ORVANA
MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS – For the third quarter ended June 30, 2009

This management's discussion and analysis ("MD&A") of results of operations and financial condition of Orvana Minerals Corp. ("Orvana" or the "Company") was prepared on August 14, 2009 (the "Report Date") and describes the operating and financial results of the Company for the three months and nine months ended June 30, 2009. The MD&A should be read in conjunction with Orvana's audited consolidated financial statements and related notes for the fiscal year ended September 30, 2008. The Company prepares and files its financial statements and MD&A in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). In this MD&A, all dollar amounts (except per unit amounts) are in thousands of United States dollars unless otherwise stated and gold production, in fine troy ounces, is referred to as "ounces".

Throughout this MD&A, the Company has also used some non-GAAP measures, including direct mine operating costs, cash operating costs, total cash costs and total production costs, and related unit cost information, because it understands that certain investors use this information to determine the Company's ability to generate earnings as cash flow for use in investing and other activities. The Company believes that conventional measures of performance prepared in accordance with Canadian GAAP do not fully illustrate the ability of its operating mine to generate cash flow. Non-GAAP measures do not have any standardized meaning prescribed under Canadian GAAP, should not be construed as an alternative to Canadian GAAP reporting of operating expenses, and may not be comparable to similar measures presented by other companies. The measures are not necessarily indicative of cost of sales as determined under Canadian GAAP. Cash costs are determined in accordance with the former Gold Institute's Production Cost Standard.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken or achieved) are not statements of historical fact, but are "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Orvana, or developments in Orvana's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include disclosure regarding possible events, conditions or results of operations that are based on assumptions about future conditions, courses of action and consequences. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. Orvana cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements relate to, among other things, all aspects of the development of the Upper Mineralized Zone deposit at the Company's Don Mario Mine in eastern Bolivia and of its potential operation and production; the possible development of the Copperwood Project in the State of Michigan; mineral resource and mineral reserve estimates; the realization of mineral reserve estimates; estimates of future capital expenditures and timing of development and production and estimates of the outcome and timing of decisions with respect to whether and how to proceed with such development and production; permitting time lines; statements and information regarding future feasibility studies and their results; production forecasts; future transactions; the successful completion of reclamation projects; future gold prices; the ability to achieve additional growth and geographic diversification; future production costs; accounting estimates and assumptions; future tax benefits; the renewal or renegotiation of agreements; future financial performance, including the ability to increase cash flow and profits; future financing requirements; mine development plans; and possible changes in the regulatory, political, social and economic environment in the countries in which the Company operates. . A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. Some of these risks, uncertainties and factors include fluctuations in the price of gold; the need to recalculate estimates of reserves and resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of operations; the availability of qualified personnel; risks generally associated with mineral exploration and development, including the Company's ability to develop the Upper Mineralized Zone deposit or the Copperwood Project if it determines to do so and to acquire and develop mineral properties; the Company's ability to obtain additional financing when required on terms that are acceptable to the Company; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions; general economic conditions worldwide and the risks identified below under the heading "Risks and Uncertainties". This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the Company's Annual Information Form for a description of additional risk factors. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking 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 assurance. 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 is a Canadian mining and exploration company based in Toronto, Canada involved in the evaluation, development and mining of precious and selected base-metals deposits. The Company owns and operates the Don Mario Mine in eastern Bolivia and holds mineral leases in the state of Michigan, USA, referred to as the Copperwood Project. The Company's goal is to become a low cost, long-life, diversified producer focused on precious and selected base metals. The Company's shares have been listed on the Toronto Stock Exchange since 1992 under the trading symbol ORV.

Business Strategy

Orvana's business plan is to use its cash resources and mining capability to achieve additional growth and geographic diversification through development of existing projects and by acquisition of producing mines with characteristics that best fit with its mine development and operating expertise and advanced-stage properties that could potentially be brought into production within three to five years. Management continues to devote a significant amount of time to investigating and evaluating strategic investment opportunities.

During the past year the Company has evaluated numerous properties. On May 25, 2009 the Company made an all-cash offer of Canadian $0.55 per share for all outstanding shares of Kinbauri Gold Corp. (TSX-V: KNB), a gold exploration company based in Carp, Ontario. This offer was subsequently extended and amended and on August 4, 2009 the Company announced its final extension to August 17, 2009 at 8:00 p.m. (Toronto time) and amended its all cash offer price to Cdn. $0.75 per share. This final offer represents a premium of 90% over the pre-bid price of $0.395 per share of Kinbauri's common shares. Shareholders owning 23.6% of Kinbauri's shares have entered into lock up agreements in support of Orvana's offer. If successful the total acquisition cost is expected to be approximately Cdn. $49 million.

The Company continues to pursue the acquisition of interests in other properties fitting its investment criteria. Capital market conditions continue to facilitate the execution of the Orvana's growth objectives, given the Company's significant cash resources.

Orvana does not currently hedge its gold production.

The Don Mario Mine – Lower Mineralized Zone and the Las Tojas Concession

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"), the Company owns and operates the Don Mario Mine, which includes the Lower Mineralized Zone ("LMZ"), in eastern Bolivia. The principal product of the LMZ is gold in the form of dore bullion, which also contains a small amount of payable silver. As well, production is proceeding from the Las Tojas open pit, which is located 14 kilometers from the Don Mario Mine.

