ORVANA
MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Year ended September 30, 2008

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 December 3, 2008 (the "Report Date") and describes the operating and financial results of the Company for the year ended September 30, 2008. 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 possible 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 Bolivia. 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 in Bolivia; 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 base metals deposits in the Americas. The Company owns and operates the Don Mario Mine in eastern Bolivia. The Company's long-term goal is to become a low cost, long-life, multi-mine gold and base metals producer in the Americas. The Company's shares have been listed on the Toronto Stock Exchange since 1992 under the trading symbol ORV.

The Don Mario Mine – Lower Mineralized Zone

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"), the Company owns and operates the Lower Mineralized Zone ("LMZ") of the Don Mario Mine 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. The Mine's principal product is gold in the form of dore bullion, which also contains a small amount of payable silver.

A report dated July 25, 2003 entitled "*Technical Report on the Don Mario Gold Property, Chiquitos Province, Bolivia"* contains a mineral resource and mineral reserve estimate. This Technical Report prepared by independent qualified persons Ken Brisebois, Miron Berezosky and John Kiernan, AMEC (Peru) S.A., a division of AMEC E&C Services Ltd., complies with the Canadian Securities Administrators' National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and a copy is available on the Orvana website at www.orvana.com and on SEDAR at www.sedar.com.

In the first quarter of fiscal 2006, the Company completed and issued an updated report entitled *"Technical Report on the Mineral Resource and Reserve Estimation for the Don Mario Gold Mine, Lower Mineralized Zone"* dated December 23, 2005 (the "Orvana Technical Report"), which may also be found on the Orvana website at www.orvana.com and on SEDAR at www.sedar.com. The Orvana Technical Report, prepared by qualified person M.J. Hodgson (who was at that time Orvana's Vice President and Chief Operating Officer) with the assistance of NCL Ingenieria y Construccion S.A. ("NCL") of Santiago, Chile, provides an updated mineral resource and mineable reserve estimate in respect of the Lower Mineralized Zone ("LMZ"), which is currently being exploited. The Orvana Technical Report is also NI 43-101 compliant.

Las Tojas Concession

The drilling results on the Las Tojas Concession of the Don Mario Property suggest that it is possible that the current Don Mario gold mining operation may be extended to about the end of the third quarter of fiscal 2010. The Company has acquired additional power generating equipment and has purchased a ball mill from a manufacturer in China to process the mineralization from the Las Tojas concession. Mineral resource estimates in respect of the Las Tojas concession are being prepared by AMEC. Verification of the information and quality assurance/quality control analysis are also underway.

There will be year-over-year declines in gold production from the LMZ and Las Tojas in fiscal 2009 and fiscal 2010 from the 79,604 ounces produced in fiscal 2008.

The Don Mario Mine – Upper Mineralized Zone

In October 2006, the Company announced the completion of a pre-feasibility study on the Upper Mineralized Zone ("UMZ") conducted by NCL and released a pre-feasibility study technical report (the "PFS Technical Report"). The PFS Technical Report was prepared by NCL 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 of whom are "qualified persons" independent of the Company within the meaning of NI 43-101. The PFS Technical report may be found on the Orvana website at www.orvana.com and on SEDAR at www.sedar.com. The PFS Technical Report, which is compliant with NI 43-101, estimates UMZ mineral reserves as follows:

	Proven Reserves					Probable Reserves					Total Reserves				
Ore Type	Tonnes [kt]	Au [g/t]	Cu_T [%]	Ag [g/t]	Cu_S [%]	Tonnes [kt]	Au [g/t]	Cu_T [%]	Ag [g/t]	Cu_S [%]	Tonnes [kt]	Au [g/t]	Cu_T [%]	Ag [g/t]	Cu_S [%]
Oxides	664	1.43	1.75	56.5	1.19	1,513	1.51	1.77	45.6	1.22	2,177	1.49	1.77	48.9	1.21
Transition	273	1.49	1.45	57.7	0.64	1,616	1.45	1.35	50.3	0.70	1,889	1.46	1.37	51.3	0.69
Sulphides	134	1.25	1.28	38.2	0.16	1,248	1.25	1.27	36.2	0.17	1,382	1.25	1.27	36.4	0.17
Total	1,071	1.42	1.62	54.5	0.92	4,377	1.42	1.47	44.6	0.73	5,448	1.42	1.50	46.6	0.77

Cu_T is the total copper assay for the ore type, while Cu_S is the acid soluble copper assay for the ore type

Following the issue of the PFS Technical Report, the Company engaged Kappes, Cassiday & Associates ("KCA") of Reno, Nevada to complete a NI 43-101-compliant full feasibility study on the UMZ. A draft of KCA's Don Mario Mine UMZ Feasibility Study ("Feasibility Study") was received at the end of November. It is expected that the Feasibility Study will be issued in final form shortly. In view of the capital investment required to develop the UMZ deposit, the Company continues to assess its options with respect to developing the project in the most efficient and risk effective way possible.

