

*This document is important and requires your immediate attention. If you are in doubt as to how to respond to the offer by MMG Malachite Limited, you should consult with your investment dealer, stockbroker, lawyer or other professional advisor. Enquiries concerning the information in this document should be directed to Kingsdale Shareholder Services Inc., in North America on 1-866-581-1392 (toll free), outside North America on (+1)416-867-2272 (call collect) or by email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).*



**anvil mining**

**DIRECTORS' CIRCULAR**

**RECOMMENDING SHAREHOLDERS**

**ACCEPT**

**THE OFFER BY**

**MMG MALACHITE LIMITED**

A WHOLLY-OWNED INDIRECT SUBSIDIARY OF

**MINMETALS RESOURCES LIMITED**

**TO PURCHASE ALL OF THE OUTSTANDING COMMON SHARES OF**

**ANVIL MINING LIMITED**

**FOR C\$8.00 CASH PER COMMON SHARE**

**RECOMMENDATION TO SHAREHOLDERS**

The Board of Directors of Anvil **UNANIMOUSLY RECOMMENDS** that Shareholders  
**ACCEPT** the Offer and  
**DEPOSIT** their Common Shares under the Offer.

October 19, 2011



October 19, 2011

Dear Fellow Shareholder:

On September 29, 2011, we announced that MMG Malachite Limited (the “**Offeror**”), a wholly-owned indirect subsidiary of Minmetals Resources Limited (“**MMR**”), had agreed to make an offer to acquire all of the issued and outstanding common shares (the “**Common Shares**”) of Anvil Mining Limited (the “**Company**”) for consideration of C\$8.00 in cash for each Common Share (the “**Offer**”).

The Board of Directors **UNANIMOUSLY RECOMMENDS** that shareholders **ACCEPT** the Offer and **DEPOSIT** their Common Shares under the Offer.

The attached Directors’ Circular explains in detail why the Board of Directors has reached this conclusion, and we strongly encourage you to read the Directors’ Circular in its entirety. As you will see, the Board of Directors considered many factors including (i) the report and recommendation of the Strategic Transaction Committee, (ii) the report and recommendation of the Special Committee, (iii) an opinion from the Strategic Transaction Committee’s and Board of Directors’ financial advisor, BMO Nesbitt Burns Inc., which states that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered to shareholders pursuant to the Offer is fair, from a financial point of view, to shareholders, and (iv) an opinion from the Special Committee’s financial advisor, Paradigm Capital Inc., which states that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered to shareholders pursuant to the Offer is fair, from a financial point of view, to shareholders (other than Trafigura Beheer B.V. and its subsidiaries and MMR and its subsidiaries).

As described in more detail in the attached Directors’ Circular, the reasons for the Board of Directors’ unanimous recommendation of the Offer, among others, include:

- the Offer represents a significant premium over the trading price of the Common Shares;
- the form of consideration under the Offer provides certainty, immediate value and liquidity;
- the Board of Directors, the Strategic Transaction Committee and the Special Committee have considered a variety of strategic alternatives and the Offer is the most attractive; and
- the Board of Directors has preserved the ability to respond to unsolicited superior proposals.

In summary, the Board of Directors believes that the consideration offered pursuant to the Offer is fair, from a financial point of view, to shareholders and that the Offer is in the best interests of the Company and its shareholders.

For the above reasons, we recommend you **ACCEPT** the Offer and **DEPOSIT** your shares under the Offer. If you have any questions about the Offer, you can contact your broker or the information agent retained by the Offeror in connection with the Offer, Kingsdale Shareholder Services Inc., in North America on 1-866-581-1392 (toll free), outside North America on (+1)416-867-2272 (call collect) or by email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)

On behalf of the Board of Directors, I would like to thank you for your continued support.

(signed) “*Darryll Castle*”

Darryll Castle  
President and Chief Executive Officer

## QUESTIONS AND ANSWERS ABOUT THE OFFER

### Why am I receiving this Directors' Circular?

On September 29, 2011, Anvil entered into the Support Agreement with MMR and the Offeror pursuant to which the Offeror agreed to make the Offer, subject to the terms and conditions set forth in the Support Agreement. As a condition to the making of the Offer, among other things, Anvil agreed to prepare this Directors' Circular containing the Board's unanimous recommendation that Shareholders accept the Offer.

### What is the Offer?

Under the terms of the Offer, the Offeror is offering to purchase all the outstanding Common Shares (other than Common Shares owned by the Offeror or any of its affiliates) for consideration of C\$8.00 in cash for each Common Share.

### Should I accept the Offer?

Your Board **UNANIMOUSLY RECOMMENDS** that Shareholders **ACCEPT** the Offer and **DEPOSIT** their Common Shares under the Offer. Members of the Board and senior officers have agreed to **ACCEPT** the Offer and to **DEPOSIT** their Common Shares under the Offer.

### How do I accept the Offer?

The Offer and Circular indicates that you can accept the Offer by delivering to the depositary for the Offer, Computershare Investor Services Inc., before the expiration of the Offer: (a) the certificate(s) representing the Common Shares in respect of which the Offer is being accepted; (b) a Letter of Transmittal in the form accompanying the Offer and Circular (or a manually signed facsimile thereof) properly completed and duly executed in accordance with the instructions set out in the Letter of Transmittal (including signature guarantee, if required); and (c) all other documents required by the terms of the Offer and the instructions set out in the Letter of Transmittal accompanying the Offer and Circular.

You may also accept the Offer by following the procedures for book-entry transfer described in the Offer and Circular. In addition, the Offer and Circular indicates that if you cannot deliver all of the necessary documents to the depositary in time, you may be able to complete and deliver to the depositary the Notice of Guaranteed Delivery accompanying the Offer and Circular, provided you are able to comply fully with its terms.

CDI Holders may only accept the Offer by giving an instruction to the CDI Nominee in accordance with the procedure described in the Offer and Circular. The Offer and Circular indicates that acceptances by CDI Holders must be received in sufficient time to allow the CDI Holder's instructions to be acted upon prior to 7:00 p.m. (Sydney time) on November 22, 2011, unless the Offer is extended.

See "Manner of Acceptance" in the Offer and Circular.

### Why does the Board believe that the Offer should be accepted?

The Board believes that the consideration to be received by Shareholders under the Offer is fair, from a financial point of view, to Shareholders and that the Offer is in the best interests of Anvil and Shareholders. The Board's reasons include:

- the Offer represents a significant premium over the trading price of the Common Shares;
- the form of consideration under the Offer provides certainty, immediate value and liquidity;
- the Board of Directors, the Special Committee and the Strategic Transaction Committee have considered a variety of strategic alternatives and the Offer is the most attractive;
- the Strategic Transaction Committee's and Board of Directors' financial advisor has provided a written opinion that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications stated therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders;

- the Special Committee’s financial advisor has provided a written opinion that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications stated therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders (other than Trafigura and its subsidiaries and MMR and its subsidiaries);
- the Board of Directors has preserved the ability to respond to unsolicited superior proposals;
- the Offer contains a 66<sup>2</sup>/<sub>3</sub>% minimum tender condition that cannot be lowered to less than 50.1% of the outstanding Common Shares without Anvil’s consent; and
- the Board of Directors, senior management and Anvil’s largest shareholder, Trafigura, have signed a lock-up agreement.

**How long do I have to decide whether to deposit my Common Shares under the Offer?**

You have until the Expiry Time of the Offer to deposit your Common Shares. The Offer is scheduled to expire at 8:00 p.m. (Toronto time) on November 24, 2011 unless it is extended or withdrawn. See “Time for Acceptance” in the Offer and Circular.

CDI Holders may only accept the Offer by giving an instruction to the CDI Nominee in accordance with the procedure described in the Offer and Circular. The Offer and Circular indicates that acceptances by CDI Holders must be received in sufficient time to allow the CDI Holder’s instructions to be acted upon prior to 7:00 p.m. (Sydney time) on November 22, 2011, unless the Offer is extended.

**If I accept the Offer, when will I be paid?**

The Offer and Circular indicates that if the conditions of the Offer are satisfied or waived by the Offer at or prior to the Expiry Time of the Offer, and if the Offeror consummates the Offer and takes up the Common Shares, Shareholders will receive payment for the Common Shares they have deposited promptly and in any event no later than three business days after the Common Shares are taken up, and, in the event that the Offeror has already taken up Common Shares under the Offer, not later than ten days after deposit. Receipt of payment by the depository of the Offer (or its agent) will be deemed to constitute receipt of payment by persons depositing Common Shares under the Offer. In the Support Agreement, the Offeror has agreed that the Offeror will take-up and pay for all of the Common Shares deposited under the Offer no later than three business days following the time at which it becomes entitled to do so. See “Take-up and Payment for Deposited Common Shares” in the Offer and Circular.

**Who do I ask if I have more questions?**

Your Board recommends that you read the information contained in this Directors’ Circular and in the Offer and Circular. You should contact the information agent retained by MMR in connection with the Offer with any questions or requests for assistance that you may have:

**Kingsdale Shareholder Services Inc.**  
North America on 1-866-581-1392 (toll free)  
Outside North America on (+1)416-867-2272 (call collect)  
By email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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## CURRENCY

Unless otherwise indicated, all “\$” or “C\$” references in this Directors’ Circular are to Canadian dollars and all “US\$” references in this Directors’ Circular are to U.S. dollars. On October 18, 2011, the Bank of Canada noon rate of exchange for U.S. dollars was \$1.00 = US\$0.9840.

## AVAILABILITY OF DISCLOSURE DOCUMENTS

Anvil is a reporting issuer in each of the provinces of Canada and files its continuous disclosure documents and other documents with the Canadian securities regulatory authorities in each such province.

Continuous disclosure documents are available on the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval (“**SEDAR**”) website under Anvil’s issuer profile at [www.sedar.com](http://www.sedar.com). This website address is provided for information purposes only and, other than as expressly set out herein, no information contained on, or accessible from, such website is incorporated by reference herein. Certain information in this Directors’ Circular has been taken from or is based on documents that are expressly referred to in this Directors’ Circular. All summaries of, and references to, documents that are specified in this Directors’ Circular as having been filed, or that are contained in documents specified as having been filed, on SEDAR are qualified in their entirety by reference to the complete text of those documents as filed, or as contained in documents filed, on SEDAR. Shareholders are urged to read carefully the full text of those documents, which may also be obtained on request without charge from the Corporate Secretary of Anvil at +61-8-9481-4700.

Information contained in this Directors’ Circular concerning MMR and its affiliates and the Offer, including forward-looking statements or information, is based solely upon, and the Board of Directors has relied, without independent verification, exclusively upon information contained in the Offer and Circular, provided to Anvil by MMR, or that is otherwise publicly available. While neither Anvil nor any of its officers or Directors has any reason to believe that such information is inaccurate or incomplete, neither Anvil nor any of its officers or Directors assumes any responsibility for the accuracy or completeness of such information.

## NOTICE TO SHAREHOLDERS IN THE UNITED STATES

This Directors’ Circular has been prepared by Anvil in accordance with disclosure requirements under applicable Canadian Laws. Shareholders in the United States should be aware that these requirements may be different from those of the United States. It may be difficult for Shareholders in the United States to enforce their rights and any claim they may have arising under United States federal securities laws since Anvil is incorporated under the laws of the Northwest Territories, Canada, the majority of the officers and Directors of Anvil reside outside the United States, and all or a substantial portion of the assets of Anvil and the other above-mentioned persons are located outside the United States. Shareholders in the United States may not be able to sue Anvil or its officers or Directors in a non-U.S. court for violation of United States federal securities laws. It may be difficult to compel such parties to subject themselves to the jurisdiction of a court in the United States or to enforce a judgment obtained from a court of the United States.

## NOTICE TO SHAREHOLDERS IN AUSTRALIA

As set out in the Offer and Circular, the Offer is not regulated by Chapter 6 of the *Corporations Act 2001* (Commonwealth of Australia), but rather pursuant to the applicable requirements of Canadian securities laws. Australian Shareholders and CDI Holders should be aware that these requirements may be different to those which apply to a takeover offer regulated by Australian law. The Offer has not been approved or disapproved by the Australian Securities and Investments Commission or the Australian Securities Exchange (“**ASX**”) nor has the Australian Securities and Investments Commission or the ASX passed upon the accuracy or adequacy of the Offer and Circular or this Directors’ Circular. This Directors’ Circular has been prepared by Anvil in accordance with disclosure requirements under applicable Canadian law. Shareholders in Australia should be aware that these requirements may be different from those in Australia.

## SUMMARY

The information set out below is intended to be a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Directors' Circular. All capitalized terms in the summary have the meanings ascribed to such terms elsewhere in this Directors' Circular.

### The Offer

MMG Malachite Limited (the "**Offeror**"), a wholly-owned indirect subsidiary of Minmetals Resources Limited ("**MMR**"), has made an offer to acquire all of the issued and outstanding Common Shares of Anvil (other than Common Shares owned by the Offeror or any of its affiliates), including any Common Shares issued prior to the expiry of the Offer, for consideration of C\$8.00 in cash for each Common Share. The Offer is open for acceptance until 8:00 p.m. (Toronto time) on November 24, 2011, unless it is extended or withdrawn.

### Directors' Recommendation

After careful consideration, including a thorough review by the Board, in consultation with its financial and legal advisors, of the terms and conditions of the Offer, the Board, by unanimous vote of the Directors at a meeting held on September 29, 2011, determined that the consideration to be received by Shareholders under the Offer is fair, from a financial point of view, to Shareholders and that the Offer is in the best interests of Anvil and Shareholders. Accordingly, for the reasons described in more detail below, the Board **UNANIMOUSLY RECOMMENDS** that Shareholders **ACCEPT** the Offer and **DEPOSIT** their Common Shares under the Offer.

### Reasons for Acceptance

The Board believes that the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders and that the Offer is in the best interests of Anvil and Shareholders.

The Board has carefully reviewed and considered the Offer, with the benefit of advice from its financial and legal advisors. The Strategic Transaction Committee delivered a report and recommendation to the Board and received a written opinion from the Strategic Transaction Committee's and the Board's financial advisor, BMO Nesbitt Burns Inc., which opinion states that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders. The Special Committee delivered a report and recommendation to the Board and received an opinion from its financial advisor, Paradigm Capital Inc., which opinion states that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders (other than Trafigura and its subsidiaries and MMR and its subsidiaries).

The following is a summary of the principal reasons for the **UNANIMOUS RECOMMENDATION** of the Board to Shareholders that they **ACCEPT** the Offer and **DEPOSIT** their Common Shares under the Offer:

- the Offer represents a significant premium over the trading price of the Common Shares;
- the form of consideration under the Offer provides certainty, immediate value and liquidity;
- the Board of Directors, the Strategic Transaction Committee and the Special Committee have considered a variety of strategic alternatives and the Offer is the most attractive;
- the Strategic Transaction Committee's and the Board's financial advisor, BMO Nesbitt Burns Inc., has provided a written opinion that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications stated therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders;
- the Special Committee's financial advisor, Paradigm Capital Inc., has provided a written opinion that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications stated therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders (other than Trafigura and its subsidiaries and MMR and its subsidiaries);

- the Board of Directors has preserved the ability to respond to unsolicited superior proposals;
- the Offer contains a 66 $\frac{2}{3}$ % minimum tender condition that cannot be lowered to less than 50.1% of the outstanding Common Shares without Anvil's consent; and
- the Board of Directors, members of senior management and Anvil's largest shareholder, Trafigura, have signed the Lock-Up Agreement.

