MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2015

Introduction

This management's discussion and analysis ("MD&A") of results of operations and financial condition of Orvana Minerals Corp. and its consolidated subsidiaries ("Orvana" or the "Company") describes the operating and financial results of Orvana for the year ended September 30, 2015 ("FY2015").

This MD&A should be read in conjunction with the audited consolidated financial statements of Orvana for the year ended September 30, 2015 and related notes thereto (the "Audited Financials"). The Audited Financials are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

In this MD&A, all currency amounts (except per unit amounts) unless otherwise stated, are in United States dollars ("US dollars"). Production and sales in respect of gold and silver are in fine troy ounces referred to as "ounces" or "oz" and in respect of copper are in pounds also referred to as "lbs". The information presented in this MD&A is as of December 18, 2015, unless otherwise stated.

A cautionary note regarding forward-looking statements follows this MD&A.

Company Overview

Orvana is a multi-mine gold and copper producer with organic growth opportunities. Orvana's operating properties consist of (i) El Valle Mine ("El Valle"), an underground gold-copper-silver mine with process facilities that produce a copper concentrate and gold doré, located in the northern part of Spain; and (ii) Don Mario Mine ("Don Mario"), an open-pit gold-copper-silver mine with process facilities that produce both copper and gold concentrates, located in the south-eastern part of Bolivia. Orvana's strategic focus is on opportunities to deliver long term shareholder value. To achieve this, Orvana is currently working to optimize its operations, reduce its operating costs and realize growth in its future production base through exploration within and in proximity to its existing operations. Orvana is an Ontario company and its common shares ("Common Shares") are listed on the Toronto Stock Exchange under the symbol TSX:ORV.

FY2015 Operating and Financial Highlights

	Q4 2015	Q3 2015	Q4 2014	FY2015	FY2014
Operating Performance					
Gold					
Grade (g/t)	**1.83**	1.89	2.77	**2.16**	2.37
Recovery (%)	**82.1**	79.3	74.4	**77.9**	74.3
Production (oz)	**15,206**	16,012	24,163	**72,817**	84,084
Sales (oz)	**13,887**	19,121	25,338	**73,304**	79,858
Average realized price / oz	**$1,217**	$1,194	$1,283	**$1,246**	$1,287
Copper					
Grade (%)	**0.85**	0.92	1.17	**1.00**	1.03
Recovery (%)	**74.7**	77.3	68.9	**76.3**	62.2
Production (‘000 lbs)	**4,409**	5,187	6,505	**22,601**	21,056
Sales (‘000 lbs)	**4,666**	6,266	6,317	**23,956**	18,935
Average realized price / lb	**$2.44**	$2.74	$3.16	**$2.86**	$3.15
Silver					
Grade (g/t)	**25.50**	21.56	21.16	**20.77**	31.03
Recovery (%)	**67.6**	68.4	59.7	**66.4**	60.2
Production (oz)	**174,027**	157,172	148,394	**598,039**	890,339
Sales (oz)	**162,566**	175,136	236,051	**596,405**	833,594
Average realized price / oz	**$15.34**	$16.47	$20.01	**$17.71**	$20.15
Financial Performance *(in 000's, except per share amounts)*					
Revenue	**$20,385**	$32,162	$43,998	**$121,425**	$142,407
Mining costs	**$23,636**	$29,834	$29,798	**$105,384**	$102,231
Gross margin	**($10,589)**	($5,791)	$4,855	**($13,854)**	($19,960)
Net loss	**($7,819)**	($5,522)	($2,896)	**($16,733)**	($29,743)
Net loss per share (basic/diluted)	**($0.06)**	($0.04)	($0.02)	**($0.12)**	($0.22)
Adjusted net income (loss) (1)	**($7,819)**	($5,522)	$2,766	**($16,733)**	$1,779
Adjusted net income (loss) per share (basic/ diluted) (1)	**($0.06)**	($0.04)	$0.02	**($0.12)**	$0.01
Operating cash flows before non-cash working capital changes (1)	**($2,670)**	$1,026	$16,906	**$8,471**	$37,923
Operating cash flows	**($5,475)**	$6,667	$18,861	**$20,678**	$35,382
Ending cash and cash equivalents	**$17,236**	$23,874	$16,545	**$17,236**	$16,545
Capital expenditures (2)	**$2,340**	$1,720	$477	**$10,118**	$14,925
Cash operating costs (by-product) ($/oz) gold (1)	**$1,297**	$1,055	$699	**$949**	$771
All-in sustaining costs (by-product) ($/oz) gold (1)	**$1,540**	$1,243	$859	**$1,210**	$1,015

(1) Adjusted net loss, adjusted net income (loss) per share, operating cash flows before non-cash working capital changes, COC and AISC are non-IFRS performance measures. For further information and a detailed reconciliation, please see the “Other Information - Non-IFRS Measures” section of this MD&A.

(2) These amounts are presented in the consolidated cash flows in the Audited Financials 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. See “Cash Flows, Commitments and Liquidity - Capital Expenditures”. The calculation of AISC and AIC includes capex incurred (paid and unpaid) during the period.

Operational Highlights

- Production of 72,817 ounces of gold, 22.6 million pounds (10,251 tonnes) of copper and 598,039 ounces of silver during fiscal 2015, a decrease in gold and silver production of 13% and 33%, respectively, and an increase in copper production of 7% compared with fiscal 2014. (1)(2)
- Production of 132,117 gold equivalent ounces during fiscal 2015.
- Sales of 73,304 ounces of gold, 24.0 million pounds (10,866 tonnes) of copper and 596,405 ounces of silver during fiscal 2015, a decrease in gold and silver sales of 8% and 28%, respectively, and an increase in copper sales of 27% compared with fiscal 2014.
- Production of 15,206 ounces of gold, 4.4 million pounds (2,000 tonnes) of copper and 174,027 ounces of silver during the fourth quarter of fiscal 2015, a decrease in gold and copper production of

37% and 32%, respectively, and an increase in silver production of 17% compared to the fourth quarter of fiscal 2014.

- Production of 26,857 gold equivalent ounces during the fourth quarter of fiscal 2015.
- Sales of 13,887 ounces of gold, 4.7 million pounds (2,116 tonnes) of copper and 162,566 ounces of silver during fiscal 2015, a decrease in gold, copper and silver sales of 45%, 26% and 31%, respectively, compared to the fourth quarter of fiscal 2014.

El Valle Mine

- Annual gold production decreased by 15% to 53,733 ounces, while copper and silver production increased by 9% and 6%, respectively, compared with fiscal 2014.
- Gold, copper and silver production in the fourth quarter of fiscal 2015 decreased by 29%, 18% and 2% respectively, compared to the fourth quarter of fiscal 2014.
- Production through fiscal 2015 was impacted by a number of factors as follows:
  - Lower production of skarns, primarily as a result of placing Carlés Mine on care and maintenance in the second quarter. The Company has replaced approximately 33% of the former Carlés skarn average monthly production at El Valle following the transfer of Carlés crews to El Valle.
  - A reduction in oxides produced, impacted by the planned transition from contractor mining to owner/operator mining, completed at the end of April. The Company's oxide crews achieved previously attained productivity rates as the contractor who worked in the oxides for the last 3 years starting from August 2015.
  - Dewatering and power issues experienced at times throughout fiscal 2015 including towards the end of the fiscal year. The Company has engaged an independent electrical engineering firm to analyze present power needs and plan for future power needs and an independent water management firm, and expects to invest into additional electrical and water infrastructure in fiscal 2016.
  - Mechanical issues and equipment availability affected operations in the first half of fiscal 2015. The Company has completed the restructuring of the maintenance function and is now focused on improving current processes.

Don Mario Mine

- Annual gold production at Don Mario decreased by 10% to 19,084 ounces compared to fiscal 2014 primarily as a result of lower grades. Gold production in the fourth quarter of fiscal 2015 decreased by 56% compared to the fourth quarter of fiscal 2014.
- Annual copper production increased by 7% to 16.5 million pounds as compared to fiscal 2014 due to an increase in recoveries, offset by declining grades as the bottom of the upper mineralized zone ("UMZ") open pit is being mined out. Copper production in the fourth quarter of fiscal 2015 decreased by 37% compared to the fourth quarter of fiscal 2014.

Financial Highlights

- Full repayment of the long-term debt in respect of the El Valle Loan, completed on November 10, 2014, two years ahead of schedule.
- Receipt of a deferred cash payment totaling $7.5 million, relating to the sale of the Copperwood Project.
- Net cash and cash equivalents balance of $17.2 million at September 30, 2015.
- Net revenue of $121.4 million for fiscal 2015, or 15% lower, compared with $142.4 million for fiscal 2014, due to lower volumes of gold and silver sold and declining realized metal prices through 2015. Net revenue of $20.4 million for the fourth quarter of fiscal 2015, or 54% lower, compared with $44.0 million for the fourth quarter of fiscal 2014.

- Mining costs of $105.4 million for fiscal 2015, or 3% higher, compared with $102.2 million for fiscal 2014 due to higher metals volumes sold primarily at Don Mario, offset partially by a decrease in fixed mining costs by 11% at El Valle as well as the favourable decline in Euro to US dollar exchange rates. Mining costs of $23.6 million for the fourth quarter of fiscal 2015, or 20% lower, compared with $29.8 million for the fourth quarter of fiscal 2014.
- Net loss for fiscal 2015 of $16.7 million compared with $29.7 million for fiscal 2014. Net loss for the fourth quarter of fiscal 2015 of $7.8 million compared with $2.9 million for the fourth quarter of fiscal 2014.
- Cash flows provided by operating activities from continuing operations of $20.7 million in fiscal 2015 compared with $34.7 million in fiscal 2014 and cash flows provided by operating activities before changes in non-cash working capital of $8.5 million in fiscal 2015 compared with $37.9 million in fiscal 2014. (3)
- Cash flows used by operating activities from continuing operations of $5.5 million in the fourth quarter of fiscal 2015 compared with cash flows provided by operating activities from continuing operations of $18.9 million in the fourth quarter of fiscal 2014 and cash flows used by operating activities before changes in non-cash working capital of $2.7 million in the fourth quarter of fiscal 2015 compared with cash flows provided by operating activities before changes in non-cash working capital of $16.9 million. (3)
- Capital expenditures of $10.1 million in fiscal 2015 compared with $14.5 million in fiscal 2014 primarily due to deferred discretionary capital projects. Capital expenditures of $2.3 million in the fourth quarter of fiscal 2015 compared with $0.5 million in the fourth quarter of fiscal 2014.
- Cash operating costs ("COC") and all-in sustaining costs ("AISC") on a by-product basis (net of copper and silver by-product revenue from El Valle and Don Mario) per ounce of gold sold in fiscal 2015 of $949 and $1,210 respectively, compared with COC and AISC (by-product) of $771 and $1,015, respectively, in fiscal 2014.(3) The increase in COC and AISC was primarily due to lower gold ounces produced and sold and lower by-product revenue due to falling copper and silver prices. COC and AISC on a by-product basis per ounce of gold sold in the fourth quarter of fiscal 2015 of $1,297 and $1,540 respectively, compared with COC and AISC (by-product) of $699 and $859, respectively, in the fourth quarter of fiscal 2014.

Growth Initiatives Highlights

El Valle Mine

- A diamond drilling program was completed in August 2015 at La Brueva property, located eight kilometers from El Valle, consisting of thirteen holes totaling 2,780 meters. The Company is completing a resource estimate for this deposit and expects to publish the results in the second quarter of fiscal 2016. Additionally, a new oxide zone within the El Valle Mine, adjacent to A107, was identified through the exploration drilling conducted recently and a resource estimate for this zone is also expected to be reported in the second quarter of fiscal 2016.

