ORVANA MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 and 2009

(AUDITED)

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)

Roland Horst
Chief Executive Officer

(signed)

Malcolm King
Vice President and Chief Financial Officer

Toronto, Canada
December 10, 2010

PricewaterhouseCoopers

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December 10, 2010

Auditors' Report

To the Shareholders of
Orvana Minerals Corp.

We have audited the consolidated balance sheets of Orvana Minerals Corp. (the Company) as at September 30, 2010 and 2009 and the related consolidated statements of income (loss) and comprehensive income (loss), shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada

ORVANA MINERALS CORP.

Consolidated Balance Sheets
As at September 30
(In thousands of United States dollars)

	2010	2009
Assets		
Current assets		
Cash and cash equivalents (note 2(h))	$ 12,700	$ 58,036
Value-added taxes receivable and prepaid expenses	10,992	5,751
Gold inventory	753	751
Supplies inventory	5,473	3,829
Income tax receivable	79	-
	29,997	68,367
Reclamation bonds (note 6(b))	3,287	1,309
Property, plant and equipment (note 4)	123,188	70,931
	$ 156,472	$ 140,607
Liabilities		
Current liabilities		
Bank debt (note 13)	$ 3,049	$ -
Accounts payable and accrued liabilities	15,346	7,174
Income taxes payable	-	5,990
Current portion of long-term debt (note 5)	1,749	2,229
Current portion of obligations under capital lease (note 7)	975	-
	21,119	15,393
Long-term debt (note 5)	833	1,915
Obligations under capital leases (note 7)	1,547	-
Asset retirement obligations (note 6)	7,538	2,792
Provision for statutory labour obligations	1,771	1,406
Future income tax liability (note 10)	12,402	8,346
Long-term compensation (note 8(d))	1,860	388
	47,070	30,240
Shareholders' equity		
Share capital (note 8(b))	76,227	74,777
Contributed surplus	1,674	1,658
Retained earnings	31,501	33,932
	109,402	110,367
	$ 156,472	$ 140,607

Commitments and contingencies (note 14)
Subsequent events (note 18)

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

Approved by the Board of Directors:

(signed) Roland Horst Director (signed) Robert Mitchell Director

ORVANA MINERALS CORP.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
Year ended September 30
(In thousands of United States dollars except per share amounts)

	2010	2009
Revenues		
Gold sales	$ 32,344	$ 56,005
Costs and expenses of mining operations		
Cost of sales	18,097	15,217
Royalties and mining rights	1,115	1,783
Mining royalty taxes	2,263	3,916
Depreciation and amortization	3,610	9,802
Accretion (note 6)	191	167
	25,276	30,885
	7,068	25,120
Expenses (other income)		
General and administration	4,414	3,570
Exploration	490	703
Stock-based compensation (note 8(c))	477	105
Long-term compensation (note 8(d))	1,385	369
Community relations	279	477
Interest on long-term debt	313	280
Other expense (income)	1,254	(948)
Foreign exchange (gain) loss	(698)	218
	7,914	4,774
(Loss) income before current and future income taxes	(846)	20,346
Provision for income taxes (note 10)		
Current income taxes	1,870	8,297
Future income tax expense (recovery)	(285)	(1,351)
	1,585	6,946
Net (loss) income and comprehensive (loss) income	$ (2,431)	$ 13,400
(Loss) earnings per share (note 11)		
Basic and diluted	$ (0.02)	$ 0.12
Weighted average number of shares outstanding - basic	115,562,342	115,233,173
Weighted average number of shares outstanding - diluted	116,456,273	115,262,131

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

ORVANA MINERALS CORP.
Consolidated Statements of Shareholders' Equity
Year ended September 30
(In thousands of United States dollars)

	Share capital	Contributed Surplus	Retained Earnings	Total
Balance, September 30, 2008	$ 74,777	$ 1,553	$ 20,532	$ 96,862
Stock-based compensation	-	105	-	105
Net income	-	-	13,400	13,400
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

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

ORVANA MINERALS CORP.

