ORVANA
MINERALS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS – Second Quarter ended March 31, 2005

This management discussion and analysis (“MD&A”) of results of operations and financial condition of Orvana Minerals Corp. (“Orvana” or the “Company”) describes the operating and financial results of the Company for the three months ended March 31, 2005 (the “second quarter 2005”). The MD&A should be read in conjunction with Orvana’s unaudited consolidated financial statements and related notes for second quarter 2005 and audited consolidated financial statements for the fiscal year ended September 30, 2004 (“fiscal 2004”). The Company prepares and files its financial statements and MD&A in accordance with Canadian generally accepted accounting principles (“GAAP”). In this MD&A, all dollar amounts are in United States dollars unless otherwise stated, and gold production, in fine troy ounces, are referred to as “ounces”.

In the fourth quarter of fiscal 2004, the Company implemented two changes to its accounting policies, which are described in the notes to the 2004 audited consolidated financial statements, and which affected both the fiscal 2003 and fiscal 2004 financial and operating results. Quarterly and annual financial and operating results for both fiscal years contained in tables in this MD&A have been restated to reflect these two changes in accounting policies.

This MD&A was prepared on May 4, 2005. It contains forward-looking statements that are based on the Company’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 such statements.

Management accepts responsibility for the reliability and timeliness of the information disclosed and confirms the existence and effectiveness of the systems of internal control that are in place to provide this assistance. The Board of Directors assesses the integrity of Orvana’s public financial disclosures through the oversight of the Audit Committee.

BUSINESS OVERVIEW AND STRATEGY

The Company
Orvana, a publicly traded company listed on the Toronto Stock Exchange, is involved in the evaluation, development and mining of precious metal deposits in the Americas.

The Don Mario Mine
Through its wholly owned subsidiary, Empresa Minera Paititi S.A. (“Paititi”), the Company owns and operates the Don Mario gold mine in eastern Bolivia. At the commencement of construction in March 2002, the Don Mario property had estimated proven and probable reserves of 1.5 million tonnes grading 8.74 grams per treated tonne, and contained an estimated 414,000 ounces of gold, according to an independent technical report on the Don Mario property prepared by the international consulting firm AMEC E&C Services Ltd., in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. Commercial production commenced July 1, 2003 and the mill has treated 399,436 tonnes of ore and produced 88,028 ounces of gold during the 21 months ended March 31, 2005.

Don Mario Upper Mineralized Zone ("UMZ") Infill Drilling Program
In June 2004, Orvana initiated an infill drilling program on the UMZ, a source of open pit ore, at the Don Mario property. The purpose of the program was to move the ore resource from inferred to indicated status in order to expand resources and future production. An update on this program is provided in the section entitled "Results" below.

Other Don Mario Concessions
The Don Mario property includes eight concessions covering 53,900 hectares that provide opportunities for further exploration.

Other Mineral Properties in Bolivia
The Company holds certain joint-venture interests in a number of mineral concessions in Bolivia, including a joint-venture interest in the Pederson property, which covers approximately 7,800 hectares. The Pederson property is located in the Canton of Challapata, in the Abaroa Province. The Pederson project has been on a care and maintenance status since May 1999. Development of the Pederson property could be commercially feasible with gold prices in excess of $400 per ounce. The Company believes that it holds a 50% interest in the Pederson joint venture, subject to such interest being reduced to 35% if the Company fails to issue, within 30 days of being notified that a decision has been made to place the Pederson property into commercial production, 200,000 common shares of the Company plus additional common shares of the Company having a value of $1,500,000 at the time such shares are issued. The Company has been advised that a third party is of the view that such party holds a 15% interest in the Pederson joint venture and that the Company holds a 35% interest, rather than a 50% interest, together with an option to purchase from such party an additional 15% interest in the Pederson joint venture which may be exercised by Orvana issuing 200,000 common shares of the Company plus additional common shares of the Company having a value of $1,500,000 at the time such shares are issued.

Orvana also owns the Las Palmeras concession, which covers approximately 7,100 hectares located in the Canton of San Ramon, Santa Rosa de la Mina and San Javier, in the Province of Ñuflo de Chavez. The Puquio Norte open pit gold mine operated within this concession until late 2001, when the ore body was exhausted and the operation was closed. Very little exploration has been conducted on the Las Palmeras concession, except within the immediate vicinity of the former Puquio Norte operation. The property is in care and maintenance status and Orvana has no immediate plans to further explore it.

