life, licences and permits, land title, government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper and silver prices, key personnel, labour and employment matters, subsidiaries, mineral exploration and mine carrying inherent risks, currency risk, competition, dilution, and dividend policy. A more detailed analysis of the risk factors the Group is faced with can be found in the most recent annual information form, which is available on SEDAR at www.sedar.com.

## 11. Summary of Quarterly Results (Unaudited)

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

| **Statement of Operations and Earnings** | **Dec 06 Quarter** | **Sep 06 Quarter** | **Jun 06 Quarter** | **Mar 06 Quarter** | **Dec 05 Quarter** | **Sep 05 Quarter** | **Jun 05 Quarter** | **Mar 05 Quarter** |
|---|---|---|---|---|---|---|---|---|
| Concentrate sales[1] ($ millions) | 42.7 | 56.6 | 43.0 | 33.2 | 25.9 | 17.8 | 10.5 | 7.7 |
| Operating profit[2] before amortization ($ millions) | 27.7 | 38.0 | 29.5 | 17.4 | 11.9 | 7.8 | 3.8 | 1.2 |
| Amortization ($ millions) | (1.9) | (2.1) | (1.8) | (1.8) | (1.9) | (1.3) | (1.3) | (1.4) |
| Operating profit[2] (loss) ($ millions) | 25.8 | 38.0 | 27.7 | 15.6 | 10.0 | 6.5 | 2.5 | (0.2) |
| Net earnings (loss) ($ millions) | 21.3 | 30.2 | 22.5 | 8.3 | 6.1 | 2.9 | 0.2 | (1.7) |
| Basic earnings (loss) per share ($) | 0.38 | 0.53 | 0.42 | 0.26 | 0.21 | 0.10 | 0.01 | (0.06) |
| Diluted earnings (loss) per share ($) | 0.37 | 0.53 | 0.41 | 0.25 | 0.20 | 0.10 | 0.01 | (0.06) |
| **Production Statistics – Total** | | | | | | | | |
| Copper produced in concentrates (tonnes) | 10,523 | 12,816 | 11,098 | 8,137 | 7,446 | 5,777 | 3,395 | 2,559 |
| **Production Statistics – Dikulushi mine** | | | | | | | | |
| Ore processed (tonnes) | 92,755 | 114,154 | 135,234 | 128,259 | 127,222 | 120,822 | 81,518 | 80,812 |
| Copper grade % | 6.92 | 5.61 | 4.64 | 4.95 | 5.54 | 5.52 | 4.87 | 3.86 |
| Contained copper (tonnes) | 6,417 | 6,409 | 6,278 | 6,352 | 7,049 | 6,663 | 3,971 | 3,119 |
| Recovery Cu % | 89.9 | 89.5 | 89.1 | 86.7 | 86.3 | 86.7 | 85.5 | 82.1 |
| Copper produced in concentrates (tonnes) | 5,774 | 5,738 | 5,601 | 5,505 | 6,085 | 5,777 | 3,395 | 2,559 |
| Silver produced in concentrates (ounces) | 569,655 | 545,438 | 526,513 | 532,842 | 587,882 | 586,875 | 301,967 | 245,044 |
| Payable pounds of copper contained in concentrate delivered (millions) | 13.0 | 12.2 | 10.4 | 12.1 | 12.9 | 10.4 | 6.8 | 5.6 |
| Payable ounces of silver contained in concentrate delivered | 563,754 | 491,242 | 441,277 | 506,508 | 542,029 | 432,447 | 262,111 | 230,168 |
| **Production Statistics – Kulu mine** | | | | | | | | |
| Ore processed (tonnes) | 92,509 | 82,424 | 80,848 | 51,808 | 17,981 | | | |
| Copper grade % | 7.61 | 8.20 | 8.54 | 7.95 | 7.67 | | | |
| Contained copper (tonnes) | 7,038 | 6,757 | 6,920 | 4,118 | 1,379 | | | |
| Recovery Cu % | 62.6 | 70.1 | 72.6 | 58.0 | 51.6 | | | |
| Copper produced in concentrates (tonnes) | 4,749 | 7,078 | 5,497 | 2,632 | 1,361 | | | |
| Copper concentrate sold (tonnes) | 10,641 | 19,131 | 7,340 | 9,615 | | | | |

1. Concentrate sales include copper and silver concentrates from Dikulushi and copper concentrates from Kulu.
2. Refer to Non-GAAP Financial Measures on page 30.

## 12. Additional Notes

### *Deed of Cross Guarantee*

For the purpose of simplifying 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.

### *Technical Information*

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 Canadian National Instrument 43-101.

The information in this report that relates to in-situ mineral resource figures for the Kulu mine and Kinsevere-Nambulwa project are based on an independent Technical Report prepared by Mr. Gerry Fahey MAIG, MAusIMM (CP) (who is a NI 43-101 Qualified person and who also qualifies as a Competent Person) of FinOre Pty Ltd, a geological consulting company in Perth, Australia. The Technical Report was prepared in accordance with Canadian National Instrument 43-101 and has been filed on SEDAR with the relevant Canadian Securities Commission. A copy is available at www.sedar.com. A copy has also been lodged with the Australian Stock Exchange for information purposes. Gerry Fahey has consented to the inclusion in the report of the matters based on his information in the form and context in which they appear.

### *Non-GAAP Financial Measures*

The terms "total cash cost" and "operating cash cost (ex-mine gate)" are used on a per pound of payable copper produced basis and after by-product silver credits are applied. The operating cash cost (ex-mine grate) per payable pound of copper produced is equivalent to the costs of mining and processing operations incurred (after net credits for silver revenues) for the period divided by the number of payable pounds of copper produced during the period. The total cash cost of production per payable pound of copper produced is equivalent to the ex-mine gate cash cost including the relevant unit transport, smelting and refining and realization costs (after net credits for silver revenues) for the period divided by the number of payable pounds of copper produced during the period. Cash operating cost information is included to provide information about the cost structure of the mining and processing 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. The term working capital equals current assets less current liabilities.

The term Cash flow from operations per share, before changes in non-cash working capital, is based on a calculation using the weighted average number of common shares outstanding during the period.

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 Canadian 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.

### *Evaluation of Disclosure Controls & Procedures*

The Company's certifying officers have designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them with respect to financial and operational conditions impacting disclosure with respect to the fiscal year ended December 31, 2006. The certifying officers have evaluated the effectiveness of the disclosure controls and procedures and have concluded that these disclosure controls and procedures are effective at the reasonable assurance level. The management of the Company was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

During the most recent year end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### *Forward Looking Statements*

The forward-looking statements made in this Management's Discussion and Analysis are 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 and silver, estimated future production and 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, the actual results of development and mining activities, changes in project parameters as plans continue to be evaluated, changes in the political environment in the countries in which the Group is operating, as well as those factors disclosed in the Company's filed documents.

Statements regarding the Company's plans with respect to further evaluation and future development of the Kulu coarse rejects/tailings deposit, the evaluation of the Mutoshi and Kinsevere-Nambulwa Projects (including Tshifufia Central, Tshifufia South and Tshifufiamashi) and to the recent Dikulushi underground development 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.

# **anvil**mining limited
## **consolidated** financial statements

As at and for the year ended December 31, 2006

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

## Management's Responsiblity 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 2 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.

William S. Turner
President and
Chief Executive Officer

Craig R. Munro
Vice President Corporate and
Chief Financial Officer

February 26, 2007

## Auditor's Report to the Shareholders of Anvil Mining Limited

We have audited the consolidated balance sheets of Anvil Mining Limited as at December 31, 2006 and 2005 and the consolidated statements of earnings, retained earnings and cash flows for the years 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, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Toronto, Ontario, Canada

February 26, 2007

# Consolidated Balance Sheets

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

| | Notes | December 31 2006 $ | December 31 2005 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 59,302 | 7,945 |
| Restricted cash | 5 | 219 | 204 |
| Accounts receivable | 6 | 29,594 | 7,915 |
| Inventories | 7 | 18,020 | 7,353 |
| Investments | 8 | 95,819 | – |
| Prepaid expenses and deposits | | 6,936 | 826 |
| | | 209,890 | 24,243 |
| **Deferred financing fees** | 9 | 791 | 1,584 |
| **Deferred mining costs** | 10 | – | 4,078 |
| **Exploration and evaluation expenditure** | 11 | 127,138 | 27,578 |
| **Property, plant and equipment** | 12 | 63,930 | 30,057 |
| **Future income tax asset** | 4 (b) | 737 | – |
| | | 402,486 | 87,540 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 13 | 14,285 | 7,958 |
| Current income taxes | 4 (a) | 3,281 | 75 |
| Other liabilities | | 676 | 490 |
| Current portion of long term debt | 14 | 8,000 | 5,500 |
| Purchase consideration payable | 15 (b) | 46,250 | 4,526 |
| | | 72,492 | 18,549 |
| **Long term debt** | 14 | 4,000 | 5,146 |
| **Purchase consideration payable** | 15 (b) | – | 2,085 |
| **Future income tax liability** | 4 (b) | 36,505 | 6,413 |
| **Asset retirement obligations** | 2 (n) | 1,402 | 778 |
| | | 114,399 | 32,971 |
| **Non controlling interest** | 16 | 8,291 | 1,722 |
| **Shareholders' equity** | | | |
| Equity accounts | 17 | 187,082 | 42,310 |
| Retained earnings | | 92,714 | 10,537 |
| **TOTAL SHAREHOLDERS' EQUITY** | | 279,796 | 52,847 |
| | | 402,486 | 87,540 |
| Commitments for expenditure | 18 | | |
| Contingent liabilities | 19 | | |

