ORVANA

MINERALS CORP.

**ORVANA MINERALS CORP.**

**ANNUAL INFORMATION FORM**

**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**December 23, 2014**

## TABLE OF CONTENTS

## FORWARD-LOOKING STATEMENTS DISCLAIMER

Certain statements in this Annual Information Form ("AIF") constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects" "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.

Forward-looking statements relate to, among other things, all aspects of the development of the El Valle-Boinás Mine (the "Boinás Mine") and Carlés Mine (collectively, with the Boinás Mine, "EVBC" or the "EVBC Mines") in Spain and the Don Mario upper mineralized zone mine (the "Don Mario Mine") in Bolivia, and their potential operations and production; the outcome and timing of decisions with respect to whether and how to proceed with such development and production; the timing and outcome of any such development and production; estimates of future capital expenditures; estimates for the timing of completion and cost of projects; mineral resource and mineral reserve estimates; estimates of permitting time lines; statements and information regarding future feasibility studies and their results; production forecasts; future transactions; future gold, copper and silver prices; the ability to achieve additional growth and geographic diversification; future production costs; future financial performance, including the ability to increase cash flow and profits; future financing requirements; and mine development plans. Among other places, forward-looking statements are included in the section of this AIF headed "Description of the Business - Outlook".

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this AIF, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the EVBC Mines and the Don Mario Mine being consistent with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; and labour and materials costs increasing on a basis consistent with Orvana's current expectations.

A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied by forward-looking statements. Some of these risks, uncertainties and factors include fluctuations in the price of gold, silver and copper; the need to recalculate estimates of resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of operations; the availability of qualified personnel; the Company's ability to obtain and maintain all necessary regulatory approvals and licenses; the Company's ability to use cyanide in its mining operations; risks generally associated with mineral exploration and development, including the Company's ability to develop the EVBC Mines and Don Mario Mine; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to obtain financing when required on terms that are acceptable to the Company; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions; and general economic conditions worldwide. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the section of this AIF headed “Risk Factors” for a description of additional risk factors.

The forward-looking statements made in this AIF with respect to the anticipated development and exploration of the Company’s mineral projects are intended to provide an overview of management’s expectations with respect to certain future activities of the Company and may not be appropriate for other purposes.

Forward-looking statements are based on management’s current plans, estimates, projections, beliefs and opinions, and except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements.

## EXPLANATORY NOTES

In this AIF, references to “Orvana” or the “Company” mean Orvana Minerals Corp. and, unless the context requires otherwise, include the subsidiaries of Orvana. Unless otherwise noted herein, information in this AIF is presented as at September 30, 2014.

As at September 30, 2014, the last business day of the Company’s fiscal 2014 year, the value of one Canadian dollar was $0.8929 in US dollars and the value of one Euro was $1.2583 in US dollars, according to the Bank of Canada and European Central Bank, respectively.

References in this AIF (i) to gold and silver in ounces mean fine troy ounces and are referred to as “ounces” or “oz”, (ii) in respect of copper are in pounds also referred to as “lb”, (iii) to the “MD&A” are to the Company’s Management’s Discussion and Analysis dated December 9, 2014 in respect of the Company’s fiscal year ended September 30, 2014 filed at www.sedar.com, and (iv) to NI 43-101 are to *National Instrument 43-101 – Standards of Disclosure for Mineral Projects*.

## METAL PRICES TABLE

The following table sets forth the closing spot prices for gold, silver and copper as at September 30, 2014:

| Metal | Price in US Dollars | Price in Euros at 1.2583 (3) |
|---|---:|---:|
| Gold per ounce (1) | $1,216.50 | €966.78 |
| Silver per ounce (1) | $17.11 | €13.60 |
| Copper per pound (2) | $3.06 | €2.43 |

(1) For gold and silver spot prices, please refer to Kitco on www.kitco.com.
(2) For copper spot price, please refer to London Metal Exchange on www.lme.com.
(3) For exchange rate, please refer to European Central Bank on www.ecb.int.

## UNIT CONVERSION TABLE

The following table sets forth certain standard conversions between Standard Imperial units and the International System of Units (or metric units):

| To Convert From | To | Multiply By |
|---|---:|---:|
| Grams | ounces (troy) | 0.03215 |
| Kilogram | pounds | 2.20462 |

## CORPORATE STRUCTURE

### Name, Address and Incorporation

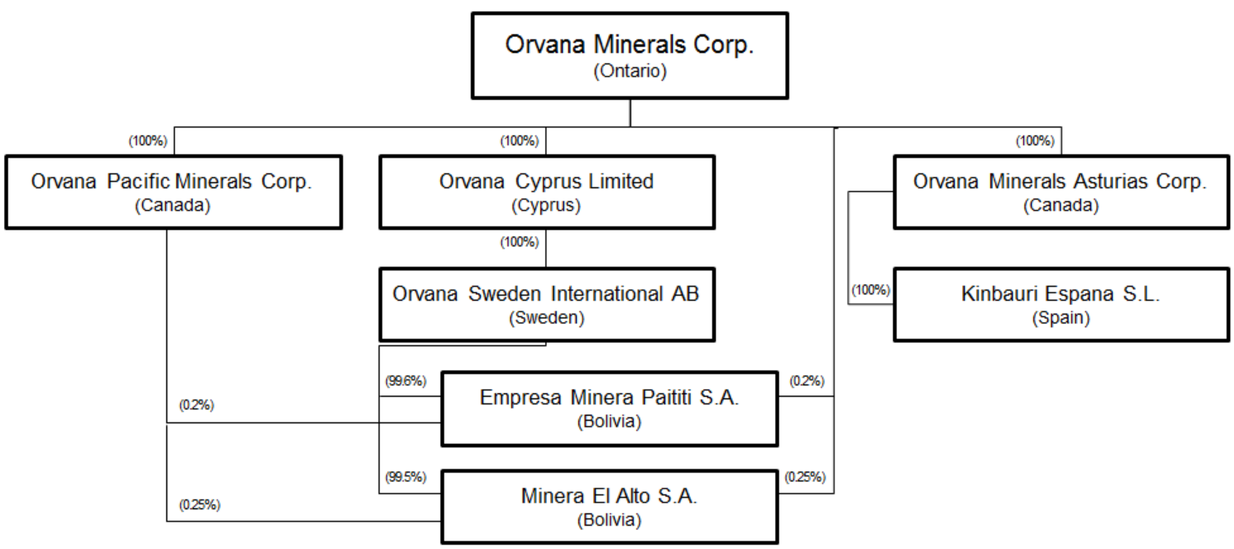
The Company was formed by the amalgamation of Pan Orvana Resources Inc. (“Pan Orvana”) and New Kelore Mines Limited (“New Kelore”) pursuant to articles of amalgamation dated February 24, 1992 under the *Business Corporations Act* (Ontario) and an amalgamation agreement between such parties dated December 30, 1991. Pan Orvana was incorporated under the laws of the Province of British Columbia on March 27, 1987 under the name Orvana Resources Inc. and changed its name to Pan Orvana Resources Inc. on September 4, 1987. New Kelore was incorporated by Letters Patent pursuant to the laws of the Province of Ontario on May 9, 1945 under the name Kelwren Gold Mines Limited. In 1948, it changed its name by Supplementary Letters Patent to Kelore Mines Limited and on March 27, 1953, it further changed its name to New Kelore Mines Limited. The registered and records office and the head office of the Company are located at Suite 1901, 181 University Avenue, Toronto, Ontario, Canada M5H 3M7.

The Company's common shares ("Common Shares") are listed on The Toronto Stock Exchange under the symbol TSX:ORV.

### Intercorporate Relationships

Historically, Orvana has conducted its exploration, development and production activities in foreign jurisdictions through subsidiary companies incorporated in those jurisdictions. The Company's active subsidiaries and holding companies, all of which are wholly-owned, are as follows: (i) Canada: Orvana Pacific Minerals Corp.; (ii) Canada: Orvana Minerals Asturias Corp.; (iii) Spain: Kinbauri España, S.L.U. ("Kinbauri"); (iv) Cyprus: Orvana Cyprus Limited; (v) Sweden: Orvana Sweden International AB; (vi) Bolivia: Empresa Minera Paititi S.A. ("EMIPA"); and (vii) Bolivia: Minera El Alto S.A.

The inter-corporate relationships among Orvana and each of its active and holding subsidiaries are outlined in the diagram below. The diagram below also provides specific information on (i) the percentage of votes attaching to all voting securities of each subsidiary beneficially owned, controlled or directed by Orvana, and (ii) the jurisdiction of incorporation or continuance, as the case may be, of Orvana and each of its subsidiaries (which is set out in parentheses).




## DEVELOPMENT OF THE BUSINESS

### Introduction

Orvana is a gold and copper producer with organic growth opportunities. Orvana's producing properties consist of (i) El Valle-Boinás Mine (the "Boinás Mine") and Carlés Mine (collectively, with the Boinás Mine, "EVBC" or the "EVBC Mines"), two underground gold-copper-silver mines located in the northern part of Spain; and (ii) the upper mineralized zone at the Don Mario mine (the "Don Mario Mine"), an open-pit gold-copper-silver mine located in the south-eastern part of Bolivia. Orvana's focus is currently on its operations and growth through exploration at its sites and within the regions thereof. The Company is also considering growth through other organic development and acquisitions.

In fiscal 2014, Orvana completed its third full year of commercial production at the EVBC Mines and its second full year of commercial production at the Don Mario Mine.

**Three-Year History**

In fiscal 2014, Orvana continued to improve operating performance, upgrade its assets, streamline its asset base and significantly strengthen its balance sheet to deliver shareholder value. In furthering its strategy, the Company achieved the following accomplishments:

*Improved operating performance and asset upgrades*

- Management focused on operational optimization in 2014 across all business areas, which has led to more efficient operations, higher-grade production and the achievement of fiscal 2014 production guidance. This resulted in an increase of 4% in gold production and 22% in copper production compared with fiscal 2013.
- Year-over-year mining costs at the Don Mario Mine were reduced by 23% and production increased by 45% in gold and 45% in copper.
- EVBC continued a focus on the optimization of head grade implemented in the second half of fiscal 2014 resulting in an escalating average gold grade processed through the EVBC plant. In the second half of fiscal 2014, the average gold grade through the mill was 3.9 grams per tonne compared with 2.7 grams per tonne in the first half of fiscal 2014, an increase of 44%.
- Capital expenditures decreased by approximately 29% in fiscal 2014 to 14.9 million compared with fiscal 2013. Asset upgrades included hoisting capacity at EVBC and the gold gravity concentrators at the Don Mario Mine.
- The focus on improved execution and grade optimization contributed to stronger EVBC operating results in the second half of fiscal 2014, with gold production of 33,529 ounces in the second half of fiscal 2014 compared with 29,428 ounces produced in the first half of fiscal 2014, an increase of 14%.

*Streamlined asset base*

- Orvana completed the sale of the Copperwood project (the "Copperwood Project") located in Michigan for up to $25 million. Orvana received cash on closing of $13 million and a secured promissory note that was paid on December 15, 2014 for $7 million. The additional consideration of up to $5 million will be paid in cash or shares of the acquirer, Highland Copper Company Inc. ("Highland"), at Orvana's option, upon the occurrence of certain events. The Copperwood Project was a non-core asset outside of Orvana's current principal jurisdictions.

*Focus on the balance sheet*

- Orvana decreased its outstanding debt balances in fiscal 2014 by 57% including repaying $31.8 million in principal and interest of long-term debt in respect of EVBC (the "EVBC Loan"). Orvana completed the repayment of the $63.8 million EVBC Loan with a final payment of $12.6 million on November 10, 2014, two years ahead of schedule, saving approximately $1.4 million in interest costs.
- The Company's outstanding short-term debt of $6.5 million was repaid in June 2014 from the Copperwood Project sale proceeds.
- The current cash position of the Company is $15.9 million and total debt of the Company is approximately $5.4 million.

*2014 Annual Operating Highlights*

- Total production in fiscal 2014 was 84,084 ounces of gold, 21.1 million pounds of copper and 890,339 ounces of silver. This represents gold equivalent production of 149,090 ounces.
- Cash operating costs ("COC") and all-in sustaining costs ("AISC") on a by-product basis (net of copper, silver and lead by-product revenue from EVBC and the Don Mario Mine) per ounce of

gold sold in fiscal 2014 were $771 and $1,015, respectively, compared with COC and AISC (by-product) of $631 and $950, respectively, in fiscal 2013. Costs were managed well in 2014 but unit costs on a by-product basis were negatively impacted by decreases in by-product metal prices and foreign exchange increases in the Euro.

- The Company recorded a non-cash impairment charge of $25.5 million relating to the EVBC Mines as a result of updated mineral resources and reserves estimates for EVBC showing a year-over-year decrease in reserves and resources. The Company also received an updated life-of-mine plan using proven and probable mineral reserves reflecting a shortened mine life based on these updated reserves. See “Description of the Business - Principal Mineral Projects - EVBC Mines - Mineral Resources and Reserves Estimates”.

The following table includes consolidated operating and financial performance data for the Company for the periods set out below:

| | FY 2014 | FY 2013 | FY 2012 |
|---|---|---|---|
| **Operating Performance** [(1)] | | | |
| *Gold* | | | |
| Production (oz) | 84,084 | 80,541 | 55,929 |
| Sales (oz) [(2)] | 79,858 | 74,087 | 55,052 |
| Average realized price / oz [(2)] | $1,287 | $1,504 | $1,659 |
| *Copper* | | | |
| Production (‘000 lbs) | 21,056 | 17,304 | 15,366 |
| Sales (‘000 lbs) [(2)] | 18,935 | 16,312 | 14,730 |
| Average realized price / lb [(2)] | $3.15 | $3.33 | $3.54 |
| *Silver* | | | |
| Production (oz) | 890,339 | 1,017,811 | 716,280 |
| Sales (oz) [(2)] | 833,594 | 1,073,394 | 669,810 |
| Average realized price / oz [(2)] | $20.15 | $25.01 | $29.43 |
| **Financial Performance** | | | |
| *(in 000’s, except per share amounts)* | | | |
| Revenue [(3)] | $142,407 | $162,199 | $145,574 |
| Mining costs [(4)] | $102,231 | $101,063 | $88,231 |
| Impairment charge | $29,228 | $6,273 | $- |
| (Loss) gain from discontinued operations | ($886) | ($215) | $- |
| Gross margin | ($19,960) | $30,998 | $42,326 |
| Derivative instruments (loss) gain | $1,859 | $42,140 | $26,095 |
| Net (loss) income | ($29,743) | $32,623 | ($2,353) |
| Net (loss) income per share (basic/diluted) | ($0.22) | $0.24 | ($0.02) |
| Adjusted net (loss) income [(5)] | $1,779 | $12,499 | $15,474 |
| Adjusted net (loss) income per share (basic/ diluted) [(5)] | $0.01 | $0.09 | $0.11 |
| Operating cash flows before non-cash working capital changes [(5)] | $37,923 | $38,900 | $33,276 |
| Operating cash flows [(6)] | $35,382 | $32,879 | $41,705 |
| Ending cash and cash equivalents | $16,545 | $13,039 | $13,200 |
| Restricted cash (including long-term) | $11,735 | $17,839 | $18,399 |
| Capital expenditures [(7)] | $14,925 | $21,157 | $37,718 |

(1) Metals production and sales are from the EVBC Mines and the Don Mario Mine.

(2) Sales volumes represented in the table above with respect to the EVBC Mines and the Don Mario Mine include volume adjustments relating to final settlement of prior period sales. Average realized metal prices are calculated by dividing gross revenue recorded for the period from metals sales, before deduction of treatment and refinement charges and deductions for payable metals, by ounces of gold or silver or pounds of copper actually sold during the period. Sales volumes used to calculate average realized metal prices and unit cash costs do not include volume adjustments relating to final settlement of prior period sales.

(3) Revenue represents (i) gross revenue derived from the sales of metals in the applicable period less treatment, refining, penalties and payable metals deductions associated with such sales, (ii) plus or minus realized final payment amounts relating to metals sold in prior periods, (iii) plus or minus mark-to-market adjustments based on unrealized price fluctuations at period end relating to metals sold in the current or prior reporting periods prior to receipt of final payment for such sales.

(4) Mining costs represents all costs associated with the production of the metals sold in the period including personnel costs; energy cost (principally diesel fuel and electricity); maintenance and repair costs; operating supplies; external services; costs

associated with delivery of the concentrate and doré to the point of sale; an allocation of site general and administrative costs; royalties and, in respect of the Don Mario Mine, mining royalty taxes payable to the Bolivian government.

(5) Adjusted net income (loss), adjusted net income (loss) per share and operating cash flows before non-cash working capital changes are non-IFRS performance measures with no standard definition under IFRS.

(6) Operating cash flows is cash provided by operating activities from continuing operations.

(7) These amounts are presented in the consolidated cash flows in the audited financial statements of the Company for fiscal year-ended September 30, 2014 on a cash basis. Each reported period excludes capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reporting period.

### *EVBC Mines*

Through its wholly-owned subsidiary, Kinbauri, the Company owns and operates the EVBC Mines, located in the Rio Narcea Gold Belt in northern Spain. The EVBC Mines are comprised of the Boinás Mine, where sulphides (referred to hereinafter as "skarns") and oxides are being mined underground, and the Carlés Mines, where skarns are being mined underground.

Since acquiring the EVBC Mines in 2009, the Company has hired essential personnel, rehabilitated the mill and plant, purchased or leased appropriate equipment, improved the stability of the tailings impoundment, and completed the sinking and subsequent upgrading of a 420-meter shaft to facilitate underground development and mining. The Company commissioned the EVBC Mines in May 2011 and advanced to commercial production in August 2011.

The EVBC Mines achieved production during fiscal 2014 of 62,957 ounces of gold, 5.6 million pounds of copper and 156,977 ounces of silver compared with 65,992 ounces of gold, 6.7 million pounds of copper and 197,768 ounces of silver in fiscal 2013, a decrease of 5%, 16% and 21%, respectively.

EVBC has had a record of under-performance against plan with respect to gold output. In fiscal 2014, the Company initiated a review of past performance, including measures taken by previous and current management teams to enhance mine performance. As a result of this review, management deemed it appropriate to further assess the assumptions of previous mine plans, particularly in regard to mineral reserves and resources estimates, and engaged Roscoe Postle Associates Inc. ("RPA") to complete updated mineral reserves and resources estimates (the "MRMR Update") and a life-of-mine-plan update (the "LOMP Update").

On August 13, 2014, the Company received the MRMR Update and LOMP Update for the EVBC Mines. The MRMR Update and the LOMP Update revised certain assumptions used previously and presented a different methodology in respect to the application of cut-off grades in certain zones of EVBC. Various other factors resulting in the changes include removal of uneconomic zones and depletion from mining activities since June 1, 2013.

The MRMR Update showed a year-over-year decrease in mineral reserves and resources estimates. The LOMP Update, based on proven and probable mineral reserves estimated as part of the MRMR Update, estimated mine life for EVBC at approximately five years. Total gold production is estimated to be approximately 282,200 ounces at an average AISC per ounce of gold sold of approximately $1,088 over the currently estimated mine life.

In addition, the inferred mineral resources are estimated to contain 979,500 gold ounces, providing opportunities to extend the EVBC Mine life. Management will continue to focus on delineation drilling at EVBC, which historically has enabled the Company to convert mineral resources into reserves. The Company believes there is upside potential to extend EVBC Mine life beyond the current estimate.

After December 2014, the Company plans to place the Carlés Mine on care and maintenance and ramp up production at Boinás by the equivalent amount. It is anticipated that the Carlés Mine would stay on care and maintenance while the Company reviews alternative narrow vein mining methods or until the price of gold becomes more sustainable for the Carlés Mine. The narrow vein mining methods being considered would target remaining high-grade areas at the Carlés Mine which are uneconomical and too dilutive to extract at current prices using current mining methods. EVBC will continue to work closely with local communities and collaborate with government authorities during this process.

As a result of the MRMR Update, the LOMP Update and the Carlés Mine suspension, and in accordance with its usual policy, Orvana conducted a carrying value assessment of EVBC as at June 30, 2014 and determined that EVBC's net recoverable amount was lower than its carrying amount. As a result, Orvana recognized a non-cash impairment loss in respect of EVBC of $25.5 million in the third quarter of fiscal 2014.

On September 29, 2014, the Company filed an updated technical report in respect of the MRMR Update and the LOMP Update entitled "Technical Report on the El Valle-Boinás-Carlés Operation, Asturias, Spain" (the "EVBC 43-101 Report") prepared in accordance with NI 43-101. The updated estimate was prepared by qualified persons within the meaning of NI 43-101 at RPA, an independent mining consulting firm.

