

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fourth Quarter Ended December 31, 2009

Set out below is a review of the activities, results of operations and financial condition of Anvil Mining Limited (the "Company") and its subsidiaries (collectively, the "Group" or "Anvil") for the fourth quarter and year ended December 31, 2009. The discussion below should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2009 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 ("Canadian GAAP").

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 dollars. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil 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 audited consolidated financial statements for the year ended December 31, 2009.

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

This management's discussion and analysis of financial condition and results of operations is as of March 18, 2010.

Operations: Kinsevere Heavy Media Separation plant

The Group recommenced operation of the Kinsevere Heavy Media Separation ("HMS") plant on March 27, 2009, focused on achieving a low-cost operation to enable the Group to generate positive cash flow until such time as the Stage II Solvent Extraction – Electrowinning ("SX-EW") plant becomes operational.

Since recommencement of operations the HMS plant has generated net revenue of \$50.3 million and incurred cash operating expenses of \$17.0 million resulting in a positive cash flow from HMS operations of \$33.3 million before expenses of \$12.3 million related to care and maintenance of the Dikulushi and Mutoshi mines, corporate overheads, exploration and social development, providing a net cash flow of \$21.0 million for the period. During the fourth quarter, the Group generated a net cash flow of \$11.4 million.

The table below illustrates the cash performance of the Kinsevere HMS plant for the December quarter 2009 and for the year to date since recommencement of operations in the first quarter of 2009.

Performance since commencement of operation of the HMS Plant ¹	Q4 2009	March 27, 2009 to December 31, 2009
	\$ 'million	\$ 'million
Sales from HMS plant	22.9	50.3
Operating expenses from HMS plant ¹	(7.5)	(17.0)
Cash generated from HMS plant	15.4	33.3
Care and maintenance expenses	(0.9)	(3.7)
Corporate overhead expenses	(2.4)	(6.3)
Exploration expenses ²	(0.5)	(1.6)
Social development expenses	(0.2)	(0.7)
Cash flow	11.4	21.0

1. Excludes one-off costs such as redundancy payments and contract termination payments.

2. Exploration expenses relates primarily to cash calls for joint-ventures.

Feed to the HMS plant was initially sourced from the Run of Mine ("ROM") stockpile until depletion in August 2009, at which time mining recommenced. With the onset of the wet season in October 2009, ore and waste mining has been focused on higher elevations of the pit. The more accessible benches at the higher elevation and associated shorter haul distances has enabled a higher mining rate and along with above budget grades, has seen improved performance of the Kinsevere HMS operation.

For 2010, the Group has budgeted for feed to the crusher of 652,000 tonnes, approximately half of which is to be sourced from mining and the remainder reclaimed from existing stockpiles, at an average grade of 3.8% copper. Based on 2010 forecast production of 15,000 tonnes and an assumed average realized copper price of \$2.50 for 2010, the HMS plant is expected to generate sufficient cash to allow the Group to maintain a positive operating cash flow. Whilst this is a lower average grade relative to the life of mine plan for the same period, the revised short to medium-term mine plan allows higher grade ore mining to be deferred until the Stage II SX-EW operation commences.

Since recommencing operations on March 27, 2009, the HMS plant produced 62,468 tonnes of concentrate, at an average grade of 26.3% copper for 16,406 tonnes of copper contained in concentrate during 2009. Key performance details of the HMS plant for the December quarter and the year to date are set out in the table below.

	Q4 2009	Year to date as at December 31, 2009
Ore processed – HMS plant (dmt)	65,313	231,823
Cu grade (%)	8.9	8.2
Contained copper (tonnes)	5,782	19,066
Recovery Cu (%)	77.0	76.0
Concentrate produced – HMS and spirals (tonnes)	18,911	62,468
Concentrate grade – HMS and spirals (% Cu)	26.3	26.3
Copper produced in concentrate – HMS and spirals (tonnes) ¹	4,970	16,406

1. In addition to producing a coarse concentrate from the HMS plant, a fine grained, slightly lower grade concentrate is produced from a spirals circuit, through which the fines (<0.6mm) which are screened off before the HMS circuit, are treated.

Strategic Alliance with Trafigura for a \$200 million Funding Package

After receiving approval of shareholders at a special meeting in December 2009, the Company completed the second tranche (the “Second Tranche”) of its previously announced private placement (the “Private Placement”) to Trafigura Beheer B.V. (“Trafigura”). The gross proceeds received by Anvil from Trafigura for the Equity Units issued in the Second Tranche were US\$68.0 million for aggregate proceeds to Anvil of US\$100 million in the Private Placement.

Giving effect to the exercise of warrants issued in both the first tranche and Second Tranche of the Private Placement, and Trafigura’s pre-existing holdings of 20,495,093 Common Shares, Trafigura’s aggregate equity interest in Anvil on completion of the Second Tranche is now approximately 38.9% on a fully diluted basis.

In December 2009, the Company also completed a debt financing transaction with Trafigura, making available to the Company a \$100 million loan facility (the “Loan Facility”) which will be available for drawdown only after funds from the Private Placement have been utilized in the development of Kinsevere Stage II.

The Company is well advanced in discussions with a syndicate of commercial banks to refinance the \$100 million loan facility established with Trafigura, to an amount of \$140 million. The additional funding is sought in order to ensure that the Company has sufficient funding available to meet the Stage II ramp-up costs that are expected to be incurred during the first half of 2011, the *Pas de Porte* (entry premium) payment due to La Générale des Carrières et des Mines (“Gécamines”) for the Company’s Mutoshi project and the recommencement of exploration and development activity.

Liquidity and Cash Position

As at March 18, 2010, Anvil had approximately \$101.1 million in cash, \$18.2 million in available-for-sale investments and \$9.5 million of trade receivables, which it expects to realize during the first half of 2010. During the next twelve months the Company’s commitments include \$7.2 million for *Pas de Porte* (Entry Premium) payments due to Gécamines with respect to the Mutoshi amended agreements and \$17.1 million that relate to the Kinsevere Stage II development.

Discontinuance of Operations at Dikulushi

During December 2008, Anvil postponed underground development work and initiated a care and maintenance program at its Dikulushi mine. While the Dikulushi mine was critically important in the Company establishing a mining operation in the DRC, the focus of effort is on the development of significantly larger projects, with Kinsevere Stage II due for commissioning during the first quarter of 2011. In addition, work is underway to extend the processing life of Kinsevere Stage II and the Group continues to look for suitable merger and acquisition opportunities in the DRC.

As a result, during the fourth quarter the Company determined that recommencement of operations at Dikulushi was not consistent with its overall growth strategy and began work to divest its interest in the Dikulushi mine.

Owing to the status of the Dikulushi mine and the Company’s intention to divest its interest in the Dikulushi mine, for accounting treatment purposes Dikulushi is classified as a discontinued operation and accordingly, the Group’s operating results for the fourth quarter of 2009 and the year ended December 31, 2009 exclude Dikulushi. To assist the reader’s understanding of overall performance for the fourth quarter of 2009 and the year ended December 31, 2009 information on costs incurred at Dikulushi is presented in this MD&A. The Company expects to divest its interest in the Dikulushi mine by the end of April 2010.

