ORVANA MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 and 2010

AUDITED

(EXPRESSED IN UNITED STATES DOLLARS)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Orvana Minerals Corp. were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 2 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

[signed]

William C. Williams

President and Chief Executive Officer

[signed]

Malcolm King

Vice President and Chief Financial Officer

Toronto, Canada

December 9, 2011

December 9, 2011

Independent Auditor's Report

To the Shareholders of
Orvana Minerals Corp.

We have audited the accompanying consolidated financial statements of Orvana Minerals Corp. (the Company) and its subsidiaries, which comprise the consolidated balance sheets as at September 30, 2011 and 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP, Chartered Accountants
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at September 30, 2011 and 2010 and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

ORVANA MINERALS CORP.
Consolidated Balance Sheets
(In thousands of United States dollars)

	As at September 30, 2011	As at September 30, 2010
Assets		
Current assets		
Cash and cash equivalents	$ 12,244	$ 11,947
Concentrate and dore sales receivable	2,682	-
Value added taxes receivable and prepaid expenses	12,078	10,992
Inventory (note 5)	10,280	6,226
Income tax receivable	-	79
	37,284	29,244
Long term value-added taxes receivable	2,756	-
Restricted cash (note 4)	2,275	753
Reclamation bonds (note 9)	10,074	3,287
Property, plant and equipment (note 6)	187,513	123,188
	$ 239,902	$ 156,472
Liabilities		
Current liabilities		
Bank debt (note 4)	$ 6,417	$ 3,049
Accounts payable and accrued liabilities	21,778	15,901
Income taxes payable	35	-
Current portion of long-term debt (note 7)	9,346	1,749
Current portion of obligations under capital leases (note 8)	2,002	975
Current portion of derivative instruments (note 10)	1,717	-
	41,295	21,674
Long-term debt (note 7)	38,471	833
Obligations under capital leases (note 8)	2,177	1,547
Asset retirement obligations (note 9)	8,099	7,538
Derivative instruments (note 10)	10,619	-
Provision for statutory labour obligations	1,549	1,771
Future income tax liability (note 14)	7,216	12,402
Long-term compensation (note 12)	1,050	1,305
	110,476	47,070
Shareholders' equity		
Share capital (note 11(b))	115,930	76,227
Contributed surplus	2,648	1,674
Retained earnings	10,848	31,501
	129,426	109,402
	$ 239,902	$ 156,472

Commitments and contingencies (note 15)

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

Approved by the Board of Directors:

[signed] William C. Williams Director

[signed] Robert Mitchell Director

ORVANA MINERALS CORP.
Consolidated Statements of Loss and Comprehensive Loss
(In thousands of United States dollars except per share amounts)

	Years ended September 30 2011	2010
Revenue		
Metal sales	$ 25,085	$ 32,344
Costs and expenses of mining operations		
Cost of sales	15,982	18,097
Royalties and mining rights	1,283	1,115
Mining royalty taxes	1,025	2,263
Depreciation and amortization	4,079	3,610
Accretion (note 9)	603	191
	22,972	25,276
	2,113	7,068
Expenses (other income)		
General and administrative	5,471	4,414
Exploration	88	490
Stock-based compensation	1,415	477
Stock-based consideration (notes 11 and 20)	5,214	-
Long-term compensation expense (recovery)	(431)	1,385
Community relations	527	279
Interest on long-term debt	688	313
Other expense	392	1,254
Foreign exchange loss (gain)	138	(698)
Derivative loss (note 10)	13,611	-
	27,113	7,914
Loss before provision for current and future income taxes	(25,000)	(846)
Provision for income taxes		
Current income taxes	748	1,870
Future income tax recovery (note 14)	(5,095)	(285)
	(4,347)	1,585
Net loss and comprehensive loss	$ (20,653)	$ (2,431)
Loss per share (note 17)		
Basic and diluted	$ (0.17)	$ (0.02)

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

ORVANA MINERALS CORP.
Consolidated Statements of Changes in Shareholders' Equity
(In thousands of United States dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance, September 30, 2009	$ 74,777	$ 1,658	$ 33,932	$ 110,367
Exercise of stock options	1,450	(461)	-	989
Stock-based compensation	-	477	-	477
Net loss	-	-	(2,431)	(2,431)
Balance September 30, 2010	$ 76,227	$ 1,674	$ 31,501	$ 109,402

	Share Capita l	Contributed Surplus	(Deficit) Retained Earnings	Total
Balance, September 30, 2010	$ 76,227	$ 1,674	$ 31,501	$ 109,402
Equity offering (net of costs)	15,485	-	-	15,485
Conversion of bridge loan (note 20)	15,225	-	-	15,225
Private placement (note 20)	2,386	-	-	2,386
Exercise of stock options	1,393	(441)	-	952
Stock-based compensation	-	1,415	-	1,415
Stock-based consideration (notes 11 and 20)	5,214	-	-	5,214
Net loss	-	-	(20,653)	(20,653)
Balance September 30, 2011	$ 115,93 0	$ 2,648	$ 10,848	$ 129,426

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

ORVANA MINERALS CORP.
Consolidated Statements of Cash Flows
(In thousands of United States dollars)

	Years ended September 30 2011	2010
Operating activities		
Net loss	$ (20,653)	$ (2,431)
Depreciation and amortization	4,152	3,610
Accretion	603	191
Stock-based compensation	1,415	477
Stock-based consideration (notes 11 and 20)	5,214	-
Long-term compensation expense (recovery)	(431)	1,385
Future income tax (recovery)	(5,095)	(285)
Provision for statutory labour obligations	(222)	365
Foreign exchange loss (recovery)	418	(767)
Derivative loss (note 10)	12,336	-
	(2,263)	2,545
Changes in non-cash working capital		
Accounts receivable	(2,682)	-
Value added taxes receivable and prepaids	(3,842)	(5,241)
Inventory	(4,054)	(1,646)
Accounts payable and accrued liabilities	146	1,767
Net income taxes payable	114	(6,069)
Asset retirement obligations	(42)	-
	(12,623)	(8,644)
Financing activities		
Bank debt (note 4)	3,368	3,049
Proceeds from long-term debt (note 7)	50,170	1,000
Deferred financing fees (note 7)	(4,186)	-
Repayment of long-term debt (note 7)	(1,768)	(2,562)
Exercise of stock options (note 11(b))	952	989
Settlement of long-term compensation	(32)	(13)
Issue of common shares, net of share issue costs (note 11)	33,053	-
	81,557	2,463
Investing activities		
Capital expenditures	(59,819)	(37,497)
Restricted cash and reclamation bonds	(8,735)	(2,731)
	(68,554)	(40,228)
Change in cash and cash equivalents	380	(46,409)
Cash and cash equivalents, beginning of the year	11,947	58,036
Effect of exchange rate change on cash held in foreign currencies	(83)	320
Cash and cash equivalents, end of year	$ 12,244	$ 11,947

The notes to the interim consolidated financial statements are an integral part of these financial 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. The Company owns and operates the El Valle-Boinás/Carlés Mine ("EVBC") in Spain, which is held indirectly through its wholly owned subsidiary Kinbauri España S.L.U. ("Kinbauri") and the Don Mario Mine and property in eastern Bolivia which is held indirectly through its wholly owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"). In addition, the Company holds mineral leases in the state of Michigan, USA, referred to as the Copperwood Project which is held indirectly through its wholly owned subsidiary, Orvana Resources US Corp. ("Orvana Resources"). The Company's shares are listed on the Toronto Stock Exchange ("TSX").