Consolidated Statements of Cash Flows
Year ended September 30
(In thousands of United States dollars)

	2010	2009
Operating activities		
Net (loss) income	$ (2,431)	$ 13,400
Depreciation and amortization	3,610	9,802
Accretion (note 6)	191	167
Stock-based compensation (note 8(c))	477	105
Long-term compensation (note 8(d))	1,385	369
Future income taxes (recovery) (note 10)	(285)	(1,351)
Provision for statutory labour obligations	365	99
Foreign exchange	(767)	254
	2,545	22,845
Changes in non-cash working capital items		
Gold sales receivable	-	1,785
Value-added taxes receivable and prepaid expenses	(5,241)	(468)
Gold inventory	(2)	1
Supplies inventory	(1,644)	(958)
Income tax receivable	(79)	-
Accounts payable and accrued liabilities	1,767	(1,772)
Income taxes payable	(5,990)	(1,802)
	(8,644)	19,631
Financing activities		
Increase in bank debt	3,049	-
Increase in long-term debt (note 5)	1,000	1,500
Repayment of long-term debt (note 5)	(2,562)	(1,601)
Reclamation bond	(1,978)	-
Exercise of stock options	989	-
	498	(101)
Investing activities		
Capital expenditures	(35,352)	(7,709)
Capital expenditures under capital lease	(2,145)	-
Acquisition of Kinbauri Gold Corp., net of cash acquired (note 3)	-	(44,591)
Cash settlement of long-term compensation	(13)	(17)
	(37,510)	(52,317)
Change in cash and cash equivalents	(45,656)	(32,787)
Cash and cash equivalents, beginning of period	58,036	91,041
Effect of exchange rate changes on cash held in foreign currencies	320	(218)
Cash and cash equivalents, end of period	$ 12,700	$ 58,036
Other information		
Income taxes paid	$ 7,789	$ 10,148
Interest paid	$ 392	$ 284

The notes to 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 Don Mario Mine and property (note 4(a)) in eastern Bolivia which is held indirectly through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"). The Company also owns the El Valle-Boinas/Carles project (note 4(b)) ("EVBC") in Spain, which is held indirectly through its wholly-owned subsidiary Kinbauri Espana S.L. ("Kinbauri"). In addition, the Company holds mineral leases in the state of Michigan, USA, referred to as the Copperwood project (note 4(c)) 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.

2. Summary of significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements of Orvana and its subsidiaries, which are expressed in US dollars, are prepared in accordance with Canadian generally accepted accounting principles ("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 Espana S.L. ("Kinbauri")
Orvana Resources US Corp. ("Orvana Resources")

Non-operating companies:

Kinbauri Galicia S.L.
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.

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.

2. Summary of significant accounting policies (continued)

(c) Revenue recognition

Revenue is recorded in the financial statements when title as well as risks and rewards have passed to the buyer, which occurs on the date of export.

(d) Exploration expenditures

The costs of acquiring mineral properties are capitalized. Property option costs and 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 8(c). 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 and comprehensive income. 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.

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 and are valued using the market value of the underlying stock at the grant date. 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.

2. Summary of significant accounting policies (continued)

(g) Earnings per share

Basic earnings per share is computed by dividing net income 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.

(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.

Cash and cash equivalents includes $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.

In addition, at September 30, 2010, there were bank guarantees from Banco Bisa S.A. amounting to approximately $716 (2009 - $640), related to refunded amounts of value-added taxes and natural gas purchases.

(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. 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, exploration and development costs 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 is its other than temporary removal from service, including its 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.

2. Summary of significant accounting policies (continued)

(k) Asset retirement obligations (continued)

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 El Valle-Boinas/Carles ("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 income for the current period.

(m) 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
Gold sales receivable	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

2. Summary of significant accounting policies (continued)

(n) New accounting policies

Financial Instruments
During 2009, CICA Handbook Section 3862, Financial Instruments - Disclosures ("Section 3862") was amended to require disclosure about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;
- Level 3 - Inputs that are not based on observable market data.

Cash and cash equivalents are classified under Level 2 of the Fair Value Hierarchy set out in Section 3862 of the CICA Handbook.

Leased assets
Assets acquired under capital leases are capitalized and amortized in accordance with the Company's policy on property, plant and equipment. The associated obligations are included under financial liabilities.

(o) Future accounting changes

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. The key differences pertaining to these new standards would be accounting for transaction costs and accounting for the negative goodwill.

3. Acquisition of Kinbauri Gold Corp.

On August 28, 2009, at the expiry of Orvana’s offer to purchase all of the outstanding common shares of Kinbauri, the Company had acquired 94.9% of the issued and outstanding common shares of Kinbauri, a company listed on the TSX Venture Exchange. On September 24, 2009, the Company, through a wholly-owned subsidiary, completed a compulsory acquisition, pursuant to section 206 of the Canada Business Corporations Act, of the remaining outstanding common shares not already owned by it. Kinbauri was delisted from the TSX Venture Exchange on September 25, 2009 and subsequently, an application was granted by the relevant provincial securities commissions for Kinbauri to cease to be a reporting issuer.