**Approved by the Board of Directors** **William S. Turner** **Thomas C. Dawson**

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

# Consolidated Statements of Earnings and Retained Earnings

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

| | Notes | Year Ended December 31 2006 $ | Year Ended December 31 2005 $ |
|---|---|---|---|
| **Concentrate sales** | | 175,443 | 61,822 |
| Operating expenses | | (60,845) | (37,149) |
| Amortization | | (7,561) | (5,881) |
| Operating profit | | 107,037 | 18,792 |
| Other income | 3 | 5,974 | 100 |
| General, administrative and marketing | | (10,134) | (4,330) |
| Exploration expenditure written off | | (42) | – |
| Foreign exchange gains/(losses) | | (370) | (5) |
| Stock based compensation | | (1,367) | (630) |
| Interest and financing fees | 3 | (4,505) | (4,868) |
| Earnings before income tax and non controlling interest | | 96,593 | 9,059 |
| Income tax | 4 (a) | (3,830) | (17) |
| Non controlling interest | | (10,586) | (1,535) |
| **Net Earnings** | | 82,177 | 7,507 |
| Retained earnings at beginning of the year | | 10,537 | 3,030 |
| **Retained earnings at end of the year** | | 92,714 | 10,537 |
| Basic earnings per share ($) | 23 | 1.65 | 0.26 |
| Diluted earnings per share ($) | 23 | 1.61 | 0.25 |

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

# Consolidated Statements of Cash Flows

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

| | Notes | Year Ended December 31 2006 $ | Year Ended December 31 2005 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net earnings for the year | | 82,177 | 7,507 |
| Items not affecting cash | | | |
| Amortization | | 7,561 | 5,881 |
| Exploration expenditure written off | | 42 | – |
| Loss on disposal of assets | | – | 4 |
| Non controlling interest | | 10,586 | 1,535 |
| Amortization of deferred financing fees | | 1,770 | 497 |
| Unrealized foreign exchange (gains)/losses | | (2,048) | (63) |
| Stock based compensation | | 1,367 | 630 |
| Future tax | | 549 | 17 |
| Investment interest and coupons classified as cash flows from investing activities | | (2,558) | – |
| Changes in non-cash working capital | 24 | (24,861) | (6,137) |
| | | 74,585 | 9,871 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (39,276) | (12,317) |
| Proceeds from sale of property, plant and equipment | | 84 | – |
| Payment for acquisition of initial 70% interest in Mutoshi project | | (6,491) | (7,366) |
| Payments for exploration and evaluation expenditure | | (4,412) | (3,802) |
| Payment for acquisition of additional 10% interest in AMCK Mining s.p.r.l. | | (10,000) | – |
| Payment for acquisition of additional 12.5% interest in Emiko s.p.r.l. | | (9,873) | – |
| Payments for investments | | (132,288) | – |
| Proceeds of principal repayments from investments | | 36,469 | – |
| Interest and coupon payments received on investments | | 2,558 | – |
| | | (163,229) | (23,485) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares (net of issue expenses) | | 139,398 | 550 |
| Decrease in restricted cash | | – | 13,929 |
| Proceeds from borrowings (net of fees incurred) | | 14,250 | 9,146 |
| Repayment of borrowings | | (13,646) | (6,625) |
| | | 140,002 | 17,000 |
| **Net increase in cash and cash equivalents** | | 51,358 | 3,386 |
| Cash and cash equivalents at beginning of the year | | 7,945 | 4,559 |
| Effects of exchange rate changes on cash held in foreign currencies | | (1) | – |
| Cash and cash equivalents at end of the year | | 59,302 | 7,945 |
| **Non cash financing and investing activities** | 15 (b), 25 | | |

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

## 1. Nature of operations

The Company and its subsidiaries (the "Group" or "Anvil") operate in one operating segment, namely the acquisition, exploration, development and mining of mineral properties. Its principal assets are a 90% interest in the Dikulushi copper-silver mine (the "Dikulushi mine") situated in the Democratic Republic of Congo ("DRC"), an 80% interest in the Kulumaziba copper mine (the "Kulu mine"), a 95% interest in the Kinsevere-Nambulwa copper project ("Kinsevere") and the associated Dikulushi, Mutoshi and Kinsevere-Nambulwa exploration tenements. 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 Anvil's interest in the underlying mining claims, and the political and economic conditions in the relevant African and South East Asian countries involved.

## 2. 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. 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 Group is the United States Dollar and the functional currency used in the principal operations at the Dikulushi and Kulu mines 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 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 impairment is recognized when there is evidence that the Company will not be able to collect all amounts due.

**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 amortization.

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 is 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.

If, after management review, it is determined that the carrying amount of an exploration property is impaired, that property is written down to its estimated fair value. An exploration property is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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. 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 capitalised and amortized on the same basis as the plant to which they relate.

The Company reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable based on future undiscounted cash flows. When assets are determined to be impaired, recorded asset values are revised to fair value and an impairment loss is recognized.

**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 7.89% 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 capitalised 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, management has at December 31, 2006 revised the estimated liability and the asset retirement cost has been based on management's revision of the independent Environmental Impact Assessment, completed for the Kulu operation in May 2005, and the Environmental Adjustment Plan, completed for the Dikulushi operation in August 2006, using a continuing expected life of mine of 5 years and total undiscounted amount of estimated cash flows of $1.582 million. During the year ended December 31, 2006 the accretion expense in relation to the liability was $0.073 million (year ended December 31, 2005: $0.022 million).

**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, assuming "in the money" options were exercised and the proceeds used to repurchase common shares at a weighted average market price.

**q) Stock-based compensation**

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

**r) Investments**

Investments are carried at the lower of cost and quoted market value.

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

## 3. Other income and interest and financing fees

| | Year Ended December 31 2006 $ | Year Ended December 31 2005 $ |
|---|---|---|
| Interest received | 5,296 | 100 |
| Other | 678 | – |
| | 5,974 | 100 |
| **Interest and financing fees** | | |
| Financing fee | 2,227 | 3,745 |
| Interest | 508 | 626 |
| Amortization of deferred financing fees | 1,770 | 497 |
| | 4,505 | 4,868 |

## 4. Income tax

| | Year Ended December 31 2006 $ | Year Ended December 31 2005 $ |
|---|---|---|
| (a) 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: | | |
| Earnings before income tax and non controlling interest | 96,593 | 9,059 |
| Income taxes at Canadian statutory rates – 32% (2005 – 38%) | 30,910 | 3,442 |
| Difference in tax rates | (27,358) | (5,244) |
| Non deductible expenses | 3 | 138 |
| Change in valuation allowance | (270) | 1,681 |
| Temporary differences in tax and accounting treatment | 545 | – |
| Taxation expense | 3,830 | 17 |
| Comprising: | | |
| Current income taxes | 3,281 | 17 |
| Future income taxes | 549 | – |

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| (b) Future Tax | | |
| Exploration expenditure | 35,223 | 6,413 |
| Non-capital loss carry forwards | 2,764 | 3,416 |
| Other temporary differences | 545 | – |
| | 38,532 | 9,829 |
| Valuation allowance | (2,764) | (3,416) |
| Net future tax liability | 35,768 | 6,413 |
| Future tax liability | 36,505 | 6,413 |
| Future tax asset | (737) | – |
| | 35,768 | 6,413 |

The Group has non-capital loss carry-forwards as at December 31, 2006 of $8.6 million (December 31, 2005: $8.5 million) that may be available for tax purposes. The 2006 losses are in Canada. The losses in Canada expire after twenty years. The use of these losses arising from operating losses and exploration and development expenditures are subject to certain restrictions.

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

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

| Non-capital tax loss carry-forwards | Year of Expiry |
|---|---|
| $2.1 million | 2024 |
| $4.3 million | 2025 |
| $2.2 million | 2026 |
| $8.6 million | |

Under the Mining Convention ("Convention") granted by the DRC Government, 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 based on the applicable DRC Professional income tax rate of 40% which was in effect when the Convention was granted 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% | 30%(i) |

i) The Convention holder elected, as entitled, to adopt the more favourable rate of 30%.

The Kulu mine operates under the fiscal regime at the time the DRC Mining Code ("Code") came into effect in June 2003. The DRC Professional income tax rate applicable to the Kulu mine operations is 30%.

## 5. Restricted cash

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Cash deposits held as security or on escrow | 219 | 204 |

At December 31, 2006, cash deposits were held by the Company's bankers against a rental bond guarantee and trade credit facilities granted to the Company.

## 6. Accounts receivable

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Trade receivables | 25,498 | 6,964 |
| Accrued interest income | 1,178 | – |
| Other | 2,918 | 951 |
| | 29,594 | 7,915 |

## 7. Inventories

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Raw materials and stores – at cost | 7,007 | 3,634 |
| Ore stockpiles – at cost | 2,719 | 1,113 |
| Concentrate in stockpiles and in transit – at cost | 8,294 | 2,606 |
| | 18,020 | 7,353 |

## 8. Investments

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Investments at cost | 95,819 | – |
| Investments at quoted market value | 95,946 | – |

The investments are a result of the cash received from the capital raising in March 2006 being placed into highly secure and liquid assets. The investments can be readily converted into cash as, and when, the Group's funding requirements necessitate.

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

## 9. Deferred financing fees

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Balance at beginning of year | 1,584 | 679 |
| Deferred fees paid and value of warrants and options granted (refer Note 17 (d)) | 977 | 1,402 |
| Amortization | (1,770) | (497) |
| Balance at the end of year | 791 | 1,584 |

## 10. Deferred mining costs

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Costs at the beginning of year | 4,078 | 2,617 |
| Waste stripping costs deferred during the year | – | 2,243 |
| Waste stripping costs amortized during the year | (4,078) | (782) |
| Costs at end of year | – | 4,078 |

## 11. Exploration and evaluation expenditure

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Exploration and evaluation expenditure at beginning of year | 27,578 | 4,727 |
| Expenditure transferred to development properties | (1,699) | (2,329) |
| Fair value of exploration properties acquired | 96,034 | 21,378 |
| Expenditure incurred | 5,267 | 3,802 |
| Expenditure written off | (42) | – |
| Foreign exchange movement | – | – |
| Exploration and evaluation expenditure at end of year | 127,138 | 27,578 |
| | | |
| Costs incurred on: | | |
| Dikulushi mine and regional projects | 3,710 | 2,928 |
| Mutoshi projects | 30,264 | 18,177 |
| Kinsevere-Nambulwa projects | 91,712 | 5,516 |
| Philippines regional exploration projects | 431 | 151 |
| Duc Bo exploration project – Vietnam | 1,021 | 806 |
| | 127,138 | 27,578 |

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.