Business Strategy
Orvana's near term business strategy is to complete the development of the Lower Mineralized Zone ("LMZ") of the Don Mario property and sustain gold production and sales from the Don Mario mine. The mine's competitive advantage is its relatively moderate infrastructure, labour and energy costs. Orvana does not currently intend to hedge its gold production, and expects to repay the debt incurred to finance construction of the mine in accordance with its loan agreements.

The Company is using a portion of its free cash flow to fund further exploration of the Don Mario property, with a view to developing additional mineral reserves and resources.

The Company's long-term goal is to be a low cost, long-life, multi-mine producer in the Americas.

Orvana is seeking additional growth and geographic diversification by investigating producing mines with characteristics similar to the Don Mario Mine and advanced-stage properties that could potentially be brought into production over the next two to three years.

OVERALL PERFORMANCE

Key Performance Factors

The key factors affecting Orvana's financial performance include gold prices, ore grades and recoveries, cost control management and efficient mine development and capital spending programs.

Revenue and Net Income

The Company's results for the three and six month periods ended March 31, 2005 with comparative figures for 2004 are summarized in the table below.

	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Revenue	$6,774,911	$4,693,412	$13,021,564	$7,802,070
Net income for the period	2,215,812	1,207,017	4,115,282	1,427,747
Net income per share – basic and diluted	$0.02	$0.01	$0.04	$0.01

Revenue (gold sales) for the second quarter increased by $2.1 million on additional ounces sold and higher gold prices compared to the second quarter 2004. Tonnes treated in the second quarter of 2005 were 58,951 compared to 58,902 in the second quarter of 2004. Average grades for the second quarter of 2005 were 10.30 grams per tonne (g/t) compared to 6.93 g/t in the second quarter of 2004.

Total expenses for the second quarter 2005 were unchanged from total expenses for the second quarter 2004 at $3.3 million. Cost of sales in the second quarter of 2005 remained relatively unchanged from cost of sales for the second quarter of 2004 at approximately $1.3 million. However, higher ore grades overall contributed significantly to higher gold production and correspondingly lower unit direct cost per ounce produced as noted in the table below:

	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Direct mine operating costs	$1,370,698	$1,250,633	$2,937,283	$2,400,984
Direct cost per treated tonne	23.25	21.23	24.82	20.29
Direct cost per ounce produced	79.03	107.23	93.57	117.32

Income taxes were $1.3 million in the second quarter 2005 compared to $0.2 million in the second quarter 2004, an increase of $1.1 million, of which $0.9 million was non-cash future income tax expense, due primarily to the utilization of Bolivian loss carry-forwards, the tax benefit of which had been recorded in the last quarter of the year ended September 30, 2004.

Net income for the second quarter 2005 was $2.2 million compared to $1.2 million for the second quarter 2004. As a result, for the quarter, net income per share increased from $0.01 to $0.02.

For the six months to March 31, 2005, revenue (gold sales) was $13.0 million and net income was $4.1 million compared to revenue (gold sales) of $7.8 million and net income of $1.4 million for the six months ended March 31, 2004.

Cash Flows

The following table summarizes the principal sources and uses of cash in the second quarter and the six months ended March 31, 2005, compared to the second quarter and six month periods of 2004:

	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Cash provided by operating activities	$5,741,020	$2,325,919	$9,321,699	$3,389,691
Repayment of loans and notes payable	(1,310,037)	(903,895)	(1,723,868)	(944,233)
Capital expenditures	(910,465)	(487,258)	(1,389,489)	(707,864)

Cash provided by operating activities

For the three months ended March 31, 2005, cash provided by operating activities increased by $3.4 million to $5.7 million compared to $2.3 million for the second quarter 2004. In the second quarter 2005, cash flow from operating activities contributed $5.7 million to cash. Net collections of accounts receivable amounted to $2.1 million, a significant portion of which were refunds of value-added taxes recoverable from the Bolivian tax administration on the export of gold bullion.

Capital expenditures

For fiscal 2005, the Company's business plan included capital expenditures of approximately $1.9 million, of which $0.9 million was spent in the second quarter for total spending of $1.3 million in the six months to March 31, 2005. For the six months, approximately $0.4 million represented mine development expenditures capitalized while $0.9 million was spent on other capital programs, the largest portion of which was for expansion of the tailings pond.

