ORVANA MINERALS CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 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 June 30 2008	As at September 30 2007
Assets		
Current assets		
Cash and cash equivalents	$ 87,525	$ 55,667
Gold sales receivable	-	1,462
Value-added taxes receivable and prepaid expenses	3,371	3,585
Gold inventory	822	949
Supplies inventory	2,640	1,920
	94,358	63,583
Property, plant and equipment (note 5)	18,180	17,570
	$ 112,538	$ 81,153
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 4,039	$ 2,912
Income taxes payable	8,334	4,351
Current portion of long-term debt (note 6)	1,570	-
	13,943	7,263
Long-term debt (note 6)	3,056	-
Asset retirement obligations (note 7)	2,113	1,988
Provision for statutory labour obligations	1,202	946
	20,314	10,197
Shareholders' equity		
Share capital	74,777	74,777
Contributed surplus	1,520	1,354
Retained earnings (deficit)	15,927	(5,175)
	92,224	70,956
	$ 112,538	$ 81,153

Commitments and contingencies (note 9)

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)

	Three months ended June 30		Nine months ended June 30	
(Unaudited)	2008	2007	2008	2007
Revenues				
Gold sales	$ 18,244	$ 15,623	$ 53,383	$ 41,737
Costs and expenses of mining operations				
Cost of sales	3,253	3,196	9,349	8,462
Royalties and mining rights	524	497	1,642	1,357
Mining royalty taxes (note 11)	1,298	-	2,709	-
Depreciation and amortization	1,764	1,679	5,726	5,052
Accretion (note 7)	41	40	125	120
	6,880	5,412	19,551	14,991
	11,364	10,211	33,832	26,746
Expenses (other income)				
General and administration	1,231	499	3,401	1,633
Stock-based compensation (note 8)	38	(351)	166	(185)
Exploration	411	446	1,339	951
Business development	1	36	25	36
Community relations	31	49	121	285
Interest on long-term debt	79	-	90	-
Interest and other income	(405)	(466)	(1,743)	(893)
Foreign exchange loss (gain)	(117)	(16)	108	(69)
	1,269	197	3,507	1,758
Income before provision for income taxes and provision for future income taxes	10,095	10,014	30,325	24,988
Provision for income taxes				
Current income taxes	2,960	2,362	9,223	5,832
Future income taxes	-	43	-	77
	2,960	2,405	9,223	5,909
Net income and comprehensive income	$ 7,135	$ 7,609	$ 21,102	$ 19,079
Earnings per share				
Basic and diluted	$ 0.06	$ 0.07	$ 0.18	$ 0.17
Weighted average number of shares outstanding - basic	115,233,173	115,233,173	115,233,173	115,233,173
Dilutive effect of stock options	43,371	28,017	130,731	29,023
Weighted average number of shares outstanding - diluted	115,276,544	115,261,190	115,363,904	115,262,196

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 June 30 2008	Three months ended June 30 2007	Nine months ended June 30 2008	Nine months ended June 30 2007
Operating activities				
Net income	$ 7,135	$ 7,609	$ 21,102	$ 19,079
Depreciation and amortization	1,764	1,679	5,726	5,052
Accretion (note 7)	41	40	125	120
Stock-based compensation (note 8)	38	(351)	166	(185)
Future income taxes	-	43	-	77
Provision for statutory labour obligations	272	55	256	190
Foreign exchange (gain) loss	(117)	(16)	108	(69)
	9,133	9,059	27,483	24,264
Changes in non-cash working capital items				
Gold sales receivable	-	-	1,462	-
Value-added taxes receivable and prepaid expenses	(319)	869	214	315
Gold inventory	(75)	(15)	104	(125)
Supplies inventory	(247)	912	(720)	205
Accounts payable and accrued liabilities	249	116	1,127	729
Income taxes payable	3,044	1,298	3,983	(1,011)
	11,785	12,239	33,653	24,377
Financing activities				
Issue of long-term debt	1,126	-	4,626	-
Investing activities				
Capital expenditures	(2,197)	(1,052)	(6,313)	(2,192)
Change in cash and cash equivalents	10,714	11,187	31,966	22,185
Cash and cash equivalents, beginning of period	76,694	37,901	55,667	26,850
Effect of exchange rate changes on cash held in foreign currencies	117	16	(108)	69
Cash and cash equivalents, end of period	$ 87,525	$ 49,104	$ 87,525	$ 49,104