2. Basis of presentation and new accounting policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements:

(a) Basis of presentation and consolidation

The consolidated financial statements of the Company and its subsidiaries, which are expressed in US dollars, are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The consolidated financial statements include the assets, liabilities, revenues and expenses of the following wholly-owned subsidiaries:

Operating companies:
- Empresa Minera Paititi S.A. ("EMIPA")
- Kinbauri España S.L.U. ("Kinbauri")
- Orvana Resources US Corp. ("Orvana Resources")

Non-operating companies:
- Kinbauri Galicia S.L.U.
- Orvana Minerals Asturias Corp. ("Orvana Asturias")
- Orvana Cyprus Limited
- Orvana Sweden International AB
- Orvana Pacific Minerals Corp.
- Minera El Alto S.A.
- Minera Orvana Peru S.A.
- Clarendon Mining Limited
- Minera Orvana Mexico S.A. de C.V.

(b) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results may differ significantly from these estimates.

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

Accounts which require management to make material estimates in determining amounts recorded include 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.

(c) Revenue recognition

Revenue arising from the sale of metals is recognized when the price and volume can be reliably measured, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is probable.

For the sale of gold-copper concentrate, the recognition criteria is typically met at the earlier of delivery of concentrate at certain destinations as specified in the contracts or payment of the provisional invoice by the buyer. Sales of gold-copper concentrate are based on specific sales agreements and are subject to adjustment upon final settlement of shipment weights, assays and metal prices, including provisions where final metal prices are determined by quoted market prices in a period subsequent to the date of sale. Revenues are recorded at the time of sale based on spot prices or forward prices for the expected date of final settlement. Subsequent variations to weights, assays and metal prices are recognized in revenue each period end and in the period of final settlement. Refining, treatment and marketing charges are netted against revenues from concentrate sales.

Revenue from gold dore is recognized upon receipt of payment and notification of delivery to the customer. Sales of gold dore are based on specific sales agreements and are subject to adjustment upon final settlement of shipment weights, assays and metal prices.

(d) Exploration expenditures

The costs of acquiring mineral properties are capitalized. Exploration and development expenditures are capitalized once management has determined that there is a reasonable expectation of economic extraction of minerals from the property. The Company periodically assesses its capitalized exploration and development expenditures for impairment and where there are circumstances indicating that such impairment exists, the carrying value of the impaired asset is written down to fair value.

(e) Stock-based compensation

The fair value of any stock options granted to directors, officers, consultants and employees is recorded as an expense over the vesting period of the options with a corresponding increase recorded to contributed surplus. The fair value of the stock-based compensation is determined using the Black-Scholes option pricing model and management's assumptions as disclosed in note 11(d). Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

Deferred share unit ("DSU") plan

The Company established a DSU Plan, effectively a phantom stock plan, for directors, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense in the consolidated statement of income (loss) and comprehensive income (loss). The fair value of the DSUs is marked to the quoted market price of the Company's shares at each reporting date and changes in their fair value are recorded in long-term compensation expense. Payouts are settled in cash within a specified period following a director's departure based on the average of the closing price of the Company's shares for the five preceding days of the payment.

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

Restricted share unit ("RSU") plan

The Company established a RSU Plan, effectively a phantom stock plan, for designated executives, effective October 1, 2008, with awards made as determined by the Board of Directors of the Company. RSUs are settled in cash with the number of RSU's granted and the payment based on the market value of the underlying stock for the five preceding days of the grant date and payment date, respectively. The fair value of the RSUs is marked to the quoted market price of the Company's shares at each reporting date and changes in their fair value are recorded in long-term compensation expense.

(f) Income taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on losses carried forward and are measured using the substantially enacted tax rates that are expected to be in effect when the differences are expected to reverse or losses are expected to be utilized. The effect on future income tax assets and liabilities of a change in the enacted tax rate is included in income in the period in which the change is substantially enacted. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

(g) Earnings per share

Basic earnings per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the year. Diluted earnings per share is computed using the "treasury stock method". The treasury stock method assumes that all "in the money" option proceeds are used to purchase common shares of the Company at the average market price during the year. The computation of diluted earnings per share assumes the conversion, exercise or issuance would have a dilutive effect on earnings per share. No potential common shares are included in the computation of any diluted per share amounts when the Company has a net loss.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and money market investments with original maturities of three months or less and which are readily convertible into cash.

(i) Inventories

Gold inventory, which consists of gold bullion and gold in circuit, is stated at the lower of carrying value and net realizable value. Gold-copper concentrate inventory is stated at the lower of carrying value and net realizable value. Supplies inventory is stated at the lower of average cost and replacement cost.

(j) Property, plant and equipment

Property, plant and equipment, including mine development expenditures, are carried at cost less accumulated depreciation and amortization and less any write-downs to recognize impairments. Depreciation and amortization of mine property, plant and equipment are charged to income on a units-of-production basis over estimated ore tonnage available for processing. Properties under development include initial acquisition costs, property option costs,

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

exploration and development costs, net of revenues earned during the commissioning phase, once the Company determines there is a reasonable expectation of economic extraction of minerals from the property. When impairment conditions are identified, reviews of producing properties and properties under development are conducted. The carrying values of property, plant and equipment which are not assessed as economically viable are written down to fair value, which is determined using a discounted cash flow model.

(k) Asset retirement obligations

The accounting for asset retirement obligations encompasses the accounting for legal obligations associated with the retirement of a long-lived tangible asset that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset include a sale, abandonment, recycling or disposal in some other manner.

The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the cost of the related long-lived asset. The capitalized cost is amortized on a unit-of-production basis. Changes in the liability for an asset retirement obligation resulting from the passage of time and/or revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognized in the period of change and the related costs are recognized in the period of change or in the period of change and future periods, if the change affects more than one period. Over time, the liability is increased to reflect an interest element (accretion expense) considered in the initial measurement of fair value. Upon settlement of the liability, a gain or loss is recorded if the actual costs incurred are different from the liability recorded.

