ORVANA MINERALS CORP.

NOTICE TO SHAREHOLDERS

SIX MONTHS ENDED MARCH 31, 2005

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Orvana Minerals Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the September 30, 2004 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

The auditors of Orvana Minerals Corp. have not performed a review of the unaudited consolidated financial statements for the three and six months ended March 31, 2005 and March 31, 2004.

ORVANA MINERALS CORP.

Consolidated Balance Sheets

(Prepared by Management - Unaudited)
(Expressed in United States Dollars Unless Otherwise Noted)

	March 31, 2005 (Unaudited)	September 30, 2004 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,129,094	$ 3,920,752
Accounts receivable	2,687,620	4,281,470
Gold and ore inventories	349,279	322,330
Supplies	1,895,853	1,922,922
Prepaid expenses	136,038	27,758
	15,197,884	10,475,232
Mineral properties and deferred development costs	5,570,956	6,146,849
Mine development, plant and equipment (Note 3)	16,361,855	16,765,100
Future income tax asset	504,586	1,913,291
	$ 37,635,281	$ 35,300,472
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,043,371	$ 2,184,431
Current portion of loans payable	3,733,333	3,600,000
Current portion of notes payable	114,402	114,402
	5,891,106	5,898,833
Loan payable - Banco de Credito de Bolivia	3,000,000	4,000,000
Loan payable - Fabulosa Mines Limited (Note 2(d))	4,666,667	5,466,667
Notes payable	125,026	182,227
Debenture - Fabulosa Mines Limited (Note 2(d))	92,488	92,488
Provision for statutory workers' settlements	279,287	219,328
Asset retirement obligations (Note 5(i)(c))	568,854	544,358
	14,623,428	16,403,901
SHAREHOLDERS' EQUITY		
Capital stock (Note 2(b))	74,696,915	74,696,915
Deficit	(51,685,062)	(55,800,344)
	23,011,853	18,896,571
	$ 37,635,281	$ 35,300,472

Approved by the Board of Directors

"Robert A. Mitchell" 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 March 31, 2005	Three Months Ended March 31, 2004 (Restated - see Note 5(i))	Six Months Ended March 31, 2005	Six Months Ended March 31, 2004 (Restated - see Note 5(i))
Revenue				
Gold sales	$ 6,774,911	$ 4,693,412	$ 13,021,564	$ 7,802,070
Operating expenses				
Cost of sales	1,300,929	1,340,093	2,948,878	2,359,479
Depreciation and amortization	1,148,822	1,146,821	2,368,627	2,240,420
Corporate, general and administration	272,623	346,643	499,357	626,942
Production royalties	231,710	173,645	446,380	266,575
Mining rights (Note 5(ii))	69,378	13,026	69,378	20,264
Exploration costs	67,693	11,757	144,021	11,757
Foreign exchange loss	35,503	15,085	60,413	41,196
Interest on long term debt	176,857	240,053	393,339	480,479
Interest and other income (Note 5(ii))	(17,268)	(68)	(19,643)	(5,718)
Accretion related to asset retirement obligations	12,248	11,237	24,496	22,474
	3,298,495	3,298,292	6,935,246	6,063,868
Income before the following:	3,476,416	1,395,120	6,086,318	1,738,202
Income tax provision	341,256	188,103	562,331	310,455
Future income tax expense	919,348	-	1,408,705	-
	1,260,604	188,103	1,971,036	310,455
Net income for the period	2,215,812	1,207,017	4,115,282	1,427,747
DEFICIT, beginning of period	(53,900,874)	(63,421,650)	(55,800,344)	(63,642,380)
DEFICIT, end of period	$ (51,685,062)	$ (62,214,633)	$ (51,685,062)	$ (62,214,633)
Earnings per share - basic and diluted	$ 0.02	$ 0.01	$ 0.04	$ 0.01

ORVANA MINERALS CORP.

Consolidated Statements of Cash Flows

(Prepared by Management - Unaudited)
(Expressed in United States Dollars Unless Otherwise Noted)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2005	2004 (Restated - see Note 5(i))	2005	2004 (Restated - see Note 5(i))
Cash provided by (used in)				
OPERATING ACTIVITIES				
Net income for the period	$ 2,215,812	$ 1,207,017	$ 4,115,282	$ 1,427,747
Depreciation and amortization	1,148,822	1,146,821	2,368,627	2,240,420
Accretion of asset retirement obligations	12,248	11,237	24,496	22,474
Future income tax expense	919,348	-	1,408,705	-
Provision for statutory workers' settlements	31,042	19,481	59,959	37,637
	4,327,272	2,384,556	7,977,069	3,728,278
Changes in non-cash working capital items				
Accounts receivable	2,085,090	(218,882)	1,593,850	83,477
Gold and ore inventories	(98,804)	68,612	(26,949)	15,916
Supplies	(393,994)	(207,292)	27,069	7,122
Prepaid expenses	(14,842)	25,780	(108,280)	(52,525)
Accounts payable and accrued liabilities	(163,702)	273,145	(141,060)	(392,577)
	5,741,020	2,325,919	9,321,699	3,389,691
FINANCING ACTIVITIES				
Loan payable - Banco de Credito de Bolivia	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Loan payable - Fabulosa Mines Limited (Note 2(d))	(266,667)	-	(666,667)	-
Notes payable	(43,370)	96,105	(57,201)	55,767
Proceeds from share issues	-	59,752	-	79,463
	(1,310,037)	(844,143)	(1,723,868)	(864,770)
INVESTING ACTIVITIES				
Additions to mineral properties and deferred development costs	(57,850)	-	(57,850)	-
Additions to mine development, plant and equipment	(852,615)	(487,258)	(1,331,639)	(707,864)
	(910,465)	(487,258)	(1,389,489)	(707,864)
CHANGE IN CASH AND CASH EQUIVALENTS	3,520,518	994,518	6,208,342	1,817,057
CASH AND CASH EQUIVALENTS, beginning of period	6,608,576	1,051,011	3,920,752	228,472
CASH AND CASH EQUIVALENTS, end of period	$ 10,129,094	$ 2,045,529	$ 10,129,094	$ 2,045,529

(Expressed in United States Dollars Unless Otherwise Noted)

1. ACCOUNTING POLICIES

Orvana Minerals Corp. (the "Company") is a publicly held company, engaged in the mining, exploration and development of resource properties. The Company is incorporated under the Business Corporations Act (Ontario) and its common shares are listed on the Toronto Stock Exchange.

