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MANAGEMENT'S DISCUSSION AND ANALYSIS

First Quarter Ended March 31, 2011

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 three months ended March 31, 2011. The discussion below should be read in conjunction with the unaudited interim consolidated financial statements and the related notes for the three months ended March 31, 2011 and the audited consolidated financial statements for the year ended December 31, 2010 and the related notes for the year then ended.

The Group's consolidated financial statements and the financial data set out below have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the first time. Please note that the consolidated financial statements were previously 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 accompanying. 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 unaudited consolidated interim financial statements for the 3 months ended March 31, 2011.

Additional information relating to the Company, including the Company's most recent Annual Information Form ("AIF"), 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 31, 2011.

SUMMARY OF OPERATIONAL AND FINANCIAL PERFORMANCE

		Three Months ended March 31	
		2011	2010
Revenues	$000s	17,564	15,486
Operating Profit[1]	$000s	6,738	4,708
Net Profit / (loss)	$000s	37,510	(149)
Earnings per share - basic	$	0.24	0.00
Cash and cash equivalent	$000s	60,176	87,440
Concentrate produced	Tonnes	12,854	16,320
Concentrate grade	% Cu	25.8	25.1
Copper produced in concentrate	Tonnes	3,316	4,093
Copper sold	Tonnes	3,182	4,424
Realized copper price	$/lb	4.50	3.33
Operating cash cost[1]	$/tonne concentrate produced	738	319

1 "Operating Profit" and "Operating cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

HIGHLIGHTS FOR THE MARCH QUARTER

The Kinsevere Stage I Heavy Media Separation ("HMS") plant continued to generate positive operating profit for the first quarter of 2011. Performance during the March quarter was adversely affected by lower production of copper and higher operating cash costs, however, these factors were offset by a higher copper price, higher payable rate on copper sold and lower depreciation and amortization.

Net profit and earnings per share were significantly impacted by the reclassification of the Group's investment in Mawson West Limited ("Mawson West"). During the March quarter, Mawson West simultaneously completed a 4:1 share consolidation and an initial public offering of 30,000,000 ordinary shares at a price of C$2.00 per share on the Toronto Stock Exchange, which resulted in a dilution of Anvil's ownership interest (from 25% to 15%) in Mawson West. The Company's investment in Mawson West, which had been treated in accordance with equity accounting principles, was consequently reclassified as an available-for-sale investment, as the Company ceased to have significant influence over the affairs of Mawson West. The effect of this was to record the investment at fair value on reclassification, resulting in a gain of $28.8 million or $0.19 earnings per share (basic). Excluding this gain, the net profit after tax would have been $8.7 million or $0.05 earnings per share (basic).

The Company plans to continue operation of the Stage I HMS plant through to the end of the second quarter, after which production is expected to be sourced solely from the Stage II Solvent Extraction-Electrowinning ("SX-EW") plant.

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MARKET CONDITIONS AND GROUP OUTLOOK

The Company continues to benefit from a strong copper price environment and while the price has recently retreated from higher levels seen earlier in the year, both the copper market fundamentals and analysts' forecasts indicate that a favourable copper price environment is expected to remain in place for the short to medium-term.

The Company's focus remains firmly on the completion of construction and commissioning of the Kinsevere Stage II SX-EW plant. As at April 30, 2011, construction was approximately 95% complete and commissioning of the first copper circuit has been essentially achieved, with the first production of copper cathode taking place in early May 2011.

While a number of construction and commissioning activities are ongoing, the Company expects the commissioning to be substantially completed by the end of the second quarter and with the support of our commissioning management group, it is anticipated that design capacity will be achieved during the fourth quarter of 2011.

As at May 31, 2011, production from the SX-EW plant amounted to 1,353 tonnes of copper cathode. While performance for 2011 will be largely determined by the time involved in the ramp-up of Kinsevere Stage II to design capacity, the Group expects to produce 36,000 to 38,000 tonnes of copper (as copper cathodes and copper in concentrates) for the full year 2011. It is anticipated that operation of the HMS plant will shut down at the end of June 2011.

The estimated cash unit cost of production, excluding royalties, during the commissioning and ramp-up period through to the end of the fourth quarter is expected to be in the range of $1.10 to $1.25/lb Cu, which is dependent on throughput volumes, which in turn will be dependent on the progress through the ramp-up phase to full-scale production. It is expected that the unit costs will improve in 2012 when the plant is expected to be operating at full design capacity and fully optimized.

Following its decision to re-establish exploration capability, the Group recruited an expatriate manager of exploration and an exploration geologist and recently completed the recruitment of technicians and field officers. The Group's exploration activity is targeting the following areas:

- Regional exploration in the area within a 50km trucking distance of the Kinsevere mine;
- Further drilling at Kinsevere aimed at fully delineating a sulphide Mineral Resource and defining a sulphide Mineral Reserve; and
- An in-fill drilling program at Mutoshi.

The Group expects exploration spending for 2011 to be approximately $10.0 million.

Kinsevere Stage II, with its design capacity of 60,000 tonnes of copper cathode per year, provides the Company with a strong platform for growth. In addition to the restart of exploration, the Company plans to investigate expanding the capacity of the existing Stage II SX-EW plant and consider merger and acquisition opportunities in order to increase both Group copper production and mineral resources and to develop a pipeline of growth projects.