Toward the end of fiscal 2008, Orvana retained AMEC (Perú) S.A. ("AMEC") to review the Company's internal estimate of the LMZ mineral reserves and the Las Tojas mineral resources. The mineral reserves estimate was reviewed by AMEC Senior Mining Engineer and Qualified Person Margaret Podhorski-Thomas, P.Eng. The mineral resources estimate for the Las Tojas Project was audited by AMEC Senior Geologist and Qualified Person Christopher Wright, P.Geo. (APGO, 901). An updated National Instrument 43-101 ("NI 43-101") Technical Report on the Don Mario Property, including the estimates of the LMZ mineral reserves and the Las Tojas mineral resources, is available on the Company's website at www.orvana.com and on SEDAR at www.sedar.com.

The LMZ is located in the Crystal Schist Belt of eastern Bolivia. Orvana commenced mining the LMZ in fiscal 2003 and over 370,000 ounces of gold have been produced through September, 2008. The deposit was estimated to have 60,000 ounces of proven reserves of gold remaining as at October 1, 2008 and is expected to be depleted during the last quarter of fiscal 2009. Exploration drilling and development along strike and down dip of the LMZ deposit have not defined additional mineralization of sufficient grade or width to be considered reserves to extend the mine life.

Mineral Reserves for Don Mario LMZ Effective September 30, 2008

Classification	'000 tonnes	Au, g/t	Au, oz.
Proven	188	9.98	60,000

Note: The remaining mineral reserves for the LMZ have been included in the current LMZ mine plan and have been estimated with 34% dilution at 0 g/t Au, mining recovery of 85% and metallurgical recovery of 94%.

The Las Tojas gold deposit is hosted within a series of parallel northwest-striking, shear zones. The host rock, a quartz-amphibole-garnet-magnetite-cordierite schist, is similar to that at the LMZ.

The table below summarizes the Las Tojas mineral resources using a cut off of 1 gram per tonne (g/t) gold and contained by an open pit shell optimized to a base mining cost of $1.20/tonne, a total direct mine operating cost of $23.50/tonne and a gold price of $750/oz.

Mineral Resources for Las Tojas Effective September19, 2008

Type	'000 tonnes	Au, gpt	Au, oz.
Measured	262	2.27	19,100
Indicated	125	2.07	8,320
TOTAL, M&I	387	2.21	27,420
Inferred	76	1.80	4,400

Note: The mineral resources for the Las Tojas Project are based on a cut-off grade of 1 g/t and are contained within an optimized pit shell.

Given that the grades encountered at Las Tojas are lower than those at the LMZ, the Company has installed equipment to accommodate an increase in throughput from 750 tonnes/day to approximately 1,900 tonnes/day. Management believes that mine production from the Las Tojas deposit will continue into the third quarter of fiscal 2010.

The lower ore grade of the remaining LMZ ore relative to that mined in fiscal 2008 and the lower grade of the Las Tojas deposit will result in year-on-year declines in gold production in 2009 and 2010 from the 79,604 ounces produced in fiscal 2008.

The Don Mario Mine – Upper Mineralized Zone

In February 2009, Orvana announced progress of a detailed operational study prepared by Kappes, Cassiday & Associates ("KCA") of Reno, Nevada on the Don Mario Upper Mineralized Zone ("UMZ") polymetallic deposit. This study was completed under the supervision of Dan Kappes, an independent Qualified Person for the purposes of NI 43-101. It used the estimated reserves for the UMZ from the NI 43-101 compliant prefeasibility study technical report filed in the first quarter of 2007 and prepared by NCL Ingenieria y Construccion S.A. of Santiago, Chile and its associates Edwin Bentzen III, Senior Project Manager and Metallurgist for Resource Development Inc., and Karl M. Kolin, Principal Mine Engineer for Gustavson Associates LLC, both independent Qualified Persons for the purposes of NI 43-101. On the basis of metallurgical test work and more detailed cost estimation and economic analysis, KCA has determined that a simplified process flow sheet that contemplates a flotation-only operation, instead of a combined heap-leach and flotation operation, has favourable economics with a mill throughput of 1,900 tonnes per day over a nine-year mine life. During the first five years, Oxide and Porous Zone mineralization would be stockpiled and the Transition Zone and Sulphide Zone ore would be treated to recover copper, gold, and silver. In the subsequent years, the stockpiled oxide material would be treated to recover gold and silver. All the material would be mined by open pit. The KCA report is available on the Company's website, www.orvana.com. The Company continues to study processing alternatives to enhance the recovery of copper from the Oxide and Porous zone mineralization.

Also in February 2009, Orvana announced that AMEC completed an audit of an updated internal mineral resources estimate based on additional drilling. The UMZ resources estimate presented below was reviewed by AMEC Senior Geologist Christopher Wright, P.Geo. (APGO, 901), an independent Qualified Person for the purposes of NI 43-101. The NI 43-101 compliant Technical Report on the Don Mario Property including the UMZ mineral resources estimate is available on the Company's website at www.orvana.com and on SEDAR at www.sedar.com.

