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 twelve months ended December 31, 2005 and the six months ended December 31, 2004, together with certain trends and factors that are expected to impact its December 2006 financial year. This information is presented as of February 6, 2006. The discussion below should be read in conjunction with the audited consolidated financial statements of the Company for the twelve months ended December 31, 2005 and six months ended December 31, 2004 and the notes thereto. The Company's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles.

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

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

HIGHLIGHTS for the year ended December 31, 2005 and the Fourth Quarter 2005

Fourth quarter ended December 31, 2005

- Net earnings for the fourth quarter of $6.1 million or $0.21 (C$0.24) per share.
- Cash flows from operating activities for the quarter, after working capital movements was $9.8 million or $0.34 per share.
- Record contained copper production for the quarter of 7,446 tonnes with Dikulushi mine producing 7,046 tonnes.
- Kulu mine commenced operations in December 2005.
- Kinsevere-Nambulwa mining lease agreement finalized with a resource estimate of 348,000 tonnes of copper.
- An unsecured loan facility of C$6.0 million from Deans Knight Capital Management Ltd ("Deans Knight") and an agreement with Fortis Bank for a $15.0 million secured loan facility (subject to legal documentation and conditions precedent) to replace the RMB International (Dublin) Ltd ("RMBI") facility was obtained.

Year ended December 31, 2005

- Net earnings for the year of $7.5 million or $0.26 (C$0.30) per share
- Cash flows from operating activities for the year, after working capital movements was $9.9 million or $0.34 per share
- Contained copper production for the year ended December 2005 was 19,178 tonnes of which 17,817 tonnes were produced at Dikulushi mine.
- Kulu mine development in Kolwezi started in September 2005 was completed in record time and the mine commenced operations during December 2005.

1. Overview

The Company was established on January 8, 2004, for the purpose of becoming the Canadian holding company of Anvil Mining NL ("Anvil NL"), an Australian company, pursuant to a court-approved scheme of arrangement under Australian law (the "Reorganization"). The Reorganization was completed in June 2004.

During the period to December 2004, the Company changed the year-end from June 30 to December 31. The financial information that is presented for the current financial period is a twelve month period ended December 31, 2005 and the comparative period is a six month period ended December 31, 2004.

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 a 70% indirect interest in the Mutoshi Copper-Cobalt project in the Kolwezi region in DRC. The Mutoshi projects, which are held by subsidiary Societe Miniere de Kolwezi sprl ("SMK"), includes the Mutoshi mine, the Kulu mine (coarse rejects/tailings deposit), the Mutoshi Northwest deposit, the Noika deposit, the Kamukonko cobalt prospect and areas situated on the relatively under-explored southern edge of the Kolwezi Klippe, a prominent geological feature in the area. The total area included in the Mutoshi project is 136.92 square kilometres.

The Group also has an indirect 70% mining lease interest in the Exploitation Permit of the Kinsevere-Nambulwa properties, held through AMCK Mining sprl ("AMCK"), which lie approximately 50 kilometres north of the provincial capital of Lubumbashi and include two separate Exploitation Permits, Kinsevere and Nambulwa, totalling 19.5 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 an initial 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 proposed Stage III underground mine development is scheduled to commence in 2006 following completion of deep drilling below the existing open pit and known resource extension.

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 was deposited by previous operations at the Mutoshi open pit mine. The proposed Stage II expansion involves the commissioning of a scrubber to increase throughput of the existing HMS plant and Stage III will involve a solvent extraction – electro winning ("SX-EW") plant once the bankable feasibility study is completed during 2006.

2. Fourth Quarter 2005 Discussion

	Dec 05 Quarter	Dec 04 Quarter	Dec 03 Quarter
Revenues: ($ millions)			
Copper-silver concentrate sales	25.9	8.7	6.4
Operating profit	10.0	1.8	2.3
Net earnings	6.1	0.5	0.2
Realized price: ($)			
Copper per pound	1.86	1.33	0.87
Silver per ounce	7.75	7.32	5.08
Cash Flow ($ millions)			
Operating activities	9.8	(0.7)	(0.5)
Investing activities	(8.0)	(7.4)	(1.7)
Financing activities	3.6	6.8	0.4
Production statistics:			
Dikulushi mine			
Copper produced (tonnes)	6,085	2,894	3,074
Silver produced (ounces)	587,882	277,403	331,555
Ore mined (tonnes)	135,002	57,809	74,869
Waste mined (tonnes)	1,614,098	910,525	894,708
Costs of production			
Operating cash costs per payable pound (ex mine gate after silver credit)(1)	0.43	0.52	0.20
Total cash costs per payable pound (after silver credit)(1,2)	0.93	0.79	0.52
Production statistics:			
Kulu mine			
Copper produced (tonnes)	1,361	-	-
Ore mined (tonnes)	122,125	-	-
Costs of production ($)			
Operating cash costs per tonne of concentrate (ex mine gate)	166	-	-