OPERATIONS, DEVELOPMENT AND EXPLORATION

KINSEVERE OPERATIONS

		Three Months ended March 31	
		2011	2010
Ore mined	Tonnes	291,777	210,126
Waste mined	Tonnes	787,482	173,678
Ore processed	Tonnes	81,841	61,491
Copper grade – HMS	% Cu	5.1	8.6
Copper recovery – HMS	% Cu	69.6	68.4
Concentrate produced	Tonnes	12,854	16,320
Concentrate grade – HMS and spirals	% Cu	25.8	25.1
Copper produced in concentrate – HMS and spiral	Tonnes	3,316	4,093
Copper Sold	Tonnes	3,182	4,424
Operating cash cost[1]	$/tonne concentrate produced	738	319

1 "Operating cash cost" is not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

During the March quarter, mining works moved from a five day roster with single shifts, to a seven day roster with double shifts. The increase in operating shifts, which is consistent with a new mining contract that came into effect in February 2011, has enabled the Group to continue its cutback program in the central pit in order to ensure continued supply of feed to the HMS plant during the wet season, to prepare for Stage II processing and to provide waste material for the raising of the embankments at the Stage II tailings storage facility. This has involved a higher strip ratio than the life-of mine strip ratio of 1.2 and while it will enable ready access to ore for Stage II processing, it has resulted in significantly higher mining costs for the March quarter of 2011, relative to mining of material specifically for HMS processing.

Higher mining costs as described above, along with an increase in expatriate employee numbers to support the development of Kinsevere Stage II and higher power costs, resulted in an increase in the cash cost per tonne of concentrate to $738 per tonne of concentrate produced in the March quarter of 2011, from $319 per tonne of concentrate

produced in the March quarter of 2010. These factors were offset by an increase in the copper price to $4.50/lb in the March quarter of 2011, from $3.33/lb in the March quarter of 2010, an increase in the payable rate on copper sold and lower depreciation and amortization which enabled an increase in operating profit to $6.7 million in the March quarter of 2011, from $4.7 million in the March quarter of 2010. Production of copper in concentrate during the current quarter was 19% lower than the March quarter last year due to lower feed-grade to the HMS plant and issues with HMS plant availability.

DEVELOPMENT

Kinsevere Stage II

As at April 30, 2011, construction is approximately 95% complete, with C2 commissioning of the first copper circuit completed during April and production of copper cathode commencing in early May 2011. The Company continues to expect commissioning to be completed during the second quarter, with a progressive build-up to design capacity during the fourth quarter.

As at April 30, 2011, $168 million of the $200 million budget for completion of construction had been spent, $122 million of which relates to the Engineering, Procurement and Construction (Lump Sum Turn Key) Contract (the “EPC Contract”) with Ausenco Limited, $46 million to Owner’s Costs, with a further $23 million committed for a total spent and committed amount of $191 million of the remaining $200 million required to complete the project.

Good progress has been made in construction and installation and a progressive demobilization of contractor personnel is under way. Key areas of progress have included: completion of the crusher and run-of-mine pad which are available for operation, handover of the thickener, clarifier, CCD areas, the high-grade Solvent Extraction (“SX”) area, the acid storage tanks, tank-house number one in which a new crane has been installed, the tailings storage facility and tailings dam return line In addition, concrete slabs for fire-hose reels have been poured and hand-railings installed throughout the plant.

The commissioning team has focused on a sequential commissioning of the Stage II plant, designed to enable early production of copper, which as noted, has been successful in achieving production of first copper cathode in May 2011.

The successful safety performance has continued and as at April 30, 2011 a total of over 3.1 million man-hours had been worked, with only a single lost-time injury recorded.

EXPLORATION

Kinsevere Sulphides

As reported in the Company’s AIF filed during the March quarter of 2011, results from previous drilling at Kinsevere have identified a Measured and Indicated Resource of 11.86 million tonnes with a total copper grade of 2.7% for approximately 317,000 tonnes of contained copper and a similar-sized Inferred Resource.

The Company plans to carry out further drilling in order to define a sulphide mineral resource that is compliant with Canadian National Instrument 43-101 which will allow for an evaluation of development options. The Company has entered into an agreement with an international drilling company to carry out the sulphide drilling program and personnel have been mobilized to site. The drilling program is planned to commence during June 2011 and is expected to be completed during the fourth quarter of 2011.

Kinsevere Regional Project

Initial work has involved mapping the area within a 50km radius of the Company’s Kinsevere tenement to allow for identification of tenement acquisition opportunities. While work is ongoing in in this respect to further enhance the Company’s understanding of the Kinsevere region, there is currently sufficient knowledge available, for the Company to move ahead with the prioritization of opportunities and where appropriate, enter into transactions with other tenement holders.

As at May 31, 2011, the Company has entered into two option agreements in respect of four tenements. Orientation termite mound sampling and geochemistry programs on these tenements, consisting of 650 samples, have commenced.

In addition, an orientation termite mound sampling program consisting of 110 samples was completed over part of Anvil’s Kinsevere tenements during April, the results of which are pending.

Mutoshi Project

The Group plans to undertake a 33,000 metre in-fill drilling program at Mutoshi, the objective of which is to define sufficient near-surface oxide copper and cobalt mineralization to enable evaluation of development options. Hole positions have been determined and the drilling program is expected to commence later in 2011.