Mineral Resources Estimate for UMZ Effective December 19, 2008

Zone	Type	'000 tonnes	Cu, %	Au, g/t	Ag, g/t	AuEq, g/t
Porous	Indicated	539	1.99	1.39	43.4	7.30
	Inferred	45	2.54	1.44	29.3	8.52
Oxide	Indicated	1,788	1.74	1.63	50.7	7.03
	Inferred	173	1.74	1.43	43.8	6.72
Transition	Measured	913	1.32	1.45	51.7	5.78
	Indicated	1,041	1.23	1.33	46.6	5.35
	Inferred	82	1.08	0.95	45.1	4.56
Sulphide	Measured	774	1.19	1.18	32.3	4.82
	Indicated	1,148	1.11	1.05	33.5	4.53
	Inferred	17	0.78	0.95	18.2	3.29
TOTAL	M&I	6,203	1.43	1.37	44.0	5.85

Note: Au equivalent is calculated as AuEq.=Au (g/t)+Ag (g/t)*(US$11/oz)/(600 US$/oz)+Cu (%)/(100*2204.64 lb/t* US$2.25/lb/(US$600/oz/31.103 g/oz)). Mineral resources are contained by a pit shell from a 2006 study by NCL Ingenieria y Construccion S.A. (Kolin and Bentzen, 2006) and above a cut off of 1 g/t Au Eq and grades have not been adjusted for metallurgical recovery. Measured and indicated mineral resources are denoted M&I. Mineral resources for the UMZ Project have been verified by QP Christopher Wright, P.Geo.

On May 14, 2009, the board of directors of the Company approved management's proposal for the development of the UMZ. Management believes the pre-production capital costs presented in KCA feasibility study can be significantly decreased, thereby increasing an already attractive 28.9% internal rate of return for this project. This decrease is largely the result of the planned purchase of second-hand equipment, reduced engineering procurement and construction costs as well as reduced working capital requirements.

Don Mario Concessions

The Don Mario property comprises eleven mineral concessions covering 53,900 hectares providing opportunities for further exploration. This is discussed in more detail under the heading "Update on Other Exploration Activities".

The Company is also undertaking exploration activities consisting of regional sampling, trenching and ground geophysics that may lead to drilling on other targets located in the ten concessions contiguous to the concession in which the Don Mario Mine is situated to ascertain whether there is any additional gold-bearing ore that could be processed through the existing plant.

The Copperwood Project

In September and October, 2008, through its wholly-owned subsidiary Orvana Resources US Corp., Orvana entered into mineral leases covering 712 hectares within the "Western Syncline", which is located in the Upper Peninsula of the State of Michigan, USA. The leased areas are referred to as the Copperwood Project. The Copperwood Project is located about 30 kilometers southwest of the now-closed White Pine mine, which produced over 1.7 million tonnes of copper between 1952 and 1996, principally from chalcocite-bearing siltstone and shale units at the base of the Nonesuch Formation.

In consideration for annual lease payments, Orvana will have mineral rights to the Copperwood Project until the later of the 20th anniversary of the date of the lease or the date Orvana ceases to be actively engaged in development, mining, or related operations on the property. The lessors have also retained an NSR interest on production from their leases, which will be determined quarterly. The royalty rate ranges from 2% to 4% on a sliding scale based on inflation-adjusted copper prices. Orvana has also acquired exclusive options in the vicinity of the

Copperwood Project to lease mineral rights over an additional 1,559 hectares on identical terms to the current mineral leases.

In May 2009, the Company started a 64-hole, 10,000-meter drill program. This drill program was designed to further validate historical drill data, delineate the known mineralization, and provide information sufficient to estimate a resource to measured and indicated confidence categories that meets the standards of NI 43-101. Historical estimates from the Copperwood Project as well as other areas within the Western Syncline that are currently under option to lease rights are shown in the table below.

1959 USMR Internal "Feasibility Study" Estimate				
	Sector "A" Leased* t > 2.6m diluted	Sector "B" Option to Lease* t > 2.6m diluted	Sectors "C & D" Option to Lease* t > 2.6m diluted	ALL Sectors t > 2.6m diluted
Ore, 000's metric tonnes	23,800	14,975	41,125	79,900
Copper, %	1.46	1.13	0.95	1.14
Copper, metric tonnes	347,500	169,100	390,600	907,200
Copper, million lbs	765	375	860	2,000
cutoff, Cu %	1.00	1.00	0.80	
Mineralization Depth, m	30-265	260-350	20-340	

1974 Independent Consultant Estimate				
	Sector "A" Leased* t > 2m undiluted	Sector "B" Option to Lease* t > 2m undiluted	Sectors "C & D" Option to Lease* t > 2m undiluted	ALL Sectors t > 2m undiluted
Ore, 000's metric tonnes	21,925	17,150	28,375	67,450
Copper, %	1.68	1.29	1.20	1.38
Copper, metric tonnes	368,500	221,300	340,550	930,350
Copper, million lbs	800	500	750	2,050
cutoff, Cu %	1.00	1.00	1.00	
Mineralization Depth, m	30-265	260-350	20-340	

All estimates were based on drill holes at a nominal 300 meter spacing using the polygonal method. These were considered “firm” estimates, which have no equivalent category under the Canadian Institute of Mining, Metallurgy and Petroleum’s Definition Standards (2005). Sector “A”, which corresponds to the Copperwood project, includes 38 drill holes, Sector “B” includes 25 drill holes, and Sectors “C” and “D” include 80 drill holes. Sectors “A” and “C” are located on the southern limb of the syncline, Sector “B” is in and around the syncline axis, and Sector “D” is in the northern limb of the syncline. In 1959, a stope height (t) of 2.6 meters was planned. In 1974, technology improvement allowed for a minimum stope height (t) of 2 meters. These historical estimates should not be relied upon and are not considered current mineral resources. The terms “feasibility study” and “ore” are also historical and should not be relied upon.

