Anvil Mining Limited

Condensed Consolidated Interim Financial Statements

Three Months And Nine Months (Third Quarter) Ended September 30, 2011

(Unaudited)

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	September 30 2011	December 31 2010 *(restated)*
ASSETS			
Current assets			
Cash and cash equivalents	7	40,469	56,415
Restricted cash		237	7,314
Trade and other receivables	8	33,379	12,988
Inventories		36,743	14,060
Other financial assets	9	-	182
Current assets classified as held for sale		-	1,204
		110,828	**92,163**
Non-current assets			
Restricted cash		513	513
Trade and other receivables	11	13,600	14,253
Other financial assets	9	22,988	-
Investment in associate	10	-	11,927
Inventories		16,704	13,109
Exploration and evaluation expenditure		61,623	60,657
Property, plant and equipment	12	499,629	488,703
		615,057	**589,162**
Total assets		**725,885**	**681,325**
LIABILITIES			
Current liabilities			
Trade and other payables		21,733	29,508
Financial liabilities	14	24,894	38,669
Borrowings	13	13,812	4,649
Current income taxes		37	21
Provisions	15	2,174	2,634
		62,650	**75,481**
Non-current liabilities			
Borrowings	13	27,865	31,829
Provisions	15	21,627	20,991
Deferred tax liabilities		9,883	10,766
		59,375	**63,586**
Total liabilities		**122,025**	**139,067**
Net assets		**603,860**	**542,258**

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	September 30 2011	December 31 2010 *(restated)*
Shareholders' equity			
Share capital		519,587	480,787
Share-based payment reserve		11,490	9,413
Retained earnings		95,929	54,944
Other reserves	9	(18,897)	-
Capital and reserves attributable to owners of Anvil Mining Limited		**608,109**	**545,144**
Non-controlling interests		(4,249)	(2,886)
Total equity		**603,860**	**542,258**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	3 Months ended September 30		9 Months ended September 30	
		2011	**2010** *(restated)*	**2011**	**2010** *(restated)*
Continuing operations		1		1	
Revenue from sale of goods		66,384	14,932	94,350	44,947
Cost of goods sold		(33,942)	(10,757)	(57,305)	(33,583)
Gross profit		**32,442**	**4,175**	**37,045**	**11,364**
Other income	5	61	2,756	30,755	2,802
(Loss)/gain on derivative instruments		(75)	357	(182)	(52)
Exploration costs		(1,267)	(88)	(1,332)	(444)
Provision for impairment	4(i)	(1,469)	-	(1,469)	-
Write back provision for impairment		-	709	-	5,518
General, administrative and marketing costs		(6,017)	(5,959)	(16,348)	(13,716)
Share of (loss)/gain in associate		-	-	1,116	(226)
Fair value loss on warrants carried at fair value through profit and loss		(6,253)	(4,435)	(5,460)	(237)
Other expenses		(786)	(293)	(1,886)	(676)
Profit/(loss) before finance items and tax		**16,636**	**(2,778)**	**42,239**	**4,333**
Finance costs		(4,513)	(579)	(4,990)	(1,594)
Finance income		206	776	1,564	1,768
Finance items-net		(4,307)	197	(3,426)	174
Profit/(loss) before tax		**12,329**	**(2,581)**	**38,813**	**4,507**
Income tax (expense)/benefit	6	(9,385)	3,539	809	11,543
Profit for the period from continuing operations		**2,944**	**958**	**39,622**	**16,050**
Discontinued operation					
Profit from discontinued operation		-	-	-	5,436
Profit for the period		**2,944**	**958**	**39,622**	**21,486**
Other comprehensive income/(loss)					
Changes in fair value of equity instruments through other comprehensive income	9	(2,763)	2,366	(18,897)	2,081
Total comprehensive income for the period		**181**	**3,324**	**20,725**	**23,567**
Profit/(loss) attributable to:					
Owners of Anvil Mining Limited		3,035	1,639	40,985	23,905
Non-controlling interests		(91)	(681)	(1,363)	(2,419)
		2,944	**958**	**39,622**	**21,486**
Total comprehensive income/(loss) attributable to:					
Owners of Anvil Mining Ltd		272	4,005	22,088	25,986
Non-controlling interests		(91)	(681)	(1,363)	(2,419)
		181	**3,324**	**20,725**	**23,567**
Profit per share from continuing operations:					
Basic profit per share ($)	17	0.02	0.01	0.25	0.11
Diluted profit per share ($)	17	0.02	0.01	0.25	0.10

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

9 Months ended September 30, 2011	Attributable to owners of Anvil Mining Limited					Non-controlling interest	
	Issued capital	Retained earnings	Share based payment reserve	Financial asset revaluation reserve	Total		Total Equity
Balance as at January 1, 2011	480,787	54,944	9,413	-	545,144	(2,886)	542,258
Profit/(loss) for the period	-	40,985	-	-	40,985	(1,363)	39,622
Other comprehensive income/(loss) for the period:							
Changes in fair value of equity instruments through other comprehensive income	-	-	-	(18,897)	(18,897)	-	(18,897)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	**-**	**40,985**	**-**	**(18,897)**	**22,088**	**(1,363)**	**20,725**
Recognition of share-based payments	-	-	2,077	-	2,077	-	2,077
Issue of ordinary shares	38,800	-	-	-	38,800	-	38,800
Balance as at September 30, 2011	**519,587**	**95,929**	**11,490**	**(18,897)**	**608,109**	**(4,249)**	**603,860**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

9 Months ended September 30, 2010	**Attributable to owners of Anvil Mining Ltd**					**Non-controlling interest**	
	Issued capital	**Retained earnings**	**Share based payment reserve**	**Financial asset revaluation reserve**	**Total**		**Total Equity**
Balance at January 1, 2010	481,298	57,114	8,960	2,206	549,578	260	549,838
Effect of change in accounting policy for exploration and evaluation expenditure	-	(1,765)	-	-	(1,765)	-	(1,765)
Restated balance as at January 1, 2010	**481,298**	**55,349**	**8,960**	**2,206**	**547,813**	**260**	**548,073**
Profit/(loss) for the period	-	23,906	-	-	23,906	(2,420)	21,486
Other comprehensive income/(loss) for the period:							
Changes in fair value of equity instrument through other comprehensive income	-	-	-	2,081	2,081	-	2,081
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	**-**	**23,906**	**-**	**2,081**	**25,987**	**(2,420)**	**23,567**
Recognition of share-based payments	-	-	675	-	675	-	675
Shares repurchased	(1,238)	-	-	-	(1,238)	-	(1,238)
Issue of ordinary shares	516	-	(184)	-	332	-	332
Share issue expenses	(300)	-	-	-	(300)	-	(300)
Amount disbursed on behalf of the Dikulushi Trusts during the period	-	-	-	-	-	(260)	(260)
Balance as at September 30, 2010	**480,276**	**79,255**	**9,451**	**4,287**	**573,269**	**(2,420)**	**570,849**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	3 Months ended September 30		9 Months ended September 30	
		2011	**2010**	**2011**	**2010**
Cash flows from operating activities					
Profit for the period from continuing operations		2,944	958	39,622	16,050
Adjustments for:					
Depreciation and amortization		9,371	4,538	17,088	13,602
Share of loss/(gain) of associate		-	-	(1,116)	226
Loss/(gain) on derivative instruments		75	(357)	182	52
Provision for impairment of asset		1,469	-	1,469	-
Write back of provision for impairment of asset		-	(709)	-	(5,518)
Gain on sale of asset		-	-	(1,671)	-
Non cash finance cost		209	575	627	1,574
Gain on discontinuation of equity accounting		-	-	(28,842)	-
Provision for bad or doubtful debts		-	-	-	450
Net exchange differences		48	(290)	(748)	(517)
Fair value loss on warrants		6,253	4,435	5,460	237
Borrowing costs amortized		3,529	-	3,529	-
Deferred tax		9,311	(3,538)	(883)	(11,543)
Share-based payment expense		740	293	1,075	675
		33,949	5,905	35,792	15,288
Changes in non-cash working capital	18	(15,289)	(5,374)	(51,978)	(6,772)
		18,660	**531**	**(16,186)**	**8,516**
Cash flows from investing activities					
Payments for property, plant and equipment		(121)	(31,697)	(27,793)	(88,718)
Payments for exploration expenditure		(901)	(106)	(966)	(333)
Repayments/(payments) of security deposit		6,550	(90)	6,550	(6,550)
Proceeds from repayments from investment		-	123	**-**	235
		5,528	**(31,770)**	**(22,209)**	**(95,366)**
Cash flows from financing activities					
Proceeds from issue of shares (net of issue expenses)		491	261	20,569	32
Payment of loan origination costs		795	(2,090)	-	(2,621)
Movement in restricted cash		23	(102)	528	(58)
Payment of borrowings		(14,000)	(48)	(14,101)	(188)
Receipts from borrowings		-	-	15,000	-
Shares purchased – ESSIP		-	-	**-**	(1,238)
		(12,691)	**(1,979)**	**21,996**	**(4,073)**
Net increase/(decrease) in cash and cash equivalents		**11,497**	**(33,218)**	**(16,399)**	**(90,923)**
Cash and cash equivalents at beginning of the period		**28,428**	63,460	56,415	121,234
Effects of exchange rate changes on cash held in foreign currencies		544	169	453	100
Cash and cash equivalents at end of the period for continuing operations		**40,469**	**30,411**	**40,469**	**30,411**
Cash and cash equivalents at end of the period		**40,469**	**30,411**	**40,469**	**30,411**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of Operations

Anvil Mining Limited ("Anvil" or the "Company") and its subsidiaries' (together referred to as the "Group" or "Anvil") main activities involve the acquisition, exploration, development and mining of mineral properties as well as the processing of minerals. The Company's principal assets are a 95% interest in the Kinsevere copper project ("Kinsevere"), a 70% interest in the Mutoshi copper-cobalt project and other exploration tenements located in the Democratic Republic of Congo ("DRC"). Anvil is a limited company incorporated in Canada whose shares are publicly traded on the Toronto and Australian stock exchanges.