Financial Condition – March 31, 2005 compared to September 30, 2004

The following table provides a comparison of key elements of the Company's balance sheet at March 31, 2005 and September 30, 2004:

	March 31, 2005	September 30, 2004
Cash and cash equivalents	$10,129,094	$3,920,752
Working capital (including cash and current portion of long-term debt)	9,306,778	4,576,399
Total assets	37,635,281	35,300,472
Long-term debt, including current portion	11,731,916	13,455,784
Shareholders' equity	23,011,853	18,896,571

Cash increased by $6.2 million in the six months ended March 31, 2005 due to cash flow from operating activities of $9.3 million, including collection of $1.6 million of VAT recoverable.

Working capital increased to $9.3 million as at March 31, 2005, including $3.8 million in the current portion of long-term debt.

Long-term debt repayments in the six months ending March 31, 2005 amounted to $1.7 million.

Shareholders' equity increased by $4.1 million to $23.0 million. No dividends were paid in the six-month period ending March 31, 2005.

Outlook
Management anticipates that the Company will maintain current levels of production and operating efficiencies at the Don Mario mine during the fiscal year ending September 30, 2005. In the six-month period ended March 31, 2005, average mill throughput was approximately 717 treated tonnes per day. For the six months to March 31, 2005, the mill has treated 118,000 tonnes of ore and management estimates that Orvana will process approximately 230,000 tonnes during fiscal 2005.

The Company expects net income and cash flows for the balance of the current fiscal year to be consistent with those experienced over the first six months of fiscal 2005 barring unforeseen events and provided gold prices remain at current levels.

CORPORATE RESOURCES

Management and Staffing
Orvana continues to build its organization and management to enable it to achieve its objective of having a portfolio of low cost, long-life gold mines in the Americas.

Toronto Office
On April 4, 2005, the Company announced the appointment of T. Sean Harvey as President and Chief Executive Officer. Prior to joining Orvana, Mr. Harvey has held Chief Executive Officer positions with two mining companies and senior management positions with several investment banking firms.

In addition, Mr. Jaime Urjel, was named Deputy Chairman of the Board of Directors.

Santa Cruz Office
In Bolivia, Orvana is now assuming certain management functions that are currently performed by Compania Minera del Sur S.A. (“Comsur”) (see “Transactions with Related Parties” below).

The Company’s wholly-owned subsidiary, Paititi, has appointed Zenon Bellido to the new position of Manager of Operations. Mr. Bellido has overall responsibility for day-to-day management of the Don Mario mine. Prior to joining Paititi, Mr. Bellido held various senior management positions with Comsur and has over 30 years’ experience in the mining industry.

Additional staffing in the Santa Cruz office is being added to take over certain services currently provided by Comsur pursuant to a services agreement which is expected to terminate on September 30, 2005, including procurement, accounting, tax, legal and administrative activities. It is expected that these additional costs will be partially offset by the elimination of management services fees on termination of the services agreement.

Liquidity and Capital Resources
Liquidity
On March 31, 2005, Orvana had contractual obligations represented by long-term debt of $11.7 million. Principal repayments for the remaining six months of fiscal 2005 and for the fiscal years ended September 30, 2006 to 2009 are summarized in the following table:

	2005	2006	2007	2008	2009	Total
Loan payable - Banco de Credito de Bolivia	$1,000,000	$2,000,000	$2,000,000			$5,000,000
Loan payable – Fabulosa Mines Limited	933,333	1,600,000	1,600,000	$1,600,000	$666,667	6,400,000
Notes payable	57,201	114,402	67,825			239,428
Convertible debenture – Fabulosa Mines Limited		92,488				92,488
Total repayments	$1,990,534	$3,806,890	$3,667,825	$1,600,000	$666,667	$11,731,916

In addition, the Company has included a liability in its balance sheet for an asset retirement obligation in respect of the Don Mario Mine in the amount of $0.6 million, being the discounted amount of the estimated future costs of $1.1 million that it is expected will be incurred over the years 2009 to 2014 to dismantle mine installations and to complete reclamation.

For the six months ended March 31, 2005, the net increase in cash, after debt repayments and capital expenditures, was $6.2 million. At March 31, 2005, cash and cash equivalents amounted to $10.1 million. The Company has sufficient cash reserves, at the present time, to cover long-term debt repayments for the balance of 2005 fiscal and for the years ended September 30, 2006 and 2007 as well. In addition, provided gold prices remain in the range of $400 per ounce and provided no unforeseen events arise, it is expected that the Company will continue to generate significant cash flow.