#### **How to Accept the Offer**

The Offer and Circular indicates that Shareholders can accept the Offer by delivering to the depositary for the Offer, Computershare Investor Services Inc., before the Expiry Time: (a) the certificate(s) representing the Common Shares in respect of which the Offer is being accepted; (b) a Letter of Transmittal in the form accompanying the Offer and Circular (or a manually signed facsimile thereof) properly completed and duly executed in accordance with the instructions set out in the Letter of Transmittal (including signature guarantee, if required); and (c) all other documents required by the terms of the Offer and the instructions set out in the Letter of Transmittal accompanying the Offer and Circular. Shareholders may also accept the Offer by following the procedures for book-entry transfer described in the Offer and Circular. In addition, the Offer and Circular indicates that if Shareholders cannot deliver all of the necessary documents to the depositary in time, they may be able to complete and deliver to the depositary the Notice of Guaranteed Delivery accompanying the Offer and Circular, provided they are able to comply fully with its terms.

CDI Holders may only accept the Offer by giving an instruction to the CDI Nominee in accordance with the procedure described in the Offer and Circular. The Offer and Circular indicates that acceptances by CDI Holders must be received in sufficient time to allow the CDI Holder's instructions to be acted upon prior to 7:00 p.m. (Sydney time) on November 22, 2011 unless the Offer is extended.

See "Manner of Acceptance" in the Offer and Circular.

## GLOSSARY

*In this Directors' Circular, unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the meanings set out below, and grammatical variations thereof shall have the corresponding meanings:*

“\$” or “C\$” means Canadian dollars;

“**affiliate**” has the meaning given to it in Part XX of the *Securities Act* (Ontario) or Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids*, as applicable;

“**Anvil**” or the “**Company**” means Anvil Mining Limited, a corporation existing under the NWT BCA;

“**Applicable Securities Laws**” means the *Securities Act* (Ontario) and the regulations thereunder and all other applicable Canadian, United States and Australian securities Laws;

“**associate**” has the meaning given to it in Part XX of the *Securities Act* (Ontario) or Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids*, as applicable;

“**ASX**” means the Australian Securities Exchange;

“**BMO Capital Markets**” means BMO Nesbitt Burns Inc., the financial advisor to the Strategic Transaction Committee and the Board of Directors;

“**BMO Fairness Opinion**” means the opinion dated September 29, 2011 prepared by BMO Capital Markets in connection with the entering into of the Support Agreement, as described in Section 4 of this Directors' Circular, “Opinion of BMO Capital Markets”, and attached as Schedule “A” hereto;

“**Board of Directors**” or “**Board**” means the board of directors of Anvil and “**Directors**” means directors of Anvil;

“**business day**” means any day (other than a Saturday or Sunday) on which commercial banks located in Toronto, Canada are open for the conduct of business;

“**CDI Holder**” means a holder of CDIs;

“**CDI Nominee**” means CHESSE Depository Nominees Pty Limited, a company registered in Australia (ABN 75 071 346 506);

“**CDIs**” means a CHESSE Depository Interest which represents a unit of beneficial interest in one Common Share registered in the name of the CDI Nominee;

“**Common Shares**” means the issued and outstanding common shares of Anvil, including those common shares that are represented by CDIs and common shares issued on the exercise of Options or other securities convertible into common shares, including the warrants held by Trafigura's subsidiary, and common shares that are Restricted Shares, upon the satisfaction or removal of the terms, conditions or restrictions attached to such Restricted Shares;

“**Expiry Time**” means 8:00 p.m. (Toronto time) on November 24, 2011 or such later time or times as may be fixed by the Offeror from time to time as provided in Section 5 of the Offer, “Extension, Variation or Change in the Offer”, unless the Offer is withdrawn by the Offeror;

“**Laws**” means any applicable laws, including international, national, provincial, state, municipal and local laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, notices, bylaws, rules, regulations, ordinances, or other requirements, policies or instruments of any governmental entity having the force of law;

“**Lock-Up Agreement**” means the lock-up agreement dated September 29, 2011 among Trafigura, the Offeror, MMR, Darryll Castle, Thomas Dawson, Patrick Evans, Jesus Fernandez, Deon Garbers, Philippe Monier, Greg Morris, John Sabine and Jeremy Weir;

“**MMR**” means Minmetals Resources Limited, a company existing under the laws of the Hong Kong Special Administrative Region of the People's Republic of China;

“**Minimum Tender Condition**” means the condition to the Offer that there shall have been validly deposited pursuant to the Offer and not withdrawn at the Expiry Time that number of Common Shares which, (i) together with the Common Shares directly or indirectly owned by the Offeror or its affiliates, constitutes at least 66⅔% of the outstanding Common Shares calculated on a fully-diluted basis, and (ii) at least a majority of the Common Shares, calculated on a fully-diluted basis, the votes attached to which would be included in the minority approval of a second step business combination pursuant to Canadian Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*;

“**NI 43-101**” means National Instrument 43-101 — *Standards of Disclosure for Mineral Projects*;

“**NWT BCA**” means the *Business Corporations Act* (Northwest Territories), as amended from time to time;

“**Offer and Circular**” means the offer to purchase and related take-over bid circular dated October 19, 2011 in respect of the Offer;

“**Offer**” means the offer, dated October 19, 2011, by the Offeror to purchase all of the outstanding Common Shares of Anvil (including those Common Shares that are represented by CDIs, but other than Common Shares owned by the Offeror or any of its affiliates), together with any Common Shares that may become issued and outstanding after the date of the Offer but prior the Expiry Time on the exercise of Options or upon the conversion, exchange or exercise of any other securities of Anvil that are convertible into or exchangeable or exercisable for Common Shares, for consideration of \$8.00 per Common Share;

“**Offeror**” means MMG Malachite Limited, a corporation existing under the laws of the Northwest Territories and a wholly-owned indirect subsidiary of MMR;

“**Options**” means the outstanding options to acquire Common Shares granted pursuant to the Anvil Mining 2011 Share Incentive Plan;

“**Paradigm**” means Paradigm Capital Inc., the financial advisor to the Special Committee;

“**Paradigm Fairness Opinion**” means the opinion dated September 29, 2011 prepared by Paradigm in connection with the entering into of the Support Agreement, as described in Section 4 of this Directors’ Circular, “Opinion of Paradigm Capital Inc.”, and attached as Schedule “B” hereto;

“**Restricted Shares**” means Common Shares that are subject to certain restrictions under the Anvil Mining 2011 Share Incentive Plan;

“**SEC**” means the United States Securities and Exchange Commission;

“**SEDAR**” means the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval website at [www.sedar.com](http://www.sedar.com);

“**Shareholders**” means the holders of Common Shares;

“**Special Committee**” means the committee of directors independent of management of the Company and Trafigura, established in September, 2009 and comprised of Messrs. Thomas Dawson (Chair), Patrick Evans and John Sabine;

“**Strategic Transaction Committee**” means the committee of directors independent of management of the Company, established on July 25, 2011 and comprised of Messrs. Jeremy Weir (Chair), Patrick Evans, Jesus Fernandez and John Sabine;

“**Support Agreement**” means the Support Agreement among the Offeror, MMR and Anvil dated September 29, 2011;

“**Trafigura**” means Trafigura Beheer B.V.;

“**TSX**” means the Toronto Stock Exchange; and

“**US\$**” means United States dollars.

## DIRECTORS' CIRCULAR

### 1. The Offer

This Directors' Circular is issued by the Board of Directors in connection with the offer dated October 19, 2011 (the "Offer") by the Offeror, a wholly-owned indirect subsidiary of MMR, to purchase all of the outstanding Common Shares (including those Common Shares that are represented by CDIs, but other than Common Shares owned by the Offeror or any of its affiliates), together with any Common Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time on the exercise of Options or upon the conversion, exchange or exercise of any other securities of Anvil that are convertible into or exchangeable or exercisable for Common Shares, for consideration of \$8.00 cash per Common Share, upon the terms and conditions of the Offer as set forth in the Offer and Circular. The Offer is scheduled to expire at 8:00 p.m. (Toronto time) on November 24, 2011, unless extended or withdrawn.

Certain information contained in this Directors' Circular concerning the Offeror, MMR and its affiliates and the Offer, including forward-looking statements or information, is based solely upon, and the Board of Directors has relied, without independent verification, exclusively upon information contained in the Offer and Circular, provided to Anvil by MMR, or that is otherwise publicly available. While neither Anvil nor any of its officers or Directors has any reason to believe that such information is inaccurate or incomplete, neither Anvil nor any of its officers or Directors assumes any responsibility for the accuracy or completeness of such information. Shareholders are urged to read the Offer and Circular in its entirety.

The Offer is made only for Common Shares and is not made for any Options or other securities of Anvil that are convertible into or exchangeable or exercisable for Common Shares. Any holder of Options or other securities of Anvil that are convertible into or exchangeable or exercisable for Common Shares who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable Laws, exercise, exchange or convert such Options or other securities of Anvil that are convertible into or exchangeable or exercisable for Common Shares in order to acquire Common Shares and certificates representing such Common Shares and deposit such Common Shares in accordance with the terms of the Offer.

Pursuant to the Support Agreement, the Board of Directors has agreed to take steps necessary to accelerate the vesting of all Options and to permit the exercise of all Options conditional upon, and immediately prior to, the Offeror taking up Common Shares under the Offer. Holders of Options are permitted to make a conditional exercise of their Options (on a cashless basis) and to deposit the Common Shares issuable on such exercise under the Offer. Options subject to conditional exercise will only be exercised immediately prior to the Offeror taking up Common Shares under the Offer. Common Shares that are to be issued pursuant to any such conditional exercise will be accepted as validly deposited under the Offer provided that the holders of such Options otherwise validly accept the Offer. On the conditional exercise of Options, provided the Common Shares acquired thereunder are tendered to the Offer, the Option holder will be required to direct the Offeror in writing to pay to Anvil from the proceeds of sale of such Common Shares otherwise payable to the Option holder an amount sufficient to satisfy all applicable income tax and other source deductions arising on the exercise of the Options. This withholding amount shall be determined by Anvil in consultation with the Offeror. The expiry date for all unexercised Options will also be accelerated so that any unexercised Options shall expire upon the Offeror taking up any Common Shares under the Offer.

### 2. Unanimous Recommendation of the Board

The Board believes that the consideration offered to Shareholders under the Offer is fair, from a financial point of view, to Shareholders and that the Offer is in the best interests of Anvil and Shareholders. Accordingly, for the reasons described in more detail below, the Board **UNANIMOUSLY RECOMMENDS** that Shareholders **ACCEPT** the Offer and **DEPOSIT** their Common Shares under the Offer.

### 3. Analysis and Reasons for the Board's Conclusion and Recommendation

The Board has carefully reviewed and considered the Offer, with the benefit of the recommendation of the Strategic Transaction Committee, BMO Capital Markets, the Special Committee, Paradigm, and its legal advisors. The following is a summary of the principal reasons for the **UNANIMOUS RECOMMENDATION** of the Board to Shareholders that they **ACCEPT** the Offer and **DEPOSIT** their Common Shares under the Offer.

- (a) *The Offer represents a significant premium over the trading price of the Common Shares.*

The consideration offered under the Offer represents a premium of approximately 39% to the closing price and 30% to the 20-day volume weighted average price of the Common Shares on the Toronto Stock Exchange (the “TSX”) on September 29, 2011, the last trading day prior to the announcement of the Offer.

- (b) *The form of consideration under the Offer provides certainty, immediate value and liquidity.*

The Offer provides Shareholders with cash consideration for all Common Shares held. Shareholders will be able to immediately realize a fair value for their investment and the payment in cash provides certainty of value for their Common Shares.

- (c) *The Board of Directors and the Strategic Transaction Committee have considered a variety of strategic alternatives and the Offer is the most attractive.*

Since late July 2011, the Board of Directors and the Strategic Transaction Committee, with the assistance of BMO Capital Markets and Anvil’s legal advisors, have considered a variety of strategic alternatives to maximize value, with a view to the best interests of Anvil and its Shareholders, including the potential value and prospects for completion. The Board and the Strategic Transaction Committee concluded that the Offer represented the best alternative available to Anvil and Shareholders.

- (d) *Anvil’s Financial Advisors have provided written opinions that, as of the date of such opinions, and based upon and subject to the assumptions, limitations and qualifications stated therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders.*

The Board and the Strategic Transaction Committee have received a written opinion from BMO Capital Markets that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications stated therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders. The Board and the Special Committee have received a written opinion from Paradigm that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications stated therein, the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders (other than Trafigura and its subsidiaries and MMR and its subsidiaries). A copy of the opinion of BMO Capital Markets is attached to this Directors’ Circular as Schedule “A” and a copy of the opinion of Paradigm is attached to this Directors’ Circular as Schedule “B”. The Board recommends that Shareholders read the opinions carefully and in their entirety for a description of the assumptions made, matters considered and limitations and qualifications on the reviews undertaken. The opinions and the descriptions thereof in this Directors’ Circular do not constitute a recommendation from BMO Capital Markets or Paradigm to Shareholders as to whether to deposit Common Shares under the Offer.

- (e) *The Board of Directors has preserved the ability to respond to unsolicited Superior Proposals.*

Under the Support Agreement, the Board of Directors maintains the ability to consider and respond, in accordance with its fiduciary duties, to unsolicited bona fide written proposals that are, or could reasonably be expected to lead to a proposal that is, more favourable than the Offer, from a financial point of view. The terms of the Support Agreement, including the termination fee payable to the Offeror in connection with a termination of the Support Agreement (in certain specified circumstances), are reasonable in the circumstances and not preclusive of other proposals.

- (f) *The Offer contains a 66 $\frac{2}{3}$ % Minimum Tender Condition that cannot be lowered to less than 50.1% of the outstanding Common Shares without Anvil’s consent.*

Under the Support Agreement, the Offer includes a minimum tender condition of 66 $\frac{2}{3}$ % of the outstanding Common Shares (on a fully-diluted basis) that cannot be lowered to less than 50.1% of the outstanding Common Shares without Anvil’s consent.

- (g) *The Board of Directors, Senior Management and Anvil’s largest shareholder, Trafigura, have signed a Lock-Up Agreement.*

All of the Directors (including Anvil’s Chief Executive Officer) and Anvil’s Chief Financial Officer and Chief Operating Officer, and Trafigura, have entered into the Lock-Up Agreement and, subject to the

terms thereof, have agreed to tender their respective Common Shares to the Offer. The Common Shares held by the parties to the Lock-Up Agreement represent in the aggregate approximately 40% of the Common Shares on a fully-diluted basis. See “Arrangements between the Offeror and Security Holders of Anvil”.

For the principal reasons outlined above, the Board believes that the consideration to be received by Shareholders under the Offer is fair, from a financial point of view, to Shareholders and that the Offer is in the best interests of Anvil and Shareholders.

**The Board UNANIMOUSLY RECOMMENDS that Shareholders ACCEPT the Offer and DEPOSIT their Common Shares under the Offer.**

The foregoing summary of the information and factors considered by the Board is not intended to be exhaustive of the factors considered by the Board in reaching its conclusion and making its recommendation, but includes the material information, factors and analysis considered by the Board in reaching its conclusion and recommendation. The members of the Board evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Anvil, and based upon the advice of BMO Capital Markets and Paradigm and legal advisors and the recommendation of the Strategic Transaction Committee and the Special Committee. In view of the numerous factors considered in connection with their evaluation of the Offer, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusion and recommendation. In addition, individual members of the Board may have given different weight to different factors. The conclusion and unanimous recommendation of the Board was made after considering all of the information and factors involved.

#### **4. Opinions of BMO Capital Markets and Paradigm**

Shareholders are urged to read the opinions of BMO Capital Markets and Paradigm carefully and in their entirety for a description of the assumptions made, procedures followed, matters considered and limitations and qualifications on the reviews undertaken. The opinions address only the fairness, from a financial point of view, of the consideration offered pursuant to the Offer to Shareholders. The opinions were provided solely for the information and assistance of the Board, the Strategic Transaction Committee and the Special Committee respectively in connection with their consideration of the Offer, and were one of a number of factors taken into consideration by the Board in making its unanimous determination that the consideration offered to Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders and that the Offer is in the best interests of Anvil and Shareholders and to recommend that Shareholders accept the Offer and deposit their Common Shares under the Offer. The opinions and the descriptions thereof in this Directors’ Circular do not constitute a recommendation from BMO Capital Markets or Paradigm to Shareholders as to whether to deposit Common Shares under the Offer.