Orvana has contracted AMEC E & C Services Inc., to audit the handling and sampling protocols and prepare resource estimates compliant with NI 43-101 standards, after the assays are received from the current round of drilling. Orvana is reviewing various scenarios for project development in the event the resource estimate results are economically feasible. Environmental baseline studies are continuing in the project area.

The Company recently received preliminary metallurgical test results of core samples collected from five drill holes during the 2008 drill program. The copper grades of the tested intervals averaged 1.5%. Overall, the metallurgical tests achieved a recovery of 87% and a concentrate grade of 30% copper. At certain steps of the process, recoveries were as high as 94% and concentrate copper grades were as high as 35%. The metallurgical tests were carried out by Kappes, Cassiday and Associates of Reno, Nevada.

The Company began baseline studies for the Environmental Impact Assessment at Copperwood during the first quarter of fiscal 2009 and the second of eight quarterly water-sampling campaigns was completed during the third quarter of fiscal 2009. Flora and fauna studies were also initiated during the quarter.

Social and Environmental Policies
The Company follows these three principles: 1) to be a model environmental steward; 2) to minimize the impact and footprint of operations; and 3) to maximize the use of local services and labour.

In fiscal 2006, Orvana made a five-year financial commitment to the villages in the surrounding area of the Don Mario Mine. The Company is actively involved in the areas of education, sanitation, purchasing of local goods and services and generally working with communities to contribute to and to improve their standard of living. Projects supported by Orvana included supervision of and financial support for community infrastructure development projects such as utilities and parks; education and information technology; cultural events; community business development initiatives; and maintenance of community roads.

In support of the social and economic well-being of the surrounding communities of the Copperwood Project in Michigan, Orvana has awarded five scholarships to students to further their education at the university level, and the Company has also provided funding towards the construction of a microwave internet tower to Wakefield Township to provide wireless internet services to four neighbouring communities.

As mentioned above, the Company is committed to developing and operating its projects, including reclamation efforts, in full compliance with recognized international and local environmental standards. The Company strives to protect and enhance natural habitats and sensitive species, to continue reforestation efforts, and to establish water sources for wildlife.

OVERALL PERFORMANCE

Key Performance Factors
The key factors affecting Orvana's financial performance include gold prices, tax rates, ore reserves, ore grades and recoveries, energy prices, cost management and efficient mine development and capital spending programs.

Revenues and Net Income
The Company's results for the three and nine-month periods ended June 30, 2009 and 2008 are summarized in the table below:

	Three months ended June 30		Nine months ended June 30	
	2009	2008	2009	2008
Revenues	$11,869	$18,244	$42,345	$53,383
Net income	3,218	7,135	11,826	21,102
Earnings per share – basic and diluted	$0.03	$0.06	$0.10	$0.18

Tonnes treated in the third quarter of fiscal 2009 were 71,639 compared to 61,097 for the same period last year. Gold production for the third quarter of fiscal 2009 was 39% lower, at 12,760 ounces, compared to 20,877 ounces for the third quarter of the prior year, due to lower tonnes milled from the LMZ, resulting from stability problems and related safety concerns encountered in the mine, as well as the lower grades processed from the Las Tojas ore.

Revenue for the third quarter fiscal 2009 decreased by 35% to $11,869 on 12,925 ounces sold compared to $18,244 on 20,453 ounces sold during the same period last year. Lower ounces sold accounted for most of the decline in revenue offset slightly by higher average gold prices. The quantity of gold sold in any period is affected by fluctuations in production volumes and the timing of shipments, which is also subject to weather conditions, timing of smelting to produce gold dore, and security considerations.

Direct mine operating costs were $4,491 to produce 12,760 ounces in the third quarter of fiscal 2009 compared to $3,325 to produce 20,877 ounces in the third quarter of fiscal 2008. Total direct mine operating costs increased to $352.00 per ounce for the third quarter of fiscal 2009 compared to $159.28 in the third quarter of fiscal 2008, reflecting the unfavourable impact of lower ounces produced as well as increases in numerous costs including labour, consumables, reagents, maintenance, parts, and supplies.

Direct mine operating costs per treated tonne and per ounce produced are noted in the table below:

	Three months ended June 30		Nine months ended June 30	
	2009	2008	2009	2008
Direct mine operating costs	$4,491	$3,325	$11,237	$9,248
Direct mine operating cost per treated tonne	62.69	54.43	57.75	48.85
Direct mine operating cost per ounce produced	$352.00	$159.28	$229.92	$149.29

A reconciliation of direct mine operating costs to cost of sales is included in the section entitled “Don Mario Mine – Production Cost Analysis”.

In the third quarter of fiscal 2009, general and administration expenses of $873 decreased by $359 from the $1,232 incurred in the third quarter of fiscal 2008.

Exploration expenditures within the Don Mario property were $157 in the third quarter of fiscal 2009 compared to $411 a year ago. Last year’s expenditures included higher levels of exploration activities on the Las Tojas concession.

The Company does not capitalize exploration and pre-feasibility study expenditures until the results of such work indicate that a property is expected to be economically feasible and the decision is taken to proceed with further investment. During the third quarter the Company capitalized expenditures of $136 relating to the UMZ full feasibility study. Total UMZ-related costs capitalized from the start of the full feasibility study in fiscal 2007 to the end of the third quarter of fiscal 2009 amount to $2,544.

