

ORVANA MINERALS CORP.

Consolidated Balance Sheets (Prepared by Management)

(Expressed in United States Dollars Unless Otherwise Noted)

	December 31, 2003 (Unaudited)	September 30, 2003 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,051,011	\$ 228,472
Accounts receivable and prepaid expenses	2,958,768	3,182,822
Gold and ore inventories	413,572	360,876
Supplies	<u>968,345</u>	<u>1,182,759</u>
	5,391,696	4,954,929
Mineral properties and deferred development costs	7,043,576	7,351,435
Capital assets	<u>16,949,683</u>	<u>17,659,869</u>
	<u>\$ 29,384,955</u>	<u>\$ 29,966,233</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,984,497	\$ 2,650,219
Current portion of loans payable	3,200,000	2,800,000
Current portion of notes payable	<u>119,315</u>	<u>159,653</u>
	5,303,812	5,609,872
Loan payable - Banco de Credito de Bolivia	6,000,000	6,000,000
Loan payable - Compania Minera del Sur S.A.	6,800,000	7,200,000
Notes payable	158,313	158,313
Debenture - Compania Minera del Sur S.A.	92,488	92,488
Provision for statutory workers' settlements	126,067	107,911
Reclamation	<u>78,440</u>	<u>35,287</u>
	<u>18,559,120</u>	<u>19,203,871</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 2)	74,637,163	74,617,452
Deficit	<u>(63,811,328)</u>	<u>(63,855,090)</u>
	<u>10,825,835</u>	<u>10,762,362</u>
	<u>\$ 29,384,955</u>	<u>\$ 29,966,233</u>

Approved by the Board of Directors

"Jeffrey Lloyd" Director

"George S. Hamilton" Director

ORVANA MINERALS CORP.

Consolidated Statements of Operations and Deficit

(Prepared by Management - Unaudited)

(Expressed in United States Dollars Unless Otherwise Noted)

Three Months Ended
December 31,
2003 2002

Revenue		
Gold sales	\$ 3,108,658	\$ -
Cost and expenses		
Cost of sales	1,208,759	-
Depreciation, amortization and reclamation	1,092,431	-
Corporate, general and administration	281,887	68,425
Production royalties	92,930	-
Foreign exchange loss (gain)	26,111	(96,855)
Interest on long term debt	<u>240,426</u>	<u>-</u>
	<u>2,942,544</u>	<u>(28,430)</u>
Income before income taxes paid	166,114	28,430
Income taxes paid	<u>122,352</u>	<u>-</u>
Net income for the period	43,762	28,430
DEFICIT, beginning of period	<u>(63,855,090)</u>	<u>(63,413,040)</u>
DEFICIT, end of period	<u>\$ (63,811,328)</u>	<u>\$ (63,384,610)</u>
Basic and diluted income per share	<u>\$ 0.00</u>	<u>\$ 0.00</u>

ORVANA MINERALS CORP.

Consolidated Statements of Cash Flows

(Prepared by Management - Unaudited)

(Expressed in United States Dollars Unless Otherwise Noted)

Three Months Ended
December 31,
2003 2002

Cash provided by (used in)

OPERATING ACTIVITIES

Net income for the period	\$ 43,762	\$ 28,430
Depreciation, amortization and reclamation	<u>1,092,431</u>	<u>-</u>
	1,136,193	28,430
Changes in non-cash working capital items		
Accounts receivable and prepaid expenses	224,054	(432,170)
Gold and ore inventories	(52,696)	-
Accounts payable and accrued liabilities	(665,722)	410,741
Supplies	214,414	(783,403)
Provision for statutory workers' settlements	<u>18,156</u>	<u>-</u>
	<u>874,399</u>	<u>(776,402)</u>

FINANCING ACTIVITIES

Proceeds from share issues	19,711	76,715
Due to Compania Minera del Sur S.A.	-	7,884,932
Loan payable, Banco de Credito de Bolivia	-	2,078,852
Loans payable	-	21,046
Notes payable	<u>(40,338)</u>	<u>206,031</u>
	<u>(20,627)</u>	<u>10,267,576</u>

