

Anvil Mining Limited

(Expressed in thousands of US dollars, except per share amounts and as otherwise stated)

Anvil Mining Limited

Consolidated Financial Statements

Three months (First Quarter) ended March 31, 2010

(Unaudited)

Expressed in thousands of United States dollars, except per share amounts and as otherwise stated

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

Consolidated Balance Sheets			
	Notes	March 31 2010 \$	December 31 2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	87,440	120,753
Accounts receivable	11	14,895	17,967
Inventories	12	13,229	14,220
Available-for-sale ("AFS") investments	13	1,373	1,243
Prepaid expenses and deposits	14	9,803	25,899
Derivative financial instrument	5	229	-
Current assets classified as held for sale	6	1,729	2,114
		128,698	182,196
Non-current assets			
Restricted cash	10	970	887
Available-for-sale ("AFS") investments	13	17,563	16,827
Deferred financing fees	7	2,990	2,865
Long-term inventory	12	11,963	11,163
Long-term receivable	15	16,124	15,468
Exploration and acquisition expenditure	16	62,613	62,384
Property, plant and equipment	17	377,632	324,562
Non-current assets classified as held for sale	6	5,531	5,156
		495,386	439,312
Total assets		624,084	621,508
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	18	19,225	12,037
Derivative financial instrument	5	467	586
Income taxes payable		54	6
Provisions		1,685	1,712
Current portion of long-term debt		295	290
Current portion of liabilities directly associated with non-current assets classified as held for sale	6	1,175	1,764
		22,901	16,395
Non-current liabilities			
Future income tax liability		17,450	21,048
Other non-current liability	8	-	6,711
Long-term debt		-	74
Asset retirement obligations		12,702	12,858
Non-current portion of liabilities directly associated with non-current assets classified as held for sale	6	1,370	983
		31,522	41,674
Total liabilities		54,423	58,069
Non-controlling interest	19	55	260
		54,478	58,329

Consolidated Balance Sheets

	Notes	March 31 2010 \$	December 31 2009 \$
Shareholders' equity			
Equity accounts	20	510,344	510,347
Retained earnings		56,548	50,067
Accumulated other comprehensive income		2,714	2,765
Total shareholders' equity		569,606	563,179
		624,084	621,508
Nature of operations	1		
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The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

Consolidated Statement of Income and Comprehensive Income

	Notes	Quarter Ended March 31	
		2010	2009
		\$	\$
Revenue from continuing operations		15,486	1,645
Operating expenses		(7,267)	(12,452)
Amortization		(4,730)	(3,664)
		3,489	(14,471)
Other income	3	542	321
Provision for impairment of assets	3	-	(4,677)
Write back provision for impairment of assets	3	905	-
Gain on derivative instrument	5	348	-
General, administrative and marketing		(2,354)	(2,635)
Foreign exchange gains		359	641
Stock based compensation		(268)	(1,360)
Interest and financing fees	3	(535)	(238)
Profit / (loss) before income tax and non-controlling interest		2,486	(22,419)
Income tax benefit	4	3,597	3,542
Non-controlling interest share of loss		530	44
Net profit / (loss) from continuing operations		6,613	(18,833)
Loss from discontinued operation before non-controlling interest share of loss		(144)	-
Non-controlling interest share of loss		11	-
Net profit / (loss)		6,480	(18,833)
Other comprehensive income, net of taxes			
Net unrealized losses on available-for-sale investments		(51)	-
Total comprehensive profit / (loss)		6,429	(18,833)
Profit / (loss) per share from continuing operations:			
Basic & Diluted profit / (loss) per share (\$)	23	0.04	(0.27)
Profit / (loss) per share:			
Basic & Diluted profit / (loss) per share (\$)	23	0.04	(0.27)

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

Consolidated Statements Of Changes In Shareholders' Equity

	March 31, 2010		March 31, 2009	
	Number	Amount \$	Number	Amount \$
Common shares				
Balance at beginning of period	150,353,159	484,722	71,244,578	376,350
Exercise of stock options	20,000	43	-	-
Share issue expenses		(300)		-
Balance at end of period	150,373,159	484,465	71,244,578	376,350
Contributed surplus				
Balance at beginning of period		8,960		7,069
Employee stock based compensation recognized		268		1,360
Transfer to common shares		(14)		-
Balance at end of period		9,214		8,429
Warrants				
Balance at beginning and end of period		16,665		-
Equity accounts		510,344		384,779
Retained earnings				
Balance at beginning of period		50,067		70,987
Net (loss) / income for the period		6,481		(18,833)
Balance at end of period		56,548		52,154
Accumulated other comprehensive income				
Balance at beginning of period		2,765		559
Net unrealized losses on available-for-sale investments		(51)		-
Balance at end of period		2,714		559
Shareholders' equity at end of period		569,606		437,492