Don Mario Mine

- At Don Mario, historical mining took place in the lower mineralized zone ("LMZ") underground gold mine up until 2009. As a near term mine life extension opportunity, geotechnical and geological reviews were carried out to investigate the potential of mining the upper extension of the LMZ, and the Company expects to begin mining the LMZ in the second quarter of fiscal 2016.
- In fiscal 2015, exploration drilling has concentrated around the known mineralized zones north-west and south-east of the UMZ (collectively known as "Cerro Felix"). The Company completed a drilling program at Cerro Felix consisting of 39 holes approximating 3,600 meters.
- Don Mario previously processed ore from the LMZ and Cerro Felix in the carbon-in-leach ("CIL") circuit where it achieved an average gold recovery of over 80%. Lycopodium Minerals Canada ("Lycopodium") recently completed a capital cost estimate (scoping level) to recommission the CIL circuit (the "CIL Project"). For the selected process option, the capital cost estimate is $6.4 million to accuracy estimate of +/- 35% including owner's costs of $1.6 million and contingency. Results of a

metallurgical testing program undertaken by the Company indicate potential gold recovery of higher than historical rates can be achieved by processing LMZ resource material through a re-commissioned CIL circuit. The Company is considering the CIL Project in fiscal 2016 subject to obtaining necessary external financing.

- Mercator Geological Services Ltd. ("Mercator") finalized mineral resource estimates for LMZ and Cerro Felix during the fourth quarter of 2015. These estimates were published in a technical report prepared in accordance with National Instrument 43-101 ("NI 43-101") on November 16, 2015.(4) A summary of the mineral resource estimates is as follows:
  - LMZ - Indicated Resource: approximately 1.0 million tonnes grading 2.90 g/t gold, 0.73% copper and 7.11 g/t silver, containing approximately 93,000 ounces of gold, 16.1 million pounds of copper and 229,000 ounces of silver.
  - Cerro Felix - Indicated Resource: approximately 0.49 million tonnes grading 3.15 g/t gold, 0.09% copper and 2.53 g/t silver, containing approximately 50,000 ounces of gold, 0.97 million pounds of copper and 40,000 ounces of silver.
  - Cerro Felix - Inferred Resource: approximately 80,000 tonnes grading 3.14 g/t gold, 0.14% copper and 3.21 g/t silver, containing approximately 8,000 ounces of gold, 0.25 million pounds of copper and 8,000 ounces of silver.

(1) For a description of El Valle and Don Mario, please see "Overall Performance – El Valle Mine" and "Overall Performance - Don Mario Mine".

(2) Gold equivalent ounces include copper pounds and silver ounces produced and converted to a gold equivalent based on a ratio of the average market price for the commodities for the period discussed.

(3) Adjusted net loss, cash flows provided by operating activities before changes in non-cash working capital, COC, AISC and all-in-costs ("AIC") are non-IFRS performance measures. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance including the Company's ability to generate cash flows from its mining operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

(4) Mineral resource estimates were prepared by Mercator under supervision of Michael Cullen, P.Geo, who is an independent Qualified Person under NI 43-101. The effective date of these estimates is September 30, 2015.

Outlook

The Company is pursuing a number of initiatives at El Valle and Don Mario in order to meet its objectives of optimizing production, lowering unitary cash costs, maximizing free cash flow, extending the life-of-mine of its operations and growing its operations to deliver shareholder value.

In the current environment of depressed commodities prices, the Company is currently monitoring its liquidity position closely and assessing its capital needs for the upcoming fiscal year and beyond. The Company is focused on implementing near-term operating cost reduction strategies and optimizing its production and recoveries, with a view to positively impact future COC and AISC performance.

The following table sets out Orvana's fiscal 2015 results and guidance as well as its fiscal 2016 production and cost guidance:

	FY2015 Guidance	FY2015 Actual	FY2016 Guidance
El Valle Mine Production			
Gold (oz)	50,500 - 52,500	**53,733**	43,000 – 48,000
Copper (million lbs)	6.5 - 7.0	**6.1**	4.5 – 5.0
Silver (oz)	150,000 - 180,000	**166,744**	120,000 - 130,000
Don Mario Mine Production			
Gold (oz)	19,500 - 20,500	**19,084**	24,000 – 27,000
Copper (million lbs)	16.5 - 18.0	**16.5**	11.0 – 12.0
Silver (oz)	400,000 - 500,000	**431,295**	330,000 – 370,000
Total Production (1)			
Gold (oz) (1)	70,000 - 73,000	**72,817**	67,000 – 75,000
Copper (million lbs)	23.0 - 25.0	**22.6**	15.5 – 17.0
Silver (oz)	550,000 - 680,000	**598,039**	450,000 – 500,000
Total capital expenditures	\$11,500 - \$12,500	**\$10,118**	\$17,000 - \$19,000
Cash operating costs (by-product) (\$/oz) gold (2)	\$850 - \$950	**\$949**	\$850 - \$950
All-in sustaining costs (by-product) (\$/oz) gold (2)	\$1,150 - \$1,250	**\$1,210**	\$1,150 - \$1,250

(1) Gold production guidance assumes that the CIL circuit at Don Mario Mine comes on-line in the fourth quarter of fiscal 2016.

(2) FY2016 guidance assumptions for COC and AISC include by-product commodity prices of \$2.00 per pound of copper and \$14.00 per ounce of silver and an average Euro to US Dollar exchange of 1.065.

The Company is continuing to implement a cost reduction plan with a target to achieve full benefits in the second half of fiscal 2016.

Total capital expenditure guidance for the Company is between \$17 and \$19 million. At El Valle, total capital expenditure guidance is estimated at \$8.0 million to \$9.0 million and includes primary development, investments in power and water infrastructure and a tailings dam lift. At Don Mario, plans to move forward with the CIL Project in fiscal 2016 are underway subject to financing. An estimate of \$6.5 million is included in the capital expenditure guidance above.

The recommissioning of the CIL circuit is expected to take six to nine months once it is underway. It is expected that the remaining UMZ will be mined out and processed by the end of the third quarter of fiscal 2016. Mining activities are expected to commence at the LMZ by the second quarter of fiscal 2016 so that feed is available for processing thereafter. Until the completed CIL circuit is available, Don Mario can process LMZ material through the existing flotation circuit.

Overall Performance

The key factors affecting Orvana's operating and financial performance are tonnages mined and treated, metal grade and recoveries, quantities of metals produced and sold, realized metals prices, costs including labour, energy and other supplies and material, mine development and other capital expenditures, foreign exchange rates and tax rates.

Fiscal Year Ended September 30, 2015 Compared with Fiscal Year Ended September 30, 2014

The Company recorded a net loss of $16.7 million for fiscal 2015 or $0.12 per share compared with a net loss of $29.7 million for fiscal 2014 or $0.22 per share. The Company's net loss was impacted significantly by the following factors:

- Revenue for fiscal 2015 decreased by $21.0 million or 15% to $121.4 million on sales of 72,817 ounces of gold, 22.6 million pounds of copper and 598,039 ounces of silver from El Valle and Don Mario compared with revenue of $142.4 on sales of 84,084 ounces of gold, 21.1 million pounds of copper and 890,339 ounces of silver in fiscal 2014. The decrease in revenue was due to a decrease in average realized metal prices as well as a decrease in gold and silver sales volumes.
- Mining costs were $105.4 million or $3.2 million higher for fiscal 2015 compared with $102.2 million for fiscal 2014 primarily due to higher sales volumes at Don Mario, offset by a decrease in Euro to US Dollar exchange rates.
- Gross margin increased by $6.1 million or 31% to negative $13.9 million for fiscal 2015 compared with gross margin of negative $20.0 million for fiscal 2014 primarily due to the impairment charge at El Valle in the third quarter of fiscal 2014.

The Company recorded an adjusted net loss of $16.7 million for fiscal 2015 or $0.12 per share compared with an adjusted net income of $1.8 million for fiscal 2014 or $0.01 per share. For further information and a detailed reconciliation of adjusted net loss, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Total consolidated COC (by-product) of $949 per ounce of gold sold in fiscal 2015 were $178 or 23% higher than fiscal 2014. Total AISC (by-product) of $1,210 per ounce of gold sold in fiscal 2015 were $195 or 19% higher than in fiscal 2014. COC and AISC in fiscal 2015 were higher compared with fiscal 2014 due to lower gold production and sales, as well as lower by-product revenues from copper and silver due to declining commodity prices.

Fourth Quarter Ended September 30, 2015 Compared with Fourth Quarter Ended September 30, 2014

The Company recorded a net loss of $7.8 million for the fourth quarter of fiscal 2015 or $0.06 per share compared with a net loss of $2.9 million for the fourth quarter of fiscal 2014 or $0.02 per share. The Company's net loss was impacted significantly by the following factors:

- Revenue for the fourth quarter of fiscal 2015 decreased by $23.6 million or 54% to $20.4 million on sales of 13,887 ounces of gold, 4.7 million pounds of copper and 162,566 ounces of silver from El Valle and Don Mario compared with revenue of $44.0 million on sales of 25,338 ounces of gold, 6.3 million pounds of copper and 236,051 ounces of silver in the fourth quarter of fiscal 2014. The decrease in revenue was due to a decrease in average realized metal prices as well as a decrease in gold, copper and silver sales volumes.
- Mining costs were $23.6 million or $6.2 million lower for the fourth quarter of fiscal 2015 compared with $29.8 million for the fourth quarter of fiscal 2014 primarily due to lower metal sales volumes.
- Gross margin decreased by $15.4 million to negative $10.6 million for the fourth quarter of fiscal 2015 compared with gross margin of $4.9 million for the fourth quarter of fiscal 2014.

The Company recorded an adjusted net loss of $7.8 million for the fourth quarter of fiscal 2015 or $0.06 per share compared with an adjusted net income of $2.8 million for the fourth quarter of fiscal 2014 or $0.02 per share. For further information and a detailed reconciliation of adjusted net loss, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Total consolidated COC (by-product) of $1,297 per ounce of gold sold in the fourth quarter of fiscal 2015 were $598 or 86% higher than the fourth quarter of fiscal 2014. Total AISC (by-product) of $1,540 per ounce of gold sold in the fourth quarter of fiscal 2015 were $681 or 79% higher than in the fourth quarter of fiscal 2014. COC and AISC in the fourth quarter of fiscal 2015 were higher compared with the fourth quarter of fiscal 2014 due to lower gold production and sales, as well as lower by-product revenues from copper and silver due to declining commodity prices and sales volumes.

Fourth Quarter Ended September 30, 2015 Compared with Third Quarter Ended June 30, 2015

The Company recorded a net loss of $7.8 million for the fourth quarter of fiscal 2015 or $0.06 per share compared with a net loss of $5.5 million for the third quarter of fiscal 2015 or $0.04 per share. The Company's net loss was impacted significantly by the following factors:

- Revenue for the fourth quarter of fiscal 2015 decreased by $11.8 million or 37% to $20.4 million on sales of 13,887 ounces of gold, 4.7 million pounds of copper and 162,566 ounces of silver from El Valle and Don Mario compared with revenue of $32.2 million on sales of 19,121 ounces of gold, 6.3 million pounds of copper and 175,136 ounces of silver in the third quarter of fiscal 2015. The decrease in revenue was due to a decrease in average realized copper and silver prices as well as a decrease in gold, copper and silver sales volumes.
- Mining costs were $23.6 million or $6.2 million lower for the fourth quarter of fiscal 2015 compared with $29.8 million for the third quarter of fiscal 2015 primarily due to lower metal sales volumes.
- Gross margin decreased by $4.8 million or 83% to negative $10.6 million for the fourth quarter of fiscal 2015 compared with gross margin of negative $5.8 million for the third quarter of fiscal 2015.