#### **5. Acceptance of the Offer**

The Offer and Circular indicates that Shareholders can accept the Offer by delivering to the depositary for the Offer, Computershare Investor Services Inc., before the expiration of the Offer: (a) the certificate(s) representing the Common Shares in respect of which the Offer is being accepted; (b) a Letter of Transmittal in the form accompanying the Offer and Circular (or a manually signed facsimile thereof) properly completed and duly executed as required by the instructions set out in the Letter of Transmittal accompanying the Offer and Circular; and (c) all other documents required by the terms of the Offer and the instructions set out in the Letter of Transmittal accompanying the Offer and Circular. Shareholders may also accept the Offer by following the procedures for book-entry transfer described in the Offer and Circular. In addition, the Offer and Circular indicates that if Shareholders cannot deliver all of the necessary documents to the depositary in time, they may be able to complete and deliver to the depositary the Notice of Guaranteed Delivery accompanying the Offer and Circular, provided they are able to comply fully with its terms.

CDI Holders may only accept the Offer by giving an instruction to the CDI Nominee in accordance with the procedure described in the Offer and Circular. The Offer and Circular indicates that acceptances by CDI Holders must be received in sufficient time to allow the CDI Holder’s instructions to be acted upon prior to 7:00 p.m. (Sydney time) on November 22, 2011 unless the Offer is extended. See “Manner of Acceptance” in the Offer and Circular.

## 6. Background to the Offer

In June 2010, the Board requested that the Special Committee consider potential value enhancement alternatives available to the Company. Between June 2010 and November 2010, the Special Committee reviewed a number of possible transactions, including a potential merger transaction. The Special Committee engaged BMO Capital Markets as financial advisor and Cassels Brock & Blackwell LLP as independent legal advisor. After several meetings the Special Committee determined that proceeding with the potential merger transaction was not in the best interests of the Company.

In late June 2011, Trafigura advised the Company that it had entered into discussions with a third party to sell a majority of its Common Shares and warrants to acquire Common Shares. The Special Committee engaged in discussions with Trafigura to determine the effect the proposed sale by Trafigura would have on the Company and its Shareholders (other than Trafigura and its subsidiaries) as it was particularly concerned whether all Shareholders would have the opportunity to participate in the transaction.

On July 14 and 16, 2011, the Special Committee met to review and consider further details of the proposed transaction which had been provided by Trafigura. At its meeting on July 16, 2011, the Special Committee considered the basis on which the Company might agree to facilitate the proposed transaction. The Special Committee was focused on the expectations of Shareholders (other than Trafigura and its subsidiaries) and was of the view that Shareholders expected to benefit from any change of effective control of the Company by direct participation or otherwise.

The Special Committee met on July 19, 2011 to discuss acceptable consideration in return for the Company's co-operation to effect the proposed transaction. The Special Committee concluded that Shareholders (other than Trafigura and its subsidiaries) would not benefit in an appropriate manner from the transaction.

On July 25, 2011, Trafigura advised the Company that its negotiations to sell a majority of its Common Shares and warrants had ceased but that it still wished to monetize its investment in the Company. Trafigura then offered the Company the opportunity to participate in a process in which all Shareholders could participate in a change of control transaction.

The Special Committee met later that day and determined to recommend that the Company pursue Trafigura's proposal to participate in such a process. The Board subsequently agreed to establish a separate Strategic Transaction Committee of the Board of Directors comprised of Messrs. Jesus Fernandez and Jeremy Weir, as Trafigura's representatives, and Messrs. John Sabine and Patrick Evans, as independent directors, to oversee the process and to review and evaluate any proposal for a possible transaction that might be received by the Company from third parties (whether solicited or not). The Strategic Transaction Committee was given the mandate to review and consider the value maximizing alternatives available to the Company for the benefit of all Shareholders.

On August 4, 2011, the Company announced that, with the support of Trafigura, the Board of Directors had begun a process to review strategic alternatives available to the Company. The Strategic Transaction Committee and the Board of Directors engaged BMO Capital Markets as its financial advisor. The Strategic Transaction Committee identified counterparties considered to be appropriately qualified to participate in a value maximizing transaction with the Company. BMO Capital Markets communicated with such counterparties on a confidential basis regarding their interest in such a transaction, and following such communications, confidentiality and standstill agreements were entered into with seven counterparties during August and September, 2011. The counterparties entering into the confidentiality and standstill agreements were afforded access to a data room established by the Company so that they could conduct preliminary due diligence to enable the consideration and formulation of the terms of a possible transaction to be presented to the Strategic Transaction Committee.

In August 2011, the Company was approached by a third party regarding a possible merger transaction. On August 25, 2011, a meeting of the Special Committee was held to obtain an update on the activities of the Strategic Transaction Committee. Representatives of the third party attended the meeting as well to discuss the benefits of the merger transaction. The third party advised that it would outline a process for a potential transaction for the Company to consider. Such an outline was never provided to the Company.

As a result of the process conducted by the Strategic Transaction Committee on September 6, 2011, the Company received formal written non-binding indicative proposals from three counterparties, including MMR, for transactions pursuant to which each of the counterparties proposed to acquire the Company for cash consideration. Those three counterparties were then provided with a draft form of support agreement and lock-up agreement and were asked to submit formal proposals to acquire all of the outstanding securities of the Company by no later than September 23, 2011. Two other counterparties continued to engage in due diligence after September 6, 2011, even though they had not submitted non-binding proposals.

During the period while parties were conducting due diligence and in response to certain media reports the Company confirmed on September 14, 2011 that there were at that time no developments as a result of the value maximization process to be disclosed. As of that date, no offers capable of acceptance had been received by the Company nor had any binding agreement been entered into by the Company in respect of a transaction affecting the control of the Company.

On September 18, 2011, a meeting of the Special Committee was held to obtain an update on the state of negotiations and due diligence with respect to the bidding process.

On September 23, 2011, MMR submitted a further proposal. The Strategic Transaction Committee reviewed MMR's proposal and recommended that the Company undertake exclusive negotiations with MMR, as requested by MMR.

Also on September 23, 2011, the Special Committee met and determined to obtain an independent fairness opinion from an investment banking firm other than BMO Capital Markets. The Special Committee determined to retain Paradigm, who were formally engaged on September 27, 2011.

On September 26, 2011, the Company and MMR entered into an exclusivity agreement whereby the Company agreed that until 11:59 pm Toronto time on September 30, 2011 the Company would not, directly or indirectly, make, solicit or otherwise facilitate or undertake negotiations regarding any take-over bid, merger, business combination or similar transaction with any third party.

Detailed negotiations regarding the terms of a transaction, including the terms and conditions contained in the Support Agreement and Lock-Up Agreement took place from September 27, 2011 until September 29, 2011 among the Company and its financial advisor and counsel, including counsel to the Special Committee and MMR and its financial advisor and counsel. Trafigura and its counsel also participated in these discussions.

On September 29, 2011, a third party, which had signed a confidentiality and standstill agreement as part of the process being conducted on behalf of the Company, sent an indicative proposal to BMO Capital Markets, offering to make a bid for the Company. The Board of Directors determined that given the conditional nature of the proposal and the advanced negotiations with MMR, the proposal did not merit further consideration. In compliance with the provisions of the exclusivity agreement with MMR, the Company and its advisors did not respond to the proposal.

On September 29, 2011, the Special Committee met and, relying in part on the advice of its financial and legal advisors, determined that the transaction with MMR was in the best interests of the Company and the Shareholders and recommended that the Board of Directors authorize and approve the entering into of the Support Agreement and recommend that Shareholders tender their Common Shares to the Offer.

At the Board of Directors' meeting held on September 29, 2011 to consider the terms of the transaction with MMR, the Strategic Transaction Committee reported to the Board of Directors the results of negotiations and the terms of the Support Agreement and the Lock-Up Agreement. At such time, the Strategic Transaction Committee presented its recommendation that the Board of Directors approve the Support Agreement. The Special Committee also reported to the Board of Directors and recommended that the Board of Directors approve the entering into of the Support Agreement and recommend that Shareholders tender their Common Shares to the Offer.

The Special Committee had been provided with an oral and written opinion from its financial advisor, Paradigm, that the consideration proposed under the Support Agreement was fair, from a financial point of view, to the Shareholders (other than Trafigura and its subsidiaries and MMR and its subsidiaries). BMO Capital Markets also provided the Board of Directors with its oral opinion that the consideration proposed under the Support Agreement was fair, from a financial point of view, to the Shareholders.

Following consideration of the submissions of the Strategic Transaction Committee, the Special Committee, BMO Capital Markets and Paradigm, the Board of Directors approved the terms of the Support Agreement and directed its execution and delivery on behalf of the Company. The Company then announced the entering into of the Support Agreement by news release later that evening.

## **7. Intention of Directors and Officers with Respect to the Offer**

Each of the Directors (including Anvil's Chief Executive Officer) and Anvil's Chief Financial Officer and Chief Operating Officer, as well as Trafigura, have entered into the Lock-Up Agreement pursuant to which such individuals have agreed, subject to the terms of the Lock-Up Agreement, to tender all Common Shares to the Offer. Details of the Lock-Up Agreement are set out in the Offer and Circular.

## **8. The Support Agreement**

On September 29, 2011 the Offeror, MMR and Anvil entered into the Support Agreement, which sets out, among other things, the terms and conditions upon which Anvil agrees to recommend to Shareholders the acceptance of the Offer. The following is a summary of certain provisions of the Support Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Support Agreement. The Support Agreement has been filed by Anvil with the Canadian securities regulatory authorities and is available under Anvil's issuer profile at [www.sedar.com](http://www.sedar.com).

### *Support for the Offer*

The Board of Directors, upon consultation with its financial and legal advisors and on receipt of a recommendation from the Strategic Transaction Committee and the Special Committee, has unanimously determined that the Offer is in the best interests of Anvil and the Shareholders and, accordingly, the Board of Directors unanimously recommends that Shareholders accept the Offer and deposit their Common Shares under the Offer. Each member of the Board of Directors intends to support the Offer and, subject to the provisions of the Support Agreement, Anvil has agreed to use all reasonable efforts to support the Offer.

### *The Offer*

The Offeror has agreed to make the Offer on the terms and conditions set forth in the Support Agreement and, provided all of the conditions of the Offer set forth in the section entitled "Conditions of the Offer" in the Offer and Circular shall have been satisfied or waived at or prior to the Expiry Time, the Offeror has agreed to take-up and pay for all Common Shares validly deposited and not withdrawn under the Offer within three business days following the time at which the Offeror is entitled to take up Common Shares under the Offer. See "Take-Up and Payment for Deposited Common Shares" in the Offer and Circular.

The Offeror may, in its sole discretion, modify or waive any term or condition of the Offer, provided that the Offeror cannot, without the prior consent of Anvil: (a) amend or modify the Minimum Tender Condition to less than 50.1% of the Common Shares that are outstanding at the time of initial take-up of Common Shares under the Offer; (b) waive the Minimum Tender Condition, as it may be amended or modified pursuant to paragraph (a) above, unless the Offeror can and, after such waiver, does take-up and pay for a number of Common Shares equal to not less than 50.1% of the Common Shares that are outstanding at the time of the initial take-up of Common Shares under the Offer; (c) increase the Minimum Tender Condition; (d) impose additional conditions to the Offer; (e) decrease the cash consideration per Common Share; (f) decrease the number of Common Shares in respect of which the Offer is made; (g) change the form of consideration payable under the Offer (other than to add additional consideration or consideration alternatives); or (h) vary the Offer or any terms or conditions thereof (other than a waiver of a condition) in a manner that is adverse to the Shareholders. If the Offeror amends, modifies or waives the Minimum Tender Condition as permitted above and takes up and pays for any Common Shares pursuant to the Offer, the Offeror shall extend the Offer to the extent required to ensure that the Expiry Date shall be not less than 20 days from the date of such amendment, modification or waiver.

### *Shareholder Rights Plan*

Anvil has covenanted that it will not authorize, approve or adopt any shareholder rights plan or enter into any agreement providing therefor.

### ***Anvil Board of Directors Representation***

Anvil acknowledges that promptly following the time at which the Offeror takes up for purchase such number of Common Shares which, together with any Common Shares held by or on behalf of the Offeror and its affiliates, represents at least a majority of the then outstanding Common Shares, and from time to time thereafter, the Offeror shall be entitled to designate (a) such number of members of the Board of Directors, and any committees thereof, as is proportionate to the percentage of the outstanding Common Shares beneficially owned from time to time by MMR and its affiliates (the “**MMR Percentage**”) and (b) following the purchase by the Offeror of such number of Common Shares which, together with the Common Shares held by or on behalf of MMR and its affiliates, represents at least 66 $\frac{2}{3}$ % of the then outstanding Common Shares, all of the members of the Board of Directors and any committees thereof. Anvil will not frustrate the Offeror’s attempts to do so and Anvil has covenanted to co-operate with the Offeror, subject to applicable Laws and the provision of releases and confirmation of insurance coverage, to enable the Offeror’s designees to be elected or appointed to the Board of Directors and any committees thereof, and to constitute the MMR Percentage of the Board of Directors or the entire Board of Directors, as applicable, including at the request of the Offeror, by using its commercially reasonable efforts to increase the size of the Board of Directors and to secure the resignations of such directors as the Offeror may request.

### ***No Solicitation***

Anvil has agreed that, except as provided in the Support Agreement, it will not, and it will cause each of its subsidiaries not to, directly or indirectly, through any of its representatives:

- (a) make, solicit, assist, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing non-public information, permitting any visit to any facilities or properties of Anvil or any subsidiary of Anvil or any joint venture material to Anvil and its subsidiaries, taken as a whole, or entering into any form of written or oral agreement, arrangement or understanding) any inquiries, proposals or offers regarding any Acquisition Proposal (as defined below);
- (b) engage in any discussions or negotiations regarding, or provide any information with respect to, or otherwise co-operate in any way with, or assist or participate in, knowingly encourage or otherwise facilitate, any effort or attempt by any other person to make or complete any Acquisition Proposal, provided that, for greater certainty, Anvil may advise any person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal (as defined below) when the Board of Directors has so determined;
- (c) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to MMR or the Offeror, the approval or recommendation of the Board of Directors or any committee thereof of the Support Agreement or the Offer;
- (d) approve or recommend or propose publicly to approve or recommend any Acquisition Proposal;
- (e) release any person from or waive, or otherwise forbear the enforcement of, any confidentiality or standstill agreement with such person that would facilitate the making or implementation of any Acquisition Proposal, provided that, for the avoidance of doubt, any automatic release from the standstill provisions of any such agreement in accordance with its terms shall not constitute a breach of this obligation; or
- (f) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal.

The Support Agreement defines an “**Acquisition Proposal**” as the following, in each case whether in a single transaction or a series of related transactions, but other than any transaction involving only Anvil and/or one or more of its wholly-owned subsidiaries:

- (a) any take-over bid, tender offer or exchange offer that, if consummated, would result in a person or group of persons beneficially owning 20% or more of any class of voting or equity securities of Anvil;
- (b) any amalgamation, plan of arrangement, share exchange, business combination, merger, consolidation, recapitalization, reorganization, or other similar transaction involving Anvil or one or more Anvil subsidiaries which represent, individually or in the aggregate, 20% or more of the consolidated assets, revenues or earnings of Anvil, or any liquidation, dissolution or winding-up of Anvil or one or more

Anvil subsidiaries, which represent, individually or in the aggregate, 20% or more of the consolidated assets, revenues or earnings of Anvil;

- (c) any direct or indirect sale of assets (or any lease, long term supply arrangement, licence or other arrangement having the same economic effect as a sale) of Anvil or one or more Anvil subsidiaries which represent, individually or in the aggregate, 20% or more of the consolidated assets, revenues or earnings of Anvil;
- (d) any direct or indirect sale, issuance or acquisition of Common Shares or any other voting or equity interests (or securities representing, convertible into or exercisable for, such Common Shares or interests) in Anvil representing 20% or more of the issued and outstanding equity or voting interests (or rights or interests therein or thereto) of Anvil or any direct or indirect sale, issuance or acquisition of voting or equity interests (or securities representing, convertible into or exercisable for such interests) in one or more Anvil Subsidiaries which represent, individually or in the aggregate, 20% or more of the consolidated assets, revenues or earnings of Anvil; or
- (e) any proposal or offer to do, or public announcement of an intention to do, any of the foregoing from any person other than MMR or a subsidiary of MMR, in each case excluding the Offer and any other transaction contemplated by the Support Agreement.