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

## 12. Property, plant and equipment

| DECEMBER 31, 2006 | Cost $ | Accumulated depletion, amortization and write-down $ | Net book value $ |
|---|---|---|---|
| **Dikulushi**[1] | | | |
| Land and buildings | 2,909 | (1,086) | 1,823 |
| Plant and equipment | 22,588 | (8,449) | 14,139 |
| Mine property | 6,661 | (5,215) | 1,446 |
| Construction work in progress | 4,322 | – | 4,322 |
| | 36,480 | (14,750) | 21,730 |
| **Kulu**[2] | | | |
| Land and buildings | 68 | (9) | 59 |
| Plant and equipment | 3,560 | (1,287) | 2,273 |
| Mine property | 10,620 | (852) | 9,768 |
| Construction work in progress | 921 | – | 921 |
| | 15,169 | (2,148) | 13,021 |
| **Kinsevere**[3] | | | |
| Construction work in progress | 24,655 | – | 24,655 |
| **Services**[4] | | | |
| Land and buildings | 662 | (27) | 635 |
| Plant and equipment | 2,180 | (567) | 1,613 |
| Construction work in progress | 1,790 | – | 1,790 |
| | 4,632 | (594) | 4,038 |
| **Corporate and other**[5] | 724 | (238) | 486 |
| **Total** | 81,660 | (17,730) | 63,930 |

| DECEMBER 31, 2005 | Cost $ | Accumulated depletion, amortization and write-down $ | Net book value $ |
|---|---|---|---|
| **Dikulushi**[1] | | | |
| Land and buildings | 2,379 | (670) | 1,709 |
| Plant and equipment | 17,787 | (5,208) | 12,579 |
| Mine property | 6,466 | (4,172) | 2,294 |
| Construction work in progress | 900 | – | 900 |
| | 27,532 | (10,050) | 17,482 |
| **Kulu**[2] | | | |
| Land and buildings | – | – | – |
| Plant and equipment | 1,928 | (123) | 1,805 |
| Mine property | 5,933 | (154) | 5,779 |
| Construction work in progress | 3,031 | – | 3,031 |
| | 10,892 | (277) | 10,615 |
| **Services**[4] | | | |
| Land and buildings | 39 | (1) | 38 |
| Plant and equipment | 1,396 | (41) | 1,355 |
| Construction work in progress | 211 | – | 211 |
| | 1,646 | (42) | 1,604 |
| **Corporate and other**[5] | 463 | (107) | 356 |
| **Total** | 40,533 | (10,476) | 30,057 |

(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 (DRC) and elsewhere in Central and Southern Africa.
(2) The Kulu property, plant and equipment include all property, plant and equipment located at Kolwezi in the DRC.
(3) The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere in the DRC.
(4) The Services property, plant and equipment includes all property, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC.
(5) The corporate and other assets are all located in Australia and Canada.

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

## 13. Accounts payable and accrued liabilities

| | Notes | December 31 2006 $ | December 31 2005 $ |
|---|---|---|---|
| Trade creditors | | 6,835 | 2,428 |
| Creditor and other accruals | | 7,450 | 5,530 |
| | | 14,285 | 7,958 |

## 14. Long term debt facilities

| | Notes | December 31 2006 $ | December 31 2005 $ |
|---|---|---|---|
| RMBI project financing | | – | 5,500 |
| Deans Knight facility | | – | 5,146 |
| Fortis Bank facility | 14(a) | 12,000 | – |
| Total long-term debt | | 12,000 | 10,646 |
| Less: current portion | | (8,000) | (5,500) |
| | | 4,000 | 5,146 |
| The scheduled minimum repayments are as follows: | | | |
| Financial year 2006 | | – | 5,500 |
| Financial year 2007 | | 8,000 | 5,146 |
| Financial year 2008 | | 4,000 | – |
| | | 12,000 | 10,646 |

### (a) Fortis Bank facility

On June 16, 2006, the Group finalised all documentation for the Fortis Bank $15 million finance facility. As at December 31, 2006 the Group had fully drawn down $15 million of the facility, of which $3 million had been repaid. The loan bears interest at the London Interbank Offer Rate (LIBOR) + 2.92% per annum and is payable in arrears, quarterly, over six further quarters.

The Group has pledged the following to Fortis as security for the facility:

(i) Assignment of Initial Intra-Group Loan Agreements. The rights, title, interest and benefit associated with the Dikulushi Project Financing and Mutoshi Project Financing agreements between Anvil Mining Investments Limited, and Anvil Mining Congo s.a.r.l and Société de Minière de Kolwezi s.p.r.l. (all Anvil Mining Limited Group subsidiaries) respectively.

(ii) Assignment of specific off take contracts with Republic House and Transamine. The whole benefit and all of the right, title and interest in the specific off take contracts is assigned to Fortis.

(iii) Fortis has been granted first ranking pledge over the bank accounts of Anvil Mining Investments Limited, Anvil Mining Congo s.a.r.l and Société de Minière de Kolwezi s.p.r.l. that are held with Fortis.

(iv) Assignment of Operational Insurances. The rights, title, benefit and claims of Anvil Mining Limited and its subsidiaries under policies of insurance against physical loss in respect of the projects are assigned to Fortis.

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

## 15. (a) Acquisition

The Group finalized the acquisition of an additional 10% interest in AMCK Mining s.p.r.l (AMCK) in September 2006, an additional 12.5% interest in Entreprise Minière de Kolwezi s.p.r.l ("Emiko") in November 2006, and its additional 15% interest in AMCK in December 2006. The additional acquisitions have increased the Group's interest in the Mutoshi projects to 80%, and increased the Group's ownership in the Kinsevere-Nambulwa project from 70% to 95%. These additional interests acquired during the year ended 31 December, 2006, have been accounted for using the purchase method as follows:

| | |
|---|---|
| Purchase price: | |
| Cash paid | 19,873 |
| Shares issued | 4,000 |
| Purchase consideration payable | 45,000 |
| Total cost of acquisitions | 68,873 |
| | |
| Fair Value of Assets acquired | |
| Current assets | 1,431 |
| Non-current assets | 7,364 |
| Exploration and evaluation expenditure | 96,034 |
| | 104,829 |
| Fair Value of Liabilities assumed | |
| Current liabilities | 1,584 |
| Non-current liabilities | 5,562 |
| Future income tax liability(1) | 28,810 |
| | 35,956 |
| Fair Value of Net assets acquired | 68,873 |

(1) The future income tax liability assumed relates to the tax effect at 30% of the temporary difference arising on the acquisition fair valued exploration and evaluation expenditure which is expected to reverse upon subsequent amortization or disposal of this asset.

## (b) Purchase consideration payable

**Mutoshi acquisition**

At December 31, 2006, the $1.25 million purchase consideration for the initial acquisition of the 70% interest in Mutoshi has not been settled, as the legal documentation regarding the tenement transfers has not been completed.

**Kinsevere acquisition of additional 15% interest**

In December 2006, the Group acquired an additional 15% interest in the mining rights for the Kinsevere-Nambulwa copper-cobalt deposits from Mining Company Katanga s.p.r.l. (MCK), a private DRC company that is Anvil's joint venture partner in the project. The consideration was $45 million, $36 million in cash and $9 million in common shares (872,093 common shares at US$10.32 per share). At December 31, 2006, the $45 million was unpaid and is included as a current liability in the balance sheet.

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

## 16. Non controlling interest

The Group 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 Group for the social, economic and infrastructure development of the region of the Group's activities at the Dikulushi mine. Wholly-owned subsidiaries of the Group are the trustees of the trusts that hold the remaining 10%.

The Group also holds an indirect 80% interest in SMK which is the owner and operator of the Kulu mine and an indirect 95% interest in AMCK which is undertaking the development of the Kinsevere-Nambulwa tenements (collectively "Other subsidiaries").

The movements in non controlling interests during the year ended December 31, 2006 are as follows:

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| **(a) Anvil Congo – non controlling interests** | | |
| Balance – beginning of year | 1,661 | 613 |
| Amounts disbursed on behalf of the Trusts during the year | (3,224) | (426) |
| Interests in net earnings of Anvil Congo | 8,058 | 1,474 |
| Balance – end of year | 6,495 | 1,661 |
| **(b) Other subsidiaries – non controlling interests** | | |
| Balance – beginning of year | 61 | – |
| Interests in net earnings of SMK | 2,528 | 61 |
| Minority shareholding in Emiko (12.5%) – owner of 80% interest in SMK | 551 | – |
| Minority shareholding in AMCK (20%) | 46 | – |
| Non-controlling interest bought back via purchase of 12.5% shares in Emiko | (1,356) | – |
| Non-controlling interest bought back via purchase of 15% shares in AMCK | (34) | – |
| Balance – end of year | 1,796 | 61 |
| Total non-controlling interests – end of year | 8,291 | 1,722 |

## 17. Equity accounts

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Common shares (a) | 183,503 | 35,077 |
| Contributed surplus (b) | 3,020 | 6,674 |
| Cumulative translation adjustments (e) | 559 | 559 |
| | 187,082 | 42,310 |

**(a) Issued:**

| | | December 31 2006 | | December 31 2005 | |
|---|---|---|---|---|---|
| | | Number of shares | Amount $ | Number of shares | Amount $ |
| Balance – Beginning of year | | 29,086,847 | 35,077 | 25,624,229 | 23,302 |
| Exercise of stock options | (i) | 101,666 | 257 | 57,499 | 129 |
| Share issue | (ii) | 23,000,000 | 128,359 | – | – |
| Conversion of special warrants to common shares | (iii) | 2,620,000 | 14,807 | 3,240,000 | 10,339 |
| Conversion of ordinary warrants to common shares | (i) | 1,296,631 | 3,998 | – | – |
| Issue of shares for acquisitions | (iv) | 602,410 | 4,000 | 165,119 | 1,268 |
| Transfer from contributed surplus | (i) | – | 5,021 | – | 83 |
| Share issue expenses | (v) | – | (8,016) | – | (44) |
| Balance – End of year | | 56,707,554 | 183,503 | 29,086,847 | 35,077 |

(i) During the year ended December 31, 2006, employee stock option and warrant holders exercised their options/warrants over 1,398,297 (December 31, 2005: 57,499) common shares. The transfer from Contributed Surplus relates to the fair value ascribed to stock options/warrants exercised during the year.

