

Anvil Mining Reports Third Quarter 2011 Results - Kinsevere Stage II SX-EW Plant near Design Capacity

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*TSX, ASX: AVM, Common shares outstanding 158.0 million
All amounts are expressed in US dollars, unless otherwise stated.*

PERTH, Australia, Nov. 14, 2011 /[CNW Telbec](#)/ - [Anvil Mining Limited](#) (TSX: AVM) (ASX: AVM), ("Anvil" or the "Company"), today announced that the ramp-up of the Kinsevere Stage II Solvent Extraction Electrowinning ("SX-EW") plant is continuing, with design capacity of 60,000 tonnes of copper cathode per year, expected to be achieved before year-end 2011.

For the three months ended September 30, 2011, production of copper cathode totalled 8,718 tonnes, while for the nine months ended September 30, 2011, copper production totalled 18,033 tonnes, comprised of 12,094 tonnes of copper cathode and 5,939 tonnes of copper in concentrate from the Kinsevere Stage I Heavy Media Separation ("HMS") plant which was placed on care and maintenance in the previous quarter.

For the three months ended September 30, 2011, the Company generated revenues of \$66.4 million, and recorded an operating profit of \$32.4 million and net profit after tax for the third quarter of \$2.9 million, or \$0.02 per share (basic). For the nine months ended September 30, 2011, the Company generated revenues of \$94.3 million, comprised of \$65.4 million from copper cathode sales and \$28.9 million from copper concentrate sales and recorded net profit of \$39.6 million or \$0.25 per share (basic).

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

The Company's consolidated financial statements for the three and nine months ended September 30, 2011 and 2010 restated comparatives have been prepared in accordance with IFRS.

The complete September quarter 2011 unaudited financial statements together with the related Management's Discussion and Analysis (MD&A) are available on Anvil's website at www.anvilmining.com under the heading "Financial Reports" within the Investor Relations section.

Highlights for the third quarter

- Copper revenues of \$66.4 million.
- Production of 8,718 tonnes of copper cathode.
- Operating profit of \$32.4 million, compared to \$4.2 million for the third quarter of 2010.
- Net profit of \$2.9 million (\$0.02 per share), compared to net profit of \$1.0 million (\$0.01 per share) for the third quarter of 2010.
- Average realized copper price of \$4.04 per pound, compared to \$3.28 per pound for the third quarter of 2010.
- Commencement in June of drilling program at the Kinsevere sulfide deposit.
- Commencement in September of an in-fill drilling program at Mutoshi, with two diamond-drill rigs in operation.

Darryll Castle, President and CEO of Anvil, commented, "Ramp-up of the SX-EW continued during the quarter, albeit at a slower than anticipated rate, due to a number of issues, the most significant of which related to operation of rectifiers and transformers and current efficiency in the tankhouse. However, good

progress has been made in resolving these issues and in October, copper cathode production totalled 4,022 tonnes, representing 80% of design capacity. We are confident that the design capacity of 60,000 tonnes of copper cathode per year will be achieved before year-end. Owing to lower than anticipated production in the September quarter, we have now revised our 2011 forecast copper production to 30,000 to 31,000 tonnes of copper, from previous 2011 copper production guidance of 36,000 to 38,000 tonnes."

Takeover offer by Minmetal Resources Limited

In August 2011, the Company announced that it had been informed by its largest shareholder, TrafiguraBeheer B.V. ("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 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 November 24, 2011, unless the Offer is extended or withdrawn. In connection with 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.

Kinsevere Stage II ramp-up

Ramp-up continued in the September quarter, during which several issues were identified that constrained the ramp-up rate of the SX-EW plant and resulted in lower than expected production. Good progress has been made on the resolution of such issues, the most notable of which were:

- Persistent problems with rectifiers and transformers were experienced during the quarter, part of which was attributable to the quality and stability of power supplied from the grid and part of which was 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 program 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.

Rectification of the above-mentioned issues 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 performance of the SX-EW plant continuing, the Company expects that design capacity will be achieved prior to year-end.

From a quality standpoint, independent assays 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 SX-EW plant is on specification for lead content and all other LME elements.