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

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

Consolidated Statement of Cash Flows

	Notes	Quarter Ended March 31	
		2010 \$	2009 \$
Cash flows from operating activities			
Net income / (loss) for the period		6,613	(18,833)
Items not affecting cash:			
- Amortization		4,730	3,664
- Provision for impairment of assets		(905)	4,677
- Gain on derivative instrument		(348)	-
- Non-cash finance costs		503	215
- (Gain) / loss on sale of assets		-	(10)
- Non-controlling interest share of loss		(530)	(44)
- Unrealized foreign exchange loss / (gain)		(355)	612
- Future income tax		(3,597)	(3,546)
- Stock based compensation		268	1,360
Changes in non-cash working capital	24	(4,978)	10,781
		1,401	(1,124)
Cash flows from investing activities			
Payments for property, plant and equipment		(33,529)	(17,648)
Proceeds from sale of assets		-	10
Payments for exploration expenditure		(526)	(1,066)
Proceeds of principal repayments from investments		-	468
		(34,055)	(18,236)
Cash flows from financing activities			
Share issue expenses		(271)	-
Deferred borrowing costs		(276)	-
Movement in restricted cash		(83)	(14)
Payments of debt		(69)	-
Disbursements on behalf of Dikulushi Trusts		-	(3)
		(699)	(17)
Cash flows from discontinued operations			
Cash flows from operating activities		(509)	-
Cash flows from financing activities		30	-
Net (decrease) / increase in cash & cash equivalents from discontinued operations		(479)	-
Net (decrease) / increase in cash and cash equivalents			
		(33,832)	(19,377)
Cash & cash equivalents at beginning of the period		121,234	45,033
Effects of exchange rate changes on cash held in foreign currencies		40	(39)
Total cash & cash equivalents at end of the period		87,442	25,617
Less cash & cash equivalents at the end of the period relating to discontinued operations	6	2	-
Cash & cash equivalents at the end of the period for continuing operations		87,440	25,617

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

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of Operations

Anvil Mining Limited ("Anvil" or the "Company") and its subsidiaries (together referred to as "Group" or "Anvil") operate in one operating segment, namely the acquisition, exploration, development and mining of mineral properties. The Company's principal assets are a 95% interest in the Kinsevere-Nambulwa copper project ("Kinsevere"), a 70% interest in the Mutoshi tenements (including the "Kulu mine"), a 90% interest in the Dikulushi copper-silver mine (the "Dikulushi mine"), and the associated Dikulushi, Mutoshi and Kinsevere-Nambulwa exploration tenements situated in the Democratic Republic of Congo ("DRC"). Anvil also holds interests in other exploration properties in the DRC and Zambia.

2. Basis of presentation and new accounting policies

a) Basis of Preparation and Presentation

The unaudited interim consolidated financial statements have been prepared and presented by Anvil Mining Limited under the generally accepted accounting principles ("GAAP") of Canada. The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited consolidated financial statements should be read in conjunction with the Notes to the Company's audited consolidated financial statements for the year ended December 31, 2009, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

The financial statements of the Group include the consolidation of Anvil and all of its subsidiaries. The subsidiaries include those entities that are controlled by the parent entity. Control exists if Anvil has the power and ability to govern the financial and operational policies of the respective entities so as to obtain benefits from their activities. Subsidiaries are included in the consolidated financial report from the date control commences until the date control ceases. Where the Group has less than 100% interest in a subsidiary, the interest attributable to outside shareholders is reflected in non-controlling interests (minority interests). The effects of all transactions between entities in the consolidated group are eliminated in full.

b) New Accounting changes

Business Combinations

In October 2008, the CICA issued Handbook Section 1582, "Business Combinations", which establishes new standards for accounting for business combinations. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of IFRS.

Non-controlling Interests

Also in October 2008, the CICA issued Handbook Section 1602, "Non-controlling Interests", to provide guidance on accounting for non-controlling interests subsequent to a business combination. This is effective for fiscal years beginning on or after January 2011. The Company elected to adopt accounting for the non-controlling interests share of loss from January 1, 2010.

NOTES TO THE FINANCIAL STATEMENTS

	March 31, 2010	March 31, 2009
	\$	\$
3. Other income		
Interest received	415	311
Other Income	127	10
	<u>542</u>	<u>321</u>
Interest and financing fees		
Interest	9	238
Amortization of deferred borrowing costs	173	-
Interest / Accretion of asset retirement obligation	353	-
	<u>535</u>	<u>238</u>
Provision for impairment		
Relating to available-for sale-investments	-	3,558
Relating to equity accounted investments	-	445
Relating to long lived assets	-	674
	<u>-</u>	<u>4,677</u>
Reversal of impairment of AFS debt investments	<u>(905)</u>	<u>-</u>

4. Income tax

The income tax benefit of \$3.6 million during the current quarter relates to tax losses which are expected to be recouped from future taxable income within the relevant tax jurisdiction.

5. Derivative financial instruments**Mark-to-Market adjustments**

Income statement	March 31, 2010	March 31, 2009
	\$	\$
Forward metal price contracts – held for trading	229	-
Forward metal price contracts – held for trading	119	-
Gain recognized on derivative financial instruments	<u>348</u>	<u>-</u>

The Group entered into a forward contract during October 2009, with its off-take partner Trafigura Beheer B.V. ("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 – put strike) and a cap price of \$3.53 per pound (\$7,775 per tonne – call strike). 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.