The aggregate purchase price was $45,068 including $44,483 paid in cash for the common shares of Kinbauri and transaction costs relating to the acquisition of $2,615 less cash acquired amounting to $2,030.

(In thousands of United States Dollars unless otherwise noted)

3. Acquisition of Kinbauri Gold Corp. (continued)

Kinbauri's results from operations have been included from the acquisition date.

During fiscal 2010, the Company obtained third-party valuations of certain tangible and intangible assets. The final purchase price allocation of Kinbauri has been adjusted from what was disclosed in 2009, as a result of the final review of assets acquired and liabilities assumed. Plant and equipment values increased and there was a reduction of mineral properties and deferred development costs. Asset retirement obligations increased based on an environmental assessment and future income tax liabilities increased as a result of the changing asset values. Accounts payable and accrued liabilities increased reflecting the Glen Eagle litigation settlement and increased transaction costs.

The fair value of the assets acquired and liabilities assumed was higher than the price paid of $45,068, which suggests that the acquisition was a bargain purchase. This difference is referred to as negative goodwill and was allocated on a pro-rata basis to the plant and equipment, mineral properties and deferred development costs and future income taxes.

As at September 30, 2009	Preliminary Fair Value	Fair value adjustments	Fair value	Allocation of negative goodwill	Final Fair Value
Current assets	$ 1,008	$ -	$ 1,008	-	1,008
Reclamation bonds	1,309	-	1,309	-	1,309
Plant and equipment	3,513	37,985	41,498	(16,219)	25,279
Mineral properties and deferred development costs	49,550	13,401	62,951	(24,605)	38,346
Total assets acquired	55,380	51,386	106,766	(40,824)	65,942
Accounts payable and accrued liabilities	1,684	2,000	3,684	-	3,684
Asset retirement obligations	469	3,773	4,242	-	4,242
Future income taxes	8,159	17,036	25,195	(12,247)	12,948
Total liabilities assumed	10,312	22,809	33,121	(12,247)	20,874
Net assets acquired	45,068	28,577	$ 73,645	$ (28,577)	$ 45,068

Prior to its acquisition by Orvana, Kinbauri entered into an agreement (the "NSR Agreement") in which its Spanish subsidiary granted a 2.5% Net Smelter Return royalty in return for consideration of Cdn. $7,500. The royalty rate increases to 3% for any quarter year in which the average price of gold reaches or exceeds $1,100 per ounce. The Company has fair valued the royalty at $10,787, being the present value of forecasted royalty payments using a 15% discount rate.

Future income tax liabilities of $12,948 arising from timing differences on depreciable assets have been recognized.

(In thousands of United States Dollars unless otherwise noted)

4. Property, plant and equipment

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-Boinas/Carles	56,041	-	56,041
	66,474	-	66,474
Total	$ 153,890	$ 30,702	$ 123,188

September 30, 2009	Cost	Accumulated amortization	Net carrying value
Land	$ 1,281	$ -	$ 1,281
Plant and equipment	40,456	27,125	13,331
Furniture and equipment	274	84	190
	42,011	27,209	14,802
Mineral properties			
Don Mario - LMZ	11,698	11,698	-
Don Mario - UMZ	2,718	-	2,718
Copperwood	3,861	-	3,861
EL Valle-Boinas/Carles	49,550	-	49,550
	67,827	11,698	56,129
Total	$ 109,838	$ 38,907	$ 70,931

(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 $222 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 has been extended into fiscal 2010 through mining of the nearby Las Tojas deposit. The Company is also proceeding 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.

(In thousands of United States Dollars unless otherwise noted)

4. Property, plant and equipment (continued)

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

Orvana acquired the El Valle-Boinas/Carles project in August 2009 through the acquisition of Kinbauri Gold Corp. (note 3). The El Valle-Boinas/Carles gold-copper project is located in the Rio Narcea Gold Belt in northern Spain. The Company has begun underground development with the goal to recommence production in 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's, which will be determined quarterly and, 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 2 years. The payments include interest at an annual interest 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.