Capital Resources
The table below provides a summary of the Company's current capital sources at March 31, 2005:

	March 31, 2005
Loan payable – LIBOR plus 3.75% - Banco de Credito de Bolivia	$5,000,000
Loan payable LIBOR plus 4.50% – Fabulosa Mines Limited	6,400,000
Notes payable – 5.61% to 8.00%	239,428
Convertible debenture – 6% – Fabulosa Mines Limited	92,488
Total long-term debt	11,731,916
Shareholders' equity	23,011,853
Total capital	$34,743,769

The Company has no significant capital commitments or spending plans beyond normal mine development and capital replacement requirements.

Existing long-term debt was incurred to finance the purchase of the mill and other capital assets and the initial development and start-up of the mine. The Company does not require additional financing at the present time and, thus, has not yet sought to arrange additional facilities.

Shareholders' equity increased by 22% or $4.1 million to $23.0 million ($0.20 per share) compared to $18.9 million ($0.17 per share) at the end of fiscal 2004.

RESULTS

Results of Operations

Quarter and Six Months Ended March 31 – 2005 Compared to 2004

The following table and analysis compare the financial results of the second quarter 2005 to those of the second quarter 2004:

	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Revenue	$6,774,911	$4,693,412	$13,021,564	$7,802,070
Expenses	3,298,495	3,298,292	6,935,246	6,063,868
Net income for the period	2,215,812	1,207,017	4,115,282	1,427,747
Net income per share – basic and diluted	$0.02	$0.01	$0.04	$0.01

Revenues

Orvana's sales are determined according to spot gold prices. The Company's policy is to not hedge its gold production. Bullion is shipped to a single customer for refining. The following table summarizes gold revenues and prices realized:

	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Revenue	$6,774,911	$4,693,412	$13,021,564	$7,802,070
Price per ounce	$431	$418	$433	$409
Ounces sold	15,712	11,225	30,072	19,092

Further information on production operations and costs is presented below.

Don Mario Mine - Development

Development work continued during the second quarter 2005 on extending the ramps, deepening the main shaft, and providing access to additional ore shoots in the underground mine. Ore and waste are being hoisted through the main vertical shaft. Development of the main ramp continued and the plan is to reach the bottom of the primary ore zone in calendar 2005, then extend the ramp and explore deeper for possible extensions to the Lower Mineralized Zone. A copy of the mine plan for the underground mine is available at Orvana's website www.orvana.com.

Don Mario Mine – Production, Grades and Recoveries

During the second quarter 2005, the mill treated approximately 38,146 tonnes of development and cut and fill ore from the underground mine and 20,805 tonnes of ore from the mini-pit for a total of 58,951 tonnes of ore treated. Gold production amounted to 17,345 ounces for the period. The monthly breakdown of tonnes treated, head grades and mill recovery rates in the second quarter of fiscal 2005 is as follows:

		3 months ended March 31, 2005	March 2005	February 2005	January 2005	3 months ended March 31, 2004
Underground mine	tonnes	38,146	13,134	11,231	13,691	26,075
	g/t	12.48	14.30	14.86	8.78	6.72
Mini-pit	tonnes	20,805	7,811	5,894	7,100	32,827
	g/t	6.30	3.57	6.86	8.83	7.09
Total	tonnes	58,951	20,945	17,214	20,792	58,902
	g/t	10.30	10.30	12.12	8.80	6.93
Recovery rate		88.8%	91.17%	90.60%	84.10%	88.9%
Gold produced - ounces		17,345	6,321	6,074	4,950	11,663

In January 2005, more ore containing a higher copper content was treated from the mini-pit than planned, resulting in the lower recovery rate of 84.10% and lower gold production at 4,950 ounces.

In February 2005, as the head grade of ores produced from the underground mine was significantly higher than the average ore grades processed to date, the mill's throughput was reduced to 615 tonnes per day in order to achieve an average recovery rate of 90.60% for the month.