It is possible that the Company's estimates of its asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required and the means of reclamation or cost estimates. These estimates are also based on expected remediation requirements relating to the Don Mario Mine and property and the EVBC project. Changes in estimates are accounted for prospectively from the period in which these estimates are revised.

(l) Foreign currency translation

The functional and reporting currency of the Company is the US dollar. The Company's foreign operations are classified as integrated for foreign currency translation purposes. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Non-monetary items are translated at historical rates. Revenues and expenses are translated at the average exchange rate during the year with the exception of depreciation and amortization which is translated at the historical rate recorded for property, plant and equipment. Exchange gains and losses arising on the translation of monetary assets and liabilities are included in the determination of earnings for the current period.

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

(m) Commercial production

The Company assesses each mine development project to determine when a mine has advanced to the production stage. The criteria used to assess the start date are determined based on the nature of each mine development project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when a mine is substantially complete and ready for its intended use and has advanced to the production stage. The criteria considered include: (1) the completion of a reasonable period of testing of mine plant and equipment, (2) the ability to produce materials in saleable form (within specifications) and (3) the ability to sustain ongoing production of minerals. When a mine construction project has advanced into the production stage, the capitalization of certain mine construction ceases and costs are either capitalized to inventory or expensed, except for sustaining capital costs related to property, plant and equipment and underground mine development or reserve development.

(n) Financial instruments

All financial instruments have been classified into one of the following five categories: held-for-trading assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income until the instruments are derecognized or impaired. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company made the following classifications:

Cash and cash equivalents	Loans and receivables
Value-added taxes receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Income taxes payable	Other financial liabilities
Capital leases	Other financial liabilities
Long-term debt	Other financial liabilities
Provision for statutory labour obligations	Other financial liabilities
Derivative instruments	Held-for-trading

(o) New accounting policies

Derivatives

The Company has entered into derivative instruments (forward contracts) as required under the terms of a credit facility with Credit Suisse A.G. ("Credit Suisse"). All of the forward contracts the Company has entered into are classified as held for trading. Changes in the fair value of these derivatives are recognized in the income statement.

Fair values for derivative instruments held for trading are determined using valuation techniques, incorporating assumptions based on market conditions existing at the balance sheet date. Realized gains and losses are recognized in the income statement.

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

Long-term debt

Long-term debt instruments are initially recognized at fair value, net of debt issuance costs incurred. Debt instruments are subsequently valued at amortized cost. Debt issue costs are deducted from the balance of the underlying debt and amortized using the effective interest rate method.

(p) New accounting policies not yet adopted

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

3. Restricted cash

Restricted cash includes approximately $849 (September 30, 2010 - $753) of cash on deposit in favour of the Spanish government pending audit by the government of compliance with the terms of certain capital investment subsidies received by the Company and $1,426 (September 30, 2010 - $nil) of cash on deposit in favour of the Bolivian government pending the appeal of the VAT audit.

4. Bank debt

EMIPA has short-term credit facilities with Banco de Credito de Bolivia S.A. and Banco Bisa S.A. for approximately $6,500 payable in 90-150 days with annual interest rates ranging from 4% to 6% with certain of the Company's assets pledged as security against these loans. As at September 30, 2011, $6,417 (September 30, 2010 - $3,049) was drawn on these facilities.

In addition, at September 30, 2011, EMIPA has bank guarantees and a letter of credit with Banco Bisa S.A. amounting to approximately $1,897 (September 30, 2010 - $716), related to refunded amounts of value-added taxes ("VAT") and natural gas and chemical purchases. The bank guarantees on the VAT credit notes expire after 120 days and are pending the final approval and audit of these credit notes by the Bolivian government. EMIPA also has guarantees for the purchase of natural gas from government suppliers that are for one year and are re-newed annually and would only be executed by the government suppliers if EMIPA failed to pay the invoices related to these purchases. EMIPA has a letter of credit for $434 for chemical purchases and it matures in March of 2012.

5. Inventories

		September 30, 2011		September 30, 2010
Ore in stockpiles	$	753	$	-
In-process		191		-
Gold dore		-		753
Concentrate		3,125		-
Material and supplies		6,211		5,473
	$	10,280	$	6,226

6. Property, plant and equipment

September 30, 2011		Cost		Accumulated amortization		Net carrying value
Land	$	2,587	$	-	$	2,587
Plant and equipment		103,228		36,933		66,295
Furniture and equipment		1,805		195		1,610
Equipment under capital lease		8,515		2,217		6,298
		116,135		39,345		76,790
Mineral properties						
Don Mario – UMZ		12,117		-		12,117
Copperwood		11,629		-		11,629
El Valle-Boinás/Carlés		88,104		1,127		86,977
		111,850		1,127		110,723
Total	$	227,985	$	40,472	$	187,513

September 30, 2010		Cost		Accumulated amortization		Net carrying value
Land	$	1,910	$	-	$	1,910
Plant and equipment		80,368		30,580		49,788
Furniture and equipment		564		122		442
Equipment under capital lease		4,574		-		4,574
		87,416		30,702		56,714
Mineral properties						
Don Mario – UMZ		3,756		-		3,756
Copperwood		6,677		-		6,677
El Valle-Boinás/Carlés		56,041		-		56,041
		66,474		-		66,474
Total	$	153,890	$	30,702	$	123,188

6. Property, plant and equipment (continued)

(a) Don Mario Mine and property (Bolivia)

The Company has a 100% working interest in the Don Mario property comprising eleven mineral concessions located in eastern Bolivia. Annual payments aggregating $227 are made to maintain the mining rights and to keep these concessions in good standing.

The Don Mario Mine gold-bearing Lower Mineralized Zone ("LMZ") commenced commercial production on July 1, 2003. Production ceased during the year ended September 30, 2009. However, gold production was extended into fiscal 2010 and 2011 through mining of the nearby Las Tojas deposit. During fiscal 2011, the Company proceeded with development of the Don Mario Mine Upper Mineralized Zone ("UMZ"), a copper-gold-silver deposit. Certain of the mineral concessions are subject to a 3% net smelter return royalty ("NSR") payable to a third party.

(b) EL Valle-Boinás/Carles ("EVBC") (Spain)

Orvana acquired the El Valle-Boinas/Carles project in August 2009 through the acquisition of Kinbauri Gold Corp. The El Valle-Boinas/Carles gold-copper project is located in the Rio Narcea Gold Belt in northern Spain. The Company commenced production in the fourth quarter of fiscal 2011. The mineral production is subject to a NSR of 2.5%, which increases to 3% for any quarter in which the average gold price reaches or exceeds $1,100 per ounce.

(c) Copperwood Project (United States)

In 2008 and 2010, the Company's wholly-owned subsidiary, Orvana Resources, entered into mineral leases within the "Western Syncline" which is located in the Upper Peninsula of the State of Michigan.