More information about the EVBC Mines is provided below under "Description of the Business - Principal Mineral Projects - EVBC Mines" and "Appendix B - Principal Mineral Projects - EVBC Mines".

### *Don Mario Mine*

Through its wholly-owned subsidiary, EMIPA, the Company owns and operates the Don Mario Mine, located in southeastern Bolivia. Fiscal 2009 marked the last year of production from the Company's lower mineralized zone underground gold mine at Don Mario (the "LMZ") with some gold production from the satellite deposit, Las Tojas, continuing into fiscal 2010 and 2011. After completing various studies on the economic viability of mining the Don Mario Mine, in 2009 the Company installed a leach-precipitation-flotation ("LPF") circuit in order to process the deposit's complex mineralization. Mine start-up of the open pit above the LMZ occurred in April 2011 and commercial production was achieved in January 2012. Until May 2013, the Company processed oxides ore through the LPF process and transition and sulphides ore through a standard flotation circuit. In May 2013, after various economic considerations, the Company suspended the LPF process and is continuing with processing transition and sulphides through flotation.

During fiscal 2014, the Don Mario Mine produced 21,127 ounces of gold, 15.4 million pounds of copper and 733,362 ounces of silver compared with 14,549 ounces of gold, 10.6 million pounds of copper and 820,043 ounces of silver in fiscal 2013, an increase of 45% in gold production, 45% in copper production and a decrease of 6% in silver production. The Company believes that there is sufficient mineralization to extend production into 2016. In addition, the Company is pursuing certain opportunities to identify new mineral resources in and around the Don Mario Mine.

During fiscal 2014, the Company undertook a process to evaluate reagents to process oxides through its flotation-only circuit and completed other metallurgical testing. The Company determined that a cost effective means to recover the economic minerals in the oxides has not yet been defined. Accordingly, in the third quarter of fiscal 2014, the Company wrote off the carrying value of the oxides ore inventory resulting in an impairment of $3.7 million being recorded in respect of the Don Mario Mine. Costs associated with mining and stockpiling oxides have been expensed as mining costs since July 1, 2014. Further evaluation of the oxides process is continuing.

More information about the Don Mario Mine is provided below under "Description of the Business - Principal Mineral Projects - Don Mario Mine" and "Appendix B - Principal Mineral Projects - Don Mario Mine".

### *Copperwood Project*

Through its formerly wholly-owned subsidiary, Orvana Resources US Corp. ("Orvana US"), the Company held the Copperwood Project, which was comprised of certain long-term mineral leases, certain surface rights that secured access and provided space for future infrastructure, and options in respect of certain additional mineral leases. The Company had previously completed a feasibility study and obtained all major permits in respect of the development of the Copperwood Project.

On February 11, 2014, the Company announced that it had entered into a definitive agreement to sell the Copperwood Project through the sale of all of the outstanding shares of Orvana US for total cash consideration of up to $25 million in aggregate, of which $20 million would be paid in cash on closing and $5 million would be paid in cash or shares Highland, at the Company's option, upon the occurrence of certain events following closing. The closing was conditional upon, among other things, the completion of financing by Highland to fund the purchase of the Copperwood Project.

On June 17, 2014, the Company closed the sale of the Copperwood Project to Highland. On closing, the Company received a cash payment of $13 million and a secured promissory note in the amount of $7 million (the "Copperwood Note") in respect of the remainder of the base consideration. On December 15, 2014, the Copperwood Note was repaid and the Company received $7 million as repayment of principal and $0.5 million in interest. Amounts outstanding under the Copperwood Note accrued interest at an annualized rate of 13.5% until September 30, 2014 and thereafter at an annualized rate of 17.5%. The Copperwood Note was secured by, among other things, a first priority security interest over all of the assets of Orvana US, a pledge by Highland of all of the shares of Orvana US and a guarantee from Highland.

The additional consideration of up to $5 million will be paid by Highland in cash or shares of Highland, at Orvana's option, upon occurrence of the events described below:

- $1.25 million upon the earliest of (i) commencement of commercial production of the Copperwood Project, and (ii) the date that is 36 months after closing; and an additional $1.25 million on the first anniversary of the first additional payment; and
- $1.25 million if the average copper price for any 60 calendar day period following the first anniversary and preceding the second anniversary of commencement of commercial production is greater than $4.25/lb; and an additional $1.25 million if the average copper price for any 60 calendar day period following the second anniversary and preceding the third anniversary of the commencement of commercial production is greater than $4.50/lb.

Orvana used the proceeds from the Copperwood Project sale to repay the $6.5 million Fabulosa Loan (as defined below), $2.0 million under the EVBC Loan and is using the remainder of the net proceeds for general corporate purposes.

### *Changes in Management and Board of Directors*

At the annual general meeting of the shareholders of the Company held on February 26, 2014, Gordon J. Bogden and Jacques McMullen were elected as directors of the Company. On June 2, 2014, the Company appointed Neil Ringdahl as Chief Operating Officer and, on November 4, 2014, appointed Gordon Pridham as a director of the Company. The Company's current directors and officers are set out below under "Directors and Officers".

### *EVBC Loan*

In October 2010, Kinbauri entered into the EVBC Loan, a $50 million five-year term corporate credit facility. The funds were primarily used to complete the construction of the EVBC Mines. In February 2012, the EVBC Loan was extended by one year to September 30, 2016 and increased by $13.8 million including approximately $6.5 million (€5 million) to fund an environmental bond. On June 30, 2014, the Company announced an amendment of the EVBC Loan, which became effective on July 11, 2014, resulting in a new maturity date of November 30, 2014 (the "New Maturity Date") and required (i) a number of principal repayments to be made from restricted cash, Copperwood Project proceeds and working capital, (ii) quarterly principal repayments, and (iii) the closure of outstanding derivative instruments in July 2014. As a condition to the amendments of the EVBC Loan, Orvana had to establish a line of credit in the minimum amount of $6.5 million until the New Maturity Date. See "Transactions with Fabulosa Mines Limited - Related Party Transactions" below.

The EVBC Loan required gold, copper and US dollars/EUR derivative instruments that were previously put in place. The security for the EVBC Loan included a fixed and floating charge over the assets of Kinbauri and a pledge by Orvana of all of the shares of Kinbauri. Kinbauri's obligations under the EVBC Loan were guaranteed by Orvana. Subsequent to the end of the third quarter of fiscal 2014, all outstanding derivative instruments were closed for net proceeds of $7.1 million with the proceeds applied as a repayment of principal under the EVBC Loan.

Orvana completed repayment of the EVBC Loan on November 10, 2014, two years ahead of schedule. As of the date of this AIF, the associated guarantees have been released and the remaining security has been or is in the process of being discharged.

***Transactions with Fabulosa Mines Limited - Related Party Transactions***

*Current Ownership Interest*

As at the date of this AIF, Fabulosa Mines Limited ("Fabulosa") held (i) 70,915,027 Common Shares, representing 51.9% of the currently outstanding Common Shares; and (ii) 1,795,000 Common Share purchase warrants (the "Warrants), representing 52.2% of the Common Shares on a fully diluted basis (together with the Common Share holdings). The exercise prices under the Warrants range from C$0.49 to C$1.90 and the expiry dates range from 2016 to 2019.

*Fabulosa Agreement and 2011 Bridge Loan*

Prior to May 2011, an agreement between Fabulosa and the Company granted Fabulosa certain rights, including a pre-emptive right to acquire additional Common Shares in certain circumstances. In May 2011, this agreement was terminated and a new agreement was entered into (the "Fabulosa Agreement") under which Fabulosa's existing pre-emptive rights were revised and Fabulosa agreed to provide Orvana with a six-month, secured convertible $15 million bridge loan (the "2011 Bridge Loan"). In exchange, Orvana issued to Fabulosa 1,969,999 Common Shares and five-year warrants to purchase up to 2,725,000 Common Shares. The warrants are exercisable only upon the issuance of, and in equal numbers to, Common Shares issuable upon the exercise of Orvana's outstanding stock options as of May 2011. In September 2011, 1,300,000 of such warrants were issued with an exercise price of C$1.90 per Common Share and in March 2012, 1,425,000 of such warrants were issued with an exercise price of C$0.97 per Common Share. As a result of the forfeiture or expiration of certain stock options previously outstanding in May 2011, 1,045,000 of such warrants were outstanding as of the date of this AIF of which 450,000 were exercisable. Orvana also agreed to implement a normal course issuer bid, at Fabulosa's request and subject to TSX approval, to acquire Common Shares solely to mitigate the dilutive effect of Common Shares issued upon the exercise of stock options granted under Orvana's stock option plan after May 2011. To date, with consent from Fabulosa, Orvana has not implemented the normal course issuer bid.

Upon closing of a public offering of Common Shares in August 2011, all amounts outstanding under the 2011 Bridge Loan were repaid in full through the issuance of 7,319,969 Common Shares to Fabulosa at the offering price of C$2.00 per Common Share. Concurrently, Fabulosa exercised its pre-emptive right and purchased an additional 1,180,031 Common Shares at C$2.00 per Common Share.

*Fabulosa Loan and Fabulosa Nominating Agreement*

In January 2012, the Company entered into a $5 million loan (the "Fabulosa Loan") that was secured by, among other things, a general security assignment over present and future assets of Orvana excluding Kinbauri. The Fabulosa Loan was subsequently amended and increased to $11.5 million. The Company used proceeds drawn under the Fabulosa Loan for working capital purposes. Interest on the outstanding principal was calculated at a rate per annum of 12%, was payable monthly along with stand-by fees and the Company paid withholding taxes imposed by applicable taxing authorities. The Fabulosa Loan contained covenants that, among other things, require principal repayment in the event of, among other things, the sale of certain of the Company's assets.

Concurrent with the Fabulosa Loan, the Company entered into an agreement (the "Fabulosa Nominating Agreement") with Fabulosa pursuant to which, for so long as it owns at least 10% of the outstanding Common Shares, Fabulosa has the right to designate, at any shareholders' meeting at which directors are to be elected, that number of management's nominees for election as directors of the Company that is the same proportion as its ownership interest is of the Common Shares.

The Fabulosa Loan was amended subsequent to the end of the third quarter of fiscal 2013 (the "Fabulosa Loan Amendment"). The availability period was extended from August 31, 2013 and the maturity period was extended from December 31, 2013 until September 30, 2014. In connection with such extension and amendment, on August 22, 2013, the Company issued to Fabulosa warrants to purchase 500,000

Common Shares exercisable until August 9, 2018 at an exercise price of C$0.49, being the volume-weighted average trading price of the Common Shares for the five trading days preceding the issuance of the warrants.

During the third quarter of fiscal 2014, the outstanding balance, consisting of principal and interest of $6.5 million, was repaid with proceeds from the sale of the Copperwood Project.

*Fabulosa Working Capital Line of Credit*

The amendment of the EVBC Loan was conditional on the establishment of a $6.5 million line of credit. Accordingly, the Fabulosa Loan was further amended effective July 11, 2014. The maturity period was extended from September 30, 2014 to December 31, 2014, the amount which may be drawn under the Fabulosa Loan was amended to $6.5 million and the Company had the ability to draw amounts under the Fabulosa Loan until December 15, 2014. In connection with such amendment, the Company issued warrants to Fabulosa for the purchase of 100,000 Common Shares exercisable at a price of $0.54 until July 11, 2019. The Company also paid a structuring fee of 2% for a total of $0.1 million. No amounts were drawn under the Fabulosa Loan prior to the end of its availability period. The Fabulosa Loan has not been renewed.

The Fabulosa Loan was secured by, among other things, an assignment of the Copperwood Note, a general security assignment over present and future assets of Orvana, excluding Kinbauri, and a pledge of the shares of certain subsidiaries of Orvana. All such security has been discharged.

## DESCRIPTION OF THE BUSINESS

### Principal Mineral Projects

#### *EVBC Mines*

The EVBC Mines, located in the Rio Narcea Gold Belt in northern Spain, consist of 14 exploitation concessions comprising 4,298 hectares and two investigation permits comprising 753.60 hectares. The exploitation concessions provide the holder the right to extract minerals from a specified area, subject to approval of an exploitation plan by the applicable mining authorities.

*Production*

During fiscal 2014, the EVBC Mines produced 62,957 ounces of gold, 5.6 million pounds of copper and 156,977 ounces of silver compared with 65,992 ounces of gold, 6.7 million pounds of copper and 197,768 ounces of silver in fiscal 2013, a decrease of 5%, 16% and 21%, respectively.

The slight decrease in production compared with fiscal 2013 is primarily due to the transition to lower grades of gold, copper and silver in the first half of fiscal 2014. Production in fiscal 2014 was also impacted by work completed in the first half of fiscal 2014 to recover a failed zone in the San Martin skarns area in the Boinás Mine, which occurred in the third quarter of fiscal 2012. Completion of work in the third quarter of fiscal 2014 granted access to higher grade mineralization from other nearby stopes increasing head grades of gold, copper and silver processed in the second half of fiscal 2014 with fewer tonnes processed. In addition, the hoist at the Boinás Mine was not operational until April 2014 due to repairs and upgrades.

The following table includes consolidated operating and financial performance data for the EVBC Mines for the periods set out below.

**EVBC Mines - Production, Sales and Costs**

| | FY 2014 | FY 2013 |
|---|---|---|
| **Operating Performance** | | |
| Ore mined (tonnes) (wmt) | 671,564 | 752,572 |
| Ore milled (tonnes) (dmt) | 651,612 | 685,697 |
| *Gold* | | |
| Grade (g/t) | 3.22 | 3.24 |

| | FY 2014 | FY 2013 |
|---|---|---|
| Recovery (%) | 93.3 | 92.5 |
| Production (oz) | 62,957 | 65,992 |
| Sales (oz) | 63,464 | 59,802 |
| *Copper* | | |
| Grade (%) | 0.48 | 0.52 |
| Recovery (%) | 82.0 | 84.4 |
| Production (‘000 lbs) | 5,626 | 6,658 |
| Sales (‘000 lbs) | 5,876 | 6,085 |
| *Silver* | | |
| Grade (g/t) | 9.38 | 11.24 |
| Recovery (%) | 79.9 | 79.8 |
| Production (oz) | 156,977 | 197,768 |
| Sales (oz) | 163,513 | 190,843 |
| **Financial Performance** | | |
| *(in 000’s)* | | |
| Revenue | $93,553 | $102,309 |
| Mining costs | $72,735 | $62,867 |
| Impairment charge | $25,485 | $- |
| Derivative instruments gain (loss) | $1,859 | $42,140 |
| Income (loss) before tax | ($27,549) | $55,270 |
| Capital expenditures (1) | $12,603 | $13,248 |
| Cash operating costs (by-product) ($/oz) gold (2) | $952 | $803 |
| All-in sustaining costs (by-product) ($/oz) gold (2) | $1,160 | $1,086 |
| All-in costs (by-product) ($/oz) gold (2) | $1,228 | $1,086 |

(1) These amounts are presented on a cash basis. Each reported period excludes unpaid capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reported period.

(2) COC include total production cash costs incurred at the EVBC Mines, which forms the basis of the Company’s cash costs. AISC includes COC plus sustaining capital expenditures, corporate administrative expense, exploration and evaluation costs, and reclamation cost accretion. The Company believes that this measure represents the total costs of producing gold from current operations, and provides the Company and other stakeholders of the Company with additional information of the Company’s operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in AISC. All-in costs (“AIC”) represent AISC plus non-sustaining capital expenditures and non-sustaining exploration. In respect of both fiscal 2013 and 2014, AIC includes all expenditures related to the construction of the shaft/hoist operations at the Boinás Mine and the subsequent recovery costs discussed below following the hoist incident that occurred in June 2013. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included. The Company reports these measures on a gold ounces sold basis.

A mid-year strategy of focusing on grade optimization at EVBC led to a gold grade increase from 2.7 grams per tonne in the first half of fiscal 2014 to 3.9 grams per tonne in the second half of 2014. Changes were made in both engineering and operational execution to drive for increased margins.

The hoist damaged as a result of a hoisting accident at the Boinás Mine in June 2013 became fully operational in the third quarter of fiscal 2014. With the completion of the hoist repair and upgrades, management implemented a production schedule which optimized the usage of both the hoisting and ramp systems for ore, waste and backfill. Mine performance had been negatively impacted by continued reliance on ramp access at the Boinás Mine for ore and waste in the first half of fiscal 2014.

During the fourth quarter of fiscal 2014, EVBC continued with grade optimization measures initiated in the second half of fiscal 2014. While EVBC achieved record monthly production with 7,332 ounces of gold in July of 2014, the production level was not maintained due to (i) unanticipated mechanical issues which reduced the availability of main mobile equipment in the latter months, and (ii) reduced mining flexibility as lower grade stopes are no longer being mined.

In the fourth quarter of fiscal 2014, the Company announced that after December 2014, the Carlés Mine will be placed on care and maintenance. Production at the Boinás Mine will ramp up by the equivalent amount. The suspension will provide optionality value for the Carlés Mine pending an improved economic mining plan or higher metal prices. The decision was taken after drilling results indicated lower grades in the future mining blocks (below current activities). Management determined that the Carlés mechanized crew would provide greater value in ramping up production in the higher grade Boinás Mine. Development crews were moved to Boinás in September 2014. Production activities are continuing at Carlés from developed areas until early 2015. At that time, production and maintenance crews will be transferred to Boinás to increase production and replace existing contractors. EVBC will continue to work closely with local communities and collaborate with government authorities during this process.

*Mineral Resources and Reserves Estimates*

On August 13, 2014, the Company received the MRMR Update for the EVBC Mines. The Company also received the LOMP Update for the EVBC Mines using proven and probable mineral reserves reflecting a shortened mine life based on these updated estimates. On September 29, 2014, the Company filed the EVBC 43-101 Report prepared by RPA. The mineral resources estimates included in the EVBC 43-101 Report and inclusive of mineral reserves are summarized in the table below.

**Summary of Mineral Resources Inclusive of Mineral Reserves**
**September 30, 2014**

**El Valle Boinás – Carlés Operation**

**Measured**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Boinás Oxides | 638 | 4.42 | 1.05 | 25.01 | 91 | 6,703 |
| Boinás Skarn | 666 | 2.79 | 0.78 | 16.58 | 60 | 5,194 |
| Carlés | 38 | 4.55 | 0.68 | 5.26 | 6 | 259 |
| **Total** | **1,342** | **3.62** | **0.91** | **20.27** | **156** | **12,216** |

**Indicated**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Boinás Oxides | 1,835 | 6.76 | 0.80 | 13.47 | 399 | 14,681 |
| Boinás Skarn | 1,770 | 3.16 | 0.58 | 14.40 | 180 | 10,264 |
| Carlés | 1,059 | 3.40 | 0.41 | 6.22 | 116 | 4,343 |
| **Total** | **4,664** | **4.63** | **0.63** | **12.18** | **695** | **29,382** |

**Measured + Indicated**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Boinás Oxides | 2,474 | 6.16 | 0.86 | 16.45 | 490 | 21,272 |
| Boinás Skarn | 2,435 | 3.06 | 0.64 | 14.99 | 240 | 15,587 |
| Carlés | 1,097 | 3.44 | 0.42 | 6.19 | 121 | 4,608 |
| **Total** | **6,006** | **4.41** | **0.69** | **13.98** | **851** | **41,443** |

**Inferred**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Boinás Oxides | 2,499 | 7.16 | 0.46 | 3.63 | 575 | 11,495 |
| Boinás Skarn | 2,135 | 3.35 | 0.45 | 12.27 | 230 | 9,609 |
| Carlés | 1,393 | 3.90 | 0.43 | 4.12 | 175 | 5,988 |
| **Total** | **6,027** | **5.05** | **0.45** | **6.80** | **980** | **27,121** |

(1) The Canadian Institute of Mining, Metallurgy and Petroleum's ("CIM") definitions were followed for mineral resources.
(2) Mineral resources are estimated at an Au equivalent cut-off grade of 3.8 g/t for Boinás oxide, 2.5 g/t for Boinás Skarn and 2.3 g/t for Carlés Skarn.
(3) Mineral resources are estimated using a long-term gold price of US$1,300 per ounce, copper price of US$3.10 per pound and a silver price of US$23 per ounce. A US$/Euro exchange rate of 1/1.33 was used.
(4) Mineral resources are inclusive of mineral reserves.
(5) A crown pillar of 10 m is excluded from the mineral resource below the El Valle open pit.
(6) Unrecoverable material in exploited mining areas has been excluded from the mineral resource.
(7) Numbers may not add due to rounding.

The mineral resources estimates at EVBC, exclusive of mineral reserves, are summarized in the table below.