2. Basis of Preparation

a) Adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis. In these consolidated interim financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, and IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The accounting policies followed in these interim financial statements are the same as those applied in the Company's interim financial statements for quarters ended March 31 and June 30, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 3 discloses the impact of the transition to IFRS on the Company's reported equity as at September 30, 2010 and comprehensive income for the three and nine months ended September 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010. The accounting policies applied in these consolidated interim financial statements are based on IFRS issued and effective for the year ending December 31, 2011 as issued and outstanding as of November 14, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these consolidated interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed consolidated interim financial statements should be read in conjunction with the Company's Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010 and the Company's interim financial statements for the quarters ended March 31, 2011 and June 30, 2011 prepared in accordance with IFRS applicable to interim financial statements.

b) Change in Accounting Policy

The Company's accounting policies were changed to adopt Phase 1 of IFRS 9 Financial Instruments as issued in December 2009. Phase 1 of IFRS 9 replaces the provisions of IAS 39 that relate to the classification and measurement of financial assets. It requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. While IFRS 9 does not need to be applied until financial reporting periods commencing on or after January 1, 2013, the Company has elected to adopt Phase 1 early from April 1, 2011.

The Company has made an irrevocable election to recognize changes in fair value of the equity investment in Mawson West Limited ("Mawson West") through Other Comprehensive Income ("OCI"), rather than profit or loss, has been applied to the available-for-sale equity instrument carried in the Company's balance sheet. This is because the business model is to hold this equity investment as a longer-term strategic investment and not for trading. This accounting policy change had no other impacts and there was no requirement to restate any comparative periods. The revised policy is summarized below. There was no difference between the previous carrying amount and the revised carrying amount of this financial asset at April 1, 2011 to be recognized in opening retained earnings.

Classification of financial assets

As from April 1, 2011 Anvil classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value and those to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Debt investments – at amortized cost

A debt investment is classified as at amortized cost, only if both of the following criteria are met:

- the asset is held within a business model with the objective to collect the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Debt investments – at fair value through profit or loss

If either of the two criteria above is not met, the debt investment is classified as at fair value through profit or loss. The Group has not designated any debt investments as measured at fair value through profit or loss so as to eliminate or significantly reduce an accounting mismatch. The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

(iii) Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Group can make an irrevocable election for each investment at initial recognition to recognise changes in fair value through OCI, rather than profit or loss.

Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognized in profit or loss and presented net in the income statement within other income or other expenses in the period in which it arises. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the financial asset is derecognized or impaired and through the amortization process using the effective interest rate method.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments continue to be recognized in profit or loss as other revenue when the Group's right to receive payments is established and as long as they represent a return on investment.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income or other expenses in the income statement as applicable. Interest income from these financial assets is included in the net gains/(losses). Dividend income is presented as other revenue.

c) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about significant areas of estimation uncertainty and judgements considered by management in preparing the consolidated financial statements are disclosed in the Company's interim financial statements for the quarter ended March, 31 2011. In addition, the following estimates and judgements have been made in applying the Company's accounting policies in these consolidated interim financial statements.

(i) Mine properties under construction

Determining the date on which assets under construction are capable of operating as intended is a key management judgement. This determines the date on which the company ceases capitalising construction related costs and commences depreciation and amortization of the related assets. Management had regard to a range of factors in exercising this judgement in relation to the Kinsevere Solvent Extraction ("SX-EW") plant. In particular, the following key milestones needed to have been met before the plant was deemed to be capable of operating as management intended:

- completion of testing the SX-EW plant's components, with satisfactory test results;
- functional specification and design criteria;
- minimal down-time and satisfactory recovery rates (plant stability): and
- satisfactory daily and monthly average production rates.

Management determined that the plant was capable of operating as intended on August 1, 2011.

(ii) Income tax

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes, the assessment of uncertain tax positions and the recoverability of tax losses. Refer Note 6 for further details.

NOTES TO THE FINANCIAL STATEMENTS

3. Transition to IFRS

The affect of the Company's transition to IFRS, described in Note 2, is summarized in as follows:

a) Affect of IFRS adoption on the statement of financial position
b) Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS
c) Adjustments to the statement of cash flows
d) Explanatory notes

This note should be read in conjunction with the Company's interim financial statements for the quarters ended March 31, 2011 and June 30, 2011.

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

NOTES TO THE FINANCIAL STATEMENTS

(a) Effect of IFRS adoption on the statement of financial position

	Note 3(d)	September 30, 2010		
		Canadian GAAP*	**Adjustments**	**IFRS**
ASSETS				
Current assets				
Cash and cash equivalents		30,411	-	30,411
Restricted cash		7,272	-	7,272
Trade and other receivables		18,901	-	18,901
Inventories		12,654	-	12,654
Other financial assets		26,194	-	26,194
		95,432	**-**	**95,432**
Non-current assets				
Restricted cash		278	-	278
Trade and other receivables		19,412	-	19,412
Investments in associates		12,234	-	12,234
Other financial assets		-	-	-
Inventory		12,843	-	12,843
Exploration and evaluation expenditure*		60,656	-	60,656
Property, plant and equipment	(ii)	450,994	4,948	455,942
		556,417	4,948	561,365
Total assets		**651,849**	4,948	**656,797**
LIABILITIES				
Current liabilities				
Trade and other payables		41,605	-	41,605
Current income tax		32	-	32
Financial liabilities at fair value through profit or loss	(i)	1,159	12,936	14,095
Provisions		1,028	-	1,028
Borrowings		176	-	176
		44,000	12,936	56,936
Non-current liabilities				
Deferred tax liabilities	(iii)	9,494	12	9,506
Provisions	(ii)	13,285	6,221	19,506
		22,779	6,233	29,012
Total liabilities		**66,779**	**19,169**	**85,948**
Net assets/(liabilities)		**585,070**	**(14,221)**	**570,849**
EQUITY				
Amount attributable to owners of the parent				
Share capital	(i)	500,365	(20,089)	480,276
Retained earnings*	(i), (ii), (iii), (iv)	72,828	6,427	79,255
Reserves	(iv)	14,297	(559)	13,738
		587,490	(14,221)	573,269
Non-controlling interest		(2,420)	-	(2,420)
Total equity		**585,070**	**(14,221)**	**570,849**

**Restated for the change in accounting policy in relation to exploration and evaluation expenditure as described in Note 3 (x) of the Company's interim financial statements for the quarter ended March 31, 2011.*

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

NOTES TO THE FINANCIAL STATEMENTS

(b) Reconciliation of equity and profit as previously reported under Canadian GAAP to IFRS

	Note 3(d)	September 30 2010
EQUITY		
Equity as reported under Canadian GAAP*		585,070
IFRS adjustments increases/(decreases):		
Warrants	(i)	(12,936)
Mine rehabilitation and closure provision	(ii)	(1,273)
Deferred income tax liability	(iii)	(12)
Equity as reported under IFRS		**570,849**

	Note 3(d)	3 Months ended September 30, 2010	9 Months ended September 30, 2010
OTHER COMPREHENSIVE INCOME			
As reported under Canadian GAAP*		**7,752**	**24,187**
Increases/(decreases) in net income for:			
Unwind of rehabilitation provision	(ii)	24	71
Depreciation on rehabilitation asset	(ii)	(14)	(113)
Profit/loss on sale of discontinued operation	(ii)	-	(331)
Fair value adjustment on warrants	(i)	(4,435)	(237)
Deferred tax expense	(iii)	(3)	(10)
As reported under IFRS		**3,324**	**23,567**

**Restated for the change in accounting policy in relation to exploration and evaluation expenditure as described in Note 3 (x) of the Company's interim financial statements for the quarter ended March 31, 2011.*

(c) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no impact on the presentation of cash flows in the statement of cash flows.

(d) Explanatory notes

i. Financial instruments

Warrants issued to Trafigura Beheer B.V. ("Trafigura") entitle the holder to acquire a fixed number of shares for a fixed Canadian dollar price per share. In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency (USD from the perspective of Anvil), and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value through profit or loss in accordance with the requirements of IAS 32 *Financial Instruments: Presentation*. This requirement has resulted in a reclassification of warrants issued to Trafigura, from equity, to financial liabilities measured at fair value through profit or loss. Under IFRS 9, the financial liability will be accounted for at fair value through profit or loss until such time that the warrants are exercised, at which point the liability will be transferred to equity. The impact of this reclassification is a decrease in issued share capital of $20.1 million, an increase in retained earnings of $7.4 million and the recognition of a financial liability of $12.7 million at January 1, 2010.

Subsequent to IFRS transition, the impact of fair value adjustments on profit or loss and the carrying amount of the financial liability is as follows:

	3 Months ended September 30, 2010	9 Months ended September 30, 2010
Warrants: fair value adjustment		
Impact on profit or loss – (gain)/loss	4,435	237
Carrying amount of liability at end of period	12,936	12,936

No other adjustments in relation to financial instruments have been identified on IFRS transition.

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

NOTES TO THE FINANCIAL STATEMENTS

ii. Mine rehabilitation and closure provision

Consistent with IFRS, rehabilitation provisions have been measured under Canadian GAAP based on the estimated cost of rehabilitation, discounted to its net present value upon initial recognition. However, adjustments to the discount rate have not been reflected in the provisions or the related assets under Canadian GAAP, unless there was an upward revision of the future cost estimates. The discount rate required under Canadian GAAP was a credit-adjusted rate, which is different to the risk-adjusted rate required under IFRS.

Anvil has elected to apply the available exemption from full retrospective application as allowed under IFRS 1. In accordance with the exemption, Anvil has re-measured the asset retirement liability as at January 1, 2010 under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The corresponding amount to be included in the related asset has been estimated by discounting the liability to the date on which the liability arose, and recalculating the accumulated amortization under IFRS. The impact of this adjustment on the asset retirement liability and the related rehabilitation provision asset at January 1, 2010 is an increase of $6.3m and $5.4m respectively.