Key points for the quarter

- Net copper sales of \$23.5 million, an increase of 69% compared to the fourth quarter 2008.
- Net income from continuing operations of \$10.9 million (\$0.09 per share), compared to net loss of \$151.2 million (-\$2.12 per share) in the fourth quarter of 2008.

- Positive cash flows from continuing operations, before working capital movements, of \$11.5 million (\$0.09 per share).
- Quarterly production of 4,970 tonnes of copper.
- Completion of the second tranche of the previously announced Private Placement with Trafigura, for gross proceeds of \$68 million and aggregate proceeds of US\$100 million from the Private Placement.
- Establishment of a \$100 million loan facility with Trafigura.

Key points for the year

- Net sales of \$49.2 million.
- Production of 16,406 tonnes of copper.
- Positive cash flows from continuing operations, before working capital movements of \$0.8 million (\$0.01 per share).
- Net loss from continuing operations of \$17.7 million (-\$0.18 per share).
- Net unrealized gain of \$4.1 million on available-for-sale debt investments.
- Net unrealized gain of \$2.2 million on available-for-sale equity investments.

Near-term objectives (next three months)

- Continued cash positive operation of the Kinsevere HMS plant.
- Completion of mobilization to the Kinsevere site of contractor personnel.
- Refinancing of the \$100 million loan facility established with Trafigura in December 2009, to an amount of \$140 million.
- Finalization of the divestment of the Group's interest in the Dikulushi mine.

Longer term objectives (2010 onwards)

- Completion of construction, commissioning and ramp-up of the Kinsevere Stage II SX-EW plant.
- Completion of a scoping study on options to heap-leach low-grade material (0.3% to 0.7%Cu) in order to provide additional feed to the SX-EW plant.
- Identification of investment opportunities in the DRC to consolidate the Company's position in the DRC and to develop a pipeline of growth prospects.
- Completion of additional drilling to allow the Company to further evaluate the Mutoshi project.
- Initiation of further drilling at Kinsevere to enable the delineation of an expanded sulphide resource.
- Completion of preliminary studies on the mining and processing of the sulphide resource at Kinsevere.

Development: Kinsevere Stage II SX-EW Plant

The Company continues to make good progress with the construction and fabrication works for the Kinsevere Stage II solvent extraction-electrowinning ("SX-EW") development that is expected to produce 60,000 tonnes per year of LME Grade A copper cathode.

Key areas of progress during the past four weeks have included:

- Ausenco has almost completed its mobilization, with 20 Ausenco personnel now at site.
- Mobilization of South African construction subcontractor Group 5 is at an advanced stage with over 200 Group 5 personnel now at site.
- The full Owner's Representative team is now on site.
- Plant and equipment including prefabricated steel work, some of which was previously on the critical path, continues to be transported through to site.
- Accommodation camp refurbishment is now 95% complete and well in advance of the contractor personnel build-up which is expected to peak at approximately 800 in May 2010.

The project benefits from having the engineering and design work now virtually completed, having had both Ausenco and Group 5 working previously on the project, having a large amount of equipment and materials already on site and having many work faces available, all of which provides a great deal of flexibility in terms of the construction program.

In addition, work has commenced on a scoping study of options to heap-leach the low-grade material (0.3% to 0.7%Cu) which will need to be mined from the currently designed open pit shells, in order to provide additional feed to the SX-EW plant.

Key Group results

Fourth Quarter (Q4)		Q4 2009		Q4 2008	
			% of Sales		% of Sales
Production	t Cu	4,970		7,488	
Sales ¹	t Cu	8,097		6,672	
Concentrate stockpiles	t Cu	410		5,961	
Net sales	\$ million	23.5	100	13.9	100
Operating profit / (loss)	\$ million	8.7	37	(50.1)	(361)
Net income / (loss)	\$ million	10.9	46	(151.2)	(1,088)
Basic earnings / (loss) per share	\$	0.09		(2.12)	

1. Production and sales of copper reflect Kinsevere and Mutoshi copper concentrate sold at mine gate at a discount to the London Metal Exchange ("LME") price.

Full year		2009		2008	
			% of Sales		% of Sales
Production	t Cu	16,406		41,354	
Sales ¹	t Cu	19,859		42,490	
Net sales	\$ million	49.2	100	191.2	100
Operating loss	\$ million	(7.0)	(14)	(3.0)	(2)
Net loss	\$ million	(17.7)	(36)	(138.5)	(72)
Basic loss per share from continuing operations	\$	(0.18)		(1.95)	

1. Production and sales of copper reflect Kinsevere and Mutoshi copper concentrate sold at mine gate at a discount to the LME price.

Copper Production (tonnes)

	Q4/09	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08
Kinsevere	4,970	5,865	5,372	199	4,457	7,113	6,433	4,855
Dikulushi	-	-	-	-	1,743	1,813	2,607	4,885
Mutoshi	-	-	-	-	1,288	2,392	1,481	2,287
Total	4,970	5,865	5,372	199	7,488	11,318	10,521	12,027

Q4 2009 Net Sales

(After treatment and refining charges ("TC/RCs"))		Q4 2009 \$ million	Q4 2008 \$ million
Kinsevere	- Copper	22.9	5.9
Dikulushi	- Copper	-	3.3
	- Silver	-	1.7
Mutoshi	- Copper	0.6	3.0
Net sales		23.5	13.9
Copper selling price		\$/lb	\$/lb
Current period sales ¹		3.04	1.55
Provisional pricing adjustment		0.05	(0.49)
TC/RC and freight charges		-	(0.08)
Realized copper price		3.09	0.98

1. Sales of copper concentrate at Kinsevere and Mutoshi are at mine gate at a discount to the LME price and recorded as sales revenue. The TC/RC and freight component is therefore difficult to extract and is thus included in the current period realized selling price. Concentrate from Dikulushi has not been sold at mine gate and thus the TC/RCs and freight charges are known and separately disclosed in the calculation of the total realized copper price.

Group net sales increase 69% to \$23.5 million

Owing to an increase in the tonnes of copper sold (up 21% to 8,097 tonnes of copper from sales in the fourth quarter of 2008) and an increase in the realized copper price recognized during the quarter (up 215% compared to the fourth quarter of 2008), net sales increased by 69%. Provisional pricing on current period sales was 96% higher compared to the same period last year.

Q4 2009 Operating Profit / (Loss)

	Q4 2009		Q4 2008	
	\$ million	% of Sales	\$ million	% of Sales
Kinsevere	10.5	45	(14.1)	(103)
Mutoshi	(0.9)	(4)	(16.1)	(116)
CDA ¹	(0.9)	(4)	(3.8)	(26)
Dikulushi	-	-	(16.1)	(116)
Total Operating (Loss) / Profit	8.7	37	(50.1)	(361)

1. Please refer to segment information on page 16. These are administration and technical support costs based in the DRC to support the mine operations and development.