Other 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".

Other Mineral Properties in Bolivia

The Company holds certain joint venture interests in a number of mineral concessions located in the Altiplano region of Bolivia as well as a small net smelter return royalty ("NSR") interest in the Central Inlier property in Jamaica. These assets are carried at a nominal amount in the Company's consolidated financial statements and related liabilities and expenses are not material.

The Copperwood Project

In September and October, 2008, through its wholly-owned subsidiary Orvana Resources US Corp., Orvana entered into minerals leases covering 712 hectares (1,759 acres) 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 (3.75 billion pounds) 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 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, ranges from 2% to 4% on a sliding scale based on inflation-adjusted copper prices. Orvana has also acquired exclusive options in the general area of the current minerals leases to lease mineral rights over an additional 1,559 hectares (3,852 acres) on identical terms to the mineral leases.

During fiscal 2008, Orvana engaged STS, a part of AECOM, to conduct the Environmental Impact Assessment as required by applicable Michigan mining law prior to applying for a mining permit. Initial studies include subsurface and surface water monitoring and the installation of a weather station. STS' work program will extend over the next fiscal year.

The Environmental Impact Assessment has begun and will be followed by the mine permit application process. The Company intends to begin a NI 43-101 feasibility study during fiscal 2009 with the target of production start up in 2013

Business Strategy

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

Orvana's business plan is to use its cash resources and mining capability to achieve additional growth and geographic diversification through projects in the Americas 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 other possible opportunities in the Americas.

During the past year the Company has evaluated numerous properties including negotiations with vendors, and has made several acquisition proposals. While we have concluded only one acquisition, we continue to aggressively pursue properties fitting our investment criteria. Current capital market conditions are advantageous to the execution of the Company's strategy.

The Company is also undertaking exploration activities consisting of ground geophysics, trenching and drilling on other targets located in the ten concessions contiguous to the concession on 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 before the UMZ project commences. In fiscal 2008, the Company focused its exploration efforts in the Las Tojas and Oscar concessions on the Don Mario Property.

Orvana does not currently hedge its gold production.

Social and Environmental Policies

The Company is committed to the social development and well-being of the communities in which it operates. To this end, the Company continues to support financially and otherwise local community endeavours associated with that objective. 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.

The Company is committed to developing and operating its projects in full compliance with recognized international and local environmental standards. In furtherance of this commitment, the Company regularly implements programs to protect and enhance natural habitats and sensitive species including reclamation efforts, continuous reforestation efforts and the establishment of water sources for wildlife. The Company has retained an independent engineering firm to monitor and make recommendations to the Company's management of its tailings dam facilities. Stability analysis will be undertaken during the construction of the expansion of the facilities with AMEC providing the design and supervision support. AMEC completed the detailed design in October and construction is about one-third complete.

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 costs, cost control management and efficient mine development and capital spending programs.

Revenues and Net Income

The Company's results for the year ended September 30, 2008 and 2007 are summarized in the table below:

	Year ended September 30	
	2008	2007
Revenues	$69,064	$55,920
Net income	25,707	26,023
Earnings per share – basic and diluted	$0.22	$0.23

Tonnes treated in fiscal 2008 were 253,217 compared to 253,469 in fiscal 2007. Gold production for fiscal 2008 was 8% lower, at 79,604 ounces, compared to 86,381 ounces for the prior year, due primarily to lower head grades.

Revenue for fiscal 2008 increased 24% to $69,064 on 79,813 ounces sold compared to $55,920 on 86,322 ounces sold for the same period last year. Higher average gold prices accounted for a 31% increase in revenues, partially offset by a 7% decrease in revenues due to 6,509 fewer ounces sold. 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 $13,032 to produce 79,604 ounces in fiscal 2008 compared to $11,499 to produce 86,381 ounces in fiscal 2007. Increases have been experienced in numerous costs including labour, consumables, reagents, maintenance parts and supplies. Total direct mine operating costs increased on a unit cost per ounce basis to $163.71 for fiscal 2008 compared to $133.12 in fiscal 2007, reflecting the unfavourable impact of lower head grades as well as higher costs of inputs.