Subsequent to IFRS transition, the impact of the IFRS adjustments on profit or loss and the carrying amount of the rehabilitation provision and related rehabilitation provision asset is as follows:

	3 Months ended September 30, 2010	9 Months ended September 30, 2010
Rehabilitation provision		
Impact on profit or loss – net (gain)/loss	(10)	373
Carrying amount of liability at end of period	(19,385)	(19,385)
Carrying amount of asset at end of period	13,024	13,024

iii. Deferred Income Tax

Deferred income tax liabilities have been adjusted to give effect to IFRS adjustments as follows:

	9 Months ended September 30, 2010
Rehabilitation provision	(12)

iv. Cumulative translation adjustments

On translation of a foreign operation in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, certain exchange differences are recognized as a separate component of equity. On subsequent disposal of the foreign operation, the accumulated translation differences related to the specific foreign operation are recognized in profit or loss for the period as part of the gain or loss on disposal.

Anvil has elected to apply the first-time adoption exemption in terms of which all translation adjustments existing at transition date are reset to zero and the requirements of IAS 21 applied prospectively from transition date. This resulted in an equity reclassification between other reserves and retained earnings of $0.6 million.

4. Segment Information

Description of segments

Management has determined the operating segments based on reports reviewed by the Company's executive committee (the " Executive Committee").

The Group's reportable operating segments are strategic business units that produce different but related products or services. Each business unit is managed separately, aseach requires different technology and marketing strategies.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The Stage I Heavy Media Separation ("HMS") plant was commissioned in June 2007 and produced an oxide copper concentrate and was placed on care and maintenance on June 24, 2011. The Kinsevere SX-EW plant commenced production in May, 2011 and is designed to produce 60,000 tonnes per year of LME Grade A copper cathode.

Mutoshi

The Group holds a beneficial interest of 70% in Société Minière de Kolwezi ("SMK") which is the owner of the Mutoshi project, including the Stage I HMS development that processed material from the Kulumaziba River tailings deposit at the Kulu operation and the holder of other exploration tenements in the Kolwezi region. La Générale des Carrières et des Mines ("Gécamines") holds the remaining 30% interest in SMK on a non-dilutable basis. The Kulu operation is currently under care and maintenance.

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

NOTES TO THE FINANCIAL STATEMENTS

Other

Other represents the Group's corporate and exploration activities, with the Group's exploration projects located in the DRC. The corporate division is responsible for regulatory reporting, corporate administration and investment activities.

The segment information provided to the senior management team for reportable segments for the three months and nine months ended September 30, 2011 and September 30, 2010 is as follows:

	3 Months ended September 30, 2011			
	Kinsevere	**Mutoshi**	**Other**	**Total**
Sales	66,384	-	-	66,384
Cost of goods sold	(33,942)	-	-	(33,942)
Gross profit	**32,442**	**-**	**-**	**32,442**
General, administrative and marketing costs	(171)	(160)	(5,686)	(6,017)
Exploration costs	(32)	(254)	(981)	(1,267)
Other expenses	(240)	(8)	(538)	(786)
	31,999	(422)	(7,205)	24,372
Add back depreciation and amortization	9,233	-	138	9,371
Adjusted EBITDA	**41,232**	**(422)**	**(7,067)**	**33,743**
Property, plant and equipment	486,158	10,217	3,254	499,629
Exploration and evaluation expenditure	20,014	40,416	1,193	61,623
Total assets	621,264	51,654	52,966	725,885

	3 Months ended September 30, 2010			
	Kinsevere	**Mutoshi**	**Other**	**Total**
Sales	14,827	105	-	14,932
Cost of goods sold	(10,757)	-	-	(10,757)
Gross profit	**4,070**	**105**	**-**	**4,175**
General, administrative and marketing costs	(291)	(737)	(4,931)	(5,959)
Exploration costs	-	-	(88)	(88)
Other expenses	-	-	(293)	(293)
	3,779	(632)	(5,312)	(2,165)
Add back depreciation and amortization	3,808	278	452	4,538
Adjusted EBITDA	**7,587**	**(354)**	**(4,860)**	**2,373**
Property, plant and equipment	442,553	9,114	4,275	455,942
Exploration and evaluation expenditure	19,236	40,231	1,189	60,656
Total assets	544,790	52,267	59,740	656,797

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

NOTES TO THE FINANCIAL STATEMENTS

	9 Months ended September 30, 2011			
	Kinsevere	**Mutoshi**	**Other**	**Total**
Sales	94,350	-	-	94,350
Cost of goods sold	(57,279)	(26)	-	(57,305)
Gross profit	**37,071**	**(26)**	**-**	**37,045**
General, administrative and marketing costs	(1,032)	(775)	(14,541)	(16,348)
Exploration costs	(363)	(320)	(649)	(1,332)
Other expenses	(134)	(1)	(1,751)	(1,886)
	35,542	(1,122)	(16,941)	17,479
Add back depreciation and amortization	16,379	-	709	17,088
Adjusted EBITDA	**51,921**	**(1,122)**	**(16,232)**	**34,567**
Property, plant and equipment	486,158	10,217	3,254	499,629
Exploration and evaluation expenditure	20,014	40,416	1,193	61,623
Total assets	621,264	51,654	52,966	725,885

	9 Months ended September 30, 2010			
	Kinsevere	**Mutoshi**	**Other**	**Total**
Sales	43,937	1,010	-	44,947
Cost of goods sold	(32,838)	(745)	-	(33,583)
Gross profit	**11,099**	**265**	**-**	**11,364**
General, administrative and marketing costs	(533)	(2,178)	(11,005)	(13,716)
Exploration costs	-	-	(444)	(444)
Other expenses	-	-	(676)	(676)
	10,566	(1,913)	(12,125)	(3,472)
Add back depreciation and amortization	11,619	920	1,063	13,602
Adjusted EBITDA	**22,185**	**(993)**	**(11,062)**	**10,130**
Property, plant and equipment	442,553	9,114	4,275	455,942
Exploration and evaluation expenditure	19,236	40,231	1,189	60,656
Total assets	544,790	52,267	59,740	656,797

The Executive Committee assesses the performance of each operating segment based on a number of measures, with the primary measure being adjusted EBITDA. The adjusted EBITDA measurement basis excludes the effects of non-recurring expenditure from operating segments such as gain/loss on discontinuation of investment in associate and gain/loss on warrants carried at fair value. Furthermore, adjusted EBITDA excludes the effects of unrealized gains/losses on derivative financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. A reconciliation of adjusted EBITDA to profit/(loss) before finance items and tax is provided as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

		3 Months ended September 30		9 Months ended September 30	
		2011	**2010**	**2011**	**2010**
Profit/(loss) before finance items and tax		**16,636**	**(2,778)**	**42,239**	**4,333**
Depreciation and amortization		9,371	4,538	17,088	13,602
Other income		(61)	(2,756)	(30,755)	(2,802)
Share of loss/(gain) in associate		-	-	(1,116)	226
Fair value loss on warrants carried at fair value through profit and loss		6,253	4,435	5,460	237
Loss/(gain) on derivative instruments		75	(357)	182	52
Provision for impairment	(i)	1,469	-	1,469	-
Write back on provision for impairment		-	(709)	-	(5,518)
Adjusted EBITDA		**33,743**	**2,373**	**34,567**	**10,130**

(i) Provision for impairment of $1.5 million represents the written down value of components of the HMS plant that are no longer utilized in the operation of the SX-EW plant.

5. Other Income

		3 Months ended September 30		9 Months ended September 30	
		2011	**2010**	**2011**	**2010**
Gain on sale of assets		-	-	1,671	-
Foreign exchange gain		-	2,717	-	2,605
Gain on discontinuation of equity accounting	(i)	-	**-**	28,842	-
Other miscellaneous income		61	39	242	197
		61	**2,756**	**30,755**	**2,802**

(i) The gain relates to Anvil's investment in Mawson West. Refer Note 10.

6. Income Tax

The income tax expense for the quarter includes a reassessment of prior year tax losses at Kinsevere after recent correspondence with the DRC taxation authorities. This has reduced previously recognized deferred tax assets by approximately $6.1 million.

7. Cash and Cash Equivalents

	September 30 2011	December 31 2010
Cash at bank and in hand	33,781	30,896
Deposits at call	6,688	25,519
	40,469	**56,415**

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

NOTES TO THE FINANCIAL STATEMENTS

8. Trade and Other Receivables

	September 30 2011	**December 31 2010**
Trade receivables (net of provision for doubtful debts)	16,094	6,116
Accrued interest income	95	98
Advances to suppliers and contractors	2,145	68
Current portion of long-term receivable – SNEL	3,771	2,538
Prepayments	9,006	2,224
Other	2,268	1,944
	33,379	**12,988**

Trade receivables are unsecured and subject to interest charges for any provisional receipts from the customer prior to settlement of final invoicing. Trade receivables in relation to sales of cathode copper, are usually settled between 10 and 70 days from theend of month of delivery, depending on the agreed quotational period.

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

9. Other Financial Assets

	September 30 2011	**December 31 2010**
Derivative financial instrument at fair value through profit and loss	-	182
Non-current equity instruments	22,988	-
	22,988	**182**

The non-current equity instruments represent shares held in Mawson West and are measured at fair value, as per the share price listed on the Toronto Stock Exchange. The investment has no fixed maturity date and is intended to be held for more than a year. At September 30, 2011, a loss of $18.9 million was recorded in OCI representing the reduction in the current fair value of Mawson West shares.

10. Investment in Associate

	September 30 2011	**December 31 2010**
Mawson West		
Ownership interest	-	25.5%
No. of shares	-	83,070,000
Carrying amount	-	11,927

On March 24, 2011 Mawson West simultaneously completed a 4:1 share consolidation and successfully completed an initial public offering ("IPO") of 30,000,000 ordinary shares at a price of CAD2.00 per share. Prior to this transaction, Anvil held a 25.5% interest in Mawson West and previously accounted for this investment using the equity accounting method as an associate. The IPO diluted Anvil's investment in Mawson West to 14.6%. Under IFRS, it has been determined that Anvil no longer holds significant influence over Mawson West and as a result, the investment is no longer classified as an investment in associate but reclassified at fair value as equity instruments(refer Note 9).