The following is a schedule of the future payments for the land purchase:

fiscal	2011	$	687
	2012		1,045
		$	1,732

(In thousands of United States Dollars unless otherwise noted)

5. Long-term debt

On March 4, 2008, EMIPA entered into a term credit facility agreement of $5,000 with Banco Bisa S.A. ("BISA"). This facility bears interest at 7.75% and is payable in equal quarterly instalments over a three-year period. At September 30, 2010, $915 (2009 - $2,644) was outstanding under this facility. During the year, $1,729 (2009 - $1,601) was repaid against this loan. The Company used the proceeds of this credit facility to purchase additional electrical generation equipment and a ball mill to increase ore treatment capacity.

On September 29, 2009, EMIPA entered into a second BISA agreement of $2,500. This facility bears interest at 7.8% and is payable in equal quarterly instalments over a three-year period. The first tranche of $1,500 was advanced on September 30, 2009. The second tranche of $1,000 was advanced on November 30, 2009. At September 30, 2010, $1,667 (2009 - $1,500) was outstanding under this facility. During the year, $833 (2009 - $nil) was repaid against this loan. The proceeds of this second credit facility were used to fund capital investments for the mineral flotation system for the Upper Mineralized Zone project.

The Company has the option of repaying both of these loans prior to the end of their terms without penalties and there are no specific covenants related to these credit facilities. Both loans are secured by certain machinery and equipment of EMIPA.

Long-term debt repayments are as follows:

	March 2008 Credit Facility	September 2009 Credit Facility	Total Long-Term Debt
fiscal 2011	$ 915	$ 834	$ 1,749
2012	-	833	833
	915	1,667	2,582
Less: current portion	915	834	1,749
	$ -	$ 833	$ 833

On October 8, 2010, the Company's wholly owned subsidiary, Kinbauri, entered into a $50 million credit agreement with Credit Suisse AG. Refer to note 18 - Subsequent events for more details.

6. Asset retirement obligations

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

Year ended September 30	2010	2009
Balance, October 1	$ 2,792	$ 2,156
Obligation assumed through acquisition of Kinbauri Gold Corp.	-	469
Incremental obligation - Don Mario Mine	829	-
Incremental obligation - El Valle-Boinas/Carles Mine	3,726	-
Accretion expense	191	167
Balance, September 30	$ 7,538	$ 2,792

(In thousands of United States Dollars unless otherwise noted)

6. Asset retirement obligations (continued)

Year ended September 30		2010		2009
Balance, September 30, consists of:				
Don Mario Mine - Bolivia (a)	$	3,296	$	2,323
EL Valle-Boinas/Carles Mine - Spain (b)		4,242		469
	$	7,538	$	2,792

Asset retirement obligations amounting to $7,538 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) While mining of the LMZ ceased during fiscal 2009, the Company has taken the decision to develop the UMZ and mining operations are expected to commence in fiscal 2011. 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 10 years the expected timing of performance of asset retirement activities. In addition, pre-production of the UMZ affected the estimates of the asset retirement obligations. The Company prepared new estimates of the asset retirement obligations relating to the UMZ and has reflected the new estimated liability and associated asset retirement cost in its financial statements.

At September 30, 2010, management estimates that 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 $3,296 (September 30, 2009 - $2,323) and the related costs are expected to be incurred in 2021 through 2024.

(b) At September 30, 2010 management estimates the discounted asset retirement obligations for the EVBC project in Spain at $4,242 (September 30, 2009 - $469). The Company prepared new estimates of the asset retirement obligations at the date of acquisition as part of the final purchase price allocation and has reflected the estimated liability and associated asset retirement cost in its financial statements at the date of acquisition. 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.

Prior to its acquisition by Kinbauri, the El Valle Mine had been shut down by its then owner and remediation measures required were completed. On Kinbauri’s acquisition of El Valle a reclamation bond of €894,684 was deposited, as required by Spanish mining regulations. In fiscal 2010, an additional reclamation bond in the amount of €1,521,960 was deposited by Orvana relating to the Company’s new tailings facility. These funds are held in a Spanish financial institution as restricted cash and amount to approximately $3,287 at September 30, 2010 (September 30, 2009 - $1,309) and they will be released after all reclamation work has been completed.

(In thousands of United States Dollars unless otherwise noted)

7. Obligations under capital leases

During the year, the Company entered into leases to purchase mining trucks, scoop trams and other mining equipment totalling $4,574 with deposits of $1,681 paid at the time of purchase. The leases are repayable in quarterly instalments over the next three years with annual interest at 5.5%. At September 30, 2010, the obligation outstanding was $2,522 and the Company made lease payments of $535 during the year. Each lease contract contains a bargain purchase option of €10 per contract.