At March 31, 2010, the Group would have incurred a loss of \$0.5 million, if it had to settle this contract.

Under the terms of the engineering, procurement and construction contract with Ausenco Limited in connection with the development of the Kinsevere Solvent Extraction Electrowinning ("SX-EW") plant, a portion of the costs for which the Company is responsible is denominated in Australian Dollars (AUD) and South African Rand (ZAR). In total, the Company is required to purchase AUD17,274,601 and a total of ZAR159,552,181 over the course of 2010. In order to mitigate the risk of an adverse movement in the AUD and ZAR exchange rates, the Company has entered into a series of forward contracts in which it has locked in the exchange rates at which the required AUD and ZAR is purchased during 2010.

NOTES TO THE FINANCIAL STATEMENTS**6. Discontinued operations classified as 'held for sale'.**

At March 31, 2010, the Dikulushi mine continued to be classified as a discontinued operation, held for sale, as the Company expected to divest its interest in the Dikulushi mine during April 2010. The sale of Dikulushi was completed in April 2010 and the post-tax loss of this discontinued operation for the three months ended March 31, 2010 was \$0.1 million.

The financial performance, balance sheet, and cash flow information presented are for the three months ended March 31, 2010.

The carrying amounts of assets and liabilities as at period end were:

	March 31, 2010	December 31, 2009
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	2	481
Accounts receivable	1,132	1,132
Inventories	96	-
Prepaid expenses and deposits	499	501
	1,729	2,114
Non-current assets		
Restricted cash	369	424
Exploration and acquisition expenditure	2,729	2,299
Property, plant and equipment	2,433	2,433
	5,531	5,156
Total assets	7,260	7,270
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	139	726
Loans payable	1,034	1,034
Other liabilities	2	2
Current portion of long-term debt	-	2
	1,175	1,764
Non-current liabilities		
Asset retirement obligations	1,370	983
	1,370	983
Total liabilities	2,545	2,747

NOTES TO THE FINANCIAL STATEMENTS

The financial performance for the period was:

	March 31, 2010
Concentrate sales	-
Operating expenses	(301)
Amortization	-
	(301)
Other income	204
Foreign exchange gains	(47)
Loss before income tax and non-controlling interest	(144)
Income tax recovery	-
Net loss from discontinued operations	(144)

	March 31 2010 \$	December 31 2009 \$
7. Deferred financing fees		
Balance at beginning of year	2,865	-
Deferred fees paid during the period	298	2,865
Amortization of deferred borrowing costs	(173)	-
	2,990	2,865

Deferred Financing Fees represents costs incurred in connection with the project loan facility with Trafigura. These costs include fees and commissions paid to banks, law firms and other professional fees. As these payments generate future benefits, they are treated as an asset. The costs are capitalized, reflected in the balance sheet as an asset, and amortized over the finite life of the underlying debt instrument. Early debt repayment under the project loan facility would result in expensing of these costs.

	March 31 2010 \$	December 31 2009 \$
8. Other non-current liability		
Balance at beginning of year	6,711	-
Non-current liability incurred during the period	-	6,589
Interest / Accretion expense	122	122
Reclassified to current under 'Accounts payable & accrued liabilities'	(6,833)	-
	-	6,711

Other non-current liability represents the *Pas de Porte* (Entry Premium) payable to La Générale des Carrières et des Mines ("Gécamines") in January 2011 and is measured by discounting the future contractual cash flows of \$7.2 million at initial recognition, at the current market interest rate that was available for similar financial instruments at that time. At March 31, 2010 \$6.8 million reflecting the present value of \$7.2 million payable in January 2011 was reclassified as current liabilities under the category 'Accounts payable and accrued liabilities'.

	March 31 2010 \$	December 31 2009 \$
9. Cash and cash equivalents		
Cash at bank and in hand	36,880	20,000
Deposits at call	50,560	100,753
	87,440	120,753

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**(a) Credit Risk Exposure**

All cash investments not held in transactional bank accounts are invested in term deposits held with reputable financial institutions that have a short-term credit rating of A1 or above (derived from short-term Standard and Poors credit ratings), providing average interest of 0.60% *per annum* with various terms of maturity up to a maximum of one month. As at March 31, 2010 the term deposits have been placed with two banks. The credit risk exposure of the Group in relation to cash and deposits is the carrying amount and any associated accrued unpaid interest.

	March 31 2010	December 31 2009
	\$	\$
10. Restricted cash		
Cash deposits held as security	970	887

At March 31, 2010 and December 31, 2009, cash deposits were held by the Group's bankers for future mine property rehabilitation and guarantees for acquisition of equipment related to Kinsevere Stage II. These cash deposits have been classified as non-current, as they are not readily available to pay current obligations and have contractual restrictions.