(1) Refer Non GAAP Financial Measures on Page 15
(2) Includes realization costs

Revenue

The December 2005 quarter revenues were $25.9 million (December 2004 - $8.7 million). The increase in revenues reflects the return to normal operations at Dikulushi and more than doubled tonnes of contained copper and silver ounces sold as well as the higher realized copper and silver prices of $1.86 per pound of copper and $7.75 per ounce of silver achieved. Revenue was also recognised for the first time from the sale of 622 tonnes of Kulu copper concentrates, produced from the HMS plant, which commenced operations in December 2005 and includes revenue from the copper and cobalt ore hand-picking operations.

Costs of Operations

Costs of operations for the December 2005 quarter were $13.9 million (December 2004 - $6.9 million). The higher average monthly cost of operations during the December 2005 quarter was from the expected increases in operating costs associated with the second ball mill coming on line in June 2005 and the Stage II flotation circuit operations achieving higher production of 6,085 tonnes of copper for the quarter. Higher concentrate transport costs resulting from increases in fuel costs and the commencement of overseas export of concentrate also contributed to the increased monthly average.

Net Earnings

The record production volume of copper and silver for the December 2005 quarter from normalised operations and higher copper and silver prices resulted in a net earnings of $6.1 million (December 2004 – $0.5 million).

The December 2004 quarter net earnings includes other income from the sale of Golden Star Resources Limited ("GSR") shares of $0.4 million.

Other expenses for the December 2005 quarter were $2.9 million (December 2004 - $1.4 million) These include higher general, administrative, marketing costs and higher interest and financing fees arising from the higher realized copper and silver net smelter returns.

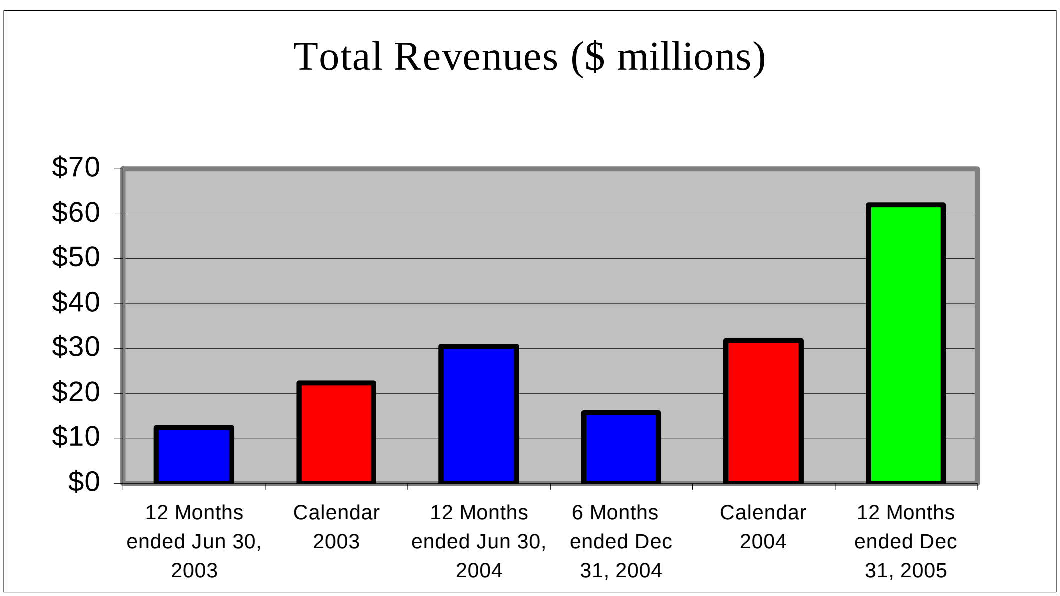
Cash Flow

The strong cash flow from operations of $9.8 million or $0.34 per share was from the increased receipts from the delivery of 5,855 tonnes of payable contained copper and the higher realized copper and silver prices. Investing cash outflows were $8.0 million from the development of the Kulu mine plant and infrastructure and acquisition of the 70% interest in Kinsevere-Nambulwa projects following completion of the resource evaluation which confirmed a resource of 348,000 tonnes of copper. Financing cash flows realized $3.5 million from the draw down of the Deans Knight C$6.0 million ($5.1 million) facility and repayment instalment of $1.4 million of the RMBI facility.