Community relations expenses were $63 in the third quarter of fiscal 2009 compared to $31 for the same period last year. Included in these costs were financial donations and expertise contributed by the Company to support infrastructure and other program initiatives in seven communities in the vicinity of the Don Mario Mine.

Interest and other income for the three months ended June 30, 2009 of $218 (2008 - $405) was primarily generated on the short-term investment of excess cash in investment-grade bank-issued investment certificates. In the past several months, there has been a significant decline in interest rates on investment-grade deposit certificates.

The effective income tax rate of 36.6% for the nine months ended June 30, 2009 is higher than the rate of 30.4% for the same period last year due to the elimination of the double deduction for exploration expenditures in Bolivia in the second quarter of fiscal 2008.

Net income for the three months ended June 30, 2009 was $3,218 ($0.03 per share) compared to $7,135 ($0.06 per share) for the same period last year.

Cash Flows

The following table summarizes the principal sources and uses of cash for the three and nine-month periods ended June 30, 2009 and 2008:

	Three months ended June 30		Nine months ended June 30	
	2009	2008	2009	2008
Cash provided by operating activities	$4,216	$11,785	$13,301	$33,653
Capital expenditures	(1,977)	(2,197)	(5,002)	(6,313)
Long-term debt (repayments)	(403)	1,126	(1,189)	4,626

Cash provided by operating activities

Cash provided by operating activities for the three months ended June 30, 2009 decreased by 64% or $7,569 to $4,216 when compared to the third quarter of fiscal 2008 due to lower revenue and an increase in non-cash working capital use.

Capital expenditures

Capital expenditures for the third quarter of fiscal 2009 were $1,977, as compared to $2,197 in the third quarter of fiscal 2008, consisting of: $800 for the Don Mario Mine property, plant and equipment expenditures; $136 for UMZ full feasibility study costs; and $1,041 for the Copperwood Project in Michigan.

The following table provides a comparison of key elements of the Company's balance sheet at June 30, 2009 and September 30, 2008:

	June 30, 2009	September 30 2008
Cash and cash equivalents	$97,989	$91,041
Non-cash working capital (deficit)**	(1,303)	(5,006)
Total assets	127,208	120,685
Long-term debt	3,056	4,245
Shareholders' equity	108,775	96,862

**Non-cash working capital (deficit) excludes the current portion of long-term debt

Cash and cash equivalents increased by $6,948 to $97,989 for the nine months ended June 30, 2009. The non-cash working capital deficit decreased by $3,703 to a deficit of $1,303 from a deficit of $5,006 at the end of fiscal 2008.

The Company's policy is to invest excess cash in highly liquid, highly-rated financial instruments. The Company's excess cash is not invested in non-bank asset-backed commercial paper.

Shareholders' equity increased by $11,913 to $108,775 for the nine months ended June 30, 2009, primarily due to net income earned by the Company. No dividends were paid in the third quarter of fiscal 2009.

Outlook

During third quarter of fiscal 2009, the mill treated 71,639 tonnes of ore in the production of 12,760 ounces of gold. Head grades of ore treated averaged 5.98 g/t.

As a consequence of the depletion of higher grade ore from the LMZ and the processing of lower grade ore from the Las Tojas deposit, there will be year-over-year declines in gold production in fiscal 2009 and fiscal 2010. The drilling results on the Las Tojas Concession of the Don Mario Property suggest that the current Don Mario gold mining operation may be extended into the third quarter of fiscal 2010. The UMZ, a copper-gold project, will utilize the expanded milling capacity and will extend the expected life of the Don Mario Mine operation well into the next decade.

The Company has evaluated and continues to evaluate numerous properties. The proposed acquisition of Kinbauri Gold Corp., if completed, will provide an attractive gold-copper mine for the Company and a growth platform in continental Europe.

CORPORATE RESOURCES

Management and Staffing

On February 13, 2009, the Board of Directors announced the appointment of Dr. Richard H.T. Garnett as a director of the Company. Dr. Garnett is president of Valrik Enterprises Inc., a company providing consultancy services to mining companies, and is also a director of private investment companies involved in the mining industry. He is a member of the Canadian Institute of Mining and Metallurgy. He holds a Master of Business Administration and PhD. in Economic Geology and is a Qualified Person as defined by NI 43-101.

Liquidity and Capital Resources

Liquidity and Commitments

The Company has recorded an asset retirement obligation at a discounted amount of $2,281 at June 30, 2009 to dismantle the facilities and structures of the Don Mario Mine and to complete environmental reclamation of areas affected by current mining operations, including the tailings dam. The Company estimates that the total amount of undiscounted cash flows required to settle the Company's asset retirement obligations is $2,800. If the Don Mario operation were to be discontinued at the end of 2010, this obligation would be settled as follows over the years indicated: 2010 - $1,100; 2011 - $400; 2012 - $500; 2013 - $400; 2014 - $400. However, as described elsewhere in this MD&A, the UMZ represents a major project which would extend the Don Mario operation's life well into the next decade. These estimates are based on expected remediation requirements relating to the LMZ and re-estimates will be made given the approval of the development of the UMZ base metals project.

During the nine months ended June 30, 2009, the net increase in cash and cash equivalents, after capital expenditures, foreign exchanges losses and long-term debt repayments, was $6,948, resulting in total cash and cash equivalents of $97,989 at June 30, 2009.

