

ORVANA MINERALS CORP.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(UNAUDITED)
(EXPRESSED IN UNITED STATES DOLLARS)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ORVANA MINERALS CORP.
Interim Consolidated Balance Sheets
(In thousands of United States dollars)

(Unaudited)	As at December 31 2008	As at September 30 2008
Assets		
Current assets		
Cash and cash equivalents	\$ 96,605	\$ 91,041
Gold sales receivable	-	1,785
Value-added taxes receivable and prepaid expenses	3,965	4,275
Gold inventory	851	641
Supplies inventory	3,695	2,871
	105,116	100,613
Property, plant and equipment (note 3)	19,869	20,072
	\$ 124,985	\$ 120,685
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,010	\$ 6,786
Income taxes payable	10,817	7,792
Current portion of long-term debt (note 4)	1,632	1,601
	17,459	16,179
Long-term debt (note 4)	2,224	2,644
Asset retirement obligations (note 5)	2,198	2,156
Provision for statutory labour obligations	1,322	1,307
Future income tax liability	914	1,537
Long-term compensation (note 7(b))	67	-
	24,184	23,823
Shareholders' equity		
Share capital (note 6)	74,777	74,777
Contributed surplus	1,578	1,553
Retained earnings	24,446	20,532
	100,801	96,862
	\$ 124,985	\$ 120,685

Commitments and contingencies (note 8)

The notes to consolidated financial statements are an integral part of these statements.

ORVANA MINERALS CORP.

Interim Consolidated Statements of Income and Comprehensive Income (In thousands of United States dollars except per share amounts)

(Unaudited)	Three months ended December 31	
	2008	2007
Revenues		
Gold sales	\$ 14,165	\$ 16,077
Costs and expenses of mining operations		
Cost of sales	3,400	3,018
Royalties and mining rights	458	511
Mining royalty taxes	988	117
Depreciation and amortization	1,668	2,112
Accretion (note 5)	42	42
	6,556	5,800
	7,609	10,277
Expenses (income)		
General and administration	840	913
Exploration	147	306
Stock-based compensation (note 7(a))	25	72
Community relations	34	54
Interest on long-term debt	82	-
Interest and other income	(624)	(678)
Foreign exchange	92	64
	596	731
Income before provision for income taxes and provision for future income taxes	7,013	9,546
Provision for income taxes		
Current income taxes	3,721	2,681
Future income taxes	(622)	-
	3,099	2,681
Net income and comprehensive income	\$ 3,914	\$ 6,865
Earnings per share		
Basic and diluted	\$ 0.03	\$ 0.06
Weighted average number of shares outstanding - basic	115,233,173	115,233,173
Dilutive effect of stock options	-	185,034
Weighted average number of shares outstanding - diluted	115,233,173	115,418,207

The notes to consolidated financial statements are an integral part of these statements.

ORVANA MINERALS CORP.
Interim Consolidated Statements of Cash Flows
(In thousands of United States dollars)

(Unaudited)	Three months ended	
	December 31	
	2008	2007
Operating activities		
Net income	\$ 3,914	\$ 6,865
Depreciation and amortization	1,668	2,112
Accretion (note 5)	42	42
Stock-based compensation (note 7(a))	25	72
Future income taxes	(622)	-
Provision for statutory labour obligations	15	(9)
Long-term compensation expense (note 7(b))	67	-
Foreign exchange	92	64
	5,201	9,146
Changes in non-cash working capital items		
Gold sales receivable	1,785	1,462
Value-added taxes receivable and prepaid expenses	310	104
Gold inventory	85	32
Supplies inventory	(824)	(158)
Accounts payable and accrued liabilities	(1,776)	279
Income taxes payable	3,025	1,725
	7,806	12,590
Financing activities		
Repayment of long-term debt	(389)	-
Investing activities		
Capital expenditures	(1,761)	(886)
Change in cash and cash equivalents	5,656	11,704
Cash and cash equivalents, beginning of period	91,041	55,667
Effect of exchange rate changes on cash held in foreign currencies	(92)	(64)
Cash and cash equivalents, end of period	\$ 96,605	\$ 67,307

The notes to consolidated financial statements are an integral part of these statements.

ORVANA MINERALS CORP.

Interim Consolidated Statements of Changes in Shareholders' Equity (In thousands of United States dollars)

(Unaudited)	Share capital	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, September 30, 2007	\$ 74,777	\$ 1,354	\$ (5,175)	\$ 70,956
Grant of stock options	-	151	-	151
Vesting of previously issued stock options	-	48	-	48
Net income	-	-	25,707	25,707
Balance, September 30, 2008	\$ 74,777	\$ 1,553	\$ 20,532	\$ 96,862
Vesting of previously issued stock options	-	25	-	25
Net income	-	-	3,914	3,914
Balance, December 31, 2008	\$ 74,777	\$ 1,578	\$ 24,446	\$ 100,801

Interim Consolidated Statements of Retained Earnings (In thousands of United States dollars)

(Unaudited)	Three months ended December 31	
	2008	2007
Retained earnings (deficit), beginning of period	\$ 20,532	\$ (5,175)
Net income	3,914	6,865
Retained earnings, end of period	\$ 24,446	\$ 1,690

The notes to consolidated financial statements are an integral part of these statements.

