

# Anvil Mining Reports Second Quarter 2011 Results - Construction of the Kinsevere Stage II SX-EW Plant Now Complete

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*TSX, ASX: AVM, Common shares outstanding 157.9 million  
All amounts are expressed in US dollars, unless otherwise stated.*

MONTREAL, Aug. 12, 2011 /CNW Telbec/ - [Anvil Mining Limited](#) (TSX, ASX: AVM), ("Anvil" or the "Company"), today announced construction of the Kinsevere Stage II Solvent Extraction Electrowinning ("SX-EW") plant is essentially complete, with commissioning and ramp-up progressing in accordance with the Company's expectations. For the June quarter, start-up production of copper cathode totalled 3,376 tonnes.

The revenue and costs related to the production of cathode during the testing and commissioning phase were capitalized against the construction costs of the SX-EW plant in accordance with accounting standards. The Company anticipates that commercial production will be declared in the third quarter of 2011, at which time revenue, costs and depreciation of the Stage II SX-EW plant will be recognized in the income statement.

Importantly, provisional copper cathode assays received during the testing and commissioning phase, from a third party independent laboratory, confirm that the majority of cathode produced during the quarter conforms to LME Grade A chemical specifications.

Group copper production for the June quarter amounted to 5,999 tonnes, comprised of 2,623 tonnes of copper in concentrate and 3,376 tonnes of copper cathode. For the six months ended June 30, 2011, Group copper production totalled 9,315 tonnes, comprised of 5,939 tonnes of copper in concentrate and 3,376 tonnes of copper cathode.

The Kinsevere Stage I Heavy Media Separation ("HMS") plant operated until June 24, 2011, at which time it was placed on care and maintenance, allowing resources to focus on the commissioning and ramp-up of the SX-EW plant.

The Company generated revenues of \$10.4 million from the sale of copper in concentrates and incurred an operating loss of \$1.9 million for the June quarter due to lower volume and continued high mining costs in relation to the cutback program in the central pit at Kinsevere in order to prepare for Stage II processing and to provide waste material for the raising of the embankments at the Stage II tailings storage facility. The Company's net loss after tax for the June quarter was \$0.8 million, equivalent to loss per share of \$0.01 (basic).

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

## Key operating highlights for the second quarter

- Net sales of copper in concentrate of \$10.4 million compared to \$14.5 million for the second quarter of 2010.
- Production of 2,623 tonnes of copper in concentrate, compared to 4,412 tonnes in the second quarter of 2010.
- Operating loss of \$1.9 million, compared to \$2.5 million for the second quarter of 2010.
- Net loss from continuing operations of \$0.8 million (-\$0.01 per share), compared to net profit of \$15.1 million (\$0.10 per share) for the second quarter of 2010.
- Average realized copper price of \$4.09 per pound, compared to \$2.95 per pound for the second quarter of 2010.

- Production of 3,376 tonnes of copper cathode.
- Copper cathode sales of 2,975 tonnes for revenue of \$26.8 million.
- Commencement of drilling program at the Kinsevere sulphide deposit.

Darryll Castle, President and CEO of Anvil, commented, "The construction of the Kinsevere Stage II 60,000 tonnes per year SX-EW plant is essentially complete. Our focus remains firmly on the commissioning and ramp-up of the Kinsevere Stage II SX-EW plant, which continues to progress well, with 2,023 and 3,173 tonnes of copper cathode for the months of June and July respectively, the majority of which has been independently assayed as LME Grade A quality. Given the current rate of progress with ramp-up and commissioning, it is anticipated that the 5,000 tonnes per month design capacity will be achieved during the fourth quarter of 2011. With the performance of the Stage II SX-EW plant, along with the commencement of sulphide drilling at Kinsevere and the regional exploration effort, the Company is well placed for organic growth."

### Strategic Review Process

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

### Kinsevere Stage II Commissioning and Ramp-up

Testing and commissioning of all modules is progressing in line with expectations and the Company anticipates that this will be completed in the third quarter of 2011, at which time it is expected that commercial production be declared and formal taking over of the Stage II SX-EW plant take place.