During February 2011, the Company signed an agreement with Alexander Mining plc (“Alexander”) for Alexander to build and operate a pilot plant (the “Pilot Plant”) to treat up to 150,000 tonnes of cobalt ore at Anvil’s Mutoshi deposit located in the Kolwezi region. The Pilot Plant will utilize Alexander’s proprietary ammonia-based leaching technology to process ore from Anvil’s Mutoshi deposit, for the production of cobalt metal. Under the terms of the agreement with Alexander, Alexander is responsible for financing the construction and development of the Pilot Plant.

To date, a kick-off meeting has been held with Alexander, preparations have been made for trial pit drilling to commence in June, consisting of 42 vertical reverse circulation drill holes for a total of 1,344m at an estimated cost of $180,000. The Company has also approached mining contractors in connection with a three-month mining program designed to provide feed for the Pilot Plant. Despite these initiatives, progress has been slower than expected and it is not anticipated that operation of the Pilot Plant would commence before 2012.

FINANCIAL PERFORMANCE

GROUP PERFORMANCE

	Three Months ended March 31	
	2011 ($000s)	2010 ($000s)
Operating Revenue	17,564	15,486
Operating Costs	10,826	10,778
Operating Profit[1]	6,738	4,708
Other Income	31,926	1,964
Adjusted EBITDA[1]	7,609	6,674
Net Profit / (loss)	37,510	(149)

1 "Operating Profit" and "Adjusted EBITDA" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

The Group recorded an operating profit of $6.7 million for the three months ended March 31, 2011, an increase of 43% compared to the first quarter of 2010. Higher operating profit was due to a 35% increase in the average realized copper price compared to the March quarter of 2010.

Net profit for the quarter was $37.5 million, an increase of $37.7 million compared to the first quarter of 2010. The increase was largely due to a change in accounting treatment, whereby owing to the fact that, following an IPO, the Group no longer holds significant influence over the affairs of Mawson West, equity accounting principles are no longer applied to the Company's investment in Mawson West. This interest is now recorded as a non-current available-for-sale investment measured at fair value. This change in accounting treatment resulted in a mark-to-market gain of $28.8 million included in other income. Excluding this gain, net profit amounted to $8.7 million. Net profit was also impacted by the accounting treatment of the warrants issued to Trafigura, whereby under IFRS the change in fair value is recorded through profit and loss. This resulted in a charge of $0.5 million in the current quarter compared to $5.7 million in the first quarter of 2010.

KINSEVERE MINE

	Three Months ended March 31	
	2011 ($000s)	2010 ($000s)
Operating Revenue	17,564	15,421
Adjusted EBITDA[1]	10,825	7,902
Operating Cash Cost[1] per tonne of concentrate produced	738	319

1. "Adjusted EBITDA" and "Operating cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

The Kinsevere mine generated revenues of $17.6 million for the March quarter of 2011, an increase of 14% compared to the March quarter of 2010. The increase in revenues was due to the average realized copper price of $4.50 per pound of copper, which represented a 35% increase compared to the March quarter of 2010 ($3.33 per pound of copper). The increase in revenue was offset by a 28% decrease in the quantity of copper sold from 4,424 tonnes in the March quarter of 2010, compared to 3,182 tonnes in the March quarter of 2011. Adjusted EBITDA was also impacted by higher than average mining costs due to the cutback program in the central pit in order to ensure continued supply of feed to the HMS plant during the wet season, to prepare for Stage II processing and to provide waste material for the raising of the embankments at the Stage II tailings storage facility.

MUTOSHI MINE

	Three Months ended March 31	
	2011 ($000s)	2010 ($000s)
Operating Revenue	-	65
Adjusted EBITDA[1]	(136)	593
Operating Cash Cost[1] per tonne of concentrate produced	-	-

1 "Adjusted EBITDA" and "Operating cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

During the first quarter, the Mutoshi mine remained on care and maintenance.

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FINANCIAL POSITION

	March 31, 2011	December 31, 2010
Assets ($ million)		
Cash and cash equivalents (including restricted cash)	68.0	64.2
Other financial assets	41.9	0.2
Other current assets	35.2	27.0
Property, plant and equipment	512.4	488.7
Other non-current assets	89.1	100.0
Assets classified as held for sale	-	1.2
Total assets	**746.6**	**681.3**
Liabilities ($ million)		
Current liabilities (excluding borrowings and provisions)	46.5	68.2
Borrowings	51.7	36.5
Future income tax liability	7.5	10.8
Provisions	23.8	23.6
Total liabilities	**129.5**	**139.1**
Shareholders' equity ($ million)	**617.1**	**542.2**
Weighted average number of shares (for basic earnings per share) (millions)	154.7	150.3
Outstanding shares (millions)	157.6	150.3

Cash and cash equivalents

The increase in cash and cash equivalents to $68.0 million as at March 31, 2011 (December 31, 2010: $64.2 million) was due mainly to proceeds of $16.5 million received from the exercise by Trafigura, of six million warrants and borrowings of $15.0 million. This has been offset by expenditure for property, plant and equipment of $19.6 million that relates to Kinsevere Stage II.

Other financial assets

The increase in other financial assets to $41.9 million as at March 31, 2011 (December 31, 2010: $0.2 million) was due to the classification of the Group's shareholding in Mawson West as an available–for-sale investment measured at fair value. Previously the investment met the definition of an associate, accounted for under equity accounting principles.

Borrowings

The increase in borrowings to $51.7 million as at March 31, 2011 (December 31, 2010: $36.5 million) was due to further drawdowns of $15.0 million under the $100 million Project Loan Facility (the "Loan Facility") provided by Trafigura. Deferred financing fees relating to the establishment of the Loan Facility have been offset proportionally against the current and long-term portion of the Loan Facility debt.