Total consolidated COC (by-product) of $1,297 per ounce of gold sold in the fourth quarter of fiscal 2015 were $242 or 23% higher than the third quarter of fiscal 2015. Total AISC (by-product) of $1,540 per ounce of gold sold in the fourth quarter of fiscal 2015 were $297 or 24% higher than in the third quarter of fiscal 2015. COC and AISC in the fourth quarter of fiscal 2015 were higher compared with the third quarter of fiscal 2015 due to lower gold production and sales, as well as lower by-product revenues from copper and silver due to declining commodity prices and sales volumes.

El Valle Mine

Through its wholly-owned subsidiary, OroValle Minerals S.L. ("OroValle"), the Company owns and operates El Valle Mine and the Carlés Mine located in the Rio Narcea Gold Belt in northern Spain, where skarns and oxides are being mined underground. El Valle and Carlés commenced commercial production in August 2011. At the end of February 2015, the Carlés Mine was placed on care and maintenance.

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

	Q4 2015	**Q3 2015**	**Q4 2014**	**FY2015**	**FY2014**
Operating Performance					
Ore mined (tonnes) (wmt)	**120,573**	125,621	145,637	**551,966**	671,564
Ore milled (tonnes) (dmt)	**109,665**	120,765	139,619	**551,213**	651,612
Daily average throughput (dmt)	**1,192**	1,327	1,518	**1,171**	1,785
Gold					
Grade (g/t)	**3.62**	3.37	4.02	**3.53**	3.22
Recovery (%)	**94.7**	92.3	95.0	**92.6**	93.3
Production (oz)	**12,086**	12,135	17,124	**53,733**	62,957
Sales (oz)	**10,725**	14,674	17,747	**51,244**	63,464
Copper					
Grade (%)	**0.66**	0.67	0.64	**0.67**	0.48
Recovery (%)	**85.2**	80.0	83.8	**81.4**	82.0
Production ('000 lbs)	**1,353**	1,422	1,642	**6,128**	5,626
Sales ('000 lbs)	**1,402**	1,852	1,600	**6,058**	5,876
Silver					
Grade (g/t)	**14.39**	13.15	11.59	**13.52**	9.38
Recovery (%)	**80.0**	72.5	79.8	**75.0**	79.9
Production (oz)	**40,571**	37,297	41,538	**166,744**	156,977
Sales (oz)	**38,779**	47,644	42,357	**159,137**	163,513

Financial Performance *(in 000's, except per share amounts)*					
Revenue	**$13,298**	$19,738	$25,622	**$69,851**	$93,553
Mining costs	**$14,694**	$19,515	$18,302	**$64,967**	$72,735
Income (loss) before tax	**($6,469)**	($5,760)	$1,917	**($17,050)**	($27,549)
Capital expenditures (1)	**$1,269**	$1,298	$1,442	**$6,376**	$12,603
Cash operating costs (by-product) ($/oz) gold (2)	**$1,191**	$1,156	$869	**$1,077**	$952
All-in sustaining costs (by-product) ($/oz) gold (2)	**$1,425**	$1,332	$1,024	**$1,308**	$1,160
All-in costs (by-product) ($/oz) gold (2)	**$1,425**	$1,332	$1,024	**$1,308**	$1,228

(1) See "Cash Flows, Commitments and Liquidity - Capital Expenditures" section of this MD&A.

(2) For further information and a detailed reconciliation of COC, AISC and AIC, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

El Valle Mine Operating Performance

During fiscal 2015, El Valle produced 53,733 ounces of gold, 6.1 million pounds of copper and 166,744 ounces of silver compared with 62,957 ounces of gold, 5.6 million pounds of copper and 156,977 ounces of silver during fiscal 2014.

The 15% decrease in production of gold compared with fiscal 2014 was generally impacted by a decrease of 22% in tonnes milled, offset by a 9% increase in plant recoveries. Copper and silver production increased by 9% and 6%, respectively, compared with fiscal 2014. Copper and silver grades through fiscal 2015 were 39% and 44% higher, respectively, thereby offsetting the decrease in tonnes milled.

During the fourth quarter of fiscal 2015, El Valle produced 12,086 ounces of gold, 1.4 million pounds of copper and 40,571 ounces of silver compared with 17,124 ounces of gold, 1.6 million pounds of copper and 41,538 ounces of silver in the fourth quarter of fiscal 2014.

Decreases in gold, copper and silver production of 29%, 18% and 2%, respectively, were impacted by a decrease in tonnes milled of 21% compared with the fourth quarter of fiscal 2014.

Production in fiscal 2015 was impacted by the placement of the Carlés Mine on care and maintenance and by the planned transition from contractor mining to owner/operator mining in the oxides area of El Valle during the second quarter of 2015.

During fiscal 2015, skarns production was sourced from the San Martin and Black Skarns areas of El Valle as well as the Carlés Mine until February 2015. The Company produced on average approximately 600 tonnes of skarns per day from the Carlés Mine from the beginning of fiscal 2014 until it was placed on care and maintenance and approximately 1,000 tonnes of skarns per day from El Valle over fiscal 2015. In March 2015, production crews from Carlés were split up with certain employees assigned within El Valle to the skarn areas, and the remainder to the oxide areas. In the second half of fiscal 2015, productivity in skarns development meters at El Valle increased by approximately 10% and the average monthly tonnage of skarns mined has increased by approximately 14% compared to the first half of fiscal 2015. This increase has replaced approximately 33% of the previous Carlés Mine skarns production. Skarns are currently being mined only from the Black Skarns area which has restricted stope sequencing options and flexibility. Current development is occurring in the new Boinás East zone and mining is expected in January 2016. Development in the Black Skarns area is scheduled to extend the decline to the new BS40 and BS20 levels by the end of 2016. Development will continue to impact production resulting in gold production guidance of 43,000 to 48,000 ounces for fiscal 2016 compared to gold production of 53,733 ounces in fiscal 2015.

Oxide production at El Valle was impacted primarily by the planned transition from contractor mining to owner/operator mining in the oxides area which was completed at the end of April. The production of oxides on average approximated 300 tonnes per day, or 25% of El Valle production prior to April 2015. The Company's oxides crews, which include 24 employees from the previous contractor and crews from the Carlés Mine, have matched previously achieved production and development rates from August 2015 onwards as the Company mined the high grade AR195 area.

Production at El Valle during fiscal 2015 was also impacted by a number of challenges including dewatering, power and maintenance. The Company has evaluated its current power needs with the assistance of an independent electrical engineering firm. A transition solution is expected to be implemented in the second quarter of fiscal 2016 while a new power line to El Valle is being planned. With the assistance of an independent water management firm, the Company assessed its dewatering needs and is expecting to upgrade existing pumping systems and/or build an additional pumping system. In respect of the maintenance function at El Valle, the Company has now restructured the department and is now focused on improving its scheduling and preventative maintenance processes.

El Valle Mine Financial Performance

Revenue from El Valle for fiscal 2015 decreased by 25% to $69.9 million on sales of 51,244 ounces of gold, 6.1 million pounds of copper and 159,137 ounces of silver from $93.6 million for fiscal 2014 on sales of 63,464 ounces of gold, 5.9 million pounds of copper and 163,513 ounces of silver primarily as a result of lower volumes of gold sold, as well as lower realized metal prices.

Mining costs decreased by 11% from $72.7 million in fiscal 2014 to $65.0 million in fiscal 2015 primarily due to the favourable decrease in Euro to US Dollar exchange rates, as well as reductions in fixed mining costs of 11% achieved by the end of fiscal 2015.

Loss before tax for fiscal 2015 was $17.1 million compared with a loss before tax of $27.5 million in fiscal 2014, primarily due to the impairment loss at El Valle in fiscal 2014.

Total capital expenditures at El Valle in fiscal 2015 were $6.4 million compared with $12.6 million for fiscal 2014. Capital expenditures in fiscal 2015 consisted substantially of primary development. Refer to the “Financial Condition Review - Capital Expenditures” section of this MD&A.

Total COC (by-product) of $1,077 per ounce of gold sold in fiscal 2015 were $125 or 13% higher than in fiscal 2014. Total AISC (by-product) of $1,308 per ounce of gold sold in fiscal 2015 were $148 or 13% higher than in fiscal 2014. COC and AISC in fiscal 2015 were higher compared with fiscal 2014 due to lower by-product realized prices and lower gold production and sales volumes, offset by higher copper sales volumes and favourable exchange rates.

Revenue from El Valle for the fourth quarter of fiscal 2015 decreased by 48% to $13.3 million on sales of 10,725 ounces of gold, 1,4 million pounds of copper and 38,779 ounces of silver from $25.6 million in the fourth quarter of fiscal 2014 on sales of 17,747 ounces of gold, 1.6 million pounds of copper and 42,357 ounces of silver primarily as a result of lower metal volumes sold, as well as lower realized metal prices.

Mining costs decreased by 20% from $18.3 million in the fourth quarter of fiscal 2014 to $14.7 million in the fourth quarter of fiscal 2015 primarily due to the lower metal volumes sold.

Loss before tax for the fourth quarter of fiscal 2015 was $6.5 million compared with income before tax of $1.9 million in the fourth quarter of fiscal 2014.

Total capital expenditures at El Valle during the fourth quarter of fiscal 2015 were $1.3 million compared with $1.4 million for the fourth quarter of fiscal 2014. Capital expenditures in the fourth quarter of fiscal 2015 consisted substantially of primary development. Refer to the “Financial Condition Review - Capital Expenditures” section of this MD&A.

Total COC (by-product) of $1,191 per ounce of gold sold in the fourth quarter of fiscal 2015 were $322 or 37% higher than in the fourth quarter of fiscal 2014. Total AISC (by-product) of $1,425 per ounce of gold sold in the fourth quarter of fiscal 2015 were $401 or 39% higher than in the fourth quarter of fiscal 2014. COC and AISC in the fourth quarter of fiscal 2015 were higher compared with the fourth quarter of 2014 due to lower by-product realized prices and lower metal sales volumes.

In addition to the replacement of the oxides contractor and the placement of the Carlés Mine on care and maintenance in the Company’s ongoing effort to reduce costs, the Company has also replaced a portion of its aged mobile equipment fleet to increase productivity and lower maintenance costs. Management is working on a further costs reduction plan at El Valle with a target to achieve full benefits in the second half of fiscal 2016.

Management continues to work on the insurance claim for the basic recovery costs of the hoist damaged as a result of the hoisting accident at El Valle in June 2013. The hoist repair and upgrades were completed in the third quarter of fiscal 2014.

El Valle Growth Exploration

The Company is targeting opportunities to extend the current mine life at El Valle and is working to replace depleted reserves, upgrade resources and replace inferred resources at El Valle through various diamond drilling campaigns underway. In fiscal 2015, infill definition and exploration diamond drilling totaling approximately 19,600 meters has been completed.

