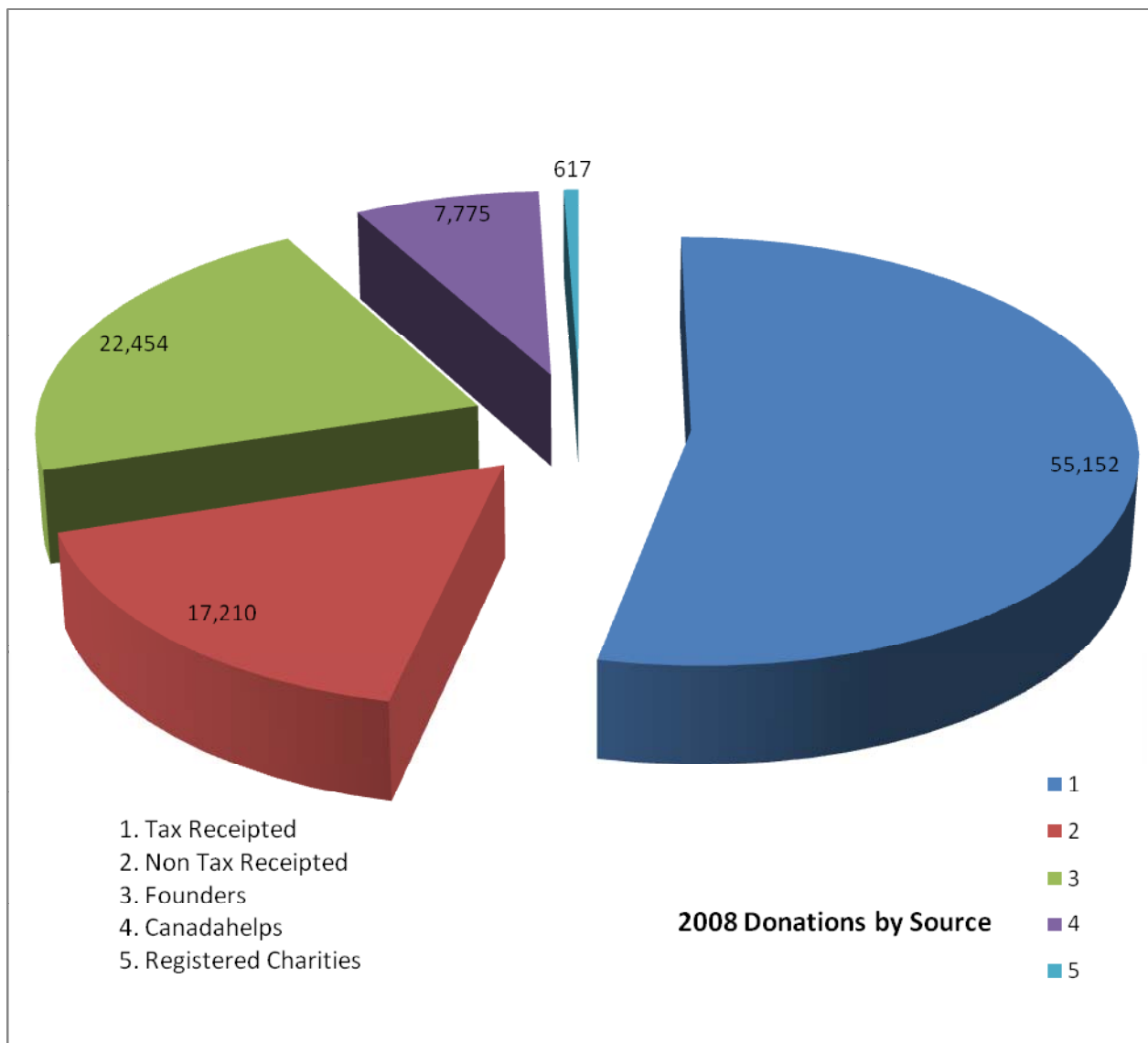


## Orfund Foundation

### 2008 Management's discussion and analysis of financial results (to be read in conjunction with Orfund Foundation's 2008 audited financial statements)

During 2008 donations were \$103,208 which was a reduction of \$74,672 or 42% versus the \$177,880 received in 2007. Donations in 2008 were received from 58 donors which was down from 60 donors in 2007. Orfund's largest donor in 2008 contributed \$25,000 while the mean donation <sup>(1)</sup> was \$500, which was the same as in 2007.