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

	Year ended September 30	
	2008	2007
Direct mine operating costs	$13,032	$11,499
Direct mine operating cost per treated tonne	$51.47	$45.37
Direct mine operating cost per ounce produced	$163.71	$133.12

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

In fiscal 2008, general and administration expenses of $4,437 increased by $2,229 from the $2,208 incurred in fiscal 2007 with increases occurring in most categories. Increases in professional staff, salary adjustments and recruiting costs together accounted for $475 of the increase. Legal and other consulting and advisory fees increased $1,249.

Exploration expenditures were $1,666 in fiscal 2008 compared to $1,474 a year ago.

The Company does not capitalize exploration and pre-feasibility study expenditures until the results of such work indicate that a property is economically feasible and the decision is taken to proceed with development and further investment. During the year the Company capitalized expenditures of $1,465 relating to the UMZ full feasibility study which commenced in fiscal 2007. Total UMZ-related costs capitalized from the start of the full feasibility study in fiscal 2007 to the end of fiscal 2008 amount to $2,037.

Community relations expenses were $195 in fiscal 2008 and were $330 for last year. Included in these costs were financial donations and expertise contributed by the Company in support of infrastructure and other program initiatives in seven communities in the vicinity of the Don Mario Mine as well as a donation to the Asociacion Pro Arte y Cultura in support of the Baroque Festival and Theatre in Santa Cruz.

Interest and other income for the year ended September 30, 2008 of $2,195 (2007 - $1,676) was primarily generated on the short-term investment of excess cash in investment-grade bank-issued investment certificates.

The effective income tax rate of 31.6% for the year ended September 30, 2008 is higher than the rate of 23.1% for last year due to a number of changes to the Bolivian taxation of mining companies introduced during fiscal 2008, all of which had a negative impact on the Company's after-tax income:

1. An increase in the Bolivian corporate income tax rate to 32.5% (37.5% where no additional processing beyond the concentrate stage) from 25% effective December 14, 2007 – a negative impact on net income of $2,746.
2. A new mining royalty tax came into effect on the same date and applied to all shipments of gold bullion made subsequent to December 14, 2007. The mining royalty tax, calculated as a percentage of the gross invoice value of metals exported, is payable in addition to income tax. The mining royalty tax rate is a function of the particular metal and its market price. For gold, the rate ranges from a minimum of 4%, at a gold price of $400 or less, to a maximum of 7%, at a gold price of $700 or more. The new mining royalty tax, deductible in determining income taxes, amounted to $3,817 for fiscal 2008 and is included in the income statement under the caption "Costs and expenses of mining operations" – a negative impact on net income of $2,576.
3. Elimination of double deduction on exploration expenditures effective March 14, 2008 – a negative impact on net income of $377.
4. Introduction of current value accounting in determining income subject to tax – a negative impact on net income of $146.

   The combined negative impact on net income for fiscal 2008 of the above-mentioned increases in taxation in Bolivia was $5,845 or $0.05 per share.

Net income for the year ended September 30, 2008 was $25,707 ($0.22 per share) compared to $26,023 ($0.23 per share) last year.

Cash Flows

The following table summarizes the principal sources and uses of cash for the year ended September 30, 2008 and 2007:

	Year ended September 30	
	2008	2007
Cash provided by operating activities	$41,212	$31,488
Capital expenditures	(9,983)	(2,548)
Long-term debt	4,245	-

Cash provided by operating activities

Cash provided by operating activities of $41,212 increased by $9,724 or 31% in fiscal 2008 over fiscal 2007. Cash flow from operations before working capital changes contributed $2,829 on higher revenues. However, the most significant increases in cash provided by operating activities occurred due to a change in gold sales receivable of $1,139 and increases in the changes in accounts payable of $3,948 and income taxes payable of $3,246 with a partial offset caused by an increase in supplies inventory of $1,578 from fiscal 2007 to fiscal 2008. Accounts payable include accruals for capital equipment purchases. The Company's Bolivian income taxes are calculated at a rate of 32.5% but installments of tax are required during the year on only 23% of the total resulting tax with the balance of income tax for the year being payable at the end of January of the following year, hence the large income tax payable at the end of the year.