**Summary of Mineral Resources Exclusive of Mineral Reserves**
**September 30, 2014**

**El Valle Boinás - Carlés Operation**

**Measured**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (000 t Cu) |
|---|---|---|---|---|---|---|
| Boinás Oxides | 408 | 4.33 | 0.90 | 22.83 | 57 | 4 |
| Boinás Skarn | 509 | 2.58 | 0.72 | 15.91 | 42 | 4 |
| Carlés | 38 | 4.52 | 0.68 | 5.29 | 6 | 0 |
| **Total** | **955** | **3.41** | **0.80** | **18.44** | **105** | **8** |

**Indicated**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (000 t Cu) |
|---|---|---|---|---|---|---|
| Boinás Oxides | 1,142 | 6.30 | 0.79 | 13.41 | 231 | 9 |
| Boinás Skarn | 1,173 | 2.68 | 0.53 | 13.87 | 101 | 6 |
| Carlés | 855 | 3.28 | 0.39 | 5.86 | 90 | 3 |
| **Total** | **3,170** | **4.15** | **0.59** | **11.54** | **422** | **18** |

**Measured + Indicated**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (000 t Cu) |
|---|---|---|---|---|---|---|
| Boinás Oxides | 1,550 | 5.78 | 0.82 | 15.89 | 288 | 13 |
| Boinás Skarn | 1,683 | 2.65 | 0.59 | 14.48 | 144 | 10 |
| Carlés | 893 | 3.33 | 0.40 | 5.84 | 96 | 4 |
| **Total** | **4,126** | **3.97** | **0.64** | **13.14** | **528** | **27** |

**Inferred**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (000 t Cu) |
|---|---|---|---|---|---|---|
| Boinás Oxides | 2,499 | 7.16 | 0.46 | 3.63 | 575 | 11 |
| Boinás Skarn | 2,135 | 3.35 | 0.45 | 12.27 | 230 | 10 |
| Carlés | 1,393 | 3.90 | 0.43 | 4.12 | 175 | 6 |
| **Total** | **6,027** | **5.05** | **0.45** | **6.80** | **980** | **27** |

(1) CIM definitions were followed for mineral resources.
(2) Mineral resources are estimated at an Au equivalent cut-off grade of 3.8 g/t for Boinás oxide, 2.5 g/t for Boinás Skarn and 2.3 g/t for Carlés Skarn.
(3) Mineral resources are estimated using long-term prices of US$1,300 per ounce gold, US$3.10 per pound copper, and US$23 per ounce silver. A US$/Euro exchange rate of 1/1.33 was used.
(4) Mineral resources are exclusive of mineral reserves.
(5) A crown pillar of 10 m is excluded from the mineral resource below the El Valle open pit.
(6) Unrecoverable material in exploited mining areas has been excluded from the mineral resource.
(7) Numbers may not add due to rounding.

Mineral reserves were estimated by RPA in conjunction with EVBC personnel, based on mine designs applied to measured and indicated resources, with dilution and extraction factors applied. Areas where stopes above cut-off grade were isolated were removed from the estimate and stopes planned for mining up to September 30, 2014 were excluded. Mineral reserves estimates are summarized in the table below.

**Mineral Reserves**
**September 30, 2014**

**El Valle Boinás – Carlés Operation**

| Category | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Proven | 467 | 3.36 | 0.96 | 20.33 | 50 | 4,484 |
| Probable | 1,722 | 4.54 | 0.59 | 11.54 | 252 | 10,193 |
| **Proven and Probable** | **2,189** | **4.29** | **0.67** | **13.41** | **302** | **14,677** |

(1) CIM definitions were followed for mineral reserves.
(2) Mineral reserves are estimated using gold equivalent cut-off grades by zone, consisting of 4.5 g/t AuEq for Boinás Oxides, 2.9 g/t AuEq for Boinás Skarns, and 2.8 g/t AuEq for Carlés. Gold equivalent cut-offs were calculated using recent operating results for recoveries, off-site concentrate costs, and on-site operating costs.
(3) Mineral reserves are estimated using average long-term prices of US$1,100 per ounce gold, US$2.75 per lb copper, and US$20 per ounce silver. A US$/Euro exchange rate of 1/1.33 was used.
(4) A minimum mining width of 4 m was used.
(5) Numbers may not add due to rounding.

*Growth Exploration*

In the fourth quarter of fiscal 2013, the Company completed a review of its opportunities to increase its reserves and resource estimates at EVBC through the potential to upgrade inferred mineral resources to mineral reserves and the potential to identify new resources at EVBC and surrounding areas. The inferred mineral resources at EVBC are estimated to contain 979,500 gold ounces, providing opportunities to extend mine life. Management will continue to focus on delineation drilling at EVBC, which historically has enabled the Company to covert mineral resources into reserves. The Company believes there is upside potential to extend EVBC's mine life beyond the current estimate.

To date, while lower cash flows from operations and significant debt repayments limited exploration spending in fiscal 2014, certain fieldwork, permitting procedures and drilling was undertaken in fiscal 2014 and will now continue into fiscal 2015. Diamond drill exploration started at the La Brueva property, eight kilometers from the Boinás Mine, in September 2014. This property was previously mined by the Romans and has a mineralized zone intersected by a few historic diamond holes. Additionally, over 20,000 meters of diamond drilling is planned as infill reserve definition drilling and internal exploration drilling in 2015.

*Other*

Additional information on the EVBC Mines is provided below in "Appendix B - Principal Mineral Projects - EVBC Mines".

***Don Mario Mine***

Through its wholly-owned subsidiary, EMIPA, the Company owns and operates the open-pit Don Mario Mine located in south-eastern Bolivia. Fiscal 2009 marked the last year of production from the LMZ underground gold mine at Don Mario with some gold production from a satellite deposit continuing into fiscal 2010 and 2011. The Company is now mining the Don Mario Mine as an open-pit mine. The Don Mario Mine achieved commercial production in January 2012.

*Production*

During fiscal 2014, the Don Mario Mine produced 21,127 ounces of gold, 15.4 million pounds of copper, and 733,362 ounces of silver compared with 14,549 ounces of gold, 10.6 million pounds of copper and 820,043 ounces of silver in fiscal 2013.

Production in fiscal 2014 compared with fiscal 2013 of (i) gold increased by 45% primarily as a result of a 36% increase in head grade and 5% increase in throughput, (ii) copper increased by 45% as a result of 6% higher grade, 5% increase in throughput and a 27% increase in recoveries, and (iii) silver decreased by 11% as a result of a 9% decrease in grade and 7% decrease in recoveries. Mill throughput was increased by 5% to approximately 2,400 tonnes per day in fiscal 2014.

The following table includes operating and financial performance data for the Don Mario Mine for the periods set out below.

**Don Mario Mine - Production, Sales and Costs**

| | FY 2014 | FY 2013 |
|---|---|---|
| **Operating Performance** | | |
| Ore mined (tonnes) (dmt) (1) | 916,961 | 1,013,646 |
| Ore milled (tonnes) (dmt) | 831,124 | 788,149 |
| *Gold* | | |
| Grade (g/t) | 1.71 | 1.26 |
| Recovery (%) | 46.3 | 45.6 |
| Production (oz) | 21,127 | 14,549 |
| Sales (oz) | 16,394 | 14,285 |
| *Copper* | | |
| Grade (%) | 1.47 | 1.39 |
| Recovery (%) | 56.0 | 44.2 |
| Production (‘000 lbs) | 15,430 | 10,646 |
| Sales (‘000 lbs) | 13,059 | 10,228 |
| *Silver* | | |
| Grade (g/t) | 48.01 | 52.67 |
| Recovery (%) | 57.2 | 61.5 |
| Production (oz) | 733,362 | 820,043 |
| Sales (oz) | 670,081 | 882,551 |
| **Financial Performance** | | |
| *(in 000’s)* | | |
| Revenue | $48,854 | $59,890 |
| Mining costs | $29,496 | $38,196 |
| Impairment | $3,743 | $9,044 |
| Income (loss) before tax | $3,699 | $4,545 |
| Capital expenditures | $2,152 | $2,691 |
| Cash operating costs (co-product) ($/oz) gold (2) | $862 | $1,050 |
| Cash operating costs (co-product) ($/lb) copper (2) (3) | $2.28 | $2.31 |
| Cash operating costs (co-product) ($/oz) silver (2) | $15.87 | $18.04 |
| All-in sustaining costs (co-product) ($/oz) gold (2) | $955 | $1,159 |
| All-in sustaining costs (co-product) ($/lb) copper (2) | $2.50 | $2.55 |
| All-in sustaining costs (co-product) ($/oz) silver (2) | $17.31 | $19.71 |
| All-in costs (co-product) ($/oz) gold (2) | $964 | $1,161 |
| All-in costs (co-product) ($/lb) copper (2) | $2.52 | $2.55 |
| All-in costs (co-product) ($/oz) silver (2) | $17.45 | $19.74 |

(1) Ore mined includes oxides mined and stockpiled prior to the oxides impairment discussed below.

(2) Costs are reported per ounce of gold or silver or per pound of copper sold in the period. As a result of revenue from the sale of gold and silver representing more than 40% of total gross revenue from the Don Mario Mine in a reporting period and for better costs comparisons to other mines, the Company is reporting COC, AISC and AIC (co-product) per pound of copper and per ounce of gold and silver sold. Total mine costs for each metal are based on the percentage of gross revenue that each

quantity of metal sold in the period represents of total gross revenue for the period. Refining charges, metallurgical deductions and royalties in respect of the Don Mario Mine are allocated to each metal based on actual costs related to each quantity of metal sold in the period.

(3) Cash operating costs of copper sold represent C1 costs plus royalties.

During the third quarter of fiscal 2013, the Company suspended the processing of oxides through the LPF process. It was no longer economical to process oxides through this process as costs were significantly higher than flotation-only processing costs and throughput of the LPF circuit was approximately half that of the flotation-only circuit. This decision contributed to the significant cost reduction achieved in fiscal 2014 of 23% compared with fiscal 2013 and contributed to copper and gold production increases of 45% and 45%, respectively.

During fiscal 2014, the Company undertook a process to evaluate reagents to process oxides through its flotation-only circuit and completed other metallurgical testing. The Company determined that a cost effective means to recover the economic minerals in the oxides had not yet been defined. Accordingly, in the third quarter of fiscal 2014, the Company wrote off the carrying value of the oxides ore inventory resulting in a Don Mario Mine impairment charge of $3.7 million. Costs associated with mining and stockpiling oxides have been expensed as mining costs since July 1, 2014. Further evaluation of the oxides process is continuing.

The Don Mario Mine commissioned three new gravity concentrators towards the end of March 2014. Due to initial commissioning challenges and complex mineralogy requiring adjustments to the gravity circuit, increased recoveries and sales were not achieved until the fourth quarter of fiscal 2014. Accordingly, in the fourth quarter of fiscal 2014, the Company recorded the highest quarterly ounces of gold produced and sold since commencement of commercial production in fiscal 2012. The Company will continue to work on optimizing recoveries of gold and silver from the new gold gravity concentrators in fiscal 2015.

EMIPA completed regular annual union wage negotiations as mandated under Bolivian law in July 2014. A “no strike” clause was negotiated and remains in effect until May 2015.

*Mineral Resources and Reserves Estimates*

The Company updated its mineral resource and mineral reserve estimates to reflect fiscal 2014 production. This estimate was prepared under the supervision of Gino Zandonai of DGCS Exploration & Mining Consulting (“DSCS SA”) in Santiago, Chile, who is a qualified person for the purposes of NI 43-101 and is independent of Orvana.

A summary of the mineral resources and reserves estimates completed as part of the Company’s annual mineral resources and reserves update process is provided in the tables below.

**In-situ Mineral Resources Inclusive of Mineral Reserves – September 30, 2014**

**Don Mario Mine**

**Measured**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Sulphide | 414 | 1.26 | 1.24 | 32.60 | 16.8 | 5,156 |
| Transitional | 144 | 1.15 | 1.43 | 39.46 | 5.3 | 2,059 |
| **Total** | **558** | **1.23** | **1.29** | **34.36** | **22.1** | **7,216** |

**Indicated**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Sulphide | 673 | 1.14 | 1.20 | 36.92 | 24.7 | 8,065 |
| Transitional | 208 | 1.20 | 1.42 | 43.45 | 8.0 | 2,958 |
| **Total** | **881** | **1.15** | **1.25** | **38.46** | **32.7** | **11,023** |

**Measured + Indicated**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Sulphide | 1,087 | 1.19 | 1.22 | 35.27 | 41.5 | 13,221 |
| Transitional | 352 | 1.18 | 1.43 | 41.82 | 13.3 | 5,018 |
| **Total** | **1,439** | **1.18** | **1.27** | **36.87** | **54.8** | **18,239** |

**Inferred**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Sulphide | 11 | 0.89 | 0.75 | 30.76 | 0.3 | 87 |
| Transitional | 13 | 1.32 | 1.33 | 58.43 | 0.6 | 177 |
| Oxides | 35 | 0.91 | 1.53 | 43.99 | 1.0 | 540 |
| **Total** | **60** | **1.00** | **1.34** | **44.67** | **1.9** | **804** |

(1) CIM definitions were followed for mineral resources and were prepared by G. Zandonai, a qualified person for the purposes of NI 43-101, who is an employee of DGCS SA and is independent of the Company.
(2) Mineral resources are estimated at a Cu equivalent cut-off grade of 0.8% for the Don Mario Mine.
(3) Mineral resources are estimated using a long-term gold price of $1,300 per ounce, copper price of US$3.10 per pound and a silver price of US$23 per ounce.
(4) Mineral resources are inclusive of mineral reserves.
(5) Mineral resources contained in stockpiles are exclusive of in-situ mineral resources.
(6) The crown pillar between the ultimate pit floor of the upper mineralized zone and the lower mineralized zone is excluded from the mineral resource estimate.
(7) Numbers may not add due to rounding.

## In-situ Mineral Reserves – September 30, 2014
## Don Mario Mine

**Proven**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Sulphide | 409 | 1.21 | 1.19 | 31.31 | 15.9 | 4,871 |
| Transitional | 64 | 1.00 | 1.33 | 38.62 | 2.0 | 852 |
| **Total Proven** | **472** | **1.18** | **1.21** | **32.30** | **17.9** | **5,723** |

**Probable**

| Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| Sulphide | 667 | 1.09 | 1.15 | 35.31 | 23.4 | 7,640 |
| Transitional | 143 | 1.09 | 1.37 | 37.61 | 5.0 | 1,955 |
| **Total Probable** | **810** | **1.09** | **1.18** | **35.71** | **28.4** | **9,595** |

| Category | Tonnage | Grade | Grade | Grade | Contained Metal | Contained Metal |
|---|---|---|---|---|---|---|
| | (000 t) | (g/t Au) | (% Cu) | (g/t Ag) | (000 oz Au) | (t Cu) |
| Proven | 472 | 1.18 | 1.21 | 32.30 | 18.0 | 5,723 |
| Probable | 810 | 1.09 | 1.18 | 35.71 | 28.4 | 9,595 |
| **Proven and Probable** | **1,283** | **1.13** | **1.19** | **34.45** | **46.4** | **15,318** |

(1) CIM definitions were followed for mineral resources and were prepared by G. Zandonai, a qualified person for the purposes of NI 43-101, who is an employee of DGCS SA and is independent of the Company.
(2) Mineral reserves are estimated at a Cu equivalent cut-off grade of 1.0% for the Don Mario Mine.
(3) Mineral resources are estimated using a long-term gold price of $1,100 per ounce, copper price of US$2.75 per pound and a silver price of US$20 per ounce.
(4) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
(5) Mineral reserves contained in stockpiles are exclusive of in-situ mineral resources.
(6) Numbers may not add due to rounding.

All the material mined in fiscal 2014 was not processed through the flotation circuit at the Don Mario Mine. Certain mined material was transported to the waste dump or various stockpile locations on the property. The oxide, transitional and sulphide material that were above the specified cut-off grades were classified as either stockpile mineral resources or stockpile mineral reserves. A summary of the mineral resources and reserves stockpile estimates completed as part of the Company's annual mineral reserves and resources update process is provided in the tables below.

**Stockpile Mineral Resources (exclusive of in-situ) – September 30, 2014**

**Don Mario Mine**

**Measured**

| Location/Zone | Tonnage | Grade | Grade | Grade | Contained Metal | Contained Metal |
|---|---|---|---|---|---|---|
| | (000 t) | (g/t Au) | (% Cu) | (g/t Ag) | (000 oz Au) | (t Cu) |
| DM1 (Oxide) | 520 | 2.24 | 1.74 | 54.44 | 37.5 | 9,056 |
| DM2 (Oxide Pre-strip) | 268 | 1.90 | 1.98 | 17.94 | 16.4 | 5,302 |
| DM3 (Dolomite Oxide) | 190 | 1.89 | 1.96 | 21.62 | 11.6 | 3,728 |
| Plant Stockpile (Oxide) | 597 | 1.57 | 1.61 | 57.82 | 30.1 | 9,614 |
| DM4 Stock Talco | 568 | 2.25 | 1.70 | 30.63 | 41.1 | 9,663 |
| DM5 (Dolomite Oxide) | 202 | 1.86 | 1.64 | 48.66 | 12.1 | 3,315 |
| DM6 (Tremolite Oxide) | 94 | 1.57 | 1.78 | 31.60 | 4.8 | 1,675 |
| **Total** | **2,440** | **1.96** | **1.74** | **41.80** | **153** | **42,354** |

(1) CIM definitions were followed for mineral resources and were prepared by G. Zandonai, a qualified person for the purposes of NI 43-101, who is an employee of DGCS SA and is independent of the Company.
(2) Mineral resources contained in stockpiles are estimated at a Cu equivalent cut-off grade of 0.8% for the Don Mario Mine.
(3) Mineral resources are estimated using a long-term gold price of $1,300 per ounce, copper price of US$3.10 per pound and a silver price of US$23 per ounce.
(4) Mineral resources contained in stockpiles are exclusive of in-situ mineral resources.
(5) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
(6) Numbers may not add due to rounding.

**Stockpile Mineral Reserves (exclusive of in-situ) – September 30, 2014**
**Don Mario Mine**

**Proven**

| Location/Zone | Tonnage (000 t) | Grade (g/t Au) | Grade (% Cu) | Grade (g/t Ag) | Contained Metal (000 oz Au) | Contained Metal (t Cu) |
|---|---|---|---|---|---|---|
| DM1 OS (Tran.+Sulph.) | 253 | 2.08 | 1.41 | 47.34 | 17.0 | 3,574 |
| Plant Stockpile | 9 | 1.15 | 1.69 | 52.02 | 0.3 | 146 |
| **Total** | **262** | **2.05** | **1.42** | **47.49** | **17.3** | **3,720** |

(1) CIM definitions were followed for mineral resources and were prepared by G. Zandonai, a qualified person for the purposes of NI 43-101, who is an employee of DGCS SA and is independent of the Company.
(2) Mineral reserves are estimated at a Cu equivalent cut-off grade of 1.0% for the Don Mario Mine.
(3) Mineral resources are estimated using a long-term gold price of $1,100 per ounce, copper price of US$2.75 per pound and a silver price of US$20 per ounce.
(4) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
(5) Mineral reserves contained in stockpiles are exclusive of in-situ mineral reserves.
(6) Numbers may not add due to rounding.

*Growth Exploration*

In the fourth quarter of fiscal 2013, the Company completed a review of its opportunities to increase its resource estimates at its existing Don Mario Mine through the potential to identify new mineral resources in the surrounding area that previously had some geochemical, trenching and drilling results indicating gold mineralization. During the first quarter of fiscal 2014 drilling targets were reviewed and an exploration drilling plan was prepared. Drilling commenced during the second quarter of fiscal 2014 and continued in the third and fourth quarters of fiscal 2014. Although gold mineralization has been encountered, to date, there are no new defined resources.

In fiscal 2015, exploration drilling will concentrate around mineralized zones north-west and south-east of the current open pit. Optimization studies will also be carried out to determine the potential of open pit mining of a pushback that would include the crown pillar area of the former LMZ mined by the Company as an underground mine until 2009 as well as other mineralized areas at higher elevation. The reduction in total mining costs by 23% in fiscal 2014 compared with fiscal 2013, with the elimination of the LPF processing, will facilitate this future mine optimization opportunity.

*Other*

Additional information on the Don Mario Mine is provided below in “Appendix B - Principal Mineral Projects - Don Mario Mine”.

## Outlook

Orvana continues to focus on improving operating performance, strengthening its asset base and its balance sheet to deliver shareholder value. The Company continues to make notable progress on key elements of its strategy in fiscal 2014.