The Company is pursuing opportunities to define new resources in the areas surrounding El Valle. A diamond drilling program was completed at the La Brueva property, located eight kilometers from El Valle. The Company's drilling program consisted of 13 holes totaling 2,780 meters and was completed in August 2015. The Company is completing a resource estimate for this deposit and expects to publish the results in the second quarter of fiscal 2016. Additionally, a new zone within the El Valle Mine was identified through the exploration drilling conducted recently and a resource estimate for this zone is also expected to be reported in the second quarter of fiscal 2016.

Additionally, the Company is pursuing exploration activities, such as mapping, sampling and geophysics on certain investigation permits concessions in the vicinity of El Valle.

Don Mario Mine

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"), the Company owns and operates the Don Mario Mine located in south-eastern Bolivia. Fiscal 2009 marked the last year of six years of production from the Company's LMZ underground gold mine at Don Mario with some gold production from lower-grade open pit satellite deposits and lower grade stockpiles continuing into fiscal 2010 and 2011. Over 420,000 ounces of gold was produced from the LMZ with an average recovery of over 80% from the associated CIL plant. The Company is now mining the UMZ as an open-pit mine which reached commercial production in January 2012.

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

	Q4 2015	Q3 2015	Q4 2014	FY2015	FY2014
Operating Performance					
Ore mined (tonnes) (dmt) (1)	**194,223**	233,050	257,585	**938,492**	916,961
Ore milled (tonnes) (dmt)	**204,266**	210,897	225,870	**837,722**	831,124
Daily average throughput (dmt)	**2,523**	2,462	2,594	**2,532**	2,537
Gold					
Grade (g/t)	**0.88**	1.05	1.99	**1.32**	1.71
Recovery (%)	**54.3**	54.3	48.7	**53.8**	46.3
Production (oz)	**3,121**	3,877	7,039	**19,084**	21,127
Sales (oz)	**3,163**	4,447	7,591	**22,061**	16,394
Copper					
Grade (%)	**0.96**	1.06	1.50	**1.20**	1.47
Recovery (%)	**70.8**	76.3	62.6	**74.4**	56.0
Production ('000 lbs)	**3,055**	3,765	4,864	**16,473**	15,430
Sales ('000 lbs)	**3,264**	4,414	4,717	**17,899**	13,059
Silver					
Grade (g/t)	**31.47**	26.37	27.08	**25.20**	48.01
Recovery (%)	**64.6**	67.0	54.3	**63.3**	57.2
Production (oz)	**133,456**	119,875	106,856	**431,295**	733,362
Sales (oz)	**123,786**	127,492	193,694	**437,267**	670,081

Financial Performance *(in 000's, except per share amounts)*					
Revenue	**$7,087**	$12,424	$18,376	**$51,574**	$48,854
Mining costs	**$8,942**	$10,319	$11,496	**$40,417**	$29,496
Income (loss) before tax	**($4,541)**	($1,079)	$3,006	**($935)**	$3,699
Capital expenditures	**$1,042**	$199	$355	**$3,394**	$2,152
Cash operating costs (co-product) ($/oz) gold (2)	**$1,118**	$1,008	$843	**$948**	$862
Cash operating costs (co-product) ($/lb) copper (2) (3)	**$2.49**	$2.35	$2.19	**$2.22**	$2.28
Cash operating costs (co-product) ($/oz) silver (2)	**$16.46**	$15.11	$15.59	**$14.41**	$15.87
All-in sustaining costs (co-product) ($/oz) gold (2)	**$1,253**	$1,099	$887	**$1,053**	$955
All-in sustaining costs (co-product) ($/lb) copper (2)	**$2.77**	$2.55	$2.32	**$2.45**	$2.50
All-in sustaining costs (co-product) ($/oz) silver (2)	**$18.22**	$16.31	$16.53	**$15.86**	$17.31
All-in costs (co-product) ($/oz) gold (2)	**$1,277**	$1,099	$892	**$1,058**	$964
All-in costs (co-product) ($/lb) copper (2)	**$2.82**	$2.55	$2.33	**$2.46**	$2.52
All-in costs (co-product) ($/oz) silver (2)	**$18.52**	$16.31	$16.61	**$15.93**	$17.45

(1) Ore mined includes oxides mined and stockpiled prior to the oxides impairment recorded in the third quarter of fiscal 2014.

(2) For further information and a detailed reconciliation of COC, AISC and AIC, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

(3) COC per pound of copper sold represent C1 costs plus royalties.

Don Mario Mine Operating Performance

During fiscal 2015, 19,084 ounces of gold, 16.5 million pounds of copper and 431,295 ounces of silver were produced at Don Mario compared with 21,127 ounces of gold, 15.4 million pounds of copper and 733,362 ounces of silver in fiscal 2014.

The 10% decrease in gold production compared with fiscal 2014 is primarily due to lower average head grades mined in fiscal 2015 as a result of mining areas with higher than expected talc and other intrusive materials.

Copper production increased by 7% in fiscal 2015 compared with fiscal 2014 primarily due to increases in plant recoveries as a result of processing more sulphides as mining progresses lower in the pit, partially offset by a 19% decrease in average head grade.

The decrease in silver production of 41% compared with fiscal 2014 is primarily due to 48% lower average head grades mined offset by 11% higher recoveries.

During the fourth quarter of fiscal 2015, Don Mario produced 3,121 ounces of gold, 3.1 million pounds of copper and 133,456 ounces of silver compared with 7,039 ounces of gold, 4.9 million pounds of copper and 106,856 ounces of silver in fiscal 2014. The decrease in gold and copper production of 56% and 37%, respectively, was due to a decrease in average head grades mined of 56% and 36%, respectively, as well as a 10% decline in tonnes milled.

Annual union negotiations were successfully completed with the workforce at Don Mario in July 2015.

Don Mario Mine Financial Performance

Revenue from Don Mario increased by 6% from $48.9 million in fiscal 2014 to $51.6 million in fiscal 2015 on sales of 22,061 ounces of gold, 17.9 million pounds of copper and 437,267 ounces of silver compared with sales of 16,394 ounces of gold, 13.1 million pounds of copper and 670,081 ounces of silver in fiscal 2014. Higher revenues were the result of higher volumes sold of gold and copper of 35% and 37%, respectively, offset by significant declines in realized metal prices.

Mining costs of $40.4 million for fiscal 2015 increased by $10.9 million or 37% compared with $29.5 million during fiscal 2014 primarily due to the higher volumes sold of gold and copper in fiscal 2015, as well as higher labour costs from EMIPA's regular annual union wage negotiations.

Loss before tax for fiscal 2015 was $0.9 million compared with income before tax of $3.7 million for fiscal 2014.

Total capital expenditures at Don Mario during fiscal 2015 were $3.4 million compared with $2.2 million in fiscal 2014. Capital expenditures in fiscal 2015 consisted primarily of capitalized costs for tailings dam lifts.

In fiscal 2015, COC (co-product) were $948 per ounce of gold or 10% higher, $2.22 per pound of copper or 3% lower and $14.41 per ounce of silver or 9% lower compared with $862 per ounce of gold, $2.28 per pound of copper and $15.87 per ounce of silver in fiscal 2014. Total AISC (co-product) were $1,053 per ounce of gold or 10% higher, $2.45 per pound of copper or 2% lower and $15.86 per ounce of silver or 8% lower compared with $955 per ounce of gold, $2.50 per pound of copper and $17.31 per ounce of silver in fiscal 2014. On a co-product basis, the increase in gold unitary costs and the decrease in copper and silver unitary costs is primarily due to a higher attribution of total costs to gold from larger decreases in copper and silver realized prices relative to the decline in gold realized prices.

During the fourth quarter of fiscal 2015, revenue from Don Mario decreased by 61% from $18.4 million in the fourth quarter of fiscal 2014 to $7.1 million on sales of 3,163 ounces of gold, 3.3 million pounds of copper and 123,786 ounces of silver compared with sales of 7,591 ounces of gold, 4.7 million pounds of copper and 193,694 ounces of silver. Lower revenue was the result of lower volumes sold of gold, copper and silver of 58%, 31% and 36% respectively.

Mining costs of $8.9 million for the fourth quarter of fiscal 2015 decreased by $2.5 million or 22% compared with $11.5 million during the fourth quarter of 2014 due to the lower volume of sales.

Loss before tax for the fourth quarter of fiscal 2015 was $4.5 million compared with income before tax of $3.0 million for the fourth quarter of fiscal 2014.

Total capital expenditures at Don Mario during the fourth quarter of fiscal 2015 were $1.0 million compared with $0.4 million in the fourth quarter of fiscal 2014. Capital expenditures in the fourth quarter of fiscal 2015 consisted primarily of machinery purchases and capitalized costs for a tailings dam lift.

For the fourth quarter of fiscal 2015, COC (co-product) were $1,118 per ounce of gold or 33% higher, $2.49 per pound of copper or 14% higher and $16.46 per ounce of silver or 6% higher compared with $843 per ounce of gold, $2.19 per pound of copper and $15.59 per ounce of silver in the fourth quarter of fiscal 2014. Total AISC (co-product) were $1,253 per ounce of gold or 41% higher, $2.77 per pound of copper or 19% higher and $18.22 per ounce of silver or 10% higher compared with $887 per ounce of gold, $2.32 per pound of copper and $16.53 per ounce of silver for the fourth quarter of fiscal 2014. The increase in unitary costs was driven primarily by the significant decrease in metal volumes sold quarter over quarter.

Don Mario Exploration and Mine Life Extension

As described above, historical mining took place in the LMZ underground gold mine until 2009. Current open pit mining is taking place in the UMZ. As a near term mine life extension opportunity, geotechnical and geological reviews have been carried out by two firms of the old resource block model of the LMZ and the current resource block model of UMZ to investigate the potential of mining the upper extension of the LMZ.

The results of this work have demonstrated that a pushback of the pit to allow for the mining of this upper extension of the LMZ is possible. During the third quarter of fiscal 2015, a drilling program consisting of 12 holes and approximately 900 meters was completed. The objectives were to verify the conditions of the underground workings and identify voids, if any, in order to determine the ultimate mining depth of the pushback and to support and confirm resource estimates. Results have shown that no significant unexpected voids were encountered.

In fiscal 2015, exploration drilling was concentrated around the known mineralized zones north-west and south-east of the UMZ (collectively known as “Cerro Felix”). The Company completed a drilling program at Cerro Felix consisting of 39 holes approximating 3,600 meters.

During the fourth quarter of fiscal 2015, Mercator Geological Services Limited (“Mercator”) prepared mineral resource estimates for the LMZ and Cerro Felix areas under supervision of Michael Cullen, P.Geo, who is an independent Qualified Person under NI 43-101. The effective date of the estimates is September 30, 2015. A technical report documenting the mineral resource estimates was published on November 16, 2015 in accordance with NI 43-101. The following tables summarize the results of the mineral resource estimates:

Don Mario LMZ Mineral Resource Estimate Statement (September 30, 2015):

Au (g/t) Cut-off	Category	Tonnes(1)	Au (g/t)	Cu (%)	Ag (g/t)	Au oz.(2)	Cu lbs.(2)	Ag oz.(2)
0.50	Indicated	1,030,000	2.82	0.73	7.07	93,000	16,580,000	234,000
0.70	**Indicated**	**1,000,000**	**2.90**	**0.73**	**7.11**	**93,000**	**16,090,000**	**229,000**
1.00	Indicated	910,000	3.10	0.75	7.28	91,000	15,050,000	213,000

(1) Tonnes are rounded to nearest 10,000.