Statement of Cash Flow

	Three Months ended March 31	
	2011 ($ million)	2010 ($ million)
Operating activities	(8.8)	1.1
Investing activities	(19.7)	(33.7)
Financing activities	32.3	(0.7)
Discontinued operations	-	(0.5)
Net increase / (decrease) in cash and cash equivalents	3.8	(33.8)

Operating activities

Operating cash outflows were $8.8 million for the three months ended March 31, 2011 (three months ended March 31, 2010: inflow $1.1 million) due mainly to a $16.4 million outflow from an increase in changes in non-cash working capital as a result of a decrease in accounts payable and accrued liabilities and increases in inventories and prepayments. This was offset by cash inflow from operations of $7.7 million.

Investing activities

Investing cash outflows were $19.7 million for the three months ended March 31, 2011 (three months ended March 31, 2010: $33.7 million) due mainly to the cash expenditure on plant and equipment of $19.6 million in connection with the development of Kinsevere Stage II.

Financing activities

Financing cash inflows were $32.3 million for the three months ended March 31, 2011 (three months ended March 31, 2010: $0.7 million) due mainly to the proceeds from the exercise of warrants and drawdowns of $15.0 million under the Loan Facility.

OTHER INFORMATION

Capital Commitments, Contractual Obligations & Liquidity

The following table summarizes the Company's contractual and other obligations, as at March 31, 2011.

Payments due by period	Total ($ million)	Less than 1 Year ($ million)	1 – 3 Years ($ million)	4 – 5 Years ($ million)	More than 5 Years ($ million)
Environmental and mine closure liabilities	21.1	-	-	-	21.1
Capital commitments – Kinsevere Stage II	22.1	22.1	-	-	-
Equipment operating lease	0.7	0.4	0.3	-	-
Settlement of cancellation of contract	2.2	2.2	-	-	-

As at May 31, 2011, Anvil had approximately $41 million in cash, all of which is held on deposit with international banks and restricted cash of $7.4 million, the majority of which relates to cash collateral in connection with security in place under the EPC Contract. The Group has commitments of approximately $23.0 million that relate to the Kinsevere Stage II development. In January 2011 $7.2 million for a *Pas de Porte* (Entry Premium) payment was paid to *La Générale des Carrières et des Mines* (Gécamines) being the second and final payment with respect to the Mutoshi amended agreements.

In addition to its cash, as at June 9, 2011 $43 million of the Loan Facility, the proceeds of which are being used exclusively to meet costs associated with the completion of construction of Kinsevere Stage II, remains undrawn. Given the existing cash balance, together with proceeds available under the Loan Facility, the Group anticipates that it is fully funded to take Kinsevere Stage II to construction completion, commissioning and ramp up.

The Group continues to operate the Kinsevere HMS plant with a focus on achieving low-cost production and enabling the Group to generate positive cash flow to meet non-Stage II costs, including: care and maintenance of the Mutoshi mine, corporate overheads, social development, exploration and sustaining capital expenditure, until such time as the SX-EW plant becomes fully operational.

While there are no hedging requirements under the Loan Facility, in order to protect anticipated cash flows from the HMS plant until such time as the full commissioning of Kinsevere Stage II has been completed, in January 2011 the Company entered into a zero-cost collar transaction (the "Hedging Transaction") with an international bank, to hedge 250 tonnes per month of payable copper for the first half of 2011. Under the terms of the Hedging Transaction, the Company has locked in a floor price of $3.86 per pound and a cap price of $4.37 per pound and will receive the market price where the copper price is between $3.86 per pound and $4.37 per pound. The Hedging Transaction expires on June 30, 2011.

Transactions with Related Parties

As at May 31, 2011, Trafigura is the beneficial owner of 59,248,729 Common Shares, representing 37.6% of the Company's issued and outstanding Common Shares. During the March quarter, the Group entered into transactions with Trafigura for the sale of copper concentrates, the provision of technical services, the supply of fuel to Kinsevere and the drawdown of funds under the Loan Facility, all of which were on arms-length commercial terms.

Sale of copper concentrates

The Group has entered into contracts with Trafigura (the "Sales Contracts"), under which it agreed to sell its 2011 production of concentrate from its Kinsevere HMS plant. The Sales Contracts are benchmarked to LME prices and are on standard commercial terms for comparable sales contracts.

During the March quarter, the Group sold to Trafigura, 12,319 dry metric tonnes of copper concentrates from its Kinsevere Stage I HMS operation, for revenue (including provisional payments and final payments for prior period sales) of $17.6 million.

Technical services

In November 2009, the Company entered into a Technical Services Agreement with Trafigura, under the terms of which, a Technical Committee (the "Technical Committee") was established, comprising an equal number of Anvil and Trafigura appointees, to address all material technical issues relating to the development of Kinsevere Stage II. The Technical Committee makes recommendations to the Anvil Board and management and can take appropriate and additional steps to promote and safeguard Kinsevere Stage II.

The Technical Committee (upon approval of the Anvil Board and management) 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, the Group estimates that it incurred costs of $0.1 million in connection with the provision of technical services by Trafigura.