The Company's principal asset is the Don Mario mine and property, which is held through its wholly owned subsidiary, Empresa Minera Paititi S.A. ("Paititi").

According to the Bolivian Mining Code, mining rights in Bolivia are granted in perpetuity and can be lost only if the annual fees payable to maintain the mining rights upon the concession are not paid.

The recoverability of the carrying value of the Don Mario property is dependent upon the exploitation of economically recoverable reserves, the preservation of the Company's interest in the underlying concessions, and the future profitable production therefrom, or, alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material writedowns of the carrying values.

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended March 31, 2005 may not be necessarily indicative of the results that may be expected for the year ending September 30, 2005.

The balance sheet at September 30, 2004 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended September 30, 2004. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual consolidated financial statements for the year ended September 30, 2004.

2. CAPITAL STOCK

(a) AUTHORIZED - Unlimited number of common shares

(b) COMMON SHARES ISSUED

	NUMBER OF SHARES	STATED VALUE
Balance, September 30, 2004 (audited) and March 31, 2005 (unaudited) (Note 2(d))	114,172,507	$ 74,696,915

(Expressed in United States Dollars Unless Otherwise Noted)

2. CAPITAL STOCK (Continued)

(c) STOCK OPTIONS

The following summarizes the stock option activity for the three and six months ended March 31, 2005:

	STOCK OPTIONS	WEIGHTED AVERAGE PRICE
Balance, September 30, 2004 (audited) and March 31, 2005 (unaudited)	1,568,331	Cdn $ 3.16

The following are the stock options outstanding as at March 31, 2005:

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
130,333	0.25	August 17, 2005
80,000	0.15	December 5, 2005
320,000	0.15	May 23, 2006
1,568,331		

(d) CONTROLLING SHAREHOLDER'S RIGHTS

In a private transaction completed during the quarter ended March 31, 2005, Minera S.A. sold the parent company of Compania Minera del Sur S.A. ("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.

(Expressed in United States Dollars Unless Otherwise Noted)

3. MINE DEVELOPMENT, PLANT AND EQUIPMENT

	Six Months Ended March 31, 2005	Year Ended September 30, 2004
Balance, September 30 (audited)	$ 20,526,688	$ 18,982,922
Additions during the period	1,331,639	1,543,766
	21,858,327	20,526,688
Accumulated depreciation	(5,496,472)	(3,761,588)
Balance, March 31 (unaudited)	$ 16,361,855	$ 16,765,100

4. RELATED PARTY TRANSACTIONS

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, the Company's controlling shareholder prior to the sale of Comsur during the second quarter ended March 31, 2005 (Note 2(d)), and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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 ($210,000 in the six months ended March 31, 2004). 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 during the quarter ended March 31, 2005 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.

5. BASIS OF PRESENTATION

(i) COMPARATIVE FIGURES FOR MARCH 31, 2004

In order to conform with the changes in accounting policy reflected in the year end fiscal 2004 audited consolidated financial statements, the quarterly comparative figures have been restated. The following items have changed:

(a) The previously reported deficit of $63,855,090 as at September 30, 2003 changed to $63,642,380. Users of these unaudited consolidated financial statements can refer to the audited September 30, 2004 consolidated financial statements for details of this change.

(b) From October 1, 2003 to March 31, 2004, the Company followed the practice of recording mine development costs as part of cost of sales and has adopted the practice of capitalizing these expenses and is amortizing these expenses over the life of the mine. The change resulted in an increase to mining operations of $327,415, a decrease in cost of sales of $327,415 and an increase of $70,780 to depreciation and amortization to previously reported figures for the six months ended March 31, 2004.

5. BASIS OF PRESENTATION (Continued)

(i) COMPARATIVE FIGURES FOR MARCH 31, 2004 (continued)

(c) Effective September 30, 2003, the Company adopted the provisions of CICA 3110 which require that the fair value of an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The present value of the estimated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. Previous accounting standards used the units-of-production method to match estimated future retirement costs with the revenues generated from the producing assets. In contrast, CICA 3110 requires amortization of the capitalized asset retirement cost and accretion of the asset retirement obligation over the life of the mine and the periods of the cash flows required to settle the obligation.

For the Company, the asset retirement obligation relates primarily to the dismantling of the mine facilities and environmental reclamation.

The amounts recognized upon adoption are based upon numerous estimates and assumptions, including future retirement costs, future recoverable quantities of gold and ore, future inflation rates and the credit-adjusted risk-free interest rate of 10%.

As of March 31, 2005, management estimates that undiscounted expected cash flows required to settle the Company's asset retirement obligations are the same amounts as disclosed in Note 8 of the fiscal 2004 audited consolidated financial statements.

Refer to Note 8 of the fiscal 2004 audited consolidated financial statements for further details.

(ii) COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in 2005.

SUPPLEMENT TO FINANCIAL STATEMENTS
March 31, 2005

As of April 21, 2005, there were 114,172,507 common shares outstanding.

There were also 3,593,331 stock options outstanding, 2,025,000 of which were granted following the end of the quarter.