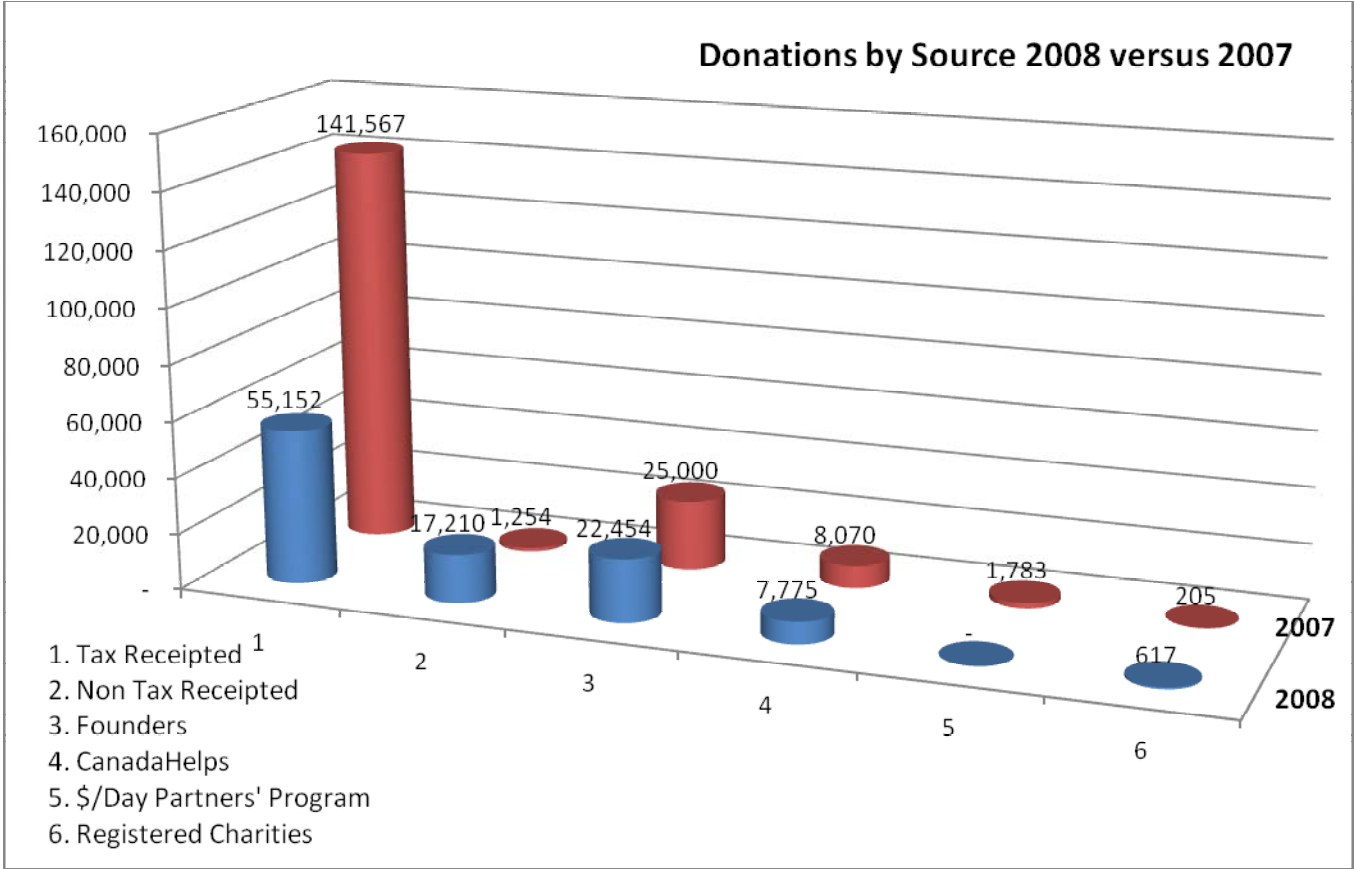
Orfund Foundation's donations by source in 2008 were as follows in \$ Canadian:



(1)Mean donation is the amount at which one half of the donations are larger and one half of the donations are smaller.