ORVANA MINERALS CORP.

Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited)

(In thousands of United States Dollars unless otherwise noted)

1. Nature of operations

Orvana Minerals Corp. (the "Company" or "Orvana") is a Canadian mining and exploration company based in Toronto, Ontario involved in the evaluation, development and mining of precious and base metal deposits in the Americas. The Company owns and operates the Don Mario Mine and property in eastern Bolivia which is held indirectly through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"). In addition, in fiscal 2008, the Company acquired the Copperwood Project in the United States, which is held indirectly through its wholly-owned subsidiary, Orvana Resources US Corp. ("Orvana Resources"). The Company's shares are listed on the Toronto Stock Exchange.

2. Basis of presentation and new accounting policies

(a) Basis of presentation

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements except as noted below. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended September 30, 2008, since they do not contain all disclosures required by GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

(b) New accounting policy

The Company established a deferred share unit ("DSU") plan, effective October 1, 2008. The initial fair value of units issued is recognised as directors' fees within general and administration in the consolidated statement of income and comprehensive income. The fair value of the DSUs is marked to the quoted market share price of the Company at each reporting date and changes in their fair value are recorded in interest and other income.

(c) Future accounting changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will be required for Orvana's interim and annual financial statements for the fiscal year beginning October 1, 2011.

The Company is currently assessing the impact of IFRS on its consolidated financial statements.

ORVANA MINERALS CORP.

Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited)

(In thousands of United States Dollars unless otherwise noted)

3. Property, plant and equipment

December 31, 2008	Cost	Accumulated amortization	Net carrying value
Plant and equipment	\$ 34,431	\$ 23,766	\$ 10,665
Construction in process	4,060	-	4,060
Mineral properties and deferred development costs	9,788	6,040	3,748
Asset retirement costs	1,499	1,084	415
Furniture and equipment	126	68	58
Copperwood project	923	-	923
	\$ 50,827	\$ 30,958	\$ 19,869

September 30, 2008	Cost	Accumulated amortization	Net carrying value
Plant and equipment	\$ 33,693	\$ 21,975	\$ 11,718
Construction in process	3,957	-	3,957
Mineral properties and deferred development costs	9,627	5,902	3,725
Asset retirement costs	1,499	1,054	445
Furniture and equipment	121	63	58
Copperwood project	169	-	169
	\$ 49,066	\$ 28,994	\$ 20,072

4. Long-term debt

On March 4, 2008, EMIPA entered into a term credit facility agreement of \$5,000 with a Bolivian Bank. This facility bears interest at 7.75% per annum and is payable in equal quarterly installments over a three-year period as set out in the repayment table of this note. The Company has the option of prepaying the loan prior to the end of its term without penalties. A repayment of \$389 was made on December 17, 2008. At December 31, 2008, \$3,856 was outstanding under this facility.

There are no specific covenants related to this facility.

Long-term debt repayments are as follows:

fiscal 2009	\$ 1,213
2010	1,728
2011	915
	3,856
Less: current portion	(1,632)
	\$ 2,224

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Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited)

(In thousands of United States Dollars unless otherwise noted)

5. Asset retirement obligations

The following table summarizes the changes in asset retirement obligations during the periods presented:

	Three months ended December 31 2008	Year ended September 30 2008
Balance, beginning of period	\$ 2,156	\$ 1,988
Accretion expense	42	168
Balance, end of period	\$ 2,198	\$ 2,156

6. Share capital

(a) Authorized - unlimited number of common shares

(b) Common shares issued

	Number of common shares	Stated value
Balance, December 31, 2008 and September 30, 2008	115,233,173	\$ 74,777

7. Stock options and long-term compensation

(a) Stock options

A summary of the stock option transactions for the three-month period is as follows:

	Stock options	Weighted average exercise price
Balance, September 30, 2008	2,990,001	Cdn \$0.90
Expired	(65,000)	1.00
Balance, December 31, 2008	2,925,001	\$0.90

Stock options have been expensed as follows:

	Cumulative expense to December 31 2008	Remainder to be expensed	Total stock option compensation
Stock option expense	\$ 1,578	\$ 47	\$ 1,625

ORVANA MINERALS CORP.

Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited)

(In thousands of United States Dollars unless otherwise noted)

7. Stock options and long-term compensation (continued)

(a) Stock options (continued)

The Company uses the fair value method of accounting and, during the three months ended December 31, 2008 recognized stock-based compensation expense of \$25 (three months ended December 31, 2007 - \$72).