Capital expenditures

Capital expenditures for fiscal 2008 were $9,983 (2007 - $2,548), made up of property, plant and equipment expenditures of $7,744, mine development costs capitalized of $774 and UMZ full feasibility study costs capitalized of $1,465. Of the property, plant and equipment purchases, electrical generating equipment and a new ball mill to provide improved power generating back-up capability and increased ore milling capacity accounted for approximately $5,000.

Financial Condition – September 30, 2008 compared to September 30, 2007

The following table provides a comparison of key elements of the Company's balance sheet at September 30, 2008 and September 30, 2007:

	2008	2007
Cash and cash equivalents	$91,041	$55,667
Non-cash working capital (deficit)	(6,607)	653
Total assets	120,685	81,153
Long-term debt	4,245	-
Shareholders' equity	96,862	70,956

Cash increased by $35,374 for the year ended September 30, 2008. Non-cash working capital decreased by $7,260 to a deficit of $6,607 from positive working capital position of $653 at the end of fiscal 2007, mainly resulting from an increase in accounts payable of $3,874, an increase in income taxes payable of $3,441 and in short-term debt of $1,601, which was somewhat offset by increases in supplies inventory and value added taxes receivable.

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 $25,906 to $96,862 for the year ended September 30, 2008, primarily due to net income earned by the Company. No dividends were paid in fiscal 2008.

Outlook

During fiscal 2008, the mill treated 253,217 tonnes of ore in the production of 79,604 ounces of gold. Head grades of ore treated averaged 10.38 g/t.

The grade of ore processed in fiscal 2009 will decline as a consequence of the depletion of higher grade ore from the LMZ and the start of processing of lower grade ore from the Las Tojas open pit. However, installation of the new ball mill will increase milling capacity and this will offset to some extent the decline in gold production from 2008 and prior years. There will be year-over-year declines in gold production from the LMZ and Las Tojas in fiscal 2009 and fiscal 2010 from the 79,604 ounces produced in fiscal 2008.

The drilling results on the Las Tojas Concession of the Don Mario Property suggest that it is possible that the current Don Mario gold mining operation may be extended to about the end of the third quarter of fiscal 2010. The Company has acquired additional power generating equipment and has purchased a ball mill from a manufacturer in China to process the mineralization from the Las Tojas concession. Mineral resource estimates in respect of the Las Tojas concession are being prepared by AMEC. Verification of the information and quality assurance/quality control analysis are also underway.

The UMZ project, if approved, will utilize the above-mentioned expanded power generating and milling capacities and will further extend the expected life of the Don Mario Mine operation by about eight years to the end of 2017.

As part of its diversification strategy, the Company intends to use its favourable cash position to opportunistically acquire advanced-stage properties in the Americas. In addition to the hiring of the Vice-President, Corporate Development during fiscal 2008, the Company plans to engage additional senior level staff with expertise in the areas of geology, mining and finance.

During the past year the Company has evaluated numerous properties including negotiations with vendors, and has made several acquisition proposals. While we have concluded only one acquisition, we continue to aggressively pursue properties fitting our investment criteria. Current capital market conditions are advantageous to the execution of the Company’s strategy.

On November 24, 2007, the Constituent Assembly of Bolivia approved the new constitutional draft in principle. The proposed new constitution, if implemented as currently drafted, could have adverse implications for the Company due to, among other things, increased powers that the Bolivian government would have to control the commercialization of minerals. A referendum on the new constitution will be held on January 25, 2009.

SELECTED ANNUAL INFORMATION

The table below shows selected financial data for the Company's three most recently completed fiscal years:

	Year ended September 30		
	2008	2007	2006
Revenue	$69,064	$55,920	$44,875
Net income	25,707	26,023	15,682
Net income per share – basic and diluted	$0.22	$0.23	$0.14
Total assets	$120,685	$81,153	$54,860
Total long-term debt	4,245	-	-
Gold production - ounces	79,604	86,381	80,028
Gold sales – ounces	79,813	86,322	79,621
Non-GAAP measures			
Per ounce data -			
- Total cash costs	$240.63	$156.53	$139.43
- Average gold price realized	865.33	647.81	563.61
Operating statistics -			
- Gold ore grade – g/t	10.38	11.43	10.57
- Gold recovery rate - %	94.2	92.7	92.8

Fiscal 2008 compared to Fiscal 2007

Revenues increased by 24% to $69,064 on 79,813 ounces sold in fiscal 2008 compared to $55,920 on 86,322 ounces sold in fiscal 2007. Substantially higher average gold prices realized more than offset a decline in the number of ounces sold in fiscal 2008 compared to fiscal 2007. Despite higher revenues, costs and expenses of mining operations, including a new mining royalty tax, and an increase in the Bolivian corporate income tax rate from 25% to 32.5% together resulted in net income being substantially unchanged but down $0.01 per share in fiscal 2008 versus fiscal 2007.