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

NOTES TO THE FINANCIAL STATEMENTS

Movements in carrying amounts

	September 30 2011	December 31 2010
Opening balance	11,927	-
Cost of investments acquired during the period	-	12,460
Share of gain/(loss)	1,116	(533)
Transfer to other financial assets	(13,043)	-
Carrying value at end of the period	-	**11,927**

11. Long-term Receivable

	September 30 2011	December 31 2010
Receivable from SNEL	13,600	14,253

The Group entered into a joint venture agreement with Ruashi to construct infrastructure necessary to ensure supply of the power required for the operation of the Kinsevere SX-EW plant. Under the terms of this agreement, Anvil agreed to provide $18.1 million for development of this infrastructure. The completion date for the development of the infrastructure was at the end of August 2010, at which time it became the property of SNEL. The Group's costs incurred in this development, plus interest, will be recovered through a series of monthly repayments over a five-year period that commenced in June 2011.

12. Property, Plant and Equipment

	September 30, 2011		
	Cost	Accumulated depletion, amortization and write-down	Net book value
Kinsevere			
Land and buildings	6,128	(3,231)	2,897
Plant and equipment	438,714	(74,123)	364,591
Mine property	134,256	(30,389)	103,867
Capital work in progress	14,803	-	14,803
	593,901	(107,743)	486,158
Mutoshi[1]			
Land and buildings	2,270	(731)	1,539
Plant and equipment	6,740	(6,740)	-
Mine property	12,151	(8,108)	4,043
Capital work in progress	4,635	-	4,635
	25,796	(15,579)	10,217
Other[2]			
Land and buildings	3,025	(1,099)	1,926
Plant and equipment	4,953	(4,191)	762
Capital work in progress	566	-	566
	8,544	(5,290)	3,254
Total property, plant and equipment	**628,241**	**(128,612)**	**499,629**

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

NOTES TO THE FINANCIAL STATEMENTS

Property, Plant and Equipment (continued)

	December 31, 2010		
	Cost	Accumulated depletion, amortization and write-down	Net book value
Kinsevere			
Land and buildings	6,125	(2,656)	3,469
Plant and equipment	74,983	(66,396)	8,587
Mine property	134,254	(23,500)	110,754
Capital work in progress	351,744	-	351,744
	567,106	(92,552)	474,554
Mutoshi[1]			
Land and buildings	2,270	(730)	1,540
Plant and equipment	6,935	(6,935)	-
Mine property	12,151	(8,108)	4,043
Capital work in progress	4,638	-	4,638
	25,994	(15,773)	10,221
Other[2]			
Land and buildings	3,025	(880)	2,145
Plant and equipment	5,302	(3,849)	1,453
Capital work in progress	330	-	330
	8,657	(4,729)	3,928
Total property, plant and equipment	**601,757**	**(113,054)**	**488,703**

1. The Mutoshi property, plant and equipment includes all land and buildings, plant and equipment related to Mutoshi Stage I HMS plant, located at Kolwezi in the DRC.
2. The Other property, plant and equipment includes all land and buildings, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC, Australia and Canada.

13. Borrowings

	September 30 2011	December 31 2010
Current portion of long-term debt at end of period	13,812	4,649
Long-term debt at end of period	27,865	31,829
	41,677	**36,478**

On December 16, 2009 the Group entered into a $100 million loan facility with Trafigura (the ““Loan Facility”). As at September 30, 2011 principal outstanding under the Loan Facility was $43 million. Deferred borrowing costs of $1.3 million relating to the establishment of the facility have been offset against the Loan Facility for presentation purposes.

14. Financial Liabilities

	September 30 2011	December 31 2010
Warrants at fair value through profit and loss	24,894	38,669

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

NOTES TO THE FINANCIAL STATEMENTS

The warrants are measured at fair value applying the Black-Scholes option pricing model. The valuation is dependent on the risk-free interest rate, expected volatility and expected life of the warrant. The assumptions used in determining the fair value of warrants are as follows:

Risk- free interest rate:	1.15%
Expected life:	9 months
Expected volatility	58.07%

15. Provisions

		September 30 2011	December 31 2010
Employee benefits – current	(i)	2,174	2,634
Employee benefits – non-current		152	144
Mine rehabilitation and closure provision – non-current		21,475	20,847
		23,801	**23,625**

(i) The provision of employee benefits includes vested annual leave and long service leave entitlements accrued by employees. The vested long service leave entitlement amounts to $0.04 million (December 31, 2010: $0.52 million) but is not expected to be taken within the next 12 months.

16. Commitments

(a) Exploration expenditure commitments

Outstanding exploration expenditure commitments contracted for as at September 30, 2011 were $8.2 million (December 31, 2010: nil). Commitments for all tenement expenditure can be terminated at any date by forfeiture, exemption, sale or assignment of the tenements, subject to certain constraints.

(b) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted for as at September 30, 2011 were $11.6 million (December 31, 2010: $39.1 million). Under the Kinsevere acquisition agreement, AMCK has an ongoing obligation to pay a mining royalty of 2.5% of gross sales to Gécamines. AMCK also has a similar royalty obligation of 2% of net sales to the DRC Government.

(c) Mutoshi mine

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

(d) Central Bank of Congo

Anvil subsidiaries operating in the DRC are required to comply with the Central Bank of Congo regulations regarding repatriation of sales proceeds received into bank accounts located outside the DRC. The subsidiaries are required to repatriate no less than 40% of the realized sales receipts, within certain time periods, into US dollar denominated bank accounts located in the DRC. The funds once repatriated, are available to the Company to meet obligations both within and outside the DRC. At September 30, 2011 the amount to be repatriated was $3.2 million (December 31, 2010: nil).

17. Earnings per share from continuing operations

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

	3 Months ended September 30, 2011		
	Profit $	**No. of Shares**	**$ per Share**
Basic profit per share from continuing operations	2,944	156,809,069	0.02
Diluted profit per share from continuing operations	2,944	160,644,074	0.02

	3 Months ended September 30, 2010		
	Profit $	**No. of Shares**	**$ per Share**
Basic profit per share from continuing operations	958	150,205,265	0.01
Diluted profit per share from continuing operations	958	153,881,194	0.01

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

NOTES TO THE FINANCIAL STATEMENTS

	9 Months ended September 30, 2011		
	Profit $	**No. of Shares**	**$ per Share**
Basic profit per share from continuing operations	39,622	156,809,069	0.25
Diluted profit per share from continuing operations	39,622	160,327,888	0.25

	9 Months ended September 30, 2010		
	Profit $	**No. of Shares**	**$ per Share**
Basic profit per share from continuing operations	16,050	150,258,288	0.11
Diluted profit per share from continuing operations	16,050	154,091,300	0.10

18. Supplementary Cash Flow Information

	3 Months Ended September 30		**9 Months Ended September 30**	
	2011	**2010**	**2011**	**2010**
Changes to non-cash working capital				
Accounts receivable	(4,721)	(4,222)	(17,489)	1,130
Inventories	(12,879)	135	(26,278)	1,470
Accounts payable and accrued liabilities	1,702	(1,161)	(7,775)	(7,922)
Income taxes	(26)	(23)	(51)	26
Other liabilities	635	(103)	(385)	(1,476)
	(15,289)	**(5,374)**	**(51,978)**	**(6,772)**

19. Contingencies

On September 29, 2011 the Company entered into a binding agreement (the “Support Agreement”) with Minmetals Resources Limited (“Minmetals”), pursuant to which Minmetals agreed, subject to the terms of the Support Agreement, to make an offer to purchase all common shares of Anvil by way of a friendly take-over bid at a price of C$8.00 per share in cash (the “Offer”). The Offer, which commenced on October 19, 2011 with the mailing to shareholders of Minmetals’ take-over bid circular and related documents, is open for acceptance until 8:00 pm (Toronto time) on November 24, 2011, unless the Offer is extended or withdrawn.

Under the terms of the Support Agreement, should the transaction not be completed, under certain circumstances Anvil will be liable to pay Minmetals a termination fee of C$53 million. In addition, Minmetals has also agreed to pay a reverse break-fee of C$20 million to Anvil, in certain circumstances.

Furthermore, on September 13, 2011 BMO Nesbitt Burns Inc. was engaged to provide various advisory services in connection with the Offer, the fee for which is contingent upon the successful completion of the Offer.

20. Subsequent Events

Subsequent to the initial announcement of the Offer, Anvil has been advised by Gécamines that “the completion of the Offer will result in a review of the financial terms of the lease agreement [of the underlying mineral tenures for the Kinsevere Project], taking into account the current data on the tonnage of the Kinsevere deposit and the economic balance of the project for all parties and a review of the joint venture agreement in respect of the Mutoshi Project”.

Anvil’s position is that there is no legal requirement for Gécamines’ approval in connection with the proposed change of control under any of its contractual documentation and that no legal right to renegotiate the contractual arrangements arises on the completion of the change of control. However, Gécamines will be given the right of pre-emption in connection with the Mutoshi Project, in which Minmetals and Anvil have previously agreed that Anvil’s 70% interest has a value of US$52.5 million.

Subsequent to September 30, 2011, Anvil has also been advised by Minmetals that the Offer will not be completed unless the prior consent of Gécamines is obtained on terms satisfactory to Minmetals. Anvil and its advisors will continue to discuss these matters with Gécamines and Minmetals. However, in the absence of a solution which does not result in any material amendments to the contractual agreements with Gécamines, there is a risk that the Offer will not be completed. There can be no assurance that the conditions of the Offer will be satisfied, or that the Offer will be completed as proposed or at all.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Third Quarter Ended September 30, 2011

Set out below is a review of the activities, results of operations and financial condition of Anvil Mining Limited (the "Company") and its subsidiaries (collectively, the "Group" or "Anvil") for the third quarter and nine months ended September 30, 2011. The discussion below should be read in conjunction with the condensed interim unaudited consolidated financial statements for the three and nine months ended September 30, 2011 and the notes thereto prepared in accordance with International Financial Reporting Standards ("IFRS").

Capitalized terms used and not defined below have the meanings given to them in the consolidated financial statements and the notes accompanying. References below to "$" or "US dollar" refer to United States dollars. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil set out below originates in Canadian dollars ("C$"), or Australian dollars ("A$"), and has been translated into US dollars, based on prevailing exchange rates. This management's discussion and analysis of financial condition and results of operations is as of October 31, 2011.