	March 31 2010	December 31 2009
	\$	\$
11. Accounts receivable		
Trade receivables (net of provision for doubtful debts)	10,149	13,437
Accrued interest income	170	85
Advances to suppliers and contractors	1,572	1,696
Current portion of long-term receivable - Société Nationale d'Électricité ("SNEL")	794	1,033
Other	2,210	1,716
	14,895	17,967

Receivables are non-interest bearing and unsecured. Trade receivables are on the terms operating in the commodities industry, which usually require final settlement within two to four months following the date of shipment.

The current portion of long-term receivable represents the amount receivable from SNEL, the Government electricity company in the DRC, in relation to the joint venture agreement with Ruashi Mining sprl ("Ruashi") to construct infrastructure necessary to ensure supply of the required power for the operation of the Kinsevere Stage II SX-EW plant.

	March 31 2010	December 31 2009
	\$	\$
12. Inventories		
Raw materials and stores – at Net Realisable Value	2,106	2,309
Ore stockpiles – at cost	22,375	21,485
Concentrate in stockpiles and in transit – at cost	711	1,589
	25,192	25,383
Less: Non-current (low-grade ore stockpiles) – at cost	(11,963)	(11,163)
Current Portion of Inventory	13,229	14,220

The low-grade ore stockpiles at Kinsevere have been classified as non-current as they are expected in the later years of the Stage II SX-EW plant's operation.

NOTES TO THE FINANCIAL STATEMENTS

	March 31 2010 \$	December 31 2009 \$
13. Investments		
At cost:		
Current available-for-sale investments	1,487	1,487
Non-current available-for-sale investments	30,874	30,874
	32,361	32,361
At fair value:		
Current available-for-sale investments	1,373	1,243
Non-current available-for-sale investments	17,563	16,827
	18,936	18,070

The available-for-sale investments are intended to be held to maturity, or liquidated should the Group's funding requirements necessitate. Of this balance, \$3.1 million of the fair value of the available-for-sale investments (cost \$0.8 million), represents Anvil's investment in Chalice Gold Mines Ltd which was previously known as Sub-Sahara Resources NL.

An available-for-sale debt investment that matures on June 14, 2010 has been classified as a current asset. The remaining available-for-sale debt investments are due to mature between 2013 and 2014 and are accordingly classified as non-current assets. The available-for-sale equity investment has no fixed maturity date but is intended to be held for more than a year.

	March 31 2010 \$	December 31 2009 \$
14. Prepaid expenses and deposits		
Prepayments to creditors and sub-contractors	7,617	24,471
Prepaid expenses – Other	1,811	1,053
Deposits to suppliers	375	375
	9,803	25,899

Over \$6.4 million of the prepayments to creditors and sub-contractors relate to procurement of equipment for Kinsevere Stage II.

	March 31 2010 \$	December 31 2009 \$
15. Long-term receivables		
Receivable from SNEL – Ruashi Project	15,113	14,457
Receivable from SNEL – Pweto Project	1,011	1,011
	16,124	15,468

The Group entered in to a joint venture agreement with Ruashi to construct infrastructure necessary to ensure supply of the required power for the operation of the Kinsevere Stage II SX-EW plant. Under the terms of this agreement, Anvil agreed to provide \$16.5 million for development of this infrastructure. The expected completion date for the development of the infrastructure is the end of June 2010 at which time it shall become the property of SNEL. The Group's costs incurred in this development will be recovered through a series of monthly repayments over a five-year period that commences six months from completion of the infrastructure development.

NOTES TO THE FINANCIAL STATEMENTS

	March 31 2010 \$	December 31 2009 \$
16. Exploration and acquisition expenditure		
Exploration and acquisition expenditure at beginning of year	62,384	51,352
Expenditure transferred to development properties	-	-
Expenditure incurred ³	229	14,257
Expenditure written off	-	(3,225)
Exploration and acquisition expenditure at end of period	62,613	62,384
Exploration expenditure per area of interest ¹		
- Kinsevere projects	20,459	20,182
- Mutoshi projects	13,779	13,779
- Other exploration projects	113	161
	34,351	34,122
Acquisition expenditure per area of interest ²		
- Mutoshi projects ³	28,262	28,262
	62,613	62,384
Total exploration and acquisition expenditure per area of interest		
- Kinsevere projects	20,459	20,182
- Mutoshi projects ³	42,041	42,041
- Other exploration projects	113	161
	62,613	62,384

The carrying value of expenditure on areas of interest in the exploration phase is dependent upon the successful development and commercial exploitation of the tenements, or alternatively the sale of the tenements for at least carrying value.

¹ Refers to exploration expenditure directly incurred by the Group on tenements as part of general exploration activity.

² Refers to the fair value of exploration property acquired.

³ Exploration costs for Mutoshi include the \$13.8 million premium payable (fair value) to Gécamines in relation to the DRC Government review of the mining agreements, of which \$7.2 million was paid in December 2009 and the balance is payable in January 2011.