Fuel and acid supply

The Group has ongoing requirements for diesel fuel at its Kinsevere operations. Trafigura is one of several fuel suppliers from whom the Group obtains quotations for the supply of fuel to Kinsevere. During the March quarter, the Group purchased fuel for its Kinsevere operations to a value of $1.5 million. Fuel supplied to support the Group's care-and-maintenance activities at Mutoshi is not provided by Trafigura.

In January 2011, following a tender process, the Company entered into an agreement with Trafigura under which Trafigura would supply sulphuric acid to meet the requirements for the Stage II SX-EW plant for a period of 12 months. During the March quarter, the Group purchased acid for its Kinsevere operations to a value of $0.5 million.

Loan drawdown

In December 2009, the Company reached agreement with Trafigura on the terms and conditions under which Trafigura made available to the Company the Loan Facility with a total commitment of US$100 million for the sole purpose of funding the completion of Kinsevere Stage II. The Group made its first drawdown under the Loan Facility in October 2010.

During the March quarter of 2011, the Company made drawdowns under the Loan facility for a total of $15 million, which taken together with drawdowns of $42 million made during the fourth quarter of 2010, represents a total of $57 million drawn down under the Loan Facility. During the same period, the Company made interest payments of $0.46 million and commitment fee payments of $0.1 million.

For a description of the Group's relationship with Trafigura, please refer to the sections headed "Interest of Informed Persons in Material Transactions" and "Particulars of Matters to be Acted Upon" in the Corporation's management information circular dated November 16, 2009, which is available on the Company's website at www.anvilmining.com or under the Company's profile on SEDAR at *www.sedar.com.*

Outstanding Share Data

At May 31, 2011, the Company had 157,638,159 Common Shares outstanding. In addition, there were 3,743,361 director and employee stock options outstanding with exercise prices ranging between C$1.16 and C$14.06 per share and 5,228,320 share purchase warrants with an exercise price of C$2.75 per share purchase warrant.

Class Action

During November 2010, a group of NGOs calling itself the Canadian Association Against Impunity, comprised of the groups Rights and Accountability in Development, the Canadian Centre for International Justice and Global Witness has lodged a class action application against Anvil in a Montréal court. The action appears to be supported by two Congolese advocacy groups: ASADHO and ACIDH and is apparently based upon an incident at Kilwa in the north-east part of the Katanga Province of the DRC, which occurred in 2004.

A preliminary hearing was held during April 2011 at which the Company was unsuccessful in having the application dismissed in the first instance. The Company sought leave to appeal the decision at a hearing held on May 27, 2011 and a decision is expected in early June, 2011.

Over the past several years, the incident and Anvil have been subject to numerous investigations and court proceedings both in and outside the DRC. No findings adverse to Anvil or any of its employees have arisen in respect of the Kilwa incident in any of the foregoing and Anvil intends to defend itself.

SOCIAL DEVELOPMENT

The Group's social development activities have targeted the area surrounding the Kinsevere project and focused on food security, with the distribution of fertilizer to local farmers, education on crop disease management and the sale of maize; maintenance of Group-provided water bores and consultation with local villages to support the Group's social development strategy for 2011 and beyond.

The continued growth of Kinsevere operations provides an opportunity to establish a more substantial social development program and the establishment of a comprehensive social development strategy, including consultation with the surrounding communities is under way.

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:

	Mar 11 Quarter IFRS	Dec 10 Quarter IFRS	Sep 10 Quarter IFRS	Jun 10 Quarter IFRS	Mar 10 Quarter IFRS	Dec 09 Quarter CGAAP	Sep 09 Quarter CGAAP	Jun 09 Quarter CGAAP
Statement of Operations and Income								
Concentrate sales ($ million)[1]	17.6	15.2	14.9	14.5	15.5	23.5	18.1	7.7
Operating profit[2] / (loss) ($ million)	6.7	0.9	4.2	3.2	4.7	8.7	4.2	(7.7)
Net income / (loss) ($ million)	37.5	(24.8)	1.0	20.7	(0.1)	10.9	(0.2)	(11.3)
Basic earnings / (loss) per share ($)	0.24	(0.16)	0.01	0.15	0.00	0.09	(0.00)	(0.13)
Diluted earnings / (loss) per share ($)	0.23	(0.16)	0.01	0.14	0.00	0.09	(0.00)	(0.13)
Production Statistics – Total								
Copper produced in concentrate (tonnes)	3,316	3,817	4,216	4,412	4,093	4,970	5,865	5,372
Production Statistics – Kinsevere mine								
Ore processed (tonnes)[3]	81,841	88,044	80,911	72,716	61,491	65,313	80,730	83,084
HMS feed grade % Cu	5.1	6.0	6.7	7.3	8.6	8.9	8.0	7.9
Recovery Cu %	69.6	64.5	68.1	72.1	68.4	77.0	80.6	70.9
Copper produced in concentrate – HMS & Spirals (tonnes)	3,316	3,817	4,216	4,412	4,093	4,970	5,865	5,372
Copper concentrate sold (tonnes)	12,297	15,019	17,707	18,057	17,610	30,993	27,589	18,549
Production Statistics – Mutoshi mine								
Copper concentrate sold (tonnes)	-	-	-	3,007	226	1,665	-	-

1. Concentrate sales includes concentrates from Kinsevere and Mutoshi.
2. "Operating Profit" is not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.
3. Ore processed at Kinsevere relates to ore processed through the HMS plants.