The following is a schedule of future minimum lease payments under the capital leases expiring in March 2013 with the balance of the obligations under capital lease.

fiscal 2011	$	1,079
2012		1,079
2013		522
		2,680
Amount representing interest at 5.5%		(158)
		2,522
Less: current portion		(975)
	$	1,547

The equipment under capital lease will be amortized over the estimated useful life of the assets, once the EVBC project begins production. No amortization has been recorded to date.

8. Share capital

(a) Authorized - unlimited number of common shares

(b) Common shares issued

	Number of common shares		Stated value
Balance, September 30, 2008 and September 30, 2009	115,233,173	$	74,777
Exercise of stock options	1,084,999		989
Transfer of estimated option fair values from contributed surplus	-		461
Balance, September 30, 2010	116,318,172	$	76,227

(In thousands of United States Dollars unless otherwise noted)

8. Share capital (continued)

(c) Stock options

The stated purpose of the Orvana Stock Option Plan (the "Plan") established in 2006, is to attract, retain and compensate qualified persons as directors, senior officers and employees of, and consultants to, the Company and its subsidiaries and affiliates. The Plan is administered by a committee appointed by the Board of Directors. Subject to the terms of the Plan the committee may determine, among other things, the number of stock options to be granted to any person, the exercise price (which may not be less than the market price, as defined in the Plan, of the Company's common shares) and the time or times when options will be exercisable (i.e. any vesting period). The term of stock options granted under the Plan may not exceed ten years from the date of grant but generally options are granted for five years and vest one-third immediately and one-third after each of the first and second anniversaries of the date of grant.

As at September 30, 2010, the Company has granted 2,680,000 stock options, including 2,530,000 stock options under the plan, and was authorized to grant an additional 3,460,000 stock options under the Plan. Common shares in respect of which outstanding options expire unexercised are available for subsequent option grants under the Plan.

A summary of the stock option transactions for the years ended September 30, 2010 and 2009 is as follows:

	Stock options	Weighted average exercise price
Balance, September 30, 2008	3,106,667	Cdn $0.90
Granted	275,000	0.64
Expired	(65,000)	1.00
Forfeited	(125,000)	0.69
Balance, September 30, 2009	3,191,667	0.89
Granted	1,055,000	1.06
Exercised	(1,084,999)	0.94
Expired	(481,668)	1.03
Balance, September 30, 2010	2,680,000	Cdn $0.91

Stock options have been expensed as follows:

	Cumulative expense to September 30, 2010	Remainder to be expensed	Total stock option compensation
Stock option expense	$ 1,674	$ 212	$ 1,886

(In thousands of United States Dollars unless otherwise noted)

8. Share capital (continued)

(c) Stock options (continued)

As at September 30, 2010, outstanding and exercisable stock options granted were as follows:

Grant Date	Fair Value	Number of Non-Vested Options	Weighted Average Contractual Life (in years)	Number of Vested Options	Exercise Price	Expiry Date
May 12, 2006	$ 58	-	0.62	125,000	Cdn $1.05	May 12, 2011
June 23, 2006	168	-	0.73	425,000	0.89	June 23, 2011
July 5, 2006	71	-	0.76	175,000	0.91	July 5, 2011
December 14, 2006	71	-	1.21	250,000	0.60	December 14, 2011
August 9, 2007	9	-	1.86	25,000	0.69	August 8, 2012
December 3, 2007	150	-	2.18	325,000	0.81	December 3, 2012
March 3, 2008	65	-	2.43	150,000	0.75	March 3, 2013
March 5, 2009	40	50,000	3.43	100,000	0.64	March 5, 2014
October 23, 2009	65	100,000	4.06	50,000	0.88	October 23, 2014
February 20, 2010	79	100,000	4.39	50,000	1.06	February 20, 2015
February 26, 2010	61	83,333	4.41	41,667	1.01	February 26, 2015
March 1, 2010	255	300,000	4.42	200,000	1.01	March 1, 2015
May 17, 2010	18	20,000	4.63	10,000	1.31	May 17, 2015
August 13, 2010	84	66,666	4.87	33,334	1.57	August 13, 2015
	$1,194	719,999	2.65	1,960,001		
Total vested and non-vested stock options				2,680,000		

The Company uses the estimated fair value method of accounting and, during fiscal 2010 recognized stock-based compensation expense of $477 (fiscal 2009 - $105).