As noted above Tax Received donations were \$55,152 or 53% of total donations while Non Tax Received, Founders and Canada Helps donations were 17%, 22% and 8% respectively. During 2008 donations of shares were \$8,221 versus \$102,232 in 2007. The reduction in share donations is believed to be reflective of the decline in shares prices and economic activity during 2008 versus 2007. Cash donations during 2008 increased to \$94,987 or 25% versus \$75,648 in 2007. This increase in cash donations was not sufficient to offset the decline of \$94,011 in share donations leading to the overall decline in donations during 2008 of \$74,672.

Donation by source in 2008 versus 2007 is highlighted below in \$ Canadian:

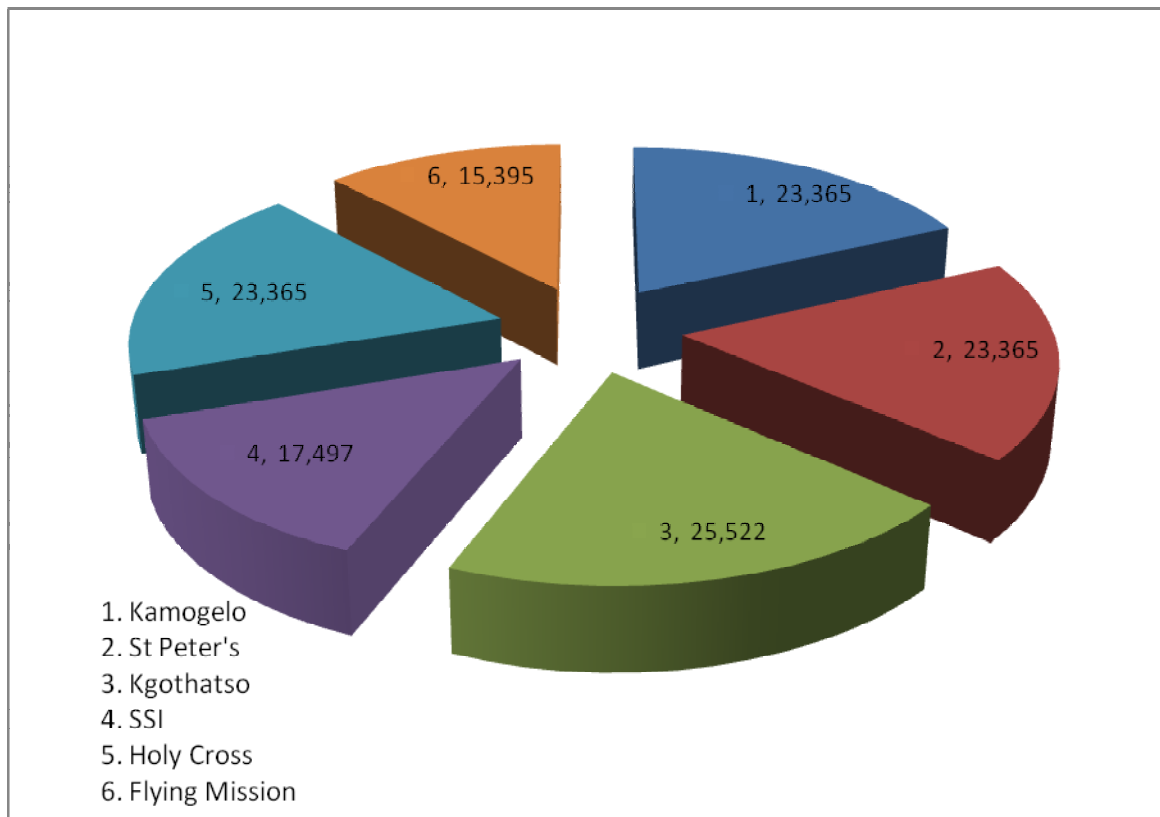


Tax Received, Founders, CanadaHelps and \$/Day Partners' Program donations were down 61%, 10%, 4% and 100% in 2008 versus 2007. Tax Received donations were down due to the aforementioned reduction in share donations while Partners' Program donations were down due to a discontinuation of a program in 2008. This program has been recommenced in 2009. Founders' donations were down mainly