APPENDIX B – REGULATORY DISCLOSURES

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The accounting policies that involve significant management judgement are discussed in this section. For a complete list of the significant accounting policies of Anvil, as amended for first time adoption of IFRS, reference should be made to Note 3 of the March 31, 2011 consolidated interim financial statements. A more detailed analysis of the risk factors that face the Group can be found in the most recent AIF available under the Company's profile on SEDAR at *www.sedar.com*.

Mine properties

Mine properties comprise the accumulation of all exploration, evaluation, acquisition and development expenditure incurred by or on behalf of the Company, in relation to areas of interest in which mining of a mineral resource has started.

When further development expenditure is incurred in respect of a mine property after the start of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are likely to be realized, otherwise such expenditure is classified as part of the cost of production.

Amortization of Mine Property costs is provided on the unit-of-production method with separate calculations being made for each mineral reserve. Mineral reserves are proved and probable reserves. Changes in reserves affecting unit-of-production calculations are dealt with prospectively over the revised remaining reserves.

The net carrying value of each mine property is assessed annually to determine whether there are any indicators of impairment. Where such indicators are present, the carrying amount of the mine property is compared to its recoverable amount, being the higher of fair value less costs to sell or value in use. If the carrying amount of the mine property exceeds its recoverable amount, an impairment loss is recognised for the difference in profit or loss.

Exploration costs

The Group's accounting policy for exploration and evaluation expenditure has been amended in the current financial year to reflect management's view that capitalisation of exploration and evaluation expenditure should only commence when there is a high degree of confidence in the related project's viability and therefore that it is probable that future economic benefits will flow to the Group as a result of the exploration and evaluation expenditure incurred. Previously, exploration and evaluation expenditure was accumulated separately for each area of interest.

It is managements' view that the revised policy provides more relevant and reliable financial information for the users of the financial statements as it takes into account the inherent uncertainty in relation to some exploration and evaluation expenditure. Under the revised policy, management defines exploration expenditure as that which relates to the initial search for deposits with economic potential. These costs are most likely to be expensed as they are yet to provide a high degree of confidence that the cost has economic potential. Evaluation expenditure is defined by management as that which arises from a detailed assessment of deposits or other projects that have been identified as having economic potential. These costs are more likely to qualify for capitalization.

The carrying values of capitalised evaluation amounts are reviewed quarterly by management and the results of these reviews are reported to the Audit committee. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are written off.

Mine rehabilitation and closure provision

The Company assesses its mine rehabilitation and closure provision annually. The mine rehabilitation and closure provision is recorded at the present value of management's best estimate of the future rehabilitation costs required. The provision is adjusted for changes in the expected amounts and timing of cash flows required to discharge the provision and accreted over time to its full value. The initial recognition of, and changes to estimated future costs are capitalized as part of the carrying amount of the related asset and amortized over the expected useful life of the asset. The accretion expense is included as a finance cost in the statement of comprehensive income

Income taxes

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated interim financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other

than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Valuation of warrants

Anvil determines the fair value of warrants classified as liabilities at fair value through profit or loss using the Black-Scholes Model.

CHANGES IN ACCOUNTING POLICIES

Accounting Standards Issued But Not Yet Applied

IFRS 9 Financial Instruments – classification and measurement

International Reporting Standard 9, Financial Instruments ("IFRS 9"), was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments: Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through the statement of income or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return on investment, are recognized in the statement of income. However, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 10 Consolidated Financial Statements

International Reporting Standard 10, Consolidated Financial Statements ("IFRS 10") has been issued and is effective for periods beginning on or after 1 January 2013. This standard will replace all of the existing guidance on control and consolidation in IAS 27, Consolidated and separated financial statements and SIC12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control so the same criteria are applied to all entities to determine control and includes detailed guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The changed definition is not expected to result in widespread change, although for some entities where this does represent a change, the change could be significant. The core principle that a consolidated entity presents a parent entity and its subsidiaries as if they are a single entity remains unchanged, as do the mechanics of consolidation. The Company does not expect the impact of the standard to be significant.

IFRS 11 Joint Arrangements

International Reporting Standard 11, Joint Arrangement ("IFRS 11") has been issued and is effective for periods beginning on or after 1 January 2013. The new rules are aimed at providing investors with greater clarity about a participant's involvement in a joint arrangement.

The key change in relation to the participant's contractual rights and obligations arising from their joint arrangements will determine the accounting under IFRS 11 rather than the arrangement's legal form.

The main differences in the new standard are as follows:

- The definition of a joint arrangement, under IFRS 11, is when two or more parties contractually agree to share control of an arrangement. Joint control exists only when the decisions about the relevant activities (those that significantly affect the returns of an arrangement) require unanimous consent of the parties sharing control
- The new rules classify joint arrangements as either a joint operation or a joint venture
- The legal structure of an arrangement is no longer the most significant factor when determining the classification. All parties must determine the type of joint arrangement based on the contractual rights and

obligations arising from the arrangement the old rules gave entities the option of either proportionate consolidation or equity accounting for joint ventures. Under the new standard, proportionate consolidation is not allowed and all joint ventures must be equity accounted. In contrast, entities involved in a joint operation are required to account for their rights and obligations to the assets (including assets held jointly), liabilities (including liabilities incurred jointly) and corresponding revenues and expenses.

The Company does not expect the impact of the standard to be significant.