3. Year ended December 31, 2005 Discussion

Selected Annual Information

	12 Months ended Dec 31, 2005	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004	12 Months ended Jun 30, 2003
Statement of operations				
Total revenues ($ millions)	61.9	16.2	30.5	10.6
Net earnings (loss) ($ millions)	7.5	0.9	6.0	(0.8)
Net earnings per share ($) Basic	0.26	0.04	0.31	(0.04)
Diluted net earnings per share ($)	0.25	0.04	0.29	(0.04)
Balance sheet ($ millions) total assets	87.5	56.6	32.0	15.1
Total long-term liabilities	7.2	1.5	2.8	2.1
Shareholders' equity ($ millions)	52.8	42.3	20.5	6.6
Cash flow from: Operating activities ($ millions)	9.9	(1.9)	4.6	0.6
Operating cash flow per share	0.34	(0.08)	0.23	0.04



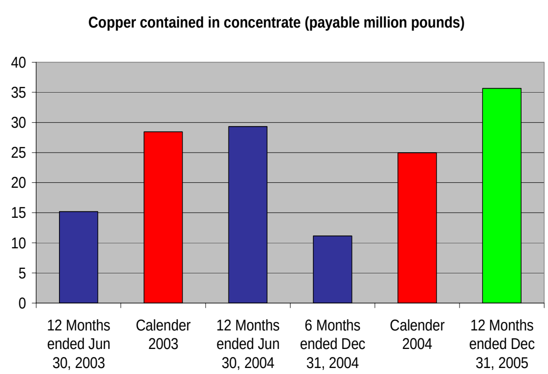
Revenue

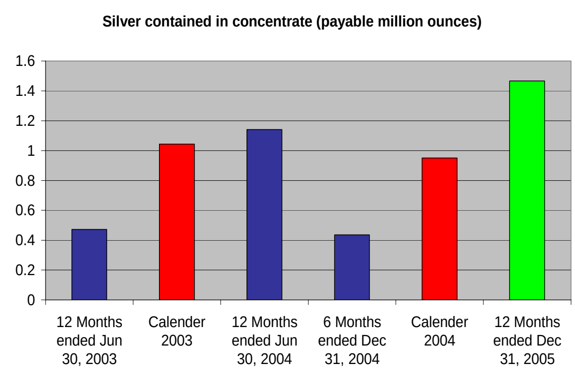
The total revenue for the year ended December 2005 was $61.9 million (six months ended December 2004 of $16.2 million) from the sale of 32,934 tonnes of Dikulushi copper-silver concentrate (six months to December 2004 - 11,630 tonnes) yielding 35.6 million payable pounds of copper (six months to December 2004 - 11.1 million pounds) and 1,470,000 ounces of payable silver (six months to December 2004 - 436,000 ounces).

The average realized copper and silver sales prices were $1.63 per payable pound (six months to December 2004 - $1.28) and $7.16 per ounce (six months to December 2004 - $6.93) respectively mainly as a result of the significant LME copper price rise during the year.

The total revenue for the year was made up predominantly of revenue from the sales of Dikulushi copper-silver concentrates. The Kulu mine revenue of $1.9 million was from the sale of HMS concentrates produced since the plant commenced commercial production of copper concentrates averaging 29% contained copper in December 2005 and includes $0.5 million of sales of hand-picked cobalt bearing ores.

Annual revenues	12 Months ended Dec 31, 2005	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Revenue			
Concentrate sales ($ millions)	61.8	15.8	29.1
Other income	0.1	0.4	1.4
Total revenue	61.9	16.2	30.5
Sales statistics			
Copper contained in concentrate delivered (payable pounds)	35.6 Million	11.1 Million	29.3 Million
Silver contained in concentrate (payable ounces)	1.47 Million	0.44 Million	1.14 Million
Realized price			
Copper ($ per pound)	1.47	1.28	0.97
Silver ($ per ounce)	7.16	6.93	5.39