Under the mineral leases, in consideration for annual lease payments, Orvana Resources will have mineral rights until the later of the 20th anniversary of the date of the lease or the date Orvana Resources ceases to be actively engaged in development, mining, or related operations on the property. Lease payments will be applied to any royalty payments due under related NSR agreements that Orvana Resources has entered into with the lessor. The NSR royalty payments will be made quarterly and, will range from 2% to 4% on a sliding scale based on inflation-adjusted copper prices. The mineral leases may be terminated by Orvana Resources on 60 days' notice.

Orvana Resources also entered into an agreement on August 23, 2010 to purchase land adjacent to the Copperwood Project to facilitate road access to the site and additional space for mining infrastructure. The purchase price of $1,900 included $300 paid on signing and the remainder to be paid in five instalments over the next two years. The payments include interest at an annual rate of 6%. Orvana Resources has the right to put the property back to the Vendor on the same terms as the original purchase up to August 2013, if no mining activity has taken place. At September 30, 2011 $1,045 was outstanding on this obligation.

7. Long-term debt

(a) On October 8, 2010, the Company's wholly-owned subsidiary, Kinbauri, entered into a $50,000 five-year term corporate credit agreement with Credit Suisse. The funds were used to complete construction of the Company's EVBC gold-copper-silver project in Spain and by Orvana for general corporate purposes.

7. Long-term debt (continued)

Interest on the outstanding principal is calculated at a rate per annum equal to LIBOR plus 3.85%. As permitted under the terms of the credit agreement, the Company opted to defer interest amounts otherwise payable until April 8, 2011 such that the credit limit was increased by this deferred interest amount of $844. During the year ended September 30, 2011, Kinbauri paid interest of $531, which was capitalized to mineral properties. Quarterly principal repayments are required commencing June 30, 2012. The total annual principal repayment required in each fiscal year ending September 30, expressed as a percentage of the full principal amount of the credit outstanding, are: 2012 – 16.7%; 2013 – 34.6%; 2014 – 23.7%; and 2015 – 25.0%.

The security for the credit facility includes a fixed and floating charge over the assets of Kinbauri and the shares of Kinbauri, 100% of which are held indirectly by Orvana. In addition, payment and performance of Kinbauri's obligations under the credit facility are guaranteed by Orvana.

The credit agreement required Kinbauri to enter into forward contracts (refer to Derivative Instruments, note 10) on the sale of a portion of its gold production in the period January 2012 to December 2015; the sale of a portion of its copper production in the period July 2011 to December 2015; and the purchase of a portion of its Euro requirements in the period March 2012 to December 2015.

The credit agreement contains covenants that restrict, among other things, the Company's ability to incur additional indebtedness, to make distributions in certain circumstances, to sell material assets, or to carry on business other than one related to the mining business. Kinbauri and Orvana are also required to maintain certain financial ratios as well as, on a consolidated basis at the Orvana level, a minimum tangible net worth. The Company is subject to certain covenants regarding cash costs which are in the process of being amended as part of a revised debt facility.

(b) On March 4, 2008, EMIPA entered into a term credit facility agreement of $5,000 with Banco Bisa S.A. ("BISA"). During fiscal 2011, the outstanding balance for this loan of $915 was repaid. The Company used the proceeds of this credit facility to purchase additional electrical generation equipment and a ball mill to increase ore treatment capacity.

(c) On September 29, 2009, EMIPA entered into a second BISA credit agreement of $2,500. This facility bears interest at 7.8% and is payable in equal quarterly instalments over a three-year period. At September 30, 2011, $833 (September 30, 2010 - $1,667) was outstanding under this facility. During the year ended September 30, 2011, $833 (2010 - $833) was repaid against this loan. The proceeds of this second credit facility were used to fund the construction of the mineral flotation plant for the UMZ project. The Company has the option of repaying this loan prior to the end of its term without penalties and there are no specific covenants related to this credit facility. This loan is secured by certain machinery and equipment of EMIPA.

(d) On October 1, 2010, EMIPA entered into a third BISA credit agreement of approximately $170. This facility bears interest at 4.42% and is payable in equal quarterly instalments over a five-year period. At September 30, 2011, $151 (September 30, 2010 - $ nil) was outstanding under this facility. During the year ended September 30, 2011, $19 (September 30, 2010 - $ nil) was repaid against this loan. The proceeds of this third credit facility were used to fund the construction of the administrative office in Santa Cruz. The Company has the option of repaying this loan prior to the end of its term without penalties and there are no specific covenants related to this credit facility. This loan is secured by the office building.

7. Long-term debt (continued)

Minimum long-term debt repayments are as follows:

Long-term debt repayments are as follows:	Banco Bisa Credit Facilities	Credit Suisse Credit Facility	Total long-term debt
2012	$ 871	$ 8,475	$ 9,346
2013	38	17,583	17,621
2014	38	12,075	12,113
2015	38	12,711	12,749
	985	50,844	51,829
Less: current portion	(871)	(8,475)	(9,346)
Total – long term debt	114	42,369	42,483
Deferred financing fees	-	(4,186)	(4,186)
Accretion of deferred financing fees		174	174
Total	$ 114	$ 38,357	$ 38,471

8. Obligations under capital leases

During fiscal 2010 and fiscal 2011, Kinbauri entered into leases to purchase mining trucks, scoop trams and other mining equipment at a total cost of approximately $8,515 including deposits of $2,319 paid at the time of purchase. The leases are repayable in quarterly instalments at annual interest rates of 5.5% to 6.6%. At September 30, 2011, the obligation outstanding was $4,179 (September 30, 2010 - $2,522). During the year ended September 30, 2011, the Company made lease payments of $1,528 plus interest of $193 (of the interest paid $144 was capitalized to mineral properties and $50 was recorded in expense). Each lease contract contains a bargain purchase option of €10 per contract.

The following is a schedule of future minimum lease payments under these capital leases which expire in December 2013.

Obligations under capital leases:		As at September 30, 2011	As at September 30, 2010
Fiscal	2011	$ -	$ 1,079
	2012	2,175	1,079
	2013	1,619	522
	2014	635	-
		4,429	2,680
Amount representing interest		(250)	(158)
		4,179	2,522
Less: current portion		(2,002)	(975)
		$ 2,177	$ 1,547

The equipment under capital leases is being amortized over the estimated useful life of the assets. Amortization began in the second quarter as the assets had been put into use.