Orvana’s long-term focus is to utilize increasing free cash flows and mining capabilities to build long-term value for its shareholders. Management believes that a focus on grade optimization at EVBC and the suspension of the operations of the Carlés Mine position Orvana to optimize production at the Boinás Mine. Producing only profitable ounces will allow the Company to maximize free cash flow. The Company continues to investigate optimization opportunities at its operations in order to further reduce cash costs for fiscal 2015. The following table sets out Orvana’s production for fiscal 2014 as well as its fiscal 2015 production guidance:

| | FY 2014 Guidance | FY 2014 Production | FY 2015 Guidance |
|---|---|---|---|
| **EVBC Mines** | | | |
| Gold (oz) | 60,000 - 65,000 (1) | **62,957** | 63,000 - 72,000 |
| Copper (million lbs) | 5.5 - 6.0 (1) | **5.6** | 6.0 - 7.0 |
| Silver (oz) | 160,000 - 180,000 (1) | **156,977** | 150,000 - 180,000 |
| **Don Mario Mine** | | | |
| Gold (oz) | 20,000 - 21,000 (1) | **21,127** | 19,000 - 22,000 |
| Copper (million lbs) | 13.5 - 15.0 (1) | **15.4** | 14.0 - 16.0 |
| Silver (oz) | 680,000 - 720,000 (2) | **733,362** | 400,000 - 500,000 |
| **Total** | | | |
| Gold (oz) | 80,000 - 86,000 (1) | **84,084** | 82,000 - 94,000 |
| Copper (million lbs) | 19.0 - 21.0 (1) | **21.1** | 20.0 - 23.0 |
| Silver (oz) | 840,000 - 900,000 (2) | **890,339** | 550,000 - 680,000 |

(1) Revised in the second quarter of fiscal 2014.
(2) Revised in the third quarter of fiscal 2014.

In fiscal 2015, the Company plans to make further investments in the growth of its business including the increase of its reserves and resources estimates at EVBC through the potential to upgrade inferred mineral resources to mineral reserves and the potential to identify new resources at EVBC and surrounding areas.

At the Don Mario Mine, in fiscal 2015, exploration drilling will concentrate around the mineralized zones north west and south east of the mine. Pit optimization studies will also be carried out to determine the potential of mining the LMZ crown pillar area.

With the full repayment of the EVBC Loan, at current metals prices assuming production guidance is met and sustaining capital expenditures of approximately $17 million to $20 million for fiscal 2015, the Company expects to generate free cash flows in fiscal 2015.

Orvana has initiated a comprehensive strategic review of the Company and its assets and is considering a number of possible outcomes for Orvana and its shareholders that may include organic growth, asset transactions or a corporate transaction.

## Revenue

The Company recorded consolidated revenue of $142 million for fiscal 2014 from sales of 79,858 ounces of gold, 18.9 million pounds of copper and 833,594 ounces of silver compared with consolidated revenue of $162 million in fiscal 2013 from sales of 74,087 ounces of gold, 16.3 million pounds of copper and 1,073,394 ounces of silver.

The Company has the following material off-take agreements for the sale of the products produced at the EVBC Mines and the Don Mario Mine:

- In March 2011, the Company entered into a contract with a metals trader in Zug, Switzerland for the sale of the gold-copper-silver concentrates produced from the EVBC Mines. The Company believes that, due to the availability of alternative purchasers, no material adverse effect would result if such off-taker was unable to purchase the gold-copper-silver concentrates from the EVBC Mines.
- In July 2011, the Company entered into a doré refining contract with a refiner in Marin, Switzerland and a doré sales contract with a metals trader for the refining and sale of gold doré from the EVBC Mines. The Company believes that, due to the availability of alternative purchasers and refiners, no material adverse effect would result if this off-taker and this refiner were unable to purchase and process, respectively, the gold doré from the EVBC Mines.
- In July 2014, the Company entered into an agreement with a metals trader in White Plains, New York for the sale of copper concentrate. Prior to July 2014, the Company had an agreement with a metals trader in Lima, Peru. The Company believes that, due to the availability of alternative purchasers, no material adverse effect would result if the metals trader was unable to purchase the copper concentrate from the Don Mario Mine.

- In September 2014, the Company entered into a precious metals refining contract with a refiner in Brussels, Belgium and a sales contract with a metals trader for the sale of precious metals concentrate from the Don Mario Mine. The Company believes that, due to the availability of alternative purchasers and refiners, no material adverse effect would result if such metals trader and such refiner were unable to purchase and process, respectively, the precious metals concentrate from the Don Mario Mine.

### Exploration

For information relating to exploration at the EVBC Mines, please see “Description of the Business - Principal Mineral Projects - EVBC Mines - Growth Exploration” and “Appendix B - Principal Mineral Projects - EVBC Mines”. For information relating to exploration at the Don Mario Mine, please see “Description of the Business - Principal Mineral Projects - Don Mario Mine - Growth Exploration” and “Appendix B - Principal Mineral Projects - Don Mario Mine”.

### Employees

At September 30, 2014, Orvana and its subsidiaries employed a total of 539 full-time employees and 245 contract personnel for a total of 784 as follows: (i) 192 employees and 122 contractors providing mine, mill, camp and support services at the Don Mario Mine, (ii) 337 employees and 122 contractors providing mine, mill and support services at the EVBC Mines, (iii) 10 employees and one contractor at the Company’s head office in Toronto, Canada. The Company employs a number of personnel who are experienced in open-pit and underground mining techniques as well as polymetallic mineral processing. The Company has skilled professionals in all the required technical and financial areas but will supplement with specialized consultants as required. Although the Company’s business requires personnel with specialized skills, the Company believes that persons having the necessary skills are generally available.

### Health, Safety, Environment and Social Practices

The Board of Directors of the Company established a Technical, Safety, Health, Environment and Sustainability Committee. The purpose of this Committee is to provide support for the Company’s safety, health, environmental and sustainability programs, and to assist in reviewing the technical, safety, health, environmental and sustainability performance of the Company.

Orvana maintains various industry metrics to track its safety and health performance over time such as lost-time injury frequency rates and lost-time injury severity rates as well as environment performance.

*Health and Safety*

The Company maintains health and workplace safety programs at each of its operations. In order to ensure that safety goals and optimal safety standards are achieved, comprehensive training programs for personnel take place on an ongoing basis. Regular operations inspections are performed by representatives from the mine operations, planning and safety departments as well as by regulatory authorities and independent third party experts. These inspections review current conditions and action on potential safety issues that arise as mine development progresses. The Company has also hired service providers to support the Company’s safety department in risk assessment, training and work environment monitoring.

*Environment*

Orvana is committed to developing and operating its mines and projects, including reclamation efforts, in full compliance with local environmental regulations and recognized international environmental standards. In furtherance of this commitment, Orvana regularly implements programs to protect and enhance natural habitats and sensitive species, including reclamation and reforestation efforts and the establishment of water sources for wildlife. The Company monitors the water and air quality on a frequent basis at EVBC Mines and the Don Mario Mine and these operations are also periodically inspected by environmental regulatory authorities. Third parties sample and analyze both surface and ground water following protocols established by the applicable regulatory authorities in order to provide the necessary information.  Any regulated elements whose values are not in compliance in the subject jurisdictions, when detected, are quickly located and evaluated. To date, although certain parameters have not always been in compliance at the Company's operations, evaluations have been provided to the respective regulatory authorities and remedial actions have or are being implemented. The Company is currently working through one such matter in Spain with a local regulatory authority in respect of which it has received and may receive certain monetary sanctions. The Company has been working to remediate this matter. The construction of a reverse osmosis water treatment plant was completed in the fourth quarter of fiscal 2014. In addition, the Company received certain amendments to certain of its permits as a result thereof and is appealing certain terms and conditions thereto.

The Company must dispose, in a safe manner, of the tailings that part of the crushed rock leaves after the metals are extracted. This is typically done in an impoundment area that not only contains this material and waste water, but provides a contingency for extraordinary seismic and weather events so that this material remains contained. The EVBC Mines must provide bonds to ensure that the impacted areas are remediated.  Total cash deposited with Spanish financial institutions for reclamation bonds amounted to approximately $9.4 million at September 30, 2014 and is expected to be released after all reclamation work at the EVBC Mines has been completed.  In addition, a further €5 million may have to be deposited in favour of the Spanish regulatory authorities at a future date to satisfy additional reclamation bond commitments. The Company is currently challenging this based on technical considerations.

The costs incurred by the Company in connection with environmental monitoring and maintenance related to environmental issues are generally treated as ordinary operating expenses.

*Sustainability*

Orvana is committed to the social development and well-being of the communities in which it operates. To this end, in addition to the payment of income taxes and other local community taxes such as land moving taxes, Orvana continues to support, financially and otherwise, local community endeavors associated with these objectives. In fiscal 2013, Orvana corporate leaders were active in visiting and participating in sustainability initiatives in Spain and Bolivia and continued these initiatives in fiscal 2014. The Company has supported the communities surrounding EVBC by donating funds to the local municipalities. In addition, the Company has funded the re-stocking of fish species into the local rivers surrounding EVBC. In fiscal 2014, EVBC sponsored the Rio Narcea Salmon fair and provided mining educational materials and donations to the elementary school in Salas.

In the Chiquitos Province of Bolivia where the Don Mario Mine is located, the Company is actively involved in the areas of education, agriculture, health, recreation, purchasing of local goods and services and generally working with communities to contribute to the improvement of their standard of living. In 2011, Orvana renewed its support of investing $1.8 million in the local communities over a five year period. Projects supported by Orvana include supervision of and financial support for community development projects such as utilities and parks, education and information technology, cultural events and sporting initiatives, community business development initiatives, agricultural projects and maintenance of community roads. In fiscal 2014, the Company funded $0.3 million (compared with $0.3 million in fiscal 2013) of such commitment for a total of $1.5 million funded since 2011. In addition, outside of Orvana's committed support, the Company funded an additional $0.2 million in fiscal 2014 (compared with $0.2 million in fiscal 2013). Projects are jointly monitored by the Company and community boards and funds are paid directly to contractors based on project work completed.

### Foreign Operations

The Company's principal mineral projects are located at the EVBC Mines in Spain and the Don Mario Mine in Bolivia. The head office of Orvana is located in Toronto, Canada. Consequently, the Company is substantially dependent on its foreign operations.

## RISK FACTORS

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, financial condition and results of operations, or the trading price of the Common Shares. Enterprise risk management is carried out by management of the Company under policies approved by the board of directors thereof. Management of the Company identifies and evaluates risks in co-operation with the Company's operating units. The board of directors of the Company reviews management's risk management programs and provides oversight on specific areas. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial and operating performance.

The Company's activities expose it to a variety of financial risks, market risks (including commodity price risks, currency risks and interest rate risks), credit risks, liquidity risks, financing risks and other risks. Orvana's business is subject to certain other risks in operational, strategic and regulatory areas. In managing risk, management of the Company focuses on the risk factors that impact the ability of the Company to operate in a safe, profitable and responsible manner.

**Financial Risks**

*Commodity Price Risks*

The Company's business, its ability to generate positive cash flows and the value of the Company's mineral properties are heavily influenced by metal prices, particularly the prices of gold, copper and silver, as well as the cost and availability of commodities which are consumed or otherwise used in connection with Orvana's operations, including, fuel and electricity. If the world market price of gold or copper were to drop and the prices realized by Orvana on gold or copper sales were to decrease significantly and remain at such a level for any substantial period, Orvana's profitability and cash flow would be adversely affected. An increase in worldwide demand for other critical resources such as input commodities, drilling equipment, tires and skilled labor may cause unanticipated cost increases and delays in delivery times, thereby impacting the Company's operating costs, capital expenditures and production schedules.

Prices of metals and other commodities can and do change significantly over short periods of time and are affected by numerous factors beyond the control of the Company, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production arising from improved methods and new discoveries. There can be no assurance that prices at which the Company can sell the mineral products it produces will be sufficient to ensure that the Company's properties can be mined profitably. A sustained or significant decline in the price of gold, copper or silver would have adverse effects on the profitability of the Company and would negatively impact cash flows. Following closure of the derivative instruments which were a requirement of the EVBC Loan in the fourth quarter of fiscal 2014, the Company's gold and copper sales are no longer hedged.

*Currency Risk*

Currency fluctuations may affect the costs Orvana incurs at its operations and may affect Orvana's operating results and cash flows. Orvana's functional currency is the US dollar. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Orvana earns its revenue in US dollars. In respect of EVBC, Orvana incurs most of its operating costs and capital expenditures in Euros, the value of which has varied against the US dollar since EVBC commenced operations in 2011. Appreciation of certain non-US dollar currencies such as the Euro against the US dollar would increase the costs of production, making Orvana's mines less profitable.

In connection with the EVBC Loan, Orvana entered into currency hedging contracts which were closed in July of 2014 as part of the amendment to the EVBC Loan. Until the repayment in full of the EVBC Loan in November 2014, Orvana was unable to enter into any other hedging contracts which may mitigate the impact on operating costs of the appreciation of certain non-US dollar currencies against the US dollar. See "Risk Factors – Use of Derivatives" below.

*Use of Derivatives*

In connection with the EVBC Loan, Orvana had to enter into certain derivative instruments to manage the risks associated with gold and copper price volatility and foreign currency exchange rates. All of Orvana's outstanding derivative instruments were closed in July of 2014 as part of the amendment to the EVBC

Loan. Until the repayment in full of the EVBC Loan in November 2014, Orvana was unable to enter into any other hedging contracts.

In the future, Orvana may undertake certain hedging activities and use certain derivative products to manage the risks associated with gold or copper price volatility, changes in other commodity input prices, interest rates, foreign currency exchange rates and energy prices. The use of derivative instruments involves certain inherent risks including: (i) credit risk - the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with Orvana or adversely affect the financial and other terms the counterparty is able to offer to Orvana; (ii) market liquidity risk – the risk that Orvana has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position; and (iii) unrealized mark-to-market risk – the risk that, in respect of certain derivative products, an adverse change in market prices for commodities, currencies or interest rates will result in Orvana incurring an unrealized mark-to-market loss in respect of such derivative products. There can be no assurance that Orvana will undertake any hedging activities or, if hedging activities are undertaken, that Orvana will continue such hedging activities.

*Credit Risk*

The Company's credit risk is primarily attributable to gold-copper concentrate and gold doré sales, value-added tax receivables and a subsidy receivable from the Spanish government in connection with the completed development of EVBC. The Company has a concentration of credit risk with four customers to which gold-copper concentrate and gold doré are sold under agreements and who provide provisional payments to the Company upon each product shipment. These institutions are international and most are large. Value-added taxes receivables are collectable from the Bolivian and Spanish governments. The government subsidy receivable is collectable by the Company over a three year period from the Spanish government. The balance outstanding to the Company is approximately $2.9 million.

*Liquidity and Financing*

Liquidity risk represents the risk that the Company will not be able to meet its financial obligations as they fall due. Financing risk represents the risk that, if unanticipated events occur that may impact the operations of EVBC and the Don Mario Mine and/or if the Company does not have adequate access to financing on terms acceptable to the Company, the Company may not have adequate resources to maintain its operations or advance its projects as currently anticipated. Cash flows forecasting is performed in the operating entities of the Company and aggregated at Orvana. Management monitors these rolling forecasts to ensure the Company has sufficient cash to meet its financial obligations and operational needs at all times.

During fiscal 2014, the Company repaid its outstanding EVBC Loan in full and its outstanding Fabulosa Loan in full from, among other things, operating cash flows, proceeds from the sale of the Copperwood Project and the closure of Orvana's outstanding derivative instruments. Accordingly, as at the date of this AIF, Orvana's outstanding cash balances exceed its remaining short term debt. During fiscal 2014, the Company maintained bank loans with certain Bolivian banks totaling approximately $10 million. In the event that certain of EMIPA's loans in respect of the Don Mario Mine are not renewed, cash flows from operating activities from the Don Mario Mine will be used to repay such loans and for working capital purposes and less cash flows therefrom will be available for distribution to Orvana. In addition, Orvana may assume additional debt in future periods or reduce its holdings of cash and cash equivalents in connection with funding future acquisitions, existing operations, capital expenditures, dividends or in pursuing other business opportunities.

If unanticipated events occur that adversely impact the operations of EVBC and the Don Mario Mine and/or if the Company does not have adequate access to financing on terms acceptable to the Company, the Company may not have adequate resources to maintain its operations or advance its projects as currently anticipated. In such circumstances, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing, strategically disposing of assets or pursuing joint-venture partnerships, equipment financings or other receivables financing arrangements. The Company may experience difficulty in obtaining satisfactory financing terms or adequate project financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on Orvana's results of operations or financial condition.

*Internal Control Environment*

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to a company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Orvana has invested resources to document and analyze its system of disclosure controls and its internal control over financial reporting. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

*Global Economic Issues*

Global financial and economic conditions have been characterized by extreme volatility in recent years, including commodity-price fluctuations and the cost of debt and equity securities. Access to public and private debt and equity financing has been negatively impacted during this time. If such conditions persist or worsen, they could negatively impact the ability of the Company to obtain debt or equity financing in the future and, if obtained, on terms favourable to the Company. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Changes in global economic conditions may also lead to significant changes in commodity prices. If these conditions and volatility persist or worsen, the Company's business, results of operations and financial condition could be adversely impacted and the value and price of the Company's common shares could be adversely affected.

**Operational, Strategic and Regulatory Risks**

*Mineral Resources and Reserves Estimates and Replacement of Depleted Reserves*

Mineral resources and reserves provided by the Company are estimates and no assurances can be given that such estimated mineral resources and reserves are accurate or that the indicated level of minerals will be mined, milled or otherwise produced. Such estimates are, in part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Market price fluctuations of gold, copper and silver, as well as increased production, capital costs or reduced recovery rates, may result in Orvana's mineral resources and reserves becoming unprofitable to develop for periods of time or may render mineral reserves containing relatively lower grade mineralization uneconomic.

In addition, short term operating factors relating to the mineral reserves such as the need for the orderly development of orebodies, the processing of new or different ore grades, the technical complexity of ore bodies, unusual or unexpected ore body formations, ore dilution or varying metallurgical and other ore characteristics may cause mineral reserves to be reduced or Orvana to be unprofitable in any particular accounting period. Estimated mineral resources and reserves may have to be recalculated based on actual production experience and the prevailing prices of the metals produced. Failure to obtain or maintain necessary permits or government approvals or changes to applicable laws or regulations could also cause Orvana to reduce its mineral reserves estimates. Any of these factors may require Orvana to reduce its mineral reserves and resources, which could have a negative impact on Orvana's financial results. Orvana's current life-of-mine plans are based on the mineral reserves estimates set out in this AIF. Changes in factors such as those noted above may result in changes in mine plans which could cause a reduction in mineral reserves.

Orvana's mineral reserves must be replaced to maintain production levels over the long term. Reserves can be replaced by expanding known orebodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. Exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful.

Depletion of reserves may not be offset by discoveries or acquisitions and divestitures of assets could lead to a lower reserve base. Reserves calculated in accordance with NI 43-101 may also decrease due to economic factors such as the use of a lower metal price assumption. The mineral base of Orvana will decline if reserves are mined without adequate replacement and Orvana may not be able to sustain production to or beyond the currently contemplated mine lives, based on current production rates.

*Production Estimates*

No assurance can be given that production estimates will be achieved. The Company's actual production volumes and production costs may vary from estimates for a variety of reasons including: attributes of the material mined varying from those used in estimations of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to mineral resources, such as the need for orderly development of ore bodies or the processing of new or different grades; the inability to replicate small-scale laboratory tests under production scale conditions; fluctuations in the sales price of products or the availability of suppliers; risks and hazards associated with mining; inclement weather conditions; natural disasters, including floods, drought and earthquakes; unexpected labour shortages or disruptions; unanticipated technical issues or shutdowns; technical complexity in connection with mining or expansion activities; unusual or unexpected geological formations; shortages or interruptions in the supply of, and the price of, natural gas, water, fuel and other mining inputs, including critical parts or equipment; sequencing or processing challenges resulting in lower than expected recovery rates; and permitting regulations and requirements.

*Development, Capital Projects and Operation of Mines*

Mine development and operations involve considerable risks including technical, financial, legal and permitting. Substantial expenditures are usually required to establish mineral reserves and resources estimates, to evaluate metallurgical processes and to construct and commission mining and processing facilities at a particular site. Currently, the Company's revenue stream depends on production from EVBC and the Don Mario Mine. These projects do not have extensive operating histories upon which to base estimates of future cash flow. The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase and the ramp-up period following commencement of commercial production, resulting in delays and requiring more capital than anticipated. Actual costs and economic returns may differ materially from the Company's estimates. Risks associated with the operation of mines include: unusual or unexpected geological formations; unstable ground conditions that could result in cave-ins or landslides; floods; power outages; shortages, restrictions or interruptions in supply of natural gas, cyanide, sulphur, iron sponge, lime, water or fuel; labour disruptions; social unrest in adjacent areas; equipment failure; fires; explosions; failure of tailings impoundment facilities; and the inability to obtain suitable or adequate machinery, equipment or labour. Any of these risks could have a material adverse effect on the Company's results of operations or financial condition.