(2) Ounces are rounded to the nearest 1,000 and pounds are rounded to the nearest 10,000. Calculated contained metal sums may not match reported tonnes and grade due to rounding.

Cerro Felix Mineral Resource Statement Details (September 30, 2015):

Au (g/t) Cut-off	Category	Tonnes(1)	Au (g/t)	Cu (%)	Ag (g/t)	Au oz.(2)	Cu lbs.(2)	Ag oz.(2)
0.50	Indicated	510,000	3.06	0.1	2.72	50,000	1,120,000	45,000
	Inferred	90,000	3.04	0.14	3.16	9,000	280,000	9,000
0.70	**Indicated**	**490,000**	**3.15**	**0.09**	**2.53**	**50,000**	**970,000**	**40,000**
	Inferred	**80,000**	**3.14**	**0.14**	**3.21**	**8,000**	**250,000**	**8,000**
1.0	Indicated	430,000	3.46	0.07	2.18	48,000	660,000	30,000
	Inferred	80,000	3.25	0.12	2.83	8,000	210,000	7,000

(1) Tonnes are rounded to nearest 10,000.

(2) Ounces are rounded to the nearest 1,000 and pounds are rounded to the nearest 10,000. Calculated contained metal sums may not match reported tonnes and grade due to rounding.

Notes to above tables:

1. Raw gold assays were capped at 20g/t, raw copper assays were capped at 8% and raw silver assays were capped at 80g/t.
2. Metal grades were interpolated within wireframed, three dimensional solids using Geovia-Surpac Verr. 6.7 software and ordinary kriging methods. The Don Mario resource estimate block size is 5m (X) by 5m (Z) by 5m (Y) and historic mine void space was removed from the model prior to reporting of resources. The Cerro Felix resource estimate block size is 5m (X) by 5m (Z) by 2.5m (Y).
3. An average block density factor of 2.89 was applied for both estimates.
4. Mineral resources are considered to have reasonable expectation for economic development using open-pit mining methods based on the deposit history, resource amount and metal grades and current metal pricing.
5. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
6. *Tonnes are rounded to nearest 10,000.
7. **Ounces are rounded to the nearest 1,000 and pounds are rounded to the nearest 10,000. Calculated contained metal sums may not match reported tonnes and grade due to rounding.
8. The resource estimate cut-off value of 0.70 g/t Au is reflective of open-pit mining methods and resource estimate values are bolded.
9. LMZ mineral resource estimates are reported above an elevation datum of 295El which reflects the expected maximum depth for the final pit design based on current geotechnical considerations.

The Company expects to begin mining the LMZ in the second quarter of fiscal 2016.

Historically, gold and silver from the LMZ were leached with cyanide in a CIL circuit and a gold doré was produced, due to the higher gold grades and lower copper and silver grades associated with the LMZ as compared to the UMZ. Average historical recoveries achieved from the CIL were over 80%. The CIL circuit was placed on care and maintenance in April 2011 when the Company commenced mining the metallurgically more complex UMZ. The Company engaged Lycopodium to complete a capital cost estimate (scoping level) to recommission the CIL circuit, which was recently completed. For the selected process option, the capital cost estimate is $6.4 million to an accuracy estimate of +/- 35% including owner's costs of $1.5 million and contingency. Results of a metallurgical testing program undertaken by the Company indicate potential gold recovery of higher than historical rates may be achieved by processing LMZ resource material through a re-commissioned CIL circuit. The Company is considering the CIL Project in fiscal 2016 subject to obtaining external financing.

Sale of Copperwood

During fiscal 2014, the Company sold the Copperwood Project to Highland Copper Company Inc. ("Highland") for cash consideration of $20.0 million, fully repaid by the first quarter of fiscal 2015 and deferred consideration of up to $5.0 million. The deferred consideration of up to $5.0 million is payable in cash or shares of Highland, of which $2.5 million is time-based and payable within four years of closing and the remaining $2.5 million is contingent upon commercial production and reaching a certain level of average copper prices in a specified timeframe.

Market Review and Trends

Metal Prices

The market prices of gold and copper are one of the primary drivers of Orvana's earnings and ability to generate free cash flows. During fiscal 2015, the gold price remained volatile, with the price ranging from $1,081 to $1,296 per ounce and an average market price of $1,184 per ounce compared with $1,288 per ounce in fiscal 2014. Orvana's average gold realized price for fiscal 2015 was $1,246 per ounce, as compared to $1,287 per ounce in fiscal 2014. The Company derived approximately 55% of its revenue from sales of gold in fiscal 2015.

The strengthening of the US dollar as a result of an improvement to the US economy and US treasury policy led to a continued lower price of gold during fiscal 2015. The Company believes that continued expectation of a near-term interest rate hike by the US Federal Reserve will continue to have a negative impact on the price of gold as investors shift towards higher yielding assets.

Copper prices during fiscal 2015 traded in a range of $2.22 to $3.11 per pound with an average annual price of $2.69 per pound compared with $3.17 per pound in fiscal 2014. Orvana's average copper realized price for fiscal 2015 was $2.78 per pound. Copper's strength lies mainly in strong physical demand from emerging markets, especially China. The Company believes copper prices will continue to be influenced by demand from emerging markets, offset by increases in supply from large copper mines coming online in the long term. The Company derived approximately 41% of its revenue from sales of copper in fiscal 2015.

In fiscal 2015, silver prices traded in a range from $14.27 per ounce to $18.23 per ounce with an average price of $16.12 per ounce compared with $20.17 in fiscal 2014. Orvana's average silver realized price for fiscal 2015 was $17.06 per ounce. The Company derived approximately 6% of its revenue from sales of silver in fiscal 2015.

Currency Exchange Rates

The results of Orvana's operations are affected by US dollar exchange rates. Orvana's largest exposure is to the Euro to US Dollar exchange rate. The Company incurs operating and administration costs at El Valle incurred in Euros, while revenue is earned in US dollars. Orvana's cost of sales and expenses were positively affected by the decrease of the Euro to US Dollar exchange rate from 1.25 to 1.12 through fiscal 2015. As a result, mining costs at El Valle were lower by approximately $4.0 million in fiscal 2015 compared to fiscal 2014.

Orvana also has a minor exposure to the Canadian dollar and the Swedish krona through corporate administration costs. Orvana's exposure to the US Dollar to Bolivianos exchange rate is limited as this exchange rate has not fluctuated significantly during previous reporting periods.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

The following table provides a comparison of key elements of Orvana's balance sheet at September 30, 2015 and September 30, 2014.

(in 000's)	**September 30, 2015**	**September 30, 2014**
Cash and cash equivalents	**$17,236**	$16,545
Restricted cash (short term)	**2,593**	$9,897
Non-cash working capital (1)	**($1,807)**	$18,761
Total assets	**$169,435**	$221,218
El Valle Loan (net of financing fees) (2)	**$-**	$15,900
Total liabilities	**$56,887**	$92,018
Shareholders' equity	**$112,548**	$129,200

(1) Working capital represents current assets of $43.4 million less cash and cash equivalents and short-term restricted cash totaling $19.8 million and less $25.3 million in current liabilities composed of accounts payable and accrued liabilities and income taxes payable (not including bank debt, the Fabulosa Loan and the El Valle Loan).

(2) The El Valle Loan was repaid in full on November 10, 2014. The amount of Orvana's outstanding El Valle Loan at September 30, 2014 was $16.6 million, less financing fees of $0.7 million. Information relating to Orvana's outstanding credit facilities is set out below.

Total assets decreased by $51.8 million or 23% from $221.2 million to $169.4 million primarily as a result of the decrease in (i) short-term restricted cash of $7.3 million primarily for the repayment of the El Valle Loan, (ii) the Copperwood note of $7.3 million as cash proceeds were received, (iii) value added taxes and other receivables of $10.6 million primarily from refunded interim taxes at OroValle and (iv) property, plant and equipment of $19.6 million due to depreciation.

Short-term restricted cash as at September 30, 2015 was $2.6 million (September 30, 2014 – $9.9 million), primarily consisting of $2.5 million in restricted cash placed on deposit with Canadian and Bolivian commercial banks in favour of Bolivian courts pending the result of an ongoing claim. Subsequent to year end, the claim was settled and the full balance was released to the Company.

Total liabilities decreased by $35.1 million or 38% to $56.9 million at September 30, 2015 from $92.0 million at September 30, 2014 primarily as a result of a decrease in total debt of $23.8 million from: i) the repayment of the El Valle Loan in full and ii) a reduction of debt in Bolivia, as well as a decrease in the future income tax liability of $6.6 million as a result of a reduction in the Spanish corporate tax rate from 30% to 25%.

Through 2015, EMIPA had short-term credit facilities with a Bolivian bank payable in 90 to 180 days from the date of advance with an annual interest rate of 6.0%. Certain of EMIPA's assets are pledged as security against these loans. As at September 30, 2015, the balance drawn under these facilities was $1.5 million (September 30, 2014, $9.4 million) and the proceeds were used to finance EMIPA's working capital needs. As of the date of the MD&A, EMIPA renewed $2.0 million of these facilities with local Bolivian banks. The foregoing excludes bank guarantees of $1.0 million (September 30, 2014 - $2.3 million) related to refunded value-added taxes and chemical and natural gas purchases.

El Valle Loan

In October 2010, OroValle entered into a $50.0 million five-year term corporate credit facility (the "El Valle Loan"). The funds were primarily used to complete the construction of El Valle. In February 2012, the El Valle Loan was extended by one year to September 30, 2016 and increased by $13.8 million including approximately $6.5 million (€5.0 million) to fund an environmental bond. The El Valle Loan was amended effective July 11, 2014 resulting in a new maturity date of November 30, 2014.

The El Valle Loan required gold, copper and US dollars/EUR derivative instruments that were previously put in place. In July 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 El Valle Loan.

Orvana completed repayment of the El Valle Loan on November 10, 2014. All security under the El Valle Loan has been discharged.

Fabulosa Loan - Related Party Transactions

The Company entered into a secured loan (the "Fabulosa Loan") with Fabulosa Mines Limited ("Fabulosa"), the Company's 51.9% shareholder, in the amount of $11.5 million in 2011 and was fully paid off in the third quarter of fiscal 2014. The Fabulosa Loan was amended effective July 11, 2014 as part of the conditions around the amendment of the El Valle Loan effective July 11, 2014. The maturity period was extended from September 30, 2014 to December 31, 2014 and the maximum borrowing amount under the Fabulosa Loan was amended to $6.5 million. In connection with such amendment, the Company issued warrants to Fabulosa to purchase 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 and the Fabulosa Loan was not subsequently renewed. All security under the Fabulosa Loan has been discharged.

Concurrent with the initial Fabulosa Loan, the Company entered into an 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.

Shareholders' Equity

Shareholders' equity at September 30, 2015 decreased by 13% to $112.5 million compared with $129.2 million at September 30, 2014. The table below sets out the number of each class of securities of the Company outstanding at September 30, 2015 and as at the date hereof.