Group records operating profit of \$8.7 million

The Group recorded an operating profit of \$8.7 million for the fourth quarter of 2009, compared to an operating loss of \$50.1 million for the fourth quarter of 2008. The increase in operating profit was primarily due to the continued strong performance of the Kinsevere HMS plant, which was partially offset by ongoing care and maintenance costs at Mutoshi.

Kinsevere records operating profit of \$10.5 million

		Q4 2009	Q4 2008
Ore mined	tonnes	164,966	404,636
Ore processed – HMS	tonnes	65,313	59,219
Feed grade – HMS	% Cu	8.9	9.9
Contained copper – HMS	tonnes	5,782	5,849
Copper recovery - HMS	%	77.0	76.2
Copper produced in concentrate – HMS	tonnes	4,455	4,457
Copper produced in concentrate – Spirals	tonnes	515	-
Copper produced in concentrate – HMS & Spirals	tonnes	4,970	4,457
Copper sold	tonnes	7,816	3,090
Operating cash cost (ex mine gate)	\$/tonne concentrate	304	461

The Kinsevere HMS plant continued to perform well, generating an operating profit for the December quarter of \$10.5 million. The operating cash cost per tonne of oxide concentrate at Kinsevere for the December quarter 2009 was \$304 per tonne. Operation of the HMS and spirals was suspended in November 2008 resulting in demobilization and severance payments. The cost of operating the EAF was also included in the fourth quarter of 2008.

Mutoshi records operating loss of \$0.9 million

		Q4 2009	Q4 2008
Ore mined	tonnes	-	-
Ore processed	tonnes	-	89,296
Feed grade	% Cu	-	3.6
Contained copper	Tonnes	-	3,243
Copper recovery	% Cu	-	39.7
Copper produced in concentrate	Tonnes	-	1,288
Copper sold	Tonnes	281	1,360
Operating cash cost (ex-mine gate)	\$/tonne concentrate	-	1,606

As a result of the cessation of the Mutoshi HMS processing operations during the fourth quarter of 2008, there was no production at Mutoshi during 2009. Operating costs of \$0.9 million for the fourth quarter of 2009 related primarily to costs associated with care and maintenance.

Dikulushi records loss on discontinued operations of \$1.8 million

		Q4 2009	Q4 2008
Ore mined	tonnes	-	19,776
Ore processed	tonnes	-	117,577
Feed grade	% Cu	-	2.3
Contained copper	tonnes	-	2,689
Copper recovery	%	-	64.8
Copper produced in concentrate	tonnes	-	1,743
Silver produced in concentrate	ounces	-	174,463
Copper sold	tonnes	-	2,222
Silver sold	ounces	-	276,639
Operating cash cost (ex-mine gate) (after silver credits)	\$/lb Cu	-	4.04
TC/RC and freight charges	\$/lb Cu	-	0.68
Total cash costs from operations	\$/lb Cu	-	4.72

As a result of the cessation of mining and processing operations during the fourth quarter of 2008, there was no production during 2009. The loss of \$1.8 million represents the care and maintenance costs incurred during the quarter and other one-off costs being equipment purchased for use in 2008 no longer required (\$0.4 million) and settlement of outstanding tax matters (\$0.3 million).

Q4 2009 Net income / (loss)

	Q4 2009		Q4 2008	
	\$ million	% of Sales	\$ million	% of Sales
Operating (loss) / profit	8.7	37	(50.1)	(361)
Other income	0.5	2	1.4	10
General administrative and marketing costs	(2.7)	(12)	(4.6)	(33)
Loss on derivative instrument	(0.6)	(2)		
Write back provision for impairment of assets	8.1	34	(97.6)	(702)
Interest expenses	(0.4)	(2)	(0.3)	(2)
Exploration expenditure written off	-	-	(28.8)	(207)
Other expenses	(0.6)	(2)	(0.6)	(4)
Income tax	(2.1)	(9)	23.1	166
Non-controlling interest	-	-	6.3	45
Net income / (loss)	10.9	46	(151.2)	(1,088)
Earnings / (loss) per share				
- basic	0.09		(2.12)	
- diluted	0.09		(2.12)	
Weighted average shares outstanding				
- basic	122.9		71.2	
- diluted	125.0		71.2	

Group records net income of \$10.9 million

The Group recorded a net income of \$10.9 million for the fourth quarter of 2009, compared to a net loss of \$151.2 million for the fourth quarter of 2008. This was due to the effect of cost reduction initiatives implemented earlier this year that reduced operating costs to \$9.1 million (excluding care & maintenance costs for Dikulushi of \$1.5 million), a higher realized copper price of \$3.09 per pound during the quarter and a 46% reduction in general, administrative and marketing costs.

During the quarter there was a write back of provision for impairment of assets of \$8.1 million due to an appreciation in the value of the available-for-sale investments, which had been expensed in prior periods. The fourth quarter of 2008 included impairment of assets of \$97.6 million, the key elements of which were impairment of available-for-sale investments of \$23.7 million, diminution in the value of other investments of \$0.7 million, impairment of long-lived assets at Mutoshi, Kinsevere and Dikulushi of \$62.1 million and impairment of inventory at Dikulushi and Kinsevere of \$11.1 million.

During October 2009, the Company entered into a forward contract with its off-take partner Trafigura to hedge some of its anticipated copper production for the first half of 2010 (being 250 tonnes per month for six consecutive months starting February 2010 till July 2010). Under the terms of the transaction, the Company locked in a floor price of \$2.50 per pound (\$5,500 per tonne) and a cap price of \$3.53 per pound (\$7,775 per tonne). Under this agreement the Company will receive the market price where the copper price is between \$2.50 per pound and \$3.53 per pound. The fair value of this financial instrument at December 31, 2009 was a loss of \$0.6 million.

Exploration expenditure written off during the fourth quarter of 2009 was nil, compared to exploration expenditure written for the fourth quarter of 2008 of \$28.8 million, which related primarily to the write-off of acquisition expenditure in connection with Mutoshi and Dikulushi.

The decrease in other income was a result of lower interest income earned on both the available-for-sale investments and surplus cash held on deposit with leading international banks.

In the fourth quarter of 2009, the Group recorded income tax expense as opposed to recording income tax credits in the same period last year, due to losses incurred during 2008.

Q4 2009 Cash Flows

	Q4 2009 \$ million	Q4 2008 \$ million
Cash flows from operations:		
Operating activities		
- before working capital changes	11.5	(26.1)
- after working capital changes	6.4	(21.0)
Investing activities	(16.4)	(57.5)
Financing activities	62.1	(2.4)
Cash flow from discontinued operations	0.0	-
Net (decrease) / increase in cash and cash equivalents	52.1	(80.9)
Cash flow from continuing operations per share		
- before working capital	0.09	(0.37)
- after working capital	0.05	(0.29)

Cash inflows from operations before working capital changes were \$11.5 million, an increase of \$37.6 million compared to the fourth quarter of 2008. The increase in cash inflows from operations was due mainly to higher revenue resulting from higher copper prices and improved operating performance arising from the implementation of a wide range of cost reduction initiatives.