*Competition*

The Company faces considerable competition in acquiring promising mineral claims, mineral leases, exploration properties or other mining assets, access to water, power and other required infrastructure, engaging joint venture partners and obtaining funding support. As a result of this competition, some of which is against companies with substantial capabilities and greater financial and technical resources than Orvana, the Company's costs of such acquisitions may increase or Orvana may be unable to acquire mineral properties, engage joint venture partners or obtain funding on terms it considers acceptable. Orvana also competes with other mining companies to attract and retain key executives and employees. There can be no assurance that Orvana may be able to compete successfully with its competitors in acquiring properties, assets or access to infrastructure or in attracting and retaining skilled and experienced employees.

*Acquisitions and Divestitures*

From time to time, Orvana examines opportunities to acquire additional mining assets and businesses or divest business units. Any acquisition or divestiture that Orvana may choose to complete may be of significant size, may change the scale of Orvana's business and operations, and may expose Orvana to new or greater geographic, political, operating, financial, legal and geological risks. Orvana's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of Orvana. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after Orvana completes an acquisition or divestiture and established a purchase price or exchange ratio; a material orebody may prove to be below expectations; Orvana may have difficulty integrating and assimilating the operations and personnel of acquired companies, realizing synergies and maximizing the financial and strategic position of the combined enterprise and maintaining uniform standards, policies and controls across the organization; the integration or divestiture may disrupt Orvana's ongoing business and its relationships with employees, customers, suppliers and contractors; and an acquired business or assets may have unknown liabilities which may be significant.

In the event that Orvana chooses to raise debt capital to finance any such acquisition, Orvana's leverage will be increased. If Orvana chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. In addition, recently many companies in the mining industry have seen significant downward pressure on their equity values after announcing significant acquisitions. There is a risk that if Orvana were to announce a significant acquisition, the value of the Common Shares could decrease over the short, medium and/or long term. There can be no assurance that Orvana would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

*Title Matters*

The Company's interests in mineral tenures grant it rights to the minerals discovered in the course of exploration. Obtaining and maintaining property and mineral rights is subject to ongoing compliance with the laws and regulations promulgated with respect to such rights by Orvana. While the Company believes that its title to each of its properties, mineral claims and concessions is in good standing, the Company's title to any of such properties, claims and concessions can be uncertain, may be contested and is not guaranteed. The Company's title to any of it properties, mineral claims and concessions may be challenged or impugned and properties, claims and concessions may be subject to prior unregistered agreements or transfers, or local land claims, and title may be affected by undetected defects.

*Water Supply*

The amount of ore processed at the Don Mario Mine is dependent on the volume of water available in nearby reservoirs, which depends on the amount and timing of seasonal rainfall. If a sufficient amount of water is not accumulated and maintained, the Don Mario Mine may not be able to operate at full capacity or may be able to do so only on an intermittent basis. EVBC is a no-discharge facility as process water is discharged into the tailings impoundment and sent back to the plant. If there is a water deficit in this closed system, the Company can use mine water to make up that deficit.

*Regulatory and Other Risks*

The Company is operating EVBC in Spain and the Don Mario Mine in Bolivia. As a result, the Company is subject to the laws and governmental regulations in those countries as well as those in Canada and in any other country in which it may develop operations. Changes to such laws or governmental regulations could have a material adverse effect on the Company's ability to obtain and maintain compliance with permits and licenses necessary to operate which could have a material adverse effect on Orvana's results of operations, liquidity or financial condition. Such changes could include changes in respect of: income taxes or royalties; environmental matters; license and permit requirements; human rights matters; repatriation of profits; export controls; restrictions on production; expropriation or nationalization of property; limitations on foreign ownership; and changes in governments or other intervention of governments or other political or economic developments in the jurisdictions in which Orvana carries or may carry on business in the future.

The applicable anti-corruption and anti-bribery laws generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantage. Orvana's policies mandate compliance with such laws, which can give rise to substantial penalties or other consequences. Orvana operates in jurisdictions that have experienced governmental and private sector corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. There can be no assurance that Orvana's internal control policies and procedures always will protect it from reckless or other inappropriate acts committed by the Company's affiliates, employees or agents. Violations of these laws, or allegations of such violations, could result in regulatory breaches, fines, temporary shut-down or suspension of operations, litigation or other administrative proceedings which could have a material adverse effect on Orvana's business, financial position and results of operations.

*Permits*

Orvana's mining and processing operations and development and exploration activities are subject to extensive permitting requirements. Failure to obtain required permits and/or to maintain compliance with permits once obtained could result in injunctions, fines, suspension or revocation of permits and other penalties. While Orvana strives to obtain and comply with all of its required permits, there can be no assurance that Orvana will obtain all such permits and/or achieve or maintain full compliance with such permits at all times. Activities required to obtain and/or achieve or maintain full compliance with such permits can be costly and involve extended timelines. Failure to obtain and/or comply with required permits can have serious consequences, including damage to Orvana's reputation; stopping Orvana from proceeding with the development of a project; negatively impacting the operation or further development of a mine; increasing the costs of development or production and litigation or regulatory action against Orvana and may materially adversely affect Orvana's business, results of operations or financial condition.

Orvana's ability to successfully obtain and maintain key permits and approvals will be impacted by its ability to develop, operate and close mines in a manner that is consistent with the creation of social and economic benefits in the surrounding communities and may be adversely impacted by real or perceived detrimental events associated with Orvana's activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities.

*Environmental, Health and Safety Regulations*

Orvana's mining and processing operations and development and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development, water management and protection of endangered and other special status species. Failure to comply with applicable environmental and health and safety laws and regulations could result in injunctions, fines, suspension or revocation of permits and other penalties. To date, although certain parameters have not always been in compliance at the Company's operations, evaluations have been provided to the respective regulatory authorities and remedial actions have or are being implemented. The Company is currently working through one such matter in Spain with a local regulatory authority in respect of which it has received and may receive certain monetary sanctions. The Company has been working to remediate this matter. The construction of a reverse osmosis water treatment plant was completed in the fourth quarter of fiscal 2014. In addition, the Company received certain amendments to certain of its permits as a result thereof and is appealing certain terms and conditions thereto.

Activities required to achieve full compliance can be costly and involve extended timelines. Future changes in applicable environmental and health and safety laws and regulations could substantially increase costs and burdens to achieve compliance. Failure to comply with such laws, regulations and permits can have serious consequences, including damage to Orvana's reputation; stopping Orvana from proceeding with the development of a project; negatively impacting the operation or further development of a mine; increasing the costs of development or production and litigation or regulatory action against Orvana and may materially adversely affect Orvana's business, results of operations or financial condition.

Orvana may also be held responsible for the costs of addressing contamination at the site of current or former activities or at third party sites. Orvana could also be held liable for exposure to hazardous substances. The costs associated with such responsibilities and liabilities may be significant. While Orvana has implemented health and safety initiatives at its sites to ensure the health and safety of its employees, contractors and members of the communities affected by its operations, there is no guarantee that such measures will eliminate the occurrence of accidents or other incidents which may result in personal injuries or damage to property, and in certain instances such occurrences could give rise to regulatory fines and/or civil liability.

In certain of the countries in which Orvana has operations, it is required to submit, for government approval, a reclamation plan for each of its mining sites that establishes Orvana's obligation to reclaim property after minerals have been mined from the site. In Spain, bonds or other forms of financial assurances are required security for these reclamation activities. Orvana may incur significant costs in connection with these reclamation activities, which may materially exceed the provisions Orvana has made for such reclamation. In addition, the unknown nature of possible future additional regulatory requirements and the potential for additional reclamation activities create further uncertainties related to future reclamation costs, which may have a material adverse effect on Orvana's financial condition, liquidity or results of operations. On June 27, 2011, as a condition of receiving an environmental permit on that date, the Government of the Principality of Asturias, required the Company to commit to post an additional reclamation bond in the amount of €5,000,000. To satisfy this requirement, the Company deposited €5,000,000 in September 2011 with a local bank in favour of the Spanish regulatory authorities. A further €5,000,000 may have to be deposited in favour of the Spanish regulatory authorities at a future date to satisfy additional reclamation bond commitments. The Company is currently challenging this in legal proceedings based on technical considerations and is appealing the requirement to deposit such additional amount with the Spanish government.

*Political and Related Risks*

Orvana's international assets and operations are subject to various political, economic and other uncertainties, including, among other things, (i) risks of political instability and changing political or economic conditions, (ii) labour and civil unrest, acts of war, terrorism, sabotage, civil disturbances or loss due to theft, (iii) expropriation, nationalization, renegotiation, cancellation or forced modification of existing concessions, licenses, permits, approvals, contracts or property, (iv) adverse changes in laws or policies or increasing legal and regulatory requirements including those relating to taxation, royalties, imports, exports, duties, currency, repatriation restrictions, or other claims by government entities, including retroactive claims and/or changes in the administration of laws, policies and practices, (v) delays in obtaining or the inability to obtain or maintain necessary governmental permits or to operate in accordance with such permits or regulatory requirements, and (vi) restrictions on export of gold, copper or other minerals outside of the countries in which such minerals are mined, restrictions on foreign investment in or ownership of resources and other trade barriers or restrictions.

The Company also may be hindered or prevented from claiming against or enforcing its rights with respect to a government's action because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict political or social conditions or developments or changes in laws or policy or to what extent, if any, such conditions, developments or changes may have a material adverse effect on the Company's operations. Moreover, it is possible that deterioration in economic conditions or other factors could result in a change in government policies respecting the presently unrestricted repatriation of capital investments and earnings. These risks may limit or disrupt operating mines or projects, restrict the movement of funds, cause Orvana to have to expend more funds than previously expected or required, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may materially adversely affect Orvana's financial position or results of operations.

In Bolivia, recent and anticipated changes to mining laws and policies and mining taxes, and the composition of the Company's shareholder base, expected changes in governmental regulation or governmental actions may adversely affect the Company. The Bolivian constitution provides that the government shall grant mining rights by means of mining contracts in place of the previously established process of granting mining concessions. A process for the migration of mining concessions into mining contracts is expected under regulations yet to be issued. Accordingly, previously acquired rights under mining concessions such as those of the Company in respect of the Don Mario Mine will be respected but are subject to this migration process.

On May 28, 2014, Law 535 of Mining and Metallurgy (the “New Mining Law”) was promulgated. Pursuant to the New Mining Law, the Company must develop its mining activities to comply with the economic and social function, which means observing the sustainability of the mining activities, work creation, respecting the rights of its mining workers, and ensuring the payment of mining patents and the continuity of existing activities. The New Mining Law does not make any substantial changes to the current tax and royalty regimes in relation to mining activities.  The Company is required to start the proceeding pursuant to the New Mining Law within six months from the publication of the administrative regulation establishing the initial date for the filing of such requests. However, to this date, such administrative regulation has not yet been issued.

The potential effect on the Company’s future mining activities in Bolivia and the Company’s mineral concessions remains unclear and could but may not necessarily include the Company’s mineral concessions in respect of the Don Mario Mine being converted into a mining contract which could result in the Bolivian government acquiring an interest in the Company’s Don Mario Mine, increased government mining royalties, a requirement for products produced by the Company to be sold in Bolivia, and/or partial reversion to the Bolivian government of mining concessions where no mining activities are carried on currently by the Company. The Company has been carrying on mining activities at the Don Mario Mine and has certain other mining concessions in respect of which it has or it is planning to conduct certain exploration activities. In the past, the government of Bolivia has nationalized the assets of certain companies in various industries.

In November 2013, the President of Bolivia decreed that an extra month’s wages should be paid as a special bonus to all salaried workers in Bolivia including in the private sector in respect of the month of December, for a total of three months wages.

*Insurance*

Orvana is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, labor force disruptions, civil strife, unavailability of materials, equipment, weather conditions, pit wall failures, rock bursts, cave-ins, flooding, seismic activity, water conditions, theft, terrorism, intrusion and sabotage, most of which are beyond Orvana's control. These risks and hazards could result in: damage to, or destruction of, mineral properties or producing facilities; personal injury or death; environmental damage; delays in mining; and monetary losses and possible legal liability.

The Company has comprehensive insurance coverage in support of its risk management program to cover some of these risks and hazards. The insurance is maintained in amounts that are believed to be reasonable depending on the circumstances surrounding each identified risk. There is no assurance that all circumstances of loss which may occur will be covered under the Company’s insurance program or that, in the event of a claim, the amount of the Company’s insurance coverage, if any, will be adequate to cover the full amount of the claim.

The Company has filed a claim with its insurers in connection with the hoist incident which occurred at EVBC in June 2013. The cost of the basic recovery of the hoist system is approximately $3.5 million. The Company has received confirmation of coverage from one of the two insurers in respect of which coverage is recoverable and is working on coverage determination by the second insurer. There can be no assurances that such costs will be recovered in full or at all.

*Reliance on Key Personnel and Labour Relations*

The Company’s operations are dependent on the abilities, experience and efforts of key personnel. If any of these individuals were to be unable or unwilling to continue to provide their services to the Company, there may be a material adverse effect on the Company’s operations. The Company’s success is dependent upon its ability to attract and retain qualified employees and personnel to meet its needs from time to time. The Company may be negatively impacted by the availability and potential increased costs that may be associated with experienced key personnel and general labour.

Orvana's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relations with its employees and minimizing employee turnover. Work stoppages or other industrial relations events at either of Orvana's operations could lead to delayed revenues, increased costs and delayed operation cash flows. As a result, prolonged labor disruptions at either of Orvana's operations could have a material adverse impact on its operations as a whole.

*Community Relations and License to Operate*

The Company's relationship with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("NGOs"), some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or Orvana's operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While Orvana is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk. Orvana has implemented community relations initiatives to anticipate and manage social issues that may arise at its operations.

*Litigation*

Orvana is currently subject to certain litigation and may be involved in disputes with other parties in the future which may result in litigation. The results of litigation cannot be predicted with certainty. The costs of defending or settling such litigation can be significant. If Orvana is unable to resolve these disputes favourably, it may have a material adverse impact on Orvana's financial performance, cash flow and results of operations. See "Legal Proceedings".

*Conflicts of Interest*

Directors of the Company are or may become directors or officers of other mineral resource companies or have significant shareholdings in such other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Company's directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.

*Controlling Shareholder*

As at the date of this AIF, Fabulosa owned approximately 51.9% of the outstanding Common Shares. In addition, as described above under the heading "Development of the Business - Three Year History - Transactions with Fabulosa Mines Limited - Related Party Transactions", Fabulosa has certain contractual rights entitling it to nominate directors of the Company. Consequently, Fabulosa currently has the ability to control the election of the Company's board of directors and may be able to cause the Company to undertake corporate transactions without the consent of the Company's other shareholders, including causing or preventing a change of control of the Company. The liquidity of the Common Shares may be adversely affected as only 48.1% of the Common Shares are being freely traded. This, together with Fabulosa's ability to influence the Company, may have a negative impact on the trading price of the Common Shares.

*Share Trading Volatility*

The securities of many mineral exploration and development companies, particularly those considered development stage companies, including Orvana's Common Shares, have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or the prospects of such companies but may be related to global financial and economic conditions, commodities price fluctuations and market liquidity. There can be no assurance that continued fluctuations in the price of Orvana's Common Shares will not occur.

## DIVIDENDS

The Company has not declared any dividends to date. The payment of any future dividends by the Company will be considered by the board of directors having regard to the Company's earnings, financial requirements and other conditions at a future time.

## DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Common Shares. As at September 30, 2014, there were 136,623,171 Common Shares outstanding. Based on information provided to the Company by Fabulosa, as at the date of this AIF, Fabulosa held (i) 70,915,027 Common Shares, representing 51.9% of the currently outstanding Common Shares and (ii) 1,795,000 Warrants, of which 450,000 were exercisable, representing 52.2% of the Common Shares on a fully diluted basis (together with Common Share holdings).

As described above under the heading "Development of the Business - Three Year History - Transactions with Fabulosa Mines Limited - Related Party Transactions", Fabulosa has a pre-emptive right with respect to the issuance of additional Common Shares or securities convertible into Common Shares to other persons, entitling Fabulosa to acquire Common Shares or convertible securities on the same terms and conditions as those so issued by the Company, subject to applicable requirements of the Toronto Stock Exchange.

Orvana has adopted a Stock Option Plan (the "Option Plan"), a Restricted Share Unit Plan for designated executives (the "RSU Plan"), a Deferred Share Unit Plan for directors (the "DSU Plan") and a Stock Appreciation Plan for designated executives (the "SAR Plan"). Information relating to the Option Plan, the RSU Plan, the DSU Plan and the SAR Plan and securities outstanding thereunder is set out in Orvana's most recent management information circular filed at www.sedar.com.

## MARKET FOR SECURITIES

The Common Shares are listed and traded on the Toronto Stock Exchange under the symbol "ORV". The following table provides the historical monthly trading price ranges and volumes for the Common Shares during the fiscal year ended September 30, 2014:

| Trade Date | Symbol | High Price | Low Price | Trade Volume |
|---|---|---|---|---|
| September 2014 | ORV | 0.43 | 0.31 | 1,702,000 |
| August 2014 | ORV | 0.53 | 0.35 | 4,468,300 |
| July 2014 | ORV | 0.57 | 0.49 | 1,146,900 |
| June 2014 | ORV | 0.57 | 0.45 | 662,100 |
| May 2014 | ORV | 0.67 | 0.46 | 1,014,900 |
| April 2014 | ORV | 0.72 | 0.59 | 1,664,700 |
| March 2014 | ORV | 0.75 | 0.59 | 1,314,600 |
| February 2014 | ORV | 0.77 | 0.64 | 1,687,300 |
| January 2014 | ORV | 0.71 | 0.53 | 2,251,700 |
| December 2013 | ORV | 0.59 | 0.37 | 4,359,600 |
| November 2013 | ORV | 0.45 | 0.39 | 770,400 |
| October 2013 | ORV | 0.46 | 0.41 | 1,956,600 |

## DIRECTORS AND OFFICERS

The names and provinces/states of residence of the directors and officers of the Company as at the date of this AIF, the positions and offices held by them with the Company, and their principal occupations for the past five years are set forth in the following table.

| Name and Province or State and Country of Residence (1) | Position with the Company (1) | Principal Occupation For Past Five Years |
|---|---|---|
| Bogden, Gordon (3) (4)<br>Ontario, Canada | Director since February 2014 | President and Chief Executive Officer of Alloycorp Mining Inc. (current)<br>Director of Royal Gold Inc. (current)<br>Vice Chairman, Mining and Metals at Standard Chartered Bank<br>Co-founder, President and Managing Partner at Gryphon Partners<br>Vice Chairman and Head of the Mining Group, Corporate and Investment Banking at National Bank Financial Inc. |
| Guimaraes, Edmundo, C.A. (2) (4)<br>Ontario, Canada | Director since February 2013 | Chief Financial Officer of Sierra Metals Inc. (current)<br>Director of Aldridge Minerals Inc. and Aquila Resources Inc. (current)<br>Independent business consultant<br>Executive Vice-President, Finance and Chief Financial Officer of Aur Resources Inc. |
| McMullen, Jacques (3) (5)<br>Ontario, Canada | Director since February 2014 | Principal, Mines and Metals, Partner and non-executive director of BBA, a private Canadian engineering services company (current)<br>Advisory board member of Minera S.A. (current)<br>Director of Fire River Gold Corp., IGE Resources AB and Highland Gold Mining Ltd.<br>Senior Vice President, Technical Services and Projects, Barrick Gold Corporation |
| Mitchell, Robert A., C.A.(2) (4)<br>Ontario, Canada | Chairman of the board and director since April 2007 and from December 2003 to June 2006 | Director of Home Capital Group Inc. and Aurvista Gold Corporation (current) |
| Pridham, Gordon<br>Ontario, Canada | Director since November 2014 | Director and Chair of the board of CHC Realty Capital Corp. and Titanium Corporation (current)<br>Principal of Edgewater Capital (current)<br>Advisory board member of Minera S.A. (current)<br>Director of Newalta Corporation, Roxgold Inc. and Scorpio Mining Corporation (current)<br>Advisory board member of Enertech Capital (current) |
| Walsh, Audra (3) (5)<br>Virginia, U.S.A. | Director since October 2012 | President and Chief Executive Officer of Sierra Metals Inc. (current)<br>President and Chief Executive Officer of Minera S.A.<br>President and Chief Executive Officer of A2Z Mining, Inc.<br>Senior Manager at Barrick Gold Corporation |
| Wilson, C. John (2) (5)<br>Maryland, U.S.A. | Director since March 2012 | Independent project finance and economic development consultant (current)<br>Advisory board member of Minera S.A. (current)<br>Chief Credit Officer, Credit Review Department, International Finance Corporation |
| Winship, Michael (5)<br>Ontario, Canada | Director since February 2013 and President and Chief Executive Officer since April 2013 | Director of Rubicon Minerals Corporation (current)<br>Chief Operating Officer of Quadra FNX Mining Ltd.<br>President of HudBay Minerals Inc.<br>Chief Operating Officer of PT International Nickel (now PT Vale) |
| Dimitrov, Daniella<br>Ontario, Canada | Chief Financial Officer since June 2012 | Director of Alloycorp Mining Inc. and Aldridge Minerals Inc. (current)<br>Director of Orvana from March 2012 to June 2012 |

| Name and Province or State and Country of Residence (1) | Position with the Company (1) | Principal Occupation For Past Five Years |
|---|---|---|
| | | Executive Vice Chair and Director of Baffinland Iron Mines Inc.<br>President DDimitrov Advisory Corp. |
| Ringdahl, Neil<br>Asturias, Spain | Chief Operating Officer since June 2014 | Chief Executive Officer of Apogee Silver Ltd.<br>Country Manager of Ancash Mining Ltd.<br>Senior positions with Volcan Companía Minera, Golden Star Resources and Anglo Platinum |
| Marino, Christine<br>Ontario, Canada | Vice President, Finance since January 2013 | Senior Manager, PricewaterhouseCoppers LLP (“PwC”)<br>Manager, PwC |
| Chan, Jeffrey<br>Ontario, Canada | Corporate Controller since August 2013 | Financial Controller, Ryan Gold Corp. & Corona Gold Corporation<br>Senior Financial Analyst, Inmet Mining Corporation<br>Senior Associate, PwC |
| Ciglic, Joan<br>Ontario, Canada | Corporate Secretary since May 2006 | Corporate Secretary of the Company since May 2006 |

(1) The term of office of each director expires at the close of the next annual meeting of shareholders of the Company. An officer of the Company serves until such officer resigns or his or her replacement is appointed.
(2) Member of the Audit Committee.
(3) Member of the Compensation and Nominating Committee.
(4) Member of the Corporate Governance Committee.
(5) Member of the Technical, Safety, Health, Environment and Sustainability Committee.