NOTES TO THE FINANCIAL STATEMENTS

	March 31, 2010		
	Cost	Accumulated depletion, amortization and write- down	Net book value
	\$	\$	\$
17. Property, plant and equipment			
Kinsevere ¹			
Land and buildings	6,073	(2,083)	3,990
Plant and equipment	77,249	(59,817)	17,432
Mine property	128,946	(19,186)	109,760
Capital work in progress	231,616	-	231,616
	443,884	(81,086)	362,798
Mutoshi ²			
Land and buildings	2,270	(518)	1,752
Plant and equipment	7,131	(6,567)	564
Mine property	11,139	(8,108)	3,031
Capital work in progress	4,611	-	4,611
	25,151	(15,193)	9,958
Services ³			
Land and buildings	2,023	(425)	1,598
Plant and equipment	3,294	(2,032)	1,262
Capital work in progress	-	-	-
	5,317	(2,457)	2,860
Corporate and other ⁴	4,065	(2,049)	2,016
	478,417	(100,785)	377,632
Discontinued Operation classified as held for sale (Dikulushi) ⁵			
Land and buildings	3,473	(2,793)	680
Plant and equipment	26,649	(25,986)	663
Mine property	29,630	(28,637)	993
Capital work in progress	97	-	97
	59,849	(57,416)	2,433

NOTES TO THE FINANCIAL STATEMENTS

	December 31, 2009		
	Cost	Accumulated depletion, amortization and write-down	Net book value
	\$	\$	\$
17. Property, plant and equipment			
Kinsevere ¹			
Land and buildings	6,061	(1,894)	4,167
Plant and equipment	76,530	(56,872)	19,658
Mine property	128,946	(17,911)	111,035
Capital work in progress	174,059	-	174,059
	<u>385,596</u>	<u>(76,677)</u>	<u>308,919</u>
Mutoshi ²			
Land and buildings	2,270	(447)	1,823
Plant and equipment	7,252	(6,412)	840
Mine property	11,139	(8,108)	3,031
Capital work in progress	4,601	-	4,601
	<u>25,262</u>	<u>(14,967)</u>	<u>10,295</u>
Services ³			
Land and buildings	2,023	(372)	1,651
Plant and equipment	3,966	(2,451)	1,515
Capital work in progress	104	-	104
	<u>6,093</u>	<u>(2,823)</u>	<u>3,270</u>
Corporate and other ⁴	3,910	(1,832)	2,078
	<u>3,910</u>	<u>(1,832)</u>	<u>2,078</u>
Total	420,861	(96,299)	324,562
Discontinued Operation classified as held for sale (Dikulushi) ⁵			
Land and buildings	3,473	(2,793)	680
Plant and equipment	26,721	(26,058)	663
Mine property	29,630	(28,637)	993
Capital work in progress	97	-	97
	<u>59,921</u>	<u>(57,488)</u>	<u>2,433</u>

1 The carrying value of expenditure on the Kinsevere project is dependent upon the successful development and commissioning of the SX-EW plant, or alternatively the sale of the related assets for at least the carrying value. The Kinsevere property, plant and equipment includes all property, plant and equipment located at Kinsevere in the DRC. This includes the \$15 million entry premium payment for Gécamines in relation to the DRC Government review of mining agreements.

2 The Mutoshi property, plant and equipment includes all property, plant and equipment related to Mutoshi Stage I Heavy Separation Plant ("HMS"), located at Kolwezi in the DRC.

3 The Services property, plant and equipment includes all property, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC..

4 The Corporate and other assets are all located in Australia and Canada.

5 The asset held in discontinued operation represents the Dikulushi property, plant and equipment which includes all property, plant and equipment located at Dikulushi or used in the support of the Dikulushi operations situated in the DRC and elsewhere in Central and Southern Africa.

NOTES TO THE FINANCIAL STATEMENTS

	March 31 2010 \$	December 31 2009 \$
18. Accounts payable and accrued liabilities		
Trade creditors	17,554	7,701
Creditor and other accruals	1,671	4,336
	19,225	12,037

19. Non-controlling interests and social development expenditure

The Group holds a beneficial interest of 95% in AMCK Mining sprl ("AMCK") which is the owner and operator of the Kinsevere mine.

The Group holds a beneficial interest of 70% in Société Minière de Kolwezi sprl ("SMK") which is the owner and operator of the Mutoshi project, including the Stage I HMS development that processes material from the Kulumaziba river tailings deposit at the Kulu operation and the holder of other exploration tenements in the Kolwezi region. Gécamines holds the remaining 30% interest in SMK on a non-dilutable basis.

During the March quarter, the Group held a beneficial interest of 90% in Anvil Mining Congo sarl ("AMC"). The Group also has administrative responsibility for the economic benefit of the remaining 10% interest, which is held in trust by the Group for the social, economic and infrastructure development of the region of the Group's activities at the Dikulushi mine. Wholly-owned subsidiaries of the Group are the trustees of the trusts.

