ORVANA MINERALS CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

(EXPRESSED IN UNITED STATES DOLLARS)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

(Unaudited)	As at June 30 2010	As at September 30 2009
Assets		
Current assets		
Cash and cash equivalents (note 3)	$ 26,922	$ 58,036
Value-added taxes receivable and prepaid expenses	10,051	5,751
Gold inventory	1,070	751
Supplies inventory	3,151	3,829
	41,194	68,367
Reclamation bonds	2,970	1,309
Property, plant and equipment (note 5)	95,350	70,931
	$ 139,514	$ 140,607
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	$ 10,150	$ 7,174
Income taxes payable	472	5,990
Current portion of long-term debt (note 6)	2,193	2,229
Current portion of obligation under capital lease (note 7)	626	-
	13,441	15,393
Long-term debt (note 6)	1,042	1,915
Obligation under capital lease (note 7)	1,096	-
Asset retirement obligations (note 8)	2,935	2,792
Provision for statutory labour obligations	1,702	1,406
Future income tax liability	8,546	8,346
Long-term compensation (note 10)	749	388
	29,511	30,240
Shareholders' equity		
Share capital (note 9(b))	75,968	74,777
Contributed surplus	1,667	1,658
Retained earnings	32,368	33,932
	110,003	110,367
	$ 139,514	$ 140,607

Commitments and contingencies (note 11)

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

ORVANA MINERALS CORP.

Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

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

(Unaudited)	Three months ended June 30 2010	Three months ended June 30 2009	Nine months ended June 30 2010	Nine months ended June 30 2009
Revenues				
Gold sales	$ 7,758	$ 11,869	$ 25,612	$ 42,345
Costs and expenses of mining operations				
Cost of sales	4,911	4,527	13,644	11,156
Royalties and mining rights	264	376	866	1,336
Mining royalty taxes	538	835	1,790	2,961
Depreciation and amortization	651	1,918	2,375	5,320
Accretion (note 8)	44	41	143	125
	6,408	7,697	18,818	20,898
	1,350	4,172	6,794	21,447
Expenses (other income)				
General and administration	1,692	866	4,435	2,622
Exploration	12	157	475	415
Stock-based compensation	62	20	385	87
Long-term compensation	54	7	361	88
Community relations	36	63	123	132
Interest on long-term debt	77	65	248	221
Other expense (income)	74	(218)	44	(946)
Foreign exchange	80	64	85	162
	2,087	1,024	6,156	2,781
(Loss) income before provision for income taxes and provision for future income taxes	(737)	3,148	638	18,666
Provision for income taxes				
Current income taxes	200	65	2,002	7,634
Future income tax expense (recovery)	169	(135)	200	(794)
	369	(70)	2,202	6,840
Net (loss) income and comprehensive (loss) income	$ (1,106)	$ 3,218	$ (1,564)	$ 11,826
(Loss) earnings per share (note 14)				
Basic and diluted	$ (0.01)	$ 0.03	$ (0.01)	$ 0.10

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

ORVANA MINERALS CORP.

Interim Consolidated Statements of Shareholders' Equity

(In thousands of United States dollars)

(Unaudited)		Share capital		Contributed Surplus		Retained Earnings		Total
Balance, September 30, 2008	$	74,777	$	1,553	$	20,532	$	96,862
Stock-based compensation		-		87		-		87
Net income		-		-		11,826		11,826
Balance, June 30, 2009	$	74,777	$	1,640	$	32,358	$	108,775

(Unaudited)		Share capital		Contributed Surplus		Retained Earnings		Total
Balance, September 30, 2009	$	74,777	$	1,658	$	33,932	$	110,367
Exercise of stock options		1,191		(376)		-		815
Stock-based compensation		-		385		-		385
Net loss		-		-		(1,564)		(1,564)
Balance, June 30, 2010	$	75,968	$	1,667	$	32,368	$	110,003

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

ORVANA MINERALS CORP.