	At September 30, 2015
Common Shares	136,623,171
Warrants (1)	1,470,000
Options (2)	2,253,334

(1) All of the outstanding warrants are held by Fabulosa. In 2011 and 2012, a total of 2,725,000 warrants were issued in two tranches (referred to as the "Warrant Certificates"), as follows: i) warrants to purchase up to 1,300,000 Common Shares were issued on September 6, 2011 with an exercise price of C$1.90 until September 6, 2016 and ii) warrants to purchase up to 1,425,000 Common Shares were issued on March 5, 2012 with an exercise price of C$0.97 until March 5, 2017. As a result of the forfeiture or expiration of certain options to acquire Common Shares, the exercise of which are tied to Fabulosa's ability to exercise the Warrant Certificates, 2,175,000 of the 2,725,000 Warrant Certificates may never be exercised as of the date of the MD&A. Of the remaining 550,000 Warrant Certificates, 450,000 are exercisable as of the date of the MD&A. Additional warrants were issued in connection with amendments to the Fabulosa Loan in 2013 and 2014 as follows: i) warrants to purchase 500,000 Common Shares were issued on August 22, 2013 with an exercise price of C$0.49 until August 22, 2018, and ii) warrants to purchase 100,000 Common Shares were issued on July 11, 2014 at an exercise price of C$0.53 until July 11, 2019.

(2) The options have a weighted average exercise price of $1.29 and expiry dates ranging from 2015 to 2020.

Capital Resources

At September 30, 2015, the Company had cash and cash equivalents of $17.2 million and restricted cash of $4.8 million. The Company considers its capital employed to consist of shareholders' equity (including share capital, contributed surplus and retained earnings) and total debt net of cash and cash equivalents as follows:

(in 000's)	September 30, 2015	September 30, 2014
Shareholders' equity	**$112,548**	$129,200
Bank debt (1)	**$1,478**	$9,364
El Valle Loan (1)	**$-**	$16,614
	$114,026	$155,178
Less: Cash and cash equivalents	**(17,236)**	(16,545)
Capital employed	**$96,790**	$138,633

(1) Bank debt represents a credit facility associated with Don Mario. The El Valle Loan was fully repaid on November 10, 2014.

The Company's financial objective when managing capital is to ensure that it has the cash and debt capacity and financial flexibility to fund its ongoing business objectives including operating activities, investments and growth in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, in addition to using cash flows from operating activities for this purpose, the Company may issue new shares or obtain additional debt. In the third quarter of fiscal 2014, the Company closed the sale of Copperwood for closing proceeds of $13.0 million with final payment of $7.5 million (including interest of $0.5 million) received on December 16, 2014. On November 10, 2014, the Company completed the repayment of the El Valle Loan, two years ahead of schedule resulting in interest savings to the Company of approximately $1.4 million.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the Company's operating and financial performance and current outlook of the business and industry in general. The Company's alternatives to fund future capital needs include cash flows from operating activities, debt or equity financing or adjustments to capital spending. The capital structure and these alternatives are reviewed by management and the board of directors of the Company on a regular basis to ensure the best mix of capital resources to meet the Company's needs.

The Company manages capital through its operating and financial budgeting and forecasting processes. The Company reviews its working capital and forecasts its future cash flows on a periodic basis, based on operating expenditures and other investing and financing activities. The forecast is regularly updated based on the results of El Valle and Don Mario. Information is regularly provided to the board of directors of the Company.

Cash Flows, Commitments, Liquidity and Contingencies

Cash Flows

Total cash and cash equivalents as at September 30, 2015 was $17.2 million primarily denominated in US dollars representing an increase of $0.7 million from $16.5 million at September 30, 2014. Short-term restricted cash was $2.6 million at September 30, 2015 compared with $9.9 million at September 30, 2014 which included $9.1 million in a debt service reserve used to complete repayment of the El Valle Loan on November 10, 2014. The Company's total debt was $1.5 million at September 30, 2015 and $2.0 million at the date of the MD&A. This compares with total debt as at September 30, 2014 of $26.0 million (debt net of cash, cash equivalents and restricted cash for debt repayment was $0.3 million).

The following table summarizes the principal sources and uses of cash for the periods specified below:

(in 000's)	**Q4 2015**	**Q3 2015**	**Q4 2014**	**FY2015**	**FY2014**
Cash provided by (used in) operating activities before changes in non-cash working capital (1) (2)	**($2,670)**	$1,026	$16,906	**$8,471**	$37,923
Cash provided by (used in) operating activities (1) (2)	**($5,475)**	$6,667	$18,841	**$20,678**	$34,731
Cash provided by (used in) financing activities	**$1,478**	($3,943)	($18,875)	**($24,500)**	($35,670)
Cash provided by (used in) investing activities (3)	**($2,643)**	($307)	$5,245	**$4,324**	$4,179
Change in cash	**($6,641)**	$2,417	$5,211	**$502**	$3,240

(1) Operating cash flows is cash provided by operating activities from continuing operations and discontinued operations.

(2) Operating cash flows include cash from realized gains on settlement of the derivative instruments of $7.1 million in the fourth quarter of fiscal 2014 and $11.8 million in fiscal 2014. The Company's outstanding derivative instruments were closed out during the fourth quarter of fiscal 2014.

(3) 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. See "Cash Flows, Commitments and Liquidity - Capital Expenditures".

Orvana's primary source of liquidity has been from operating cash flows in the last twelve months. Cash flows from operating activities before changes in non-cash working capital were $8.5 million for fiscal 2015 compared with $37.9 million for fiscal 2014 and cash flows from operating activities were $20.7 million for fiscal 2015 compared with $34.7 million for fiscal 2014. Prior year balances include cash from realized gains on settlement of the outstanding derivative instruments net of tax of $8.3 million.

Cash flows used in operating activities before changes in non-cash working capital were $2.7 million in the fourth quarter of fiscal 2015 compared with cash flows provided by operating activities before changes in non-cash working capital of $16.9 million in the fourth quarter of fiscal 2014. The Company's cash flows used in operating activities were $5.5 million in the fourth quarter of fiscal 2015 compared with cash flows provided by operating activities of $18.8 million in the fourth quarter of fiscal 2014. Prior year balances include cash from realized gains on settlement of the outstanding derivative instruments net of tax of $5.0 million.

The most significant drivers of the change in operating cash flow are production and sales and market gold and copper prices. Future changes in metals market prices, either favourable or unfavourable, will continue to have a material impact on the Company's cash flows and liquidity. The principal uses of operating cash flows have been the repayment of debt and the funding of the Company's capital expenditures.

Cash used in financing activities was $24.5 million in fiscal 2015 and $35.7 million in fiscal 2014. Cash provided by financing activities was $1.5 million in the fourth quarter of fiscal 2015 due to balances drawn under short term credit facilities in EMIPA compared with cash used in financing activities of $18.9 million in the fourth quarter of fiscal 2014 primarily due to the accelerated repayment of the El Valle Loan.

Cash provided by investing activities was $4.3 million in fiscal 2015 and $4.2 million in fiscal 2014. Cash used in investing activities was $2.6 million in the fourth quarter of fiscal 2015 primarily due to capital expenditures compared with cash provided by investing activities of $5.2 million in the fourth quarter of fiscal 2014 primarily due to proceeds received from the divestiture of Copperwood in fiscal 2014.

Capital Expenditures

The following table sets forth Orvana's capital expenditures for the periods specified below for El Valle and Don Mario:

Capital Expenditures *(in 000's)* (1)	**Q4 2015**	**Q3 2015**	**Q4 2014**	**FY2015**	**FY2014**
El Valle Mine (1)	**$1,269**	$1,298	$1,442	**$6,376**	$12,603
Don Mario Mine	**1,042**	199	355	**3,394**	2,152
Corporate	**-**	2	4	**8**	8
Subtotal capital expenditures	**$2,311**	$1,499	$1,801	**$9,778**	$14,763
El Valle Mine – accounts payable adjustments (1)	**29**	221	(1,324)	**340**	(298)
Total capital expenditures from continuing operations (2)	**$2,340**	$1,720	$477	**$10,118**	$14,465
Total capital expenditures from discontinued operations (Copperwood)	**-**	-	-	**-**	460
Total capital expenditures (2)	**$2,340**	$1,720	$477	**$10,118**	$14,925

(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) For further discussion relating to capital expenditures, see "Cash Flows, Commitments and Liquidity - Liquidity".

For fiscal 2014, capital expenditures excluding the hoist repair and upgrades at El Valle were approximately $10.1 million. Capital expenditures in fiscal 2015 consisted primarily of primary development at El Valle and annual tailings dam lifts at Don Mario. The Company expects sustaining capital expenditures for fiscal 2016 to be in the range of $20.0 to $22.0 million, including approximately $6.5 million in respect of the planned construction of the CIL plant at Don Mario and power and water infrastructure improvements at El Valle. Refer to the "Outlook" section of the MD&A.

Other Commitments

At September 30, 2015, the Company's contractual obligations included: bank debt; term credit facilities; operating leases; decommissioning liabilities; purchase obligations related to certain operating activities at El Valle and Don Mario; provision for statutory labour obligations; and long-term compensation. Contractual obligations are summarized in the following table below:

At September 30, 2015		**Payment Due by Period**			
(in 000's)	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Bank debt – Don Mario Mine (1)	**$1,478**	$1,478	-	-	-
Operating leases	**$3,186**	$1,448	$1,322	$178	$238
Decommissioning liabilities (2)	**$21,729**	-	$192	$5,684	$15,853
Reclamation bond (3)	**$5,602**	$5,602	-	-	-
Purchase obligations	**$2,563**	$678	$1,885	-	-
Provision for statutory labour obligations (4)	**$2,567**	-	$2,567	-	-
Long-term compensation	**$283**	$83	$150	-	$50
Total contractual obligations (5)	**$37,408**	**$9,289**	**$6,116**	**$5,862**	**$16,141**

(1) Bank debt represents credit facilities associated with Don Mario. See "Financial Condition Review - Balance Sheet Review". As of the date of the MD&A, a facility was renewed for a total of $2.0 million.

(2) Decommissioning liabilities are undiscounted. Total cash deposited with a Spanish financial institution for reclamation bonds amounted to approximately $8.4 million at September 30, 2015 (September 30, 2014 - $9.5 million). Decommissioning liabilities are discussed below under "Other Information - Critical Accounting Estimates - Decommissioning Liabilities".

(3) Spanish regulatory authorities have requested that an additional reclamation bond of €5.0 million be deposited by the Company under Spanish mining regulations in respect of El Valle. The Company is currently challenging this request in courts, but may have to post the further bond as the court proceedings continue.

(4) Under Bolivian law, EMIPA has an obligation to make payments to employees in the amount of one month's wages for each year of service. The employee can elect to receive payment after five years of service in the amount of five months of wages while continuing employment with EMIPA.

(5) Production from El Valle and Don Mario is subject to certain royalties which amounts have not been included in total contractual obligations at September 30, 2015. For a description of such royalties and amounts payable, see "Royalties" below.

Royalties

Production from El Valle is subject to a 3% net smelter return royalty ("NSR"), referred to herein as El Valle Royalty. El Valle Royalty rate decreases to 2.5% for any quarter in which the average price of gold is below $1,100 per ounce. El Valle Royalty expense totaled $0.4 and $2.1 million for the fourth quarter of fiscal 2015 and for fiscal 2015, respectively, compared with $0.8 and $2.8 million in the fourth quarter of fiscal 2014 and for fiscal 2014 respectively.

Production from Don Mario is subject to a 3% NSR. This expense totaled $0.3 and $1.7 million for the fourth quarter of fiscal 2015 and for fiscal 2015, respectively, compared with $0.5 and $1.3 million in the fourth quarter of fiscal 2014 and for fiscal 2014, respectively. The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from Don Mario at rates of 5%, 7% and 6%, respectively. These amounts totaled $0.8 and $5.0 million for the fourth quarter of fiscal 2015 and for fiscal 2015, respectively, compared with $1.6 and $4.4 million in the fourth quarter of fiscal 2014 and for fiscal 2014, respectively. The NSR and the mining royalty tax are referred to herein as "Don Mario Royalties".