The fair value of each option grant in fiscal 2010 and fiscal 2009 was estimated using the Black-Scholes option-pricing model with the following assumptions:

Grant date:	October 2008 to September 30, 2009	October 2009 to September 2010
Options granted	275,000	1,055,000
Forfeited	83,334	-
Exercised	41,666	-
Risk-free interest rate:	2.0%	2.0% to 2.5%
Expected life in years:	5	5
Expected volatility:	61%	59%
Expected dividend yield:	0%	0%

The weighted-average grant date fair value of the options granted in fiscal 2010 of $562 (2009 - $73) or Cdn $0.56 (2009 - $0.34) per option is expensed over the vesting period of the option which is 24 months from the grant date. The fair value associated with non-vested stock options is $371 (fiscal 2009 - $98).

(In thousands of United States Dollars unless otherwise noted)

8. Share capital (continued)

(d) Long-term compensation

Effective October 1, 2008, the Company established a DSU Plan for its directors with each DSU having the same value as an Orvana common share. Under the DSU Plan, directors receive a portion of their annual compensation in the form of DSUs. The first awards under the DSU Plan were made effective October 1, 2008. The DSUs vest immediately and are redeemable in cash in one or two tranches at the election of the individual after the date on which the individual ceases to be a director. Full payment must be made no later than December 15th of the first calendar year commencing immediately after the individual ceases to be a director. On the award date, the DSUs are recorded at the average value of Orvana's common shares for the five days immediately preceding the date of grant. DSUs are then adjusted for changes in fair value at each subsequent reporting date. The fair value of amounts granted each period together with the changes in fair value are expensed in the period.

	DSUs		Fair value
Granted October 1, 2008	148,518	$	71
Redeemed	(24,753)		(17)
Accrued DSU awards	-		66
Mark-to-market adjustment	-		49
Balance, September 30, 2009	123,765		169
Issued	80,789		-
Redeemed	(12,376)		(13)
Accrued DSU awards	-		102
Mark-to-market adjustment	-		348
Balance, September 30, 2010	192,178	$	606

Also effective October 1, 2008, the Company established a RSU Plan for designated executives with each RSU having the same value as an Orvana common share. Under the RSU Plan, certain senior executives may be awarded a portion of their bonus compensation in RSUs giving the recipient the right to receive a payout for each RSU which has vested. RSU awards and their terms are made at the discretion of the Board of Directors of the Company. Payouts occur on each vesting date. The fair value of amounts granted each period together with the changes in fair value are expensed in the period.

	RSUs		Fair value
Granted October 1, 2008	-	$	-
Fiscal 2009 accrued RSU awards	-		219
Balance, September 30, 2009	-		219
Reversal of fiscal 2009 accrued RSU awards			(219)
Issued RSU awards	305,447		265
Fiscal 2010 accrued RSU awards	-		453
Mark-to-market adjustment	-		536
Balance, September 30, 2010	305,447	$	1,254

(In thousands of United States Dollars unless otherwise noted)

9. 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, 2010 amounted to $109,402 (September 30, 2009 - $110,367). 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.

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, 2010 and 2009.

10. Income taxes

Year ended September 30	2010	2009
Canadian Statutory Rate	31.8%	33.1%
Income before provision for income taxes	$ (846)	$ 20,346
Tax at statutory rate	(269)	6,740
Higher foreign rates	42	(147)
Permanent differences	338	341
Losses not recognized	1,474	12
Provision for income taxes	$ 1,585	$ 6,946
Effective tax rate	-	34.1%

Income taxes for 2010 (and 2009) relate entirely to foreign operations. The future income tax liabilities as at September 30, 2010 and 2009 are in respect of differences in accounting and tax bases of property, plant and equipment, net of tax losses.

(In thousands of United States Dollars unless otherwise noted)

10. Income taxes (continued)

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

Year ended September 30	2010	2009
Non-capital losses carried forward	$ 1,124	$ 4,280
Accounts payable and accrued liabilities	-	893
Asset retirement obligations	1,328	140
Net future income tax assets	2,452	5,313
Property, plant and equipment	(14,854)	(13,659)
Net future income tax liability	$ (12,402)	$ (8,346)

At September 30, 2010, the company has available non-capital loss carry-forwards of $13,344 for Canadian tax purposes that expire in 2014 through 2030, and $1,866 of other deductible temporary differences. The company has not recognized the potential tax benefit of these items in the financial statements.