9. Asset retirement obligations

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

	Year ended September 30, 2011	Year ended September 30, 2010
Balance, beginning of period	$ 7,538	$ 2,792
Incremental obligation – Don Mario Mine	-	829
Incremental obligation – El Valle-Boinás/Carlés Mine	-	3,726
	7,538	7,347
Closure costs – Don Mario Mine – Las Tojas	(42)	-
Accretion expense	603	191
	$ 8,099	$ 7,538

Balance consists of:	As at September 30, 2011	As at September 30, 2010
Don Mario Mine – Bolivia	$ 3,517	$ 3,296
El Valle-Boinás/Carlés Mine - Spain	4,582	4,242
	8,099	7,538

Asset retirement obligations amounting to $8,099 relate to the Company's Don Mario Mine in eastern Bolivia and the EVBC Mine in northern Spain. These asset retirement obligations relate to the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Associated long-lived assets include structures, pits and the tailings dams. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination.

(a) Mining of the LMZ ceased during fiscal 2009. The UMZ is in the commissioning phase and mining operations are expected to commence in fiscal 2012. Management has determined that all existing infrastructure including the mills, processing plant, related structures and tailings dam will be required for mining the UMZ, thus, delaying by about ten years the expected timing of performance of asset retirement activities.

At September 30, 2011, management estimates the total undiscounted amount of the cash flows required to settle the Company's asset retirement obligations with respect to the operation of the Don Mario Mine to be $7,723. The credit-adjusted, interest rate used to discount estimated cash flows for these liabilities is 8%. Accretion expense is recorded using the resulting weighted average credit-adjusted, risk-free interest rate. The discounted amount of this obligation is estimated at $3,517 (September 30, 2010 - $3,296) and the related costs are expected to be incurred in 2021 through 2024.

(b) At September 30, 2011 management estimates the discounted asset retirement obligations for the EVBC project in Spain at $4,582 (September 30, 2010 - $4,242). The credit–adjusted, interest rate used to discount estimated cash flows is 8%. Accretion expense is recorded using the credit-adjusted, interest rate. The undiscounted amount of the estimated cash flows required to settle the Company's current obligations with respect to the EVBC sites is $7,466. It is expected that these amounts will be incurred in 2018 and beyond.

9. Asset retirement obligations (continued)

Prior to its acquisition by Kinbauri, the EVBC Mine had been shut down by its then owner and remediation measures required were completed. On Kinbauri's acquisition of the EVBC mine a reclamation bond of €894,684 was deposited, as required by Spanish mining regulations. In fiscal 2010 and 2011, additional reclamation bonds in the amounts of €1,521,960 and €5,000,000, respectively were deposited by Orvana relating to the Company's new tailings facility, with an additional €5,000,000 required to be deposited by the Company by the end of June 2012. These funds are held in a Spanish financial institution as reclamation bonds and amount to approximately $10,074 at September 30, 2011 (September 30, 2010 - $3,287) and it is expected to be released after all reclamation work has been completed.

10. Derivative instruments

Pursuant to the terms of the Credit Suisse credit agreement, the Company entered into a number of gold, copper, and Euro/US dollar forward contracts relating to a portion of the expected gold and copper production from the EVBC Mine.

Changes in the fair value of derivatives are recognized through earnings.

The mark-to-market fair value of all contracts is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty risk.

The mark-to-market loss of $12,336 and related future income tax recovery of $3,701 on these forward contracts for the year ended September 30, 2011, were recorded through earnings. During the fourth quarter the Company paid $1,275 (2010 – nil) for settlement of copper hedges.

The following table summarizes the gold, copper and foreign exchange forward contracts:

		As at September 30, 2011
Gold forwards:		
Ounces		37,500
Price /ounce	$	1,333.70
Copper forwards:		
Tonnes		12,935
Price/tonne	$	7,260.00
Price/lb	$	3.29
US dollar/Euro forwards:		
Amount in US ($ 000's)	$	80,000
Contracted Average US dollar/Euro exchange rate	$	1.38

10. Derivative instruments (continued)

Derivative instruments included in the balance sheet are comprised of:

		As at September 30, 2011
Mark-to-market fair value loss for the year ended September 30, 2011	$	12,336
Less: current portion		1,717
Total non-current derivative instruments	$	10,619

11. Share capital

(a) Authorized - unlimited number of common shares

(b) Common shares issued

	Number of common shares		Amount
Balance, September 30, 2010	116,318,172	$	76,227
Exercise of stock options	1,035,000		952
Fair value assigned to exercise of stock options			441
Shares issued to Fabulosa Mines Limited (note 20)	1,969,999		5,214
Public offering	8,500,000		15,485
Bridge loan conversion – Fabulosa Mines Limited	7,319,969		15,225
Private placement – Fabulosa Mines Limited	1,180,031		2,386
Balance, September 30, 2011	136,323,171	$	115,930

Under an agreement entered into on September 12, 2001 in connection with the initial investment in Orvana by a then affiliate of Fabulosa Mines Limited ("Fabulosa"), Fabulosa had a pre-emptive right to acquire additional common shares on a one-for-one basis in connection with the issuance of common shares to parties other than Fabulosa. Orvana and Fabulosa agreed to terminate the prior agreement by entering into an agreement under which Fabulosa's existing pre-emptive rights to acquire common shares were amended. As consideration,Orvana issued to Fabulosa 1,969,999 common shares (refer to Related party note 20) and agreed to issue to Fabulosa five-year warrants to purchase up to 2,725,000 common shares.

On July 27, 2011 the Company entered into an underwriting agreement to sell 8,500,000 common shares of the Company at a price of C$2.00 per common share for aggregate gross proceeds of C$17,000. This transaction closed on August 11, 2011. Net proceeds after deduction of issuance costs were $15,485.

Concurrent with the closing of the public offering, the Company repaid in full the outstanding amount of a related party bridge loan of $15,225, including accrued interest, by issuing 7,319,969 common shares to Fabulosa at the same price and on the same terms as those issued under the public offering. Fabulosa also acquired 1,180,031 common shares, on a private placement basis at a price of C$2.00 per common share. As a result, Fabulosa acquired a total of 8,500,000 common shares when combined with the shares issued to it on repayment of the bridge loan (refer to the Related party note 20).

11. Share capital (continued)

(c) Warrants

The Company issued to Fabulosa five-year warrants to purchase up to 2,725,000 common shares. The warrants will be exercisable only upon the issuance of, and numbers equal to the number of common shares issuable upon the exercise of any of Orvana's outstanding stock options as of May 16, 2011. On September 6, 2011 the Company issued the first tranche of 1,300,000 warrants with an exercise price of C$1.90 with the second tranche of 1,425,000 warrants to be issued on March 5, 2012. All of the warrants will have an exercise price equal to the volume-weighted average price of the common shares on the TSX for the five trading days preceding the date such warrants are issued (refer to note 11 (b) above and Related party note 20).