Investing cash outflows related largely to expenditures for property, plant and equipment of \$16.4 million, the majority of which related to the \$7.2 million *Pas de Porte* payment to Gécamines for the Mutoshi properties and payments in connection with the development of Kinsevere Stage II.

Financing cash inflows were \$62.1 million, compared to \$2.4 million cash outflows for the fourth quarter of 2008. This was attributable to the completion of the second tranche of the Private Placement with Trafigura which resulted in gross proceeds of \$68.0 million before cash outflows of \$5.8 million incurred in relation to the transaction.

2009 Net Sales

(After TC/RCs)	2009 \$ million	2008 \$ million	2007 \$ million	2006 \$ million
Kinsevere - Copper	49.4	70.0	38.6	-
Mutoshi - Copper	(0.2)	27.3	31.0	29.7
- Cobalt	-	0.1	0.3	-
Dikulushi - Copper	-	76.1	163.7	123.3
- Silver	-	17.7	29.6	22.4
Net Sales	49.2	191.2	263.2	175.4
Copper selling price	(\$/lb)	(\$/lb)	(\$/lb)	(\$/lb)
Current period sales ¹	2.74	3.12	3.19	3.22
Provisional pricing adjustment	(0.15)	(0.21)	0.08	(0.19)
TC/RC and freight charges	(0.03)	(0.06)	(0.10)	(0.37)
Realized copper price	2.56	2.85	3.17	2.66

1. Sales of copper concentrate at Kinsevere and Mutoshi are at mine gate at a discount to LME price and recorded as sales revenue. The TC/RC and freight component is therefore difficult to extract and thus is included in the current period realized selling price. Concentrate at Dikulushi was not sold at mine gate and thus the TC/RCs and freight charges are known and separately disclosed in the calculation of the total realized copper price.

Group net sales decrease 74% to \$49.2 million

Group net sales for 2009 were \$49.2 million, a 74% decrease when compared to 2008 net sales. Lower net sales was due mainly to lower copper production of 16,406 tonnes, (60% below 2008 copper production of 41,354 tonnes) resulting from there being no production at Dikulushi or Mutoshi and the loss of almost three months of production from the HMS plant at Kinsevere. Copper sold was 19,859 tonnes in 2009, 51% lower than 2008 (40,195 tonnes). In addition, the realized copper price of \$2.56/lb for 2009 was 10% below the copper price realized during 2008 (\$2.85/lb). Copper production at Kinsevere was 16,406 tonnes, 28% lower than 2008 production of 22,858 tonnes.

2009 Operating (loss) / profit

	2009		2008		2007		2006	
	\$ million	% of Sales	\$ million	% of Sales	\$ million	% of Sales	\$ million	% of Sales
Kinsevere	2.1	4	9.9	5	17.6	7	-	-
Mutoshi	(3.0)	(6)	(25.3)	(13)	6.5	2	17.9	10
CDA	(6.1)	(12)	(12.6)	(7)	(5.3)	(2)	3.5	2
Dikulushi	-	-	25.0	13	141.5	54	91.1	52
Total Operating (loss) / profit	(7.0)	(14)	(3.0)	(2)	160.3	61	107.0	61

1. Please refer to segment information on page 16. These are administration and technical support costs based in DRC to support the mine operations and development.

Group records operating loss of \$7.0 million

Group operating loss was \$7.0 million, which included ongoing care and maintenance costs and one-off costs of \$3.6 million related to staff redundancy payments. During the year, there was no production at Dikulushi and Mutoshi and production at Kinsevere did not commence until late March 2009.

Kinsevere operating profit decreases 78% to \$2.1 million

		2009	2008
Ore mined	tonnes	297,459	2,653,103
Ore processed – HMS	tonnes	231,823	350,027
Feed grade – HMS	% Cu	8.2	9.5
Contained copper – HMS	tonnes	19,066	33,159
Copper recovery – HMS	%	76.0	69.0
Copper produced in concentrate – HMS	tonnes	14,499	22,858
Copper produced in concentrate - Spirals	tonnes	1,907	-
Copper produced in concentrate – HMS & Spirals	tonnes	16,406	22,858
Copper sold	tonnes	19,577	20,000
Operating cash cost (ex-mine gate)	\$/tonne concentrate	218	311

As a result of the suspension of HMS processing at Kinsevere until March 27, 2009, the Group continued to incur care and maintenance costs until that date, which contributed to a 78% decrease in operating profit for the year. The operating cash cost per tonne of oxide concentrate at Kinsevere for the year was \$218 per tonne, which was 30% lower than the cash costs for the same period of 2008 (\$311 per tonne) due to decreased labour and operating costs.

Mutoshi records operating loss of \$3.0 million

		2009	2008
Ore mined	tonnes	-	428,361
Ore processed	tonnes	-	462,495
Feed grade	% Cu	-	3.9
Contained copper	tonnes	-	17,867
Copper recovery	%	-	41.7
Copper produced in concentrate	tonnes	-	7,448
Copper sold	tonnes	281	9,617
Operating cash cost (ex-mine gate)	\$/tonne concentrate	-	1,043

There was no production at Mutoshi during 2009 as the mine has remained on care and maintenance. The operating loss relates primarily to ongoing care and maintenance costs, unfavourable provisional pricing adjustments of \$1.2 million due to a decrease in copper prices and staff redundancy payments of \$0.6 million.

Dikulushi records operating loss on discontinued operations of \$3.9 million

		2009	2008
Ore mined	tonnes	-	101,064
Ore processed	tonnes	-	463,094
Feed grade	% Cu	-	3.1
Contained copper	tonnes	-	14,326
Copper recovery	%	-	77.1
Copper produced in concentrate	tonnes	-	11,047
Silver produced in concentrate	ounces	-	1,095,801
Copper sold	tonnes	-	12,873
Silver sold	ounces	-	1,317,389
Operating cash cost (ex-mine gate) (after silver credits)	\$/lb Cu	-	1.13
TC/RC and freight charges	\$/lb Cu	-	0.54
Total cash costs from operations	\$/lb Cu	-	1.67

The loss at Dikulushi was due to there being no production during 2009 following the cessation of operations in December 2008 and ongoing costs associated with care and maintenance. Unfavourable provisional pricing adjustments of \$1.0 million in the first quarter of 2009 and staff redundancy payments of \$0.4 million also contributed to the loss.