Fiscal 2007 compared to Fiscal 2006

The Company's operating results and financial position continued to strengthen to the end of fiscal 2007 with two main factors contributing to this: average gold prices realized were 15% higher year-over-year compared to fiscal 2006 and average ore grades improved 8% yielding higher production in fiscal 2007 over 2006.

Other factors explaining changes in financial position and results of operations in fiscal 2008 compared to fiscal 2007 are described above under the heading, "Overall Performance".

CORPORATE RESOURCES

Management and Staffing

On December 3, 2007, the Board of Directors announced the appointment of C. Kent Jespersen as Chairman of the Board and Robert Logan as a director of the Company.

Mr. Jespersen has director experience on many boards of directors in the energy and technology sectors. He is currently Chairman of CCR Technologies Ltd. and serves on the boards of TransAlta Corporation, Axia NetMedia Corporation and Matrikon Inc. He is also past Chairman of North American Oil Sands Corporation and Geac Inc. Mr. Jespersen resides in Calgary, Alberta.

Mr. Logan currently sits on the boards of both public and private companies and holds an Institute of Corporate Directors (ICD.D) designation. Previously, Mr. Logan spent 20 years in investment banking based in New York, Toronto and London. His banking experience focused on funding and risk managing significant growth initiatives for many natural resource companies and projects.

On March 3, 2008, the Company announced the appointment of Mr. Bill Williams as Vice-President, Corporate Development. Mr. Williams brings nearly 20 years of both brownfield and greenfield exploration experience throughout the Americas and holds a Ph.D in Economic Geology from the University of Arizona. Prior to joining the Company he was involved in minerals exploration and project development throughout the Americas with Western Mining, Northern Orion, Phelps Dodge and Freeport-McMoRan.

Liquidity and Capital Resources

Liquidity and Commitments

As a result of legislation passed by the Bolivian Congress, the Company was required to negotiate a new natural gas supply contract with a government-owned entity. A new contract has been signed by the Company and is awaiting signature by the government. The new contract, which became effective on September 17, 2008, is not expected to have a material impact on the Company’s costs.

The Company has recorded an asset retirement obligation at a discounted amount of $2,156 at September 30, 2008 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 is discontinued at the end of 2010, it is expected that this obligation will 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 by approximately seven years. If this project proceeds, the scope of the UMZ project and its impact on environmental remediation requirements will necessitate a re-estimation of the amount of the undiscounted obligation and the timing of disbursements required to settle that obligation.

During fiscal 2008, the net increase in cash and cash equivalents, after capital expenditures, foreign exchanges losses and including the proceeds of long-term debt incurred, was $35,374, resulting in total cash and cash equivalents of $91,041 at September 30, 2008.

Capital Resources
At September 30, 2008, the Company had capital resources of $101,107 represented by long-term debt of $4,245 and shareholders' equity amounting to $96,862.

Shareholders' equity increased by 37% or $25,906 to $96,862 ($0.84 per share) during the year ended September 30, 2008, compared to $70,956 ($0.62 per share) at September 30, 2007.

RESULTS

Results of Operations

The following table and analysis compare operating results for the year ended September 30, 2008 and 2007:

	Year ended September 30	
	2008	2007
Revenues	$69,064	$55,920
Costs and expenses of mining operations	26,877	19,793
Expenses and other income	4,581	2,303
Net Income	25,707	26,023
Earnings per share – basic and diluted	$0.22	$0.23

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

	Year ended September 30	
	2008	2007
Revenues	$69,064	$55,920
Ounces sold	79,813	86,322
Prices per ounce	$865	$648

Revenue for fiscal 2008 increased 24% to $69,064 on 79,813 ounces sold compared to $55,920 on 86,322 ounces sold for the same quarter last year. Higher average gold prices accounted for a 31% increase in revenues, which were partially offset by a 7% decrease in revenues due to 6,509 fewer ounces sold. 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 - Development

Development work continued during fiscal 2008 with further deepening of the main ramp. Ramp construction was completed to the -40 metre level. The geological information indicated that mineralization did not continue at depth and the ramp work stopped in July 2008. Development of level -40 was completed in October 2008.