INVESTING ACTIVITIES

Acquisition of capital assets	<u>(31,233)</u>	<u>(9,818,307)</u>
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CHANGE IN CASH AND CASH EQUIVALENTS

	822,539	(327,133)
CASH AND CASH EQUIVALENTS, beginning of period	<u>228,472</u>	<u>1,833,072</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,051,011</u>	<u>\$ 1,505,939</u>

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements (Prepared by Management)

Three Months Ended December 31, 2003

(Expressed in United States Dollars Unless Otherwise Noted)

(Unaudited)

1. ACCOUNTING POLICIES

The management of Orvana Minerals Corp. ("Orvana" or the "Company") have prepared these unaudited consolidated financial statements for the three months ended December 31, 2003 using Canadian generally accepted accounting principles. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the nine-month period ended September 30, 2003.

The disclosure in these interim consolidated financial statements do not conform in all respects to generally accepted accounting principles in Canada for annual financial reporting.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these consolidated financial statements. Operating results for the three-month period ended December 31, 2003 are not indicative of the results that may be expected for the year ending September 30, 2004.

The Company uses the same methods and policies as are used in the September 30, 2003 audited consolidated financial statements.

2. CAPITAL STOCK

(a) AUTHORIZED - Unlimited number of common shares

(b) COMMON SHARES ISSUED

	NUMBER OF SHARES	STATED VALUE
Balance, September 30, 2003	113,028,170	\$ 74,617,452
Exercise of stock options	136,500	19,711
Private placement - Compania Minera del Sur S.A.*	<u>136,500</u>	<u>-</u>
Balance, December 31, 2003	<u>113,301,170</u>	<u>\$ 74,637,163</u>

* Compania Minera del Sur S.A. ("Comsur") has the right to receive common shares of the Company at no additional cost, on a one-for-one basis for each common share issued by the Company as a result of the exercise of stock options, warrants or other convertible instruments outstanding on January 11, 2002.

Subsequent to December 31, 2003, the Company issued an additional 435,500 common shares on exercise of stock options for a net consideration of \$78,275 and an additional 435,500 common shares to Comsur pursuant to the right of Comsur to common shares described above.

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements (Prepared by Management)

Three Months Ended December 31, 2003

(Expressed in United States Dollars Unless Otherwise Noted)

(Unaudited)

2. CAPITAL STOCK (Continued)

(c) STOCK OPTIONS

The following summarizes the stock option activity for the three months ended December 31, 2003:

	STOCK OPTIONS	WEIGHTED AVERAGE PRICE
Balance, September 30, 2003	2,140,331	Cdn \$ 2.32
Exercised	136,500	0.19
Balance, December 31, 2003	2,003,831	\$ 2.51

The following are the stock options outstanding as at December 31, 2003:

	NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE
	88,000	Cdn\$ 8.00	July 2, 2006
	539,999	6.25	June 9, 2007
	50,000	4.10	August 14, 2007
	294,999	1.75	March 31, 2008
	65,000	1.00	December 8, 2008
	259,833	0.25	August 17, 2005
	80,000	0.15	December 5, 2005
	569,500	0.15	May 23, 2006
	56,500	0.15	September 5, 2006
	2,003,831		

3. RELATED PARTY TRANSACTIONS

- (a) Corporate, general and administration includes \$30,000 which was accrued to Comsur for management services.
- (b) Director fees of \$9,285 were accrued for the three months ended December 31, 2003.
- (c) A director of the Company was paid \$9,285 for administrative services. This director was also reimbursed for out-of-pocket expenses relating to the business of the Company.

4. COMPARATIVE FIGURES

Certain prior period comparative figures have been reclassified to conform with the current period's financial statement presentation.

SUPPLEMENT TO FINANCIAL STATEMENTS

Three Months Ended December 31, 2003

As of February 5, 2004, there were 114,172,170 common shares outstanding.

There were also 1,568,331 stock options outstanding.