2009 Net (loss) / income

	2009		2008		2007		2006	
	\$ million	% of Sales	\$ million	% of Sales	\$ million	% of Sales	\$ million	% of Sales
Operating (loss) / profit	(7.0)	(14)	(3.0)	(2)	160.3	61	107.0	61
Other income	1.3	2	8.2	4	11.8	5	6.0	3
General administrative and marketing costs	(10.1)	(20)	(22.7)	(12)	(14.8)	(6)	(10.1)	(6)
Loss on derivative instrument	(0.6)	(1)						
Provision for impairment of assets	(2.9)	(6)	(103.1)	(54)	(9.4)	(3)	-	-
Write back of provision for impairment of assets	4.1	8	-	-	-	-	-	-
Interest expense	(1.1)	(2)	(1.4)	0	(2.2)	(1)	(4.5)	(3)
Exploration expenditure written off	(3.2)	(7)	(31.3)	(16)	(4.4)	(2)	-	-
Other expenses	(1.5)	(3)	(3.5)	(2)	(2.4)	(1)	(1.4)	(1)
Income tax	3.3	7	12.9	7	(8.5)	(3)	(3.8)	(2)
Non-controlling interest	-	-	5.4	3	(13.2)	(5)	(10.6)	(6)
Net (loss) / income from continuing operations	(17.7)	(36)	(138.5)	(72)	117.2	45	82.1	46
(Loss) / earnings per share from continuing operations								
- basic	(0.18)		(1.95)		1.81		1.65	
- diluted	(0.18)		(1.95)		1.77		1.61	
Weighted average shares outstanding								
- basic	97.3		71.2		64.7		49.7	
- diluted	97.3		71.2		66.2		51.0	

Group records net loss of \$17.7 million

The net loss for the year of \$17.7 million was mainly due to an operating loss of \$7.0 million as a result of the cessation of operations at Mutoshi, the suspension of HMS processing at Kinsevere until March 27, 2009, ongoing care and maintenance costs and staff redundancy payments.

A net recovery of \$4.0 million was credited against provision for impairment of available-for-sale investments due to an appreciation in the market value of these investments. This was offset by provision for impairment of long-lived assets of \$2.9 million that related primarily to the electric-arc furnace at Kinsevere.

The decrease in other income was a result of lower interest income earned on both the Group's available-for-sale investments and surplus cash held on term deposit with leading international banks.

The Company completed the transfer of its interest in the Itogon project located in the Philippines, resulting in an expenditure write-off of \$3.2 million. Under the terms of the transfer, Anvil received a cash payment for the depreciated value of items on the project fixed asset register and will receive separate payments on completion of a bankable feasibility study and commencement of commercial production. No amount has been recognized for these additional payments at this stage, due to the contingent nature of the receivables.

2009 Cash Flows

	2009 \$ million	2008 \$ million	2007 \$ million	2006 \$ million
Cash flows from operations:				
Operating activities				
- before working capital changes	0.8	33.8	166.3	102.0
- after working capital changes	5.3	42.5	123.3	80.3
Investing activities	(45.6)	(205.5)	(131.4)	(165.8)
Financing activities	120.9	(7.8)	163.8	136.8
Cash flow from discontinued operations	(4.5)	-	-	-
Net increase / (decrease) in cash and cash equivalents	76.1	(170.8)	155.7	51.4
Cash flow from continuing operations per share				
- before working capital changes	0.01	(0.47)	2.57	2.05
- after working capital changes	0.05	(0.60)	1.91	1.62

Cash inflows from operations (after working capital changes) for the year ended December 31, 2009 were \$5.3 million (2008: \$42.5 million). Operating cash flows after working capital charges were impacted by the implementation of cost reduction measures, which resulted in staff redundancy payments of \$5.1 million, care and maintenance costs incurred at Mutoshi during 2009 of \$1.8 million, and care and maintenance costs incurred at Kinsevere for the first quarter of 2009.

Investing cash outflows were \$45.6 million (2008: \$205.5 million). Expenditures for property, plant and equipment of \$49.3 million for the year ended December 31, 2009 (2008: \$186.2 million) were predominantly related to the development of Kinsevere Stage II. These were partially offset by \$12.8 million of proceeds realized from principal repayments on the available-for-sale investments and \$0.9 million of proceeds from the sale of long-lived assets. In addition, the Company incurred \$7.2 million for the *Pas de Porte* payment to Gécamines in relation to the Mutoshi agreement reflected as payments for exploration expenditure.

Financing cash inflows were \$120.9 million (2008: \$7.8 million cash outflows), of which net proceeds of \$27.2 million was received from the public offering of Common Shares by way of short form prospectus that was completed in May 2009 and net proceeds of \$97.1 million received from the Private Placement with Trafigura. The Company also incurred expenses of \$2.9 million on the additional \$100 million debt facility with Trafigura.

Cash outflows from discontinued operations, which relate entirely to the Dikulushi mine was \$4.5 million.

2009 Balance Sheet

	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Assets (\$ million)				
Cash and cash equivalents (including restricted)	121.6	45.9	216.1	59.5
Available-for-sale investments	1.2	24.0	63.8	95.8
Other current assets	58.1	106.6	119.4	54.6
Property, plant & equipment	324.5	280.3	228.1	63.9
Other non-current assets	108.8	75.8	61.3	128.7
Assets classified as held for sale	7.3	-	-	-
Total assets	621.5	532.6	688.7	402.5
Liabilities (\$ million)				
Current liabilities	14.6	38.0	31.4	72.5
Long-term debt	0.1	0.3	-	4
Purchase consideration payable	6.7	-	-	-
Future income tax liability	21.0	24.4	39.6	36.5
Asset retirement obligations	12.9	13.0	11.7	1.4
Liabilities directly associated with non-current assets classified as held for sale	2.7	-	-	-
Total liabilities	58.0	75.7	82.7	114.4
Non-controlling interests	0.3	1.9	13.9	8.3
Shareholders' equity (\$ million)	563.2	455.0	592.1	279.8
Working capital (\$ million)	166.3	138.5	367.9	137.4
Weighted average number of shares (for basic earnings per share) (millions)	97.3	71.2	64.7	49.7
Outstanding shares (millions)	150.4	71.2	71.1	56.7

Cash and cash equivalents

The increase in cash and cash equivalents to \$121.6 million for the year ended December 31, 2009 (December 31, 2008: \$45.9 million) was due to proceeds of \$124.3 million received from the Private Placement and the completion of a public offering of Common Shares in May 2009. This was offset by cash expenditure for property, plant and equipment of \$49.3 million, of which \$10.0 million related to entry premium payments to Gécamines for Kinsevere and \$36.0 million related to capital expenditure for Kinsevere Stage II, \$7.2 million for the *Pas de Porte* payment to Gécamines reflected as payments for exploration expenditure, \$2.9 million for deferred financing expenses in relation to the funding agreement with Trafigura and \$2.0 million in relation to other financing activities. The Company received \$12.8 million from the principal repayments of its available-for-sale investments and \$0.9 million from the disposal of long-lived assets.

Available-for-sale investments

The decrease in available-for-sale investments to \$18.1 million (\$1.2 million represented as current assets and 16.9 million as non-current assets) for the period ended December 31, 2009 (December 31, 2008: \$24.0 million) was primarily attributable to maturing investments (\$12.8 million), which were converted into cash, a reversal of prior year impairment charge of \$4.1 million resulting from an appreciation in the market value of the available-for-sale investments and net unrealized gains of \$2.2 million arising primarily from an appreciation in the market value of equity investments (Chalice Gold Mines Ltd).

