

ORVANA MINERALS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2006 and 2005
(AUDITED)

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements and all of the data included in this report have been prepared by and are the responsibility of the management of the Company. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgments based on currently available information. The Company has developed and maintains systems of internal accounting controls in order to assure, on a reasonable and cost-effective basis, the reliability of its financial information, and that the assets are safeguarded from loss.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee of the Board which meets to satisfy itself that management's responsibilities are properly discharged and with the external auditors to review the financial statements before they are presented to the Board of Directors for approval.

The consolidated financial statements for the years ended September 30, 2006 and September 30, 2005 were audited by PricewaterhouseCoopers LLP Canada. Their reports outline the scope of their examination and opinion on the consolidated financial statements.

(signed)

Carlos Mirabal
President and Chief Executive Officer

(signed)

Malcolm King
Vice President and Chief Financial Officer

Toronto, Canada
November 27, 2006

Auditors' Report

To the Shareholders of Orvana Minerals Corp.

We have audited the consolidated balance sheets of Orvana Minerals Corp. as at September 30, 2006 and 2005 and the related statements of income and deficit and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, 2006 and 2005 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Toronto, Canada
November 27, 2006

ORVANA MINERALS CORP.
Consolidated Balance Sheets
As at September 30
(In thousands of United States dollars)

	2006	2005
Assets		
Current assets		
Cash and cash equivalents	\$ 26,850	\$ 5,310
Value-added taxes receivable and prepaid expenses	3,279	2,846
Gold inventory	581	703
Supplies inventory	2,547	2,183
	33,257	11,042
Property, plant and equipment (note 3)	21,603	24,121
	\$ 54,860	\$ 35,163
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,986	\$ 3,274
Income taxes payable	4,156	669
	7,142	3,943
Asset retirement obligations (note 4)	1,828	1,681
Provision for statutory labour obligations	567	373
Future income tax liability (note 8)	234	307
	9,771	6,304
Shareholder's equity		
Share capital (note 5(b))	74,777	74,731
Contributed surplus (note 5(c))	1,510	1,008
Deficit	(31,198)	(46,880)
	45,089	28,859
	\$ 54,860	\$ 35,163

Commitments and contingencies (note 11)

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

Approved by the Board of Directors:

(signed) Susan McArthur _____ Director

(signed) Christopher Mitchell _____ Director

ORVANA MINERALS CORP.

Consolidated Statements of Income and Deficit

Year ended September 30

(In thousands of United States dollars except per share amounts)

	2006	2005
Revenues		
Gold sales	\$ 44,875	\$ 29,350
Costs and expenses of mining operations		
Cost of sales	9,525	6,700
Royalties, mining rights and other	1,535	1,261
Depreciation and amortization	5,602	3,897
Accretion (note 4)	147	95
	16,809	11,953
Income from mining operations	28,066	17,397
Expenses and other income		
General and administration	3,865	2,145
Stock-based compensation (note 6)	502	1,008
Exploration	1,001	230
Business development	510	-
Community relations	172	-
Interest expense	-	925
Interest and other income	(471)	(82)
Foreign exchange	158	97
	5,737	4,323
Income before provision for income taxes and recovery of future income taxes	22,329	13,074
Provision for income taxes (note 8)		
Current income taxes	6,720	1,933
Future income taxes	(73)	2,221
	6,647	4,154
Net income	15,682	8,920
Deficit, beginning of year	(46,880)	(55,800)
Deficit, end of year	\$ (31,198)	\$ (46,880)
Earnings per share (note 9)		
Basic and diluted	\$ 0.14	\$ 0.08

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

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

	2006	2005
Operating activities		
Net income	\$ 15,682	\$ 8,920
Depreciation and amortization	5,602	3,897
Accretion (note 4)	147	95
Stock-based compensation (note 6)	502	1,008
Future income taxes (recovery) (note 8)	(73)	2,221
Provision for statutory labour obligations	194	154
	22,054	16,295
Changes in non-cash working capital items		
Accounts receivable and prepaid expenses	(433)	1,463
Gold inventory	110	(150)
Supplies inventory	(364)	(260)
Accounts payable and accrued liabilities	(288)	793
Income taxes payable	3,487	669
	24,566	18,810
Financing activities		
Proceeds from issue of shares (note 5(b))	46	34
Repayment of long-term debt	-	(13,159)
	46	(13,125)
Investing activities		
Capital expenditures	(3,072)	(4,296)
Change in cash and cash equivalents	21,540	1,389
Cash and cash equivalents, beginning of period	5,310	3,921
Cash and cash equivalents, end of period	\$ 26,850	\$ 5,310
Other information		
Income taxes paid	\$ 3,173	\$ 1,466
Interest paid	\$ -	\$ 920