As at the date of this AIF, to the knowledge of the Company, the directors and officers of the Company beneficially owned, or exercised control or direction over, directly or indirectly, approximately 1.4% of the outstanding Common Shares or securities exercisable into Common Shares.

## LEGAL PROCEEDINGS

EMIPA, the Company’s Bolivian subsidiary, is subject to a labour claim filed in Bolivia by 31 former employees for the payment of certain employment related amounts, including vacation and overtime, for the period of 2007 to 2013. EMIPA is vigorously challenging the claim on the basis that such claimed amounts have already been paid and, accordingly, the claim has no legal grounds. Subsequent to year end, EMIPA had to provide a 100% cash-backed guarantee in the amount of $2.4 million as security for the claim. The Company may be involved in other legal proceedings from time to time, arising in the ordinary course of its business. The amount of ultimate liability with respect to these actions will not, in the opinion of management, materially affect the Company’s financial position, results of operations or cash flows. The Company does not believe that the outcome of any of the matters not recorded in its financial statements, individually or in aggregate, would have a material adverse effect.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During fiscal 2014, 2013 and 2012, the Company entered into certain transactions with Fabulosa, a 51.9% shareholder of Orvana. For a description of these transactions, see “Development of the Business - Three Year History - Transactions with Fabulosa Mines Limited - Related Party Transactions”.

## TRANSFER AGENT AND REGISTRAR

As at the date of this AIF, the Company’s transfer agent and registrar is TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1. As at January 12, 2015, subject to regulatory approval, the Company’s transfer agent and registrar will be CST Trust Company, 3rd Floor, 320 Bay Street, Toronto, Ontario, M5H 4A6.

## MATERIAL CONTRACTS

Other than contracts related to the sale of the Copperwood Project described in "Development of the Business - Copperwood Project" in this AIF, Orvana has not entered into any material contracts during fiscal 2014.

## AUDIT COMMITTEE DISCLOSURE

### The Audit Committee's Charter

The Charter of the Audit Committee of the Company is included in this AIF as Appendix A.

### Composition of the Audit Committee

The Audit Committee members are Edmundo Guimaraes (Chair), Robert Mitchell and C. John Wilson, each of whom is "independent" and "financially literate", as such terms are defined in Multilateral Instrument 52-110 - Audit Committees of the Canadian Securities Administrators ("MI 52-110").

Mr. Edmundo Guimaraes is a Chartered Professional Accountant, Chartered Accountant and holds a Bachelor of Arts in Administrative and Commercial Studies. He is the Chair of the Audit Committee, the Chief Financial Officer of Sierra Metals Inc. and has been an independent business consultant since 2008. Prior to that, Mr. Guimaraes was Executive Vice President, Finance and Chief Financial Officer of Aur Resources Inc. Mr. Guimaraes is a director and member of audit committees of certain other Canadian public companies.

Mr. Robert Mitchell is a Chartered Professional Accountant, Chartered Accountant and holds a Bachelor of Commerce degree. He is a director of two other public companies. He was a partner with Ernst & Young LLP for 27 years and has extensive experience in the investment and securities industries.

Mr. C. John Wilson holds a Bachelor of Commerce degree and a Master of Economics degree. He is an independent project finance and economic development consultant. Mr. Wilson was previously a Chief Credit Officer of the Credit Review Department of the International Finance Corporation, a member of the World Bank Group.

### Pre-approval Policies and Procedures

The charter of the Audit Committee requires prior approval by the Audit Committee of non-audit services to be provided by the Company's auditors or, if the Audit Committee determines it to be appropriate, prior approval by the Chair of the Audit Committee. In the latter case, any pre-approval must be presented to the full Audit Committee at its next scheduled meeting.

### External Auditor Service Fees

The following table sets forth the fees incurred by Orvana during fiscal 2014 and fiscal 2013 in respect of the services set out below provided by PwC, the Company's external auditors:

| Year ended September 30, (US$'000) | 2014 | 2013 |
|---|---|---|
| Audit fees (1) | $407 | $459 |
| Audit-related fees (2) | $69 | $59 |
| Tax fees (3) | $35 | $5 |
| All other fees (4) | $- | $16 |
| **Total fees** | **$511** | **$539** |

(1) "Audit fees" include the aggregate professional fees billed by PwC for the audit of the annual consolidated financial statements of the Company. Audit fees for 2014 include audit fees incurred with respect to the fiscal 2014 audit but billed during fiscal 2015 and audit fees for 2013 include audit fees incurred with respect to the 2013 fiscal audit but billed during fiscal 2014.

(2) "Audit-related fees" include the fees billed by PwC for assurance and related services that are reasonably related to the performance of the audit and are not included in "Audit fees" including guidance in meeting the requirements of Multilateral Instrument 52-109.

(3) "Tax fees" include the aggregate fees billed by PwC for tax compliance, tax advice, tax planning and advisory services relating to the preparation of corporate income tax and capital tax returns.

(4) "All other fees" include the aggregate fees billed by PwC for all other products and services other than those presented in the categories of audit

## INTERESTS OF EXPERTS

PwC is Orvana's external auditor and prepared the "Auditors' Report to the Shareholders of Orvana Minerals Corp.", dated December 9, 2014 in respect of the Company's audited consolidated financial statements as at and for the fiscal year ended September 30, 2014. PwC has informed Orvana that it is independent with respect to Orvana within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Each of the following individuals is a "qualified person" for the purposes of NI 43-101: Jason J. Cox, Jeff Sepp, Sean D. Horan and Brenna J.Y. Scholey of RPA (such individuals being the authors of the EVBC 43-101 Report and having approved of the scientific and technical information relating to EVBC disclosed in this AIF) and Gino Zandonai (such individual being the author of the Don Mario 43-101 Report and having approved of the scientific and technical information relating to the Don Mario Mine disclosed in this AIF). To the knowledge of Orvana, as of the date hereof, none of such individuals beneficially own, directly or indirectly, any outstanding securities of Orvana.

## ADDITIONAL INFORMATION

Additional information with respect to Orvana, including directors' and officers' remuneration and indebtedness, principal holders of Orvana's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in Orvana's management information circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in Orvana's audited consolidated financial statements and management's discussion and analysis for fiscal 2014, the Company's most recently completed financial year. This information and additional information relating to Orvana are available on SEDAR at www.sedar.com and on Orvana's website at www.orvana.com.

## APPENDIX A

## ORVANA MINERALS CORP. - ANNUAL INFORMATION FORM

## Charter of the Audit Committee

### A. Purpose

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Orvana Minerals Corp. (the "Corporation") is appointed by the Board to assist the Corporation and the Board in fulfilling their respective obligations relating to the integrity of the internal financial controls and financial reporting of the Corporation.

### B. Membership

The Committee shall consist of such number of members (at least three) as are appointed from time to time by the Board. Unless otherwise determined by the Board and permitted by Multilateral Instrument 52-110 - *Audit Committees* ("MI 52-110"), the Committee shall be composed solely of directors who have no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with the exercise of such director's independent judgement, and are otherwise independent as determined in accordance with MI 52-110.

Unless otherwise determined by the Board and permitted by MI 52-110, all members of the Committee shall be financially literate, meaning they shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues generally comparable to the issues that can reasonably be expected to be raised by the Corporation's financial statements.

The Board shall appoint the Chair of the Committee. The Board may, by resolution, at any time remove any member of the Committee, with or without cause, or add to or otherwise change the membership of the Committee. Committee membership shall not, however, be reduced to less than three or vary from the qualification requirements specified above. A member of the Committee shall cease to be a member upon ceasing to be a director of the Corporation.

### C. Duties and Responsibilities

The Committee shall have all the powers and duties conferred on it by the laws governing the Corporation and such other powers and duties as may be conferred on it from time to time by resolution of the Board. In addition to the foregoing powers and duties, the Committee shall have the following duties and responsibilities:

1. To review, prior to approval thereof by the Board and public disclosure thereof, all financial statements of the Corporation, whether annual or periodic, and the external auditor's report, if any, thereon and any annual or interim MD&A (a) prepared for submission to a meeting of the directors of the Corporation, (b) which may be required by applicable law to be reviewed by the Committee or (c) which the Board may by resolution determine shall be so reviewed, and to report to the Board:

   (i) if the same have been prepared in accordance with the laws to which the Corporation is subject and the policies from time to time adopted by the Board;

   (ii) any significant changes in the form or content of such statements from the corresponding statements most recently approved by the Board and the reason(s) therefore, together with any intervening developments in relevant accounting principles, policies and practices which have been taken into account in preparing such financial statements or which, in the opinion of the Committee or the external auditor of the Corporation, might have been taken into account for that purpose; and

(iii) relating to the report of the external auditor as to form and content of such statements and as to the level of co-operation of management received by the external auditor in the conduct of the audit.

2. To review all annual or periodic financial results press releases of the Corporation prior to public disclosure by the Corporation.

3. To satisfy itself that adequate procedures are in place for the review of public disclosure of any financial information of the Corporation including the information listed in (1) and (2) above and to periodically assess such procedures.

4. To review all financial statements of the Corporation, whether annual or periodic, appearing in a prospectus.

5. To review estimates and judgments that are material to reported financial information, and consider the quality and acceptability of the Corporation's accounting policies and procedures and the clarity of disclosure in financial statements.

6. To review such investments and transactions that could adversely affect the well-being of the Corporation as the external auditor or any officers of the Corporation may bring to the attention of the Committee.

7. To receive reports on the periodic findings of any regulatory authority and management's response and observations thereon.

8. To meet with the external auditor to discuss the quarterly and annual statements and the transactions referred to in this Charter.

9. To review the audit plan, including such factors as the integration of the external auditor's plan for procedures performed in Canada and elsewhere and whether the nature and scope of the planned audit procedures can be expected to detect material weaknesses in internal controls and determine if financial statements present fairly and accurately the Corporation's financial position in accordance with generally accepted accounting principles.

10. To identify the risks inherent in the business of the Corporation and to review and approve management's risk philosophy and risk management policies necessary to address as much as reasonably possible those identified risks.

11. To satisfy itself that management has taken appropriate actions to ensure the effective management of such risks and to review periodic reports received from management in order to perform its oversight role.

12. To review periodically, but at least annually, management reports demonstrating compliance with risk management policies and confirm annually that management has taken reasonable steps to ensure compliance with standards.

13. To review and recommend to the Board the appointment of an external auditor and the compensation of such external auditor.

14. To review and evaluate the performance of the external auditor, including how and under what circumstances external auditors are to be rotated or removed, such review to include, but not be limited to:

(i) a review of estimated and actual fees;

(ii) a review of the engagement letter of the external auditor and the scope and timing of the audit work;

(iii) pre-approval of all non-audit work to be performed by the external auditor and the fees to be paid therefor; and

(iv) at least annually, obtaining and reviewing a report by the external auditor describing (A) the internal quality-control procedures of the external auditor; and (B) any material issues raised by the most recent internal quality-control review, peer review, review by any independent oversight body such as the Canadian Public Accountability Board or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditor and the steps taken to deal with any issues raised in these reviews.

15. To ensure that the Corporation complies with the guidelines of the *Chartered Professional Accountants of Canada* relating to the hiring of current and former partners and employees of the external auditor.

16. To be directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.

17. To review with the external auditor the performance of management involved in the preparation of financial statements, any problems encountered by the external auditor, any restrictions on the external auditor's work, the co-operation received in performance of the audit and the audit findings, any significant recommendations made to management on internal controls and other financial and business matters and management's response to the recommendations.

18. To provide the external auditor with the opportunity to meet with the Committee without management present at least once per year for the purpose of discussing any issues.

19. If determined appropriate by the Committee, to delegate authority to pre-approve non-audit services of the external auditor to the chair of the Committee, which pre-approval must be presented to the full Committee at its next scheduled meeting.

20. To confirm the accountability of the external auditor to the Committee and the Board and to satisfy itself that the external auditor's independence in carrying out the audit function is not impaired by either management or the external auditor's own action or activities.

21. To require the management of the Corporation to implement and maintain appropriate internal control and data security procedures and oversee their implementation and operation.

22. To review periodic reports received from the internal auditor of the Corporation (the "Internal Auditor") with respect to the Corporation's system of disclosure controls and procedures and internal control over financial reporting, including annual plans as applicable, and to review any material matters arising from any known or suspected violation of the Code of Business Conduct and Ethics of the Corporation with respect to financial and accounting matters raised through the Company's whistleblower line or otherwise.

23. To review the competencies, skills, experience and areas of expertise of a potential candidate for the position of Chief Financial Officer of the Corporation.

24. To conduct any investigation considered appropriate by the Committee.

25. To review the competence and adequacy of the Corporation's staffing for the accounting, financial and internal audit functions.

26. To establish a satisfactory procedure for the receipt, retention and handling of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, which will include procedures for the confidential, anonymous submission of concerns by employees with regard to these matters.

27. To report and make recommendations to the Board arising from its responsibilities as the Committee considers appropriate.

To ensure that the Committee is able to discharge the foregoing duties and responsibilities, the Corporation shall require the external auditor and Internal Auditor to report periodically directly to the Committee.

**D. Review of Internal Audit Function**

The Committee shall review the mandate of the Internal Auditor, the annual budget and planned activities and organizational structure thereof to ensure that it is independent of management and has sufficient resources to carry out its mandate.

The Committee shall meet in camera with the Internal Auditor as frequently as the Committee determines is appropriate for the Committee to fulfil its responsibilities to discuss any areas of concern to the Committee or to the Internal Auditor to confirm that (i) significant resolved and any unresolved issues between the Internal Auditor and management have been brought to the attention of the Committee; (ii) the principal risks of the Company's businesses have been identified by management and appropriate policies and systems have been implemented to manage these risks; and (iii) the integrity of the Company's internal control and management information systems are satisfactory.

**E. Minutes**

Minutes shall be kept of all meetings of the Committee.

**F. Meetings**

Except as otherwise provided in this mandate, the rules and regulations relating to the calling and holding of and proceedings at meetings of the Committee shall be those, making allowance for the fact that it is a committee, that apply to meetings of the Board, subject to such modifications as may, from time to time, be determined by resolution of the Committee. Until otherwise determined by resolution of the Board:

1. The quorum for meetings of the Committee shall be two of its members.

2. Meetings of the Committee may be called by its Chair or Vice Chair, if any, or by any member of the Committee, or by the external auditor of the Corporation. The Committee may at any time request the attendance of any officer of the Corporation or any person at any meeting of the Committee. Any member of the Committee may request the external auditor of the Corporation to attend every meeting of the Committee held during the member's term of office.

3. The external auditor of the Corporation shall receive notice of every meeting of the Committee and may attend and be heard at any meeting.

4. Meetings of the Committee shall be held at such time and place as may be determined from time to time by the Committee or by the Chair or Vice Chair, if any, of the Committee (but in no event less than once quarterly), and notice thereof shall be given in the manner and with the length of notice provided in the resolution(s) of the Board relating to notices of meetings of directors.

## G. Reports to the Board

The Committee shall report to the Board as follows:

1. In the case of interim and annual statements and any returns that under applicable legislation must be approved by the Board, the Committee shall report thereon to the Board before approval is given.

2. All significant actions of the Committee shall be reported to the Board preferably at its next succeeding regular Board meeting or, if not possible, at the following meeting of the Board and shall be subject to revision or alteration by the Board.

3. The Committee may call a meeting of the Board to consider any matter of concern to the Committee.

## H. Access to Information

In its discharge of the foregoing duties and responsibilities, the Committee shall have the authority to communicate directly with the external auditor and shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the relevant accounting books, records and systems of the Corporation and shall discuss with the employees and auditors of the Corporation such books, records, systems and other matters considered appropriate.

## I. Independent Advisors

The Committee shall have the authority to engage such independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes and to set and cause to be paid by the Corporation the compensation of any such counsel or advisors.

## J. Board Review of Charter

The Board shall review the adequacy of the Committee's charter on at least an annual basis. In accordance with MI 52-110, the text of this Charter shall be included in the Corporation's Annual Information Form.

| | |
|---|---|
| Confirmed by the Audit Committee: | December 23, 2014 |
| Reconfirmed by the Board of Directors: | December 23, 2014 |

**APPENDIX B**

**ORVANA MINERALS CORP. - ANNUAL INFORMATION FORM**

**Principal Mineral Projects**

Terms not otherwise defined herein are defined in the Annual Information Form of Orvana dated December 23, 2014.

## EVBC Mines

*Introduction*

On September 29, 2014, the Company filed the "Technical Report on the El Valle Boinás-Carlés Operation, Asturias, Spain" (the "EVBC 43-101 Report") by Jason J. Cox, P. Eng, Jeff Sepp, P. Eng, Sean D. Horan, P. Eng and Brenna J.Y. Scholey, P. Eng, all of whom are qualified persons independent of the Company for the purposes of NI 43-101.

Scientific and technical information provided below with respect to the EVBC Mines is primarily contained in the EVBC 43-101 Report, unless otherwise noted.

*Project Description and Location*

Through its wholly-owned subsidiary, Kinbauri, the Company owns and operates the EVBC Mines, which are located in the Rio Narcea Gold Belt in northern Spain and consist of 14 exploitation concessions comprising 4,298 hectares and two investigation permits comprising 753.60 hectares. The exploitation concessions provide the holder the right to extract minerals from a specified area, subject to approval of an exploitation plan by the applicable mining authorities. The term is for 30 years and is renewable upon application.

The investigation permits provide the holder the right to investigate the resources in the permit area, subject to approval of an investigation plan by the applicable mining authorities. The holder has the right to carry out all types of exploration activities including geological studies, soil geochemistry, geophysics, and drilling. If there is any activity on surface that the mining authorities believe may affect the environment, the company may be required to get additional approvals from environmental authorities. The term is for three years and is renewable upon application.

Kinbauri submitted a single complementary investigation plan for the La Brueva and Godán-La Ortosa projects, which needs no further authorization except for that from the applicable mining authorities. Any activity on such projects that may affect the environment would require permission from the applicable environmental authorities, and an environmental study and the subsequent restoration plan would be required.