For the three months ended December 31, 2008, the fair value associated with non-vested stock options is \$111 (three months ended December 31, 2007 - \$206).

As at December 31, 2008, outstanding and exercisable stock options granted were as follows:

Grant Date	Fair Value	Number of Non-Vested Options	Weighted Average Contractual Life (in years)	Number of Vested Options	Exercise Price	Expiry Date
April 1, 2005	\$ 471	-	1.25	1,025,000	Cdn \$1.03	April 1, 2010
June 30, 2005	210	-	1.50	470,000	1.00	June 30, 2010
September 26, 2005	16	-	1.74	30,000	1.20	September 26, 2010
May 12, 2006	19	-	2.37	41,667	1.05	May 12, 2011
June 23, 2006	129	-	2.48	325,000	0.89	June 23, 2011
July 5, 2006	24	-	2.51	58,334	0.91	July 5, 2011
December 14, 2006	99	-	2.96	350,000	0.60	December 14, 2011
August 9, 2007	55	50,000	3.61	100,000	0.69	August 8, 2012
December 3, 2007	150	108,334	3.93	216,666	0.81	December 3, 2012
March 3, 2008	65	100,000	4.18	50,000	0.75	March 3, 2013
	\$1,238	258,334	2.08	2,666,667		
Total vested and non-vested stock options				2,925,001		

(b) Long-term compensation

Effective October 1, 2008, the Company established a DSU plan for its non-employee directors with each DSU having the same value as an Orvana common share. Under the DSU Plan, non-employee directors receive a portion of their annual compensation in the form of DSUs. The DSUs vest immediately and are redeemable in cash on the date the holder ceases to be a director of the Company. The fair value of DSUs at grant date is determined by reference to the average market share price of the Company over the five trading days immediately preceding the date of grant.

During the three months ended December 31, 2008, 148,518 DSUs were granted under the DSU plan and \$74 was recognised as directors' fees within general and administration. The outstanding DSUs were marked to market at December 31, 2008, and as a result of the decrease in the market value of the Company's shares \$7 was charged to the income statement (refer to note 2(b)).

ORVANA MINERALS CORP.

Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited)

(In thousands of United States Dollars unless otherwise noted)

8. Commitments and contingencies

(a) The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. The Company records provisions for asset retirement obligations based on management's estimate of such costs. These estimates are, however, subject to changes in laws and regulations.

(b) The mining concessions on which the Company is actively pursuing its exploration and development activities are largely located in eastern Bolivia. As a result, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability in Bolivia, which may result in the impairment or loss of mineral concessions or other mineral rights. Any changes in laws or regulations, including possible changes to the Bolivian Mining Code, or shifts in political attitudes, are beyond the control of the Company and may adversely affect its business.

9. Comparative Information

Certain comparative figures have been reclassified to conform with current period financial statement presentation.

10. Segmented information

The Company primarily operates in one reportable operating segment, being the exploration, development and commercial production of mineral properties in Bolivia and the United States. The Company has administrative offices in Toronto, Canada, Stockholm, Sweden and Nicosia, Cyprus. Geographical information is as follows:

As at December 31, 2008 and for the three months then ended:

	Gold Sales	Cash and cash equivalents	Property, plant and equipment	Other assets	Total assets
Bolivia	\$ 14,165	\$ 4,773	\$ 18,888	\$ 8,217	\$ 31,878
United States	-	-	923	-	923
Canada	-	36,163	58	294	36,515
Sweden	-	55,643	-	-	55,643
Cyprus	-	26	-	-	26
	\$ 14,165	\$ 96,605	\$ 19,869	\$ 8,511	\$ 124,985

As at December 31, 2007 and for the three months then ended:

	Gold Sales	Cash and cash equivalents	Property, plant and equipment	Other assets	Total assets
Bolivia	\$ 16,077	\$ 3,903	\$ 16,273	\$ 6,036	\$ 26,212
Canada	-	14,418	96	415	14,929
Sweden	-	48,910	-	-	48,910
Cyprus	-	76	-	-	76
	\$ 16,077	\$ 67,307	\$ 16,369	\$ 6,451	\$ 90,127

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(Unaudited)

(In thousands of United States Dollars unless otherwise noted)

10. Segmented information (continued)

As at September 30, 2008 and for the year then ended:

	Gold Sales	Cash and cash equivalents	Property, plant and equipment	Other assets	Total assets
Bolivia	\$ 69,064	\$ 757	\$ 19,846	\$ 9,142	\$ 29,745
United States	-	-	169	-	169
Canada	-	37,037	57	359	37,453
Sweden	-	53,200	-	66	53,266
Cyprus	-	47	-	5	52
	\$ 69,064	\$ 91,041	\$ 20,072	\$ 9,572	\$ 120,685