(d) Stock options

A summary of the stock option transactions for the year ended September 30, 2011 is as follows:

	Stock options	Weighted average exercise price C$
Balance, September 30 2010	2,680,000	$0.91
Granted	1,030,000	3.59
Exercised	(1,035,000)	0.90
Forfeited	(100,000)	1.06
Balance, September 30, 2011	2,575,000	$1.97

Stock options have been expensed as follows:

	Cumulative expense to September 30, 2011	Remainder to be expensed	Total stock-based compensation
Stock-based compensation expense	$ 3,089	$ 501	$ 3,590

11. Share capital (continued)

As at September 30, 2011, outstanding and exercisable stock options granted were as follows:

Grant Date		Fair value US$	Number of un-vested options	Weighted average contractual life (in years)	Number of vested options		Exercise price C$	Expiry date
December 14, 2006	$	71	-	0.21	250,000	$	0.60	December 14, 2011
August 9, 2007		9	-	0.86	25,000		0.69	August 8, 2012
December 3, 2007		81	-	1.18	175,000		0.81	December 3, 2012
March 3, 2008		22	-	1.43	50,000		0.75	March 3, 2013
March 5, 2009		40	-	1.43	150,000		0.64	March 4, 2014
October 23, 2009		64	50,000	3.06	100,000		0.88	October 23, 2014
February 26, 2010		61	41,666	3.41	83,334		1.01	February 26, 2015
March 1, 2010		255	150,000	3.42	350,000		1.01	March 1, 2015
May 17, 2010		12	10,000	3.63	10,000		1.31	May 17, 2015
August 13, 2010		84	33,333	3.87	66,667		1.57	August 13, 2015
December 10, 2010		1,595	619,995	4.19	310,005		3.65	December 10, 2015
April 1, 2011		163	66,666	4.50	33,334		3.01	April 1, 2016
	$	2,457	971,660	3.09	1,603,340			
Total vested and un-vested stock options					2,575,000			

The Company uses the fair value method of accounting for stock options and, during fiscal 2011 recognized stock-based compensation expenses of $1,415 (fiscal 2010 - $477). The fair value of the options granted during the year ended September 30, 2011 was estimated using the Black-Scholes option-pricing model with the following assumptions:

Grant date:	December 10, 2010	April 1, 2011
Options granted:	930,000	100,000
Risk-free interest rate:	2.34%	2.45%
Expected life in years:	5.00	5.00
Expected volatility:	59%	58%
Expected dividend yield:	Nil	Nil

The weighted-average grant date fair value of these options of $1,758 or C$1.71 per option is expensed over the vesting periods of the option being 24 months from the grant dates.

As at September 30, 2011, the fair value associated with un-vested stock options is $1,323 (September 30, 2010 – $371).

12. Long-term compensation

A summary of the deferred share unit ("DSU's") transactions during the period are as follows:

	DSU's		Fair value
Balance, September 30, 2010	192,178	$	504
Issued	36,785		99
Redeemed	(12,377)		(32)
Mark-to-market adjustment	-		(254)
Balance, September 30, 2011	216,586	$	317

A summary of the restricted share units ("RSU's") transactions during the period are as follows:

	RSU's		Fair value
Balance, September 30, 2010	305,447	$	801
Issued	170,925		472
Mark-to-market adjustment	-		(540)
Balance, September 30, 2011	476,372	$	733

Balance, September 30, 2011 – Long-term compensation	692,958	$	1,050

13. Capital management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the board of directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus and retained earnings which at September 30, 2011 amounted to $129,426 (September 30, 2010 - $109,402). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on the results of its exploration and development activities with the Don Mario Mine and property, the EVBC Project and the Copperwood Project.

13. Capital management (continued)

Selected information is frequently provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the years ended September 30, 2011 and 2010.

14. Income taxes

	For the year ended September 30,	
	2011	2010
Canadian statutory rate	28.8%	31.8%
Loss before provision for taxes	$(25,000)	$ (846)
Tax at statutory rates	(7,188)	(269)
Lower foreign rates	167	42
Permanent differences	1,700	338
Losses not recognized	974	1,474
Provision for income taxes	$ (4,347)	$1,585
Effective tax rate	17.4%	-

Income taxes for fiscal 2011 and 2010 relate entirely to foreign operations. The future income tax liabilities as at September 30, 2011 and 2010 are in respect of differences in accounting and tax bases of property, plant and equipment, net of tax losses.

The Company's future income tax assets and liabilities are as follows:

Year ended September 30,	2011	2010
Non-capital losses carried forward	$2,096	$1,124
Asset retirement obligations and other reserves	4,701	1,328
Net future income tax assets	6,797	2,452
Property, plant and equipment	(14,013)	(14,854)
Net future income tax liability	$(7,216)	$(12,402)

At September 30, 2011, the Company has available non-capital loss carry-forwards of $22,909 (2010 - $13,344) for Canadian tax purposes that expire in 2015 through 2031, and $3,191 (2010 - $1,866) of other deductible temporary differences. The Company has not recognized the potential tax benefit of these items in the financial statements.

15. Commitments and contingencies

(a) 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 may change and are 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.

(b) The Company is subject to certain risks, including currency fluctuations and possible political or economic instability, which may result in the impairment or loss of mineral concessions or other mineral rights. Any changes in laws or regulations in the jurisdictions in which the Company operates, or shifts in political attitudes are beyond the control of the Company and may adversely affect its business.

(c) On June 27, 2011, as a condition to the issue of an environmental permit on that date by the Government of the Principality of Asturias, the Company committed to post an additional reclamation bond in the amount of €10,000,000. The first instalment of €5,000,000 (approximately $7,143 was made in September 2011 and the second instalment of €5,000,000 (approximately $6,752 at the September 30, 2011 exchange rate) is required to be made by June 27, 2012.

(d) Prior to its acquisition by Orvana, in exchange for an advance payment of C$7,500,000, Kinbauri entered into an agreement which granted a 2.5% net smelter return royalty. The royalty rate increases to 3% for any quarter in which the average price of gold reaches or exceeds $1,100 per ounce. During the year ended September 30, 2011 the Company recorded a liability $440 (2010 - $ nil) for this royalty payment.

The royalty holder's advance payment is evidenced by a debenture of Kinbauri in the principal amount of C$7,500,000 which is repayable by royalty payments made in the ordinary course. During the period commencing on December 31, 2012 and ending on January 31, 2013, if the aggregate amount of royalty payments made as at December 31, 2012, is less than C$7,500,000, the royalty holder may require that the remaining outstanding balance of the debenture be paid as a prepayment of future royalty payments.