Costs of Operations

Costs of operations for the year ended December 2005 was $37.2 million compared with the six months ended December 2004 of $10.5 million. The increase in cost of operations during the year was from the expected increases in operating costs at the Dikulushi mine associated with the second ball mill coming on line in June 2005 and the Stage II flotation circuit operations achieving higher production of 19,177 tonnes of copper for the year. Higher concentrate transport costs resulting from increases in fuel costs and the commencement of overseas export of concentrate also contributed to the increase in costs The amortization expense for the year ended December 2005 of $5.9 million (six months to December 2004 - $1.7 million) relates mainly to amortization of the plant and equipment and development expenditure at the Dikulushi mine including the Stage II expansion incorporating the ball mill and flotation plant for the year and amortization of the Kulu plant and equipment since commencement of operations in December 2005.

	12 Months ended Dec 31, 2005	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Costs			
Cost of operations ($ millions)	37.2	10.5	16.7
Amortization	5.9	1.7	2.3
Cash costs (Dikulushi ex mine gate – after silver credit) ($ per payable pound)	0.42	0.47	0.21
Total cash costs (Dikulushi after silver credits) ($ per payable pound)	0.88	0.74	0.49
Production statistics – Dikulushi mine			
Copper produced (tonnes)	17,816	5,520	13,587
Silver produced (‘000s ounces)	1,722	502	1,212
Ore mined (tonnes)	382,344	127,019	276,088
Ore grade mined – copper (%)	5.25%	6.05%	7.21%
Ore grade mined – silver (g/t)	158	166	198
Waste mined (tonnes)	6,605,025	1,333,644	2,913,431

The Dikulushi cash operating cost per pound of copper after silver credits for the year to December 2005 was $0.42 per payable pound of copper (six months to December 2004 - $0.47) reflecting a stable feed from the mine coming into effect during the second half of 2005. The improved production performance and lower unit production costs was offset by increasing transport costs of $0.24 per payable pound (six months to December 2004: $0.16 per payable pound) and smelting and refining and realization costs of $0.23 per payable pound (six months to December 2004 quarter: $0.11 per payable pound) incurred in the current year.

The operating profit for the year to December 2005 (after amortization) was $18.8 million compared with $3.6 million the six months ended December 31, 2004 which resulted from the return to expected operating production levels in the second six months of 2005 together with higher realized metal prices for both copper and silver. Fixed and variable operating costs were higher as expected and in line with the expanded plant capacity and the increased transport costs.

Net Earnings

	12 Months ended Dec 31, 2005	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Earnings – ($ millions)	7.5	0.9	6.0
Basic earnings per share ($)	0.26	0.04	0.31
Diluted earnings per share ($)	0.25	0.04	0.29

The net earnings for the year to December 2005 were $7.5 million (six months to December 2004 - $0.9 million) after the total of other expenses, income tax and non controlling interests of $11.3 million (six months to December 2004 - $2.7 million). Basic earnings per share for the year ended December 2005 were $0.26 per share compared with the six months to December 2004 of $0.04 per share.

The total of other expenses, income tax and non controlling interests for the year ended December 2005 compared with the six months ended December 2004 reflect the following significant changes:

- General, administrative and marketing costs which relate to the corporate activity of the Perth and Toronto/Montreal corporate offices was $4.3 million (six months ended

December 2004 - $1.5 million). The increase in costs during the year ended December 2005 was due to the higher (and more senior) number of corporate personnel of 15 (December 2004 – 9) employed to support the expanded management, corporate governance, financial control and administrative support infrastructure required to manage, administer and account for the expanding business units in DRC, which now include the Kulu mine and Kinsevere-Nambulwa projects (as well as the Dikulushi mine).
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- No exploration costs were expensed in the year ended December 2005 as the costs relating to the new project and joint venture acquisitions have been carried forward as exploration and evaluation expenditure relating to the Mutoshi and Kinsevere-Nambulwa projects. In the period ended December 2004 $3.8 million was incurred on exploration and evaluation work that was carried out in the vicinity of the Dikulushi mine and on the Mutoshi and Kinsevere-Nambulwa projects. During the six months to December 2004, a total of $2.5 million was deferred to exploration costs carried forward on the Company's interests in projects in the DRC, Vietnam and Philippines.

- The stock based compensation cost for the year ended December 2005 was $0.630 million and during the six months ended December 31, 2004 this was $0.245 million arising from the grant of options to employees and directors under the Company's stock option plan designed as long term incentives for retaining key employees and maintaining performance. The increase was primarily from employment of key senior employees for the corporate management team as well as at the operational sites.