Liquidity

As at September 30, 2011, Anvil had approximately \$40.5 million in available cash, all of which is held on

deposit with international banks. Principal outstanding under the \$100 million Trafigura Loan Facility (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 Company repaid \$14.0 million of principal under the Loan Facility, \$7.1 million being a scheduled repayment, the balance of \$6.9 million representing an accelerated repayment.

As at October 31, 2011 Anvil had approximately \$51 million in cash and cash equivalents (including restricted cash).

No conference call

As the Company remains subject to 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 the Offer 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.

Anvil Mining Limited is a copper producer whose shares are traded on the Toronto Stock Exchange (as Common Shares) and the Australian Securities Exchange (as CDIs) under the symbol AVM.

Caution Regarding Forward Looking Statements:

This news release 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 SX-EW plant, 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 Kinsevere SX-EW 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".

Appendix

Key Financial and Production Data (unaudited)

3 Months Ended

September 30 9 Months Ended

September 30

2011 2010 2011 2010

FINANCIAL PERFORMANCE

Copper cathode and concentrate sales (\$ millions) 66,384 14,932 94,350 44,947

Operating income(\$ millions) 32,442 4,175 37,045 11,364

Net profit (\$ millions) 1 2,944 958 39,622 16,050

PRODUCTION STATISTICS

Consolidated Group

Copper produced - cathode and copper in concentrate (tonnes) 8,718 4,216 18,033 12,721

Kinsevere mine (SX-EW)

Ore processed (tonnes) 310,542 - 457,332 -

Feed grade (% ASCu) 3.0 - 3.1 -
 Cathode produced (tonnes) 8,718 - 12,094 -
 Cathode sold (tonnes) 9,102 - 12,077 -
 Cathode cash cost (\$/lbcathode produced) 1.23 - 1.23 -
 Kinsevere mine (HMS)
 Ore processed (tonnes) - 80,911 133,613 215,118
 Copper grade (% Cu) - 6.7 5.3 7.5
 Copper recovery - HMS (% Cu) - 68.1 73.9 69.3
 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
 Copper sold (tonnes) 188 4,301 5,519 13,597
 Operating cash costs (\$/tonne concentrate produced) - 344 824 318

Net profit from continuing operations.

Consolidated Balance Sheets (unaudited)
 (Expressed in thousands of United States dollars)

September 30

2011 Dec 31

2010

(restated)

ASSETS

Current assets

Cash and cash equivalents (including restricted cash) 40,706 63,729

Trade and other receivables 33,379 12,988

Inventories 36,743 14,060

Other financial assets - 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 13,600 14,253

Other financial assets 22,988 -

Investment in associate - 11,927

Inventories 16,704 13,109

Exploration and evaluation expenditure 61,623 60,657

Property, plant and equipment 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 24,894 38,669

Borrowings 13,812 4,649

Current income taxes 37 21

Provisions 2,174 2,634

62,650 75,481

Non-current liabilities

Borrowings 27,865 31,829

Provisions 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

Shareholders' equity

Share capital 519,587 480,787

Share based payment reserve 11,490 9,413

Retained earnings 95,929 54,944

Other reserves (18,897) -

Capital and reserves attributable to owners of Anvil Mining Ltd 608,109 545,144

Non-controlling interests (4,249) (2,886)

Total equity 603,860 542,258

Consolidated Statements of Income and Comprehensive Income (unaudited)

(Expressed in thousands of United States dollars except per share amounts)

3 Months Ended

September 30 9 Months Ended

September 30

2011 2010

(restated) 2011 2010

(restated)

Continuing operations

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 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 (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 gain / (loss) in associate - - 1,116 (226)

Fair value gain 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 (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 available for sale investments (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 Ltd 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 (\$) 0.02 0.01 0.25 0.11

Diluted profit per share (\$) 0.02 0.01 0.25 0.10

Consolidated Statement of Cash Flows (unaudited)

(Expressed in thousands of United States dollars)

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

Gain / (loss) 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 gain on warrants 6,253 4,435 5,460 237

Borrowing costs amortised 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 (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) as 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

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