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

(ii) On March 21, 2006, the Company completed the sale of 23,000,000 common shares at a price of C$6.50 per share pursuant to an Underwriting Agreement with Paradigm Capital Inc., Haywood Securities Inc. and GMP Securities L.P.

(iii) On December 16, 2004, the Company completed the sale of 5,240,000 special warrants convertible 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 was convertible to common shares and one half of a share purchase warrant (1,620,048 warrants) for each special warrant on receipt of shareholders' approval at a meeting held on January 20, 2005. By June 19, 2006, all 2,620,000 share purchase warrants exercisable at C$6.25 per share, with an original expiry date of December 16, 2007 and subsequently accelerated to June 5, 2006, were exercised.

(iv) 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 issued 153,950 common shares at C$6.02 per share as part of the consideration to acquire a 87.5% interest in L'Entreprise Minière de Kolwezi s.p.r.l. ("Emiko") which in turn has an 80% interest in Société Minière de Kolwezi s.p.r.l. ("SMK" – formerly Société de Traitements de Rejets de Mutoshi s.p.r.l.) which holds the Mutoshi Project giving the Group an effective interest in SMK, at the time of the acquisition, of 70% .

On January 25, 2005 the Company issued 11,169 common shares at C$5.95 per share as part consideration for an additional 5% interest in the Duc Bo exploration project.

On September 11, 2006, the Company issued 602,410 common shares at US$6.64 per share as part consideration for an additional 10% interest in AMCK Mining s.p.r.l, the holder of the mining rights for the Kinsevere-Nambulwa copper-cobalt deposits.

(v) The total share issue expenses relating to the brokered private placement described in (ii) above amounted to $7.784 million.

**(b) Contributed surplus**

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Balance – Beginning of year | 6,674 | 2,672 |
| Fair value of warrants issued (refer (d) below) | – | 3,645 |
| Allocated share issue expenses | – | (190) |
| Employee stock based compensation recognised | 1,367 | 630 |
| Transfer to common shares (refer (a) above) | (5,021) | (83) |
| Balance – End of year | 3,020 | 6,674 |

**(c) 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 3,804,421 (December 2005 – 1,768,684) common shares.

The Black-Schöles option pricing model and the valuation assumptions below are used to estimate the fair values of stock options granted.

The assumptions used in determining the fair values of stock options granted under the stock option plan are as follows:

| | Australian Dollar based options | Canadian Dollar based options |
|---|---|---|
| Risk free interest rate: | 5.28% | 4.27% |
| Expected life: | 36 months | 68 months |
| Expected volatility: | 67.8% | 49.7% |
| Expected dividend yield: | 0% | 0% |

During the year ended December 31, 2006, 75,000 stock options with an exercise price of C$7.06 each, with a total fair value of $0.217 million and 50,000 stock options with an exercise price of C$3.80 each, with a total fair value of $0.086 million were issued to non-executive Directors pursuant to the terms of the plan. During the year ended December 31, 2005, 75,000 stock options with an exercise price of C$3.80 each, with a total fair value of $0.093 million were issued to non-executive Directors pursuant to the terms of the plan and 24,999 stock options were exercised. During the year ended December 31, 2005, 150,001 stock options were forfeited.

During the year ended December 31, 2006, 703,000 stock options with an exercise price, ranging from C$3.80 to C$11.28 each, with a total fair value of $2.018 million were issued to employees under the stock option plan and 101,666 employee stock options were exercised. During the year ended December 31, 2005, 435,000 stock options with an exercise price, ranging from C$3.80 to C$4.66 each, with a total fair value of $0.627 million were issued to employees under the stock option plan and 32,500 employee stock options were exercised.

The fair value of stock options granted and expensed in the year ended December 31, 2006 amounted to $1.367 million (year ended December 31, 2005 – $0.630 million). As at December 31, 2006, the aggregate fair value of unvested stock options remaining to be charged to income amounted to $1.710 million (December 31, 2005 – $1.436 million).

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

**Outstanding stock options:**

| | December 31, 2006 Shares | December 31, 2006 Weighted Average Exercise Price | December 31, 2005 Shares | December 31, 2005 Weighted Average Exercise Price |
|---|---|---|---|---|
| **Australian Dollar based options** | | | | |
| Outstanding at beginning of year | 400,000 | A$2.10 | 432,500 | A$1.79 |
| Granted under plan | – | – | – | – |
| Exercised | (60,000) | A$1.65 | (32,500) | A$1.50 |
| Outstanding at the end of year | 340,000 | A$2.16 | 400,000 | A$2.10 |
| Options vested and exercisable at the end of the year | 320,000 | A$1.88 | 360,000 | A$1.60 |
| **Canadian Dollar based options**(1) | | | | |
| Outstanding at beginning of year | 740,000 | C$4.16 | 510,000 | C$4.44 |
| Granted under plan | 828,000 | C$6.60 | 510,000 | C$3.98 |
| Exercised | (41,666) | C$4.98 | (24,999) | C$4.27 |
| Expired & forfeited | – | – | (255,001) | C$4.25 |
| Outstanding at the end of year | 1,526,334 | C$5.46 | 740,000 | C$4.16 |
| Options vested and exercisable at the end of the year | 308,333 | C$4.24 | 98,330 | C$4.47 |

(1) 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, 2006:**

| | Options outstanding | | | Options exercisable | | |
|---|---|---|---|---|---|---|
| Range of exercise prices | Number outstanding at Dec. 31, 2006 | Weighted average of remaining contractual life | Weighted average exercise price | Number outstanding at Dec. 31, 2006 | Weighted average of remaining contractual life | Weighted average exercise price |
| A$1.20-A$2.60 | 280,000 | 16 | A$1.22 | 280,000 | 16 | A$1.25 |
| A$6.50 | 60,000 | 3 | A$6.50 | 40,000 | 3 | A$6.50 |
| C$3.80 | 605,000 | 53 | C$3.80 | 118,333 | 53 | C$3.80 |
| C$4.25-C$4.66 | 318,334 | 47 | C$4.34 | 160,000 | 44 | C$4.32 |
| C$5.20-C$5.92 | 105,000 | 51 | C$5.82 | 16,667 | 8 | C$5.60 |
| C$7.06 | 328,000 | 63 | C$7.06 | – | – | – |
| C$9.41 | 100,000 | 32 | C$9.41 | – | – | – |
| C$11.23-C$11.28 | 70,000 | 71 | C$11.26 | – | – | – |

**(d) Warrants**

Warrants to purchase common shares that have been granted or cancelled were as follows:

| Date | Details | Notes | No. of Warrants | Exercise Price | Fair Values $ |
|---|---|---|---|---|---|
| **January 1, 2005** | Opening balance | | 1,796,583 | | 2,113 |
| January 2005 | Conversion of special warrants | (i) | 1,620,048 | C$6.25 | 2,617 |
| | Allocated issue expenses | | | | (190) |
| July 2005 | Issue of warrant | (ii) | 500,000 | C$5.25 | 335 |
| December 2005 | Issue of warrant | (iii) | 600,000 | C$6.25 | 692 |
| **December 31, 2005** | Closing balance | | 4,516,631 | | 5,567 |
| January 2006 | Exercise of warrants | (iv) | (296,631) | A$1.20 | (116) |
| March 2006 | Exercise of warrants | (v) | (500,000) | A$3.00 | (499) |
| March to June 2006 | Exercise of warrants | (vi) | (2,620,000) | C$6.25 | (3,925) |
| August 2006 | Exercise of warrants | (vii) | (500,000) | C$5.25 | (335) |
| **December 31, 2006** | Closing balance | | 600,000 | | 692 |

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

Details of movements in warrants are as follows:

(i) On January 20, 2005, the remaining special warrants issued through the brokered private placement in December 2005 were converted into 1,620,048 warrants (refer Note 15 (b) Special warrants above).

(ii) On July 7, 2005, the Company issued 500,000 warrants, to purchase 500,000 shares at an exercise price of C$5.25 per share expiring on June 30, 2008, to RMBI as part of the working capital finance facility of $4.0 million. The fair value of these warrants of $0.335 million is accounted for as deferred borrowing costs associated with the additional working capital financing facility.

(iii) On December 22, 2005, the Company issued 600,000 warrants, to purchase 600,000 shares at an exercise price of C$6.25 per share expiring on December 22, 2007, to Deans Knight as part of the unsecured 18 month facility of C$6.000 million. The fair value of these warrants of $0.692 million is accounted for as deferred borrowing costs associated with the Deans Knight financing facility.

(iv) In January 2006, 296,631 Warrants issued through the conversion of Convertible Notes, issued by Anvil NL (prior to the Reorganization), in January 2004, were exercised by the warrant holder.

(v) In March 2006, 500,000 warrants issued in respect of the grant of financing facilities by RMBI were exercised.

(vi) During the period March to June 2006, 2,620,000 share purchase warrants issued as part of the special warrants issued in December 2004 were exercised.