In addition, in the event that the rate of production from the El Valle Mill does not reach or exceed 90,000 ounces of gold within the 2012 calendar year, the royalty holder may exercise its right under the debenture in respect of the outstanding principal amount, if any, of the debenture at December 31, 2012. Between January 1, 2013 and May 12, 2013, exercise of this right would entitle the royalty holder to a cash payment equal to the then outstanding principal amount, if any, of the debenture multiplied by 0.783. In the event the right in respect of any outstanding principal amount of the debenture is exercised after May 12, 2013, the amount of the payment to which the royalty holder would be entitled would be determined by the parties, acting reasonably and in good faith. Any exercise of the right would not reduce the obligation of Kinbauri's Spanish subsidiary to make subsequent royalty payments.

(e) In August of 2010, Orvana Resources entered into an agreement to purchase land adjacent to the Copperwood Project to facilitate road access to the site and to provide additional space for mining infrastructure. The purchase price was $1,900, which included $300 on signing and the balance payable in five instalments over the next two years, with annual interest of 6% on the unpaid balances. Orvana Resources has the right to put the property back to the Vendor on the same terms as the original purchase. At September 30, 2011, $1,045 was outstanding on this obligation.

16. Segmented information

The Company primarily operates in the gold and copper mining industry and its major products are gold dore and copper concentrate. Its activities include gold and copper concentrate production, exploration and development of gold and copper properties. The Company's primary mining operations are EMIPA in Bolivia, Kinbauri in Spain and the Copperwood project in the United States. The reported segments are those operations whose operating results are reviewed by the Chief Executive Officer and that pass certain quatititive measures. Operations whose revenue, earnings or losses or assets exceed 10% of the total consolidated revenues, earnings or losses, or assets are reportable segments. The Company also has administrative offices in Toronto, Canada; Stockholm, Sweden; and Nicosia, Cyprus. The following tables set forth the information by segment:

As at September 30, 2011

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds and restricted cash	Other assets	Total assets
EMIPA	$ 2,050	$ 39,781	$ 1,426	$ 14,368	$ 57,625
Kinbauri	4,711	134,330	10,923	13,145	163,109
Copperwood	33	12,679	-	-	12,712
Canada and other	5,450	723	-	283	6,109
	$ 12,244	$ 187,513	$ 12,349	$ 27,796	$ 239,902

For the year ended September 30, 2011

	Metal sales	Operating costs	Royalties mining rights and mining taxes	Depreciation amortization and accretion	Derivative losses	Other costs	Loss before taxes
EMIPA	$ 14,612	$ 9,180	$ 1,868	$ 1,589	$ -	$ 2,368	$ (393)
Kinbauri	10,473	6,802	440	3,093	13,611	1,160	(14,633)
Copperwood						712	(712)
Canada and other						9,262	(9,262)
	$ 25,085	$ 15,982	$ 2,308	$ 4,682	$ 13,611	$ 13,502	$ (25,000)

16. Segmented information (continued)

As at September 30, 2010

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds and restricted cash	Other assets	Total assets
EMIPA	$ 2,234	$ 22,891	$ -	$ 15,040	$ 40,165
Kinbauri	3,910	93,010	4,040	1,705	102,665
Copperwood	13	6,993	-	37	7,043
Canada and other	5,790	294	-	515	6,599
	$ 11,947	$ 123,188	$ 4,040	$ 17,297	$ 156,472

For the year ended September 30, 2010

	Metal sales (gold)	Operating costs	Royalties mining rights and mining taxes	Depreciation amortization and accretion	Derivative losses	Other costs	Loss before taxes
EMIPA	$ 32,344	$ 18,097	$ 3,378	$ 3,716	$ -	$ 2,050	$ 5,103
Kinbauri				47	-	-	(47)
Copperwood						459	(459)
Canada and other				38		5,405	(5,443)
	$ 32,344	$ 18,097	$ 3,378	$ 3,801	$ -	$ 7,914	$ (846)

17. Loss per share

	Year ended September 30 2011	2010
Loss attributable to common shareholders	$ (20,653)	$ (2,431)
Loss per share		
Basic and diluted	$ (0.17)	$ (0.02)
Weighted average number of shares outstanding – basic	119,819,774	115,562,342
Dilutive effect of stock options	1,033,194	893,931
Weighted average number of shares outstanding – diluted	120,852,968	116,456,273

18. Property and financial risks

(a) Property risk

The Don Mario UMZ Mine, EVBC Mine and Copperwood Project (the "Properties") are the only Properties that are currently material to the Company. Unless and until the Company acquires or develops additional projects, the Company will be solely dependent upon the Properties. If no additional Properties are acquired by Orvana, any adverse development affecting the Properties could have a material adverse effect on Orvana's financial condition and results of operations.

(b) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate, foreign exchange rate and gold and copper price risk) and other risks.

Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Technical, Safety, Health and Environmental Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

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-copper concentrate and gold dore sales and value-added taxes receivable. The Company has a concentration of credit risk with three customers to which gold-copper concentrate and gold dore are sold under agreements provide provisional payments to the Company upon each shipment to the customer. Value-added taxes receivable are collectable from the Bolivian and Spanish governments. Management believes that the credit risk with respect to financial instruments attributable to concentrate and gold sales receivable and value-added taxes receivable is minimal.

Liquidity risk

All of the Company's accounts payable and accrued liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's long-term debt and obligation under capital lease are based on contractual terms between EMIPA and Kinbauri España and unrelated third parties.

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 and copper prices.

(i) Interest rate risk

Orvana has cash balances and long-term debt, with the latter having fixed rates of interest ranging from 4% to 8% (refer to note 7). 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 made and is satisfied with the credit ratings of the banks utilized.

18. Property and financial risks (continued)

(ii) Foreign currency risk

Orvana's functional currency is the US dollar. Concentrate and gold sales and major purchases are transacted in US dollars. The Company maintains US dollar bank accounts in Canada, Spain, Bolivia, Cyprus, Sweden and the United States. The Company maintains and funds some operating and administrative expenses in local currencies from its US dollar bank accounts. Orvana also incurs capital expenditures and operating costs in Euros.

Sensitivity analysis

As of September 30, 2011, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

(i) Certain cash and cash equivalents are held in foreign currencies, primarily Euros and the Canadian dollar. Sensitivity to a 10% decrease in Euros versus the U.S. dollars could increase cash by approximately $339 and a 10% increase in Euros versus the U.S. dollar would decrease cash by $278. Sensitivity to a 10% decrease in Canadian dollars versus the U.S. dollars could increase cash by approximately $500 and a 10% increase in Canadian dollars versus the U.S. dollar would decrease cash by $408.

(ii) 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 $1,521 for the year ended September 30, 2011 and a 10% increase in average realized gold prices would have affected net income by an increase of approximately $1,422 for such period.

(iii) Net income would be impacted by changes in average realized copper prices. A 10% decrease or increase in average realized copper prices would affect net income by a decrease or increase of approximately $97 for the year ended September 30, 2011.