Capital Resources

At June 30, 2009, the Company had capital resources of $111,831 represented by long-term debt of $3,056 and shareholders' equity amounting to $108,775.

Shareholders' equity increased by 12% or $11,913 to $108,775 ($0.94 per share) during the nine months ended June 30, 2009, compared to $96,862 ($0.84 per share) at September 30, 2008.

RESULTS

Results of Operations

The following table and analysis compare operating results for the three and nine-month periods ended June 30, 2009 and 2008:

	Three months ended June 30		Nine months ended June 30	
	2009	2008	2009	2008
Revenues	$11,869	$18,244	$42,345	$53,383
Costs and expenses of mining operations	7,697	6,880	20,898	19,551
Expenses and other income	1,024	1,269	2,781	3,507
Net Income	3,218	7,135	11,826	21,102
Earnings per share – basic and diluted	$0.03	$0.06	$0.10	$0.18

Revenue for the third quarter of fiscal 2009 decreased 35% to $11,869 on 12,925 ounces sold compared to $18,244 on 20,453 ounces sold for the same quarter last year. Lower ounces sold accounted for most of the decline in revenue which was slightly offset by higher average gold prices. The quantity of gold sales in any period is affected by fluctuations in production volumes and the timing of shipments, which is also subject to weather conditions, timing of smelting to produce gold dore, and security considerations.

Further information on production operations and costs is presented below under "Don Mario Mine – Production Cost Analysis".

Don Mario Mine and Las Tojas

Ore from the LMZ will be exhausted in the fourth quarter and will be replaced by higher tonnages of lower grade ore from Las Tojas. The following table shows the tonnages treated and the head grade in g/t gold at the Don Mario Mine and Las Tojas for the three and nine-month periods ended June 30, 2009 and 2008.

		Three months ended June 30		Nine months ended June 30	
		2009	2008	2009	2008
Underground mine	Tonnes	42,680	58,993	134,361	181,135
	g/t	8.51	11.44	11.05	11.18
Las Tojas, minipit & stockpile	Tonnes	28,959	2,104	60,216	8,198
	g/t	2.26	1.95	2.13	1.95
Total	Tonnes	71,639	61,097	194,577	189,333
	g/t	5.98	11.12	8.29	10.79
Recovery rate		92.6%	95.6%	94.2%	94.4%
Gold produced – ounces		12,760	20,877	48,876	61,948

At June 30, 2009, the Don Mario Mine and Santa Cruz administrative office had a total of 225 employees and 218 contracted personnel who provide various support services. Levels of contracted personnel fluctuate from month to month depending on the mine's requirements.

Don Mario Mine and Las Tojas – Production Cost Analysis

The table below presents the cash operating costs and total production costs at the Don Mario Mine in producing 12,760 ounces in the third quarter of fiscal 2009 compared to 20,877 ounces in the third quarter of fiscal 2008.

	Three months ended June 30			
	2009		2008	
	Costs	Cost/oz.	Costs	Cost/oz.
Direct mine operating costs	$4,491	$352.00	$3,325	$159.28
Third-party smelting, refining and transportation costs	51	3.98	59	2.83
Cash operating costs	4,542	355.98	3,384	162.11
Royalties and mining rights	375	29.41	524	25.11
Mining royalty tax	835	65.42	1,298	62.16
Total cash costs	5,752	450.81	5,206	249.38
Depreciation and amortization	1,955	153.21	1,800	86.21
Total production costs	$7,707	$604.02	$7,006	$335.59
Gold production	12,760 ozs.		20,877 ozs.	

Total unit production costs increased by $268.43 per ounce, an 80% increase, to $604.02 per ounce for the third quarter of fiscal 2009 from a unit cost of $335.59 for the third quarter of fiscal 2008, primarily due to a 39% decline in production. Higher direct mine operating costs, mining royalty taxes and depreciation and amortization also contributed to the higher unit costs. Direct mine operating costs during the quarter included the initial stripping costs related to the Las Tojas ore. They also included the incremental costs of safely mining the remaining areas of the LMZ.

The table below presents the cash operating costs and total production costs at the Don Mario Mine in producing 48,876 ounces in the nine months ended June 30, 2009 compared to 61,948 ounces in the nine months ended June 30, 2008.

	Nine months ended June 30			
	2009		2008	
	Costs	Cost/oz.	Costs	Cost/oz.
Direct mine operating costs	$11,237	$229.92	$9,248	$149.29
Third-party smelting, refining and transportation costs	226	4.61	174	2.81
Cash operating costs	11,463	234.53	9,422	152.10
Royalties and mining rights	1,307	26.73	1,642	26.50
Mining royalty tax	2,961	60.59	2,709	43.73
Total cash costs	15,731	321.85	13,773	222.33
Depreciation and amortization	5,430	111.10	5,835	94.19
Total production costs	$21,161	$432.95	$19,608	$316.52
Gold production	48,876 ozs.		61,948 ozs.	