Current assets

Total current assets for the period ended December 31, 2009 increased by \$4.5 million to \$180.9 million (December 31, 2008: \$176.5 million). In addition to the movement in cash and investments outlined above, there was a decrease in accounts receivables of \$2.3 million due to the collection of outstanding receivables and a decrease in sales. Inventory decreased by \$16.8 million due to sale of the concentrate stockpile at Kinsevere and depletion of the ROM stockpile from resumption of HMS processing at Kinsevere. Prepaid expenses and deposits decreased by \$25.4 million to \$25.9 million as they were applied against the purchase of capital equipment and services in connection with Kinsevere Stage II. As at the end of 2009, the majority of the available-for-sale investments were reclassified to non-current assets (\$16.9 million) as the intention is to hold them to maturity which is greater than twelve months.

Current liabilities

Current liabilities for the period ended December 31, 2009 decreased by \$23.4 million to \$14.6 million (December 31, 2008: \$38.0 million). The decrease in current liabilities was due to payments made to suppliers in connection with both the Group's operations and Kinsevere Stage II.

Total liabilities

Total liabilities for the period ended December 31, 2009 decreased by \$17.7 million to \$58.0 million (December 31, 2008: \$75.7 million). The decrease was mainly due to a decline in the deferred tax liability of \$3.3 million relating to temporary differences on depreciation of assets for book and tax purposes in DRC and a decrease in non-controlling interests. These were offset by recognition of non-current liability for the entry premium relating to Mutoshi of \$6.7 million and increase in asset retirement obligation of \$0.9 million.

Non-controlling interests

At December 31, 2009 non-controlling interests had decreased to \$0.3 million (December 31, 2008: \$1.9 million) due to non-controlling interests relating to Dikulushi. Non-controlling interests relating to Kinsevere and Mutoshi are recorded at nil due to retained losses at both operations.

Shareholders' equity

At December 31, 2009 shareholders' equity had increased by \$108.2 million to \$563.2 million, due to the issue of Common Shares by way of a short form prospectus that was completed in May 2009 (\$27.2 million), completion in December 2009 of the Private Placement with Trafigura (net proceeds of \$97.1 million), a net unrealized gain related to the mark-to-market movement in the value of the available-for-sale investments (\$2.2 million) and an increase in stock based compensation (\$1.9 million), all of which were offset by a decrease in retained earnings of \$20.9 million.

Contractual Obligations

The following table summarizes the Company's contractual and other obligations, as at December 31, 2009.

Payments due by period	Total	Less than 1 Year	1 – 3 Yrs	4 – 5 Yrs	More than 5 Years
	\$ million	\$ million	\$ million	\$ million	\$ million
Long-term debt	0.4	0.3	0.1	-	-
Environmental and mine closure liabilities	13.8	█	0.7	0.9	11.4
Capital commitments – Kinsevere Stage II	13.7	13.7	-	-	█
Equipment operating lease	1.1	0.4	0.7	█	█
Entry premium payment ¹	11.7	5.0	6.7	█	█

1. Payment to Gécamines in connection with the amendment to the Kinsevere Lease Agreement reached in January 2009 and amendment to the Mutoshi JV agreement reached in July 2009.

Outstanding share data

At March 18, 2010, the Company had 150,373,159 common shares outstanding. In addition, there were 4,264,385 director and employee stock options outstanding with exercise prices ranging between C\$1.16 and C\$14.06 per share and 11,228,320 warrants with an exercise price of \$2.75 per warrant.

Exploration

The only exploration expenditure incurred during the year related to cash calls in connection with the Kapulo project.

During the year, the Company further reduced its interest in non-core exploration projects, finalizing the disposal of the Itogon project in the Philippines and completing a second earn-in agreement in connection with tenements held in the Kalemie district, located near Lake Tanganyika in the DRC.

Sale of interest in the Dikulushi tenements

During February 2010, the Company reached agreement with Mawson West Limited ("Mawson West") on the terms and conditions for the sale of the Company's 90% interest in Anvil Mining Congo SARL ("AMC"). AMC is the holder of the Dikulushi Mining Convention and the Dikulushi copper-silver mine in the DRC which was placed on care and maintenance in the fourth quarter of 2008.

Under the terms of the agreement with Mawson West, the shares in AMC held by Anvil will be transferred to Mawson West, in consideration for which Anvil will receive 83,070,000 shares in Mawson West, representing approximately 28% of the issued and outstanding shares in Mawson West, on an undiluted basis.

The agreement also provides that so long as Anvil holds at least 15% of the issued and outstanding shares in Mawson West, Anvil will have top-up rights to ensure that it may participate in any future share issues or placements so that it is able to maintain its percentage shareholding in Mawson West and the right to appoint one director to the Mawson West Board of Directors.

Additional Information

Refer to Appendix A for the Summary of Quarterly Results and to Appendix B for Additional Regulatory Disclosures.

Appendix A

Summary of Quarterly Results

The financial performance, financial position and operating statistics for the last eight quarters (unaudited) are shown in the table below:

Statement of Operations and Income	Dec 09 Quarter	Sept 09 Quarter	Jun 09 Quarter	Mar 09 Quarter	Dec 08 Quarter	Sept 08 Quarter	Jun 08 Quarter	Mar 08 Quarter
Concentrate sales (\$ million) ¹	23.5	18.1	7.7	1.7	13.9	42.3	59.8	75.3
Operating profit ² / (loss) before amortization (\$ million)	14.4	8.0	(3.7)	(10.8)	(37.7)	5.0	31.9	41.2
Amortization (\$ million)	(5.7)	(3.8)	(4.0)	(3.7)	(12.4)	(7.6)	(15.9)	(7.5)
Operating profit ² / (loss) (\$ million)	8.7	4.2	(7.7)	(14.5)	(50.1)	(2.6)	16.0	33.7
Net income / (loss) (\$ million)	10.9	(0.2)	(11.3)	(18.8)	(151.2)	(17.3)	8.5	21.4
Basic earnings / (loss) per share (\$)	0.09	(0.00)	(0.13)	(0.27)	(2.12)	(0.24)	0.12	0.30
Diluted earnings / (loss) per share (\$)	0.09	(0.00)	(0.13)	(0.27)	(2.12)	(0.24)	0.12	0.30
Production Statistics – Total								
Copper produced in concentrate (tonnes)	4,970	5,865	5,372	199	7,488	11,318	10,521	12,027
Production Statistics – Kinsevere mine								
Ore processed (tonnes) ³	65,313	80,730	83,084	2,695	59,219	104,414	94,404	91,990
Copper grade % Cu	8.9	8.0	7.9	10.2	9.9	9.1	10.0	9.1
Contained copper (tonnes)	5,782	6,443	6,566	275	5,849	9,467	9,424	8,399
Recovery Cu %	77.0	80.6	70.9	72.2	76.2	78.4	68.3	57.8
Copper produced in concentrate - HMS (tonnes)	4,455	5,192	4,653	199	4,457	7,741	6,433	4,855
Copper produced in concentrate – Spirals (tonnes)	515	673	719	-	-	-	-	-
Copper produced in concentrate – HMS & Spirals (tonnes)	4,970	5,865	5,372	199	4,457	7,741	6,433	4,855
Copper concentrate sold (tonnes)	30,993	27,589	18,549	479	11,644	22,586	18,084	22,101
Production Statistics – Dikulushi mine								
Ore processed (tonnes) ³	-	-	-	-	117,577	134,994	110,990	99,533
Copper grade % Cu	-	-	-	-	2.3	2.2	3.1	5.3
Contained copper (tonnes)	-	-	-	-	2,689	2,935	3,399	5,303
Recovery Cu %	-	-	-	-	64.8	61.8	76.7	92.1
Copper produced in concentrate (tonnes)	-	-	-	-	1,743	1,813	2,607	4,885
Silver produced in concentrate (ounces)	-	-	-	-	174,463	189,867	248,816	482,655
Payable pounds of copper contained in concentrate delivered (million)	-	-	-	-	6.3	4.3	15.6	11.3
Payable ounces of silver contained in concentrate delivered	-	-	-	-	249,086	187,372	303,611	491,967
Production Statistics – Mutoshi mine								
Ore processed (tonnes) ³	-	-	-	-	89,296	135,772	130,693	106,734
Copper grade % Cu	-	-	-	-	3.6	3.8	3.7	4.3
Contained copper (tonnes)	-	-	-	-	3,243	5,152	4,872	4,599
Recovery Cu %	-	-	-	-	39.7	46.4	30.4	49.7
Copper produced in concentrate (tonnes)	-	-	-	-	1,288	2,392	1,481	2,287
Copper concentrate sold (tonnes)	1,665	-	-	-	8,290	12,057	17,165	5,701

1. Concentrate sales include copper and silver concentrates from Dikulushi and copper concentrates from Mutoshi and Kinsevere.

2. Refer to Non-GAAP Financial Measures on page 17.

3. Ore processed at Dikulushi relates to ore processed through the ball mill and floatation plant, while ore processed at Mutoshi and Kinsevere relates to ore processed through the HMS plants.

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. During 2009, the Company completed amended agreements with Gécamines and the DRC Government for its Kinsevere lease agreement and Mutoshi joint venture agreement. In addition, in 2009, the Company received notification from the DRC Government that the commercial terms and conditions of the Dikulushi Mining Convention remain unchanged.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The HMS operation commenced in 2007 and produces an oxide copper concentrate. The first EAF was commissioned in August 2008 and ceased operation during the first quarter of 2009. On March 27, 2009, the Company recommenced HMS processing operations, after being placed in suspension during November 2008. During August 2009, following the depletion of the ROM stockpiles, the Company resumed mining in the central pit in order to extend the operation of the Kinsevere HMS plant.

Mutoshi

In July, 2009 Anvil's interest in the Mutoshi Joint Venture reduced from 80% to 70%, as a result of the DRC Government's review of mining contracts. Gécamines interest increased from 20% to 30% on a non-dilutable basis. The Group now holds a beneficial interest of 70% in the Mutoshi tenements located in the Kolwezi region within the Katanga province of the DRC. The Mutoshi Stage I HMS operation was developed in 2005 to produce an oxide copper concentrate, with HMS processing ceasing operations during the fourth quarter of 2008. The Group has previously referred to its Stage I HMS plant that processes material from the Kulumaziba river tailings deposit as the Kulu operation. This is now referred to as Mutoshi Stage I, being part of the broader Mutoshi project that includes other exploration tenements in the Mutoshi area.

Dikulushi

The Group holds a beneficial interest of 90% in the Dikulushi mine. The operation, which was placed on care and maintenance in December 2008 and is now classified as a discontinued operation, is located in the Katanga province of the DRC. The operation was developed in 2002 and produced a sulphide and oxide copper concentrate with a silver credit.

Corporate development, administration and other (CDA)

The corporate development, administration and other segment of the Company is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration.

For the year ended December 31, 2009, segmented information is presented in the following table. Please note that all amounts are expressed in thousands, of US dollars.

	2009				Total continued operations	Discontinued operations (Dikulushi)	Total operations
	Kinsevere	Mutoshi	CDA	Inter			
Concentrate sales	49,442	(207)	-	-	49,235	1,814	51,049
Operating expenses	(34,364)	(1,362)	(4,053)	-	(39,779)	(4,844)	(44,623)
Amortization	(12,912)	(1,516)	(2,052)	-	(16,480)	(859)	(17,339)
Segmented operating profit / (loss)	2,166	(3,085)	(6,105)	-	(7,024)	(3,889)	(10,913)
Interest and financing fees	(814)	(2,653)	(160)	2,487	(1,140)	-	(1,140)
Other income	278	(77)	12,338	(11,217)	1,322	101	1,423
Loss on derivative instrument	(586)	-	-	-	(586)	-	(586)
Write back provision for impairment of assets	-	-	4,052	-	4,052	-	4,052
Provision for impairment of assets	(2,431)	-	(445)	-	(2,876)	(358)	(3,234)
Exploration expenditure written off	-	-	(3,225)	-	(3,225)	-	(3,225)
Other expenses	(8,881)	(894)	(10,453)	8,730	(11,497)	85	(11,412)
Segmented (loss) before under noted items	(10,268)	(6,709)	(3,997)	-	(20,974)	(4,061)	(25,035)
Income taxes	3,116	(3)	186	-	3,299	410	3,709
Non-controlling interest	-	-	-	-	-	406	406
Segmented (loss)	(7,152)	(6,712)	(3,811)	-	(17,675)	(3,245)	(20,920)
Property, plant and equipment	309,919	10,295	5,348	-	324,562	2,433	326,995
Total assets	458,449	58,119	97,670	-	614,238	7,270	621,508
Capital expenditures	44,096	4,738	479	-	49,313	-	49,313

Appendix B

Regulatory Disclosures

Non-GAAP Financial Measures

The terms “total cash cost” and “operating cash cost (ex-mine gate)” are non-GAAP measures prepared on a per pound of copper produced basis at Dikulushi and on a per tonne of copper concentrate produced at the Kinsevere and Mutoshi mines. Operating cash cost (ex-mine gate) includes all mining and processing costs less any profits from by-products such as silver at the Dikulushi mine. The total cash cost of production per pound of copper produced at Dikulushi is equivalent to the operating cash cost (ex-mine gate) plus smelting and refining and realization costs as the product is priced as sold to the smelter. Copper concentrates from Mutoshi and Kinsevere are sold at the mine gate, thus total cash cost does not include any transport, treatment and refining charges from these mines.