IFRS 12 Disclosure of interests in other entities

International Reporting Standard 12, Disclosure of interest in other entities ("IFRS 12") has been issued and is effective for periods beginning on or after 1 January 2013. IFRS 12 sets out the required disclosures for entities reporting under the two new standards IFRS 10 and IFRS 11 *Joint arrangements*. The new rules also replace the disclosure requirements currently found in IAS 28 *Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet this objective, disclosures are required in the areas outlined below and the required disclosures in these areas are expected to result in companies facing increased disclosure requirements. The Company does not expect the impact of the standard to be significant.

IFRS 13 Fair value measurements

International Reporting Standard 13, Fair value measurements ("IFRS 13") has been issued and is effective for periods beginning on or after 1 January 2013. The guidance in IFRS 13 does not apply to transactions within the scope *Leases*, or certain other measurements that are required by value (for example, value in use in IAS 36 *Impairment of assets*).

The guidance in IFRS 13 is quite extensive and some of the key provisions in the standard are included as follows:

- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability therefore reflects non-performance risk (that is, own credit risk).
- Fair value measurement is to assume that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market is the market with the greatest volume and level of activity for the asset or liability that can be accessed by the entity.
- Fair value is measured using the same assumptions and taking into account the same characteristics of the asset or liability as market participants would. Fair value is a market based, not entity specific, measurement.
- For non-financial assets only, the fair value is determined based on the highest and best use of the asset as determined by a market participant.
- The use of bid prices for asset positions and ask prices for liability positions is permitted if those prices are most representative of fair value in the circumstances, but it is not required.
- The three-tier fair value hierarchy is maintained, based on the inputs to the valuation techniques. Each fair value measurement is categorised based on the lowest level input that is significant to it.

Anvil uses fair value measurements in the preparation of its financial statements and consequently will be subject to the new requirements.

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Adoption of International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board announced its decision to replace Canadian GAAP with IFRS for Canadian publicly accountable enterprises. Accordingly, in 2010, the CICA Handbook was revised to incorporate IFRS and required such standards to apply effective for the year beginning January 1, 2011. Consequently, the Company has commenced reporting on this basis in its first set of consolidated interim financial statements as at March 31, 2011 and the results of all subsidiaries for the period then ended.

The Group's IFRS conversion plan addressed the required changes to existing accounting systems, business processes, and requirements for personnel training and development. Accordingly, the Company's interim and annual consolidated statements of financial position, statement of income and statement of cash flows have been converted from Canadian GAAP to IFRS from the transition date of January 1, 2010 (inclusive of December 31, 2009) for comparative purposes.

The sections below illustrate the impact of the conversion from Canadian GAAP to IFRS on Anvil's consolidated interim financial statements. Subject to certain transition elections discussed below, Anvil has applied the same accounting policies in its opening IFRS consolidated statement of financial position at January 1, 2010 and throughout all following periods as if these policies were always in effect.

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IFRS 1 Elections

IFRS 1, "*First time Adoption of International Financial Reporting Standards*", provides companies adopting IFRS for the first time with a number of optional exemptions and certain mandatory exceptions to facilitate the preparation of the opening balance sheet. In order to simplify its transition to IFRS the Company has applied certain optional exemptions in the preparation of its IFRS comparative financials as detailed below.

Deemed cost of property, plant and equipment

IFRS 1 includes an optional exemption that relieves first-time adopters from the requirement to recreate cost information for property, plant and equipment, investment property and intangible assets. When the exemption is applied, deemed cost is the basis for subsequent depreciation and impairment tests. Deemed cost is defined by IFRS 1 as "the amount used as a surrogate for cost or depreciated cost at a given date". Anvil has elected to apply the available deemed cost exemption as allowed under IFRS 1 for selected items of PPE. Anvil has performed an impairment review of all assets as at January 1, 2010 and has not noted any material impairment adjustments to the carrying amount of PPE at that date.

Share-based payment transactions

Anvil has elected to apply the available exemption from full retrospective application as allowed under IFRS 1. In accordance with the exemption, Anvil is not required to apply IFRS 2, Share-based Payment for equity-settled share-based payments granted before 7 November 2002, or granted after 7 November 2002 that vested before the date of transition to IFRS.

On review of Anvil's share-based payment transactions within the scope of IFRS 2 that vest after the date of transition to IFRS, no adjustments have been identified on IFRS transition.

Decommissioning liabilities included in the cost of property, plant and equipment.

Under the exemption, a first-time adopter may elect not to comply with the requirements of IFRIC 1 for changes in decommissioning liabilities that occurred before the date of transition to IFRS. The exemption from full retrospective application means that first-time adopters will not need to estimate what provision would have been calculated at earlier reporting dates. Instead, the decommissioning liability is calculated at the date of transition and it is assumed that the same liability (adjusted only for the time value of money) existed when the asset was first acquired/constructed. Anvil has re-measured the asset retirement liability as at January 1, 2010 under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The corresponding amount to be included in the related asset has been estimated by discounting the liability to the date on which the liability arose, and recalculating the accumulated amortization under IFRS. The impact of this adjustment on the asset retirement liability and the related Asset Retirement Obligation asset at January 1, 2010 is an increase of $6.3 million and $5.4 million respectively.

Cumulative translation adjustments

Under the exemption, a first-time adopter may elect not to calculate the translation difference related to foreign operations retrospectively. Instead, an entity may reset translation differences at the date of transition, determined in accordance with previous GAAP, to zero. The requirements of IAS 21 are then applied prospectively from the date of transition. This resulted in an equity reclassification between other reserves and retained earnings of $559k at January 1, 2010.