(vii) In August 2006, 500,000 warrants issued in respect of the grant of financing facilities by RMBI were exercised.

**(e) Cumulative translation adjustments**

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| Balance at the beginning of the year | 559 | 559 |
| Net exchange differences on translation | – | – |
| Balance at the end of the year | 559 | 559 |

## 18. 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, 2006 is $0.1 million (December 31, 2005 – $0.1 million).

No estimate has been given of commitments beyond one year as this is dependent upon the Directors' review of operations in the short to medium term. Commitments for all tenement expenditure can be terminated at any date by forfeiture, exemption, sale or assignment of the tenements.

**(b) Dikulushi mine**

The outstanding capital commitments of the Dikulushi mine contracted for at December 31, 2006 was $3.0 million (December 31, 2005 – $2.8 million).

**(c) Kulu mine**

The outstanding capital commitments of the Group contracted for at December 31, 2006 was $1.5 million (December 31, 2005 – $0.3 million). Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2% of sales of copper extracted from the acquired mining properties. SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

**(d) Kinsevere mine**

The outstanding capital commitments of the Kinsevere mine contracted for at December 31, 2006 was $19.0 million.

**(e) Anvil Mining Services**

The outstanding capital commitments of the Group contracted for at December 31, 2006 was $0.6 million.

**(f) 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, 2006 the amount to be repatriated was $5.0 million (December 2005 – $7.1 million). These funds, once repatriated, are available to the Company to meet obligations both within and outside the DRC.

## 19. Contingent liabilities

At December 31, 2006, the Office Congolaise de Controle (OCC) in the DRC claim of $1.3 million for fees relating to import duty from a Group subsidiary, Anvil Mining Congo s.a.r.l (AMC), is still outstanding. The Group's potential liability for the amount of $1.3 million is being contested as the claimant opposes the application of the new mining code in the DRC.

At December 31, 2006, the government tax authority in the DRC, DGI, has assessed income taxes submitted on expatriate salaries for the period January 2004 to January 2006 against AMC. AMC's potential liability of $1.1 million is being contested as the present DGI claim does not recognise the exemption granted to AMC under the AMC Mining Convention.

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

## 20. Segment information

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

### Dikulushi copper/silver operation – 90% ownership

The Dikulushi operation is located in the Democratic Republic of Congo, Katanga province. The operation was developed in 2002, and produces a sulphide copper concentrate with a silver credit.

### Kulu copper operation – 80% ownership

The Mutoshi operation is located in the Democratic Republic of Congo, Katanga province. The operation was developed in 2005, and produces an oxide copper concentrate.

### Kinsevere copper/cobalt operation – 95% ownership

The Kinsevere operation is located in the Democratic Republic of Congo, Katanga province. The operation is currently being developed, and will initially produce black copper ingots using an electric arc furnace. The Stage II development will later produce grade A copper cathodes through a SX-EW process.

### Corporate development, administration and other (CDA)

The corporate development, administration and other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration. It also holds the rights to mineral interests in Vietnam and the Philippines.

For the year ended December 31, 2006, segmented information is presented as follows. The inter-segment eliminations relate to intercompany interest charged on loan balances, and the charging of corporate marketing, finance and agency fees within the Group.

| | Dikulushi | Kulu | Kinsevere | CDA | Inter-segment | 2006 Total |
|---|---|---|---|---|---|---|
| Concentrate sales | 145,770 | 29,673 | – | – | – | 175,443 |
| Operating expenses | (49,748) | (10,003) | – | (1,094) | – | (60,845) |
| Amortization | (4,930) | (1,762) | – | (869) | – | (7,561) |
| Segmented operating profit (loss) | 91,092 | 17,908 | – | (1,963) | – | 107,037 |
| Interest and financing fees | (2,705) | (2,122) | – | (1,800) | 2,122 | (4,505) |
| Other income | 523 | 250 | – | 10,587 | (5,386) | 5,974 |
| Other expenses | (8,332) | (3,521) | – | (3,325) | 3,264 | (11,914) |
| Segmented profit before under noted items | 80,579 | 12,515 | – | 3,499 | – | 96,593 |
| Income taxes | – | (3,799) | – | (31) | – | (3,830) |
| Non controlling interest | (8,058) | (2,528) | – | – | – | (10,586) |
| Segmented profit | 72,521 | 6,188 | – | 3,468 | – | 82,177 |
| Property, plant and equipment | 20,662 | 10,960 | 24,655 | 7,653 | – | 63,930 |
| Total assets | 70,591 | 37,794 | 89,903 | 204,198 | – | 402,486 |
| Capital expenditures | 8,610 | 5,119 | 23,424 | 2,123 | – | 39,276 |

For the year ended December 31, 2005, segmented information is presented as follows:

| | Dikulushi | Kulu | Kinsevere | CDA | Inter-segment | 2005 Total |
|---|---|---|---|---|---|---|
| Concentrate sales | 60,728 | 1,094 | – | – | – | 61,822 |
| Operating expenses | (34,916) | (613) | – | (1,620) | – | (37,149) |
| Amortization | (5,420) | (277) | – | (184) | – | (5,881) |
| Segmented operating profit (loss) | 20,392 | 204 | – | (1,804) | – | 18,792 |
| Interest and financing fees | (4,457) | – | – | (411) | – | (4,868) |
| Other income | 17 | – | – | 991 | (908) | 100 |
| Other expenses | (1,206) | – | – | (4,667) | 908 | (4,965) |
| Segmented profit (loss) before under noted items | 14,746 | 204 | – | (5,891) | – | 9,059 |
| Income taxes | – | – | – | (17) | – | (17) |
| Non controlling interest | (1,474) | (61) | – | – | – | (1,535) |
| Segmented profit (loss) | 13,272 | 143 | – | (5,908) | – | 7,507 |
| Property, plant and equipment | 17,231 | 11,049 | – | 1,777 | – | 30,057 |
| Total assets | 38,431 | 11,814 | – | 37,295 | – | 87,540 |
| Capital expenditures | 856 | 10,925 | – | 536 | – | 12,317 |

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

## Geographical Reporting

The operations in DRC comprise the Dikulushi copper-silver mine, Kulu copper mine, Kinsevere copper-cobalt project, as well as exploration on tenements held in the DRC. The Group's Zambia operations comprise the infrastructure support to the Dikulushi mine and exploration tenements in Zambia. The Group's 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 and Kulu mines. The total assets located by geographic areas are as follows:

| | December 31 2006 $ | December 31 2005 $ |
|---|---|---|
| **Total assets – Geographical Reporting** | | |
| Democratic Republic of Congo | 232,941 | 76,952 |
| Zambia | 678 | 589 |
| Vietnam | 1,021 | 806 |
| Philippines | 431 | 151 |
| Australia(1) | 52,753 | 768 |
| Canada(1) | 114,662 | 8,274 |
| | **402,486** | **87,540** |

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

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

**Revenues – Geographical Reporting**

| | Year ended December 31 | |
|---|---|---|
| | 2006 $ | 2005 $ |
| Democratic Republic of Congo | 175,443 | 61,822 |

## 21. 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 Group. The credit risk on financial assets of the Group, which have been recognized on the balance sheet, is generally the carrying value net of any provision for doubtful debts. The Group has adopted a policy of dealing only with credit worthy counterparties and where appropriate obtaining sufficient collateral or other security, as a means of mitigating the risk of financial loss from any defaults.

**Interest rate risk**

Certain of the Group's long-term debt is subject to interest rate risk.

**Fair value of financial assets and liabilities**

The fair value of financial assets and financial liabilities of the Company approximates their carrying value.

## 22. Related party information

As at 31 December, 2005, William S. Turner (through an associated company Wintercoast Pty Ltd) was indebted to the Company for an aggregate amount of A$0.541 million ($0.397million). During the year ended 31 December, 2006, this loan was repaid in full.

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

## 23. Earnings per share

| | Year ended December 31 2006 | Year ended December 31 2005 |
|---|---|---|
| Basic earnings per share ($ per share) | 1.65 | 0.26 |
| Diluted earnings per share ($ per share) | 1.61 | 0.25 |
| Weighted average number of ordinary shares outstanding – basic earnings per share | 49,729,151 | 28,861,658 |
| Weighted average number of ordinary shares outstanding – diluted earnings per share | 51,006,948 | 29,684,991 |

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

| | | | Year ended December 31 2006 |
|---|---|---|---|
| | Income $ | Shares Number | Per share amount $ |
| Basic earnings per share<br>Income available to shareholders | 82,177 | 49,729,151 | 1.65 |
| Effect of dilutive securities<br>Options | – | 1,277,797 | – |
| Diluted earnings per share<br>Income available to shareholders and assumed conversions | 82,177 | 51,006,948 | 1.61 |

| | | | Year ended December 31 2005 |
|---|---|---|---|
| | Income $ | Shares Number | Per share amount $ |
| Basic earnings per share<br>Income available to shareholders | 7,507 | 28,861,658 | 0.26 |
| Effect of dilutive securities<br>Options | – | 823,333 | – |
| Diluted earnings per share<br>Income available to shareholders and assumed conversions | 7,507 | 29,684,991 | 0.25 |

## 24. Supplementary cash flow information

| | Year ended December 31 2006 $ | Year ended December 31 2005 $ |
|---|---|---|
| **(a) Changes to non-cash working capital** | | |
| Accounts receivable | (21,679) | (5,734) |
| Inventories | (10,667) | (1,839) |
| Prepaid expenses and deposits | (6,126) | (187) |
| Deferred mining | 4,078 | (1,461) |
| Accounts payable and accrued liabilities | 6,327 | 3,149 |
| Tax provision | 3,206 | (45) |
| Other liabilities | – | (20) |
| | (24,861) | (6,137) |
| **(b) Other information** | | |
| Interest and financing fees paid | (2,735) | (3,355) |

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

## 25. Non-cash financing and investing activities

On September 11, 2006, the Group completed its acquisition of an additional 10% interest in AMCK Mining s.p.r.l. The non-cash purchase consideration for this transaction was $4.0 million in common shares of Anvil Mining Ltd.