The movements in non-controlling interests during the period ended March 31, 2010 are as follows:

	March 31 2010 \$	December 31 2009 \$
(a) AMC – non-controlling interests		
Balance – beginning of year	260	1,909
Amounts disbursed on behalf of the Dikulushi Trusts during the period	(25)	(1,243)
Reimbursement of advance to Trust	360	-
Interests in net (loss) / earnings of AMC	(10)	(406)
Balance – end of period	585	260
(b) SMK – non-controlling interest		
Balance – beginning of year	-	-
Interests in net losses of SMK	(125)	-
Balance – end of period	(125)	-
(c) AMCK – non-controlling interests		
Balance – beginning of year	-	-
Interests in net losses of AMCK	(405)	-
Balance – end of period	(405)	-
Total non-controlling interests – end of period	55	260
(d) Social development expenditure		
Social development expenses in operating expenses (Kinsevere)	84	743
Total social development expenditure	84	743

NOTES TO THE FINANCIAL STATEMENTS

20. Common shares, share options and share warrants

(a) Equity Accounts

Common Shares	March 31, 2010		December 31, 2009	
	No. of Shares	Amount \$	No. of Shares	Amount \$
Balance – beginning of year	150,353,159	484,722	71,244,578	376,350
Exercise of stock options / warrants (i)	20,000	43	-	-
Share issue expenses		(300)	-	-
Balance – end of period	150,373,159	484,465	71,244,578	376,350
Contributed Surplus				
Balance – beginning of year		8,960	-	7,069
Employee stock based compensation recognized		268	-	1,360
Transfer to common shares		(14)	-	-
Balance – end of period		9,214	-	8,429
Warrants (refer note 19(c))		16,665		-
Equity Accounts		510,344	71,244,578	384,779

- (i) During the three months ended March 31, 2010, 20,000 employee stock options were exercised over common shares (December 31, 2009: no employee stock options or warrants were exercised over common shares).

(b) Stock option plan

Pursuant to the Anvil Mining 2008 Share Incentive Plan (the "Plan"), which was approved by the Company's shareholders at the 2007 Annual General Meeting, the Company may grant options and awards to directors, officers, employees and consultants. At March 31, 2010, the Company is able to issue an additional 10,805,931 (March 31, 2009: 2,368,483) common shares under the Plan.

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

The assumptions used in determining the fair values of stock options granted under the Stock Option Plan using a weighted average method are as follows:

Canadian Dollar based options

Risk free interest rate:	3.0%
Expected life:	57 months
Expected volatility:	86.8%
Expected dividend yield:	0%

During the three months ended March 31, 2010, there was no issue of stock options to directors. During the three months ended March 31, 2009, 400,000 stock options with an exercise price of C\$1.35 each, with a total fair value of \$0.37 million were granted to non-executive directors as compensation for special committee work in relation to capital restructuring.

During the three months ended March 31, 2010, there was no issue of stock options to employees and 20,000 stock options were exercised. During the three months ended March 31, 2009, 2,030,000 stock options with an exercise price of C\$1.35 each, with a total fair value of \$1.49 million were issued to employees under the Plan and no employee stock options were exercised.

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

The exercise price of options is based on the weighted average price at which the company's shares are traded on the Toronto Stock Exchange during the five trading days immediately before the date on which stock options are granted.

The stock option expense for the three months ended March 31, 2010 amounted to \$0.3 million (three months ended March 31, 2009: \$1.4 million). As at March 31, 2010, the aggregate fair value of unvested stock options remaining to be charged to income amounted to \$0.3 million (March 31, 2009: \$3.0 million).

	March 31, 2010		March 31, 2009	
	No. of Shares	Weighted Average Exercise Price	No. of Shares	Weighted Average Exercise Price
Outstanding stock options				
Canadian Dollar based options ¹				
Outstanding at beginning of year	4,284,385	C\$10.49	2,325,975	C\$8.39
Granted under plan	-	-	2,430,000	C\$1.35
Exercised	(20,000)	C\$1.35	-	-
Expired and forfeited	-	-	-	-
Outstanding at the end of the period	4,264,385	C\$3.75	4,755,975	C\$4.79
Options vested and outstanding at the end of the period	4,003,235	C\$3.75	1,505,754	C\$5.11

¹ These stock options have been issued to the directors and employees of the Company pursuant to the Plan.

The following table summarizes information about stock options outstanding at March 31, 2010:

Range of exercise prices	Options outstanding			Options exercisable		
	No. of stock options outstanding at March 31, 2010	Weighted average of remaining contractual life (months)	Weighted average exercise price	No. of stock options vested and outstanding at March 31, 2010	Weighted average of remaining contractual life (months)	Weighted average exercise price
C\$1.16-C\$1.60	2,570,000	35	C\$1.35	2,570,000	33	C\$1.35
C\$3.80	320,000	14	C\$3.80	320,000	14	C\$3.80
C\$4.25-C\$4.66	150,000	4	C\$4.27	150,000	4	C\$4.27
C\$7.06	194,334	24	C\$7.06	194,334	24	C\$7.06
C\$9.41	600,000	29	C\$9.41	433,333	29	C\$9.41
C\$11.06-C\$11.84	50,000	32	C\$11.28	33,333	32	C\$11.28
C\$12.04-C\$12.43	230,958	39	C\$12.23	178,972	42	C\$12.23
C\$13.09	100,000	47	C\$10.67	83,334	47	C\$10.67
C\$14.06	49,093	36	C\$14.06	39,929	36	C\$14.06
Total	4,264,385	31	C\$3.75	4,003,235	31	C\$3.75

(c) Warrants

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

	Number of warrants	Exercise Price	Amount \$
Balance at December 31, 2009 and March 31, 2010	11,228,320	C\$2.75	16,665

NOTES TO THE FINANCIAL STATEMENTS

21. Commitments

(a) Exploration Expenditure Commitments

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

(b) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted for as at March 31, 2010 were \$171.0 million (December 31, 2009 - \$13.7 million). Under the Kinsevere acquisition agreement, AMCK has an ongoing obligation to pay a mining royalty of 2.5% of gross turnover to Gécamines. AMCK also has a similar obligation to 2% of net sales to the DRC Government.