Other Adjustments to IFRS Balance Sheet as at the Transition Date

In addition to the adjustments related to IFRS 1 elections as identified above, the impact of the transition from Canadian GAAP to IFRS as at January 1, 2010 includes the following:

Financial instruments

The warrants issued to Trafigura entitle the holder (Trafigura) to acquire a fixed number of shares for a fixed Canadian Dollar price per share. In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the company's functional currency (US dollars from the perspective of Anvil), and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value through profit or loss in accordance with the requirements of IAS 32 *Financial Instruments: Presentation*. This requirement has resulted in a reclassification of the warrants issued to Trafigura from equity to financial liabilities measured at fair value through profit or loss. Under IAS 32, the financial liability will be accounted for at fair value through profit or loss until such time that the warrants are exercised, at which point the liability will be transferred to equity. The impact of this reclassification is a decrease in issued share capital of $20.1 million, an increase in retained earnings of $7.4 million and the recognition of a financial liability of $12.7 million at January 1, 2010.

Assets held for sale

Non-current assets classified as held for sale of $5.2 million and non-current liabilities classified as held for sale of $1.0 million at transition date have been reclassified to current assets held for sale and current liabilities directly associated with assets classified as held for sale in accordance with the requirements of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

Significant Accounting Policy Changes

Set out below are the key areas identified to date where significant changes in accounting policy have occurred.

Impairment of non-financial assets

Under Canadian GAAP, an impairment test is performed on assets using a two-step approach whereby assets are first tested for recoverability based on the undiscounted cash flows they are expected to generate. If the undiscounted cash flow is higher than the carrying amount of the asset, then no impairment charge is required to be recorded. If the undiscounted cash flow is lower than the carrying amount of the asset, the asset is written down to its estimated fair value. Under IFRS, impairment testing is done using a one-step approach for both testing and measurement of impairment, with asset carrying amounts compared directly to the higher of the fair value less cost to sell and value in use (which uses discounted cash flows). This might result in more frequent write-downs where carrying amounts of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. However, the extent of any asset write-downs may be partially offset by the requirement under IFRS to reverse any previously impaired losses where circumstances have changed such that the impairments have reduced. Canadian GAAP prohibits reversal of impairment losses.

Mine Rehabilitation and Closure Provision

Under IFRS the Company is required to continually update the amount of the mine rehabilitation and closure provision recognized for changes in the discount rate whereas under Canadian GAAP, the existing present value of the estimated provision does not require subsequent adjustment for market interest changes in the discount rates. Under Canadian GAAP discount rates were required to be credit risk adjusted whereas no such adjustment is required under IFRS.

Under IFRS, constructive obligations must be considered in addition to legal obligations when determining the mine rehabilitation and closure provision. However, Under Canadian GAAP, only legal obligations are considered when determining the mine rehabilitation and closure provision.

Share Warrants

In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the company's functional currency, and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value through profit or loss in accordance with the requirements of IAS 32 *Financial Instruments: Presentation*. The financial liability will be accounted for at fair value through profit or loss until such time that the warrants are exercised, at which point the liability will be transferred to equity. Canadian GAAP treats the warrants as equity measured at fair value.

NON-IFRS FINANCIAL MEASURES

The term "operating cash cost" is a non-IFRS financial measure calculated per tonne of copper concentrate produced at the Kinsevere mine. Operating cash cost includes all mining and processing costs, less any profits from by-products. Copper concentrates from Kinsevere are sold at the mine gate, thus operating cash cost does not include any transport, treatment and refining charges incurred in connection with the sale of product from Kinsevere. Operating cash 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 "Adjusted EBITDA" represents earnings before interest, tax, depreciation and amortization, and any non-recurring expenditure from operating segments and unrealized gains/losses on derivative instruments.

The term "operating profit" is a non-IFRS performance measure reported in this MD&A and is equivalent to gross profit as reported on the IFRS statement of income presented in the financial statements.

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use the above terms and information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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, licenses and permits, land title, Government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper 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*.

FINANCIAL INSTRUMENTS

The Company seeks to reduce the risk to the value of any available-for-sale debt investments by diversifying the portfolio of such investments in accordance with the limits approved by the Board to ensure that, in the opinion of the Board, the Company is not overly exposed to one company or one particular sector of the market; and by requiring that, at time of investment, the primary counterparties related to any available-for-sale investments the Company holds, carry investment grade ratings of BBB+ or above.

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 and 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 AND 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 three-month period ended March 31, 2011 is made known to them. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer has, as at March 31, 2011:

- Designed disclosure controls and procedures, or caused it to be designed under the Company’s supervision, to provide reasonable assurance that:
  - 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;
  - 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
- 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 March 31, 2011.

During the quarter ended March 31, 2011 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 judgments of management regarding future events and results. Such “forward-looking statements” and “forward-looking information which may include, but is not limited to the operation of the Kinsevere HMS plant, the financing of the development of Kinsevere Stage II, the operation of Kinsevere Stage II and the Group’s plans for expansions of the Kinsevere copper mine and exploration activities. Many of these assumptions are based on factors and events that are not within the control of Anvil and there is no assurance they will prove to be correct. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. The purpose of forward-looking information is to provide the reader with information about management’s expectations and plans for 2011. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anvil and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the actual market price of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will be completed as planned, within expected time limits and budgets or that, when completed, the expanded Kinsevere Stage II copper project will operate as anticipated, or that the Kinsevere Stage I HMS plant will operate in accordance with forecast performance. 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.