Interim Consolidated Statements of Cash Flows
(In thousands of United States dollars)

	Three months ended June 30		Nine months ended June 30	
(Unaudited)	**2010**	**2009**	**2010**	**2009**
Operating activities				
Net (loss) income	$ (1,106)	$ 3,218	$ (1,564)	$ 11,826
Depreciation and amortization	651	1,918	2,375	5,320
Accretion (note 8)	44	41	143	125
Stock-based compensation	62	20	385	87
Long-term compensation	54	7	361	88
Future income taxes (recovery)	169	(135)	200	(794)
Provision for statutory labour obligations	158	158	296	114
Unrealized foreign exchange	183	64	369	162
	215	5,291	2,565	16,928
Changes in non-cash working capital items				
Gold sales receivable	-	-	-	1,785
Value-added taxes receivable and prepaid expenses	(1,678)	(1,141)	(4,300)	(722)
Gold inventory	(167)	(73)	(372)	(17)
Supplies inventory	202	(398)	678	(940)
Accounts payable and accrued liabilities	2,684	1,070	2,976	(1,909)
Income taxes payable	(324)	(533)	(5,518)	(1,824)
	932	4,216	(3,971)	13,301
Financing activities				
Proceeds from long-term debt (note 6)	-	-	1,000	-
Repayment of long-term debt (note 6)	(644)	(403)	(1,909)	(1,189)
Exercise of stock options	493	-	815	-
Reclamation bond	(1,945)	-	(1,945)	-
	(2,096)	(403)	(2,039)	(1,189)
Investing activities				
Capital expenditures	(12,235)	(1,977)	(23,681)	(5,002)
Capital expenditures under capital lease	(894)	-	(1,338)	-
	(13,129)	(1,977)	(25,019)	(5,002)
Change in cash and cash equivalents	(14,293)	1,836	(31,029)	7,110
Cash and cash equivalents, beginning of period	41,295	96,217	58,036	91,041
Effect of exchange rate changes on cash held in foreign currencies	(80)	(64)	(85)	(162)
Cash and cash equivalents, end of period	$ 26,922	$ 97,989	$ 26,922	$ 97,989

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

1. Nature of operations

Orvana Minerals Corp. (the "Company" or "Orvana") is a Canadian mining and exploration company based in Toronto, Ontario, involved in the evaluation, development and mining of primarily gold and copper deposits. The Company owns and operates the Don Mario Mine and property 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 ("EVBC") project in Spain, which is held indirectly through its wholly-owned subsidiary Orvana Minerals Asturias Corp. In addition, the Company holds mineral leases in the state of Michigan, USA, referred to as the Copperwood project, which is held indirectly through its wholly-owned subsidiary, Orvana Resources US Corp. The Company's shares are listed on the Toronto Stock Exchange.

2. Basis of presentation and new accounting policies

(a) Basis of presentation

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements, except as noted below. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended September 30, 2009, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

(b) 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.

This amended standard applies to annual financial statements with fiscal years ending after September 30, 2009. The Company will include these disclosures in its annual consolidated financial statements for the year ending September 30, 2010.

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.

(In thousands of United States Dollars unless otherwise noted)

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

(c) New accounting policies not yet adopted

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

3. Cash and cash equivalents

Cash and cash equivalents includes $588 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.

4. Credit facility

EMIPA has a short term credit facilities with Banco de Credito BCP for up to $3.0 million dollars payable in 90-150 days at a rate of 4% annual interest with certain of the Company’s assets pledged as security against this loan. As at June 30, 2010, $572 was drawn on this facility.

5. Property, plant and equipment

June 30, 2010	Cost	Accumulated amortization	Net carrying value
Land	$ 1,780	$ -	$ 1,780
Plant and equipment	49,364	29,422	19,942
Furniture and equipment	453	109	344
Equipment under capital lease	3,155	-	3,155
	54,752	29,531	25,221
Mineral properties			
Don Mario - UMZ	3,214	-	3,214
Copperwood	5,877	-	5,877
EL Valle-Boinas/Carles	61,038	-	61,038
	70,129	-	70,129
Total	$ 124,881	$ 29,531	$ 95,350

(In thousands of United States Dollars unless otherwise noted)

5. Property, plant and equipment (continued)

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

6. 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 June 30, 2010, $1,360 was outstanding under this facility. During the periods presented, $436 and $1,284 (2009 comparative periods - $403 and $1,189) 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 June 30, 2010, $1,875 was outstanding under this facility. During the periods presented, $208 and $625 (2009 comparative periods - $nil) was repaid against this loan. The proceeds of this second credit facility was 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 this term without penalties and there are no specific covenants related to these credit facilities. Both loans are secured by certain machinery and equipment of EMIPA.

(In thousands of United States Dollars unless otherwise noted)

6. Long-term debt (continued)

Long-term debt repayments are as follows:

	First Credit Facility	Second Credit Facility	Total Long-Term Debt
fiscal 2010	$ 445	$ 208	$ 653
2011	915	833	1,748
2012	-	834	834
	1,360	1,875	3,235
Less: current portion	1,360	833	2,193
	$ -	$ 1,042	$ 1,042

7. Obligation under capital leases

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

fiscal 2010	$ 175
2011	698
2012	698
2013	265
	1,836
Amount representing interest at 5.5%	(114)
	1,722
Less: current portion	(626)
	$ 1,096

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.