With construction essentially complete, the Company remains firmly focused on the ramp-up of the plant to design capacity, which is expected during the fourth quarter of 2011. Consistency of supply of power from the grid will continue to be addressed both internally and with Société Nationale d'Electricité, the state owned electricity provider.

As at July 31, 2011, \$178 million of the \$200 million budget for completion of construction had been spent, \$123 million of which relates to the Engineering, Procurement and Construction (Lump Sum Turn Key) Contract (the "EPC Contract") with Ausenco Limited, \$55 million to Owner's Costs, with a further \$8 million committed for a total spent and committed amount of \$186 million of the remaining \$200 million required to complete the project.

The Company continues to investigate an expansion of the capacity of the Stage II SX-EW Plant, which to date has involved review of various technical options. The Board has given management the approval to proceed with the ordering of long lead-time items. The long lead-time items will serve an additional purpose of debottlenecking the existing facility and allow it to exceed current design parameters.

The complete June 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](http://www.anvilmining.com) under the heading "Financial Reports" within the Investor Relations section.

### Kinsevere SX-EW Cathode Production

For the three months ended June 30, 2011, the Company produced 3,376 tonnes of cathode, 2,975 tonnes of which were sold, for revenue of \$26.8 million.

Kinsevere SX-EW operations	Three Months Ended			
June 30, 2011				
Cathode revenue	\$'000	26,788		
Cathode allocated costs	\$'000	9,085		
Net Cathode contribution allocated to capital	\$'000		17,703	
Cathode produced	Tonnes	3,376		
Cathode grade	% Cu	99.99		
Cathode copper sold	Tonnes	2,975		

## Liquidity

As at July 31, 2011, Anvil had approximately \$25.2 million in cash, all of which is held on deposit with international banks, and restricted cash of \$7.3 million, the majority of which relates to cash collateral in connection with security in place under the Engineering, Procurement and Construction (Lump Sum Turn Key) Contract for the development of Kinsevere Stage II.

In addition to its cash, as at July 31, 2011, \$43 million of the \$100 million Project Loan Facility (the "Loan Facility") provided by Trafigura, the proceeds of which are being used exclusively to meet costs associated with the completion of construction of Kinsevere Stage II, remains undrawn. The Company does not expect to make any further drawdown under the Loan Facility.

## Appointment of Senior Executives

During the June quarter, the Company made two executive appointments to newly created positions, each of which further strengthened the management team and the Company's capacity to deliver its operational and growth objectives. Mr. Greg Morris was appointed to the position of Chief Operating Officer and Mr. Neil Caldwell was appointed to the position of Vice President Development and Sustainability. Both Mr. Morris and Mr. Caldwell are based in Johannesburg and report directly to the President and Chief Executive Officer. A summary of their respective experience is available on the Company's website ([www.anvilmining.com](http://www.anvilmining.com)) under the Corporate/Management section. The appointment of Mr. Morris and Mr. Caldwell follows the appointment of Mr. Darryll Castle to the position of President and CEO, effective May 1, 2011.

## Second Quarter 2011 Results Conference Call and Webcast

A conference call will be held at 8:30 a.m. (Toronto time) on Friday August 12, 2011 coinciding with 8:30 p.m. (AWST - Australia, Perth time) on the same day to discuss the Company's second quarter 2011 results.

The details to access the conference call and the live audio webcast are as follows:

### Conference call:

(Please call approximately five minutes prior to the scheduled start of the call).

- Toll-free within North America: 1-888-231-8191
- For local and overseas calling: 1-647-427-7450

Live audio webcast of the conference call (listen mode only):

- CNW Group website at:  
<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3608660> (English)  
<http://www.cnw.ca/fr/webcast/viewEvent.cgi?eventID=3608660> (French)

### Replay Information (available for a period of 7 days):

The conference call will be recorded and a playback of the call will be available after the event by dialling:

Toll Free: 1-855-859-2056

Local: 416-849-0833, 514-807-9274, 613-667-0035, 403-451-9481, 778-371-8506 or 902-455-3955.

Conference ID/Password number: 85078769 followed by the pound (#) key.