The following table shows the tonnages treated and the head grade in g/t gold at the Don Mario Mine for the three and nine-month periods of fiscal 2008 compared to in the three and nine-month periods of fiscal 2007:

		Year ended September 30	
		2008	2007
Underground mine	Tonnes	244,734	241,218
	g/t	10.67	11.91
Minipit & stockpile	Tonnes	8,483	12,251
	g/t	1.94	2.00
Total	Tonnes	253,217	253,469
	g/t	10.38	11.43
Recovery rate		94.2%	92.7%
Gold produced – ounces		79,604	86,381

At September 30, 2008, the Don Mario Mine and Santa Cruz administrative office had a total of 254 employees and 172 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 – Production Cost Analysis

The table below presents the cash operating costs and total production costs at the Don Mario Mine in producing 79,604 ounces in fiscal 2008 compared to 86,381 ounces in fiscal 2007.

	Year ended September 30			
	2008		2007	
	Costs	Cost/oz.	Costs	Cost/oz.
Direct mine operating costs	$13,032	$163.71	$11,499	$133.12
Third-party smelting, refining and transportation costs	231	2.90	213	2.47
Cash operating costs	13,263	166.61	11,712	135.59
Royalties and mining rights	2,075	26.07	1,809	20.94
Mining royalty tax	3,817	47.95	-	-
Total cash costs	19,155	240.63	13,521	156.53
Depreciation and amortization	7,736	97.18	6,679	77.32
Total production costs	26,891	337.81	20,200	233.85
Gold production	79,604 ozs.		86,381 ozs.	

Total unit production costs increased by $103.96 per ounce, a 44% increase, to $337.81 per ounce for fiscal 2008 from a unit cost of $233.85 for fiscal 2007 due to a number of factors. Excluding the new mining royalty tax from production costs, lower gold production accounted for $22.74 per ounce of the $103.96 unit cost increase. Excluding the impact of lower production, direct mine operating costs increased by $17.75 per ounce. Based on the current year's gold production of 79,604 ounces, the new mining royalty tax accounted for $47.95 per ounce of the increase in unit costs. While all categories of production costs have increased, all other increases amounted to only $15.79 per ounce.

The difference between direct mine operating costs of $13,032 and cost of sales of $13,226 reported in the consolidated financial statements for fiscal of fiscal 2008 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:

	Year ended September 30	
	2008	2007
Cost of sales	$13,226	$11,285
Changes in gold inventories and gold in circuit	(194)	214
Direct mine operating costs (non-GAAP measure)	$13,032	$11,499

Update on exploration of the Lower Mineralized Zone (“LMZ”)
During fiscal 2006, a drilling program designed to test the northern and southern down dip extensions was completed. Although the intersections were well defined, the grades and widths recorded were disappointing. A follow-up drill program from underground was completed during the current fiscal year. Results did not indicate significant additional ore and no further work is planned.

Update on evaluation of the Upper Mineralized Zone (“UMZ”)
On October 20, 2006, the Company announced the completion of a pre-feasibility study (“PFS”) on the UMZ conducted by NCL of Santiago, Chile. Please see the section entitled “The Don Mario Mine - Upper Mineralized Zone” on page 3 of this MD&A for details of this report.

	Proven Reserves					Probable Reserves					Total Reserves				
Ore Type	Tonnes [kt]	Au [g/t]	Cu_T [%]	Ag [g/t]	Cu_S [%]	Tonnes [kt]	Au [g/t]	Cu_T [%]	Ag [g/t]	Cu_S [%]	Tonnes [kt]	Au [g/t]	Cu_T [%]	Ag [g/t]	Cu_S [%]
Oxides	664	1.43	1.75	56.5	1.19	1,513	1.51	1.77	45.6	1.22	2,177	1.49	1.77	48.9	1.21
Transition	273	1.49	1.45	57.7	0.64	1,616	1.45	1.35	50.3	0.70	1,889	1.46	1.37	51.3	0.69
Sulphides	134	1.25	1.28	38.2	0.16	1,248	1.25	1.27	36.2	0.17	1,382	1.25	1.27	36.4	0.17
Total	1,071	1.42	1.62	54.5	0.92	4,377	1.42	1.47	44.6	0.73	5,448	1.42	1.50	46.6	0.77

Cu_T is the total copper assay for the ore type, while Cu_S is the acid soluble copper assay for the ore type

Following the issue of the PFS Technical Report, the Company engaged Kappes, Cassiday & Associates (“KCA”) of Reno, Nevada to complete a NI 43-101-compliant full feasibility study on the UMZ. A draft of KCA’s Don Mario Mine UMZ Feasibility Study (“Feasibility Study”) was received at the end of November. It is expected that the Feasibility Study will be issued in final form shortly. In view of the capital investment required to develop the UMZ deposit, the Company continues to assess its options with respect to developing the project in the most efficient and risk effective way possible.