Additional information relating to the Company, including the Company's most recent Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com under the Company's profile.

Please note that as the Company remains subject to an offer by Minmetals Resources Limited ("Minmetals") to purchase all common shares of Anvil by way of a friendly take-over bid at a price of C$8.00 per share in cash (the "Offer"), it will not hold a conference call in connection with the release of its results for the three and nine months ended September 30, 2011.

The company has filed transaction documents on SEDAR at www.sedar.com, as well as on its website at www.anvilmining.com, and has issued certain news releases, which it will continue to do, as relevant information becomes available.

SUMMARY OF OPERATIONAL AND FINANCIAL PERFORMANCE

		Three Months Ended September 30		Nine Months Ended September 30	
		2011	2010	2011	2010
Cathode revenues[2]	$000s	65,416	-	65,416	-
Concentrate revenues	$000s	968	14,932	28,934	44,947
Operating profit[1]	$000s	32,442	4,175	37,045	11,364
Net profit	$000s	2,944	958	39,622	16,050
Earnings per share – basic	$	0.02	0.01	0.25	0.11
Cathode copper produced[2,3]	Tonnes	8,718	-	12,094	-
Copper produced in concentrate	Tonnes	-	4,216	5,939	12,721
Total copper produced	Tonnes	8,718	4,216	18,033	12,721
Cathode copper sold[2,3]	Tonnes	9,102	-	12,077	-
Copper sold in concentrate	Tonnes	188	4,301	5,519	13,597
Total copper sold	Tonnes	9,290	4,301	17,596	13,597
Realized copper price	$/lb	4.04	3.28	4.13	3.19
Cathode cash cost (C1)[1]	$/lb cathode produced	1.23	-	1.23	-
HMS cash cost[1]	$/tonne concentrate produced	-	344	824	318
Cash and cash equivalents	$000s	40,469	30,411	40,469	30,411

1. Operating Profit", "Cathode cash cost" and "HMS cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.
2. Revenue and costs from production of cathode copper during the testing and commissioning phase (May – July 2011) are capitalized under IFRS. Refer to Development section on page 4.
3. Cathode produced and sold during the testing and commissioning phase are included in the table above. Refer also to Development section on page 4.

HIGHLIGHTS FOR THE SEPTEMBER QUARTER

The Group produced 8,718 tonnes of copper cathode from its Kinsevere Stage II Solvent Extraction Electrowinning ("SX-EW") plant (the "Plant") for the three months ended September 30, 2011. For the nine months ended September 30, 2011, Group copper production totalled 18,033 tonnes, comprised of 12,094 tonnes of copper cathode and 5,939 tonnes of copper in concentrate.

Ramp-up continued during the quarter, albeit at a slower than anticipated rate, due to a number of issues that constrained the ramp-up rate of the Plant. Good progress has been made on the resolution of such issues, the most significant of which were:

- The Group experienced persistent problems with rectifiers and transformers during the quarter, part of which is attributable to the quality and stability of power supplied from the grid and part of which is due to hardware faults with the units related to design as well as storage issues. Following the purchase of two new transformers and the refurbishment of an existing spare transformer, the Group is now well positioned to manage issues associated with transformer performance. All three units are expected to be on site prior to year-end 2011.
- As the rectifier and transformer issues were resolved and the operation was able to operate at full load it became apparent that the current efficiency in the tankhouses was materially sub-optimal. The low current efficiency resulted in a lower than planned cathode plating rate, but not a loss of copper. The current efficiency problem has been found to be the result of a combination of inefficient design, construction issues and operator learning curve factors. Certain interim fixes have been implemented and a programme of retrofitting is in place which will be completed by the first quarter of 2012. Improved housekeeping and operating practices to overcome the inherent inefficiencies have in the meanwhile improved the tankhouse performance to acceptable levels and it is still anticipated that design capacity will be achieved before year-end.

As a consequence of the above mentioned issues, production during the quarter was lower than anticipated.

From a quality standpoint, assays received from a third party independent laboratory confirmed that the majority of cathode produced during the quarter conformed to LME Grade A chemical specifications, however approximately 25% of bundles produced were off specification due to lead content. The increased lead content was a direct result of the disturbance of the anode surfaces during the installation of the new anode insulators. A procedural change was instigated for such installation and this had an immediate effect on copper cathode quality, with the latest site-based assays showing that production from the Plant is on specification for lead content and all other LME elements.

On August 1, 2011, in accordance with accounting standards, the Group concluded that the Plant was by and large operating as intended and thus commenced recording revenue, costs and depreciation of the Plant within the income statement. The revenue and costs related to the production of cathode during the testing and commissioning phase were previously capitalized, in accordance with accounting standards.

The Group incurred an operating profit of $32.4 million for the three months ended September 30, 2011 due to an increase in the volume of sales of copper cathode. The net profit after tax of $2.9 million, equivalent to earnings per share of $0.02 (basic), was impacted negatively by the increase in valuation of warrants carried at fair value through profit and loss held by Trafigura Beheer B.V. ("Trafigura") and higher taxation expenses in the Democratic Republic of Congo ("DRC") as a result of reassessment of prior year tax losses at Kinsevere.

MARKET CONDITIONS AND GROUP OUTLOOK

The copper price has been weaker since the end of the second quarter, falling to a low of around $3.00/lb, the lowest price recorded in over 12 months, before recovering during October. Despite the recent weakness, the Group subscribes the consensus view that both the copper market fundamentals and analysts' forecasts indicate a favourable copper price environment is expected to remain in place for the short to medium-term.

Rectification of issues that resulted in lower-than-expected production during the third quarter appears to have been effective, with production of copper cathode in October totalling 4,022 tonnes. Progress in resolution of current efficiency issues at the tankhouse and with work on the optimization of Plant performance continuing, the Company expects that design capacity will be achieved prior to year-end.

As previously reported, the Group re-established its exploration capability during the first quarter and continues to target the area around the Kinsevere mine, drilling of the sulfides at Kinsevere and in-fill drilling at Mutoshi. Exploration cash expenditure for the 2011 year-to-date is approximately $2.3 million, and the Group estimates that total exploration spending for 2011 will be less than previously announced, due to delays in contractor mobilization and drill-rig availability which resulted in later-than-expected commencement of work at both Kinsevere and Mutoshi.

Owing to Plant performance being below expectations during the three months ended September 30, 2011, the Company has revised its 2011 forecast copper production. Year-to-date production as at October 31, 2011 totalled 22,055 tonnes and with improved performance in October and design capacity expected to be achieved during December of 2011, the Company now forecasts total copper production for 2011 of 30,000 to 31,000 tonnes of copper, down from previous 2011 copper production guidance of 36,000 to 38,000 tonnes.

TAKEOVER OFFER BY MINMETALS RESOURCES LIMITED

In August, the Company announced that it had been informed by its largest shareholder, Trafigura, that it considered its 39% ownership interest (fully diluted) in Anvil to be non-core and was considering alternatives to maximize the value thereof. In light of Trafigura's decision, the Board of Directors of Anvil formed a Special Committee to review alternatives in order to maximize value for all shareholders and retained BMO Capital Markets to assist in this regard.

Pursuant to the strategic review process, on September 29, 2011 the Company entered into a binding agreement (the "Support Agreement") with Minmetals, pursuant to which Minmetals agreed, subject to the terms of the Support Agreement, to make an offer to purchase all common shares of Anvil by way of a friendly take-over bid at a price of C$8.00 per share in cash. The Offer, which commenced on October 19, 2011 with the mailing to shareholders of Minmetals' take-over bid circular and related documents, is open for acceptance until 8:00 pm (Toronto time) on November 24, 2011, unless the Offer is extended or withdrawn. In connection with the announcement of the Offer, the Company has been consulting with various stakeholders in the DRC.

For further information on the Offer, please refer to the Company's previous disclosure, which is available on SEDAR at www.sedar.com.

OPERATIONS, DEVELOPMENT AND EXPLORATION

KINSEVERE OPERATIONS

		Three Months Ended September 30		Nine Months Ended September 30	
		2011	2010	2011	2010
Ore mined	Tonnes	773,549	199,805	1,514,041	601,062
Waste mined	Tonnes	1,059,489	169,030	3,376,120	545,413
Ore processed – SX-EW	Tonnes	310,542	-	457,332	-
Feed grade to mill	% ASCu[1]	3.0	-	3.1	-
Copper recovery – SX-EW	% ASCu[1]	86.4	-	78.7	-
Copper cathode produced		8,718	-	12,094	-
Ore processed – HMS	Tonnes	-	80,911	133,613	215,118
Copper grade – HMS	% Cu	-	6.7	5.3	7.5
Copper recovery – HMS	% Cu		68.1	73.9	69.3
Concentrate produced – HMS and spirals	Tonnes	-	17,357	24,038	52,046
Concentrate grade – HMS and spirals	% Cu	-	24.3	24.7	24.4
Copper produced in concentrate – HMS and spiral	Tonnes	-	4,216	5,939	12,721
Cathode copper sold	Tonnes	9,102	-	12,077	-
Copper sold in concentrate	Tonnes	188	4,301	5,519	13,597
Cathode cash cost (C1)[2]	$/lb cathode produced	1.23	-	1.23	-
HMS cash cost[2]	$/tonne concentrate produced	-	344	824	318

1. Acid soluble copper

2. "Cathode cash cost" and "HMS cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

In July the Plant continued to be commissioned. On August 1, 2011, the Plant was considered to be in commercial production, though continuing its program of ramp-up to design capacity. Throughout the September quarter, mining continued on the cutback program in the central pit to expose access to ore which resulted in approximately 1.1 million tonnes of waste being mined, the majority of which was used for the raising of the embankments at the Stage II tailings storage facility. The Plant produced 8,718 tonnes of copper cathode during the three months ended September 30, 2011, 6,549 tonnes of which was during the pre-production phase. Performance in respect of copper recovery is nearing design capacity, recording 86.4% for the three months ended September 30, 2011, compared to design capacity of 92.1%. Operation of the Plant during the quarter was subject to tankhouse current efficiency issues and problems with rectifiers and transformers. Cathode cash cost (C1) was higher than anticipated due primarily to lower than expected production and higher grid-power costs.