Anvil has agreed to immediately cease and instruct its representatives to cease any existing solicitation, discussion or negotiation with any person (other than MMR or a subsidiary of MMR), by or on behalf of Anvil or any of its subsidiaries with respect to or which could reasonably be expected to lead to any potential Acquisition Proposal, whether or not initiated by Anvil or any of its subsidiaries or any of its or their representatives and, in connection therewith, to discontinue access to any data rooms.

Anvil has agreed to request the return or destruction of (a) all information provided to any third parties who have entered into a confidentiality agreement with Anvil relating to any potential Acquisition Proposal, and (b) to the extent permitted under the applicable confidentiality agreement, all material prepared by or on behalf of such third party that includes or incorporates or otherwise reflects any such confidential information, and to use commercially reasonable efforts to ensure that such requests are honoured in accordance with the terms of such confidentiality agreements. Anvil has agreed to immediately advise the Offeror of any response or action (actual, anticipated, contemplated or threatened) by any such third party which could reasonably be expected to hinder, prevent or delay or otherwise adversely affect the completion of the Offer.

Anvil has agreed to promptly (and in any event within 24 hours) notify MMR and the Offeror of any proposal, inquiry, offer or request (or any amendment thereto): (i) relating to or constituting an Acquisition Proposal or which Anvil reasonably believes could lead to an Acquisition Proposal, (ii) for discussions or negotiations relating to, or which Anvil reasonably believes could lead to, an Acquisition Proposal, (iii) for non-public information relating to Anvil or any of its subsidiaries, including in respect of certain of its properties or mineral rights, or for access to properties or books and records, or (iv) for a list of Shareholders of which Anvil's Directors, officers, employees, representatives or agents are or become aware.

Anvil has agreed to ensure that its representatives, including its subsidiaries and their representatives, are aware of the non-solicitation provisions of the Support Agreement and Anvil shall be responsible for any breach by such persons.

***Superior Proposals, Right to Match, etc.***

Following receipt by Anvil of any proposal, inquiry, offer or request (or any amendment thereto) that is not an Acquisition Proposal but which Anvil reasonably believes could lead to an Acquisition Proposal, Anvil may respond to the proponent to advise it that, in accordance with the Support Agreement, Anvil can only enter into discussions or negotiations with a party that delivers an Acquisition Proposal.

Following the receipt by Anvil of a *bona fide* written Acquisition Proposal made after the date of the Support Agreement (including, for greater certainty, an amendment, change or modification to an Acquisition Proposal made prior to the date of the Support Agreement) that was not solicited in contravention of the

Support Agreement, Anvil and its representatives may (provided it notifies MMR and the Offeror of such Acquisition Proposal as described above and complies with its non-solicitation covenants):

- (a) contact the person making such Acquisition Proposal and its representatives for the purposes of clarifying the terms and conditions of such Acquisition Proposal and the likelihood of its consummation so as to determine whether such Acquisition Proposal is, or could reasonably be expected to lead to, a Superior Proposal; and
- (b) if the Board of Directors determines in good faith, after consultation with its outside legal and financial advisors, that such Acquisition Proposal is, or would, if consummated in accordance with its terms, reasonably be expected to be, a Superior Proposal and that the failure to take the relevant action would be inconsistent with its fiduciary duties: (i) furnish information with respect to Anvil and its subsidiaries to the person making such Acquisition Proposal and its representatives and permit site visits, if requested, provided that Anvil has entered into a confidentiality and standstill agreement with such person that is no less favourable in the aggregate to Anvil than the confidentiality agreement made between Anvil and an affiliate of the Offeror, provided that no such confidentiality and standstill agreement shall prevent such person from making, pursuing or completing an Acquisition Proposal in accordance with the Support Agreement and provided that Anvil sends a copy of such agreement to MMR promptly following its execution (or, if executed prior to the date of the Support Agreement, promptly following a request for same from MMR) and MMR is promptly provided with a list of, and access to (to the extent not previously provided to MMR), the information provided to such person; and (ii) engage in discussions and negotiations with respect to the Acquisition Proposal with the person making such Acquisition Proposal and its representatives.

The Support Agreement defines a “**Superior Proposal**” as a *bona fide* Acquisition Proposal:

- (a) to purchase or otherwise acquire, directly or indirectly, by means of a merger, take-over bid, amalgamation, plan of arrangement, business combination or similar transaction, (A) all of the Common Shares (not beneficially owned by the party making such Acquisition Proposal) and pursuant to which all Shareholders are offered the same consideration in form and amount per Common Share to be purchased or otherwise acquired; or (B) all or substantially all of the assets of Anvil and its subsidiaries, taken as a whole;
- (b) that did not result from a breach of the non-solicitation provisions of the Support Agreement;
- (c) that is made in writing after the date of the Support Agreement, including an amendment, change or modification to any Acquisition Proposal made prior to the date of the Support Agreement;
- (d) that complies with Applicable Securities Laws in all material respects;
- (e) that is not subject to a financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to the satisfaction of the Board of Directors, acting in good faith (after consultation with its financial advisors and outside legal counsel), will be obtained;
- (f) that is not subject to any due diligence and/or access condition; and
- (g) that the Board of Directors has determined in good faith (after consultation with its financial advisors and outside legal counsel) (i) is reasonably capable of completion without undue delay taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal, and (ii) would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable from a financial point of view to the Shareholders than the Offer (taking into consideration any adjustment to the terms and conditions of the Offer proposed by MMR pursuant to the terms of the Support Agreement).

Anvil may enter into an agreement (in addition to any confidentiality agreement contemplated by the Support Agreement) with respect to an Acquisition Proposal and/or withdraw, modify or qualify its approval or recommendation of the Offer and recommend or approve an Acquisition Proposal (a “**Change in Recommendation**”), provided that:

- (a) Anvil has complied with its non-solicitation obligations under the Support Agreement;

- (b) the Board of Directors has determined, after consultation with its outside legal and financial advisors, that such Acquisition Proposal is a Superior Proposal and that the failure to take the relevant action would be inconsistent with its fiduciary duties;
- (c) Anvil has delivered written notice to MMR and the Offeror of the determination of the Board of Directors that the Acquisition Proposal is a Superior Proposal and of the intention of the Board of Directors to approve or recommend such Superior Proposal and/or of Anvil to enter into an agreement with respect to such Superior Proposal, together with a copy of such agreement (the “**Superior Proposal Notice**”);
- (d) at least five full business days have elapsed since the date the Superior Proposal Notice was received by MMR and the Offeror (the “**Right to Match Period**”) and, for greater certainty, the Right to Match Period will expire at 9:00 p.m. (Toronto time) on the fifth business day following the day MMR and the Offeror received the Superior Proposal Notice;
- (e) if MMR and the Offeror have offered to amend the terms of the Offer during the Right to Match Period pursuant to the provisions of the Support Agreement, the Board of Directors has determined in good faith, after consultation with its outside legal and financial advisors, that such Acquisition Proposal continues to be a Superior Proposal compared to the amendment of the terms of the Offer and the Support Agreement offered by MMR at or prior to the termination of the Right to Match Period; and
- (f) if applicable, Anvil terminates the Support Agreement and pays the Termination Payment, described below under “Termination Payment, Reverse Termination Payment and Expense Reimbursement”.

During the Right to Match Period, MMR and the Offeror will have the opportunity, but not the obligation, to offer to amend the terms of the Offer and the Support Agreement and Anvil shall co-operate with MMR and the Offeror with respect thereto, including negotiating in good faith with MMR and the Offeror to enable them to make such adjustments to the terms and conditions of the Offer as MMR and the Offeror deem appropriate and as would enable them to proceed with the Offer. The Board of Directors will review any such offer by MMR and the Offeror to amend the terms of the Offer and the Support Agreement in order to determine, in good faith in the exercise of its fiduciary duties, whether MMR’s and the Offeror’s offer to amend the Offer and the Support Agreement, upon its acceptance, would result in the Acquisition Proposal ceasing to be a Superior Proposal compared to the amendment to the terms of the Offer and the Support Agreement offered by MMR and the Offeror. If the Board of Directors determines that the Acquisition Proposal would cease to be a Superior Proposal, MMR and the Offeror have agreed to amend the terms of the Offer and Anvil, MMR and the Offeror shall enter into an amendment to the Support Agreement reflecting the offer by MMR and the Offeror to amend the terms of the Offer and the Support Agreement.

Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration to be received by the Shareholders will constitute a new Acquisition Proposal for purposes of the Support Agreement, including initiating a new Right to Match Period, if applicable. Nothing in the Support Agreement shall prevent the Board of Directors from responding through a directors’ circular or otherwise as required by applicable Laws to an Acquisition Proposal that it determines is not a Superior Proposal. Further, nothing in the Support Agreement shall prevent the Board of Directors from making any disclosure to the securityholders of Anvil if the Board of Directors, acting in good faith and upon the advice of its legal advisors, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Board of Directors or such disclosure is otherwise required under applicable Law; provided, however, that notwithstanding that the Board of Directors shall be permitted to make such disclosure, the Board of Directors shall not be permitted to make a Change in Recommendation other than as otherwise permitted by the Support Agreement.

#### *Reaffirmation of Recommendation by the Board of Directors*

The Board of Directors has agreed to promptly reaffirm its recommendation of the Offer or the amended Offer, as applicable, by news release after: (a) any Acquisition Proposal is publicly announced or made and the Board of Directors determines it is not a Superior Proposal; or (b) the Board of Directors determines that a proposed amendment to the terms of the Offer would result in the Acquisition Proposal not being a Superior

Proposal, and MMR has so amended the terms of the Offer. MMR and the Offeror will be given reasonable opportunity to review and comment on the form and content of any such news release.

### ***Subsequent Acquisition Transaction***

The Support Agreement provides that if within the earlier of the Expiry Time or 120 days after the date of the Offer (or such longer time as a court having jurisdiction may permit), the Offer has been accepted by holders of not less than 90% of the outstanding Common Shares as at the Expiry Time, excluding Common Shares held by or on behalf of the Offeror, or an “affiliate” or an “associate” (as those terms are defined in the NWT BCA) of the Offeror, the Offeror shall, to the extent practicable, acquire the remainder of the Common Shares from those Shareholders who have not accepted the Offer, pursuant to Section 197(2) of the NWT BCA.

If that statutory right of acquisition is not available or the Offeror chooses not to avail itself of such statutory right of acquisition, (i) the Offeror shall use its commercially reasonable efforts to pursue other means of acquiring the remaining Common Shares not tendered to the Offer, provided that the consideration per Common Share offered in connection with such other means of acquiring such Common Shares shall be at least equal to the consideration per Common Share under the Offer, or (ii) in the event the Offeror takes up and pays for Common Shares under the Offer representing at least a simple majority of the outstanding Common Shares the Offeror will use commercially reasonable efforts, and Anvil will assist the Offeror, in order to acquire sufficient Common Shares to successfully complete an amalgamation, statutory arrangement, amendment to articles, consolidation, capital reorganization or other transaction involving Anvil and MMR or any MMR subsidiary (any such alternative means of acquiring the remaining Common Shares not tendered to the Offer, a “**Subsequent Acquisition Transaction**”) and, for greater certainty, when the Offeror has acquired sufficient Common Shares to do so, it shall complete a Subsequent Acquisition Transaction to acquire the remaining Common Shares, provided that the consideration per Common Share offered in connection with the Subsequent Acquisition Transaction shall not be less than the consideration per Common Share under the Offer and in no event will the Offeror be required to offer consideration per Common Share greater than the consideration per Common Share under the Offer.

### ***Termination of the Support Agreement***

The Support Agreement may be terminated any time prior to the Effective Time (as such term is defined below under “Directors’ and Officers’ Insurance and Reimbursement”):

- (a) by mutual written agreement of MMR and Anvil;
- (b) by Anvil, if the Offeror does not commence the Offer by 11:59 p.m. (Toronto time) on October 21, 2011 (the “**Latest Mailing Time**”) (other than as a result of Anvil’s default or breach of a material covenant or obligation under the Support Agreement) or the Offer does not conform in all material respects to the terms of the Support Agreement and any non-conformity is not cured within the time period contemplated by the Support Agreement;
- (c) by MMR, if any condition to making the Offer for MMR’s and the Offeror’s benefit is not satisfied or waived before the Latest Mailing Time (other than as a result of a default or breach of a material covenant or obligation under the Support Agreement by MMR or the Offeror);
- (d) by MMR, if: (i) the Minimum Tender Condition shall not be satisfied at the Expiry Time (as such Expiry Time may be extended from time-to-time in accordance with the Support Agreement) and the Offeror has not elected to waive such condition; or (ii) any condition of the Offer, other than the Minimum Tender Condition, shall not be satisfied at the Expiry Time (as such Expiry Time may be extended from time-to-time in accordance with the Support Agreement), other than as a result of a material breach of a material covenant or obligation under the Support Agreement by MMR or the Offeror and the Offeror shall not have elected to waive such condition;
- (e) by either Anvil or MMR, if the Offeror does not take-up and pay for the Common Shares deposited under the Offer by the date that is 90 days following the date of the commencement of the Offer (the “**Outside Date**”) otherwise than as a result of the material breach by the party seeking to terminate the Support Agreement of any covenant or obligation under the Support Agreement (or, where such covenant is itself qualified by a materiality or material adverse effect qualification, any breach of such covenant), or as a result of any representation or warranty made by such party in the Support