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

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

1. Nature of operations

Orvana Minerals Corp. (the "Company" or "Orvana") is a Canadian gold mining and exploration company based in Toronto, Ontario, involved in the evaluation, development and mining of precious metal deposits in the Americas. The Company's shares are listed on the Toronto Stock Exchange. The Company's principal asset is the Don Mario gold mine and property (note 3(a)) in eastern Bolivia which is held indirectly through its wholly-owned subsidiary, Empresa Minera Paititi S.A.

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. ("Paititi")

Non-operating companies:

Orvana Cyprus Limited
Orvana Sweden International AB
Orvana Pacific Minerals Corp.
Orvana Resources Corp.
Compania Minera Las Palmas S.A.
Imperial Mining S.A.
Compania Minera Cupesi S.A.
Compania Minera Las Tojas S.A.
Minera El Alto S.A.
Minera Orvana Peru S.A.
Minera Orvana Espana S.A.
Clarendon Mining Limited
Minera Orvana Mexico S.A. de C.V.
Orvana Sweden AB
Orvana (U.S.) Corp.
Orvana Atlantic Corp.

(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.

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

2. Summary of significant accounting policies (continued)

(c) Revenue recognition

Sales of gold bullion are recognized when title and risk have passed under the terms of the relevant sales contracts.

(d) Exploration and development expenditures

Property acquisition costs are capitalized. Exploration and development expenditures are expensed until a feasibility study has been completed that indicates the property is economically feasible. Capitalized costs are written down to their estimated recoverable amount if there are circumstances indicating that the carrying amount of any properties is impaired.

(e) Stock-based compensation

The Company accounts for stock options using the fair value method. This policy was effective on October 1, 2003 and applied on a prospective basis. For option awards, fair value is measured at the grant date using a Black-Scholes valuation model and is recognized as a charge to compensation expense and an increase in contributed surplus over the vesting period of the options granted. Consideration paid by employees on exercise of stock options is recorded as share capital.

Grants of stock for services rendered are valued at fair value at the time of the grant, which equals the closing stock price as of that date.

(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 unclaimed 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. Future tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not they will be realized.

(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 any "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.

(i) Inventories

Product inventory which consists of gold bullion and gold in circuit is stated at the lower of production cost and net realizable value. Cost represents average production cost. Supplies inventory is stated at the lower of average cost and replacement cost.

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

2. Summary of significant accounting policies (continued)

(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 are charged to income on a unit-of-production basis over estimated mineral reserves. Properties under development include initial acquisition costs and costs incurred subsequent to completion of an economic feasibility study.

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. 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. The capitalized cost is amortized on a unit-of-production basis. Upon settlement of the liability, a gain or loss is recorded if the actual costs incurred are different from the liability recorded.

It is possible that the Company's estimates of its asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required and the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period in which these estimates are revised.

(l) Foreign currency translation

The functional 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.

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

3. Property, plant and equipment

September 30	2006	2005
Plant and equipment	\$ 28,935	\$ 25,863
Mineral properties and deferred development costs (note 3(a) and note 3(b))	7,601	7,601
Less: accumulated depreciation and amortization	(14,933)	(9,343)
	\$ 21,603	\$ 24,121

(a) Description of the Don Mario Mine and property

The Company has a 100% working interest in the Don Mario property comprising eleven mineral concessions located in eastern Bolivia. Annual payments aggregating \$155 are made to maintain the mining rights and to keep these concessions in good standing. According to the Bolivian Mining Code, mining rights in Bolivia are granted in perpetuity and can be lost only if the annual mining rights upon the concession are not being paid (note 11).

The Don Mario Mine commenced commercial production on July 1, 2003. Certain of the mineral concessions are subject to a 3% net smelter royalty payable to a third party.

(b) Pederson and other exploration properties in Bolivia

The Company holds certain joint venture interests in a number of mineral concessions, located in the Altiplano region of Bolivia which, until March 16, 2006, included a 40% joint venture interest in the Pederson property, which covers approximately 7,800 hectares. On that date, the Company entered into an agreement to sell its interest in the Pederson property to Castillian Resources Corp. ("Castillian") subject to certain future payments and certain exploration spending targets to be met by Castillian within five years. The Company has recorded a gain of \$160 which is included in interest and other income in the income statement in respect of two payments made by Castillian. On September 20, 2006, Castillian declared force majeure claiming that local community groups which are opposed to any exploration and mining activities in the area including the Pederson property, have prevented Castillian from conducting exploration activities as part of its obligations under the agreement with the Company. The Company will record future receipts called for under the agreement if and when they are received.