due to a stronger Canadian dollar which impacted on the Canadian dollar value of US dollar donations of Founders. Non Tax Received donations were up \$15,956 due to two large foreign donations.

Other income in 2008 of \$1,538 was related to interest income of \$12,461 offset by losses on the sale of securities. During 2007 other income of \$34,928 was generated of which \$25,875 was from gains on the sale of securities.

During 2008 Orfund Foundation's Charitable giving was Pula 823,808 or \$128,509 versus Pula 747,000 or \$131,785 in 2007. The increase in 2008 Pula Charitable giving was mainly due to the addition of Flying Mission in 2008. The reduction in Canadian dollar Charitable giving was due to a strengthening Canadian dollar in 2008 versus 2007. The average Canadian to Pula exchange rate in 2008 was 6.41 to 1 versus 5.67 to 1 in 2007.

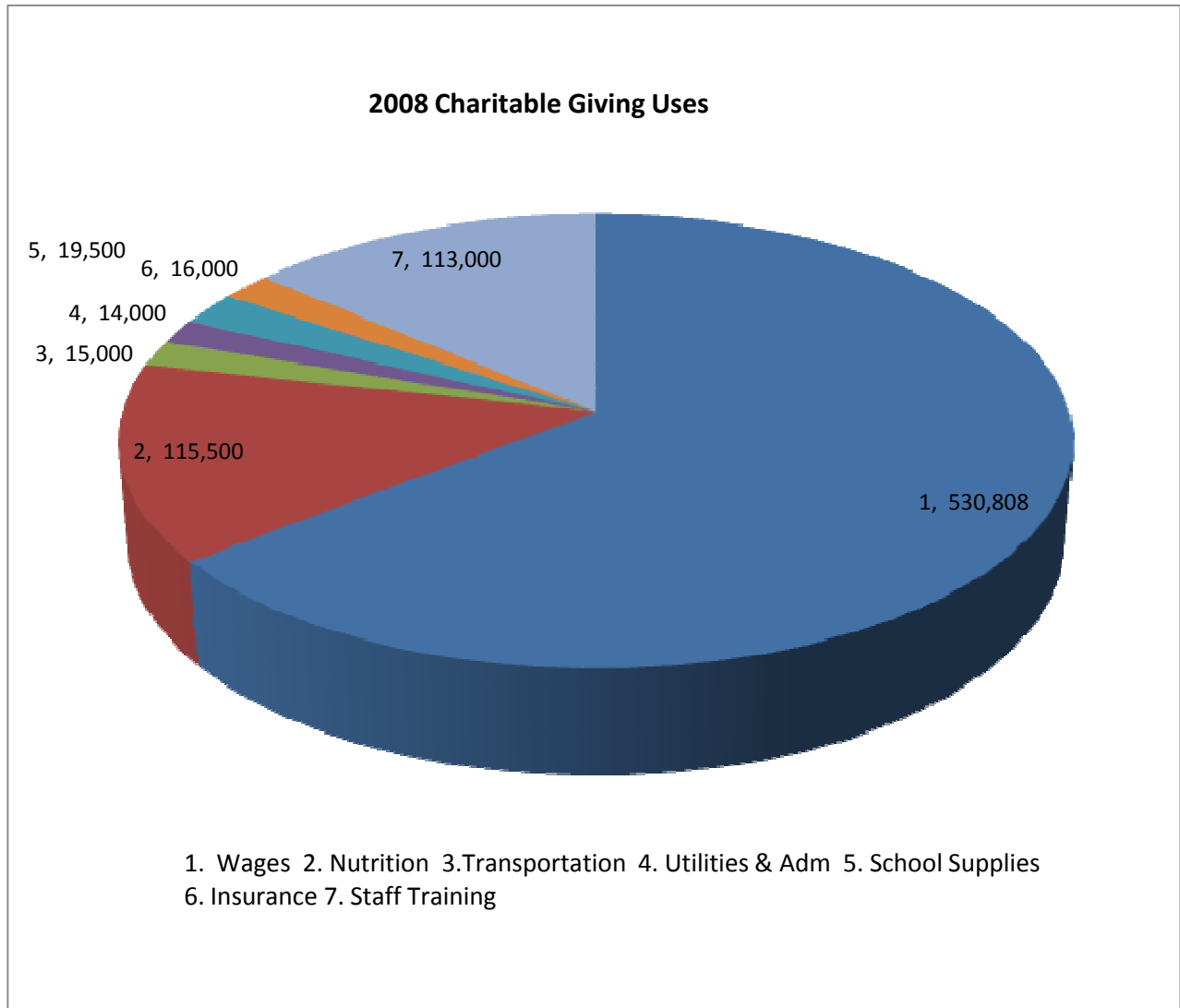
During 2008 Orfund supported six Community-based initiatives that provide relief and support to orphans and vulnerable children in Botswana versus five in 2007. Orfund Foundation's 2008 Charitable giving by initiative was as follows in \$ Canadian:



As noted above Charitable giving by initiative as a percentage of the total giving was between a low of 12% to Flying Mission to a high of 20% to Kgothatso. During 2008 most of the initiatives increased the number of children receiving support. The total children receiving support was approximately 825 at the end of 2008 versus approximately 750 at the end of 2007. In addition most of the initiatives expanded services and improved the overall quality of services. Orfund

continues to be focused on increasing local capacities and the addition of the Flying Mission teachers training program in 2008 is an example of this continued emphasis.

During 2008 spending by category, by the various initiatives supported by Orfund, was as follows in Pula:



As noted above Orfund's Charitable giving continues to be focused largely on building local capabilities through investing in human resources both through the payment of salaries as well as providing training and mentorship. In addition to teachers training which is provided through Flying Mission Orfund has also commenced training local community based organizations' staff in bookkeeping and the use of various bookkeeping software programs.

During 2008 Professional Fees and Interest and Bank Charges were \$3,758 versus \$2,548 in 2007. The increase in general and administrative expenses was mainly due to an increase in audit fees. As per Orfund Foundation's 0% expense policy these expenses were paid by Founder's contributions, which totaled \$22,454 in 2008. During 2008 Orfund Foundation received many services including administrative, legal, accounting, advertising, fund raising and communication strategy support on a pro bono basis from a number of parties. Orfund Foundation greatly appreciates all such contributions as they enable it to operate and maintain its policy of 0% operating expenses from donations.

As at December 31, 2008 Orfund Foundation had cash resources including short-term monetary investments of about \$289,475 and marketable securities consisting of publically traded common shares of a further \$5,000.

As reported in Orfund Foundation's March 2009 Newsletter during 2009 Orfund Foundation expects Charitable giving of approximately Pula 1.06 million or \$165,000 which is an increase in Pula terms of 28% versus 2008. Such planned Charitable giving in 2009 is available from Orfund Foundation's current cash balances and short-term investments.

It is Orfund Foundation's policy to only invest its cash resources into short term instruments which are either issued by (1) the Governments of Canada and the USA and their respective Provinces, States or Agencies; and (2) Canadian or Botswana Banks. All equity securities held by Orfund Foundation were donated and Orfund Foundation's policy is to liquidate such securities as soon as reasonable. As at July 2008 Orfund held common shares in one public Canadian company with a market value of approximately \$5,000.