11. Earnings (loss) per share

Year ended September 30	2010	2009
Earnings (loss) attributable to common stockholders	$ (2,431)	$ 13,400
Weighted average shares outstanding - basic	115,562,342	115,233,173
Dilutive stock options	893,931	28,958
Weighted average shares outstanding - diluted	116,456,273	115,262,131

Basic earnings per share is computed by dividing net income (the numerator) by the weighted average number of outstanding common shares for the year (the denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding stock options and other convertible instruments, except when there is a loss and it would have the effect of being anti-dilutive.

12. Property and financial risk factors

(a) Property risk

The Don Mario Mine and property, EVBC Project and Copperwood Project (the "Projects") are the only Projects 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 Projects. If no additional Projects are acquired by Orvana, any adverse development affecting the Projects 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 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 sales and value-added taxes receivable. The Company has a concentration of credit risk with one customer to which gold is sold under an escrow agreement securing payment to the Company prior to the release of each shipment to the customer. Value-added taxes receivable are collectable from the Bolivian and Spanish governments. Management believes that the credit risk with respect to financial instruments attributable to gold sales and value-added taxes receivable is minimal.

Liquidity risk

The Company has sufficient funds (September 30, 2010 - $12,700 and September 30, 2009 - $58,036) to settle current liabilities. 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 Espana 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 significant cash balances and long-term debt, with the latter having fixed rates of interest ranging from 7% to 8% (refer to note 5). 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.

12. Property and financial risk factors (continued)

(b) Financial risk (continued)

Market risk (continued)

(ii) Foreign currency risk

Orvana's functional currency is the US dollar. 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, 2010, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

(i) Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus change in rates of one percentage point would have affected net income by $276 for the year ended September 30, 2010.

(ii) Certain cash and cash equivalents are held in foreign currencies, primarily Euros. Sensitivity to a 10% decrease in Euros versus the U.S. dollars could increase cash and net income by approximately $518 and a 10% increase in Euros versus the U.S. dollar would decrease cash and income by $424.

(iii) 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 $1,872 for the year ended September 30, 2010 and a 10% increase in average realized gold prices would have affected net income by an increase of approximately $2,057 for such period.

13. Credit facility

EMIPA has short term credit facilities with Banco de Credito de Bolivia S.A. and Banco Bisa S.A. for up to $3.5 million dollars payable in 90-150 days with annual interest rates ranging between 4% to 6% with certain of the Company's assets pledged as security against these loans. As at September 30, 2010, $3,049 (2009 - $nil) was drawn on these facilities.

14. 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 are continually changing and generally becoming more restrictive. The Company records provisions for asset retirement obligations based on management's estimate of such costs. These estimates are, however, subject to changes in laws and regulations.

(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) Orvana and/or one of its subsidiaries were parties to three claims arising from Orvana's acquisition of the shares of Kinbauri Gold Corp. ("Kinbauri"). Kinbauri was subsequently amalgamated with Orvana Minerals Acquisition Corp. to form Orvana Minerals Asturias Corp. ("Asturias"). The first claim was an application in the Ontario Superior Court of Justice by Jaguar Financial Corporation ("Jaguar") against Kinbauri (now Asturias), Kinbauri's Spanish subsidiary Kinbauri Espana S.L. ("Kinbauri Espana"), Kinbauri's pre acquisition directors, Glen Eagle Resources Inc. ("Glen Eagle") and Paradise Peak Holdings under the oppression remedy provisions of the Ontario Business Corporations Act. The claim was largely resolved as part of a general settlement with Jaguar. As part of that settlement Jaguar served a notice of discontinuance of the application and provided Orvana and its current and former directors with full releases of all claims. To formally end the application a court order is required. Asturias expects to obtain that order shortly.

The second claim was a claim by Jaguar against Orvana and one of its officers in the Ontario Superior Court of Justice. Orvana resolved the Jaguar action during the second quarter of fiscal 2010. As part of the settlement, the parties exchanged releases and the action itself was dismissed without costs.

The third claim arose from the aforementioned Kinbauri Espana/Glen Eagle transaction. Glen Eagle had challenged Kinbauri's decision not to proceed with the proposed transaction. In December 2009, Glen Eagle formally commenced an arbitration against Asturias and Kinbauri Espana seeking damages of C$75 million, interest and costs. The parties settled the claim in the fourth quarter of fiscal 2010. As part of that settlement, Orvana agreed to pay Glen Eagle the sum of $1.5 million, without acknowledging any liability. The parties exchanged mutual releases and agreed to an award dismissing the arbitration without costs as part of the settlement.