(c) Mutoshi mine

Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2.5% of gross turnover to Gécamines. SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

(d) Central Bank of Congo

Anvil subsidiaries operating in the DRC are required to comply with the Central Bank of Congo regulations regarding repatriation of sales proceeds received into bank accounts located outside the DRC. The subsidiaries are required to repatriate no less than 40% of the realized sales receipts, within certain time periods, into US dollar denominated bank accounts located in the DRC. The funds once repatriated, are available to the Company to meet obligations both within and outside the DRC. At March 31, 2010 the amount to be repatriated was nil (December 31, 2009: 4.4 million).

22. Segment information

The Group'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.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The Stage I HMS plant was commissioned in June 2007 and produces an oxide copper concentrate. The EAF commenced operation during the third quarter of 2008 and is currently on care & maintenance. Stage II involves development of a 60,000 tonnes per annum SX-EW plant which will produce LME Grade A copper cathode.

Mutoshi

The Group holds a beneficial interest of 70% in SMK which is the owner and operator of the Mutoshi project, including the Stage I HMS development that processes material from the Kulumaziba river tailings deposit at the Kulu operation and the holder of other exploration tenements in the Kolwezi region. Gécamines holds the remaining 30% interest in SMK on a non-dilutable basis.

CDA

The corporate development, administration and other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration. The inter-segment eliminations relate to inter-company interest charged on loan balances and the charging of corporate marketing, finance and agency fees within the Group.

Dikulushi (Discontinued operations)

During the March quarter, the Group held a beneficial interest of 90% in the Dikulushi mine. The operation is located in the Katanga province of the DRC. The operation was developed in 2002 and produces a sulphide copper concentrate with a silver credit. Dikulushi was placed on care and maintenance during the fourth quarter of 2008.

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

For the three months ended March 31, 2010, segmented information is presented as follows:

	Quarter Ended March 31, 2010						
	Kinsevere \$	Mutoshi \$	CDA \$	Inter \$	Total continued operations \$	Discontinued operations (Dikulushi) \$	Total operations \$
Revenue	15,421	65	-	-	15,486	-	15,486
Operating expenses	(6,776)	(438)	(53)	-	(7,267)	(301)	(7,568)
Amortization	(3,996)	(333)	(401)	-	(4,730)	-	(4,730)
Segmented operating profit / (loss)	4,649	(706)	(454)	-	3,489	(301)	3,188
Interest and financing fees	(13,857)	(135)	(181)	13,638	(535)	-	(535)
Other income	49	84	16,967	(16,558)	542	204	746
Write back of provision for impairment of assets	-	-	905	-	906	-	906
Gain on derivative instrument	348	-	-	-	348	-	348
Other expenses	(2,555)	-	(2,628)	2,920	(2,263)	(47)	(2,310)
Segmented (loss)/profit before under noted items	(11,366)	(757)	14,609	-	2,487	(144)	2,342
Income taxes	3,533	-	64	-	3,597	-	3,597
Non-controlling interest	405	125	-	-	530	11	541
Segmented (loss)/profit	(7,428)	(633)	14,673	-	6,614	(133)	6,480
Property, plant and equipment	362,798	9,958	4,877	-	377,632	2,433	380,065
Total assets	480,635	57,398	78,791	-	616,824	7,260	624,084
Capital expenditures	33,497	-	31	-	33,529	-	33,529

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

For the quarter and year ended March 31, 2009, segmented information is presented as follows:

	Quarter ended March 31, 2009					
	Kinsevere	Dikulushi	Mutoshi	CDA	Inter-segment	Total
	\$	\$	\$	\$	\$	\$
Revenue	(885)	3,240	(710)	-	-	1,645
Operating expenses	(5,970)	(2,926)	302	(3,858)	-	(12,452)
Amortization	(2,909)	(208)	(275)	(272)	-	(3,664)
Segmented operating (loss) / profit	(9,764)	106	(683)	(4,130)	-	(14,471)
Interest and financing fees	(203)	-	(720)	(23)	708	(238)
Other income	3	10	-	1,345	(1,037)	321
Other expenses	(454)	(306)	(106)	(7,494)	329	(8,031)
Segmented (loss) before under noted items	(10,418)	(190)	(1,509)	(10,302)	-	(22,419)
Income taxes recovery / (expense)	3,462	(4)	-	84	-	3,542
Non-controlling interest	-	44	-	-	-	44
Segmented (loss)	(6,956)	(150)	(1,509)	(10,218)	-	(18,833)
Property, plant and equipment	281,416	4,080	11,561	7,628	-	304,685
Total assets	397,466	13,634	44,733	58,815	-	514,648
Capital expenditures	16,422	461	573	192	-	(17,648)