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

June 30 6 Months Ended

June 30

2011 2010 2011 2010

##### FINANCIAL PERFORMANCE

Copper concentrate sales: (\$ millions) 10.4 14.5 28.0 30.0

Operating income / (loss): (\$ millions) (1.9) 2.5 4.6 7.2

Net profit / (loss): (\$ millions) (0.8) 15.1 36.7 15.1

##### PRODUCTION STATISTICS

Consolidated Group

Copper produced in concentrates (tonnes) 2,623 4,412 5,939 8,505

Kinsevere mine (HMS)

Ore processed (tonnes) 51,772 72,716 133,613 134,207

Copper grade (% Cu) 5.6 7.3 5.3 7.9

Copper recovery - HMS (% Cu) 78.2 72.1 73.9 70.5

Concentrate grade - HMS and spirals (% Cu) 23.4 24.0 24.7 24.5

Copper produced in concentrate - HMS and Spiral (tonnes) 2,623 4,412 5,939 8,505

Copper sold (tonnes) 2,149 4,872 5,331 9,296

Operating cash costs ( \$/tonne concentrate) 924 292 824 305

Kinsevere mine (SX-EW)

Ore processed (tonnes) 146,790 - 146,790 -

Feed grade (% Cu) 3.4 - 3.4 -

Cathode produced (tonnes) 3,376 - 3,376 -

Cathode Grade (% Cu) 99.99 - 99.99 -

Cathode sold (tonnes) 2,975 - 2,975 -

##### Consolidated Balance Sheets (unaudited)

(Expressed in thousands of United States dollars)

June 30

2011 Dec 31

2010

(restated)

##### ASSETS

Current assets

Cash and cash equivalents 28,428 56,415

Restricted cash 6,808 7,314

Trade and other receivables 27,947 12,988

Inventories 27,460 14,060  
 Other financial assets 75 182  
 Current assets classified as held for sale - 1,204  
 90,718 92,163  
 Non-current assets  
 Restricted cash 513 513  
 Trade and other receivables 14,311 14,253  
 Other financial assets 25,752 -  
 Investment in associate - 11,927  
 Inventories 14,250 13,109  
 Exploration and evaluation expenditure 60,722 60,657  
 Property, plant and equipment 516,763 488,703  
 632,311 589,162  
 Total assets 723,029 681,325

LIABILITIES

Current liabilities  
 Trade and other payables 25,243 29,508  
 Financial liabilities 18,641 38,669  
 Borrowings 13,060 4,649  
 Current income taxes 62 21  
 Provisions 2,680 2,634  
 59,686 75,481

Non-current liabilities  
 Borrowings 38,978 31,829  
 Provisions 21,417 20,991  
 Deferred tax liabilities 499 10,766  
 60,894 63,586  
 Total liabilities 120,580 139,067  
 Net assets 602,449 542,258

June 30

2011 December 31

2010

(restated)

Shareholders' equity

Share capital 519,465 480,787

Share based payment reserve 10,382 9,413

Retained earnings 92,894 54,944

Other reserves (16,134) -

Capital and reserves attributable to owners of Anvil Mining Limited 606,607 545,144

Non-controlling interests (4,158) (2,886)

Total equity 602,449 542,258

Consolidated Statements of Income and Comprehensive Income (unaudited)

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

3 Months Ended

June 30 6 Months Ended

June 30

2011 2010

(restated) 2011 2010

(restated)

Continuing operations

Revenue from sale of goods 10,402 14,529 27,966 30,015

Cost of goods sold (12,311) (11,994) (23,363) (22,825)

Gross (loss) / profit (1,909) 2,535 4,603 7,190

Other income 93 3,920 30,694 4,952

Gain / (loss) on derivative instruments 193 (757) (107) (409)

Exploration costs (65) - (65) -

General, administrative and marketing costs (6,195) (4,234) (10,331) (8,109)

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

Fair value gain on warrants carried at fair value through profit and loss 1,240 9,912 793 4,198

Other expenses (1,011) (540) (1,100) (495)

(Loss) / profit before finance items and tax (7,654) 10,610 25,603 7,101

Finance income 34 577 1,358 992

Finance costs (209) (501) (477) (1,015)