- The interest and financing fees for the year ended December 2005 of $4.9 million (six months to December 31, 2004 - $1.3 million) relates to the higher finance facility fee (6.25% of net smelter return) of $3.7 million arising from the higher production and copper prices achieved and the increase in interest paid at 2.5% over LIBOR on the RMBI project financing facility.

4. Cash Flows

	12 Months ended Dec 31, 2005	6 Months ended Dec 31, 2004	12 Months ended Jun 30, 2004
Cash flows from: ($ millions)			
Operating activities	9.9	(1.9)	4.6
Investing activities	(23.5)	(9.7)	(6.7)
Financing activities	17.0	8.9	8.5

The net cash inflow from operating activities for the year ended December 2005 was $9.9 million and for the six months to December 2004 the net cash outflow was $1.9 million.

The operating cash inflow resulted mainly from the improved performance of the Dikulushi mine during the second six months of the year following the turnaround in June 2005 which contributed the strong cash flows from operations. The working capital increase of $5.9 million which utilized cash inflow was attributable to higher level of accounts receivable (due to higher sales) and concentrate stockpiles and in transit (due to improved production) at December 31, 2005. Deferred stripping (net movement) during the year utilised $1.4 million (December 2004 - $0.6 million).

The cash outflows from investing activities were $23.5 million (six months to December 2004 - $9.7 million). The outflows related to the acquisition payments in relation to the interests in the Mutoshi and Kinsevere-Nambulwa projects of $7.4 million, construction and development of the mine infrastructure at the Kulu mine in Kolwezi and purchase of exploration drilling equipment of $12.3 million and exploration and evaluation expenditure incurred on the Mutoshi and Kinsevere projects of $3.8 million.

The cash inflow from financing activities generated a net $17.0 million (December 2004 - $8.9 million), including that portion of funds released from escrow in January 2005 of $14.1 million from the issue of special warrants. Part of the inflow for the year ended December 2005 resulted from share issues (Directors' loans being repaid), the draw down of the RMBI ($4.0 million) working capital facility and the draw down of the Deans Knight facility of C$6.0 million in December 2005. Offsetting these inflows were the quarterly repayment instalments due to RMBI which totalled $6.6 million for the year.

In the six months to December 2004, the issue of 5,240,000 special warrants generated an inflow of $20.7 million. Additionally, further inflows from the drawdown of the RMBI finance facility totalling of $3.2 million occurred. During this six month period, repayments against the RMBI facility of $1.2 million were made.

5. Financial Position and Liquidity

	Dec 31, 2005	Dec 31, 2004	Jun 30, 2004
Assets ($ millions)			
Cash and cash equivalents	8.1	4.6	7.2
Current assets	24.2	27.0	11.1
Total assets	87.5	56.6	32.0
Liabilities ($ millions)			
Current liabilities	18.5	11.8	7.8
Long-term debt	10.6	8.1	6.1
Total liabilities	33.0	14.2	11.5
Non controlling interests	1.7	-	-
Shareholders' equity ($ millions)	52.8	42.4	20.5
Working capital ($ millions)	5.7	15.2	3.3
Weighted average number of shares	28,861,658	23,733,305	19,746,568
Outstanding shares	29,086,847	25,624,229	23,554,229

Cash and cash equivalents

The cash and cash equivalents increase to $8.1 million at December 31, 2005 (December 2004 - $4.6 million), was attributable primarily to the financing from Deans Knight ($5.1 million) which was received in December 2005. Cash inflows from operating activities and the release of the escrow funds from the equity raising in December 2004 was largely applied to acquisition of plant and equipment and mining and the Mutoshi and Kinsevere-Nambulwa exploration properties.

Current assets

The total current assets reduction to $24.2 million at December 31, 2005 (December 2004 - $27.0 million) was due to the release of restricted cash on escrow ($14.1 million) being offset by increases in accounts receivable and inventories. The increase in accounts receivable was from the higher average level of sales achieved during the third and fourth quarters and the increase in inventories was from holding a higher level of concentrate stockpiles and in transit at December 31, 2005.

Total assets

The increase in total assets at December 31, 2005 to $87.5 million (December 2004 - $56.6 million) was mainly attributable to the fair valued acquisition of the Mutoshi and Kinsevere-Nambulwa exploration and mining properties ($21.4 million) as well as the increase in property, plant and equipment due to the development of the Kulu mine which commenced commercial production in December 2005.