There was no operation of the HMS plant as it was placed on care and maintenance in June 2011.

DEVELOPMENT

Kinsevere Expansion Project

The Group is proceeding with a stepped development plan for the expansion of the Plant, focused on achieving production significantly above the current design capacity of 60,000 tonnes of copper cathode per year. The first step in the development process involves ordering of long lead-time capital items and in this respect, a second stripping machine has been ordered for a cost of $1.9 million.

The second step involves de-bottlenecking of the Plant as part of an upgrade and optimization process that involves capital works for the installation of the second stripping machine; procurement of additional items required to enhance

Plant performance; a front-end engineering design study to consider an expansion of the mill-leach-CCD facility; a structured heap-leach test-work program in order to confirm heap-leach process parameters; and a metallurgical simulation that is currently under way and expected to be completed by the end of 2011 which will identify further refinements to the Plant necessary to improve overall Plant performance.

The next steps include expansion of the back-end of the Plant with an additional electrowinning unit and second low-grade SX facility and an upgrade of the leaching circuit in order to provide additional copper in solution to support any back-end expansion.

The Company has a project team focused on Plant expansion, with the current effort targeted to steps one and two in order to maximize production from the existing Plant.

Pre-production costs and revenue of the Kinsevere SX-EW Plant

		May 4, 2011 to July 31, 2011
Cathode revenues	$'000	42,341
Cathode allocated costs	$'000	9,098
Net cathode contribution allocated to Capital	$'000	33,243
Cathode produced	Tonnes	6,549
Cathode copper sold	Tonnes	4,793

Pre-production costs and revenues of the Plant during testing and commissioning from May 2011 to July 2011 were capitalized. From August 1, 2011, the Plant was considered to be in commercial production according to accounting standards and thus revenues, operating costs and depreciation relating to the Plant was recorded in the income statement. During the pre-production phase, the Plant produced 6,549 tonnes of copper cathode, for sales of 4,793 tonnes. The revenue and the costs associated with sale of copper cathode during pre-production was a net positive contribution of $33.2 million.

EXPLORATION

Kinsevere Sulfides Project

As reported in the Company's latest AIF, results from previous drilling at Kinsevere have identified a Measured and Indicated Resource from sulfide material of 11.86 million tonnes with a total copper grade of 2.7% for approximately 317,000 tonnes of contained copper and a similar-sized Inferred Resource. During June, the Company commenced drilling, the objective of which is to improve confidences and extensions of the defined sulfide mineral resource that is compliant with Canadian National Instrument 43-101 to allow for an evaluation of development options during the first half of 2012.

As at September 30, 2011, a total of 5,530 metres in 34 holes had been drilled, with core being logged and stored for assaying at an on-site laboratory operated by an international laboratory services company and overseen by African Mining Consultants.

Kinsevere Regional Project

The Group continues to target the area within a 50km radius of its Kinsevere project to identify tenement acquisition opportunities. No further agreements were entered into during the quarter, however investigation of opportunities within the target area continues. On those tenements in the Kinsevere surrounds in which the Group has acquired an interest, further termite mound sampling and geochemistry programs have been carried out, with drill programs to be selected from any significant geochemical anomalies. Assay results from work carried out to date are expected to be available before year-end.

Following review of a copper anomaly identified in an area located immediately to the east of the Kinsevere Hill deposit, it has been determined that further drill testing is appropriate, in order to target the source of the anomaly at depth. A drilling program is currently being prepared and is expected to commence in December.

A reconnaissance drilling program has been completed at Likasi, located approximately 80 kilometres north-west of Kinsevere, where the Group has held an exploration property for some time. The drilling program targeted geochemical anomalies identified from a soil and termite mound sampling program undertaken in 2008. A total of 75 holes were drilled for 4,093 metres, with an average depth of 50 metres. Malachite mineralization was identified in four holes from a depth of 18 metres in the Kapolwe South prospect area and appears to be structurally controlled. Where intersected, malachite mineralization was present to the end of the hole at 85 metres and is therefore open at depth. Samples are currently being prepared prior to dispatch for analysis in South Africa. No assay results have yet been received. Further work is planned to delineate the structural zone and target additional mineralization, with further drilling to be undertaken during the 2012 dry season.

Mutoshi Project

The in-fill drilling program at Mutoshi commenced in September, with two diamond-drill rigs in operation. As at October 31, 2011, a total of 810 metres in seven holes had been completed. The in-fill drilling program, the initial phase of which involves15,000 metres of drilling, is focused on the Mutoshi North and Mutoshi North West project areas. Data from the drilling program will be used to update the geology model for Mutoshi and to support Mineral Resource estimates at a sufficient level of confidence to enable evaluation of mining development options.

FINANCIAL PERFORMANCE

GROUP PERFORMANCE

	Three Months Ended September 30		Nine Months Ended September 30	
	2011 ($'000)	2010 ($'000)	2011 ($'000)	2010 ($'000)
Operating Revenue	66,384	14,932	94,350	44,947
Operating Costs	33,942	10,757	57,305	33,583
Operating Profit[1]	32,442	4,175	37,045	11,364
Adjusted EBITDA[1]	33,743	2,373	34,567	10,130
Other Income	61	2,756	30,755	2,802
Net Profit	2,944	958	39,622	16,050

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

The Group recorded an operating profit of $32.4 million for the three months ended September 30, 2011; an increase of 677% compared to the three months ended September 30, 2010. This was due to an increase in revenue of $51.5 million (345%) as a result of the commencement of production and sales from copper cathode produced from the Plant and residual sales of $1 million from HMS plant which ceased operation in June 2011. Please note that assessment of 2011 performance against 2010 performance involves comparison of Stage II SX-EW operations with Stage I HMS operations and as a result, period to period comparisons are of little value.

The Group recorded an operating profit of $37.0 million for the nine months ended September 30, 2011; an increase of 226% compared to the nine months ended September 30, 2010. This was due to increase in revenue of $49.4 million as a result of recognition of revenues from sales of copper cathode since commencement of commercial production (August 1, 2011) of 7,285 tonnes, compared to sales of copper concentrate only in the prior year. Higher revenue was also due to a 29% increase in the average realized copper price compared to the nine months ended September 30, 2010.

Net profit for the three months ended September 30, 2011 was $2.9 million, an increase of $2.0 million compared to the three months ended September 30, 2010. The increase was largely due to the commencement of operation of the Plant, however this was offset by an increase in finance costs due to an acceleration of the amortization of the Loan Facility establishment fees ($3.3 million) arising from a reassessment of the loan redemption period. In addition there was an increase in taxation expense due to the reassessment by the DRC taxation authorities of prior year taxation losses carried forward ($6.1 million).

Net profit for the nine months ended September 30, 2011 was $39.6 million, an increase of $23.6 million compared to the nine months ended September 30, 2010. The increase was largely due to commencement of production of copper cathode in 2011 and a change in accounting treatment, whereby following an initial public offering by Mawson West Limited ("Mawson West"), the Group no longer holds significant influence over its affairs and equity accounting principles are no longer applied to the Company's investment in Mawson West. This interest is now recorded as an equity investment measured at fair value. This change in accounting treatment resulted in a mark-to-market gain of $28.8 million included in other income.

KINSEVERE OPERATION

	Three Months Ended September 30		Nine Months Ended September 30	
	2011 ($'000)	2010 ($'000)	2011 ($'000)	2010 ($'000)
Operating Revenue	66,384	14,827	94,350	43,937
Operating (Loss)/Profit	32,442	4,070	37,071	11,099
Adjusted EBITDA[1]	41,232	7,587	51,921	22,185
Cathode Cash Cost(C1) ($/lb cathode produced	1.23	-	1.23	-
HMS Cash Cost[1] ($/tonne concentrate produced)	-	344	824	318

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

The Kinsevere mine generated revenues from sale of copper cathode of $66.4 million for the three months ended September 30, 2011; an increase of 348% compared to the three months ended September 30, 2010. The increase in revenues was due to recognition, for the first time, of copper cathode from August 1, 2011 of 7,285 tonnes, compared to sales of 4,301 tonnes of copper in concentrate for the three months ended September 30, 2010. In addition, the increase in revenue was due to an increase in the average realized copper price of $4.04 per pound, which represented a 23% increase compared to the September quarter of 2010 ($3.28 per pound). Adjusted EBITDA for three months ended September 30, 2011 was $41.2 million.

The Kinsevere mine generated revenues from sale of copper cathode and concentrate of $94.3 million for the nine months ended September 30, 2011; an increase of 115% compared to the nine months ended September 30, 2010. The increase in revenues was due to sale of 12,077 tonnes of copper cathode and 5,519 tonnes of copper in concentrate in 2011, compared to sales of 13,597 tonnes of copper in concentrate for the nine months ended September 30, 2010 and a higher payable, as a percentage of the LME price, for copper cathode compared to copper in concentrate. In addition, the average realized copper price of $4.13 per pound of copper for the nine months ended September 30, 2011 represented a 29% increase compared to the same period of 2010. Adjusted EBITDA for the nine months ended September 30, 2011 was $51.9 million compared to $22.2 million for nine months ended September 30, 2010.

MUTOSHI MINE

	Three Months Ended September 30		Nine Months Ended September 30	
	2011 ($'000)	2010 ($'000)	2011 ($'000)	2010 ($'000)
Operating revenue	-	105	-	1,010
Adjusted EBITDA[1]	(422)	(354)	(1,122)	(993)

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

The adjusted EBITDA reflects evaluation work and care-and-maintenance costs incurred at Mutoshi.