The difference between direct mine operating costs of $4,491 and cost of sales of $4,527 reported in the consolidated financial statements for the third quarter of fiscal 2009 is due to changes in gold inventories and gold in circuit. A reconciliation of the non-GAAP measure of direct mine operating costs to the cost of sales as shown in the Company's Canadian GAAP-based statement of income is presented in the table below:

	Three months ended June 30		Nine months ended June 30	
	2009	2008	2009	2008
Cost of Sales	$4,527	$3,253	$11,156	$9,349
Changes in gold inventories and gold in circuit	(36)	72	81	(101)
Direct mine operating costs (non-GAAP measure)	$4,491	$3,325	$11,237	$9,248

Update on Other Exploration Activities

The Company is actively exploring within the contiguous concessions referred to collectively as the Don Mario property with the objective of identifying additional LMZ-type ore that could feed the current gold plant. The focus of the exploration is as follows:

- Drill the extensions of the Las Tojas gold-bearing structures,
- Collect geophysical data along the trend of Las Tojas in the Eastern Schist Belt.

.The Company will also continue the drill program at the Copperwood Project during the remainder of fiscal 2009.

Summary of Quarterly Results

The following two tables include results for the eight quarters ended June 30, 2009:

	Quarters ended			
	June 30, 2009	Mar. 31, 2009	Dec. 31, 2008	Sept. 30, 2008
Revenues	$11,869	$16,311	$14,165	$15.681
Net income	$3,218	$4,694	$3,914	$4,605
Earnings per share – basic and diluted	$0.03	$0.04	$0.03	$0.04
Total assets	$127,208	$123,766	$124,985	$120,685
Total long-term financial liabilities	$3,056	$3,459	$3,856	$4,245
Gold production - ozs.	12,760	18,091	18,025	17,656
Gold sales – ozs.	12,925	18,244	17,678	18,109
Non-GAAP measures				
Per ounce data -				
- Total cash costs	$450.81	$271.54	$281.04	$304.85
- Average gold price realized	$918.30	$894.07	$801.28	$865.96
Operating statistics -				
- Gold ore grade – g/t	5.98	10.07	9.24	9.18
- Gold recovery rate - %	92.6%	95.2%	94.8%	93.6%

	Quarters ended			
	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Revenues	$18,244	$19,062	$16,077	$14,183
Net income	$7,135	$7,102	$6,865	$6,944
Earnings per share – basic and diluted	$0.06	$0.06	$0.06	$0.06
Total assets	$112,538	$100,633	$90,127	$81,153
Total long-term financial liabilities	$4,626	$3,500	-	-
Gold production - ozs.	20,877	19,988	21,083	21,571
Gold sales – ozs.	20,453	20,644	20,607	20,991
Non-GAAP measures				
Per ounce data -				
- Total cash costs	$249.38	$244.80	$174.25	$158.82
- Average gold price realized	$891.97	$923.40	$780.15	$675.67
Operating statistics -				
- Gold ore grade – g/t	11.12	10.72	10.54	11.99
- Gold recovery rate - %	95.6%	94.0%	93.5%	93.2%

Comments on the tables of quarterly results
The quantity of gold sales in any period is affected by fluctuations in production volumes and the timing of shipments, which is also subject to weather conditions, timing of smelting to produce gold dore and security considerations.

Average gold prices realized during each of the eight quarters ended June 30, 2009 ranged from $676 to $923 per ounce. Higher quarterly revenues in the second quarter of fiscal 2009 did not translate into higher quarterly net income when compared to the third and second quarter of fiscal 2008 due to lower production, higher production costs, and the impact of higher taxes due to an increase in the corporate income tax rate from 25% to 32.5% and the new mining royalty tax on revenues. Lower gold sales in the third quarter of fiscal 2009 were due to lower production and lower head grades.

RISKS AND UNCERTAINTIES

The Company holds the rights to mineral concessions in Bolivia and as such is subject to the laws governing the mining industry in that country. In view of: the new constitution approved in the national referendum held on January 25, 2009; new mining policy and mining tax changes that have been implemented and that are being proposed; and the composition of the Company's shareholder base, there could be changes in governmental regulation or governmental actions in Bolivia that adversely affect the Company. The new constitution could have adverse implications for the Company due to, among other things, increased powers that the Bolivian government would have under the constitution to control the commercialization of minerals.

There could also be changes to governmental regulation with respect to such matters as repatriation of profits, restrictions on production, export controls, environmental compliance, and expropriation of property or limitations on foreign ownership. There could also be shifts in the political stability of the country and labour or civil unrest. In May 2006, the Bolivian government moved to increase its share of the country's oil and gas sector by imposing a profit-sharing arrangement in which the government receives a 50% share in operating profits of companies operating in the sector. On May 1, 2008, the Bolivian government announced additional measures to increase its control over the oil and gas and telecommunications sectors. Similar actions on the part of the government with respect to the mining sector, in addition to the recent increase in income and other taxes, could materially adversely affect the Company's Bolivian subsidiary.

Statements by members of the government with respect to new government policies in the mining sector have been contradictory, sometimes referring to "nationalization", but at other times stating that "nationalization" will not occur. It is not clear whether the Bolivian government will nationalize any portion or all of the mining industry. If the Don Mario Mine were to be nationalized, the Company would cease to have any producing assets. Other changes in governmental regulation or governmental actions such as those described above could also have a material adverse effect on the results of operations or financial condition of Orvana.

The Bolivian government has indicated that it intends to amend the mining code to require that, in the future, Corporacion Minera de Bolivia ("COMIBOL"), the state-owned mining company, will control Bolivian land subject to the grant of mineral concession rights. Under these amendments, an application will have to be made for new mineral concessions in the future and all concessions granted may result in some form of joint venture with COMIBOL or another government entity in the exploitation of any minerals found.