(In thousands of United States Dollars unless otherwise noted)

8. Asset retirement obligations

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

	Nine months ended June 30 2010	Year ended September 30 2009
Balance, beginning of period	$ 2,792	$ 2,156
Accretion expense	143	167
Obligation assumed through acquisition of Kinbauri Gold Corp.	-	469
Balance, end of period	$ 2,935	$ 2,792

	As at June 30 2010	As at September 30 2009
Balance consists of:		
Don Mario Mine - Bolivia	$ 2,431	$ 2,323
EL Valle-Boinas/Carles Mine - Spain	504	469
	$ 2,935	$ 2,792

9. Share capital

(a) Authorized - unlimited number of common shares

(b) Common shares issued

	Number of common shares	Stated value
Balance, September 30, 2009	115,233,173	$ 74,777
Exercise of stock options	830,000	815
Fair value assigned to exercise of stock options	-	376
Balance, June 30, 2010	116,063,173	$ 75,968

(In thousands of United States Dollars unless otherwise noted)

9. Share capital (continued)

(c) Stock options

A summary of the stock option transactions for the nine-month period is as follows:

	Stock options	Weighted average exercise price
Balance, September 30, 2009	3,375,000	Cdn $0.89
Granted	955,000	1.01
Exercised	(830,000)	1.01
Expired	(665,000)	1.03
Balance, June 30, 2010	2,835,000	Cdn $0.86

Stock options have been expensed as follows:

	Cumulative expense to June 30, 2010	Remainder to be expensed	Total stock option compensation
Stock option expense	$ 1,667	$ 219	$ 1,886

As at June 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
September 26, 2005	$ 16	-	0.24	30,000	Cdn $1.20	September 26, 2010
May 12, 2006	58	-	0.87	125,000	1.05	May 12, 2011
June 23, 2006	168	-	0.98	425,000	0.89	June 23, 2011
July 5, 2006	71	-	1.01	175,000	0.91	July 5, 2011
December 14, 2006	99	-	1.46	350,000	0.60	December 14, 2011
August 9, 2007	39	-	2.11	108,333	0.69	August 8, 2012
December 3, 2007	150	-	2.43	325,000	0.81	December 3, 2012
March 3, 2008	65	-	2.68	150,000	0.75	March 3, 2013
March 5, 2009	51	50,000	3.68	141,667	0.64	March 5, 2014
October 23, 2009	65	100,000	4.31	50,000	0.88	October 23, 2014
February 20, 2010	79	100,000	4.64	50,000	1.06	February 20, 2015
February 26, 2010	61	83,333	4.66	41,667	1.01	February 26, 2015
March 1, 2010	255	300,000	4.67	200,000	1.01	March 1, 2015
May 17, 2010	18	20,000	4.88	10,000	1.31	May 17, 2015
	$1,195	653,333	2.73	2,181,667		
Total vested and non-vested stock options				2,835,000		

(In thousands of United States Dollars unless otherwise noted)

9. Share capital (continued)

(c) Stock options (continued)

The Company uses the fair value method of accounting and, during the three and nine month periods ended June 30, 2010 recognized stock-based compensation expense of $62 and $385 (three and nine months ended June 30, 2009 - $20 and $87).

The fair value of the options granted during the nine months ended June 30, 2010 was estimated using the Black-Scholes option-pricing model with the following assumptions:

Grant date:	October 2009 to June 2010
Options granted	955,000
Risk-free interest rate:	2.24% to 2.54%
Expected life in years:	5
Expected volatility:	59%
Expected dividend yield:	0%

The weighted-average grant date fair value of these options of $478 or Cdn $0.52 per option is expensed over the vesting period of the option which is 24 months from the grant date.

For the nine-month periods presented, the fair value associated with non-vested stock options is $315 (June 30, 2009 - $139).