GROUP FINANCIAL POSITION

	September 30, 2011	December 31, 2010
Assets ($ million)		
Cash and cash equivalents (including restricted cash)	41.2	64.2
Other financial assets	23.0	0.2
Other current assets	70.2	27.0
Property, plant and equipment	499.6	488.7
Other non-current assets	91.9	100.0
Assets classified as held for sale	-	1.2
Total assets	725.9	681.3
Liabilities ($ million)		
Current liabilities (excluding borrowings and provisions)	46.6	68.2
Borrowings	41.7	36.5
Future income tax liability	9.9	10.8
Provisions	23.8	23.6
Total liabilities	122.0	139.1
Shareholders' equity ($ million)	603.9	542.2
Weighted average number of shares (for basic earnings per share) (millions)	156.8	150.3
Outstanding shares (millions)	158.0	150.3

Cash and cash equivalents

The decrease in cash and cash equivalents to $41.2 million as at September 30, 2011 (December 31, 2010: $64.2 million) was due mainly to outflows for expenditure for property, plant and equipment of $ $27.8 million (net of pre-production revenues and costs capitalized), for construction of the Plant, increases in changes in non-cash working capital of $52.0 million from build up of inventory stockpiles of $26.3 million for feed to the Plant, increases in accounts receivable of $17.5 million due to copper cathode sales, and decrease in accounts payable and accrued liabilities of $7.8 million due to decreased construction activity. The cash outflows were funded by proceeds from issue of shares of $20.6

million received from the exercise by Trafigura, of six million warrants and exercise of director and employee stock options, and cash flow from operating activities of $35.8 million from the commencement of production of copper cathode.

Other financial assets

The increase in other financial assets to $23.0 million as at September 30, 2011 (December 31, 2010: $0.2 million) was due to the classification of the Group's shareholding in Mawson West as an equity instrument, measured at fair value. Previously, the investment met the definition of an associate and was accounted for in accordance with equity accounting principles.

Other current assets

The increase in other financial assets to $70.2 million as at September 30, 2011 (December 31, 2010: $27.0 million) was due to the increase in trade receivables from the sale of copper cathode and build up of inventory stockpiles.

Borrowings

As at September 30, 2011, principal outstanding under the Loan Facility was $43.0 million, compared to $57.0 million as at June 30, 2011. During the three months ended September 30, 2011, the Group repaid $14.0 million of principal under the Loan Facility, $7.1 million being a scheduled repayment, and the balance of $6.9 million representing an accelerated repayment. The Group drew down $15 million in the first quarter of 2011. Deferred financing fees, which is offset against the Loan Facility on the Balance Sheet, has decreased to $1.3 million mainly due to acceleration of the amortization of the Loan Facility establishment fees ($3.3m) arising from a reassessment of the loan redemption period.

Statement of Cash Flow

	Three Months Ended September 30		Nine Months Ended September 30	
	2011 ($ million)	**2010 ($ million)**	**2011 ($ million)**	**2010 ($ million)**
Operating activities	18.7	0.5	(16.2)	8.5
Investing activities	5.5	(31.7)	(22.2)	(95.3)
Financing activities	(12.7)	(2.0)	22.0	(4.1)
Net increase/(decrease) in cash and cash equivalents	11.5	(33.2)	(16.4)	(90.9)

Operating activities

Operating cash outflows were $16.2 million for the nine months ended September 30, 2011 (nine months ended September 30, 2010: inflow $8.5 million) due mainly to a $52.0 million outflow from an increase in changes in non-cash working capital as a result of a build up of inventory stockpiles for feed to the Plant, increase in trade receivables due to invoicing of copper cathode, and a decrease in accounts payable and accrued liabilities due to a reduction in construction activities related to the Plant. This was offset by an increase in cash flow, arising from recognition for the first time in the third quarter of 2011, of cash generated from operation of the Plant of $33.0 million.

Investing activities

Investing cash outflows were $22.2 million for the nine months ended September 30, 2011 (nine months ended September 30, 2010: $95.3 million) due mainly to the cash expenditure on plant and equipment of $61.1 million in connection with the construction of the Plant, offset by a net contribution of $33.2 million from the sale of copper cathode during the testing and commissioning period, which is recorded in property plant and equipment and payments for exploration expenditure of $1.0 million.

Financing activities

Financing cash inflows were $22.0 million for the nine months ended September 30, 2011 (nine months ended September 30, 2010: cash outflow $4.1 million) due mainly to the proceeds from the exercise of Trafigura warrants which occurred during the first quarter of 2011 and exercise of director and employee stock options. Net borrowings from the Loan Facility increased by $1.0 million due to repayment of borrowings on September 30, 2011 of $14 million, including accelerated repayment of $6.9 million, which offset drawdowns of $15 million in the first quarter of 2011.

OTHER INFORMATION

Capital commitments, contractual obligations and liquidity

The following table summarizes the Company's contractual and other obligations, as at September 30, 2011.

Payments due by period	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	More than 5 Years
	($ million)	($ million)	($ million)	($ million)	($ million)
Borrowings	43.0	14.3	28.7	-	-
Environmental and mine closure liabilities	21.5	-	-	-	21.5
Capital commitments – Kinsevere	11.6	11.6	-	-	-
Exploration	8.2	8.2			
Office operating lease	0.4	0.4		-	-

As at October 31, 2011, Anvil had approximately $51 million in cash, all of which is held on deposit with international banks and restricted cash of $0.7 million. Following both scheduled and accelerated repayments made under the Loan Facility during the three months ended September 30, 2011, as at October 31, 2011, principal outstanding under the Loan Facility was $43.0 million. Given the existing cash balance, together with proceeds expected from sales of copper cathode, the Group anticipates that it is fully funded to complete the de-bottlenecking and optimization of the Plant and continue its exploration initiatives.

The HMS plant ceased operation in June 2011 and as a result, corporate and operating costs are being met through proceeds from the sale of copper cathode.

There are no hedging requirements under the Loan Facility and Group copper production is currently unhedged.

Transactions with related parties

As at October 31, 2011, Trafigura is the beneficial owner of 59,248,729 Common Shares, representing 37.6% of the Company's issued and outstanding Common Shares and 5,228,320 share purchase warrants with an exercise price of C$2.75 per share purchase warrant. During the three months ended September 30, 2011, the Group entered into transactions with Trafigura for the sale of copper concentrates and copper cathode, the supply of fuel and acid to Kinsevere and the partial repayment of the Loan Facility, all of which were on arms-length commercial terms.

Sale of copper concentrates and copper cathode

In August 2009, the Group entered into a life-of-mine Offtake Agreement with Trafigura for the sale of all products from the Kinsevere mine, the commercial details of which are separately agreed at least annually. In January 2011, the Group entered into contracts with Trafigura (the "Copper Concentrate Sales Contracts"), under which it agreed to sell its 2011 production of concentrate from its Kinsevere HMS plant. In May 2011, the Group entered into a sales contract (the "Copper Cathode Sales Contract") under which it agreed to sell its production of copper cathode from the Plant for the following 12 months. The Copper Cathode Sales Contract and the Copper Concentrate Sales Contracts are benchmarked to LME prices and are on standard commercial terms for comparable sales contracts.

During the three months ended September 30, 2011, the Group sold to Trafigura, 9,290 tonnes of copper cathode from its Kinsevere operation, for revenue (including provisional payments and final payments for prior period sales) of $82.8 million.

Technical services

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

The Technical Committee (upon approval of the Anvil Board and management) may appoint Trafigura, on a case-by-case basis, to provide services related to project management support, data processing, technical services support, coordination and consulting at Kinsevere Stage II. Where Trafigura is unable or unavailable to perform any services which it has been appointed to provide to Anvil or AMCK Mining sprl, Trafigura may engage independent contractors to provide such services. During the three months ended September 30, 2011, the Group did not incur any costs in connection with the provision of technical services by Trafigura.

Fuel and acid supply

The Group has ongoing requirements for diesel fuel at its Kinsevere operations. Trafigura is one of several fuel suppliers from which the Group obtains quotations for the supply of fuel to Kinsevere. During the three months ended September 30, 2011, the Group purchased fuel for its Kinsevere operations to a value of $4.1 million. Fuel supplied to support the Group's activities at Mutoshi is not provided by Trafigura.

In January 2011, following a tender process, the Company entered into an agreement with Trafigura under which Trafigura would supply sulfuric acid to meet the requirements for the Plant for a period of 12 months. During the June quarter, the Group purchased acid for its Kinsevere operations to a value of $1.0 million.

Loan Facility

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

During the three months ended September 30, 2011, the Company repaid $14.0 million of outstanding principal and made interest payments of $1.0 million. As at October 31, 2011, outstanding principal under the Loan Facility was $43.0 million. Under the terms of the Loan Facility, the Company was required to repay its first principal of $7.1 million, however, as previously noted, based on its current cash position and expected proceeds from the sale of copper cathode, elected to repay $14.0 million.

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

Kinsevere fatality

During September, 2011 an accident occurred on the Kinsevere mine access road in which a cyclist was struck by one of the Company's water carts performing dust suppression activities. The relevant authorities have been informed and the Company has completed an investigation into the incident. The cyclist was a local villager and not connected with Anvil. The Company arranged for assistance and support services to be available for the victim's family and for employees in relation to this fatality.

Outstanding share data

At October 31, 2011, the Company had 158,012,886 Common Shares outstanding. In addition, there were 4,003,361 director and employee stock options outstanding with exercise prices ranging between C$1.16 and C$14.06 per share and 5,228,320 share purchase warrants with an exercise price of C$2.75 per share purchase warrant.

Class action

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

A preliminary hearing was held during April 2011 at which the Company was unsuccessful in having the application dismissed in the first instance. In June 2011, the Company was granted leave to appeal the decision at the preliminary hearing, with the appeal hearing scheduled to take place on November 25, 2011 and a decision announced during the first quarter of 2012.

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

Social development

The Group's social development activities continue to target the area surrounding Kinsevere, with projects in a range of areas and a focus on food security. The farmers' assistance program covering 500 hectares provides support for grain farming through the provision of seed, fertilizer and training and the collection of grain, along with reimbursement of farmers for grain production. Evaluation sessions have been held in preparation for the upcoming planting season.

Further progress was made with a vegetable growing project in a number of villages surrounding Kinsevere, with produce from the project purchased by the Company for use in its mess facilities. Education on the application of watering, the spraying of insecticides and the management of seedbeds also took place, with assistance provided to over 100 farmers. The Company has undertaken a study of a pilot vegetable farming project using over 10 hectares of land and expects to reach a decision on this project during the fourth quarter.

Various other projects continued in the areas of education, water infrastructure, community consultations and livelihood improvements, an example of which is the purchase by Kinsevere of over 90 cubic metres of aggregate material, from Company supported rock crushing operations in surrounding villages, for use in various projects around the mine.