The Pederson and other exploration properties are carried at a nominal amount in the Company's consolidated financial statements and related liabilities and expenses are not material.

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

4. Asset retirement obligations

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

Year ended September 30	2006	2005
Balance, October 1,	\$ 1,681	\$ 544
Liabilities incurred	-	599
Revisions in estimated cash flows	-	443
Accretion expense	147	95
Balance, September 30	\$ 1,828	\$ 1,681

Asset retirement obligations relate to the Company's Don Mario Mine in eastern Bolivia and the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Associated long-lived assets include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination.

At September 30, 2006, management estimates that the total undiscounted amount of the estimated cash flows required to settle the Company's asset retirement obligations is \$2,800. It is expected that this amount will be incurred in approximately equal amounts over the years 2009 to 2014. The credit-adjusted, risk-free interest rates used to discount estimated cash flows for liabilities incurred in 2005 and 2004 were 8% and 10%, respectively. Accretion expense is recorded using the resulting weighted average credit-adjusted, risk-free interest rate.

5. Share capital

- (a) Authorized - unlimited number of common shares
- (b) Common shares issued

	Number of common shares	Stated value
Balance, September 30, 2004	114,172,507	\$ 74,697
Exercise of stock options	180,333	34
Private placement - Fabulosa Mines Limited (note 5(e))	180,333	-
Balance, September 30, 2005	114,533,173	74,731
Exercise of stock options	350,000	46
Private placement - Fabulosa Mines Limited (note 5(e))	350,000	-
Balance, September 30, 2006	115,233,173	\$ 74,777

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

5. Share capital (continued)

(c) Contributed surplus

A summary of the transactions in the contributed surplus account in fiscal 2006 and fiscal 2005 is as follows:

	Number of common shares	Stated value
Balance, September 30, 2004	-	\$ -
Grant of stock options (notes 5(d) and 6)	3,375,000	1,008
Balance, September 30, 2005	3,375,000	1,008
Grant of stock options (notes 5(d) and 6)	725,000	164
Vesting of previously issued stock options (note 5(d))	-	338
Balance, September 30, 2006	4,100,000	\$ 1,510

(d) 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, 2006, the Company has granted 4,383,332 stock options and was authorized to grant stock options under the Plan for the purchase of up to 5,275,000 additional common shares. 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, 2006 and 2005 is as follows:

	Stock options	Weighted average price
Balance, September 30, 2004	1,568,331	Cdn \$3.16
Granted	3,375,000	0.98
Exercised	(180,333)	0.22
Balance, September 30, 2005	4,762,998	1.73
Granted	725,000	0.92
Exercised	(350,000)	0.15
Expired	(88,000)	8.00
Cancelled	(666,666)	0.91
Balance, September 30, 2006	4,383,332	Cdn \$1.72

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

5. Share capital (continued)

(d) Stock options (continued)

As at September 30, 2006, outstanding and exercisable stock options granted were as follows:

	Black-Scholes Values (\$)	Number of non-vested options	Number of vested options	Exercise price Cdn \$	Expiry date
(note 6)	(1) 338	-	333,334	0.91	May 31, 2007
		-	539,999	6.25	June 9, 2007
		-	50,000	4.10	August 14, 2007
		-	294,999	1.75	March 31, 2008
		-	65,000	1.00	December 8, 2008
(note 6)	(2) 471	-	1,025,000	1.03	April 1, 2010
(note 6)	(3) 589	440,000	880,000	1.00	June 30, 2010
(note 6)	(4) 16	20,000	10,000	1.20	September 26, 2010
(note 6)	(5) 58	83,333	41,667	1.05	May 12, 2011
(note 6)	(6) 168	283,333	141,667	0.89	June 23, 2011
(note 6)	(7) 71	116,666	58,334	0.91	July 5, 2011
	1,711	943,332	3,440,000		

Total vested and non-vested stock options 4,383,332

Stock options have been expensed as follows:

	Number of options	Cumulative expense to September 30, 2005	Expense in 2006	Cumulative expense to September 30, 2006	Remainder to be expensed	Total stock option compensation
(1)	333,334	\$ 237	\$ 101	\$ 338	\$ -	338
(2)	1,025,000	471	-	471	-	471
(3)	1,320,000	294	225	519	70	589
(4)	30,000	6	8	14	2	16
(5)	125,000	-	38	38	20	58
(6)	425,000	-	98	98	70	168
(7)	175,000	-	32	32	39	71
	3,433,334	\$ 1,008	\$ 502	\$ 1,510	\$ 201	\$ 1,711

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

5. Share capital (continued)

(e) Controlling shareholder's rights

In a private transaction completed during fiscal 2005, the Company's controlling shareholder, Sinchi Wayra S.A. ("Sinchi Wayra", formerly Compania Minera del Sur S.A.), was sold by its parent company. Prior to the sale, 59,914,695 common shares of the Company, being all of the shares formerly held by Sinchi Wayra, were transferred by the parent company from Sinch Wayra to Fabulosa Mines Limited ("Fabulosa"). In connection with the transfer, Sinchi Wayra's rights and obligations under the Definitive Agreement dated January 11, 2002 pursuant to which it acquired the common shares of the Company, were assigned to Fabulosa, together with a 6% convertible debenture which was discharged on September 26, 2005. Under the Definitive Agreement, Fabulosa has the right to receive common shares of the Company at no additional cost, on a one-for-one basis, for each common share issued by the Company as a result of the exercise of stock options, warrants or other convertible instruments outstanding on January 11, 2002.

6. Stock-based compensation

The Company's stock option plan is described in note 5(d). The Company uses the fair value method of accounting and, during fiscal 2006, recognized stock-based compensation expense of \$502 (fiscal 2005 - \$1,008).

The fair value of each option grant in fiscal 2006 and fiscal 2005 was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Risk-free interest rate:	4%
Expected life in years:	4 to 5
Expected volatility:	60%
Expected dividend yield:	0%

For fiscal 2006, the weighted-average grant date fair value of these options was \$297 (fiscal 2005 - \$1,482) or Cdn \$0.46 (fiscal 2005 - Cdn \$0.54) per share and this amount is expensed over the vesting periods.

7. Related party transactions

All transactions with related parties have occurred in the normal course of operations or have occurred pursuant to the Definitive Agreement dated January 11, 2002 between the Company and Sinchi Wayra and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

A management services agreement existed between the Company's wholly-owned subsidiary, Paititi, and Sinchi Wayra whereby Sinchi Wayra provided managerial, technical and commercial support to Paititi. Management services fees incurred under the agreement in that portion of the year ended September 30, 2005 during which Sinchi Wayra was the Company's controlling shareholder totaled \$177. Although no longer a related party, Sinchi Wayra continued to provide managerial and other support services to the Company until the agreement expired on September 30, 2005.

All transactions between the Company and a law firm which had a partner as a board member until April 2, 2005 occurred in the normal course of operations. For the year ended September 30, 2005, fees amounting to \$70 were paid to the law firm.

General and administration expenses include director fees of \$180 (2005 - \$99) and consulting fees of \$49 (2005 - \$83) paid and/or accrued to directors of Orvana. These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Officers and directors of Orvana were also reimbursed for out-of-pocket expenses incurred on behalf of the Company.

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

8. Income taxes

(a) The components of the provision for income taxes are as follows:

Year ended September 30	2006	2005
Current income taxes:		
Canada	\$ -	\$ -
Foreign	6,720	1,933
Future income taxes:		
Canada	-	-
Foreign	(73)	2,221
Provision for income taxes	\$ 6,647	\$ 4,154

(b) The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective income tax rate is as follows:

Year ended September 30	2006	2005
Income before provision for income taxes	\$ 22,329	\$ 13,074
Income tax provision at the combined Canadian Federal and provincial statutory rates of 33.0% (36.1% in 2005)	7,369	4,722
Effect of differences in foreign tax rates	(2,039)	(1,902)
Stock-based compensation	166	364
Non-deductible expenses	158	68
Non-taxable income	(151)	-
Valuation allowance set up against current year tax losses	1,474	481
Special tax deduction on exploration expenditures	(330)	(84)
Other permanent differences	-	505
Provision for income taxes	\$ 6,647	\$ 4,154
Effective tax rate	29.8%	31.8%

In Bolivia, mining companies are subject to a minimum tax, referred to as the Complementary Mining Tax ("ICM"), which is calculated on gross invoice value and paid at the time of each export of minerals. For gold, at prices of \$400 per ounce or less, the ICM rate is 4% of the gold price. At prices above \$400 per ounce, the tax rate is determined by multiplying the per ounce price of gold by 1/100th, with the result expressed as a percentage, up to a maximum rate of 7% when the price reaches \$700 or more per ounce of gold. Corporate income tax ("IUE") is calculated on taxable income at a rate of 25%. If IUE exceeds ICM, IUE is payable and total ICM paid during the year is applied as installments against total IUE. If ICM exceeds IUE, then the total ICM paid becomes the minimum tax for the year. In this latter case, the amount of ICM paid is itself deductible in the following year in determining taxable income and IUE and, thus, becomes a timing difference in the calculation of deferred income taxes.