Liquidity

Orvana's primary sources of liquidity in fiscal 2015 were operating cash flows and proceeds from the sale of Copperwood.

In the past, bank loans with certain Bolivian banks have averaged a balance of $6 to $10 million and have been short term, ranging from 90 to 180 days. Although in the past, EMIPA's lenders have agreed to renew these loans in the ordinary course, new loans replacing those maturing may not be obtained. During fiscal 2015, five such loans totaling $8 million were not renewed. At the date of the MD&A, the Bolivian bank debt balance was $2.0 million.

As at September 30, 2015, the Company had cash of $17.2 million and restricted cash of $4.8 million designated to cover the Company's commitments due in less than one year of $9.3 million.

The Company generated positive operating cash flows in fiscal 2015. Financing and investing activities including capital expenditures resulted in positive cash flow generation. In fiscal 2016, at current market prices, production guidance and the assumption that all planned capital expenditures are incurred, the Company expects to realize a cash flow deficit that is expected to be funded by existing cash on hand. The potential CIL capital expenditure of $6.4 million will only be incurred if external financing is obtained.

The Company has been pursuing a number of initiatives at El Valle and Don Mario in order to meet its objectives of optimizing production, lowering unitary cash costs, maximizing free cash flow, extending the life-of-mine of its operations and growing its operations to deliver shareholder value. In the current environment of declining commodities prices, the Company is currently monitoring its liquidity position closely and assessing its capital needs for the upcoming fiscal year and beyond. At El Valle, the Company reduced its fixed mining costs by 11% by the end of fiscal 2015. The Company is currently implementing a further costs reductions that are expected to take effect in the second half of fiscal 2016.

If (i) unanticipated events occur that may impact the operations of El Valle and Don Mario and/or (ii) if the Company does not have adequate access to financing on terms acceptable to the Company, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing, pursuing joint-venture partnerships, equipment financings or other receivables financing arrangements. The Company may experience difficulty in obtaining satisfactory financing terms. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on Orvana's results of operations or financial condition.

Contingencies

The Company is currently working through one environmental matter involving selenium discharges into the Cauxa River in Asturias, Spain. The Cauxa River flows past El Valle operated by the Company's Spanish subsidiary, OroValle, as well as certain other mining properties owned by third parties. Selenium is a naturally occurring element that is found in rocks, land and water and thus is also naturally found in certain food supplies. The maximum containment level for selenium has been set (i) in drinking water at 50 micrograms per liter ("µg/L") by Health Canada and the Environmental Protection Agency in the United States (the "EPA") and (ii) in surface water at 5 µg/L by the EPA. The levels of selenium in the Cauxa River have on average been below this maximum contaminant level for surface water. The Company believes that, by international standards, these levels of selenium are not a health or environmental risk. In 2011, Spain set the limit of selenium in inland surface water at 1 µg/L and in other surface water and drinking water at 10 µg/L.

Spanish regulatory authorities have taken the position that the levels of selenium in the river flowing past El Valle exceed the levels permitted by applicable regulations as a result of discharges attributed to the Company which may not be in compliance with certain of the Company's permits. The Company believes that the average levels of selenium in this river are, by international standards, not a health or environmental risk. In recent years, OroValle has received approximately €955,000 (approximately $1,070) in fines relating to these matters and may face further additional fines or other sanctions, including the revocation or suspension of certain permits, in the future. OroValle is appealing the outstanding fines. OroValle received a document dated August 3, 2015 providing notification that a judge of criminal court of Asturias is conducting a preliminary investigation into the potential commission by OroValle of a reckless crime under the Spanish penal code relating to these matters. The judge may dismiss the matter and/or charge OroValle and/or certain OroValle individuals. If OroValle is ultimately found responsible, monetary penalties, amongst other sanctions, may be applied. These sanctions could have a material impact on the Company. At this time, OroValle has not been charged and has cooperated and will continue to cooperate with investigations and is defending itself vigorously.

OroValle has been working to remediate this matter through various activities including the implementation of a reverse osmosis water treatment plant in September 2014 and the development of a long-term water management plan. To date, these remediation efforts have not fully addressed these matters and there can be no assurances that OroValle's continuing remediation activities will be successful in the short term or at all to fully comply with local regulations. In addition, OroValle has been seeking amendments to certain of its permits or, alternatively to receive new permits, and extensions of deadlines to comply with local requirements. Orvana is committed to developing and operating its mines and projects in full compliance with local environmental regulations and recognized international environmental standards.

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended September 30, 2015:

	Quarters ended			
(in 000's, except per share amounts)	**Q4 2015**	**Q3 2015**	**Q2 2015**	**Q1 2015**
Revenue	**$20,385**	**$32,162**	**$30,108**	**$38,770**
Net income (loss)	**($7,819)**	**($5,522)**	**($4,130)**	**$738**
Earnings (loss) per share (basic and diluted)	**($0.06)**	**($0.04)**	**($0.03)**	**$0.01**
Total assets	**$169,435**	**$183,334**	**$192,690**	**$200,991**
Total financial liabilities (1)	**$1,478**	**-**	**$3,943**	**$3,450**
	Quarters ended			
	Q4 2014	**Q3 2014**	**Q2 2014**	**Q1 2014**
Revenue	$43,998	$34,064	$29,125	$35,220
Net income (loss)	($2,896)	($25,902)	($6,953)	$6,008
Earnings (loss) per share (basic and diluted)	($0.02)	($0.19)	($0.05)	$0.04
Total assets	$221,218	$236,738	$283,706	$293,548
Total financial liabilities (1)	$25,978	$44,853	$55,209	$58,502

(1) Financial liabilities include the bank debt, Fabulosa Loan, current and long-term portions of obligations under finance leases and the El Valle Loan, before deducting financing fees.

FINANCIAL AND OTHER RISKS AND UNCERTAINTIES

Financial Risks

The Company's activities expose it to a variety of financial market risks (including commodity price risks, currency risk and interest rate risk), credit risks, liquidity risks, financing risks and other risks. Enterprise risk management is carried out by management of the Company under policies approved by the board of directors thereof. Management identifies and evaluates the financial 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.

Market Risks – Commodity Price Risks

The Company is primarily exposed to gold and copper commodity price risk. Fluctuations in gold and copper prices materially affect financial performance and results of operation. A sustained or significant decline in the price of gold and copper would have adverse effects on the profitability of the Company and would negatively impact the cash flow. Following closure of the derivative instruments which were a requirement of the El Valle Loan in the fourth quarter of fiscal 2014, the Company's gold and copper sales are no longer hedged.

Gold Prices - The net loss of $16,371 for the 2015 fiscal year would be impacted by changes in average realized gold prices on gold ounces sold. A 10% increase/decrease in average realized gold prices would affect the net loss by an increase/decrease of approximately $5,388.

Copper Prices - The net loss of $16,371 for the 2015 fiscal year would be impacted by changes in average realized copper prices. A 10% increase/decrease in average realized copper prices would affect net loss by an increase/decrease of approximately $3,747.

Market Risks – Currency Risk

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.

Currency risk arises when future recognized assets or liabilities are denominated in a currency that is not the Company's functional currency and may impact the fair values thereof or future cash flows of the Company's financial instruments. Exchange rate fluctuations may also affect the costs that the Company incurs in its operations.

The net loss of $16,371 for the 2015 fiscal year would be impacted by changes in average USD/EUR exchange rates in respect of mining costs incurred at OroValle. A 10% increase/decrease in average realized USD/EUR exchange rates in respect of mining costs incurred at OroValle would affect the net loss by a decrease/increase of $6,497.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to gold-copper concentrate, gold doré sales and value-added tax receivables. The Company has a concentration of credit risk with three customers to which gold-copper concentrate and gold doré are sold under agreements and who provide provisional payments to the Company upon each shipment to the customer. These institutions are international and most are large with strong credit ratings. Value-added taxes receivables are collectable from the Bolivian and Spanish governments.

Liquidity and Financing Risks

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Cash flow forecasting is performed in the operating entities of the Company and aggregated at the Orvana corporate level to monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration the Company's debt financing among other factors.

Financing risk is the risk that if unanticipated events occur that may impact the operations of El Valle and Don Mario 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.

For a discussion relating to the Company's liquidity and liquidity and financing risks, please see "Cash Flows, Commitments and Liquidity - Liquidity" above.

Ability to Maintain Appropriate Internal Controls over Financial Reporting and Disclosure Controls and Procedures

For a discussion related to the management of the Company's internal control over financial reporting and disclosure controls and procedures, please see the "Internal Control over Financial Reporting and Disclosure Controls and Procedures" section of this MD&A.

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 to operate in a safe, profitable and responsible manner, including:

Strategic and Operating Risk Factors

- Reliance on models and plans that are based on estimates including mineral reserves and resources;

- Ability to achieve production estimates due to various factors (i) including unusual or unexpected ore body formations, ore dilution, varying metallurgical and other ore characteristics; (ii) diminishing quantities or declining grades of reserves and Orvana's ability to replace mineral reserves and resources through exploration or acquisition; (iii) technical complexity in connection with mining or expansion activities; or (iv) sequencing or processing challenges resulting in lower than expected recovery rates;

- Availability and increased costs of mining inputs, critical parts and equipment and various commodities including fuel and electricity;

- Ability to execute development and capital projects including managing technical aspects, scope, costs and timelines associated with construction, to successfully deliver expected operating and financial performance; and

- Ability to compete for mining properties, obtain and maintain valid title and obtain and maintain access to required land, water and power infrastructure.

Regulatory and Other Risks

- Changing or increasing regulatory requirements, including increasing royalties and taxes, changing environmental regulation, Orvana's ability to obtain and maintain compliance with permits and licenses necessary to operate;

- Changes in governments or the intervention of governments or other political or economic developments in the jurisdictions in which Orvana carries or may carry on business in the future;

- Ability to maintain compliance with various regulatory compliance and reporting matters including compliance with anti-corruption standards which otherwise could result in regulatory breaches, fines, temporary shut-down or suspension of operations, litigation or other administrative proceedings;

- Loss or damage associated with the hazards of exploration, development and mining including environmental incidents, industrial accidents, natural phenomena such as inclement weather conditions, flooding, earthquakes or cave-ins which may not be covered under Orvana's insurance program or may not be covered in adequate amounts;

- Loss due to theft of gold bullion or gold/copper concentrate, business interruption or loss due to acts of terrorism, intrusion, sabotage, work stoppage and civil disturbances which may not be covered under Orvana's insurance program or may not be covered in adequate amounts;

- Employee and labour relations, reliance on key personnel and availability and increased costs associated with experienced key personnel and general labour;

- Ability to manage security and human rights matters and relationships with the communities in which Orvana operates; and

- Volatility of the price of the Common Shares that may not necessarily be related to the operating performance, underlying asset values or the prospects of Orvana but may be related to global financial and economic conditions, commodities price fluctuations and liquidity of the Common Shares which may be adversely affected by Fabulosa's holding of 51.9% of the Common Shares.

- In respect of environmental regulations risks, see "Contingencies" above.

For a more detailed discussion of such financial and other business risks, please see the "Risk Factors" in Orvana's most recent AIF at www.sedar.com.

OTHER INFORMATION

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are mineral reserves, accounts receivable, property, plant and equipment, depreciation and amortization, forward metals prices, decommissioning liabilities, future income taxes, stock-based compensation and other accrued liabilities and contingent liabilities.