10. Long-term compensation

A summary of the deferred share unit plan ("DSUs") transactions for the nine-month period is as follows:

	DSUs		Fair value
Balance, September 30, 2009	204,556	$	169
Mark-to-market adjustment	-		79
Redeemed	(12,376)		(13)
Balance, June 30, 2010	192,180	$	235

A summary of the restricted share units ("RSUs") transactions is as follows:

	RSUs		Fair value
Balance, September 30, 2009	-	$	219
Granted	305,447		-
Mark-to-market adjustment	-		154
Accrued RSU awards	-		141
Balance, June 30, 2010	305,447	$	514
Total-long term compensation balance, June 30, 2010		$	749

11. 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. Jaguar sought an unspecified amount of compensation for the difference it claimed existed between the price per share between the amount Orvana paid and the amount that would have been realized had Kinbauri and its directors acted properly. Jaguar's original application sought orders preventing Kinbauri Espana from proceeding with a proposed transaction with Glen Eagle. Kinbauri ultimately did not proceed with that transaction after Glen Eagle advised it that its financing had ceased to be available and was unable to satisfy Kinbauri that it had secured alternate financing. The relief sought in the application was revised after Orvana's acquisition of Kinbauri. The oppression remedy 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 in the next few months.

The second claim was a claim by Jaguar against Orvana and one of its officers in the Ontario Superior Court of Justice. The claim sought damages of $600,000 plus interest and costs. Jaguar claimed that Orvana promised to pay Jaguar's expenses in relation to the above noted application. Orvana denied that allegation. Orvana delivered its statement of defence in December 2009. Orvana resolved the Jaguar action during the second quarter of 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. Asturias and Kinbauri Espana have served a response denying any liability based on Glen Eagle's anticipatory repudiation of the agreement in issue. The parties agreed to the appointment of an arbitrator before reaching a settlement of the proceeding. 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. The settlement was completed in early July 2010.

(In thousands of United States Dollars unless otherwise noted)

12. Segmented information

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

As at June 30, 2010

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds	Other assets	Total assets
Bolivia	$ 542	$ 20,144	$ -	$ 11,425	$ 32,111
Spain	13,504	69,130	2,970	2,628	88,232
United States	-	5,880	-	6	5,886
Canada	4,754	196	-	201	5,151
Sweden	874	-	-	-	874
Cyprus	7,248	-	-	12	7,260
	$ 26,922	$ 95,350	$ 2,970	$ 14,272	$ 139,514

As at September 30, 2009

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds	Other assets	Total assets
Bolivia	$ 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
	$ 58,036	$ 70,931	$ 1,309	$ 10,331	$ 140,607

Gold sales from EMIPA in Bolivia for the three months ended June 30, 2010 were $7,758 (three months ended June 30, 2009 - $11,869) and were $25,612 for the nine months ended June 30, 2010 (nine months ended June 30, 2009 - $42,345).

(In thousands of United States Dollars unless otherwise noted)

13. 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.

Kinbauri's balance sheets at September 30, 2009 and June 30, 2010 have been included in Orvana's consolidated balance sheets at the same dates and results of Kinbauri's operations have been included from the acquisition date.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at September 30, 2009. During fiscal 2010, the Company will obtain third-party valuations of certain tangible and intangible assets; thus, the allocation of the purchase price will be subject to some adjustments which may include an adjustment to reflect an estimate of the fair value of the acquired property, plant and equipment.

As at September 30, 2009:

Current assets	$	1,008
Reclamation bonds		1,309
Plant and equipment		3,513
Mineral properties and deferred development costs		49,550
Total assets acquired		55,380
Accounts payable and accrued liabilities		1,684
Asset retirement obligations		469
Future income taxes		8,159
Total liabilities assumed		10,312
Net assets acquired	$	45,068

These are preliminary estimates of fair value and will likely differ from the final allocation and the difference may be material. The Company will finalize the fair value allocation within 12 months of the closing of the transaction.

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.

The amount of $49,550 allocated to mineral properties and deferred development costs is comprised of an estimate of $60,337 offset by the fair value of a Net Smelter Return royalty advance of $10,787.

Future income tax liabilities of $10,462 arising from timing differences on depreciable assets and future income tax assets amounting to $2,303 related to the expected utilization of tax losses have been recognized.

(In thousands of United States Dollars unless otherwise noted)

14. Earnings (loss) per share

	Three months ended June 30 2010	Three months ended June 30 2009	Nine months ended June 30 2010	Nine months ended June 30 2009
(Loss) earnings per share				
Basic and diluted	$ (0.01)	$ 0.03	$ (0.01)	$ 0.10
Weighted average number of shares outstanding - basic	115,674,876	115,233,173	115,384,437	115,233,173
Dilutive effect of stock options	-	66,758	-	-
Weighted average number of shares outstanding - diluted	115,674,876	115,299,931	115,384,437	115,233,173

15. Comparative Information

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