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

8. Income taxes (continued)

At September 30, 2006, the Company has available non-capital loss carry-forwards for Canadian tax purposes at current rates of exchange with expiry as follows:

2008	\$1,054
2009	463
2010	405
2014	535
2015	1,534
2016	4,452
	<hr/>
	\$8,443

(c) The Company's future income tax assets are as follows:

Year ended September 30	2006	2005
Non-capital losses carried forward	\$ 2,786	\$ 2,157
Other	-	-
Net future income tax asset	2,786	2,157
Valuation allowance	(2,786)	(2,157)
Net future income tax asset	\$ -	\$ -

The Company has recorded a valuation allowance in respect of its Canadian losses in the amount of \$2,786 at September 30, 2006 (2005 - \$2,157) because management believes that the future income tax assets in respect of such losses are unlikely to be realized in the carry-forward period. At September 30, 2006, a net future tax liability of \$234 (2005 - \$307) is recorded in respect of other timing differences relating to Bolivian income taxes.

9. Earnings per share

Year ended September 30	2006	2005
Earnings available to common stockholders and on assumed conversions	\$ 15,682	\$ 8,920
Weighted average shares outstanding - basic	114,918,214	114,241,002
Dilutive stock options	177,584	449,467
Controlling shareholder's rights on exercise of stock options (note 5(e))	132,984	576,128
Conversion of debenture - Fabulosa	-	93,721
Weighted average shares outstanding - diluted	115,228,782	115,360,318

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.

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

10. Segmented information

(a) Segmented assets

September 30, 2006

	Canada	Sweden	Bolivia	Consolidated
Current assets	\$ 1,624	\$ 22,918	\$ 8,715	\$ 33,257
Long-term assets	50	-	21,553	21,603
	\$ 1,674	\$ 22,918	\$ 30,268	\$ 54,860

September 30, 2005

	Canada	Sweden	Bolivia	Consolidated
Current assets	\$ 493	\$ -	\$ 10,549	\$ 11,042
Long-term assets	42	-	24,079	24,121
	\$ 535	\$ -	\$ 34,628	\$ 35,163

(b) Segmented income

Year ended September 30, 2006

	Canada	Sweden	Bolivia	Consolidated
Revenues - gold sales	\$ -	\$ -	\$ 44,875	\$ 44,875
Interest and other income	452	-	19	471
	452	-	44,894	45,346
General and administration	3,672	-	228	3,900
Depreciation and amortization	14	-	5,588	5,602
Accretion expense	-	-	147	147
Provision for income taxes	-	-	6,647	6,647
Segmented net income (loss)	\$ (4,652)	\$ -	\$ 20,334	\$ 15,682

ORVANA MINERALS CORP.

Notes to Consolidated Financial Statements

(In thousands of United States Dollars unless otherwise noted)

September 30, 2006 and 2005

10. Segmented information (continued)

(b) Segmented income (continued)

Year ended September 30, 2005

	Canada	Sweden	Bolivia	Consolidated
Revenues - gold sales	\$ -	\$ -	\$ 29,350	\$ 29,350
Interest and other income	39	-	43	82
	39	-	29,393	29,432
General and administration	1,243	-	902	2,145
Interest on long-term debt	6	-	919	925
Depreciation and amortization	6	-	3,891	3,897
Accretion expense	-	-	95	95
Provision for income taxes	-	-	4,154	4,154
Segmented net income (loss)	\$ (2,254)	\$ -	\$ 11,174	\$ 8,920

11. Commitments and contingencies

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. The Company records provisions for asset retirement obligations based on management's estimate of such costs. These estimates are, however, subject to changes in laws and regulations.

The mining concessions on which the Company is actively pursuing its exploration and development activities are all located in eastern Bolivia. As a result, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability in Bolivia, which may result in the impairment or loss of mineral concessions or other mineral rights. Any changes in laws or regulations, including possible changes to the Bolivian Mining Code, or shifts in political attitudes are beyond the control of the Company and may adversely affect its business.