Additional recent proposed modifications to the mining code have been published by the government. One such proposal would see mineral concessions revert to the state in a time-frame depending on the length of time since any exploration work was undertaken ranging from immediate reversion for concessions not worked for more than five years to reversion after one year for concessions not worked for four years and so on.

Mineral reserve and resource figures provided by the Company are estimates and no assurances can be given that the indicated amount will be produced. Estimated reserves and resources may have to be recalculated based on actual production experience and the prevailing prices of the metals produced.

The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, the cost of operations and fluctuations in the sales price of products. The value of the Company's mineral properties is heavily influenced by metal prices, particularly the price of copper and gold. Metal prices can and do change significantly over short periods of time and are affected by numerous factors beyond the control of the Company, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's properties can be mined profitably. Depending on the price received for minerals produced, the Company may determine that it is impractical to commence or continue commercial production. The grade of any ore ultimately mined from a mineral deposit may differ from that predicted from drilling results or past production. Production volumes and costs can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on the results of operations. Moreover, there can be no assurance that because minerals are recovered in small scale laboratory tests that similar recoveries will be achieved under production scale conditions. Although precautions to minimize risks will be taken, processing operations are subject to hazards such as equipment failure or failure of tailings impoundment facilities, which may result in environmental pollution and consequent liability.

Mineral exploration and mining involve considerable financial, technical, legal and permitting risks. Substantial expenditures are usually required to establish ore reserves and resources, to evaluate metallurgical processes and to construct mining and processing facilities at a particular site It is impossible to ensure that the exploration programs conducted by the Company will result in profitable commercial mining operations, as, within the mining industry, few properties that are explored are ultimately developed into producing mines. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or landslides, floods, power outages, water or fuel shortages, labour disruptions, fires, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour are risks associated with the conduct of exploration programs and the operation of mines. In addition, social unrest in areas adjacent to the Company's properties could have a material adverse effect on the Company's activities
Beyond 2010 and in the absence of new operations or reserves being added, the Company's revenue stream will depend on production from the UMZ project of the Don Mario Mine and the Copperwood project. The UMZ project will be brought on stream following the processing of the remaining ore from the LMZ and Las Tojas projects. For any of its projects, the Company may experience difficulty in obtaining satisfactory financing terms or adequate project financing.

The Company's business, results of operations and financial condition, and the trading price of its common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of mineral deposits; metal prices; labour costs and the supply and price of energy and other consumables; exploration; development and operating risks; water supply; production estimates; mineral reserves and resources; title matters; reclamation costs; gold price volatility; competition; additional funding requirements; insurance; currency fluctuations; conflicts of interest and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

A high percentage of the Company's revenues, costs and assets are denominated in United States dollars, and the remainder is 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

Critical Accounting Estimates

The preparation of financial statements in accordance with Canadian 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 revenues and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are gold ore reserves, accounts receivable, property, plant and equipment, depreciation and amortization, asset retirement obligations, future income taxes, stock-based compensation and other accrued liabilities and contingent liabilities.

Mineral reserves
The LMZ is expected to be depleted during the final quarter of fiscal 2009. Mineralized material from the Las Tojas deposit is being processed concurrently with ore from the LMZ deposit. It is expected that mining of the UMZ will extend the life of mine well into the next decade.

Net realizable amounts of property, plant and equipment
At June 30, 2009, the net book value of the Don Mario property, plant and equipment amounted to $14,573 (excluding UMZ feasibility study costs capitalized of $2,544 and the Copperwood project costs of $2,560). 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, with copper prices in excess of $2.00 per pound and gold prices in excess of $650 per ounce, net realizable amounts are in excess of related net book value of property, 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 obligations) to be $2,281 at June 30, 2009. It is estimated that the amount of future expenditures to dismantle mine installations and to complete reclamation will be $2,800 on an undiscounted basis. If the Don Mario operation were to be discontinued at the end of 2010, this obligation would be settled approximately as follows over the years indicated: 2010 - $1,100; 2011 - $400; 2012 - $500; 2013 - $400; 2014 - $400. These estimates are based on expected remediation requirements relating to the LMZ and re-estimates will be made given the approval of the development of the UMZ base metals project.

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.

Stock-based compensation
The Company recorded stock-based compensation expense of $20 for the third quarter ended June 30, 2009 compared to $38 for the same period a year ago. The stock-based compensation expense is based on an estimate of the fair value on the grant date of stock options issued. This

accounting required estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Financial and Other Instruments
The Company has not used any hedging or other financial instruments in the current fiscal year to date or in the prior three fiscal years.

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 at the Report Date, there were 115,233,173 common shares outstanding with a stated value of $74,777. There were also 3,200,001 stock options outstanding at the Report Date with a weighted average exercise price of Canadian $0.88. Stock options outstanding have expiry dates ranging from 2010 to 2014.

Other Information
Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2009. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions.

The Canadian Accounting Standards Board will require all public companies to adopt International Financial Reporting Standards (“IFRS”) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will also be required to provide IFRS comparative information for the previous year. The transition from Canadian GAAP to IFRS will be applicable for the Company for its first quarter ended December 31, 2011 of fiscal 2012 when the Company will prepare both current and comparative financial information using IFRS. The Company will continue to monitor and assess the impact of the planned convergence to IFRS throughout the next year including the establishment of an implementation plan.

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.