On December 21, 2006, the Group completed its acquisition of an additional 15% interest in AMCK Mining s.p.r.l. The consideration of $45.0 million, being $36 million in cash and $9 million in common shares of Anvil Mining Limited, was unpaid at December 31, 2006.

## 26. 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 Investments Limited, L'Entreprise Miniere de Kolwezi sprl, Societe Miniere de Kolwezi sprl, AMCK Mining sprl, Anvil Mining Holdings Ltd, Anvil Mining Zambia Ltd, Anvil Mining Services sprl, 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 year ended December 31, 2006 and December 31, 2005 of the Closed Group and the Extended Closed Group:

### Condensed statement of earnings

| | Closed Group | | Extended Closed Group[1] | |
|---|---|---|---|---|
| | Year Ended December 31, 2006 $ | Year Ended December 31, 2005 $ | Year Ended December 31, 2006 $ | Year Ended December 31, 2005 $ |
| **Copper-silver concentrate sales** | – | – | 175,443 | 61,822 |
| Cost of operations | – | – | (60,845) | (37,149) |
| Amortization | – | – | (7,561) | (5,881) |
| Operating profit | – | – | 107,037 | 18,792 |
| Other income[2] | 14,385 | 974 | 5,974 | 100 |
| General, administrative and marketing | (9,931) | (4,322) | (10,134) | (4,330) |
| Exploration expense | (42) | – | (42) | – |
| Foreign exchange gains/(losses) | (316) | (277) | (370) | (5) |
| Stock based compensation | (1,367) | (630) | (1,367) | (630) |
| Interest and financing fees | (1,271) | (206) | (4,505) | (4,868) |
| Earnings (loss) before income tax and non controlling interests | 1,458 | (4,558) | 96,593 | 9,059 |
| Income tax (expense) revenue | 381 | (17) | (3,830) | (17) |
| Non controlling interests | – | – | (10,586) | (1,535) |
| **Net earnings (loss)** | 1,839 | (4,575) | 82,177 | 7,507 |
| Retained earnings (deficit) at beginning of the year | (8,683) | (4,108) | 10,537 | 3,030 |
| **Retained earnings (deficit) at end of the year** | (6,844) | (8,683) | 92,714 | 10,537 |

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

## Condensed balance sheets

| | Closed Group | | Extended Closed Group[1] | |
|---|---|---|---|---|
| | Year Ended December 31, 2006 $ | Year Ended December 31, 2005 $ | Year Ended December 31, 2006 $ | Year Ended December 31, 2005 $ |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 49,736 | 6,302 | 59,302 | 7,945 |
| Restricted cash | 219 | 204 | 219 | 204 |
| Accounts receivable | 4,593 | 7,915 | 29,594 | 7,915 |
| Inventories | – | – | 18,020 | 7,353 |
| Investments | 95,819 | – | 95,819 | – |
| Prepaid expenses and deposits | 1,783 | 104 | 6,936 | 826 |
| | 152,150 | 14,525 | 209,890 | 24,243 |
| **Receivables from subsidiaries**[3] | 32,682 | 24,083 | – | – |
| **Deferred financing fees** | – | 1,083 | 791 | 1,584 |
| **Deferred mining costs** | – | – | – | 4,078 |
| **Exploration and evaluation expenditure** | 52 | 1,010 | 127,138 | 27,578 |
| **Property, plant and equipment** | 590 | 356 | 63,930 | 30,057 |
| **Future income tax asset** | 737 | – | 737 | – |
| | 186,211 | 41,057 | 402,486 | 87,540 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | 4,180 | 2,128 | 14,285 | 7,958 |
| Current income taxes | 299 | – | 3,281 | 75 |
| Other liabilities | 192 | 156 | 676 | 490 |
| Current portion of long term debt | – | – | 8,000 | 5,500 |
| Purchase consideration payable | 1,250 | – | 46,250 | 4,526 |
| | 5,921 | 2,284 | 72,492 | 18,549 |
| **Long term debt** | – | 5,146 | 4,000 | 5,146 |
| **Purchase consideration payable** | – | – | – | 2,085 |
| **Asset retirement obligations** | – | – | 1,402 | 778 |
| **Future income tax liability** | 52 | – | 36,505 | 6,413 |
| | 5,973 | 7,340 | 114,399 | 32,971 |
| **Non controlling interest** | – | – | 8,291 | 1,722 |
| **Shareholders' equity** | | | | |
| Equity accounts | 187,082 | 42,310 | 187,082 | 42,310 |
| Retained earnings (deficit) | (6,844) | (8,683) | 92,714 | 10,537 |
| **Total shareholders' equity** | 180,238 | 33,627 | 279,796 | 52,847 |
| | 186,211 | 41,057 | 402,486 | 87,540 |

(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 $9.7 million for the year ended December 31, 2006 (year ended 31 December 2005: $0.9 million).

(3) These long-term receivables relate to receivables from controlled entities, which are outside the Closed Group, as is listed above.

# additional **australian stock exchange** information

as at 12 March 2007

## Place of Incorporation

Anvil is incorporated in the Northwest Territories, 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.

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 CDI 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, Ontario and Québec 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 (2007 year) businesses with assets valued at C$281 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 31 January 2007.

Pursuant to an Agreement dated December 21, 2006, regarding the acquisition by Anvil of an additional 15% interest in the Kinsevere project, Anvil has agreed to issue an aggregate of 872,093 Common Shares. It is anticipated that this transaction will be completed, and the shares issued, on or about March 31, 2007.

Distribution of fully paid holders of Common Shares

| Size of Holding | Number of Shareholders | No. of Common Shares |
|---|---|---|
| 1 – 100 | 131 | 10,521 |
| 101 – 500 | 544 | 175,084 |
| 501 – 1,000 | 317 | 275,912 |
| 1,001 – 10,000 | 564 | 1,901,839 |
| 10,001 – and over | 110 | 54,357,531 |
| **Total Shareholders** | **1,666** | **56,720,887** |

At the date of this statement there existed zero shareholders who held less than a marketable parcel of shares.

### Number of Anvil securities quoted on ASX

There are 56,720,887 Common Shares of Anvil quoted on the ASX in the form of CDIs.

### Number of Anvil securities not quoted on ASX

| Number | Class |
|---|---|
| 2,123,001 | Stock options (Employee Stock Option Plan) |
| 600,000 | Warrants to purchase Common Shares at C$6.25 each |

### Voting rights

All Anvil Common Shares carry one vote per share.

Each CHESS Depositary Instrument (CDI) represents an interest in one Common Share.

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

### Substantial shareholders

| Name | No. of Common Shares | % |
|---|---|---|
| Deans Knight Capital Management | 3,054,944 | 5.8 |
| Omers Administration Corporation | 2,846,400 | 5.0 |

### Quotation

The Common Shares are quoted as "AVM" on the Toronto Stock Exchange and the CDIs are quoted as "AVM" on the Australian Stock Exchange Limited.

**Twenty Largest Shareholders**

As at 12 March 2007, the twenty largest shareholders as known by Anvil, held 93.3% of the total Common Shares as follows:

| Name | Common Shares | % Held |
|---|---|---|
| 1. CDS & CO. | 40,545,448 | 71.5% |
| 2. ANZ Nominees Limited Cash Income Account | 3,324,237 | 5.9% |
| 3. Deans Knight Capital | 3,054,944 | 5.4% |
| 4. Citcorp Nominees Pty Limited | 1,093,028 | 1.9% |
| 5. Wintercoast Pty Ltd | 1,024,661 | 1.8% |
| 6. Stadiums Pty Ltd | 756,000 | 1.3% |
| 7. Mr. Peter Bradford | 458,348 | 0.8% |
| 8. HSBC Custody Nominees | 450,887 | 0.8% |
| 9. CSFB Europe Ltd Prime Brokerage | 443,620 | 0.8% |
| 10. Zero Nominees Pty Ltd | 300,000 | 0.5% |
| 11. National Nominees Limited | 291,864 | 0.5% |
| 12. JP Morgan Nominees Australia Limited | 230,618 | 0.4% |
| 13. Miningnut Pty Ltd | 230,000 | 0.4% |
| 14. Goldman Sachs & Co | 169,000 | 0.3% |
| 15. Trevor and Jasmine Green | 120,000 | 0.2% |
| 16. First NZ Capital Custodians | 80,640 | 0.1% |
| 17. Mr. Anthony Neil Wallis | 75,085 | 0.1% |
| 18. Detail Nominees | 66,377 | 0.1% |
| 19. Mr. Terence Lemmon | 64,000 | 0.1% |
| 20. Mr. Mark Andrew Copley | 50,000 | 0.1% |
| 20. Mr. Hedley James Clayton | 50,000 | 0.1% |
| 20. Dorran Pty Ltd | 50,000 | 0.1% |
| **Total** | **52,928,757** | **93.3%** |
| **Total Issued Capital** | **56,720,887** | |