In fiscal 2008, $1,465 (2007 - $573) was incurred and capitalized in mineral properties and deferred development costs in the preparation of the full feasibility study.

Update on Other Exploration Activities
The Company is also actively exploring other targets 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 most comprehensive program is being conducted in the Las Tojas concession of the Don Mario Property, located approximately 12 kilometers north of the Don Mario Mine. Progress of the exploration programs on the three targets on which most spending has occurred thus far this fiscal year is as follows:

- **Las Tojas**
  - During fiscal 2007, the Company completed 51 diamond drill holes on the Las Tojas property, 31 of which intersected gold mineralization on two-thirds of the target area. Detailed results of drilling completed thus far are contained in a press release dated October 19, 2007 and accessible on the Company’s website, www.orvana.com and on SEDAR at www.sedar.com.

- In the second quarter of fiscal 2008, the Company completed an in-fill drilling campaign on the remaining third of the Las Tojas project area to fully define the extent of this mineralization. Including the 2007 campaign, a total of 101 drill holes were completed, 60 of which fell above the cut-off grade of 1 gram of gold per tonne. External consultants have reviewed the results to determine the final size and grade of this mineralization. The Company expects to have a final consultant's report in December 2008. Due to the modest size of this mineralization the Company does not intend to prepare a NI 43-101 technical report.
- The Las Tojas mineralization has the same mineralogical characteristics as the LMZ ore and can be put through the existing gold processing facilities at the Don Mario Mine. The grades are not as high as the LMZ, which is being mined by underground mining methods. The Las Tojas property will be mined by open pit mining methods.
- In a second area, "Las Tojas B", geological mapping at 1:1000 scale is being carried out and representative samples are being taken.
- Las Tojas has the potential of extending the current Don Mario gold mining operation (the LMZ and Las Tojas taken together) to the end of the third quarter of fiscal 2010.

- **Oscar**
  - A large number of samples have been sent to external laboratories for analysis and results will assist in determining what further work will be undertaken.
- **La Aventura**
  - A geochemical sampling program consisting of 1,352 samples has been completed.
  - The next stage of exploration work in the area will include trenching and magnetometry.

In addition to the above-mentioned exploration activities, a regional geochemical sampling program will be conducted within all concessions.

Summary of Quarterly Results

The following two tables include results for the eight quarters ended September 30, 2008:

	Quarters ended			
	Sept 30, 2008	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007
Revenues	$15,681	$18,244	$19,062	$16,077
Net income	$4,605	$7,135	$7,102	$6,865
Earnings per share – basic and diluted	$0.04	$0.06	$0.06	$0.06
Total assets	$120,685	$112,538	$100,633	$90,127
Total long-term financial liabilities	$4,245	$4,626	$3,500	-
Gold production - ozs.	17,656	20,877	19,988	21,083
Gold sales – ozs.	18,109	20,453	20,644	20,607
Non-GAAP measures				
Per ounce data -				
- Total cash costs	$304.85	$249.38	$244.80	$174.25
- Average gold price realized	$865.96	$891.97	$923.40	$780.15
Operating statistics -				
- Gold ore grade – g/t	9.18	11.12	10.72	10.54
- Gold recovery rate - %	93.6%	95.6%	94.0%	93.5%

	Quarters ended			
	Sept. 30, 2007	June 30, 2007	Mar. 31, 2007	Dec. 31, 2006
Revenues	$14,183	$15,623	$14,984	$11,130
Net income	$6,944	$7,609	$7,679	$3,791
Earnings per share – basic and diluted	$0.06	$0.07	$0.07	$0.03
Total assets	$81,153	$73,859	$65,049	$60,022
Total long-term financial liabilities	-	-	-	-
Gold production - ozs.	21,571	23,425	22,538	18,847
Gold sales – ozs.	20,991	23,771	23,201	18,358
Non-GAAP measures				
Per ounce data -				
- Total cash costs	$158.82	$160.54	$143.22	$164.82
- Average gold price realized	$675.67	$657.25	$645.83	$602.28
Operating statistics -				
- Gold ore grade – g/t	11.99	11.64	12.33	9.85
- Gold recovery rate - %	93.2%	93.4%	93.4%	90.7%

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 September 30, 2008 ranged from $602 to $923 per ounce. Higher quarterly revenues in fiscal 2008, particularly the second and third quarters, did not translate into higher net quarterly net incomes in fiscal 2008 compared to fiscal 2007 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.