(iv) At September 30, 2011, if the forward market prices of gold had been 10% lower or higher than those used in the derivative loss calculation while all other variables remained constant, the after-tax loss for the year would have increased or decreased by $4,300 as a result of changes in the fair value of the derivative instruments.

(v) At September 30, 2011, if the forward market prices of copper had been 10% higher or lower than those used in the derivative gain calculation while all other variables remained constant, the after-tax gain for the year would have increased or decreased by $6,400 as a result of changes in the fair value of the copper forward contracts.

(vi) At September 30, 2011, if the forward rates of US dollar against the Euro weakened or strengthened by 10%, than those used in the derivative loss calculation while all other variables remained constant, the Company's after-tax loss for the year would have been $5,400 higher or lower as a result of changes in the fair value of the US dollar/Euro forward contracts.

19. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted interval, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value opton contracts), or inputs that are derived principally from or corroborated by observable market data or other means.

Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priorty to Level 3 inputs.

As at September 30, 2011	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate Fair value
Financial assets:				
Receivables from provisional copper and gold sales	-	$2,682	-	$2,682
Total		$2,682	-	$2,682
Financial liabilities:				
Derivative liabilities	-	$(12,336)	-	$12,336)
Total	-	$(12,336)	-	$(12,336)

20. Related party

Under an agreement entered into on September 12, 2001 in connection with the initial investment in Orvana by a then affiliate of Fabulosa (which investment and such agreement were subsequently transferred to Fabulosa), Fabulosa had a pre-emptive right to acquire additional common shares on a one-for-one basis in connection with the issuance of common shares to parties other than Fabulosa. Fabulosa's pre-emptive right under such agreement required that Orvana provide Fabulosa with notice of the terms of any proposed issuance of common shares at least 30 days in advance of the completion of any such issuance. This notice requirement effectively precluded Orvana from undertaking certain types of equity financings, including bought deals and overnight marketed public offerings. In addition, the application of Fabulosa's pre-emptive right to the issuance of common shares upon the exercise of options had been a matter of dispute between the parties.

With a view to Orvana obtaining greater flexibility to complete equity financings and resolution of the disagreement regarding the application of Fabulosa's pre-emptive rights to shares issued upon the exercise of options, on May 16, 2011, Orvana and Fabulosa agreed to terminate their prior agreement by entering into an agreement under which Fabulosa's existing pre-emptive rights to acquire common shares were amended and Fabulosa also committed to provide Orvana with a six-month, secured convertible $15,000 bridge loan bearing interest at a rate of 8% per annum. As consideration for the amendments and the provision of bridge loan financing, Orvana issued to Fabulosa 1,969,999 common shares (refer to note 11) (the "Consideration Shares") and agreed to issue to Fabulosa five-year warrants to purchase up to 2,725,000 common shares. As a result of the issuance of the Consideration Shares, Fabulosa increased its ownership interest from 51.6% to 52.4% of the issued and outstanding common shares. The warrants will be exercisable only upon the issuance of, and in equal numbers to, common shares issuable upon the exercise of any of Orvana's outstanding stock options as of May 16, 2011. On September 6, 2011 the Company issued 1,300,000 warrants with an exercise price of C$1.90 with the second tranche of 1,425,000 warrants to be issued on March 5, 2012. All of the warrants will have an exercise price equal to the volume-weighted average price of the common shares on the TSX for the five trading days preceding the date such warrants are issued.

In addition, Orvana agreed to approve the implementation of a normal course issuer bid ("NCIB") prior to March 3, 2012, subject to TSX approval. The purpose of the NCIB will primarily be to acquire common shares to mitigate the dilutive effect of common shares issued upon the exercise of stock options granted under Orvana's Stock Option Plan after May 16, 2011.

On June 3, 2011, the Company entered into an agreement with Fabulosa for a bridge loan amounting to $15,000. The bridge loan was secured against all personal property of Orvana (excluding the shares of Orvana Minerals Asturias Corp. and all proceeds there from). The full amount of the bridge loan of $15,000 was drawn down. The bridge loan had a term of six months and the outstanding amount of the loan could have been repaid by Orvana at any time without penalty. Pursuant to the terms of the bridge loan, if Orvana completed an equity financing prior to repayment of the loan, the outstanding amount of the loan could, at Orvana's sole discretion, be converted into common shares at the price at which common shares were sold under the equity financing.

20. Related party (continued)

On July 27, 2011 the Company entered into an underwriting agreement to sell 8,500,000 common shares of Orvana at a price of C$2.00 per common share for aggregate gross proceeds of C$17,000,000 (the "Offering"). This transaction closed on August 11, 2011.

Concurrent with the closing of the Offering, the Company repaid in full the outstanding amount of the $15,225 bridge loan, including accrued interest, by issuing 7,319,969 common shares to Fabulosa at the same price and on the same terms as those issued under the Offering. Fabulosa also acquired 1,180,031 common shares, on a private placement basis at a price of C$2.00 per common share. As a result, Fabulosa has acquired 8,500,000 common shares in total when combined with the shares issued to it on repayment of the bridge loan. Following the completion of the Offering, Fabulosa's holdings in Orvana declined from 52.3% to 52.0%.

21. Subsequent event

The Company and its subsidiary Kinbauri have entered into a working capital facility of up to $7,000 with Auramet Trading, LLC. This facility will provide Kinbauri the option of receiving a periodic advance, as frequently as weekly at prevailing commodity prices on the date of the advance, in the amount of 90% of the value of metals in concentrate delivered into warehouse at the time of the advance. Currently, Kinbauri receives about $6,000 for concentrate every 6-7 weeks under the existing off-take agreement with MRI Trading.

The Company executed an agreement for an additional gold hedge with Credit Suisse of 1,400 ounces per month from January 2012 to the maturity of the loan in September 2015. The hedge is in the form of a collar with puts at $1,550 per ounce and calls at $1,855 per ounce. Orvana has the right but not the obligation to sell gold under the hedge at $1,550 per ounce. At prices over $1,855 per ounce, Orvana will be required to sell the gold under the hedge at $1,855 per ounce. This new hedge arrangement when combined with the existing hedge of about 780 ounces per month at $1,333 per ounce from January, 2012 to January, 2016, amounts to about 26,000 ounces of gold hedges per annum. This represents approximately 42% of EVBC's fiscal 2012 estimated gold production or roughly one third of the Company's overall Orvana gold production in fiscal 2012.

22. Comparative Information

Certain comparative figures have been reclassified to conform to current year financial statement presentation. Restricted cash has been reclassified from cash and cash equivalents on the balance sheet and cash flow statements to a separate classification under long term assets. Accrued RSU's and DSU's of $555 have been reclassified from long-term compensation to accounts payable and accrued liabilities under current liabilities to conform with the current year financial statement presentation.