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)	Number of common shares	Nine months ended June 30 2008	Number of common shares	Year ended September 30 2007
Share capital				
Authorized				
Unlimited number of common shares				
Issued				
Common shares				
Balance, at beginning and end of period	115,233,173	$ 74,777	115,233,173	$ 74,777
Contributed surplus				
Balance at beginning of period		$ 1,354		$ 1,510
Stock-based compensation (note 8)		166		(156)
Balance at end of period		$ 1,520		$ 1,354
Retained earnings (deficit)				
Balance at beginning of period		$ (5,175)		$ (31,198)
Net income		21,102		26,023
Balance at end of period		$ 15,927		$ (5,175)
Shareholders' equity at the end of the period		$ 92,224		$ 70,956

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

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"). 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, 2007, 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 policies

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on October 1, 2007.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has not complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook sections in note 3 to these interim financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in note 4 to these interim financial statements.

2. Basis of presentation and new accounting policies (continued)

(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.

3. Capital management

Orvana's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued production and maintenance at the Don Mario Mine and to acquire, explore and develop other precious and base metal deposits in the Americas. In order to achieve this objective, the Company invests its capital in highly liquid, highly rated financial instruments.

Orvana manages its capital structure and makes adjustments to it, based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, Orvana expects that it will be able to obtain long-term debt, equipment-based financing and/or project-based financing sufficient to maintain and expand its operations. There are no assurances that these initiatives will be successful.

4. Risk factors affecting financial instruments

The Don Mario Mine is the only property that is currently material to the Company. Unless and until the Company acquires or develops additional material properties, the Company will be solely dependent upon the Don Mario Mine. If no additional mineral properties are acquired by Orvana, any adverse development affecting the Don Mario Mine would have a material adverse effect on Orvana's financial condition and results of operations.

4. Risk factors affecting financial instruments (continued)

Other risk factors and their impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to gold sales and value-added taxes receivable. The Company has a concentration of credit risk with one customer to which gold is sold under an escrow agreement securing payment to the Company prior to the release of each shipment to the customer. Value-added taxes receivable are collectable from the Bolivian government. Management believes that the credit risk with respect to financial instruments attributable to gold sales and value-added taxes receivable is remote.

In addition, the majority of the Company's cash and cash equivalents are on deposit with two highly-rated banks in Sweden and Canada. A lesser amount is held in local banks in Bolivia.

Liquidity risk

The Company has sufficient funds (June 30, 2008 - $87,525 and September 30, 2007 - $55,667) to settle current and long-term liabilities. All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's subsidiary's long-term debt is based on contractual terms between the subsidiary and an unrelated third party.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and gold prices.

(a) Interest rate risk

Orvana has significant cash balances and long-term debt, with the latter having a fixed rate of interest of 7.75% (refer to note 6). The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banks with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

Orvana's functional currency is primarily the US dollar. Gold sales and major purchases are transacted in US dollars. The Company maintains US dollar bank accounts in Canada, Bolivia, Cyprus, Sweden and the United States. The Company maintains and funds some operating and administrative expenses in the local currencies from its US dollar bank accounts.

(c) Price risk

Gold price risk is defined as the potential adverse impact on earnings and economic value due to gold price movements and volatilities. The Company closely monitors gold prices to determine the appropriate course of action to be taken by the Company. Orvana does not hedge any of its gold sales.

Orvana marks its unsettled transactions to market.

(In thousands of United States Dollars unless otherwise noted)

4. Risk factors affecting financial instruments (continued)

Sensitivity analysis

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value.

As of June 30, 2008, the carrying amount of the financial instruments equals fair market value.

Based on management's knowledge and experience of the financial markets, Orvana believes the following movements are "reasonably possible" over a nine-month period.