The following table shows the tonnages treated and the head grade in grams per tonne treated (g/t) at the Don Mario mine for the second quarter and year-to-date ended March 31, 2005 compared to the same periods in fiscal 2004:

		Three Months Ended March 31		Six Months Ended March 31	
		2005	2004	2005	2004
Underground mine	tonnes	38,146	26,075	79,476	58,869
	g/t	12.48	6.72	10.41	6.82
Mini-pit	tonnes	20,805	32,827	38,861	59,458
	g/t	6.30	7.09	6.96	5.76
Total	tonnes	58,951	58,902	118,337	118,327
	g/t	10.30	6.93	9.28	6.29
Recovery rate		88.8%	88.9%	88.9%	85.6%
Gold produced - ounces		17,345	11,663	31,392	20,465

Don Mario Mine – Production Cost Analysis

The following table presents the cash operating costs and total production costs at the Don Mario mine in producing 17,345 ounces in the second quarter 2005 and 11,663 ounces in the second quarter of fiscal 2004. The calculations of these costs are based on the industry-recognized Gold Institute Production Cost Standard that has been widely adopted throughout the global gold industry. The purpose of providing this information standard is to give management, shareholders and the financial community a tool to make meaningful comparisons of gold mining companies with production cost information in a uniform format. These calculations represent non-GAAP information, do not have a standardized meaning prescribed by GAAP, should not be construed as an alternative to GAAP reporting of operating expenses, and may not be comparable to similar measures presented by other issuers. A reconciliation of these non-GAAP costs and unit costs with the Company's GAAP-based statement of operations is presented in the third table below.

	Three Months Ended March 31			
	2005		2004	
	Costs	Cost/oz.	Costs	Cost/oz.
Direct mine operating costs	$1,370,698	$79.03	$1,250,633	107.23
Third-party smelting, refining and transportation costs	33,555	1.93	20,848	1.79
Cash operating costs	1,404,253	80.96	1,271,481	109.02
Royalties and mining rights	301,088	17.36	186.67	16.01
Total cash costs	1,705,341	98.32	1,458,152	125.02
Depreciation and amortization	1,148,822	66.23	1,146,821	98.33
Total production costs	$2,854,163	$164.55	$2,604,973	$223.35

Total production costs of $164.55 per ounce in the second quarter of fiscal 2005 declined from $223.35 per ounce in the second quarter 2004 primarily due to a combination of higher head grades from the underground mine and a greater proportion of the total feed to the mill coming from the underground mine – both factors having contributed to higher gold production this quarter versus the second quarter of 2004.

The table below presents the cash operating costs and total production costs at the Don Mario mine in producing 31,392 ounces in the first six months of 2005 and 20,465 ounces in the first six months of 2004.

	Six Months Ended March 31			
	2005		2004	
	Costs	Cost/oz.	Costs	Cost/oz.
Direct mine operating costs	$2,937,283	$93.57	$2,400,984	$117.32
Third-party smelting, refining and transportation costs	80,636	2.57	46,141	2.25
Cash operating costs	3,017,919	96.14	2,447,125	119.58
Royalties and mining rights	515,758	16.43	286,839	14.02
Total cash costs	3,533,677	112.57	2,733,964	133.59
Depreciation and amortization	2,368,627	75.45	2,240,420	109.48
Total production costs	$5,902,304	$188.02	$4,974,384	$243.07

The difference between direct operating costs of $1.4 million in the second quarter 2005 and the cost of sales of $1.3 million reported in the unaudited consolidated financial statements is due mainly to changes in gold and ore inventories. The following is a reconciliation of the two amounts for the three and six month periods ended March 31 for 2005 and 2004:

	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Cost of sales (GAAP)	$1,300,929	$1,340,093	$2,948,878	$2,359,479
Processing charges included in cost of sales	(29,034)	(20,848)	(38,544)	(39,092)
Changes in gold and ore inventories	98,803	(68,612)	26,949	80,597
Direct mine operating costs (non-GAAP measure)	$1,370,698	$1,250,633	$2,937,283	$2,400,984

The Drilling and Trenching Work on the Upper Mineralized Zone ("UMZ")
The drilling and trenching work on the UMZ program has been completed. The drilling campaign included 43 diamond drill holes and 2,819 metres of drill cores providing 1,844 samples for analysis. In addition, 10 trenches were opened at surface to a depth of one metre to provide an additional 130 samples.