The following map shows the location of the exploitation concessions and investigation permits.

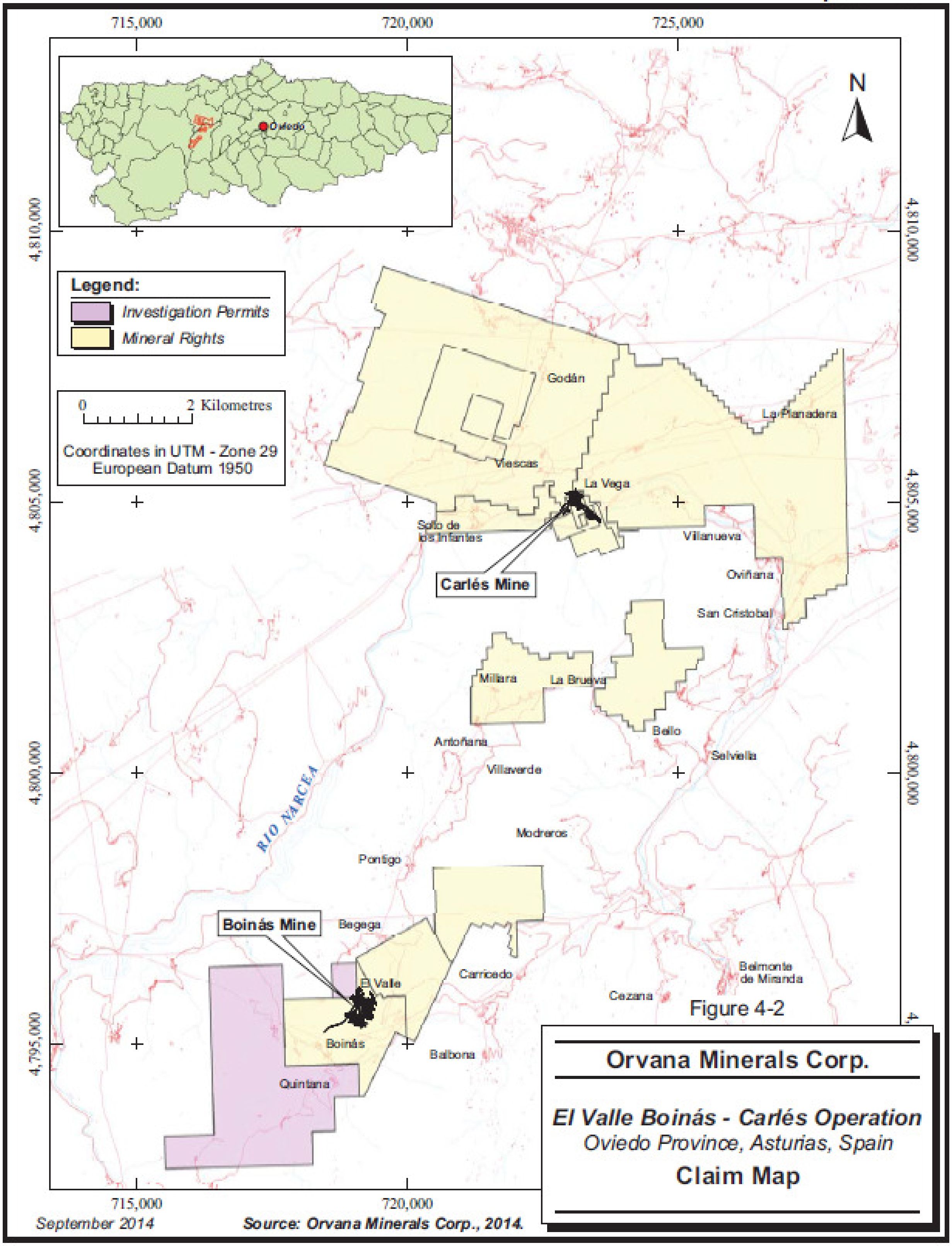



Figure 4-2

**Orvana Minerals Corp.**

***El Valle Boinás - Carlés Operation***

*Oviedo Province, Asturias, Spain*

**Claim Map**

*Accessibility*

The Río Narcea Gold belt is located in northwestern Spain within Oviedo Province, Asturias Principality approximately 35 km west of the Asturian capital city of Oviedo and about 30 km south of the north coast of Spain. The Asturias airport and the port city of Avilés are located approximately 40 km northeast of the property. The properties are situated in the municipalities of Salas and Belmonte de Miranda.

The El Valle-Boinás area is located in the west side of the municipality of Belmonte de Miranda and is six km west of the village of Belmonte. It is 15 km by road from Belmonte and 55 km by road from Oviedo.

The most northerly of the properties is the Ortosa-Godán area, which is located approximately three km south of the village of Salas and 40 km by road from Oviedo. The Carlés Mine is five km southeast of Salas and 40 km by road from Oviedo. The deposit is located in the Municipality of Salas. National road AS-15 and the Río Narcea River both cross over the Carlés Mine along the valley floor.

The La Brueva prospect is located six km northwest of the village of Belmonte and about 50 km by road from Oviedo. It is located in the northern part of the Municipality of Belmonte de Miranda. The prospect is accessed by a narrow paved road that starts from Selviella on AS-227 that continues west to El Valle-Boinás.

*Climate*

The climate is temperate with an average temperature of 12ºC and approximately 1,180 mm of annual precipitation. Mining and exploration activities take place year round.

*Local Resources*

There is a long history of mining in the area, and mine contractors and suppliers are locally available. High rates of unemployment in Spain have resulted in a ready supply of labour. The mine enjoys the support of local communities.

*Infrastructure*

Surface and underground infrastructure at the EVBC Mines include the following:

- a processing facility with a capacity of up to 750,000 t per year;
- a tailings pond located in an old open pit;
- shops, offices, warehouse facilities, and a mine dry;
- site power supply to both mines;
- a 420 m shaft at Boinás equipped for hoisting;
- a decline and a series of ramp-connected levels at each mine site; and
- ventilation raises and escapeways.

The EVBC Mines infrastructure was completed in 1997.

Other surface facilities include changing rooms, lunch rooms, a clinic, warehouses, maintenance shops, electromechanical workshops, a shotcrete plant, a cement batch plant for backfill, a complete laboratory, a core storage facility, and a complete telecommunication system providing phone lines and fast internet and intranet connections for the various offices.

*Physiography*

The properties are within a portion of the Río Narcea Gold belt that has a length of 15 km and a width of four km, with a northeast-southwest orientation of the long axis. The terrain is hilly to mountainous and is dissected by numerous streams and rivers including the Río Narcea River. The hills are generally grass-covered with intermittent wooded areas.

*History*

Prior to Orvana's involvement at the EVBC Mines, Boinás and Carlés were subject to mining activities dating back to the Roman era. In the 1800s and the early 1900s, several small copper mines were in production and mining for arsenopyrite was carried out during World War II.

Modern exploration commenced in the 1970s at Carlés. Sporadic drilling and sampling programs through the 1970s and 1980s gave way to underground exploration in 1990. Further drilling and engineering work by Rio Narcea culminated in the start of production at Boinás West Pit in 1997, followed by Boinás East Pit, and El Valle Pit. Open pit mining occurred from 1997 to 2003 producing approximately 4.9 Mt, containing approximately 916,000 ounces of gold.

Underground production began in 2003 at Carlés and 2004 at Boinás. Underground operations ceased in 2006 due to rising costs, lack of mill feed, and excessive dilution. A summary of historical exploration activities is given in the table below.

| Year | Company | Location | Activity |
|---|---|---|---|
| 1971-1972 | Gold Fields Española, S.A. | Carlés | Mapped Carlés skarn, soil and outcrop sampling, geochemical analyses, surface magnetometer survey |
| 1981 | Boliden Minerals A.B. | La Ortosa | La Ortosa granodiorite geological mapping, soil geochemical and geophysical surveys on 600 m by 500 m grid, seven drill holes amounting to 1,085 m |
| 1985 | Exploraciones Mineras del Cantábrico S.A. | Carlés | Three drill holes totalling to 346 m |
| 1985 | Anglo American Company (AAC) | Carlés | 1:6,000 and 1:25,000 aerial photography, photo geologic and outcrop mapping (1:1,000)<br>253 outcrop samples<br>240 soil samples<br>1,292 m of RC drilling from 25 holes<br>13,147 m of core drilling from 58 drill holes assayed Au, Cu, As<br>Geotechnical studies and preliminary bench metallurgical test work |
| 1990 | AAC & Hullas del Coto Cortés, S.A. (HCC) | Carlés | 910 m of decline, +70, +40, +18 levels, 200 m of ore drives and 80 m of raises<br>600 underground panel samples, 189 channel samples, 140 muck samples<br>90 samples weighing a total of 36 tonnes sent to American Research Laboratories in Johannesburg, South Africa for large-scale metallurgical testwork<br>6,012 m of core drilling in 108 holes |
| | | Godán/El Valle<br>Boinás | Mapping of Roman Pits, collected 858 samples, magnetometer, soil geochemical surveys |
| 1991 | AAC & HCC | Godán/El Valle<br>Boinás<br>Carlés | 8,932 m of drilling from 43 holes at Boinás East, El Valle and Godán<br>Feasibility study |
| 1992 | AAC, HCC and Concord Joint Venture | La Brueva/El Valle<br>Boinás | Mapping, trenching and drilling of the west breccia over 250 m strike length |
| 1994 | Rio Narcea | La | 9,727 m of drilling in 50 holes at El Valle, Pontigo Prospect, |

| Year | Company | Location | Activity |
|---|---|---|---|
| | (AAC, HHC and Concord) | Brueva/El Valle Boinás | Villaverde Prospect, Antonana and La Brueva |
| 1994-1995 | Rio Narcea | La Brueva/El Valle Boinás | Delineation and infill at El Valle and target testing at Villaverde, Antoñana, Millara and La Brueva prospects |
| 1996 | Rio Narcea | El Valle Boinás Carlés | Infill drilling in the Black Skarn, feasibility study on the Boinás East Zone<br>16,283 m in 96 drill holes of infill drilling (drilling to 25 m spacing to 100 m below surface and to 50 m spaced drilling 200 m below surface) |
| 1996-1998 | | Godán | 5,656 m in 17 drill holes |
| 1997-1998 | | El Valle Boinás | Commencement of open pit at Boinás West (870,000 tonnes mined for 115,000 Au ounces at a grade of 4.1 g/t Au by end of 1998) |
| 1999, 2001 | | | Commencement of open pit at Boinás East (1,215,000 tonnes for 192,450 ounces of gold at a grade of 4.93 g/t Au and 0.52% Cu) |
| 1999 | | | Boinás West pit backfilled with waste from Boinás East open pit |
| 1999-2003 | | | Mining at Ell Valle open pit (2,760,000 tonnes for approximately 600,000 ounces of gold). Included mining of Caolinas zones and Charnela zone |
| 2000-2002 | | Carlés | Surface mining at Carlés North (64,000 tonnes produced for 9,320 Au ounces at a grade of 4.54 g/t Au) |
| 2002-2003 | | El Valle Boinás | Feasibility study for underground mining at Boinás East |
| 2003 | | Carlés | Dewatering of the decline followed by underground drilling |
| 2003-2006 | | Carlés | Underground production (296,000 tonnes for 49,000 Au ounces at grade of 5.22 g/t Au and 0.76% Cu) |
| 2004-2006 | | El Valle Boinás | Underground mining commenced at Boinás East, closed due to rising costs, insufficient mill feed and excessive dilution |
| 2004-2006 | | All properties | 38,655 m of drilling |

*Geological Setting and Mineralization*

The Río Narcea Gold Belt is located in the western portion of the Cantabrian Zone in the northwestern part of the Hercynian-age Iberian Massif. The Cantabrian Zone and the nearby West Asturian-Leonese Zone consist of a stratigraphic section of Paleozoic sedimentary rocks that range in age from Middle Cambrian to Permian. The lower stratigraphic section of the Cantabrian Zone includes the Láncara Formation (Cambrian limestone), which is underlain by Cambrian feldspathic sandstone. The limestone has a total thickness of approximately 250 m and constitutes the principal host rock for gold and copper mineralization at El Valle-Boinás.

The 45 km long and four kilometre wide Río Narcea Gold Belt is characterized by the alignment of mineral occurrences, Paleozoic sediments, Tertiary Basins, fracture zones, and igneous intrusions. The most important igneous intrusions, from north to south, are the Ortosa-Godán, Carlés, Pando, La Brueva, Villaverde-Pontigo, and El Valle-Boinás intrusives.

Metamorphism in the Río Narcea Gold Belt is related only to intrusion of the igneous rocks, which produced contact metamorphism in the sedimentary rocks. They produce hornfels in the clastic units and skarn in the carbonate units.

Gold mineralization in the Río Narcea Gold Belt consists mainly of two types:

- Gold-bearing copper skarn: related to the interaction between late Hercynian intrusions, mesothermal solutions, and carbonate host rocks. This is the primary type of gold deposit that may be affected by later events (favourable host rocks for skarn include the Láncara Formation at El Valle-Boinás and the Rañeces Group Formation at Carlés); and
- Jasperoid type: related to subvolcanic dykes and epithermal solutions which cause silicification with argillization and sericitization, plus epigenetic, hypogene oxidation. This type of mineralization may overprint, remobilize, and enrich gold mineralization within the skarn deposits, as happened at El Valle-Boinás. Also, this can form the breccia-style gold mineralization that produced higher grades at El Valle-Boinás. Limited to structural zones of varying width, they dip at high angles. They are typically the sites of leaching and enrichment that extend as much as 400 m below the surface.

<u>El Valle-Boinás</u>

The gold mineralization system has a strike length of two km and a width of at least 0.5 km. The intrusive is elongated trending N35°E with a length of 500 m, and an average thickness of 300 m. A copper-gold mesothermal skarn was developed mainly along the contact between the igneous rock and the carbonate unit.

<u>Carlés</u>

The Carlés deposit is a gold and copper bearing skarn developed predominantly in the Devonian limestones of the lower portion of the Rañeces Formation along the north margin of the Carlés granodiorite. The Carlés intrusion is approximately circular in plan with a diameter of about 750 m.

Mineralization is continuous for over 1,000 m. It ranges in thickness from 1.5 m to over 25 m, dipping 50º to 90º away from the granitic intrusion. The skarn is known over a vertical continuity of 400 m and remains open at depth.

*Exploration*

Since Kinbauri's involvement with the EVBC Mines, there have been exploration and key discoveries at El Valle-Boinás, Carlés, Godán and La Ortosa. Limited exploration activity has been conducted since the previous technical report filed in March 2012 in respect of the EVBC Mines with the exception of drilling the down dip extension of the Carlés North deposit.

The gold-copper deposits in the Río Narcea Gold Belt are complex deposits that present challenges for exploration. The original mineral deposits are usually internally complex skarn deposits that have been subjected to epithermal alteration and remobilization of the mineralization, plus displacement and distortion by both high-angle reverse and thrust faults. In addition, individual ore zones may be high grade, but relatively small and difficult to locate.

Despite these challenges, the area was sufficiently well mineralized that continued exploration at El Valle-Boinás found enough new resources to extend Río Narcea Gold Mines' mine life by 24% and to increase the amount of gold mined by 43% over the reserve at the beginning of mining. Key discoveries that extended mine life include the Sienna Zone at the east side of Boinás East, the Charnela Zone on the southern part of the El Valle pit and the Caolinas Zone on the west edge of the El Valle pit.

The Black Skarn North was discovered in 2001 by underground drilling at the north boundary of the main Boinás intrusive. The discovery drill hole, Val-1001, intersected 3.2 g/t Au and 0.54% Cu over 46 m, which includes high grade areas containing 10.17 g/t Au and 2.4% Cu over 7.60 m. At the same time, the Charnela South was also discovered by underground drilling.

In 2003, a program looking for deeper mineralization east of the El Valle pit discovered the Area 208 zone by intersecting mineralization from a deep surface hole. This was followed by further drilling from the bottom of the El Valle open pit and the first drill hole, Val-208, intersected 10.80 g/t Au over 51.10 m near the open pit and another zone with 13 g/t Au over five metres further east of the pit.

Kinbauri Gold Corp. discovered the Area 107 (A107) and San Martín mineralized zones in 2007 to 2008, and in 2010 Orvana discovered the S107 Zone. In 2011, mineralization was encountered in the Black Skarn Northwest Zone.

*Drilling*

Drilling has totalled approximately 357,200 m in 2,481 holes of which Orvana drilled approximately 93,281 m in 711 holes. Of the total holes drilled to date, 57 holes in the database were exploratory in nature, and tested for satellite deposits.

For the skarns and some of the epithermal oxide zones, drill holes tend to intercept the mineralization at varying angles relative to the core axis attributed to drill access and the irregular morphologies of the mineral zones. More regular, planar deposits such as A107 have better drilling angles, especially when drilling to depth. In general, drilling is spaced between 20 m and 40 m in active or exploited mining areas. Drilling density away from the core of the underground mine and beneath previous pits is generally greater than 40 m and can be in excess of 100 m in lesser explored areas.

All drilling by Orvana has been conducted from underground. The majority of the holes drilled are HQ diameter with the exception of some NQ core at Carlés and some PQ core for metallurgical purposes. Core boxes are transported daily from underground, delivered to the core shed and laboratory facility in Begega. The core is photographed wet with the name of the hole and the depth. The core is then laid on core logging benches awaiting both geotechnical and geological logging by the Orvana geologists.

A Mining Rock Mass Rating (RMR) is then determined by the geologist and is later entered into the geological database. The RMR is also stored in the block models and is used for mine planning purposes. Once the geotechnical logs are complete, geologists proceed to log lithology, alteration, mineralization and structure using pre-defined geological legends. The logs are hard copy hand written logs with graphical representations of the down hole geology. The start and end of geological units are marked on the boxes.

Upon completion of the geotechnical logging, geological logging, sampling and density calculation, the hand written logs are transferred to the senior geologist who scans the logs and enters the information into the Recmin database. Collar locations are measured during drilling by underground surveyors. The collar location, azimuth and inclination of the drill hole are measured and are subsequently used to replace pre-entered planned collar locations in the drill hole database. Down hole survey measurements are conducted using a Reflex Maxibor instrument. Data is exported from the instrument and then transferred to the drill hole database.

*Sampling, Analysis and Security of Samples*

On average, 3,500 samples are assayed per month, consisting of exploration core, underground grade control samples, and mill samples. Intervals selected for assaying are marked on the boxes, the sample code corresponding to the drill hole identification number and the sample depth. The target sampling length is 1.5 m, rarely exceeding two metres. The minimum sampling length is 25 cm. Samples are taken on either side of the mineralization. A drill core not sent for assaying is discarded while the core selected for sampling is split, half the core is assayed and the remaining half of the core is returned to the core box and stored in covered core storage facilities near the logging facility.

At Boinás, grade control sampling consists of: underground face channels over the entire face and the walls unless a litho-structural break can be identified, sampling of muck piles at active headings or remucks and sampling of surface stockpiles with demarcated stockpiles on a round per round and stope by stope basis. Boinás underground channel samples are not used for resource estimation for the following reasons:

- sampling of the oxide faces is problematic due to the timing of ground support/heading availability and only partial exposure of the face due to shotcrete cover; and

- face channel samples represent a different volume support as compared to drill core samples (face channel samples are typically longer than the average drill core sampling length).

At Carlés, underground chip samples are taken honouring a nominal 1.5 m interval and litho-structural boundaries. Given the similarity in sample support and the layered nature of the Carlés zones, the underground chip samples are used for resource estimation.

Density information is collected after logging at a density measurement station within the core logging facility. The density sample is returned to the box after density measurement. For highly fractured zones where density measurements cannot be reliably measured using the methodology described, densities were determined based on production results.

The quality assurance/quality control program involves submitting certified reference material, blanks, and duplicate samples into the sample stream. The on-site senior geologist reviews the results prior to acceptance of the assay results.

Orvana currently performs the following data verification steps prior to finalization of the data:

- collar surveys conducted by in-house personnel are entered in a spreadsheet, transformed to UTM coordinates and checked by the project geologist;
- geological logs are entered into a spreadsheet by the geologist responsible for logging the hole, and when complete the database geologist checks and adds the data into the database;
- results received from the labs are subject to quality assurance/quality control which is reviewed by the project geologist; and
- data entered into the RecMin database is subject to numerous controls to identify gaps, double-entry, overlaps, duplication, and absent values.