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 constitutional draft approved by the Constituent Assembly on November 24, 2007 and new mining policy and mining tax changes that have been implemented and that are being proposed by the current government in Bolivia 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.

On November 24, 2007, the Constituent Assembly of Bolivia approved the new constitutional draft in principle. The proposed new constitution, if implemented as currently drafted, 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. The date of a referendum that will be required to pass a new constitution has been set for January 25, 2009.

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 have also been taken in the mining sector with the recent increase in income and other taxes. Any of the foregoing actions or regulatory changes could materially adversely affect the Company.

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. Orvana's management continues to monitor the situation closely.

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 in the exploitation of any minerals found. The government has stated that this new law will not affect mineral concessions that have already been granted, however, the proposals have yet to be passed into law and their potential effect on future activities on the Company's mineral concessions remains unclear.

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 one year. A second proposed modification would affect companies that are presently in joint ventures with COMIBOL. In this proposal, COMIBOL would control 100% of production and would receive 50% of the gross revenue derived from the sale of mine production. Negotiations regarding such modifications continue, with the government stating that it now wants 55% of a project's gross revenue. It is expected that these proposals will result in dialogue and negotiation between the government and the mining industry before being passed into law. Orvana's Bolivian subsidiary, EMIPA, has no joint venture operations with COMIBOL and, thus, would not be affected by the second proposal.

As a result of legislation passed by the Bolivian Congress, the Company was required to negotiate a new natural gas supply contract with a government-owned entity. The Company has signed a new contract for natural gas and is awaiting the signature of the government. The new contract, which became effective on September 17, is not expected to have a material impact on the Company's costs.

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 gold for the LMZ and copper and gold for the UMZ. 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. With the exception of the Don Mario Mine, the Company's properties are without known bodies of commercial ore. 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 land slides, 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. The Company has been dependent upon and may continue to be dependent upon consultants and outside contractors for construction and operating expertise.

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. The Company anticipates that, if undertaken, the UMZ project may be brought on stream following the processing of the remaining ore from the LMZ and Las Tojas projects. Given the extent of changes to taxation and to other laws affecting the mining industry and the political uncertainties in the country, the Company may experience difficulty in obtaining satisfactory financing terms or adequate project financing for the UMZ.

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 by the end of the third quarter of fiscal 2009. This estimated time-frame excludes a possible additional year's production based upon exploration

drilling results on the Las Tojas concession as discussed above. Ore from Las Tojas will be processed commencing in the third quarter of fiscal 2009.

Net realizable values of property, plant and equipment
At September 30, 2008, the net book value of LMZ-related property, plant and equipment amounted to $18,035 (excluding UMZ feasibility study costs capitalized of $2,037). Amortization of these costs is calculated on the units-of-production method over the expected economic life of the mine. The expected economic life is dependent upon the estimated remaining proven and probable reserves, gold prices and cash operating costs. Based upon current estimates of reserves, gold prices in excess of $600.00 per ounce and total cash costs of approximately $265.00 per ounce, net realizable values 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 $2,156 at September 30, 2008. 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 is discontinued at the end of 2010, it is expected that this obligation will be settled approximately as follows over the years indicated: 2010 - $1,100; 2011 - $400; 2012 - $500; 2013 - $400; 2014 - $400. Estimates of these closure costs and the expected timing of their incurrence are reviewed periodically. These estimates are based on expected remediation requirements relating to the LMZ and will change if the Company proceeds with 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 $199 for the year September 30, 2008 compared to $219 a year ago. Last year's expense was offset by a credit to income of $375 with respect to stock options forfeited by departing officers and directors, resulting in a net credit of $156 for fiscal 2007. 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 2,990,001 stock options outstanding at the Report Date with a weighted average exercise price of Cdn. $0.90. Stock options outstanding have expiry dates ranging from 2008 to 2013.

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 September 30, 2008. 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.