Current liabilities

Current liabilities were $18.5 million (December 2004 - $11.8 million) arising from an increase in ordinary accounts payable attributable to the Kulu mine operations of $0.3 million and $1.0 million associated with the operations at the Dikulushi mine. The current amount of long-term debt was $5.5 million at December 2005 (December 2004 - $6.6 million). Included in the December 2005 current liabilities was $4.5 million of purchase consideration instalment payments of which $4.3 million is due in relation to the acquisition of the Mutoshi project and $0.2 million in respect of the Kinsevere-Nambulwa project.

Total liabilities

Total liabilities were $33.0 million at December 2005 compared with $14.2 million at December 2004. This increase is from the net effect of draw down of the Deans Knight C$6.0 million facility ($5.1 million) for working capital and in relation to the acquisition of the Mutoshi and Kinsevere-Nambulwa projects ($6.4 million) and the net decrease in the RMBI facility ($2.6 million). Total future tax liability on acquisition recognised was $6.4 million.

Non Controlling Interests

The increase in the non controlling interest to $1.7 million in December 2005 is due primarily to the undistributed profits attributable to the non controlling interest in AMC and SMK.

Long Term Debt

Long-term debt increased to $10.6 million as at December 31, 2005 (December 2004 - $8.1 million) from the draw down of working capital facilities of $4.0 million from RMBI and $5.1 million from Deans Knight. Total repayments during the year of $6.6 million offset the draw down increases during the year. At December 31, 2005 there were no unused finance facilities apart from an approved Fortis Bank facility of $15.0 million which is subject to legal documentation and certain conditions precedent. The Fortis Bank facility will be used to repay the RMBI facility and complete the existing Kulu project development and settle the balance of the acquisition cost of the Mutoshi project.

Working capital

Working capital has decreased to $5.7 million as at December 31, 2004 (December 2004 - $15.2 million) mainly from the utilisation of cash for acquisitions of the Mutoshi and Kinsevere-Nambulwa projects as well as the acquisition of property, plant and equipment to commence the Kulu HMS mine operations. Also included in current liabilities are the instalment payments ($4.4 million) due over the 2006 year in respect of the Mutoshi and Kinsevere-Nambulwa project acquisitions.

Shareholders' equity

Shareholders' equity has increased to $52.8 million at December 31, 2005 (December 2004 - $42.4 million) mainly as a result of retained net earnings of $7.5 million for the year and the conversion of 3,240,000 special warrants issued in December 2004.

At February 6, 2006, the Company had outstanding 29,398,478 common shares. In addition there were outstanding 1,125,000 Director and employee stock options with exercise prices ranging between A$1.20 to A$6.50 and C$3.80 to C$5.60 per share. The Company also had outstanding 4,220,000 share purchase warrants which are exercisable as follows:

Issued	**Expiry date**	**Number**	**Exercise price**
October 2003	August 31, 2006	500,000	A$3.00
December 2004	December 16, 2007	999,952	C$6.25
January 2005	December 16, 2007	1,620,048	C$6.25
July 2005	June 30, 2008	500,000	C$5.25
December 2005	December 22, 2007	600,000	C$6.25

6. Other Financial Statement Matters

Contingent liabilities

At December 31, 2005, a Group subsidiary SMK is in arbitration concerning a claim involving a subsidiary in relation to a pre-acquisition "off-take agreement". In the unlikely event that the claim is successful the Group can enforce an indemnity that was given at the time of the acquisition.

Contractual Obligations

The following table summarizes the Company's contractual and other obligations, as at December 31, 2005.

Payments due by period	Total $ million	Less than 1 year $ million	1 – 3 years $ million	4 – 5 years $ million	More than 5 years $ million
Long term debt	10.6	5.5	5.1		
Environmental and mine closure liabilities	0.8		0.2	0.6	
Capital commitments – Dikulushi and Kulu mines	3.1	3.1			
Equipment operating lease	0.5	0.4	0.1		
Exploration expenditure commitments	0.1	0.1			
Non controlling interest commitments – comprises the 10% outside equity interests in the retained earnings of Anvil Congo	1.7	1.0	0.7		

Segment Information

The Group operates in one industry segment viz: mining and predominantly in Africa in the DRC. The operating divisional segments are shown in the table below. The "Africa – Other" division in the year ended December 2005 relates to administrative, logistics and drilling services operations (six months to June 30, 2004 – revenue from sale of residual GSR shares) and the corporate division relates to the general, administrative and marketing costs of the activities of the Australian and Canadian offices.