(d) During the year, EVBC entered into capital lease contracts to purchase mining equipment totalling $4,574 with deposits of $1,681 paid at the time of purchase. The leases are payable in quarterly installments over the next three years with annual interest at 5.5%. At September 30, 2010, the obligation outstanding was $2,522. For more information about these capital leases refer to note 7 – Obligations under capital leases.

The Company entered into an operating lease in the fiscal year 2010 for office space for its corporate office in Toronto. The lease is payable over the next 5 years and the balance of the obligation is $985 at September 30, 2010.

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 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 of the original purchase. For more information about the land purchase refer to note 4(c) – Property, plant and equipment.

(In thousands of United States Dollars unless otherwise noted)

15. Segmented information

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

As at September 30, 2010 and for the year then ended

	Gold Sales	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds	Other assets	Total assets
Bolivia	$ 32,344	$ 2,234	$ 22,891	$ -	$ 15,040	$ 40,165
Spain	-	4,663	93,010	3,287	1,705	102,665
United States	-	13	6,993	-	37	7,043
Canada	-	1,307	294	-	509	2,110
Sweden	-	3,239	-	-	-	3,239
Cyprus	-	1,244	-	-	6	1,250
	$ 32,344	$ 12,700	$ 123,188	$ 3,287	$ 17,297	$ 156,472

As at September 30, 2009 and for the year then ended

	Gold Sales	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds	Other assets	Total assets
Bolivia	$ 56,005	$ 4,820	$ 13,966	$ -	$ 9,134	$ 27,920
Spain		2,030	53,062	1,309	1,008	57,409
United States	-	-	3,861	-	-	3,861
Canada	-	6,024	42	-	177	6,243
Sweden	-	45,081	-	-	7	45,088
Cyprus	-	81	-	-	5	86
	$ 56,005	$ 58,036	$ 70,931	$ 1,309	$ 10,331	$ 140,607

16. Comparative Information

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

17. Related parties

The Company's majority shareholder, Fabulosa Mines, and its affiliates are related parties. It is the Company's policy to conduct all transactions and settle all balances with related parties on market terms and conditions. Related party transactions include: payment of fees for the service of directors who are employees of affiliates of Fabulosa Mines.

18. Subsequent events

On October 8, 2010, the Company's wholly-owned subsidiary, Kinbauri, entered into a $50 million five-year term corporate credit agreement with Credit Suisse AG ("Credit Suisse"). The funds will be used to complete construction of the Company's gold/copper project, El Valle-Boinás/Carlés ("EVBC") in Spain. Under the terms of the credit agreement, up to $15 million may be loaned by Kinbauri to Orvana at any time prior to December 31, 2010 for general corporate purposes. Cost of the facility, including fees, are expected to average approximately 5 to 6 % per annum, based on current interest rates. The facility includes a small hedging program on the project, expected to be less than 10% of the Company's overall expected gold production in the period 2012 to 2015 and about 25% of the overall expected copper production in the period 2011 to 2015.

The credit facility contains covenants that restrict, among other things, the 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 minimum tangible net worth, defined as the amount of equity of the company, less any goodwill and intangible assets (other than mineral properties), and will exclude currency translation adjustment and metal price or foreign currency hedge gains or losses. Payment and performance of Kinbauri's obligations under the credit facility are guaranteed by Orvana.

As a condition of this credit facility, during November 2010, Kinbauri entered into the following forward contracts with Credit Suisse: to sell 37,500 ounces of gold at a forward rate of $1,333 oz., with equal maturities covering the period January 2012 to December 2015; to sell 13,671 metric tonnes of copper at a forward rate of $7,260 per metric tonne ($3.29 per lb.) with maturities covering the period January 2011 to December 2015; foreign exchange contracts converting $80,000 to Euro at an average forward rate of $1.38, with maturities covering the period March 2012 to December 2015.

On October 18, 2010, the Company's subsidiary, Kinbauri Espana S.L.U., was notified by Spanish authorities that it will receive a grant of approximately $6,794 (€4.995,378) towards the EVBC project. The funds are expected to be received once the investment is complete and independent audits are completed to show evidence of the amounts equal to the grant being expended on the EVBC project and that the required jobs have been created.