- Agreement being untrue or incorrect in any material respect (or, where any such representation or warranty is itself qualified by a materiality or material adverse effect qualification, being untrue or incorrect in any respect), provided further, however, that if the Offeror's take-up and payment for Common Shares deposited under the Offer is delayed by (i) an injunction or order made by any government entity of competent jurisdiction, or (ii) the Offeror not having obtained any governmental or regulatory approval referred to in the Support Agreement, then, provided that such injunction or order is being contested or appealed or such governmental or regulatory approval is being actively sought, as applicable, the Support Agreement shall not be terminated until the earlier of (A) the fifth business day following the date on which such injunction or order ceases to be in effect or such governmental or regulatory approval is obtained, and (B) 180 days after the Offer is commenced;
- (f) by MMR, if: (i) Anvil is in default of any covenant or obligation in the Support Agreement relating to the non-solicitation of Acquisition Proposals or MMR's right to match any Superior Proposal; (ii) Anvil is in material default of any other covenant or obligation under the Support Agreement (or, where such covenant or obligation is itself qualified by a materiality or material adverse effect qualification, in default in any respect); or (iii) any representation or warranty made by Anvil in the Support Agreement was, as at the date of the Support Agreement, or shall have become, untrue or incorrect at any time prior to the Expiry Time in any material respect (or, where any such representation or warranty is itself qualified by a materiality or material adverse effect qualification, untrue or incorrect in any respect) where such inaccuracies in the representations and warranties, individually or in the aggregate, would reasonably be expected to have a material adverse effect in respect of Anvil or would reasonably be expected to prevent, or materially impede, restrict or delay, consummation of the Offer, and, in the case of any of (f)(ii) or (iii), such default or inaccuracy is not curable or, if curable, is not cured by the earlier of the date which is fifteen days from the date of written notice of such breach and the business day prior to the Expiry Date;
- (g) by Anvil, if: (i) MMR or the Offeror is in material default of any covenant or obligation under the Support Agreement (or, where such covenant or obligation is itself qualified by a materiality or material adverse effect qualification, in default in any respect); or (ii) any representation or warranty made by MMR or the Offeror in the Support Agreement is untrue or incorrect in any material respect (or, where any such representation or warranty is itself qualified by a materiality or material adverse effect qualification, untrue or incorrect in any respect) at any time prior to the Expiry Time and such inaccuracy would reasonably be expected to prevent, or materially impede, restrict or delay, consummation of the Offer, and such default or inaccuracy is not curable or, if curable, is not cured by the earlier of the date which is fifteen days from the date of written notice of such breach and the business day prior to the Expiry Date;
- (h) by MMR or Anvil, if any court of competent jurisdiction or other governmental entity in Canada, the United States, Australia or the Democratic Republic of Congo shall have issued an order, decree or ruling permanently enjoining or otherwise prohibiting any of the Offer, the transactions contemplated by the Lock-Up Agreement, the take-up of Common Shares by the Offeror pursuant to the Offer, any compulsory acquisition, any Subsequent Acquisition Transaction, any subsequent amalgamation, merger or other business combination of MMR (or any of MMR's affiliates) and Anvil, any other form of transaction (such as a plan of arrangement or amalgamation) whereby MMR or any subsidiary of MMR would effectively acquire all the Common Shares within approximately the same time period on economic terms and other terms and conditions and having consequences to Anvil and the Shareholders that are equivalent to or better than those contemplated by the Support Agreement and any other actions with respect to any other transactions contemplated by the Support Agreement (a "**Contemplated Transaction**") (unless such order, decree or ruling has been withdrawn, reversed or otherwise made inapplicable), which order, decree or ruling is final and non-appealable;
- (i) by MMR, if: (i) the Board of Directors fails to recommend the Offer or publicly reaffirm its approval of the Offer within three calendar days of any written request by MMR (or, if the Offer shall be scheduled to expire within such three calendar day period, prior to the scheduled expiry of the Offer); (ii) the Board of Directors or any committee thereof withdraws, modifies, changes or qualifies its approval or recommendation of the Offer in any manner adverse to MMR; or (iii) the Board of

Directors or any committee thereof recommends or approves, or publicly proposes to recommend or approve, an Acquisition Proposal;

- (j) by Anvil, if Anvil proposes to enter into a definitive agreement with respect to a Superior Proposal in compliance with the provisions of the Support Agreement, provided that prior to or concurrently with the entering into of that definitive agreement, Anvil shall have paid to MMR or its assignee the applicable Termination Payment (as defined below); or
- (k) by Anvil if the approval of the Offer by a majority of the votes cast by holders of ordinary shares in the capital of MMR at a duly called meeting of MMR or, if permitted by the listing rules of the Hong Kong Stock Exchange, by a resolution in writing signed by holders of a majority of the ordinary shares in the capital of MMR has not been obtained by January 9, 2012 (“**MMR Shareholder Approval**”).

#### *Termination Payment, Reverse Termination Payment and Expense Reimbursement*

##### Termination Payment to MMR

Anvil is obligated to pay MMR a cash termination payment (the “**Termination Payment**”) in an amount equal to \$53.2 million, upon the occurrence of any of the following events, which shall be paid by Anvil within the time specified in respect of each such event:

- (a) the Support Agreement is terminated pursuant to paragraph (f)(i) under “Termination of the Support Agreement” above or paragraph (i) under “Termination of the Support Agreement” above (except in a circumstance in which the Support Agreement is terminated pursuant to paragraph (i)(ii) under “Termination of the Support Agreement” above in a circumstance in which Anvil is entitled to terminate the Support Agreement pursuant to paragraph (g) under “Termination of the Support Agreement” above and, as a consequence, the Board of Directors withdraws, modifies, changes or qualifies its approval or recommendation of the Offer, in which event no Termination Payment will be payable under the Support Agreement), in which case the Termination Payment shall be paid to MMR or an assignee of MMR by 5:00 p.m. (Toronto time) on the next business day after the date on which the Support Agreement is so terminated;
- (b) the Support Agreement is terminated pursuant to paragraph (j) under “Termination of the Support Agreement” above, in which case the Termination Payment shall be paid to MMR or an assignee of MMR prior to or concurrently with the entering into of the definitive agreement; or
- (c) the Support Agreement is terminated by MMR pursuant to paragraph (d)(i) under “Termination of the Support Agreement” above and (A) prior to the date on which the Support Agreement is terminated, an Acquisition Proposal is publicly announced or made by a person other than MMR or a subsidiary of MMR, or any potentially competing bidder has publicly announced an intention to make an Acquisition Proposal; and (B) either (X) an Acquisition Proposal is completed within six months following the date on which the Support Agreement is terminated or (Y) Anvil or one or more of its subsidiaries enters into a definitive agreement in respect of, or the Board of Directors accepts, approves or recommends, an Acquisition Proposal within six months following the date on which the Support Agreement is terminated, which Acquisition Proposal is completed at any time thereafter, in which case the Termination Payment shall be paid to MMR or an assignee of MMR concurrently with the completion of such Acquisition Proposal.

For the purposes of (c) above, the term “Acquisition Proposal” shall be read such that all references to “20% or more” in clauses (a), (b), (c) and (d) of the definition of Acquisition Proposal are references to “greater than 50%” and, for purposes of (c)(B) above, a take-over bid, tender offer or exchange offer will be deemed to have been completed at such time as the bidder and its joint actors hold, in the aggregate, a majority of the then outstanding Common Shares.

##### Reverse Termination Payment to Anvil

Anvil shall be entitled to a cash termination payment (the “**Reverse Termination Payment**”) in an amount equal to \$20 million if the Support Agreement is terminated (i) by Anvil pursuant to paragraph (k) under “Termination of the Support Agreement” above, or (ii) by MMR pursuant to paragraph (d)(ii) under “Termination of the Support Agreement” above as a result of the failure of MMR to obtain MMR Shareholder Approval.

### Reimbursement of Expenses

Unless the Termination Payment is paid, MMR shall be entitled to an expense reimbursement payment of \$2 million if the Support Agreement is terminated pursuant to paragraph (c) under “Termination of the Support Agreement” above (but only where the failure by Anvil to comply with any of its covenants and obligations under the Support Agreement gives rise to such termination right), or paragraphs (f)(ii) or (f)(iii) under “Termination of the Support Agreement” above. Unless the Reverse Termination Payment is paid, Anvil shall be entitled to an expense reimbursement payment of \$2 million if the Support Agreement is terminated pursuant to paragraphs (b) or (g) under “Termination of the Support Agreement” above.

### *Representations and Warranties*

The Support Agreement contains a number of customary representations and warranties of the Offeror and Anvil relating to, among other things: corporate status, and the corporate authorization and enforceability of, and board approval of, the Support Agreement and the Offer. The representations and warranties of Anvil also address various matters relating to the business, operations and properties of Anvil and its subsidiaries, including, among other things: capitalization; public filings; accuracy of financial statements; liabilities and indebtedness; books and records; absence of certain changes or events; litigation; compliance with Laws; employment matters; tax matters; material contracts; related party transactions; mineral reserves and resources; properties and mineral rights; disclosure controls and procedures; internal controls over financial reporting; reporting issuer status; anti-corruption laws and competition laws. In addition, MMR and the Offeror have represented that they have made adequate arrangements to ensure that the required funds are available to effect payment in full of the consideration for all of the Common Shares acquired pursuant to the Offer.

### Conduct of Business

Anvil has covenanted and agreed that, prior to the earlier of the time that designees of the Offeror represent a majority of the Board of Directors and the termination of the Support Agreement, unless the Offeror shall otherwise agree in writing or as otherwise expressly contemplated or permitted by the Support Agreement, Anvil will, and will cause each of its subsidiaries to, among other things, conduct its and their respective businesses in the ordinary course consistent with past practice in all material respects and use reasonable efforts to preserve intact its and their present business organization and goodwill, to preserve intact its and their respective real property interests, mining leases, mining concessions, mining claims, exploration permits or prospecting permits or other property, mineral or proprietary interests or rights or contractual or other legal rights and claims in good standing, to keep available the services of its officers and employees as a group and to maintain satisfactory relationships with suppliers, distributors, employees and others having business relationships with them. Anvil has also agreed that it will not and will cause each of its subsidiaries not to take certain actions specified in the Support Agreement. Anvil and its subsidiaries will not (among other things): (a) acquire or commit to acquire any capital assets or group of related capital assets (through one or more related or unrelated acquisitions) having a value in excess of five million dollars in the aggregate; or (b) subject to certain exceptions, incur, or commit to, capital expenditures in excess of five million dollars in the aggregate.

Anvil has also agreed to notify MMR of: (a) any material change (within the meaning of the *Securities Act* (Ontario)) in relation to Anvil and of any material governmental or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated); or (b) the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would or would reasonably be likely to (i) cause any of the representations or warranties of Anvil contained in the Support Agreement to be untrue or inaccurate in any material respect (or, where any such representation or warranty is itself qualified by a materiality or material adverse effect qualification, untrue or inaccurate in any respect), or (ii) result in the failure of Anvil to comply with or satisfy any covenant, condition or agreement under the Support Agreement. Anvil and the Offeror acknowledged that any inadvertent failure to notify the other of a matter that is not material shall not in and of itself entitle a party to terminate the Support Agreement.

## Other Covenants

Each of Anvil and the Offeror has agreed to a number of mutual covenants, including to cooperate in good faith and use commercially reasonable efforts to take all action and do all things necessary, proper or advisable to consummate and make effective as promptly as is practicable the transactions contemplated by the Offer and the Support Agreement, and for the discharge by MMR, the Offeror and Anvil of its respective obligations under the Support Agreement and the Offer (including their respective obligations under Applicable Securities Laws) including to use commercially reasonable efforts to: (a) obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts or agreements (including the agreement of any persons as may be required pursuant to any agreement, arrangement or understanding relating to Anvil's operations); (b) obtain all necessary waivers, consents and approvals and to effect all necessary registrations and filings, including filings under applicable Laws and submissions of information requested by governmental entities, in connection with the Contemplated Transactions, including in each case the execution and delivery of such documents as the other party may reasonably require; (c) defend all lawsuits or other legal proceedings challenging the Support Agreement or the consummation of the transactions contemplated by the Support Agreement; (d) cause to be lifted or rescinded any injunction or restraining order or other adverse order (including any cease trade order, objection, injunction or other prohibition) which may be issued in connection with the transactions contemplated by the Support Agreement against any of the parties; and (e) fulfill all conditions and satisfy all provisions of the Support Agreement and the Offer that are applicable to it. In addition, Anvil has agreed to provide MMR and its representatives with ongoing unrestricted access to Anvil's electronic data room and upon reasonable notice, reasonable access during normal business hours, to all other books, records, information, corporate charts, tax documents, filings, memoranda, working papers and files and all other materials in Anvil's possession and control, including material contracts, and access to the personnel of and counsel to Anvil and its subsidiaries on an as reasonably requested basis as well as reasonable access to the properties of Anvil and its subsidiaries in order to allow MMR and the Offeror to perform such investigations as they may consider necessary or advisable for strategic planning and integration, for the structuring of any pre-acquisition reorganization and for any other reasons reasonably relating to the Offer.

### *Directors' and Officers' Insurance and Reimbursement*

From and after the time that designees of the Offeror represent a majority of the Board and for a period of six years thereafter (the "**Effective Time**"), MMR and the Offeror shall cause Anvil or any successor to Anvil to maintain Anvil's current directors' and officers' liability insurance policy, or a reasonably equivalent policy subject in either case to terms and conditions no less advantageous to the Directors and officers of Anvil than those contained in the policy in effect as of the date of the Support Agreement, for all present and former Directors and officers of Anvil and its subsidiaries covering claims made prior to or within six years of the Effective Time; provided that MMR and the Offeror will not be required, in order to maintain or cause to be maintained such directors' and officers' liability insurance policy, to pay an annual premium in excess of 300% of the annual premium for the existing policy; and provided further that, if equivalent coverage cannot be obtained or can only be obtained by paying an annual premium in excess of 300% of the annual premium for the existing policy, MMR and the Offeror shall only be required to obtain or cause to be obtained as much coverage as can be obtained by paying an annual premium equal to 300% of the annual premium for the existing policy. Alternatively, the Offeror or Anvil may purchase as an extension to Anvil's current directors' and officers' liability insurance policies, pre-paid non-cancellable run-off insurance providing such coverage for such persons on terms comparable to those contained in Anvil's current directors' and officers' liability insurance policies, provided that the premium will not exceed 300% of the premium currently charged to Anvil for directors' and officers' liability insurance.

From and after the Effective Time, MMR and the Offeror shall, and shall cause Anvil (or its successor) to, reimburse each present and former Director and officer of Anvil and its subsidiaries (each, a "**Reimbursed Person**") for any and all payments made or to be made and costs or expenses (including reasonable legal fees) incurred (as such payments are made, or are required to be made, and such costs and expenses are incurred), in connection with (i) any judgments, fines, losses, claims, damages or liabilities; or (ii) any claim, inquiry, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or related to such Reimbursed Person's service as a director or officer of Anvil and/or any of its subsidiaries or services

performed by such persons at the request of Anvil and/or any of its subsidiaries at or prior to or following the Effective Time, whether asserted or claimed prior to, at or after the Effective Time.

### *Outstanding Stock Options, Restricted Shares and Executive and Senior Staff Incentive Scheme Entitlements*

#### Stock Options

The Board of Directors has agreed to take all steps necessary to (i) accelerate the vesting of all Options, (ii) to permit the exercise, on a cashless basis, of all Options conditional upon, and immediately prior to, the Offeror taking up Common Shares under the Offer, and (iii) to accelerate the expiry date for all unexercised Options so that any unexercised Options shall expire upon the Offeror taking up Common Shares under the Offer, in each case with such resolutions being effective prior to the initial scheduled Expiry Date of the Offer.

The Offeror has acknowledged and agreed that (i) holders of Options will be permitted to tender Common Shares issuable upon the exercise thereof to the Offer and for such purpose to exercise their Options (on a cashless basis) and in a manner acceptable to the Offeror, acting reasonably, conditional upon, and immediately prior to, the Offeror taking up Common Shares under the Offer, and (ii) all Common Shares that are to be issued pursuant to any such conditional exercise shall be accepted as validly tendered under the Offer, provided that the holders of such Options otherwise validly accept the Offer in accordance with its terms with respect to such Common Shares.

On the conditional exercise of Options, provided that the Common Shares acquired thereunder are tendered to the Offer, the holder shall direct the Offeror in writing (in a form acceptable to the Offeror, acting reasonably) to pay to Anvil from the proceeds of sale of such Common Shares otherwise payable to the Option holder for remittance to the relevant tax authority an amount (the “**Withholding Amount**”) sufficient to satisfy all applicable income tax and other source deductions arising on the exercise of the Options. The Withholding Amount shall be determined by Anvil provided that Anvil shall consult with the Offeror with respect to the manner in which Withholding Amounts are to be determined.

#### Restricted Shares

The Board of Directors has agreed that it shall resolve, effective prior to the initial scheduled Expiry Date of the Offer, that all terms, conditions and restrictions on Restricted Shares shall cease to have effect to allow the resulting Common Shares to be tendered to the Offer.

The Offeror has acknowledged and agreed that (i) holders of Restricted Shares will be permitted to tender to the Offer the Common Shares resulting from the terms, conditions and restrictions applicable to such Restricted Shares ceasing to have effect, and (ii) all Common Shares so tendered shall be accepted as validly tendered under the Offer, provided that the holders of such Common Shares otherwise validly accept the Offer in accordance with its terms with respect to such Common Shares.