Divisional Reporting	DRC	Corporate	**12 months ended December 31, 2005**
	Dikulushi		Total
Revenues	61.8	0.1	61.9
Cost of production (includes amortization)	(43.1)	-	(43.1)
Other expenses	(4.8)	(5.0)	(9.8)
Non controlling interest	(1.5)	-	(1.5)
	12.4	(4.9)	7.5

	DRC	Corporate	**6 months ended December 31, 2004**
	Dikulushi		Total
Revenues	16.2	-	16.2
Cost of production (includes amortization)	(10.5)	-	(10.5)
Other expenses	(2.9)	(1.7)	(4.6)
Non controlling interest	(0.2)	-	(0.2)
	2.6	(1.7)	0.9

Deferred Exploration

As at December 31, 2005, the Company had deferred exploration costs of $27.6 million (December 2004 - $4.7 million), which consisted mainly of exploration expenditure incurred and acquisition costs in relation to Dikulushi $2.9 million, Mutoshi projects $18.2 million, Kinsevere-Nambulwa projects $5.5 million and Duc Bo $0.8 million.

Subsequent events

On January 9, 2006 Anvil Congo exercised the buy back option under the RMBI 6.25% net smelter return financing fee agreement for $2.0 million thereby extinguishing any remaining net smelter return fee obligations beyond that date. This amount will be treated as an expense in the first quarter of 2006.

7. Outlook

The Dikulushi mine is budgeted to produce 20,000 tonnes of copper and 1,700,000 ounces of silver, contained in concentrates, on an annualized basis.

The Kulu mine is budgeted to produce 16,500 tonnes of copper contained in concentrates for 2006.

The Group expects to complete the Kinsevere project development scoping study during the second quarter of 2006 and construction of a mine and processing facility before the end of the 2006 financial year.

Based on the budgeted production from both the Dikulushi and Kulu mines for 2006 and in conjunction with the approved additional financing the Group expects that there will be sufficient financial resources to meet the Group's 2006 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 3 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:

Change in fiscal year-end

During period to December 2004, the Company changed the year-end from June 30 to December 31. The financial information that is presented for the current financial period is for the year ended December 31, 2005 and the comparative period is the six month period ended December 31, 2004.

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, 2005, the Group has deferred exploration costs of approximately $27.6 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 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 requires a prospective strip ratio of 13.3:1 to be adopted for future production. During the year ended December 31, 2005, $1.5 million of stripping costs (net of amortization) was deferred based on the newly developed strip ratio.

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.

Future Income Taxes

The Company has adopted CICA 3465 "Income Taxes". Under the standard the Company is required to estimate the existence of both taxable losses and the recoverability of these losses. The adoption of CICA 3465 has no material impact on the financial statements.

As at December 31, 2005, 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.

Estimates, Risks and Uncertainties

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

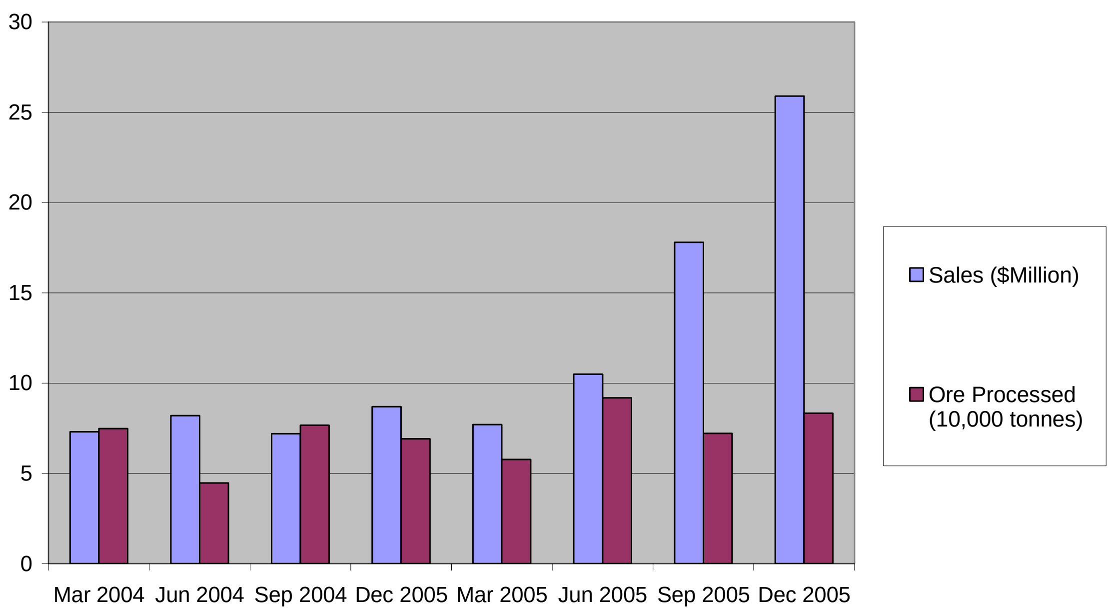
The Group's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to disclosure regarding the speculative nature of mineral exploration and development, political stability, liquidity and future financings, logistics, lack 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.