The operations in DRC comprise i) the Kinsevere copper mine, which is currently operating a HMS plant, ii) the Dikulushi copper-silver mine, which, during the quarter, was classified as discontinued operations, held for sale, iii) the Mutoshi copper mine, which has ceased operating the HMS plant and is currently under care and maintenance, and iv) exploration on tenements held in the DRC. The Group's Zambia operations comprise the infrastructure support to the Dikulushi mine and exploration tenements in Zambia. The Group's Australia and Canada segment carry all corporate activity costs.

All material assets comprising property, plant and equipment and associated inventories and other current assets relate primarily to the Dikulushi, Mutoshi and Kinsevere mines. The total assets located by geographic areas are as follows:

	March 31 2010 \$	December 31 2009 \$
Total assets – Geographical reporting		
Democratic Republic of Congo	541,400	523,701
Zambia	-	712
Australia ¹	38,203	66,524
Canada ¹	37,221	23,301
	616,824	614,238

¹ These assets are physically held in the respective geographical regions and relate mainly to corporate and management activity.

(Expressed in thousands of US dollars except per share amounts and as otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

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

	Quarter ended March 31,	
	2010	2009
	\$	\$
Revenues – Geographical reporting		
Democratic Republic of Congo	15,486	1,645

23. Loss per share from continuing operations

Basic profit / (loss) per share	0.04	(0.27)
Diluted profit / (loss) per share	0.04	(0.27)
Weighted average number of ordinary shares outstanding - basic earnings per share	150,364,270	71,244,578
Weighted average number of ordinary shares outstanding - diluted earnings per share	154,743,846	71,244,578

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

	Quarter ended March 31, 2010		
	Profit \$	No. of Shares	\$ per share amount
Basic & Diluted profit per share from continuing operations			
Profit available to shareholders	6,613	150,364,270	0.04

	Quarter ended March 31, 2009		
	Loss \$	No. of Shares	\$ per share amount
Basic & Diluted loss per share			
Loss available to shareholders	(18,883)	71,244,578	(0.27)

	Quarter ended March 31,	
	2010 \$	2009 \$
24. Supplementary cash flow information		
(a) Changes to non-cash working capital		
Accounts receivable	3,104	11,648
Inventories	991	2,071
Prepaid expenses and deposits	(1,173)	821
Accounts payable and accrued liabilities	(7,123)	(3,202)
Income taxes	49	(48)
Other liabilities	(826)	(509)
	(4,978)	10,781
(b) Other information		
Interest and financing fees paid	(23)	(7)
Interest received	300	342
Income tax paid	-	(48)

NOTES TO THE FINANCIAL STATEMENTS

25. Related Parties

As at May 13, 2010, Trafigura is the beneficial owner of 53,248,729 Common Shares, representing 35.4% of the issued and outstanding Common Shares. During the March quarter, the Company entered into transactions with Trafigura for the sale of copper concentrates, the provision of technical services and the supply of fuel to Kinsevere, all of which were on commercial terms.

In January 2010, the Company entered into contracts with Trafigura, under which it agreed to sell its 2010 forecast production. The Sales Contracts are on standard commercial terms for comparable sales contracts. Sales of concentrate to Trafigura of \$13.9 million were recorded as revenue during the first quarter of 2010. As at March 31, 2010, Trafigura owed the Company \$9.3 million which is recorded as accounts receivables.

In November 2009, the Company entered into a technical services agreement to address all material technical issues relating to the development of Kinsevere Stage II. The Technical Committee makes recommendations to the Anvil board of directors (the "Anvil Board") and can take appropriate and additional steps to promote and safeguard Kinsevere Stage II. The Technical Committee (upon approval of the Anvil Board) may appoint Trafigura, on a case-by-case basis, to provide services related to project management support, data processing, technical services support, coordination and consulting at Kinsevere Stage II. Where Trafigura is unable or unavailable to perform any services which it has been appointed to provide to Anvil or AMCK, Trafigura may engage independent contractors to provide such services. During the March quarter, pursuant to the recommendations of the Technical Committee, Trafigura provided technical services in connection with Kinsevere Stage II to the value of \$0.2 million during the first quarter of 2010, recorded as operating expenses. The balance due to Trafigura at March 31, 2010 is \$0.2 million, recorded as accounts payable and accrued liabilities.

Trafigura is also one of several fuel suppliers from whom the Company obtains quotations for the supply of fuel to Kinsevere and during the quarter the Company purchased from Trafigura, fuel for its Kinsevere mine, valued at \$0.3 million, recorded as operating expenses.

26. Subsequent events

In February 2010, the Company reached agreement with Mawson West Limited ("Mawson West"), an unlisted company with mining interests in the DRC and Australia, on the terms and conditions for the sale of the Company's 90% interest in 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.

The Company completed the sale of AMC on April 9, 2010.