Finance items - net (175) 76 881 (23)  
 (Loss)/ profit before tax (7,829) 10,686 26,484 7,078  
 Income tax benefit 6,997 4,410 10,194 8,005  
 (Loss) / profit for the period from continuing operations (832) 15,096 36,678 15,083

Discontinued operation  
 Profit from discontinued operation - 5,582 - 5,448  
 (Loss) / profit for the period (832) 20,678 36,678 20,531

Other comprehensive income / (loss)  
 Changes in fair value of available-for-sale investments (16,134) (233) (16,134) (284)  
 Total comprehensive (loss) / income for the period (16,966) 20,445 20,544 20,247

(Loss) / profit attributable to:  
 Owners of Anvil Mining Limited (67) 21,826 37,950 22,269  
 Non-controlling interests (765) (1,198) (1,272) (1,738)  
 (832) 20,678 36,678 20,531  
 Total comprehensive (loss) / income attributable to:  
 Owners of Anvil Mining Limited (16,201) 21,643 21,816 21,985  
 Non-controlling interests (765) (1,198) (1,272) (1,738)  
 (16,966) 20,445 20,544 20,247  
 Profit / (loss) per share from continuing operations:  
 Basic profit / (loss) per share (\$) (0.01) 0.10 0.23 0.10  
 Diluted profit / (loss) per share (\$) (0.01) 0.10 0.23 0.10

Consolidated Statement of Cash Flows (unaudited)  
 (Expressed in thousands of United States dollars)  
 3 Months Ended June 30 6 Months Ended June 30  
 2011 2010 2011 2010

Cash flows from operating activities  
 (Loss)/profit for the period from continuing operations (832) 15,096 36,678 15,083

Adjustments for:  
 Depreciation and amortization 4,154 4,245 7,717 9,064  
 Share of loss/(gain) of associate - 226 (1,116) 226  
 Loss / (gain) on derivative instruments (193) 757 107 409  
 Provision for impairment of asset - (3,904) - (4,809)  
 Gain on sale of asset (126) - (1,764) -  
 Non cash finance cost 209 519 418 999  
 Gain on discontinuation of equity accounting - - (28,842) -  
 Provision for bad or doubtful debts - 450 - 450  
 Net exchange differences (1,072) 123 (703) (218)  
 Fair value gain on warrants (1,240) (9,912) (793) (4,198)  
 Deferred tax (6,997) (4,410) (10,194) (8,005)  
 Share based payment expense 367 114 335 382  
 (5,730) 3,304 1,843 9,383  
 Changes in non-cash working capital (20,222) 3,580 (36,689) (1,398)  
 (25,952) 6,884 (34,846) 7,985

Cash flows used in investing activities

Payments for property, plant and equipment (8,093) (23,490) (27,672) (57,021)  
 Payments for exploration expenditure (65) (5) (65) (227)  
 Payments as security deposit - (6,460) - (6,460)  
 Proceeds from repayments from investment - 112 - 112  
 (8,158) (29,843) (27,737) (63,596)  
 Cash flows (used in) / provided by financing activities  
 Proceeds from issue of shares (net of issue expenses) 1,964 42 20,078 (229)  
 Payment of loan origination costs - (255) (795) (531)  
 Movement in restricted cash 514 127 505 44  
 Payment of borrowings (50) (71) (101) (140)  
 Receipts from borrowings - - 15,000 -

Shares purchased - ESSIP  
 - (1,238) - (1,238)  
 2,428 (1,395) 34,687 (2,094)

Cash flows from discontinued operations

Cash flows used in operating activities  
- 513 - -

Cash flows from financing  
- (30) - -

Net decrease in cash and cash equivalents from discontinued operations  
- 483 - -

Net increase / (decrease) in cash and cash equivalents  
(31,682) (23,871) (27,896) (57,705)

Cash and cash equivalents at beginning of the period 60,176 87,440 56,415 121,234

Effects of exchange rate changes on cash held in foreign currencies (66) (109) (91) (69)

Cash and cash equivalents at end of the period for continuing operations 28,428 63,460 28,428 63,460

Cash and cash equivalents at end of the period 28,428 63,460 28,428 63,460

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