Orvana Minerals Corp.

Management Discussion and Analysis for the First Quarter 2003

This management discussion and analysis ("MD&A") of results of operations and financial condition of Orvana Minerals Corp. ("Orvana" or the "Corporation") should be read in conjunction with Orvana's consolidated financial statements and related notes for the three months ended March 31, 2003. The Corporation prepares and files its financial statements and MD&A in accordance with Canadian generally accepted accounting principles ("GAAP"). In 2002, Orvana changed the currency in which it reported its financial results from Canadian dollars to U.S. dollars. All dollar amounts in this MD&A are in U.S. dollars unless otherwise stated.

Forward-looking Statements

This MD&A contains forward-looking statements that are based on the Corporation's expectations, estimates and projections regarding its business and the precious metals market and economic environment in which it operates. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on them. Statements speak only as of the date on which they are made, and the Corporation undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances.

Don Mario Mine

Orvana made substantial progress in the first quarter toward mine start-up and has been testing since April the ore processing mill at its $20 million Don Mario gold mine in southeast Bolivia. The testing of electrical and mechanical systems is nearly completed. Orvana started testing the mill with low grade ore in May, and the next stage is to run medium grade ore through the mill, testing operational and metallurgical parameters for further optimization of gold recovery. Orvana expects to process ore at a rate of 600 tonnes per day on a sustainable basis by early June. To date, the corporation has completed 110 meters of the vertical shaft, 760 meters in drifts and crosscuts, and 340 meters in open cut and ventilation raises. Orvana has also completed construction of the shaft pulley towers, and commenced installation of the main hoist. A sufficient volume of water is stored in the property's dams and preventive measures are being taken to minimize evaporation. 71,000 tonnes of ore have been stockpiled for initial milling. Upon reaching full commercial production, annual output of the mine is estimated to be 60,000 ounces of gold.

Business Strategy

The Corporation's management is focused on generating revenues from production at the Don Mario mine. The mine's competitive advantage is expected to be its relatively moderate infrastructure, labour and energy costs. Orvana does not currently intend to hedge its gold production, and expects to repay regularly over an extended period the debt incurred to finance construction of the mine. The Corporation also intends to use a portion of free cash flow to fund underground exploration of the Don Mario property's lower mineralized zone with the intention of developing additional mineral reserves.

Assets, Liabilities and Shareholders' Equity

Total assets increased $2.3 million to $26.8 million during the first quarter of 2003. The Corporation spent an additional $2.4 million on the construction of the Don Mario mine. To finance these expenditures, Orvana borrowed an additional $2.5 million from an $8 million loan facility with a Bolivian bank, bringing the total amount drawn to $6.5 million. As a result, liabilities increased $2.1 million to $15.7 million in the first three months of the year. Orvana reduced trade accounts payable by approximately $280,000 during the quarter, and shareholders' equity rose slightly to $11.1 million.

Revenues

As gold production had not commenced in the first quarter, the Don Mario project did not produce revenues.

Expenses

Total expenses in the quarter were $31,634 compared to $55,056 in the first three months of 2002. The Corporation incurred a first-quarter net loss of $28,746 compared to a loss of $43,588 in the first quarter of the previous.

Net Income/Loss

Orvana recorded a net loss of $28,746 in the first quarter of 2003 compared to a loss of $43,588 in the first quarter of the previous year. These amounts represent approximately $0.00 per share.

Liquidity and Capital Resources

Cash and cash equivalents decreased slightly from the fourth quarter of 2002 to $1.3 million at the end of the first quarter of 2003, as a result of expenditures and financing described above. Considering this cash position, the un-drawn amount of the Corporation's loan facilities, estimated production revenues and projected expenses, Orvana management is confident that working capital will be sufficient to meet currently expected financial obligations and cash requirements related to initial commercial production at the Don Mario mine.

Risks and Uncertainties

The Corporation's business is subject to economic, geological and operating risks and uncertainties which are beyond Orvana's control. These are described in the Corporation's Annual Information Form and fiscal 2002 MD&A which are filed on SEDAR. Through its relationship with Comsur, Orvana has access to a management team which has experience in mining in Bolivia and is capable of helping to minimize risks, uncertainties and their impacts.

Outlook

Financial results of the first quarter of 2003 reflected construction and development activities that will lead to commercial production. Orvana is focusing on bringing the Don Mario mine to a production level of 600 tonnes of ore per day. The Corporation expects to report gold sales and revenues in the third quarter, and with relatively moderate operating costs, it is estimated that the mine will process ore at cash costs of approximately $25 to $30 per tonne. Based on current gold prices, the Corporation expects to earn, in the balance of the year, revenues in excess of expenses and to generate positive cash flow from operations.