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. Mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. “Working capital” equals current assets less current liabilities. The term “Cash flow from operations per share, before changes in non-cash working capital”, for any period is based on a calculation using the weighted average number of common shares outstanding during the same period. The term “EBIT” represents earnings before interest and tax and “EBITDA” represents earnings before interest, tax, depreciation and amortization. This information differs from measures of performance prepared in accordance with Canadian GAAP 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 Canadian GAAP and may not be comparable to similarly titled measures of other companies.

Critical accounting estimates

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 December 31, 2009 and December 31, 2008 consolidated financial statements. A more detailed analysis of the risk factors that face the Group can be found in the most recent annual information form available under the Company’s profile 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 to be made of economically recoverable reserves of the Group’s mine properties. Independent qualified surveyors and geologists are engaged to estimate the economically recoverable reserves. The estimation process involves sampling and other statistical tools.

Variations in estimates of 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, 2008, the Group had deferred exploration and acquisition costs of approximately \$62.4 million associated with exploration properties in Africa and south-east Asia.

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

As at December 31, 2009, 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.

The Mutoshi and Kinsevere mines operate under the fiscal regime in effect at the time the DRC Mining Code came into effect in June 2003. The DRC Professional income tax rate applicable to the Mutoshi and Kinsevere mines is 30%.

Under the Convention granted by the DRC Government, the Dikulushi Convention provides for reduced income tax rates for the first fifteen years from the date of commencement of commercial mine production. The Dikulushi mine completed its initial 5 years of production and as a result is subject to income tax at a rate of 16% for the ensuing 5 years.

Changes in accounting policies

On January 1, 2008 the Company adopted two new accounting standards issued by the CICA: *Section 1582 Business combinations*, *Section 1601 consolidated financial statements and Section 1602 non-controlling interests*; *Goodwill and intangible assets* Sections 3064.

The adoption of these new handbook sections provided additional disclosure in the notes to the financial statements but did not result in any changes to the Company's current period earnings nor did they require any adjustment to the opening balances.

Initial adoption of International Financial Reporting Standards

Accounting standards in Canada will be adopting International Financial Reporting Standards ("IFRS") for financial years commencing on or after January 1, 2011. This will replace the current Canadian Generally Accepted Accounting Principles ("CGAAP"). The presentation of interim and annual financial statements in 2011 will require comparative results to be disclosed for the year ending December 31, 2010 and an opening balance sheet will therefore be required as at January 1, 2010.

The Company has initiated assessment of the impact of the change by preparing a summary of the key differences between CGAAP, as applied by the Company, and IFRS which may materially impact the Company's consolidated financial statements.

First time adoption of IFRS

IFRS 1 – First Time Adoption of IFRS, contains disclosure requirements that highlight changes to financial statements items which are due to the transition to IFRS from CGAAP. There are 13 IFRS's that the Company will need to assess whether it accepts the change in accounting treatment to IFRS or voluntarily exempt itself from applying the new standard. The Company expects to conduct a review these in the second quarter of 2010.

Other areas of potential significant difference include:

- impairment assessment of property, plant and equipment;
- measurement of asset retirement obligations;
- capitalization of exploration and development expenditure;
- the classification of deferred tax assets and liabilities;
- the method for determination of functional currency and the translation of foreign operations; and
- measurement, classification and disclosure of financial instruments.

The Company plans to undertake a detailed assessment of the impact of these and any other changes to accounting policies that are required as a result of the transition to IFRS. The Company will also need to determine the appropriate changes required to ensure the integrity of internal control over financial reporting and disclosure controls and procedures. Changes in accounting policies as a result of the changeover to IFRS could result in additional controls or procedures being required to address reporting of first time adoption as well as ongoing IFRS reporting requirements. The Company expects to initially update the design of internal controls and subsequently evaluate the effectiveness of these controls in the third quarter of 2010.

The Company will engage internal resources as well as external consultants to assist in establishing appropriate IFRS financial reporting expertise at all levels of the business. Training of key finance and operational staff is planned to commence during second quarter of 2010. The Company has delivered the summary of key differences between CGAAP and IFRS to the Audit Committee and also a timeline for implementation. The Audit Committee will continue to receive quarterly presentations and project status updates from management.

The Company has not yet reviewed existing contracts that could have a material impact in the changeover to IFRS. A review is expected to be conducted in the second quarter of 2010.

The Company has one centralized electronic accounting package which operates on one server, in Perth, and is accessed by all sites globally. Effective backup facilities are also in place. Management of changes to any of the accounting modules will be assessed and rolled out from the Perth office prior to end of 2010.

Estimates

Financial statements which are prepared in conformity with Canadian GAAP, require 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.

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, the speculative nature of mineral exploration and development, political stability, liquidity and availability of future financing, 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 under the Company's profile on SEDAR at www.sedar.com.

Deed of Cross Guarantee

For the purpose of simplifying reporting in Australia, the Company and certain of its Australian incorporated subsidiaries 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, Central African Holdings Pty Ltd, Congo Development Pty Ltd.

Technical Information

For further information regarding the Company's mine projects in the DRC, including a description of Anvil's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of these projects please refer to the various technical reports which are available under the Company's profile on SEDAR at www.sedar.com.

Evaluation of Disclosure Controls & Procedures and Internal Controls over Financial Reporting

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer has designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to financial and operational conditions impacting disclosure for the year ended December 31, 2009 is made known to them. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer have, as at the December 31, 2009 financial year end:

- (a) designed disclosure controls and procedures, or caused it to be designed under the Company's supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (b) designed Internal Controls over Financial Reporting, or caused it to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

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.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of internal controls over financial reporting. The design includes policies and procedures that:

- Pertain to the maintenance of records;
- Provide reasonable assurance that transactions are recorded accurately and that receipts and expenditures are made in accordance with the authorizations of management and directors; and
- Provide reasonable assurance in the prevention and timely detection of material unauthorized acquisition, use or disposal of the Company's assets.

On an annual basis, management evaluates the effectiveness of internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP. However, due to inherent limitations, internal controls over financial reporting may not prevent or detect misstatements.

Management has used the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') framework to assess the effectiveness of the Company's internal controls over financial reporting. Management conducted an evaluation of the effectiveness of internal controls over financial reporting and concluded that they were effective as at December 31, 2009.

During the year ended December 31, 2009 there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Forward Looking Statements

This MD&A contains "forward-looking statements" and "forward-looking information", based on assumptions and judgements of management regarding future events and results. Such "forward-looking statements" and "forward-looking information" which may include, but is not limited to the operation of the Kinsevere HMS plant, the liquidation of the Company's available-for-sale investments and the Company's plans for expansions of the Kinsevere copper mine. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. The purpose of forward-looking information is to provide the reader with information about management's expectations and plans for 2010. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anvil and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the actual market prices of the available-for-sale investments, the actual market price of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will proceed as planned or that when completed, the expanded production facility will operate as anticipated. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information.

Additional Information

Additional information relating to the Company, including the Company's annual information form, may be found under the Company's profile on SEDAR at www.sedar.com.