As previously reported, the Company has received a final Resource Estimate Review and National Instrument 43-101 Technical Report, dated March 11, 2005, on the Don Mario UMZ prepared by Pincock Allen & Holt (PAH). The Don Mario UMZ, a source of open pit ore, has estimated total indicated mineral resources of 5.6 million tonnes. A summary of mineral resource estimates with respect to the UMZ is set forth in the table below:

	Indicated Resources				
Zone	AuEq Cutoff	Au g/t	Cu %	Ag g/t	Tonnes
Porous	1.00	1.31	1.78	52	443,422
Oxides	1.00	1.57	1.99	49	1,790,670
Transition	1.27	1.41	1.37	57	1,775,430
Sulfides	1.32	1.46	1.42	44	1,568,151
Total		1.47	1.61	50	5,577,672

The PAH report has been filed on SEDAR (www.sedar.com) and on the Company's website (www.orvana.com).

Raul Borrastero, a Certified Professional Geologist with PAH, and Richard Addison, a Professional Engineer and PAH's Principal Metallurgical Engineer, are the Qualified Persons responsible for the work performed by PAH. The technical report has been prepared in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101 of the Canadian Securities Administrators.

The Company is continuing with metallurgical work and tests on bulk samples are being conducted at CIMM, Tecnologias y Servicios S.A. laboratories in Santiago, Chile, as part of the Company's plans to expand reserves and future production.

Summary of Quarterly Results
The following tables include results for the past eight quarters ended March 31, 2005.

Revenue and net income increased in each quarter of fiscal 2004 as operating efficiency and gold production generally improved at the Don Mario mine.

Net income in the quarter ended December 31, 2004 was $2.4 million lower than in the quarter ended September 30, 2004 due to a future income tax expense of $0.5 million in the December 31, 2004 quarter and to the inclusion in the September 30, 2004 quarter of an expected recovery of Bolivian income taxes of $1.9 million on income tax losses available for carry forward. In addition, adverse weather conditions in the month of December 2004 affected mining operations and caused gold production in the December 31, 2004 quarter, and therefore operating results, to fall significantly below levels that would otherwise have been achieved.

A loss was incurred in the quarter ended June 30, 2003 as the period of construction and initial start-up activities of the Don Mario mine drew to a close and commercial production commenced in July 2003.

	Quarters ended			
	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004
Revenue	$6,774,911	$ 6,246,653	$ 5,795,967	$ 5,522,965
Expenses	3,298,495	3,636,751	3,201,455	3,152,699
Net income	2,215,812	1,899,470	4,273,817	2,140,472
Net income per share – basic and diluted	$0.02	$0.02	$0.04	$0.02

	Quarters ended			
	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003
Revenues	$ 4,693,412	$ 3,108,658	$ 2,984,933	$ 0
Operating expenses	3,298,292	2,765,576	2,774,016	202,583
Net income (loss)	1,207,017	220,730	94,942	(295,071)
Net income (loss) per share – basic and diluted	$0.01	$0.00	$0.00	$(0.00)

RISKS AND UNCERTAINTIES

The Company’s business is subject to economic, political, geological and operating risks and uncertainties that are beyond Orvana’s control. These are described in the Company’s Annual Information Form, which is filed on SEDAR. The Company’s business, results of operations, financial condition, and the trading price of its common shares are subject to a number of risks, including risks related to development of mineral deposits, production costs and metal prices, exploration, development and operating risks, environmental and other regulatory requirements, international operations, water supply, new operation, production estimates, mineral reserves and resources, title matters, gold price volatility, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility.

A high percentage of the Company’s revenues, costs and assets are denominated in U.S. dollars, and the remainder primarily denominated in Bolivian and Canadian currencies. The Company is exposed to foreign currency fluctuations, however, management does not expect these fluctuations to have a significant impact on the Company’s financial position or results.

OTHER INFORMATION

Changes in Accounting Policies

In the fourth quarter of fiscal 2004, the Company implemented two changes to its accounting policies, which are described in the notes to the 2004 audited consolidated financial statements, and which affected both the fiscal 2003 and fiscal 2004 financial and operating results. Quarterly and annual financial and operating results for both fiscal years have been restated to reflect these two changes in accounting policies.

Firstly, effective September 30, 2003, the Company adopted the provisions of CICA 3110 in accounting for its asset retirement obligations. The new accounting policy is described in Notes 2 and 8 to the audited consolidated financial statements for the year ended September 30, 2004.