Cash and cash equivalents include deposits at call which are at floating interest rates. Sensitivity to a plus or minus change in rates of one percentage point would have affected net income by $443 for the nine months ended June 30, 2008.

The Company does not hold significant balances in foreign currencies that would give rise to exposure to foreign exchange risk.

Net income would be impacted by changes in average realized gold prices. A 10% decrease in average realized gold prices would affect net income by a decrease of approximately $3,715 for the nine months ended June 30, 2008 and a 10% increase in average realized gold prices would have affected net income by an increase of approximately $2,929 for such period.

5. Property, plant and equipment

June 30, 2008	Cost	Accumulated amortization	Net carrying value
Plant and equipment	$ 32,404	$ 20,489	$ 11,915
Construction in process	2,087	-	2,087
Mineral properties and deferred development costs	9,286	5,677	3,609
Asset retirement costs	1,499	994	505
Furniture, equipment and leasehold improvements	121	57	64
	$ 45,397	$ 27,217	$ 18,180

(In thousands of United States Dollars unless otherwise noted)

5. Property, plant and equipment (continued)

September 30, 2007	Cost	Accumulated amortization	Net carrying value
Plant and equipment	$ 29,136	$ 15,894	$ 13,242
Construction in process	164	-	164
Mineral properties and deferred development costs	8,174	4,813	3,361
Asset retirement costs	1,499	766	733
Furniture, equipment and leasehold improvements	111	41	70
	$ 39,084	$ 21,514	$ 17,570

6. Long-term debt

On March 4, 2008, the Company's wholly-owned subsidiary in Bolivia entered into a term credit facility agreement of $5.0 million with Banco Bisa S.A. This facility bears interest at 7.75% and is payable in equal quarterly installments over a three-year period from the dates amounts are advanced. The Company has the option of prepaying the loan prior to the end of its term without penalties.

At June 30, 2008, $5.0 million had been drawn under this facility. During the quarter a repayment of $374 was made on June 17, 2008. The Company is using the proceeds of this new credit facility to purchase additional electrical generation equipment and a ball mill to increase ore treatment capacity including ore from the Los Tojas concession. The electrical generating equipment acquired and certain mobile equipment are pledged as security for this facility.

There are no specific covenants related to this facility.

Long-term debt repayments are as follows:

fiscal 2008	$ 381
2009	1,601
2010	1,729
2011	915
	4,626
Less: current portion	1,570
	$ 3,056

(In thousands of United States Dollars unless otherwise noted)

7. Asset retirement obligations

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

	Nine months ended June 30 2008	Year ended September 30 2007
Balance, September 30, 2007	$ 1,988	$ 1,828
Accretion expense	125	160
Balance, end of period	$ 2,113	$ 1,988

8. Stock options

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

	Stock options	Weighted average exercise price
Balance, September 30, 2007	3,376,666	Cdn $1.01
Granted [(1)]	475,000	0.79
Expired	(861,665)	1.26
Balance, June 30, 2008	2,990,001	Cdn $0.90

[(1)] During the period ended June 30, 2008, the fair value of each option grant was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Risk-free interest rate:	4.135%
Expected life in years:	4
Expected volatility:	73%
Expected dividend yield:	0%

The weighted-average grant date fair value of these options was $214 or Cdn. $0.45 per option and this amount is expensed over the vesting periods.

(In thousands of United States Dollars unless otherwise noted)

8. Stock options (continued)

As at June 30, 2008, outstanding and exercisable stock options granted were as follows:

Grant Date	Fair Value	Number of non-vested options	Number of vested options	Exercise price	Expiry date
December 8, 1998	$ -	-	65,000	Cdn $1.00	December 8, 2008
April 1, 2005	471	-	1,025,000	1.03	April 1, 2010
June 30, 2005	210	-	470,000	1.00	June 30, 2010
September 26, 2005	16	-	30,000	1.20	September 26, 2010
May 12, 2006	19	-	41,667	1.05	May 12, 2011
June 23, 2006	129	-	325,000	0.89	June 23, 2011
July 5, 2006	24	-	58,334	0.91	July 5, 2011
December 14, 2006	99	116,667	233,333	0.60	December 14, 2011
August 9, 2007	55	100,000	50,000	0.69	August 8, 2012
December 3, 2007	150	216,667	108,333	0.81	December 3, 2012
March 3, 2008	65	100,000	50,000	0.75	March 3, 2013
	$1,238	533,334	2,456,667		
Total vested and non-vested stock options			2,990,001		