On the terms, conditions and restrictions applicable to the Restricted Shares ceasing to have effect, provided that the Common Shares thus acquired are tendered to the Offer, the holder shall direct the Offeror in writing (in a form acceptable to the Offeror, acting reasonably) to pay to Anvil from the proceeds of sale of such Common Shares otherwise payable to the holder of such shares for remittance to the relevant tax authority an amount (the “**RS Withholding Amount**”) sufficient to satisfy all applicable income tax and other source deductions arising on the Restricted Shares becoming Common Shares not subject to any terms, conditions or restrictions. The RS Withholding Amount shall be determined by Anvil provided that Anvil shall consult with the Offeror with respect to the manner in which RS Withholding Amounts are to be determined.

#### Executive and Senior Staff Incentive Scheme Entitlements

The Board of Directors has agreed that it shall resolve, effective prior to the initial scheduled Expiry Date of the Offer, that all outstanding entitlements under Anvil’s Executive and Senior Staff Incentive Scheme (“**ESSIS Entitlements**”) shall be cancelled such that no Common Shares shall be issued in respect of any ESSIS Entitlements, and that a cash performance bonus be paid to some or all participants whose ESSIS Entitlements are cancelled. The amount of the cash performance bonus paid to a participant will not exceed the aggregate combined cash and Common Share amount payable had that participant’s ESSIS Entitlement been awarded in

full. The cash equivalent for the Common Share amount of the bonus payment shall be based on the consideration per Common Share under the Offer.

### ***MMR Guarantee***

MMR has unconditionally and irrevocably guaranteed under the Support Agreement, and agreed to be jointly and severally liable with the Offeror, as principal obligor, for the due and punctual performance of the obligations of the Offeror under or relating to the Offer and the other transactions contemplated by the Support Agreement.

### ***Certain Matters Regarding the Mutoshi Project***

MMR and the Offeror have acknowledged that the completion of the Offer may result in an obligation of Anvil or one of its subsidiaries to offer to sell to La Générale des Carrières et des Mines (“**Gécamines**”) Anvil’s indirect interest in the Mutoshi copper/cobalt project. MMR, the Offeror and Anvil have agreed to work cooperatively to allow Anvil to proceed to make such an offer, including with respect to the preparation of all materials and participation in discussions and meetings with Gécamines where possible.

## **9. Anvil Mining Limited**

Anvil and its subsidiaries comprise an international base metals mining and exploration group, which has grown through a combination of exploration, development, operation and acquisition of mining projects in the Democratic Republic of the Congo (the “**DRC**”). Anvil’s principal activities include mineral exploration, development and mining. Its principal assets comprise:

- a 95% equity interest in the Kinsevere copper mine;
- a 70% equity interest in the Mutoshi copper/cobalt project, including the Mutoshi mine in the DRC; and
- interests in a number of exploration properties in the DRC.

The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol AVM and the ASX under the symbol AVM. Anvil is a reporting issuer or the equivalent in each of the provinces of Canada and files its continuous disclosure documents with the relevant Canadian securities regulatory authorities. Such documents are available on under Anvil’s issuer profile at [www.sedar.com](http://www.sedar.com). This website address is provided for information purposes only and other than as expressly set out herein, no information contained on, or accessible from, such website is incorporated by reference herein.

## **10. Ownership of Securities of Anvil**

Anvil is authorised to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at October 14, 2011 there were 158,012,886 Common Shares and no Preferred Shares issued and outstanding. The number of fully-diluted Common Shares outstanding as at October 14, 2011 was 167,244,567, which includes all outstanding stock options and warrants.

### ***Common Shares***

The holders of the Common Shares are entitled: to vote at any meetings of Shareholders, except meetings at which only holders of shares of a specified class or series of shares are entitled to vote; subject to the rights, privileges, restrictions and conditions attaching to shares of any other class or series of shares of the Company, to receive any dividend declared by the Company on the Common Shares; and subject to the rights, privileges, restrictions and conditions attaching to shares of any other class or series of shares of the Company, to receive the remaining property of the Company on the dissolution of the Company. The Company has reserved Common Shares for issuance pursuant to the exercise of options in connection with the Company’s 2011 Share Incentive Plan and Common Shares pursuant to the exercise of other convertible securities.

### ***Preferred Shares***

No Preferred Shares are outstanding and at present there are no plans to issue Preferred Shares.

***CHESS and CHESS Depository Interests (“CDIs”) in Australia***

With respect to the listing on the ASX, Anvil participates in the CHESS system as contemplated below. Transfers of CHESS securities are performed electronically and share certificates are generally not required. CHESS cannot be used directly for the transfer of securities of companies that are not incorporated in Australia (such as the Company) where the laws of the company’s place of incorporation do not recognise CHESS. To enable companies such as the Company to have their securities cleared and settled electronically in CHESS, depository instruments called CDIs have been introduced. CDIs are units of beneficial ownership in securities, the legal title to which is held by CHESS Depository Nominees Pty Ltd, a wholly-owned subsidiary of the ASX. CHESS Depository Nominees Pty Ltd is registered as the legal owner of Common Shares of the Company on the Australian share register, holding on behalf of, and for the benefit of, each CDI holder. Holders of Common Shares are able to convert such shares into CDIs. To enable Shareholders to participate in CHESS, the Common Shares trade on the ASX in the form of CDIs. Each Common Share is represented by one CDI.

The following table sets out the names and positions of each Director and officer of Anvil and the number of Common Shares and Options beneficially owned, or over which control or direction is exercised by each such person and, where known after reasonable enquiry, by each associate and affiliate of any insider of Anvil, each associate and affiliate of Anvil, any insider of Anvil other than a Director or officer of Anvil and each person acting jointly or in concert with Anvil as of the date hereof.

Name	Office	Shares		Options	
		Number	%	Number	%
Darryll Castle . . . . .	Director, President and Chief Executive Officer	284,727	0.18%	500,000	12.36%
John W. Sabine . . . . .	Director	70,000	0.04%	255,000	7.54%
Thomas C. Dawson . . . .	Director	40,000	0.03%	255,000	6.31%
Patrick C. Evans . . . . .	Director	200,000	0.13%	130,000	3.21%
Jeremy C. Weir . . . . .	Director	Nil	n/a	50,000	1.24%
Jesus Fernandez Lopez . .	Director	17,900	0.01%	50,000	1.24%
Deon Garbers . . . . .	Director	Nil	n/a	50,000	1.24%
Gregory Morris . . . . .	Chief Operating Officer	Nil	n/a	200,000	4.95%
Paul Chare . . . . .	Vice President, Operations	Nil	n/a	190,000	n/a
Philippe Monier . . . . .	Vice President, Corporate and Chief Financial Officer	Nil	n/a	200,000	4.95%
Neil Caldwell . . . . .	Vice President, Development and Sustainability	Nil	n/a	150,000	3.71%
Robert La Vallière . . . . .	Vice President, Corporate Affairs	30,138	0.02%	126,024	3.12%
Luigi Evangelista . . . . .	Financial Controller	21,670	0.01%	105,126	2.60%
Stuart McKenzie . . . . .	Corporate Secretary	Nil	n/a	86,436	2.14%
Trafigura Beheer B.V. <sup>(*)</sup> .	n/a	59,256,429	37.50%	Nil	n/a

(\*) Through a wholly-owned subsidiary, Trafigura Beheer B.V. also holds warrants to acquire 5,228,320 Common Shares, which represents 100% of the outstanding warrants of Anvil.

To the knowledge of the Directors and senior officers of Anvil, after reasonable inquiry, each of the individuals named above who is not a party to the Lock-Up Agreement intends to accept the Offer and tender all of their Common Shares and any Common Shares issuable upon exercise of Options held by them.

To the knowledge of the directors and senior officers of Anvil, after reasonable enquiry, there are no persons or companies which beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of any class of securities of Anvil as at the date of this Directors’ Circular other than Trafigura Beheer B.V. (“**Trafigura**”), located at 20th Floor, ITO Tower, Gustav Mahlerplein 102, 1082 MA Amsterdam, the Netherlands, which is the beneficial owner of 59,256,429 Common Shares, representing 37.5% of the issued and outstanding Common Shares on a non-diluted basis, and which owns, through a wholly owned subsidiary, warrants to acquire 5,228,320 Common Shares.

## 11. Arrangements between the Offeror and Security Holders of Anvil

Trafigura, Anvil's Directors and senior officers have entered into the Lock-up Agreement, the details of which are set forth in the Offer and Circular. Except for the Lock-Up Agreement, to the knowledge of Anvil, there are no agreements, commitments or understandings made or proposed to be made between the Offeror or MMR and any securityholder of Anvil.

## 12. Trading in Common Shares

Neither Anvil nor any of the Directors, officers, affiliates, subsidiaries or insiders of Anvil and, to the knowledge of the Directors and senior officers, after reasonable enquiry, none of such persons' respective associates or affiliates, nor any person acting jointly or in concert with Anvil, has engaged in any transaction in securities of Anvil during the six-month period preceding the date of this Directors' Circular except for the trades listed below.

<u>Name</u>	<u>Nature of Trade</u>	<u>Date of Trade</u>	<u>Number of Securities Traded</u>	<u>Price per Security Traded</u>
Darryll Castle . . . . .	Grant of Options	May 2, 2011	500,000	n/a
	Purchase of Shares	July 6, 2011	284,727	\$6.43
John W. Sabine . . . . .	Exercise of Options	April 20, 2011	25,000	\$3.80
Deon Garbers . . . . .	Sale of Shares	May 11, 2011	3,300	\$6.09
	Sale of Shares	May 26, 2011	2,200	\$5.96
	Sale of Shares	July 19, 2011	5,750	\$7.00
	Sale of Shares	July 20, 2011	5,750	\$7.10
Robert La Vallière . . . . .	Exercise of Options	July 20, 2011	40,000	\$1.35
	Sale of Shares	July 20, 2011	35,600	\$7.00
	Sale of Shares	July 20, 2011	4,000	\$7.04
	Sale of Shares	July 20, 2011	300	\$7.05
	Sale of Shares	July 20, 2011	100	\$7.03
Stuart McKenzie . . . . .	Sale of Shares	July 5, 2011	3,500	\$6.25
	Sale of Shares	July 7, 2011	3,413	\$6.40

## 13. Issuances of Securities of Anvil to the Directors, Officers and Insiders of Anvil

No Common Shares or securities convertible into Common Shares have been issued to the Directors, officers and insiders of Anvil during the two-year period preceding the date of this Directors' Circular except as set out in Schedule "C".

## 14. Arrangements Between Anvil and its Directors and Officers

Other than as described below, no agreement, commitment or understanding has been made, or is proposed to be made, between Anvil and any of its Directors or officers pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Offer is successful.

Each of Anvil's officers have entered into a retention bonus agreement with Anvil pursuant to which such individuals will receive a cash bonus payment if they remain in Anvil's employ until March 31, 2012. The amount of bonus to which each individual is entitled is based on his current annual salary.

The completion of the Offer, any Subsequent Acquisition Transaction (as such term is defined in "The Support Agreement — Subsequent Acquisition Transaction") and any statutory compulsory acquisition process will constitute a "Change of Control" as such term is defined in the executive employment agreement made between Mr. Darryll Castle and Anvil. If Mr. Castle's employment is terminated for any reason (other than death or for cause) during the period of twelve months after the Change of Control, or Mr. Castle terminates his employment as a result of (i) any change to his duties and responsibilities that would fundamentally and substantially adversely affect the nature or status of his responsibilities; (ii) a reduction in his base salary; or (iii) any failure by Anvil to continue to provide the benefits and perquisites substantially similar to those

provided prior to the Change of Control, Mr. Castle is entitled to receive (a) a salary continuation payment equal to his base salary for a period of twelve months following such termination; (b) continuation, to the earlier of the date upon which Mr. Castle obtains employment with equivalent benefit coverage and twelve months after termination, of all group health insurance benefits to which Mr. Castle was entitled; (c) payment of any annual bonus pro-rated to the date of termination in accordance with any bonus plan of Anvil then in effect; and (d) payment of a bonus for the twelve month period following termination equal to the average (if any) of the bonus paid to Mr. Castle during the two prior years service (or if fewer than two years service has been completed, as determined by the Nomination, Compensation and Corporate Governance Committee of the Board of Directors). In such circumstances Mr. Castle remains subject to the provisions of his employment agreement pertaining to non-disclosure and confidentiality, non-solicitation, and assignment to Anvil of all rights relating to any "Work Product" as such term is defined in his employment agreement.

#### **15. Arrangements Between MMR, the Offeror, Anvil and the Directors and Officers of Anvil**

To the knowledge of Anvil, there are no agreements, commitments or understandings made or proposed to be made between the Offeror and any of its affiliates, on the one hand, and Anvil or any of its Directors or officers, on the other hand, including any arrangements, agreements or understandings pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to Anvil's Directors or officers remaining in or retiring from office if the Offer is successful.

#### **16. Interests in Material Contracts of the Offeror**

None of the Directors or officers of Anvil or any of their respective associates or, to the knowledge of the Directors and officers after reasonable inquiry, Trafigura, has any interest in any material transaction to which the Offeror or MMR is a party.

#### **17. Ownership of Securities of the Offeror**

None of Anvil or the Directors or officers of Anvil or, to their knowledge after reasonable enquiry, any associate or affiliate of any insider of Anvil, any associate and affiliate of Anvil, any insider of Anvil other than a Director or officer of Anvil, or any person acting jointly or in concert with Anvil, beneficially owns, directly or indirectly, or exercises control and direction over, any securities of the Offeror.

#### **18. Other Transactions**

Other than as described in Section 8 of this Directors' Circular, "The Support Agreement", no negotiations are underway which relate to or would result in (a) an extraordinary transaction such as a merger, reorganization or liquidation involving Anvil or any of its subsidiaries, (b) the purchase, sale or transfer of a material amount of assets by Anvil or any of its subsidiaries, (c) a take-over bid or other acquisition of securities of Anvil by any person, (d) an issuer bid or other acquisition of securities by Anvil or any of its subsidiaries, or (e) any material change in the indebtedness, capitalization or dividend rate or policy of Anvil.

Other than as described or referred to in this Directors' Circular, there is no transaction, Board resolution, agreement in principle or signed contract of Anvil which has occurred in response to the Offer and that related to one of the matters set forth in the preceding paragraph.

#### **19. Material Changes in the Affairs of Anvil**

The Directors and officers of Anvil are not aware of any other information that indicates any material change in the affairs of Anvil since June 30, 2011, the date of the last published audited financial statements of Anvil, except as described herein.

#### **20. Other Information**

Except as disclosed in this Directors' Circular, no information is known to the Directors of Anvil that would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer.

## **21. Statutory Rights**

Securities legislation in the provinces and territories of Canada provides security holders of Anvil with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

## **22. Approval of Directors' Circular**

The content of this Directors' Circular has been approved and the delivery thereof has been authorized by the Board.

**CONSENT OF BMO NESBITT BURNS INC.**

Dated: October 19, 2011

To the Board of Directors of Anvil Mining Limited:

We hereby consent to the references to our firm name and to the reference to our fairness opinion dated September 29, 2011, contained in the letter from Darryll Castle, and under the headings “Summary — Reasons for Acceptance”, “Analysis and Reasons for the Board’s Conclusion and Recommendation”, “Opinions of BMO Capital Markets and Paradigm” and “Background to the Offer” and the inclusion of the text of our opinion dated September 29, 2011 as Schedule “A” to the Directors’ Circular dated October 19, 2011. Our fairness opinion was given as at September 29, 2011 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Directors of Anvil Mining Limited shall be entitled to rely upon our opinion.

(signed) “*BMO Nesbitt Burns Inc.*”

**CONSENT OF PARADIGM CAPITAL INC.**

Dated: October 19, 2011

To the Board of Directors of Anvil Mining Limited:

We hereby consent to the references to our firm name and to the reference to our fairness opinion dated September 29, 2011, contained in the letter from Darryll Castle, and under the headings “Summary — Reasons for Acceptance”, “Analysis and Reasons for the Board’s Conclusion and Recommendation”, “Opinions of BMO Capital Markets and Paradigm” and “Background to the Offer” and the inclusion of the text of our opinion dated September 29, 2011 as Schedule “B” to the Directors’ Circular dated October 19, 2011. Our fairness opinion was given as at September 29, 2011 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Directors of Anvil Mining Limited shall be entitled to rely upon our opinion.