Secondly, in accordance with GAAP, the Company adopted the practice of capitalizing mine development expenditures and amortizing these expenditures over the life of the mine. Note 2 to the audited consolidated financial statements for the year ended September 30, 2004 provides more information on this policy.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are gold reserves, the net realizable values and recoverable amount of deferred property costs and asset retirement obligations.

Gold reserves

At the commencement of construction in March 2002, the Don Mario property had estimated proven and probable reserves of 1.5 million tonnes grading 8.74 grams per treated tonne, and contained an estimated 414,000 ounces of gold, according to an independent technical report on the Don Mario property prepared by the international consulting firm AMEC E&C Services Ltd., in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. Commercial production commenced July 1, 2003 and the mill has treated 399,436 tonnes of ore and produced 88,028 ounces of gold during the 21 months ended March 31, 2005.

Mine development work done to date supports the original estimates of ore reserves and contained gold.

Net realizable values of deferred property costs

At March 31, 2005 the net book value of mineral properties and deferred development costs and mine development, plant and equipment amounted to $21.9 million. Amortization of these costs is calculated on the units of production method over the expected economic life of the mine. The expected economic life is dependent upon the estimated remaining proven and probable reserves, gold prices and cash operating costs. Based upon current estimates of reserves, gold prices at $400 per ounce and cash operating costs of approximately $120 per ounce, net realizable values are in excess of net book value of mineral properties and deferred development costs and mine development, plant and equipment.

Asset retirement obligations

The Company has estimated the present value of estimated future costs to decommission the Don Mario Mine, asset retirement costs, to be $0.6 million at March 31, 2005. It is estimated that the amount of future expenditures to dismantle mine installations and to complete reclamation will be approximately $1.1 million on an undiscounted basis and that these costs will be incurred over the years 2009 to 2014 (See note 8 to the audited consolidated financial statements for the year ended September 30, 2004). Estimates of these closure costs and the expected timing of their incurrence are reviewed periodically over the course of year.

It is possible that the Company's estimates of its ultimate asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves.

In the latest review of the Company's estimates with respect to its asset retirement obligations, no new information has come to light that would suggest that a revision is required to the provision for asset retirement obligations.

Financial and Other Instruments
In the recently completed fiscal quarter, the Company did not use any hedging or other financial instruments.

Off-Balance-Sheet Arrangements
Orvana has not entered into any off-balance-sheet arrangements.

Outstanding Share Data
Orvana shares are traded on the Toronto Stock Exchange under the symbol ORV. As of April 21, 2005, there were 114,172,507 common shares outstanding with a stated value of $74.7 million. There were also 3,593,331 stock options outstanding with a weighted average exercise price of Cdn. $1.93, 2,025,000 of which were granted following the end of the quarter. These stock options have expiry dates ranging from 2005 to 2010.

Transactions with Related Parties
All transactions with related parties have occurred in the normal course of operations or have occurred pursuant to the Definitive Agreement dated September 12, 2001 between the Company and Comsur, which was the Company's controlling shareholder during a portion of the second quarter ended March 31, 2005.

In a private transaction completed during the quarter ended March 31, 2005, Minera S.A. sold the parent company of Comsur which, prior to such sale, was the Company's controlling shareholder. Prior to such sale, 59,914,695 common shares of the Company, being all of the shares formerly held by Comsur, were transferred from Comsur to Fabulosa Mines Limited ("Fabulosa"), a wholly-owned subsidiary of Minera S.A.

In connection with such transfer, Comsur's rights and obligations under the Definitive Agreement dated September 12, 2001 pursuant to which it acquired the common shares of the Company, including its rights under the asset loan payable by the Company bearing interest at LIBOR plus 4.50%, were assigned to Fabulosa, together with a 6% convertible debenture. Under the Definitive Agreement, Fabulosa 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.

A management services agreement exists between the Company's wholly owned subsidiary, Paititi, and Comsur whereby Comsur provides managerial, technical and commercial support to Paititi. Management services fees incurred under the agreement during that portion of the six months ended March 31, 2005 in which Comsur was the Company's controlling shareholder totaled $177,200. Although no longer a related party, Comsur has agreed to continue to provide managerial and other support services to the Company under the agreement until at least September 30, 2005.

All transactions between the Company and a legal firm which had a partner as a board member, have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Other Information

Other operating and financial information, including the Company's Annual Information Form, is available in public disclosure documents filed on SEDAR at www.sedar.com and on the Company's website at www.orvana.com.