9. Summary of Quarterly Results (unaudited)

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

Statement of Operations and Earnings	Dec 05 Quarter	Sep 05 Quarter	Jun 05 Quarter	Mar 05 Quarter	Dec 04 Quarter	Sep 04 Quarter	Jun 04 Quarter	Mar 04 Quarter
Copper-silver concentrate sales ($ millions)	25.9	17.8	10.5	7.7	8.7	7.2	8.2	7.3
Operating profit[1] (loss) before amortization ($ millions)	11.9	7.8	3.8	1.2	2.8	2.5	3.3	3.7
Amortization ($ millions)	(1.9)	(1.3)	(1.3)	(1.4)	(1.0)	(0.7)	(0.7)	(0.5)
Operating profit[1] (loss) ($ millions)	10.0	6.5	2.5	(0.2)	1.8	1.8	2.6	3.2
Net earnings (loss) ($ millions)	6.1	2.9	0.2	(1.7)	0.5	0.4	1.5	1.6
Basic earnings per share ($)	0.21	0.10	0.01	(0.06)	0.02	0.01	0.07	0.09
Diluted earnings per share ($)	0.20	0.10	0.01	(0.06)	0.02	0.01	0.07	0.08
Production Statistics – Dikulushi mine[2] Ore processed (tonnes)	127,222	120,822	81,518	80,812	75,864	65,455	70,053	58,674
Copper grade %	5.49	5.52	4.87	3.86	4.69	5.81	6.42	7.84
Contained copper (tonnes)	7,049	6,663	3,971	3,119	3,558	3,800	4,500	4,603
Recovery %	86.3	86.7	85.5	82.1	81.3	69.1	71.0	73.1
Copper produced (tonnes)	6,085	5,777	3,395	2,559	2,894	2,626	3,189	3,365
Silver produced (ounces)	587,882	586,875	301,967	245,044	277,403	224,784	301,315	255,953
Payable pounds of copper contained in concentrate delivered (million)	12.9	10.4	6.8	5.6	5.8	5.3	7.1	6.7
Payable ounces of silver contained in concentrate delivered	542,029	432,447	262,111	230,168	240,553	195,111	287,780	226,997

Quarterly Concentrate Sales and Ore Processed



1 *Refer to Non-GAAP Financial Measures on page 13.*

2 *Production figures from the Kulu mine are not shown as the operations only commenced during December 2005.*

10. 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 National Instrument 43-101.

The information in this report that relates to in-situ mineral resources is based on information compiled by Chris Arnold (CPGeo) BSc, MSc, MAusIMM, MMICA, of DevMin Pty Ltd. Chris Arnold is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and under Canadian National Instrument 43-101. Chris Arnold consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to 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 commissions. A copy is available at www.sedar.com. A copy has also been lodged with the Australian Stock Exchange for information purposes. Gerry Fahey consents 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 "operating cash cost (ex-mine gate)" and "total cash cost" of production 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 gate) 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.

This information differs from measures of performance determined in accordance with GAAP in Canada and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP and may not be comparable to similarly titled measures of other companies.

Forward Looking Statements

The forward-looking statements, made in this Management's Discussion and Analysis, 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 resources and reserves, estimated future production, estimated costs of future production which involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual prices of copper and silver, the actual results of current exploration, development and mining activities, changes in project parameters as plans continue to be evaluated, 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 Group's plans with respect to the 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 expansion of the Dikulushi operation are forward-looking statements. There can be no assurance that future due diligence will be successfully completed, that future required regulatory approvals will be obtained or that anticipated transactions or proposed work programmes will be completed satisfactorily. There can be no assurance that the Group 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.