**Summary of Option Classes**

As at March 12, 2007 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 December 22, 2007, exercise price C$6.25 | 600,000 | 4 | Deans Knight Capital Management Ltd., in its capacity as portfolio manager on behalf of Desjardins Trust acct. #9084005-82 | 42 |
| | | | Deans Knight Capital Management Ltd., in its capacity as portfolio manager on behalf of Royal Trust Corp. acct #49-0204/1.1 | 25 |

| Project | Tenement | Commodity | Consolidated Entity's Interest | Joint Venture Partners |
|---|---|---|---|---|
| **AUSTRALIAN PROJECTS** | | | | |
| Sunrise Dam | 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 | 606 | Copper/Silver | 90% | |
| PWETO | 546 | Copper/Silver | 90% | |
| MOBA AND PWETO | 1684 | Copper/Silver | 90% | |
| MOBA | 1685 | Copper/Silver | 90% | |
| MOBA | 1686 | Copper/Silver | 90% | |
| PWETO | 1688 | Copper/Silver | 90% | |
| MOBA AND PWETO | 1689 | Copper/Silver | 90% | |
| MOBA AND PWETO | 1690 | Copper/Silver | 90% | |
| PWETO | 1693 | Copper/Silver | 90% | |
| PWETO | 1694 | Copper/Silver | 90% | |
| PWETO | 1695 | Copper/Silver | 90% | |
| PWETO | 1697 | Copper/Silver | 90% | |
| PWETO | 1700 | 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% | |
| *LUNGESHI ACCORD* | | | | |
| LUBUDI | 831 | Copper | 100% | |
| MITWABA | 832 | Copper | 100% | |
| LUBUDI AND BUKAMA | 833 | Copper | 100% | |

| Project | Tenement | Commodity | Consolidated Entity's Interest | Joint Venture Partners |
|---|---|---|---|---|
| *KALEMIE ACCORD* | | | | |
| FIZI | 818 | Gold/Copper/PGMs | 100% | |
| FIZI | 819 | Gold/Copper/PGMs | 100% | |
| FIZI | 820 | Gold/Copper/PGMs | 100% | |
| FIZI | 821 | Gold/Copper/PGMs | 100% | |
| FIZI | 822 | Gold/Copper/PGMs | 100% | |
| FIZI | 823 | Gold/Copper/PGMs | 100% | |
| FIZI AND KALEMIE | 824 | Gold/Copper/PGMs | 100% | |
| KALEMIE | 825 | Gold/Copper/PGMs | 100% | |
| KALEMIE | 826 | Gold/Copper/PGMs | 100% | |
| KALEMIE | 827 | Gold/Copper/PGMs | 100% | |
| KALEMIE | 828 | Gold/Copper/PGMs | 100% | |
| KALEMIE | 829 | Gold/Copper/PGMs | 100% | |
| *MUTOSHI PROJECTS* | | | | |
| Kulumaziba River Tailings | 2182 | Copper/Cobalt/Gold | 80% | |
| Mutoshi | 2604 | Copper/Cobalt/Gold | 80% | |
| Kamukonko | 663 | Copper/Cobalt/Gold | 80% | |
| Kampese and Nioka | 2605 | Copper/Cobalt/Gold | 80% | |
| *ZAMBIAN PROJECTS* | | | | |
| Nchelenge | LS204 | Copper/Cobalt/Gold | 100% | |
| Nchelenge | LS205 | Copper/Cobalt/Gold | 100% | |
| *KINSEVERE PROJECTS* | | | | |
| Kinsevere | 528 | Copper/Cobalt/Gold | 95% | |
| Nambulwa | 539 | Copper/Cobalt/Gold | 95% | |
| Kaninkafira | 1060 | Copper/Cobalt/Gold | 95% | |
| Kilimulila | 2359 | Copper/Cobalt/Gold | 95% | |
| Kawama | 2358 | Copper/Cobalt/Gold | 95% | |
| Mapandwe | 2357 | Copper/Cobalt/Gold | 95% | |
| *PHILIPPINES PROJECTS* | | | | |
| Baguio District | EPA-31 | Gold | 100% | |
| Baguio District | MRD-479 | Gold | 100% | |

# Statement of Corporate Governance Practices

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, 2004 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 and the Principles 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 Corporation 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 Canadian National Instrument 58-101.
- The Chairman of the Board should be a non-executive Director.

## COMMITTEES OF THE BOARD

The Board of Directors has established the following committees:

- Audit Committee
- Nomination and Compensation Committee
- Corporate Governance Committee
- Sustainability and Safety Committee
- Environmental Committee

The Board of Directors has approved charters for the Audit Committee, the Nomination and Compensation Committee and the Corporate Governance Committee. Each charter is required to be periodically reviewed and approved by the Board of Directors. As necessary, the Board shall consider for review those matters that have been delegated for review to Board committees.

## MEMBERSHIP OF THE BOARD

**John W. Sabine, B.A., LL.B. – Independent Director and Chairman**

Mr Sabine was appointed Chairman on November 30, 2005. 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 Nomination and Compensation Committee and the chairman of the Corporate Governance 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 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 Chairman of the Nomination and Compensation Committee.

**Thomas C. Dawson, B.Comm., C.A. – Independent Director**

Mr. Dawson was appointed to the Board of Directors of the Corporation on May 27, 2005. Mr. Dawson is a Chartered Accountant who qualified in 1961. He is a retired Senior Audit and Accounting partner, with 40 years of experience, at Deloitte & Touche LLP, Chartered Accountants. He received his B.Comm. from Concordia University, Canada, in 1959. Mr. Dawson is the chairman of the Audit Committee and a member of the Nomination and Compensation Committee and the Corporate Governance Committee.

**Ambassador (ret.) Kenneth L. Brown, B.A., M.A., M.A., Ph.D. – Independent Director**

Mr. Brown was appointed to the Board of Directors of the Corporation on November 9, 2006. He is President of the Association for Diplomatic Studies and Training in Washington, DC. Previously, in the U.S. Foreign Service, his positions included: Ambassador to the Republic of Congo, Côte d'Ivoire, and Ghana, Consul General in Johannesburg, Political Officer in Kinshasa, Deputy Assistant Secretary of State for Africa, Associate Spokesman, Director of Central African Affairs, and Deputy Director of UN Political Affairs. He is also a trustee of the Ghana Heritage Conservation Trust and formerly was Director of the Dean Rusk Program in International Studies at Davidson College, a director of Pioneer Goldfields, Ltd., and a member of the Senior Advisory Group of the U.S. European Command. Mr. Brown has a B.A. and M.A. in International Relations from Pomona College and Yale University, an M.A. in Political Science from NYU, and a Ph.D. in Political Sociology from the University of Cape Coast in Ghana.

**Gordon R. Chambers, B. Comm., LL.B. – Former Independent Director**

Mr. Chambers resigned from the Board of Directors of the Corporation on November 9, 2006 after being appointed in May 11, 2006. He is a partner in the Vancouver office of Lawson Lundell LLP with an active corporate finance and securities practice. He acted as counsel to Anvil Mining in connection with the transfer of its domicile from Australia to Canada in 2004 and its subsequent offerings of securities in Canada. Mr. Chambers has been a member of the Securities Law Advisory Committee to the British Columbia Securities Commission and a member of the Vancouver Stock Exchange Securities Advisory Committee.

| Name of Director | Date Appointed Director | Audit Committee Meetings Held (Attended) | Nomination & Compensation Committee |
|---|---|---|---|
| William S. Turner | September 23, 1996 | | |
| Peter J.L. Bradford | September 11, 1998 | 4 (4) | Chairman 2 (2) |
| John W. Sabine | February 29, 2004 | 4 (4) | 2 (2) |
| Thomas C. Dawson | May 27, 2005 | Chairman 4 (4) | 2 (2) |
| Kenneth L. Brown | November 9, 2006 | | |
| Gordon R Chambers[1] | May 11, 2006 | | |

1. Mr. Chambers resigned as a director on November 9, 2006.

## INDEPENDENT PROFESSIONAL ADVICE

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

## PERFORMANCE EVALUATION OF THE BOARD

The Nomination and Compensation Committee of the Board has been delegated responsibility for all matters in relation to evaluating the performance of the Board and key executives. The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The Board regularly discusses and reviews its performance. The Board also discusses with each director their requirements, performances and aspects of involvement in the Company.

## 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 Corporation'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.anvilmining.com

## AUDIT COMMITTEE

The primary function of the Audit 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.

The Committee's key responsibilities are:

- Evaluating whether management is setting the appropriate "control culture";
- Reviewing annually the adequacy and quality of the Corporation's financial and accounting staff, the need for and scope of internal audit reviews, and the plan, budget and the designations of responsibilities for any internal audit;
- Reviewing the performance and material findings of internal audit reviews;
- Reviewing annually with the external auditors, any significant matters regarding the Corporation's internal controls and procedures over financial reporting that have come to their attention during the conduct of their annual audit;
- Review implementation status of internal control recommendations made by the auditors;
- Reviewing major risk exposures (whether financial, operating or otherwise) and the guidelines and policies that management has put in place to manage such exposures; and
- Establishing procedures for the receipt, retention and treatment of any complaints received by the Corporation regarding internal controls or auditing matters.

A copy of the Audit Committee's charter is available at www.anvilmining.com.

## CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has been delegated the responsibilities for all governance-related matters as they apply to the Corporation, and reports to the Board on such matters. The responsibilities of the Corporate Governance Committee are outlined in its charter, which is available at www.anvilmining.com.

## SUSTAINABILITY AND SAFETY COMMITTEE

The role of the Sustainability and Safety Committee is carried out by the Board as a whole.

## ENVIRONMENTAL COMMITTEE

The role of the Environmental Committee is carried out by the Board as a whole.

## 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.anvilmining.com.

## BUSINESS RISKS, RISK OVERSIGHT AND MANAGEMENT

The Board of Directors is charged with primary responsibility for the identification of principal risks to the Corporation's business and to ensure that appropriate systems are implemented to manage these risks and to mitigate the impact of such risks in he event that they materialize. At Board of Director meetings, areas of risk are regularly reviewed, including risks relating to operational performance, exploration and development, the political environment in which the Corporation operates, budget control, asset protection, and IT security. Currently, 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.

In light of the Corporation's growth during the past 12 months, it is proposed that a Risk Assessment and Management Committee be formed during 2007, comprising of all Board members.