*Mineral Resources and Reserves Estimates*

The EVBC 43-101 Report, filed on September 29, 2014, contains an updated mineral resources and reserves estimate. The purpose of the EVBC 43-101 Report was to disclose mineral resources and reserves estimates for the EVBC Mines. The updated mineral resources and reserves estimate was prepared in accordance with NI 43-101 and is disclosed in the AIF under “Description of the Business - Principal Mineral Projects - EVBC Mines - Mineral Resources and Reserves Estimates”.

*Mining Operations*

The current mining methods used at Boinás Mine are overhand drift and fill, and transverse longhole stoping. Due to decreasing thickness of the remaining Boinás skarns, RPA changed the design of the longhole mining from transverse to longitudinal where appropriate. Drift and fill mining will continue to be used in the oxide areas of the mine. Ore is hauled to surface via ramp and/or skipped via shaft, depending on location and ore type. Backfill is placed by truck and scoop, consisting of cemented rock fill or waste fill, as appropriate to the mining sequence and geotechnical demands.

Carlés Mine uses longitudinal longhole stoping methods. Ore is hauled to a surface stockpile via underground truck, and transferred to highway-rated surface trucks for transport to Boinás. Backfill is via waste fill, as stopes are separated by rib pillars. Carlés Mine will be placed on care and maintenance in early 2015, pending future increases in metal prices, new results from exploration, or determination of an economic mining method, such as conventional narrow vein mining.

The life-of-mine plan is currently a five year plan. The first three years are at full production with a reduction in production during the last two years as shown in the table below.

**Life of Mine Plan**

**El Valle Boinás – Carlés Operation**

| Item | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | Total |
|---|---|---|---|---|---|---|
| **Mill Feed** | | | | | | |
| Tonnes ('000) | 618 | 547 | 547 | 311 | 174 | 2,198 |
| Au (g/t) | 4.01 | 4.06 | 4.67 | 4.68 | 4.51 | 4.32 |
| Cu (%) | 0.73 | 0.57 | 0.41 | 0.91 | 1.27 | 0.68 |
| Ag (g/t) | 13.86 | 11.61 | 9.65 | 18.98 | 21.31 | 13.57 |
| **Metal Production** | | | | | | |
| Au (koz) | 74 | 66 | 76 | 43 | 23 | 282 |
| Cu (tonnes) | 3,656 | 2,693 | 1,624 | 1,708 | 1,320 | 11,000 |
| Ag (koz) | 220 | 163 | 136 | 152 | 95 | 767 |

EVBC encompasses the Boinás and Carlés mineralized zones and can produce 750,000 tpa (ROM) depending on the ore type. The feedstock is comprised of Boinás and Carlés skarn ores and the softer, higher gold grade oxide ore (the oxide ore is approximately 20% of the total ore processed). Ore produced is transported to the processing plant which is capable of running at a throughput rate of 2,280 tpd using a carbon-in-leach (CIL) process.

*Capital and Operating Cost Estimates*

The EVBC operation capital costs are based on the updated life-of-mine plan. The estimated sustaining capital costs total $43 million, as summarized in the table below, and include mine development (contractor and company), mine infrastructure, equipment costs, plant expansion, and tailings management.

**Sustaining Capital Costs**
**El Valle Boinás - Carlés Operation**

| Year | Mine Development ($ millions) | Equipment & Facilities ($ millions) | Exploration ($ millions) | Tailings ($ millions) | Other ($ millions) | Total ($ millions) |
|---|---|---|---|---|---|---|
| FY 2015 | 3.7 | 9.6 | 1.6 | 0.3 | 1.5 | **16.8** |
| FY 2016 | 5.1 | 6.4 | 1.8 | 1.1 | 1.4 | **15.8** |
| FY 2017 | 1.7 | 4.1 | 1.5 | 0.3 | 0.8 | **8.3** |
| FY 2018 | - | 1.6 | - | 0.3 | 0.2 | **2.1** |
| FY 2019 | - | - | - | 0.1 | - | **0.1** |
| **Total** | **10.5** | **21.7** | **4.9** | **2.1** | **3.9** | **43.1** |

Mine development costs are based upon operating experience and the updated life-of-mine plan development schedule. Equipment and facilities costs include mobile equipment rebuilds and replacement, fixed equipment in the mine, site electrical costs, and care and maintenance costs for Carlés. Exploration is based on corporate budgeting. Tailings costs are for ongoing maintenance and a dam lift in fiscal year 2016.

Operating costs in the updated life-of-mine plan are based on recent operating history, and average $70 million per year for the next three years. After that, costs decline due to lower production forecasts. Unit rates are summarized in the table below.

**Unit Operating Costs**
**El Valle Boinás - Carlés Operation**

| Item | Units | LOMP Average |
|---|---|---|
| Mining | $/t milled | 70 |
| Processing | $/t milled | 24 |
| G&A | $/t milled | 38 |
| **Total** | **$/t milled** | **131** |

Mining unit costs are known to vary significantly by material type, with low-productivity oxide mining via hydraulic hammer being considerably costlier than higher-productivity longhole mining in the skarns.

The tail-off in production after the skarns are mined out presents difficulties in estimation by reference to recent cost history, and were addressed by looking at fixed costs against variable costs. Large quantities of mineral resources in addition to mineral reserves suggest reasonable prospects for filling in this tail-off in production, given further exploration, resource estimation, and mine planning work.

*Markets*

The principal commodities at the EVBC Mines are freely traded, at prices that are widely known, so that prospects for sale of any production are virtually assured, subject to achieving product specifications discussed below.

Products include doré bars, and copper concentrate with gold and silver credits. The copper concentrate is subject to limitations on certain deleterious elements. As per industry norms, penalty charges are incurred for the deleterious elements when they are over specified concentrations. Fluorine specifications, however, also include a hard cap, above which the concentrate is not readily saleable.

*Environment*

Water samples are collected periodically for testing from various water control points for El Valle-Boinás and the results are reported to authorities. Two types of monitoring are conducted:

- Official monitoring. An ENAC (Entidad Nacional de Acreditacion) accredited company carries out monitoring for water from Carlés, El Valle-Boinás and El Valle Pit Tailings Impoundment and Kinbauri España presents the results to the authorities.
- In-house monitoring. Kinbauri's environmental department monitors the water quality and carries out adjustments in water treatment. Environmental monitoring is in place to satisfy all current requirements for the two mines. Current water discharges, which are restricted to mine waters, are controlled and regularly monitored. In addition, acid-rock drainage is not an issue at the Boinás or Carlés underground operations. The open-pit mining at Carlés Mine is not in the revised mine plan until later years, at which time appropriate actions will be taken.

*Asset Retirement Obligations*

The Company's asset retirement obligations relate to the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Mine facilities include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination. It is possible that the Company's estimates of the ultimate amounts required to decommission its mines could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves. The following table sets out the estimates of the undiscounted and discounted cash flows required to settle such decommissioning liabilities in respect of the EVBC Mines at September 30, 2014. These estimates were prepared by management with the use of independent third party experts.

| At September 30, 2014 | Undiscounted Cash Flows Estimated to Settle Decommissioning Liabilities | Discount Rate | Discounted Cash Flows Required to Settle Decommissioning Liabilities |
|---|---|---|---|
| *(in 000's)* | | | |
| EVBC Mines (1) (2) | $16,021 | 1.4% | $13,917 |

(1) Accretion expense is recorded using the discount interest rate set out above. It is estimated that these amounts will be incurred in 2021 through 2024. The discount rate used to measure decommissioning liabilities under IFRS is based on current interest rates of government bonds of the applicable country and terms that matches the time period to the commencement of the decommissioning liability being incurred.
(2) As a result of the decrease in the life-of-mine of EVBC from the MRMR Update and LOMP Update, the discounted decommissioning liabilities increased by approximately $2.5 million from September 30, 2013.

*Royalties*

Production from EVBC is subject to a 3% net smelter return royalty ("NSR"), referred to herein as the EVBC Royalty. The EVBC Royalty rate decreases to 2.5% for any quarter in which the average price of gold is below $1,100 per ounce. The EVBC Royalty expense totaled $2.8 million for fiscal 2014.

**Don Mario Mine**

*Introduction*

Through its wholly-owned subsidiary, EMIPA, Orvana operates the Don Mario Mine in south-eastern Bolivia, which consists of 11 contiguous mineral concessions covering approximately 70,100 hectares. The Don Mario Mine commenced commercial production in January 2012.

Scientific and technical information provided below with respect to the Don Mario Mine is primarily contained in the Don Mario 43-101 Report, unless otherwise noted.

*History*

Production at Don Mario commenced in mid-2003 after the development of the LMZ at Don Mario.

Prior to Orvana's acquisition of the project in 1995, the property was explored by four companies following the discovery of gold at the site in 1991. Exploration work included a combined 33,000 metres of drilling, 148 metres of drifting and a small open pit. This work resulted in the discovery and delineation of the LMZ and upper mineralized zone (the "UMZ"), the two principal zones of mineralization, and several prospects along strike and elsewhere in the Don Mario district, including the Las Tojas gold deposit, which is located 14 km from the Don Mario Mine infrastructure and which was previously mined by Orvana.

*Location, Title, Access and Infrastructure*

The Don Mario property consists of 11 contiguous mineral concessions covering approximately 70,100 hectares and is located within the San Juan Canton of the Province of Chiquitos in Eastern Bolivia. The Don Mario property is located at a geographical position of 59°47' W longitude and 17°45' S latitude, which is 380 km east of the departmental capital of Santa Cruz de la Sierra.

The Superintendent of Mines for the Department of Santa Cruz has granted EMIPA a 100% interest in the Don Mario mineral concessions and, as a result, EMIPA has all the required rights to develop, mine and market the minerals and metals within its boundaries. All mineral substances in Bolivia belong to the state. The mineral concessions convey to the owner the exclusive rights to carry out any or all of the following mining activities: prospecting and exploration, exploitation (mining), beneficiation of ores, smelting and refining, and marketing of minerals and metals.

The Bolivian Government granted the concessions conferring the right to explore, exploit, refine, and sell all mineral substances within the concession's borders for an indefinite period. Cancellation of a concession occurs only if the required annual mining patent (approximately $24 per unit for the first five years and approximately $48 per unit each additional year) is not paid. Orvana has paid and intends to continue to pay all mineral concession fees for the 11 concessions. Please see "Risk Factors - Political and Related Risks" for an update relating to certain regulations recently introduced by the Bolivian government relating to mining rights and mining concessions.

The Don Mario Mine is accessible from Santa Cruz de la Sierra either by air, a distance of 380 km, or by road, or a combination of rail and road, a distance of 458 km. Santa Cruz de la Sierra is the departmental capital with a population of approximately one million and is serviced by an international airport. A 1,200 metre gravel airstrip suitable for light twin, and short-takeoff-and-landing aircraft is located six km southwest of the Don Mario Mine.

There are no permanent inhabitants on the Don Mario property. The chief commercial activity of the area is logging, under concession to two companies with sawmills based at San Juan and Buenavista. The nearest settlement is the village of San Juan (population 350), 76 km away. The largest settlement in the region is the local administrative center of San Jose de Chiquitos (population 8,000 - 10,000). Local employees are hired from these and other nearby communities, and constitute about half of the permanent work force.

A modern 300-person camp facility houses all staff and general labour while on their rotation at the Don Mario Mine. The site has a direct satellite, telephone, fax, internet and television service. Separate semi-permanent lodgings for up to 200 contractors are integrated with the mine camp.

The Don Mario Mine is connected to the Cuiaba-Bolivia Natural Gas Pipeline, which provides fuel for electrical power generation. Power and backup is provided by certain generators for a total rated capacity of 7,900kVA. An 875 kVA, 2200 V generator provides backup power. Power is distributed at 3300 V in high-tension lines for major power consumption areas such as the SAG mill in the process plant, while it is stepped down through two 1,000 kVA, 3,300/440 V transformers at substations for the processing mill and the mine. For minor power consumers, such as the camp and fresh water pumps, power is distributed through medium-tension lines (10 kV). A natural gas contract with the government-owned entity expires in 2016.

As there are no perennial streams, water is derived from two main sources: water wells and surface water collected in a pond created by a dam. Water is recycled from the tailings impoundment. Fresh water is captured by a small dam in another catchment area to the southwest of the tailings pond and is pumped to the site. A supplemental source of fresh water is from two boreholes drilled for this purpose.

The tailings pond has been designed with a 1.5 mm HDPE liner to prevent seepage. The tailings pond is a zero discharge facility since the water is recycled back into the milling process. During fiscal 2014, the tailings pond berms were raised one metre and, as at the date of the AIF, the tailing impoundment is undergoing another one metre raise. When the mining operation is complete, the water will evaporate from the tailings pond with any residual cyanide being naturally destroyed through exposure to sunlight and oxygen. The water in the tailings should not pose a long-term threat. The saturated tailings will be capped, with the remaining cyanide in the tailings precipitating out as stable iron isotopes within the pile, such that within the hundred years plus over which the liner might eventually fail, the tailings should have been rendered harmless to the environment.[1]

The Company is open-pit mining the Don Mario Mine copper-gold-silver deposit that lies above the LMZ. The Company continues to process transition and sulphide ores by the flotation-only circuits. The Company continues to evaluate reagents which may allow it to process oxide ores through its flotation-only process. Certain equipment previously used in the exploitation of the LMZ and Las Tojas deposits is used to process as much as 3,000 tonnes per day at the Don Mario Mine through a closed-circuit SAG and ball mills.

*Topography, Elevation, Vegetation and Climate*

The property is located near the central point of South America, and at the northern limit of the Paragua Platte River drainage basin near the watershed divide with the Amazon River system to the north. The region is characterized by gently undulating terrain at an elevation range of 300 metres to 450 metres

[1] Information relating to the tailings impoundment at the Don Mario Mine is not contained in the Don Mario 43-101 Report. Technical assistance relating to the tailings impoundment is being provided to Orvana by another third party independent engineering firm.

above sea level with a few local peaks including Cerro Don Mario, the hill containing the UMZ deposit. With the exception of Cerro Don Mario, the area is thickly forested with deciduous trees. In contrast, Cerro Don Mario (whose official name is Cerro Pelado) is essentially bare of trees and vegetated with only scattered scrub and copper-tolerant grasses.

The climate is sub-humid tropical. Average monthly maximum temperatures range from 29°C in July to 34°C in October. Minimum average temperatures range from 16°C in June to 25°C in November. Annual rainfall is approximately 1,200 millimetres, mostly falling in sharp downpours during the wet season between November and March. Access roads may become impassable in the rainy season.

*Geology and Mineralization*

The Don Mario property is located within one of approximately 20 Lower to Middle Proterozoic schist belts in the Bolivian Shield. The Bolivian Shield forms the south-western edge of the Brazilian Precambrian Shield and has been subdivided into a Middle Proterozoic Paragua Craton, which is up to 270 km wide and is bordered by two parallel orogenic belts of Middle to Upper Proterozoic age: the Sunsas Mobile Belt along its western edge and the Aguapei Mobile Belt along its eastern margin.

The Don Mario property lies within the southeast margin of the Sunsas Mobile Belt of the Bolivian Shield in a region characterized by highly deformed and metamorphosed Lower Proterozoic rocks of the Aventura Complex. The property covers a series of northwest-trending schist belts (Cristal and Eastern), orthogneiss (Patuju Domain) and a granite intrusive within an area of approximately 25 km by 25 km.

The UMZ copper-gold-silver deposit lies in the hanging wall of the LMZ shear zone within the Cristal Schist Belt. The Don Mario Mine has been divided into 9 main rock types dominated by diopside-tremolite rock and massive tremolite rock. Other important rock types are dolomite/ophicalcite and talc schist. Part of the magnesio-silicate alteration and UMZ mineralization is weathered and is divided into four mineralization zones based on mineralogy: (i) the porous zone characterized by vuggy cavities left by the dissolution of calcite and locally abundant masses of white and orange-brown amorphous zinc carbonates and hydroxides including smithsonite; (ii) the oxide zone characterized by abundant malachite with lesser chrysocolla, azurite, native copper, cuprite, pitch limonite and silver sulfosalts; (iii) the transition zone featuring traces of pyrite, bornite, sphalerite and galena with weathered limonite and chalcocite coatings as well as minor copper oxides; and (iv) the sulphide zone consisting of dark-green tremolite with bornite, chalcopyrite, and sphalerite. Gold and silver grades are associated with chalcopyrite and bornite mineralization.

*Exploration and Development*

Over the years, the Company has actively explored using conventional techniques, such as, stream-sediment and soil sampling, throughout its concessions. In 2009, the Company completed a survey consisting of over 200 km of Induced Polarization ("IP") lines along most of the length of the Eastern Schist Belt. After evaluating the data obtained, the Company concluded that not only are there drill targets for LMZ-style gold targets, but UMZ-style polymetallic deposits as well. A re-evaluation of existing geophysical data, specifically collected by IP methods, led to the identification of drill targets proximal to the UMZ deposit and two targets were drilled at the beginning of fiscal 2012, of which one encountered interesting mineralization. For additional information relating to Orvana's proposed exploration program, please see "Description of the Business - Principal Mineral Projects - Don Mario Mine - Growth Exploration".

*Asset Retirement Obligations*

The Company's asset retirement obligations relate to the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Mine facilities include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination. It is possible that the Company's estimates of the ultimate amounts required to decommission its mines could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves. The following table sets out the estimates of the undiscounted and discounted cash flows required to settle such decommissioning liabilities in respect of the Don Mario Mine at September 30, 2014. These estimates were prepared by management with the use of independent third party experts.

| At September 30, 2014 | Undiscounted Cash Flows Estimated to Settle Decommissioning Liabilities | Discount Rate | Discounted Cash Flows Required to Settle Decommissioning Liabilities |
|---|---|---|---|
| *(in 000's)* | | | |
| Don Mario Mine [(1)] | $5,556 | 2.0% | $5,399 |

(1) Accretion expense is recorded using the discount interest rate set out above. It is estimated that these amounts will be incurred in 2016 through 2024. The discount rate used to measure decommissioning liabilities under IFRS is based on current interest rates of government bonds of the applicable country and terms that matches the time period to the commencement of the decommissioning liability being incurred.

*Royalties*

Production from the Don Mario Mine is subject to a 3% NSR. This expense totaled $1.3 million for fiscal 2014. The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from the Don Mario Mine at rates of 5%, 7% and 6%, respectively. These amounts $4.4 million for fiscal 2014.

*Drilling, Sampling and Security*

The UMZ mineral resource database consists of a topographic surface, data for 129 drill holes and a geologic model comprising solids enclosing porous, oxide, transition, and sulphide ore types. The porous ore is occasionally classified with the oxide ore. The drill hole database contains 6,867 gold assays, 6,851 silver assays 6,852 copper assays, 2,656 acid soluble copper assays, 5,205 zinc assays and 957 acid-soluble zinc assays. The database has 6,607 intervals coded for mineralization type: sulphide, transitional, oxide and porous.

Samples are analyzed at the laboratory located at the Don Mario Mine. Blanks, standards, and duplicates are inserted at acceptable industry standard. Certain samples are sent to outside laboratories for QA/QC checks.

A security contractor patrols the perimeter of the Don Mario Mine and provides office security in Santa Cruz. Orvana staff supervises drilling during daytime hours. Access to the drills is limited to contract drill staff and Orvana staff. Drill core is transported from the drill to the core shed at the Don Mario Mine by Orvana and contract drill staff. Orvana staff logs, cuts samples and bags the drill core. Staff or a contract driver delivers the samples to the Orvana Santa Cruz office in a company truck. A private, contracted, trucking firm, ships the samples from the office in Santa Cruz to Oruro. ALS Chemex and Alex Stewart send an electronic confirmation of receipt to Orvana staff upon arrival of the samples at the preparation facility.

Orvana takes reasonable security measures to prevent outside tampering of samples. In addition, the relatively small size of the mine and its remote location in a relatively unpopulated region of Bolivia ensure that the Don Mario Mine operations maintain a low profile with little public interaction. The mine receives few visitors and security is relatively easy to maintain. The use of Orvana staff and reputable contractors for supervision ensures reasonable control over sample security.

*Mineral Resources and Reserves Estimates*

A summary of the updated mineral resources and reserves estimates is found above under the heading "Description of the Business - Principal Mineral Projects - Don Mario Mine - Mineral Resources and Reserves Estimates".

*Environment and Permits*

The Company has all permits required to operate the Don Mario Mine. Orvana completed a one-metre increase in the height of the berms of the tailings impoundment in fiscal 2014 and, as at the date of the AIF, is completing an additional lift. The Don Mario Mine waste dump is located south of the UMZ pit and covers an area of approximately 200 metres by 300 metres and a final height of 30 to 40 metres in a single bench with a face slope not exceeding 40 degrees. The waste dump and runoff water treatment facilities are tied in to the existing waste dump pile used for the now closed LMZ Mine.