(signed) “*Paradigm Capital Inc.*”

**CERTIFICATE OF ANVIL MINING LIMITED**

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED: October 19, 2011

On behalf of the Board of Directors

(signed) "*John W. Sabine*"  
Director

(signed) "*Thomas C. Dawson*"  
Director

**SCHEDULE "A"**

**FAIRNESS OPINION OF BMO CAPITAL MARKETS**

September 29, 2011

The Strategic Transaction Committee of the Board of Directors and the Board of Directors  
Anvil Mining Limited  
Level 1, 76 Hasler Road  
Herdsman Business Park  
Osborne Park  
WA 6017  
Australia

To the Strategic Transaction Committee of the Board of Directors and the Board of Directors:

BMO Nesbitt Burns Inc. (“BMO Capital Markets” or “we” or “us”) understands that Anvil Mining Limited (the “Company”) and Minmetals Resources Limited (the “Acquiror”) propose to enter into a support agreement to be dated as of September 29, 2011 (the “Support Agreement”) pursuant to which, among other things, the Acquiror would agree to make a take-over bid for all of the outstanding common shares of the Company (“Shares”) for a price equal to C\$8.00 in cash (the “Consideration”) for each Share (the “Offer”). We understand that the Support Agreement will further provide that, subsequent to the Offer, the Acquiror may pursue an amalgamation, statutory arrangement or consolidation, capital reorganization or other transaction involving the Company in order to acquire Shares not deposited in the Offer (together with the Offer, the “Transaction”).

The terms and conditions of the Offer will be summarized in the Acquiror’s take-over bid circular to be mailed to holders of Shares (the “Shareholders”) in connection with the Offer.

We have been retained to provide financial advice to the Company, including our opinion (the “Opinion”) to a committee of selected directors (the “Strategic Transaction Committee”) and the board of directors of the Company (the “Board of Directors”) as to the fairness from a financial point of view of the Consideration to be received by the Shareholders pursuant to the Offer.

***Engagement of BMO Capital Markets***

The Company initially contacted BMO Capital Markets regarding a potential advisory assignment in July 2011. BMO Capital Markets was formally engaged by the Company pursuant to an agreement dated September 13, 2011 (the “Engagement Agreement”). Under the terms of the Engagement Agreement, BMO Capital Markets has agreed to provide the Company, the Strategic Transaction Committee and the Board of Directors with various advisory services in connection with the Transaction including, among other things, the provision of the Opinion.

BMO Capital Markets will receive a fee for rendering the Opinion. We will also receive certain fees for our advisory services under the Engagement Agreement, a substantial portion of which is contingent upon the successful completion of the Transaction. The Company has also agreed

to reimburse us for our reasonable out-of-pocket expenses and to indemnify us against certain liabilities that might arise out of our engagement.

### ***Credentials of BMO Capital Markets***

BMO Capital Markets is one of North America's largest investment banking firms, with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, investment research and investment management. BMO Capital Markets has been a financial advisor in a significant number of transactions throughout North America involving public and private companies in various industry sectors and has extensive experience in preparing fairness opinions.

The Opinion represents the opinion of BMO Capital Markets, the form and content of which have been approved for release by a committee of our officers who are collectively experienced in merger and acquisition, divestiture, restructuring, valuation, fairness opinion and capital markets matters.

### ***Independence of BMO Capital Markets***

Neither BMO Capital Markets, nor any of our affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) or the rules made thereunder) of the Company, the Acquiror, or any of their respective associates or affiliates (collectively, the "Interested Parties").

BMO Capital Markets has not been engaged to provide any financial advisory services nor has it participated in any financings involving the Interested Parties within the past two years, other than: (i) acting as financial advisor to the Company, the Strategic Transaction Committee and the Board of Directors pursuant to the Engagement Agreement and (ii) acting as financial advisor to the Company in connection with the formation of a strategic alliance and \$200 million equity and debt financing with Trafigura Beheer B.V. announced on August 10, 2009 and closed on December 17, 2009.

Other than as set forth above, there are no understandings, agreements or commitments between BMO Capital Markets and any of the Interested Parties with respect to future business dealings. BMO Capital Markets may, in the ordinary course of business, provide financial advisory, investment banking, or other financial services to one or more of the Interested Parties from time to time.

BMO Capital Markets and certain of our affiliates act as traders and dealers, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of one or more of the Interested Parties and, from time to time, may have executed or may execute transactions on behalf of one or more Interested Parties for which BMO Capital Markets or such affiliates received or may receive compensation. As investment dealers, BMO Capital Markets and certain of our affiliates conduct research on securities and may, in the ordinary course of business, provide research reports and investment advice to clients on investment matters, including with respect to one or more of the Interested Parties or the Transaction. In addition, Bank of Montreal ("BMO"), of which BMO Capital Markets is a

wholly-owned subsidiary, or one or more affiliates of BMO, may provide banking or other financial services to one or more of the Interested Parties in the ordinary course of business.

### *Scope of Review*

In connection with rendering the Opinion, we have reviewed and relied upon, or carried out, among other things, the following:

1. a draft of the Support Agreement dated September 28, 2011;
2. a draft of the lock-up agreement (the “Lock-Up Agreement”) dated September 28, 2011;
3. a draft of the commitment letter and side letter (together, the “Commitment Letter”) dated September 22, 2011 and provided to the Acquiror by China Minmetals Non-Ferrous Metals Co., Ltd for a US\$1,000,000,000 12-month term loan credit facility in connection with the Transaction;
4. the final offer letter submitted by the Acquiror dated September 23, 2011;
5. certain publicly available information relating to the business, operations, financial condition and trading history of the Company and other selected public companies we considered relevant;
6. certain internal financial, operating, corporate and other information prepared or provided by or on behalf of the Company relating to the business, operations and financial condition of the Company;
7. internal management forecasts, projections, estimates (including internal estimates of mineral resources) and budgets prepared or provided by or on behalf of management of the Company;
8. valuation of the Company’s advanced exploration Mutoshi Project completed by Optiro Pty Ltd. dated August 27, 2010;
9. discussions with management of the Company relating to the Company’s current business, plan, financial condition and prospects;
10. public information with respect to selected precedent transactions we considered relevant;
11. historical commodity prices and the impact of various commodity pricing assumptions on the business, prospects and financial forecasts of the Company;
12. various reports published by equity research analysts and industry sources we considered relevant;
13. a letter of representation as to certain factual matters and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided by senior officers of the Company; and

14. such other information, investigations, analyses and discussions as we considered necessary or appropriate in the circumstances.

BMO Capital Markets has not, to the best of its knowledge, been denied access by the Company to any information under the Company's control requested by BMO Capital Markets.

### ***Assumptions and Limitations***

We have relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions, representations and other material obtained by us from public sources or provided to us by or on behalf of the Company or otherwise obtained by us in connection with our engagement (the "Information"). The Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested to, and have not assumed any obligation to, independently verify the completeness, accuracy or fair presentation of any such Information. We have assumed that forecasts, projections, estimates and budgets provided to us and used in our analyses were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company, having regard to the Company's business, plans, financial condition and prospects.

Senior officers of the Company have represented to BMO Capital Markets in a letter of representation delivered as of the date hereof, among other things, that: (i) the Information provided to BMO Capital Markets orally by, or in the presence of, an officer or employee of the Company, or in writing by the Company or any of its subsidiaries, associates or affiliates (as those terms are defined in the *Securities Act* (Ontario) or the rules made thereunder) or any of its or their representatives in connection with our engagement was, at the date the Information was provided to BMO Capital Markets, and is, as of the date hereof, complete, true and correct in all material respects, and did not and does not contain a misrepresentation (as defined in the *Securities Act* (Ontario)); and (ii) since the dates on which the Information was provided to BMO Capital Markets, except as disclosed in writing to BMO Capital Markets, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries, associates or affiliates and no change has occurred in the Information or any part thereof which would have or which could reasonably be expected to have a material effect on the Opinion.

In preparing the Opinion, we have assumed, among other things, (i) that the executed Support Agreement and Lock-Up Agreement will not differ in any material respect from the drafts that we reviewed, (ii) that the Transaction will be consummated in accordance with the terms and conditions of the Support Agreement without waiver of, or amendment to, any term or condition that is in any way material to our analyses, (iii) that the representations and warranties in the Support Agreement are true and correct as of the date hereof; and (iv) that any governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any material adverse effect on the contemplated benefits expected to be derived from the Transaction.

The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the condition and prospects, financial

and otherwise, of the Company as they are reflected in the Information and as they have been represented to BMO Capital Markets in discussions with management of the Company and its representatives. In our analyses and in preparing the Opinion, BMO Capital Markets made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond our control or that of any party involved in the Transaction.

The Opinion is provided to the Strategic Transaction Committee and the Board of Directors for its exclusive use only in considering the Offer and may not be used or relied upon by any other person or for any other purpose without our prior written consent. The Opinion does not constitute a recommendation as to how any Shareholder should act on any matter relating to the Offer. Except for the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to us) in the directors' circular of the Company mailed to Shareholders in connection with the Transaction, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of the Company or of any of its affiliates, and the Opinion should not be construed as such. The Opinion is not, and should not be construed as, advice as to the price at which the securities of the Company may trade at any time. BMO Capital Markets was not engaged to review any legal, tax or regulatory aspects of the Transaction and the Opinion does not address any such matters. We have relied upon, without independent verification, the assessment by the Company and its legal advisors with respect to such matters. In addition, the Opinion does not address the relative merits of the Offer as compared to any strategic alternatives that may be available to the Company.

The Opinion is rendered as of the date hereof and BMO Capital Markets disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of BMO Capital Markets after the date hereof. Without limiting the foregoing, if we learn that any of the information we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, BMO Capital Markets reserves the right to change or withdraw the Opinion.

### ***Conclusion***

Based upon and subject to the foregoing, BMO Capital Markets is of the opinion that, as of the date hereof, the Consideration to be received by the Shareholders pursuant to the Offer is fair from a financial point of view to the Shareholders.

Yours truly,

**BMO Nesbitt Burns Inc.**

*BMO Nesbitt Burns Inc.*

**SCHEDULE "B"**

**FAIRNESS OPINION OF PARADIGM**



September 29, 2011

**The Independent Committee and the Board of Directors of Anvil Mining Limited**

Level 1, 76 Hasler Road  
Herdsman Business Park  
Osborne Park  
WA 6017  
Australia

To the Independent Committee and the Board of Directors of Anvil Mining Limited:

Paradigm Capital Inc. (“**Paradigm Capital**”) understands that Anvil Mining Limited (“**Anvil**”) has received a binding expression of interest from Minmetals Resources Limited (“**MMR**”) whereby MMR has offered to acquire all of the issued and outstanding shares of Anvil by way of a take-over bid under applicable Canadian Securities Laws (the “**Transaction**”). Under the terms of the Transaction, shareholders of Anvil will receive C\$8.00 for each Anvil common share, representing a 38.2% and 29.2% premium to the closing share price and 20-day volume weighted average price (“**VWAP**”) of Anvil shares on the Toronto Stock Exchange (“**TSX**”), respectively. Paradigm Capital further understands that Anvil intends to enter into a support agreement with MMR to be dated on or about September 29, 2011 in connection with the Transaction (the “**Support Agreement**”). In addition, in connection with the Transaction, Paradigm Capital understands that the directors and officers of Anvil, as well as certain other shareholders of Anvil, who collectively own or control over 40% of the fully diluted common shares of Anvil as at the date hereof, have signed or will sign lock-up agreements dated on or about September 29, 2011 with MMR (the “**Lock-Up Agreements**”). Under the Lock-Up Agreements, among other things, such shareholders have agreed to tender their common shares to the Transaction and not to withdraw them unless the Lock-Up Agreements are terminated in accordance with their terms.

The Independent Committee of Anvil (the “**Independent Committee**”), comprised of independent Board of Directors members, has retained Paradigm Capital to assist it in evaluating the Transaction and to prepare and deliver this opinion (the “**Opinion**”) to the Board of Directors as to the fairness of the Transaction, from a financial point of view to the shareholders of Anvil (other than Trafigura Beheer B.V. (“**Trafigura**”) and its subsidiaries and MMR and its subsidiaries). Paradigm Capital has not prepared a formal valuation (as the term is defined in Multilateral Instrument 61-101) of Anvil or any of its respective securities or assets and the Opinion should not be construed as such. Furthermore, the Opinion is not, and should not be construed as, advice as to the price at which Anvil securities (before or after completion of the Transaction) may trade at any future date.

**Paradigm Capital Engagement and Background**

Paradigm Capital was engaged by the Independent Committee on September 27, 2011 to act as its financial advisor in connection with the Transaction (the “**Engagement Agreement**”).

The terms of the Engagement Agreement provide that Paradigm Capital is to be paid a fixed fee for its services as financial advisor and to be reimbursed for the costs and expenses incurred by Paradigm Capital with respect to this engagement. Anvil has agreed to indemnify Paradigm Capital, its subsidiaries and affiliates, and their respective officers, directors, employees and agents, for certain liabilities arising from the Engagement Agreement. The fee payable to Paradigm Capital for delivery of the Opinion is not contingent upon the closing or completion of the Transaction.

Subject to the terms of the Engagement Agreement, Paradigm Capital consents to the inclusion of this Opinion in its entirety, together with a summary thereof in a form acceptable to Paradigm Capital, acting

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reasonably, in documents to be sent to shareholders in connection with the Transaction, as applicable, and to be filed with the securities commissions or similar regulatory authorities in each relevant province of Canada.

### **Credentials and Independence of Paradigm Capital**

Paradigm Capital is one of Canada's independent investment banking firms with a sales, trading, research and corporate finance focus providing services for institutional investors and corporations. Paradigm Capital was founded in 1999 and is a member of the TSX, the TSX Venture Exchange and the Investment Industry Regulatory Organization of Canada ("IIROC"). Paradigm Capital has participated in many transactions involving both public and private companies.

The Opinion expressed herein represents the opinion of Paradigm Capital and the form and content thereof have been approved for release by a committee of directors and other professionals of Paradigm Capital, each of whom is experienced in mergers, business combinations, divestitures, valuation and fairness opinion matters.

None of Paradigm Capital, its associates or affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)), holds any securities of Anvil, or any of their respective associates or affiliates, except for 90,000 common shares held by certain employees of Paradigm Capital, none of which have been involved in the preparation of the Opinion, and 154,900 common shares held by Paradigm Capital's inventory account.

None of Paradigm Capital, its associates or affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)), or holds any securities, of MMR, or any of their respective associates or affiliates. Paradigm Capital is not an advisor to any person or company other than to the Independent Committee of Anvil with respect to the Transaction. Paradigm Capital has not previously provided any financial advisory services to Anvil, MMR, or any of their respective associates or affiliates for which it has received compensation in the past two years.

Paradigm Capital may, however, in the ordinary course of its business, provide financial advisory or investment banking services to Anvil or MMR from time to time. In addition, in the ordinary course of its business, Paradigm Capital may actively trade common shares and other securities of Anvil or MMR for its own account and for its client accounts and, accordingly, may at any time hold a long or short position in such securities. As an investment dealer, Paradigm Capital conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to any of Anvil, MMR or the Transaction, when disclosed.