# **glossary** and conversion table

## GLOSSARY

| | |
|---|---|
| **Ag** | The chemical symbol for the metallic element silver. |
| **Chalcocite** | A mineral that is made up of copper (up to 80%) and sulphur. |
| **Cu** | The chemical symbol for the metallic element copper. |
| **Cut-off** | The minimum concentration (grade) of the valuable component in a mass of rock that will produce sufficient revenue to pay for the cost of mining, processing and marketing. |
| **Dilution** | A term used to describe the waste or non-economic materials included when mining ore. |
| **Dip** | The angle that a structural surface makes with the horizontal. |
| **Disseminated** | Ore carrying fine particles, usually sulphides, scattered throughout the rock. |
| **Flotation** | An industrial process widely used to concentrate valuable minerals after mining that treats finely-ground rock in a water-based pulp with chemicals that allow them to float to the surface, where they are recovered in preference to waste or gangue minerals, which sink. |
| **g/t** | grams per tonne. |
| **Hangingwall** | A generic term used to describe the rock mass above a dipping orebody. |
| **HMS** | Heavy Media Separation, a mineral processing method that uses high-density fluids or suspensions to separate valuable minerals from waste or gangue by exploiting differences in the specific gravity of minerals. |
| **Malachite** | A mineral containing copper (up to 57%) carbonate and water found mainly in the weathered zone of a copper orebody. |
| **Massive** | A term used to describe a large occurrence of a pure mineral species, often with no structure. |
| **Recovery** | A measure in percentage terms of the efficiency of a process, usually metallurgical, in gathering the valuable minerals from an ore. The measure is made against the total amount of valuable mineral present in the ore. |
| **Reserves** | The term for the economic quantities and grade of valuable materials as strictly applied in compliance with the definition in the National Instrument 43-101. |
| **Resource** | The term for the estimate of the quantities and grade of valuable materials but with no economic considerations as strictly applied in compliance with the definition in the National Instrument 43-101. |
| **RC** | Reverse Circulation, a drilling method whereby drilling fluid or air is pumped into the space between a dual drill tube and returned through the inner tube, bringing cuttings from the drill bit to the surface. |
| **ROM** | Run of Mine, a description applied to the physical characteristics of ore (including dilution) as presented to the processing plant. |
| **Stockpile** | A mound or pile of material. |
| **SX-EW** | Solvent Extraction and Electrowinning, a processing method utilizing synthetic organic liquids that are able to extract copper from ore, allowing the copper to be deposited by electrolysis. This processing method allows the smelting and refining stages in ore processing to be bypassed. |
| **Vein** | A single continuous planar occurrence of a suite of minerals, generally valuable, introduced into the pre-existing rock mass. |

## CONVERSION TABLE

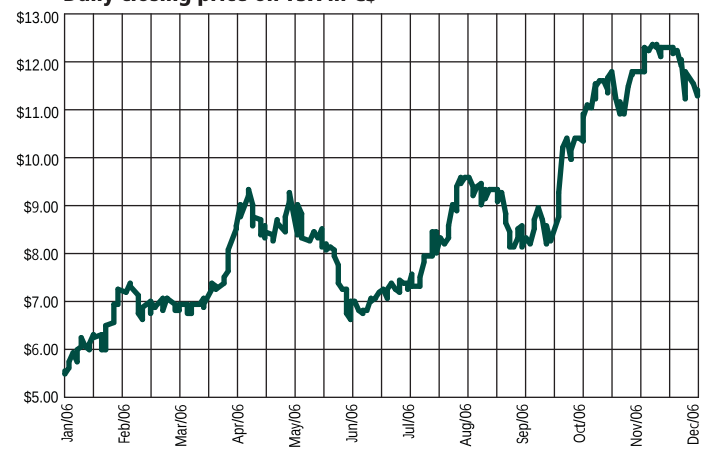
| METRIC SYSTEM | | IMPERIAL SYSTEM |
|---|---|---|
| 1 metre (m) | = | 3.2808 feet |
| 1 kilometre (km) | = | 0.62137 miles (mi) |
| 1 square kilometre ($km^2$) | = | 0.3861 square mile ($mi^2$) |
| 1 gram (g) | = | 0.03527 ounce (oz) |
| 1 tonne (t) | = | 1.1023 tons (t) |
| 1 tonne (t) | = | 2,204.6 pounds (lb) |
| 1 kilogram (kg) | = | 2.2046 pounds (lb) |

# investor information – anvilmining limited (AVM)

## ANVIL SHARES TRADING STATISTICS – TORONTO STOCK EXCHANGE (TSX)

| 2006 | High | Low | Close | Volume Traded |
|---|---|---|---|---|
| Q1 | $7.75 | $5.50 | $7.40 | 6,582,945 |
| Q2 | $9.70 | $6.75 | $7.30 | 14,461,747 |
| Q3 | $9.97 | $7.15 | $8.90 | 10,975,362 |
| Q4 | $12.34 | $8.16 | $11.17 | 11,382,506 |
| **Year** | **$12.34** | **$5.50** | **$11.17** | **43,402,560** |

Daily closing price on TSX in C$



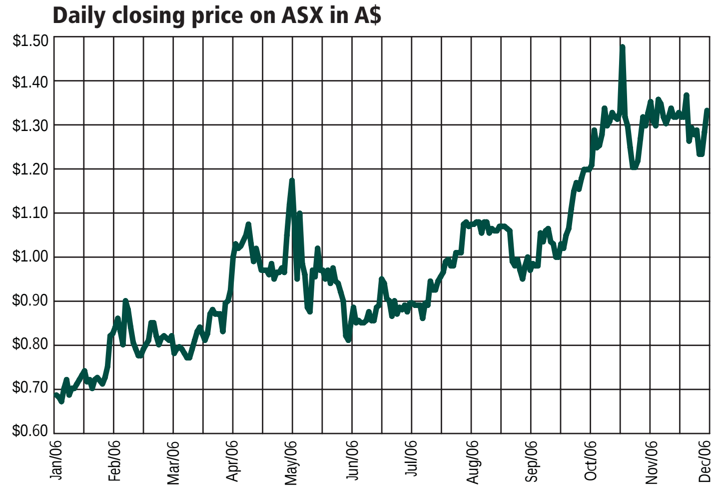

## ANVIL SHARES TRADING STATISTICS – AUSTRALIAN STOCK EXCHANGE (ASX)[1]

| 2006 | High | Low | Close | Volume Traded |
|---|---|---|---|---|
| Q1 | $0.90 | $0.67 | $0.87 | 18,517,499 |
| Q2 | $1.23 | $0.79 | $0.89 | 19,371,689 |
| Q3 | $1.10 | $0.89 | $1.06 | 12,387,906 |
| Q4 | $1.48 | $1.00 | $1.34 | 15,006,316 |
| **Year** | **$1.48** | **$0.67** | **$1.34** | **65,283,410** |

(1) Prior to January 23, 2007, Anvil operated with a dual listing of CHESS Depositary Instruments ("CDIs") listed on the Australian Stock Exchange ("ASX") and Common Shares listed on the Toronto Stock Exchange ("TSX"). The "transmutation ratio" prior to January 23, 2007, of Anvil listed CDIs to TSX Common Shares was 10:1, whereby ten Anvil ASX CDIs were equivalent to one underlying Anvil TSX Common Share.

On January 23, 2007, Anvil changed the ratio of its listed CDIs from the ratio of 10:1 to 1:1, whereby one Anvil ASX CDI is equivalent to one underlying Anvil TSX Common Share.

Daily closing price on ASX in A$



# corporate directory

## ANVIL MINING LIMITED OFFICES

### Australian Office

(Principal place of business)

Level 2, 38 Richardson Street
West Perth, Western Australia
Australia 6005
Telephone: +61 (8) 9481 4700
Facsimile: +61 (8) 9481 4800

### Canadian Office

1 Place Ville Marie, Suite 2821
Montréal, Québec
Canada H3B 4R4
Telephone: 1 514 448 6664
Facsimile: 1 514 448 6665

### DRC Office

Anvil Mining Congo SARL
7409 Avenue de la Révolution
Lubumbashi, Katanga
Democratic Republic of Congo
Telephone: +61 (8) 6465 2310

## INVESTOR RELATIONS

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Vice President, Investor Relations
1 Place Ville Marie, Suite 2821
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Canada H3B 4R4
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Facsimile: 1 514 448 6665
Cell: 1 514 944 9036
Email: robertl@anvilmining.com

## TRANSFER AGENTS

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Toronto, Ontario
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Computershare Investor Services Pty Ltd
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## AUDITORS

PricewaterhouseCoopers LLP
Suite 3000, Box 82
Royal Trust Tower, TD Centre
Toronto, Ontario
Canada M5K 1G8

## STOCK SYMBOL

AVM (Toronto Stock Exchange,
Australian Stock Exchange)

Security Code Number
A0B5NR (Berlin Stock Exchange)

## EXECUTIVE OFFICERS

**William S. Turner**
President and Chief Executive Officer

**Craig R. Munro**
Vice President Corporate and
Chief Financial Officer

**Malcolm Hillbeck**
Chief Operating Officer

**Mike O'Sullivan**
Vice President Business Development

**Mike Newman**
Vice President Project Development

**Nick Franey**
Vice President Exploration

**Lee Nehring**
Vice President Social Development

**Robert LaVallière**
Vice President Investor Relations

**Lui Evangelista**
Financial Controller

**Stuart McKenzie**
Company Secretary

### Annual and Special Meeting of Shareholders

The Annual and Special Meeting of Shareholders of Anvil Mining Limited will be held on Thursday, May 10, 2007 at 3:00 p.m. local time, at The Sheraton Centre Toronto Hotel, 123 Queen Street West, Toronto, Ontario.

### www.anvilmining.com

The site contains the latest news releases on Anvil developments as well as quarterly financial reports and MD&A.
The Anvil website is your best way of keeping up to date with our exploration, mining and expansion activities year-round. **Email:** info@anvilmining.com

### To recieve copies of corporate documents:

Copies of Anvil's annual information form, information circular and other corporate documents can be obtained from the Company's website or by written request to the Company Secretary in Perth, Australia or the Investor Relations Department in Montréal, Canada.

Printed on recycled paper.

Photo back cover: Dikulushi Plant at night. Photos: Charles Corbett

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