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APPENDIX A – SUMMARY OF QUARTERLY RESULTS

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

	Sep 11 Qtr	Jun 11 Qtr	Mar 11 Qtr	Dec 10 Qtr	Sep 10 Qtr	Jun 10 Qtr	Mar 10 Qtr	Dec 09 Qtr
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP
Statement of Operations and Income								
Concentrate sales ($ million)[1]	1.0	10.4	17.6	15.2	14.9	14.5	15.5	23.5
Cathode sales	65.4	-	-	-	-	-	-	-
Operating profit/(loss) ($ million)[2]	32.4	(1.9)	6.7	0.9	4.2	2.5	4.7	8.7
Net income/(loss) ($ million)	2.9	(0.8)	37.5	(24.8)	1.0	15.1	(0.1)	10.9
Basic earnings/(loss) per share ($)	0.02	(0.01)	0.24	(0.16)	0.01	0.15	0.00	0.09
Diluted earnings/(loss) per share ($)	0.02	(0.01)	0.23	(0.16)	0.01	0.14	0.00	0.09
Production Statistics – Total								
Copper produced in concentrate and cathode (tonnes)	8,718	5,999	3,316	3,817	4,216	4,412	4,093	4,970
Production Statistics – Kinsevere mine								
SX-EW Plant								
Ore processed – SX-EW (tonnes)	310,542	146,790	-	-	-	-	-	-
SX-EW feed grade – % ASCu	3.0	3.4	-	-	-	-	-	-
Recovery ASCu%	86.4		-	-	-	-	-	-
Copper cathode produced (tonnes)	8,718	3,376	-	-	-	-	-	-
Copper cathode sold (tonnes)	9,102	2,975	-	-	-	-	-	-
Cathode cash cost (C1) ($/lb Cu)[3]	1.23	-	-	-	-	-	-	-
HMS Plant								
Ore processed – HMS (tonnes)	-	51,772	81,841	88,044	80,911	72,716	61,491	65,313
HMS feed grade % Cu	-	5.6	5.1	6.0	6.7	7.3	8.6	8.9
Recovery Cu %		78.2	69.6	64.5	68.1	72.1	68.4	77.0
Copper produced in concentrate – HMS and Spirals (tonnes)	-	2,623	3,316	3,817	4,216	4,412	4,093	4,970
Copper concentrate sold (tonnes)	-	9,004	12,297	15,019	17,707	18,057	17,610	30,993
HMS cash cost ($/t Concentrate)[3]	-	924	738	456	344	292	319	304
Production Statistics – Mutoshi mine								
Copper concentrate sold (tonnes)	-	-	-	-	-	3,007	226	1,665

1. Concentrate sales includes concentrates from Kinsevere and Mutoshi.
2. "Operating Profit" is not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.
3. "Cathode cash cost (C1)" and "HMS cash cost" are not recognized under IFRS. See Appendix B, Regulatory Disclosures for further information.

APPENDIX B – REGULATORY DISCLOSURES

RISKS AND UNCERTAINTIES

The Group's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to, the speculative nature of mineral exploration and development, political stability, liquidity and availability of future financing, logistics, lack of infrastructure, uninsurable risks, mineral resources and ore reserves, uncertainty of inferred resources, mine life, licenses and permits, land title, Government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper prices, key personnel, labour and employment matters, subsidiaries, mineral exploration and mine-carrying inherent risks, currency risk, competition, dilution, and dividend policy. A more detailed analysis of the risk factors the Group is faced with can be found in the most recent annual information form, which is available under the Company's profile on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in these financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The significant areas of estimation and uncertainty considered by management in preparing these interim consolidated financial statements are the same as those described in management's discussion and analysis ("MD&A") for the first quarter of 2011 and the following, applied in the third quarter of 2011;

(i) Mine properties under construction

Determining the date on which assets under construction are capable of operating as intended is a key management judgement. This determines the date on which the company ceases capitalizing construction related costs and commences depreciation and amortization of the related assets. Management had regard to a range of factors in exercising this judgement in relation to the Kinsevere SX-EW plant. In particular, the following key milestones needed to have been met before the plant was deemed to be capable of operating as management intended:

- completion of testing the plant's components, with satisfactory test results;
- functional specification and design criteria;
- minimal down time and satisfactory recovery rates (plant stability) and;
- satisfactory daily and monthly average production rates being achieved.

CHANGES IN ACCOUNTING POLICIES

IFRS 9 Financial Instruments – classification and measurement

The Company has elected to apply Phase 1 (Classification and measurement of financial assets and financial liabilities) of IFRS 9 Financial Instruments (as issued in December 2009), including subsequent amendments, from April 1, 2011, in relation to its equity investment in Mawson West. All future gains and losses in the fair value of the investment will be reflected in other comprehensive income. In accordance with the transition provisions, comparative figures have not been restated. Refer to note 2 (b) of the Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2011 for further details.

New Standards

A number of new standards and issued amendments to standards and interpretations are not yet effective for the year ending December 31, 2011, and have not been applied when preparing these condensed interim consolidated financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 10 Consolidated Financial Statements

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

IFRS 11 Joint Arrangements

International Financial Reporting Standard 11, Joint Arrangement ("IFRS 11") has been issued and the new rules are aimed at providing investors with greater clarity about a participant's involvement in a joint arrangement.

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

The main differences in the new standard are as follows:

- The definition of a joint arrangement, under IFRS 11, is when two or more parties contractually agree to share control of an arrangement. Joint control exists only when the decisions about the relevant activities (those that significantly affect the returns of an arrangement) require unanimous consent of the parties sharing control.
- The new rules classify joint arrangements as either a joint operation or a joint venture.
- The legal structure of an arrangement is no longer the most significant factor when determining the classification. All parties must determine the type of joint arrangement based on the contractual rights and obligations arising from the arrangement, the old rules gave entities the option of either proportionate consolidation or equity accounting for joint ventures. Under the new standard, proportionate consolidation is not allowed and all joint ventures must be equity accounted. In contrast, entities involved in a joint operation are required to account for their rights and obligations to the assets (including assets held jointly), liabilities (including liabilities incurred jointly) and corresponding revenues and expenses.

IFRS 12 Disclosure of interests in other entities

International Financial Reporting Standard 12, Disclosure of interest in other entities ("IFRS 12") has been issued and sets out the required disclosures for entities reporting under the two new standards IFRS 10 and IFRS 11 *Joint arrangements*. The new rules also replace the disclosure requirements currently found in IAS 28 *Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet this objective, disclosures are required in the areas outlined below and the required disclosures in these areas are expected to result in companies facing increased disclosure requirements.

IFRS 13 Fair value measurements

International Financial Reporting Standard 13, Fair value measurements ("IFRS 13") has been issued and does not apply to transactions within the scope *Leases*, or certain other measurements that are required by value (for example, value in use in IAS 36 *Impairment of assets*).

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

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

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

Each of the above standards has an effective date for annual periods beginning on or after January 1, 2013, with earlier application permitted so long as each of the other standards is also early applied. The early adoption of IFRS 12 is not subject to adopting the other standards. The Company is currently assessing the impact of these standards. Initial indications suggest that these standards are not expected to have a significant impact on its consolidated financial statements.

NON-IFRS FINANCIAL MEASURES

The term "HMS cash cost" is a non-IFRS financial measure calculated per tonne of copper concentrate produced at the Kinsevere mine. Operating cash cost includes all mining and processing costs, less any profits from by-products. Copper concentrates from Kinsevere are sold at the mine gate, thus operating cash cost does not include any transport, treatment and refining charges incurred in connection with the sale of product from Kinsevere. Operating cash cost information is included to provide information about the cost structure of the mining and processing operations.

The term "Cathode cash cost (C1)" is a non IFRS financial measure that is prepared on a basis consistent with the industry standard Brook Hunt definitions. In calculating the C1 cost, the costs include all cash operating costs plus/minus inventory movements.

The term "operating profit" represents the net attributable revenues after deducting mine operating costs and amortization. Mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. "Working capital" equals current assets less current liabilities. The term "Adjusted EBITDA" represents earnings before interest, tax, depreciation and amortization, and any non-recurring expenditure from operating segments and unrealized gains/losses on derivative instruments.

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

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

FINANCIAL INSTRUMENTS

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

DEED OF CROSS GUARANTEE

For the purpose of simplifying reporting in Australia, the Company and certain of its Australian incorporated subsidiaries entered into a Deed of Cross Guarantee and Deed of Variation (the "Deeds") under which each company guarantees the liabilities of all other companies that are a party to the Deeds. The companies which form this "Closed Group" (as defined by Australian Securities and Investments Commission Class Order 98/1418) are: Anvil Mining Limited, Central African Holdings Pty Ltd and Congo Development Pty Ltd.

TECHNICAL INFORMATION

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

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer has designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to financial and operational conditions impacting disclosure for the three-month period ended September 30, 2011 is made known to them. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer has, as at September 30, 2011:

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

The inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

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

- Pertain to the maintenance of records;

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

On an annual basis, management evaluates the effectiveness of internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP. However, due to inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's internal controls over financial reporting, conducted an evaluation of the effectiveness of internal controls over financial reporting and concluded that they were effective as at September 30, 2011.

During the three months ended September 30, 2011 there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking statements" and "forward-looking information", based on assumptions and judgments of management regarding future events and results. Such "forward-looking statements" and "forward-looking information" which may include, but is not limited to the operation of Kinsevere, the Group's plans for expansion of the Kinsevere operation, the Group's funding requirements, proposed exploration activities and the completion of the Offer (as defined). Many of these assumptions are based on factors and events that are not within the control of Anvil and there is no assurance they will prove to be correct. Often, but not always, "forward-looking information" can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. The purpose of "forward-looking information" is to provide the reader with information about management's expectations and plans for 2011 and 2012 and expectations regarding the Offer. Readers are cautioned that "forward-looking information" involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anvil and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the "forward-looking information". Such factors include, among others, the actual market price of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Plant will operate as anticipated, that expansion of the Kinsevere operation will proceed as planned, or that the Offer will be completed. There can be no assurance that "forward-looking information" will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on "forward looking information".