Stock options have been expensed as follows:

	Cumulative expense to June 30, 2008	Remainder to be expensed	Total stock option compensation
Stock option expense	$ 1,520	$ 105	$ 1,625

As at June 30, 2008, the fair value associated with non-vested stock options is $213 (June 30, 2007 - $107).

The Company uses the fair value method of accounting for stock options and for the three and nine months ended June 30, 2008 recognized stock-based compensation expense of $38 and $166 (three and nine months ended June 30, 2007 ($351) and ($185)). This policy was effective on October 1, 2003 and has been applied on a prospective basis. The fair value of each option grant was estimated using the Black-Scholes option-pricing model.

9. Commitments and contingencies

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.

The mining concessions on which the Company is actively advancing its exploration and development activities are all 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 mining concessions or other mineral rights. Any changes in laws or regulations, including changes to the Bolivian Mining Code and taxation of mining companies or shifts in political attitudes, are beyond the control of the Company and may adversely affect its business.

(In thousands of United States Dollars unless otherwise noted)

10. Segmented information

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

As at June 30, 2008 and for the nine months then ended:

	Gold Sales	Cash and cash equivalents	Property, plant and equipment	Other assets	Total assets
Bolivia	$ 53,383	$ 1,166	$ 18,117	$ 6,246	$ 25,529
United States	-	868	-	-	868
Canada	-	37,497	63	587	38,147
Sweden	-	47,934	-	-	47,934
Cyprus	-	60	-	-	60
	$ 53,383	$ 87,525	$ 18,180	$ 6,833	$ 112,538

As at June 30, 2007 and for the nine months then ended:

	Gold Sales	Cash and cash equivalents	Property, plant and equipment	Other assets	Total assets
Bolivia	$ 41,737	$ 2,396	$ 18,567	$ 5,613	$ 26,576
United States	-	1,275	-	-	1,275
Canada	-	1,310	52	523	1,885
Sweden	-	44,035	-	-	44,035
Cyprus	-	88	-	-	88
	$ 41,737	$ 49,104	$ 18,619	$ 6,136	$ 73,859

As at September 30, 2007 and for the year then ended:

	Gold Sales	Cash and cash equivalents	Property, plant and equipment	Other assets	Total assets
Bolivia	$ 55,920	$ 1,724	$ 17,470	$ 7,493	$ 26,687
United States	-	1,583	-	-	1,583
Canada	-	14,868	100	412	15,380
Sweden	-	37,409	-	11	37,420
Cyprus	-	83	-	-	83
	$ 55,920	$ 55,667	$ 17,570	$ 7,916	$ 81,153

11. Income tax information

On November 23, 2007, the Bolivian Congress approved legislation amending the country's mining and income tax laws. Under Bolivia's constitution, the tax changes became effective on a prospective basis from the date of their enactment, which was December 14, 2007. The tax increases take two forms:

(a) A new tax on income of 7.5% (12.5% for companies not processing minerals beyond the concentrate stage), resulting in an effective income tax rate of 32.5%.

(b) A new mining royalty tax, calculated as a percentage of the gross invoice value of metals exported, which is payable in addition to income tax. The mining royalty tax rate is a function of the particular metal and its market price. For gold, the rate ranges from a minimum of 4%, at a gold price of $400 or less, to a maximum of 7%, at a gold price of $700 or more. The new mining royalty tax is deductible in determining income taxes.

The combined effect of the increase in the income tax rate and the new mining royalty tax was a reduction in net income of $1,262 and $3,566 for the three and nine-month periods ended June 30, 2008, respectively.

On March 14, 2008, the Bolivian government eliminated a double deduction tax incentive on exploration spending.

12. Comparative information

Certain comparative figures have been reclassified to conform with current year end financial statement presentations.