### **Scope of the Review**

In connection with the Transaction, Paradigm Capital has reviewed and relied upon and in some cases carried out, among other things, the following:

- a) the terms of the Transaction as described in the binding letter from MMR to Anvil dated September 23, 2011;
- b) the terms of the Transaction as described in the non-binding letter from MMR to Anvil dated September 6, 2011;
- c) the draft Support Agreement between Anvil and MMR;
- d) the draft Lock-Up Agreement;
- e) Anvil's Annual Information Form dated March 31, 2011 for the fiscal year ended December 31, 2010 and Annual Information Form dated March 31, 2010 for the fiscal year ended December 31, 2009;
- f) Anvil's audited consolidated financial statements and management's discussion and analysis for the fiscal years ended December 31, 2010 and 2009;
- g) Anvil's unaudited quarterly consolidated financial statements and management's discussion and analysis as at and for the period ended June 30, 2011, March 31, 2011 and September 30, 2010, and the comparative period ended June 30, 2010, March 31, 2010 and September 30, 2009, respectively;

- h) the NI 43-101 technical report filed on SEDAR on the Kinsevere Copper Project (“**Kinsevere Project**”) dated March 31, 2010;
- i) Anvil’s Management Information Circulars dated May 12, 2011 and May 4, 2010, respectively;
- j) Anvil’s internal financial models for its assets;
- k) discussions with senior officers, advisors and directors of Anvil regarding, among other things, the Transaction and forecasts of the financial and operating performance Anvil’s assets;
- l) various independent and institutional research reports on Anvil and MMR, other copper and base metal companies and the base metal sector generally;
- m) public information relating to the business, operations, financial performance and stock trading history of Anvil and MMR and other selected public companies considered by Paradigm Capital to be relevant;
- n) various non-public documents relation to Anvil and its properties;
- o) confidential information made available by Anvil concerning the business, operations, assets, liabilities and prospects of Anvil;
- p) discussions with BMO Capital Markets in its capacity as financial advisor to Anvil;
- q) press releases issued by Anvil and MMR during the one year period ended September 28, 2011;
- r) certain material contracts with respect to Anvil;
- s) other public filings submitted by Anvil to securities commissions or similar regulatory authorities in Canada during the one year period ended September 28, 2011; and
- t) such other corporate, industry and financial market information, investigations and analyses as Paradigm Capital considered necessary or appropriate in the circumstances.

Paradigm Capital has not, to the best of its knowledge, been denied access by Anvil to any information requested. Paradigm Capital did not meet with the auditors of Anvil and has assumed the accuracy and fair presentation of the audited consolidated financial statements of Anvil and the reports of the auditors thereon.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of IIROC but IIROC has not been involved in the preparation or review of this Opinion.

### **Assumptions and Limitations**

With the approval of the Independent Committee of Anvil and as provided in the Engagement Agreement, Paradigm Capital has relied, without independent verification, upon all financial and other information that was obtained by us from public sources or that was provided to us by Anvil and its respective affiliates, associates, advisors or otherwise. We have assumed that this information was complete and accurate as of the date thereof and did not omit to state any material fact or any fact necessary to be stated to make that information not misleading. This Opinion is conditional upon such completeness and accuracy. In accordance with the terms of our engagement, but subject to the exercise of our professional judgment, we have not conducted any independent investigation to verify the completeness or accuracy of such information. With respect to the financial forecasts and budgets provided to us and used in our analysis, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of Anvil as to the matters covered thereby. Senior representatives of Anvil have represented to us, orally as of the date hereof, among other things, that the information, opinions and other materials (the “**Information**”) provided to us by or on behalf of Anvil are complete and correct as of the date of the Information and that, since the date of the Information, except as publicly disclosed, there has been no material change, financial or otherwise, at Anvil’s properties or the financial position of Anvil, or in its assets, liabilities (contingent or otherwise), business or operations and there has been no change in any material fact which is of a nature as to render the Information untrue or misleading in any material respect except to the extent disclosed in subsequent Information.

This Opinion is based on the securities markets, economic, general business and financial conditions prevailing as of the date of this Opinion and the conditions and prospects, financial and otherwise, of Anvil as they were reflected in the Information reviewed by us. In its analysis and in preparing this Opinion, Paradigm Capital has made a number of assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond control of Paradigm Capital, Anvil, MMR and any other party involved in connection with the Transaction.

Paradigm Capital has also assumed that the final terms of the Transaction will be substantially the same as those described by Anvil's senior officers and directors to Paradigm Capital and those contained in the Support Agreement. Finally, Paradigm Capital has assumed that all material governmental, regulatory or other required consents and approvals necessary for the consummation of the Transaction will be obtained without any meaningful adverse effect on Anvil, MMR or the contemplated benefits of the Transaction.

This Opinion has been provided for the use of the Board of Directors and, if required, for inclusion in such documents (or a summary thereof in a form acceptable to Paradigm Capital) and may not be used by any other person or relied upon by any other person without the express consent of Paradigm Capital, except as explicitly provided by law. This Opinion is given as of the date hereof and Paradigm Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Opinion which may come or be brought to Paradigm Capital's attention after the date hereof. This Opinion is limited to Paradigm Capital's understanding of the Transaction as of the date hereof and Paradigm Capital assumes no obligation to update this Opinion to take into account any changes regarding the Transaction after the date hereof.

### **Opinions of Financial Advisors**

In preparing this Opinion, Paradigm Capital performed a variety of financial and comparative analyses, including those described below. The summary of Paradigm Capital's analyses described below is not a complete description of the analyses underlying this Opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at the Opinion, Paradigm Capital made qualitative judgements as to the significance and relevance of each analysis and factor that it considered. Accordingly, Paradigm Capital believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and this Opinion. This Opinion is not to be construed as a recommendation to any holder of Anvil's shares as to whether to accept the Transaction. Paradigm Capital expresses no opinion as to whether the Transaction is consistent with the best interest of shareholders of Anvil.

In its analyses, Paradigm Capital considered industry performance, general business, economic, market, political and financial conditions and other matters, many of which are beyond the control of Anvil and MMR. No company, transaction or business used in Paradigm Capital's analyses as a comparison is identical to Anvil or MMR or the Transaction, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgements concerning financial and operating characteristics and other factors that could affect the business combination, public trading or other values of the companies, business segments or transactions being analysed. The estimates contained in Paradigm Capital's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favourable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Paradigm Capital's analyses and estimates are inherently subject to substantial uncertainty. This Opinion should be read in its entirety. The Opinion is conditional upon the correctness of all of the assumptions indicated herein.

### **Anvil Overview**

Anvil is an Australian-headquartered, Canadian-domiciled mining company operating in the Democratic Republic of Congo ("DRC") in Central Africa. Anvil's common shares are listed and posted for trading on the

TSX and the Australian Securities Exchange under the symbol “AVM” as well as on the Berlin Stock Exchange under the symbol “A0B5NR”.

Anvil’s principal assets comprise:

- A 95% equity interest in the Kinsevere Project;
- A 70% equity interest in the Mutoshi copper/cobalt project (“**Mutoshi Project**”), including the Mutoshi mine; and,
- Interests in a number of exploration properties in the DRC.

Anvil also holds shares in Mawson West Limited (“**Mawson West**”) that represents approximately 14% of the issued and outstanding capital of Mawson West. Mawson West is listed on the TSX under the symbol “MWE”.

The Kinsevere Project Stage I Heavy Media Separation (“**HMS**”) operation was developed in 2007 and produced an oxide copper concentrate. The first Electric-Arc Furnace (“**EAF**”) was commissioned in August 2008, producing blister copper grading 92%-95% copper, however due to persistent operational difficulties, the EAF ceased operation in March 2009. In 2010, the Kinsevere mine produced 16,538 tonnes of copper from resumed operation of the HMS plant. During 2010, concentrates produced at Kinsevere were sold ex-works to a local smelter.

Anvil commenced production of copper cathode from the Kinsevere Project Stage II expansion on May 4, 2011. On June 6, 2011, Anvil announced that they expect to produce 36,000-38,000 tonnes of copper (as copper cathodes and copper in concentrate) for the full year 2011. The current capacity of the Kinsevere Project is 60,000 tonnes of copper.

Anvil holds a beneficial interest of 70% in Société Minière de Kolwezi sprl (“**SMK**”) which is the owner of the Mutoshi Project. Gécamines holds the remaining 30% interest in SMK on a non-dilutable basis. In February 2011, Anvil signed an agreement with Alexander Mining plc (“**Alexander**”) for Alexander to build and operate a pilot plant to treat up to 150,000 tonnes of cobalt ore at Anvil’s Mutoshi Project. Under the terms of the agreement with Alexander, Alexander is responsible for financing the construction and development of the pilot plant.

On the day prior to this Opinion, Anvil had a market capitalization of approximately C\$914 million.

As at June 30, 2011, Anvil had US\$28 million of cash and cash equivalents, a working capital position of US\$31 million and total debt of US\$52 million.

### **MMR Overview**

MMR is a Hong King listed (Stock Code: 1208), international base metal mining company. It is owned as to 71.56% by China Minmetals Non-Ferrous Metals Co., Ltd. (“**CMN**”). CMN is owned as to 91.57% by China Minmetals Corporation, one of the major State-owned enterprises of the People’s Republic of China.

On the day prior to this Opinion, MMR had a market capitalization of approximately HKD\$16 billion (approximately US\$2.05 billion).

As at June 30, 2011, MMR had US\$431 million of cash and cash equivalents, a working capital position of US\$372 million and total debt of US\$1.1 billion.

### **Fairness Methodology**

In connection with this Opinion, Paradigm Capital has performed a variety of financial and comparative analyses, including those described below. In arriving at this Opinion, we have weighted each of these analyses based on our experience and judgement.

In assessing the fairness of the Transaction, from a financial point of view, we considered, among other factors, the following items and methodologies relative to Anvil and its peer group:

- a) Discounted cash flow;

- b) Comparable multiple analysis;
- c) Precedent transactions analysis;
- d) Historical share price trading analysis;
- e) Balance sheet analysis;
- f) Investment dealer analysis and share price targets; and
- g) Other.

#### *Discounted Cash Flow*

The discounted cash flow (“DCF”) approach considers the present value of the future cash flows generated, incorporating the timing and relative certainty of projected cash flows. The DCF analysis requires that certain assumptions be made regarding, among other things, commodity prices, exchange rates, capital costs, operational costs and discount rates. In addition to considering the present value of the future cash flows generated, Paradigm Capital assigns a value to exploration permits which have not necessarily demonstrated economically viable mineral deposits, but do, in the opinion of Paradigm Capital, possess the potential for economically viable mineral deposits. To arrive at the net asset value (“NAV”) for Anvil, liabilities were subtracted from the total value of the assets including financial assets.

An appropriate discount rate was selected based on Paradigm Capital’s experience valuing mining companies. The discount rate reflects the risk associated with the projected free cash flows and incorporates factors including, but not limited to, the risk-free rate, risks associated with mining, estimated cost of capital for Anvil as well as any non-sector risks such as DRC country risk.

To complete the DCF analysis, Paradigm Capital did not rely on any single series of projected cash flows but performed a variety of sensitivity analyses. Variables used by Paradigm Capital in the sensitivity analyses included, but were not limited to, commodity prices, exchange rates, production rates, commodity grades, mine life, discount rates, capital expenditures, operating costs, royalties and taxes.

#### *Comparable Multiple Analysis*

Paradigm Capital reviewed selected comparable public company trading ranges for Anvil in regard to the Transaction in price to NAV, price to cash flow, price to earnings and enterprise value to earnings before interest, taxes, depreciation and amortization metrics. Paradigm Capital used both the current price and the recent VWAPs in the analysis.

Comparable companies include thirteen producing base metal companies with a copper focus located in a range of locations globally.

#### *Precedent Transactions Analysis*

Paradigm Capital reviewed publicly available information on selected merger and acquisition transactions in the mining and base metal sectors, and compared these to the Offer. The analysis of these precedent transactions is not purely mathematical, but involves considerations and judgements concerning, among other things, differences in the comparable transactions, company-specific risk factors, share performance preceding each transaction announcement and prevailing economic and market conditions, including metal prices.

Precedent transaction analysis included twelve transactions announced in the last 24 months in the base metal sector.

#### *Historical Share Price Trading Analysis*

Paradigm Capital reviewed the historical stock prices of Anvil’s common shares. Paradigm Capital specifically reviewed the 1-day, 5-day, 10-day, 20-day, 30-day, 45-day and 60-day VWAPs prior to the date of the Opinion and the 120-day and the 365-day average common share price prior to the date of the Opinion.

### *Balance Sheet Analysis*

Paradigm Capital reviewed the most recent audited and unaudited financial statements for Anvil. Paradigm Capital analyzed the book value and price to book value for Anvil. In addition, Paradigm Capital analyzed the working capital and capital structure of Anvil and compared these ratios and these items to the peer group of thirteen companies discussed above.

### *Investment Dealer Analyses and Share Price Targets*

Paradigm Capital reviewed the most recent available investment dealer and analyst research on Anvil. Paradigm Capital analysed analyst forecasts, analyst target prices and analyst net asset value estimates. Paradigm Capital did not rely on any single investment dealer or analyst's research as part of this analysis.

### *Other*

Paradigm Capital considered qualitative factors with respect to the Transaction, including, but not limited to the synergistic benefits of the acquisition of Anvil to MMR, the state of the capital markets and the August 4, 2011 press release issued by Anvil announcing that, with the support of Trafigura, the Board of Directors of Anvil had begun a process to review strategic alternatives available to Anvil.

### **Conclusion**

Based upon and subject to the foregoing and such other factors as Paradigm Capital considered relevant, Paradigm Capital is of the opinion that, as of the date hereof, the Transaction is fair, from a financial point of view, to the shareholders of Anvil (other than Trafigura and its subsidiaries and MMR and its subsidiaries).

Yours very truly,

*Paradigm Capital Inc.*

**PARADIGM CAPITAL INC.**

**SCHEDULE "C"**

**ISSUANCES OF SECURITIES OF ANVIL TO  
DIRECTORS OFFICERS AND INSIDERS**

**Common Shares**

<u>Name</u>	<u>Nature of Trade</u>	<u>Date of Trade</u>	<u>Number of Securities Traded</u>	<u>Price per Security Traded</u>
John W. Sabine . . . . .	Issue of Shares	October 26, 2010	25,000	\$4.30
	Issue of Shares	April 18, 2011	25,000	\$3.80
Thomas C. Dawson . . . . .	Issue of Shares	October 25, 2010	50,000	\$1.27
	Issue of Shares	April 8, 2011	50,000	\$3.80
Patrick Evans . . . . .	Issue of Shares	January 20, 2011	100,000	\$1.16
Luigi Evangelista . . . . .	Issue of Shares	February 4, 2011	14,613	n/a
Robert La Vallière . . . . .	Issue of Shares	April 4, 2011	20,000	\$3.80
	Issue of Shares	July 20, 2011	40,000	\$1.35
Stewart McKenzie . . . . .	Issue of Shares	February 4, 2011	13,383	n/a
Trafigura Beheer B.V. . . . .	Issue of Shares	January 27, 2011	6,000,000	\$2.75

**Options**

<u>Name</u>	<u>Nature of Trade</u>	<u>Date of Trade</u>	<u>Number of Securities Traded</u>	<u>Price per Security Traded</u>
Darryll Castle . . . . .	Grant of Options	May 2, 2011	500,000	n/a
John W. Sabine . . . . .	Grant of Options	June 7, 2010	25,000	n/a
	Grant of Options	August 3, 2010	25,000	n/a
Thomas C. Dawson . . . . .	Grant of Options	June 7, 2010	25,000	n/a
	Grant of Options	August 3, 2010	25,000	n/a
Patrick Evans . . . . .	Grant of Options	June 7, 2010	25,000	n/a
	Grant of Options	August 3, 2010	35,000	n/a
Deon Garbers . . . . .	Grant of Options	June 7, 2010	50,000	n/a
Jeremy Weir . . . . .	Grant of Options	June 7, 2010	50,000	n/a
Jesus Fernandez Lopez . . . . .	Grant of Options	June 7, 2010	50,000	n/a
Gregory Morris . . . . .	Grant of Options	June 27, 2011	200,000	n/a
Philippe Monier . . . . .	Grant of Options	August 20, 2010	200,000	n/a
Neil Caldwell . . . . .	Grant of Options	June 27, 2011	150,000	n/a