Net Realizable Amounts of Property, Plant and Equipment

At September 30, 2015, the net carrying value of the property, plant and equipment in respect of El Valle and Don Mario amounted to $96.4 million and $11.1 million, respectively. Effective from the point that they are ready for their intended use, property, plant and equipment are amortized on a straight line basis or using the units-of-production method over the shorter of the estimated economic life of the asset or mineral property. The method of depreciation is determined based on that which best represents the use of the assets.

The reserve and resource estimates for each operation are the prime determinants of the life of a mine. In general, a mineralized deposit where the mineralization is reasonably well defined is amortized over its proven and probable mineral reserves. Non-reserve material may be included in the depreciation calculations in limited circumstances where there is a high degree of confidence in economic extraction. The expected economic life of these mines is dependent upon, among other things, the estimated remaining ore; gold, copper and silver prices; cash operating costs and capital expenditures.

The Company assesses each mine development project to determine when a mine is substantially complete and ready for its intended use and has advanced to the production stage. In its assessment, the Company considers relevant criteria based on the nature of each project, including the completion of a reasonable period of testing of mine plant and equipment, the ability to produce materials in saleable form (within specifications) and the ability to sustain ongoing production of minerals. When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either capitalized to inventory or expensed, except for sustaining capital costs and underground mine or reserve development, which are capitalized to property, plant and equipment.

Decommissioning Liabilities

Decommissioning liabilities 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 El Valle and Don Mario at September 30, 2015. These estimates were prepared by management with the use of independent third party experts.

At September 30, 2015	Undiscounted Cash Flows Estimated to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
(in 000's)			
El Valle Mine (1)	$15,312	0.9%	$14,202
Don Mario Mine (1)	$6,417	2.4%	$5,702
Total	**$21,729**		**$19,904**

(1) Accretion expense is recorded using the discount interest rate set out above. It is estimated that these amounts will be incurred beginning in 2018 and 2019 in respect of El Valle and Don Mario. 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.

Stock-based compensation

The Company recorded stock-based compensation expense of $0.1 million in the fourth quarter of fiscal 2015 and $0.1 million in fiscal 2015 compared with the $0.1 million and $0.2 million, respectively, for the same periods of the prior year. The stock-based compensation expense is based on an estimate of the fair value of the stock options issued and expensed over the vesting period. The accounting for stock options requires estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Long-term Compensation

The Company established a Deferred Share Unit ("DSU") plan, effectively a phantom stock plan, for directors, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense under general and administrative expenses in the statement of income. The fair value of the DSUs are marked to the quoted market price of Common Shares at each reporting date and changes in their fair value are also recorded under general and administrative expenses. Payouts are settled in cash within a specified period following a director's departure, based on the market price of the Common Shares at exercise.

The Company established a Restricted Share Unit ("RSU") plan, effectively a phantom stock plan, for designated executives, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense under general and administrative expenses in the statement of income. The fair value of the RSUs are marked to the quoted market price of the Common Shares at each reporting date and changes in their fair value are recorded under general and administrative expenses. Payouts are settled in cash after a specified period of vesting, based on the market price of the Common Shares at vesting.

The Company established a Share Appreciation Rights ("SAR") plan for designated executives, effective in respect of fiscal 2013. Unless otherwise determined by the directors of the Company, designated participants are granted SARs in such number equal to two times the number of RSUs granted to such participant in respect of compensation for a particular fiscal year. The Initial Fair Market Value as defined in the SAR plan is determined based on the closing price of the Common Shares on the date of grant. The fair value of the SARs are measured using an option pricing model at each period end, and to the extent that employees have rendered services over a three year vesting period, an expense is recorded under general and administrative expenses in the statement of net income over such vesting period. Vested SARs may be exercised provided there has been an appreciation in the market price of the Common Shares from the Initial Fair Market Value on the grant date and payouts are settled in cash as vested SARs are exercised.

Impairment

The Company assesses the carrying values of each cash-generating unit ("CGU") at each reporting period end date to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell ("FVLCS") or value-in-use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, the resale market for certain property, plant and equipment of the Company and operating performance. Fair value under FVLCS is determined as the amount that would be obtained from the sale, less costs, of the asset in an arm's length transaction between knowledgeable and willing parties. When observable market prices are not available for the asset, value-in-use for mineral properties is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that are specific to the Company's circumstances with respect to each CGU. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Management of the Company has assessed its CGUs to be each country in which it operates (El Valle and Don Mario) which is the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets. Management projected cash flows over the remaining life-of-mine in respect of El Valle and Don Mario using forecasted production and costs per the current life-of-mine plans and the long-term forecasted price of gold, copper and silver to project future revenues. The key assumptions used in making this assessment at September 30, 2015 included commodity prices, operating costs, capital expenditures, foreign exchange rates and discount rates.

As a result of the updated mineral resources and reserves estimates for El Valle during fiscal 2014 and in accordance with its usual policy, Orvana conducted a carrying value assessment of El Valle. Based on this assessment, it was determined that El Valle's net recoverable amount was lower than its carrying amount as at June 30, 2014. As a result, Orvana recognized a non-cash impairment charge of $25.5 million relating to El Valle in the third quarter of fiscal 2014. This impairment represented a reduction in the carrying value of El Valle and had no impact on Orvana's cash flows.

Although the total public market capitalization of the Company was below the carrying amount of Orvana's net assets at September 30, 2015 of $112.5 million, following the completion of an impairment test in respect of each CGU in the fourth quarter of fiscal 2015, the Company estimated that the net recoverable amounts are greater than the carrying values of such assets based on the Company's current life-of-mine plans and the assumptions set out above at September 30, 2015. As such, there was no impairment of such carrying values as at September 30, 2015.

In light of a continued declining metal price environment, and notwithstanding that the Company concluded that there was no impairment of carrying values at the end of the fourth quarter of fiscal 2015, there can be no assurances that an impairment adjustment may not be taken at either or both CGUs in future periods.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Management is responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company uses the *Internal Control – Integrated Framework* (COSO Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to design its ICFR. Based on a review of internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at September 30, 2015.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring material corrective actions.

Management of the Company was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues, errors and instances of fraud, if any, have been detected and that all of the objectives of the internal controls over financial reporting have been achieved or will be achieved in the future.

Non-IFRS Measures

<u>COC, AISC and AIC</u>

The Company, in conjunction with an initiative undertaken within the gold mining industry, began reporting COC, AISC and AIC non-IFRS performance measures as set out in the guidance note released by the World Gold Council in June 2013. The Company believes that these performance measures more fully define the total costs associated with producing gold, copper and silver, however, these performance measures have no standardized meaning. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

COC include total production cash costs incurred at the Company's mining operations, which form 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 relating to 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. AIC represents AISC plus non-sustaining capital expenditures and non-sustaining exploration. Certain other cash expenditures including tax payments, debt payments, dividends and financing costs are also not included in the calculation of AIC. The Company reports these measures on a gold ounces sold basis.

Orvana Consolidated (by-product)	Q4 2015	Q3 2015	Q4 2014	FY2015	FY2014
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1) *(in 000's)*					
Total mining costs (sales based)	**$20,400**	**$27,740**	**$24,034**	**$86,545**	**$85,899**
Deductions, refining, treatment, penalties, freight & other costs	7,961	9,344	14,128	44,147	42,737
Accrued/paid royalties - based on sales	1,467	2,093	2,955	8,813	8,654
Sub-total - other operating costs	**$9,428**	**$11,437**	**$17,083**	**$52,960**	**$51,391**
Copper sales - gross revenue value	(9,467)	(16,263)	(18,917)	(60,636)	(58,654)
Silver sales - gross revenue value	(2,348)	(2,700)	(4,499)	(9,332)	(17,088)
Sub-total by-product revenue	**($11,815)**	**($18,963)**	**(23,416)**	**($69,968)**	**(75,742)**
Cash operating costs	**$18,013**	**$20,214**	**$17,701**	**$69,537**	**$61,547**
Corporate general & administrative costs	539	816	1,361	5,185	6,042
Community costs related to current operations	27	256	118	531	556
Reclamation, accretion & amortization	677	567	688	2,682	2,179
Exploration and study costs (sustaining)	166	536	109	1,582	789
Primary development (sustaining)	477	258	753	1,948	5,772
Other sustaining capital expenditures (2) (3)	1,496	1,091	1,035	7,210	4,667
All-in sustaining costs	**$21,393**	**$23,816**	**$21,765**	**$88,675**	**$81,554**
Exploration and study costs (non-sustaining)	269	78	-	364	-
Capital expenditures (hoist) (3)	-	-	11	-	4,316
All-in costs	**$21,662**	**$23,872**	**$21,776**	**$89,039**	**$85,870**
Au/oz sold	13,887	19,121	25,338	73,304	79,858
Cash operating costs ($/oz) gold	**$1,297**	**$1,055**	**$699**	**$949**	**$771**
All-in sustaining costs ($/oz) gold	**$1,540**	**$1,243**	**$859**	**$1,210**	**$1,015**
All-in costs ($/oz) gold	**$1,560**	**$1,243**	**$859**	**$1,215**	**$1,075**

(1) Costs are reported per ounce of gold sold in the period. Certain mining costs have been classified as part of selling costs for the purposes of this calculation.

(2) Sustaining capital expenditures are those expenditures which do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's projects and certain expenditures at the Company's operating sites which are deemed expansionary in nature.

(3) Capital expenditures include those contracted for in the period but for which payment has not been made.

Consolidated AISC (co-product) for the fourth quarter of fiscal 2015 were $1,280 per ounce of gold sold and $2.75 per pound of copper sold and for fiscal 2015 were $1,179 per ounce of gold sold and $2.63 per pound of copper sold.

The following table provides a reconciliation of COC, AISC and AIC (by-product) per ounce of gold sold for El Valle for the periods set out below:

El Valle Mine	Q4 2015	Q3 2015	Q4 2014	FY2015	FY2014
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1) *(in 000's)*					
Total mining costs (sales based)	**$14,159**	**$18,684**	**$17,452**	**$61,882**	**$68,974**
Deductions, refining, treatment, penalties, freight & other costs	1,560	3,091	2,766	8,528	10,144
Accrued/paid royalties - based on sales	368	608	803	2,130	2,786
Sub-total - other operating costs	**$1,928**	**$3,699**	**$3,569**	**$10,658**	**$12,930**
Copper sales - gross revenue value	(2,773)	(4,685)	(4,805)	(14,866)	(18,261)
Silver sales - gross revenue value	(540)	(730)	(797)	(2,489)	(3,235)
Sub-total by-product revenue	**($3,313)**	**($5,415)**	**($5,602)**	**(17,355)**	**($21,496)**
Cash operating costs	**$12,774**	**$16,968**	**$15,419**	**$55,185**	**$60,408**
Corporate general & administrative costs	805	800	800	3,199	3,200
Reclamation, accretion & amortization	377	408	520	1,911	1,420

El Valle Mine	Q4 2015	Q3 2015	Q4 2014	FY2015	FY2014
Exploration and study costs (sustaining)	93	132	-	510	280
Primary development (sustaining)	477	258	753	1,948	5,772
Other sustaining capital expenditures (2) (3)	754	975	678	4,250	2,512
All-in sustaining costs	**$15,280**	**$19,541**	**$18,170**	**$67,003**	**$73,495**
Capital expenditures (hoist) (3)	-	-	11	-	4,316
All-in costs	**$15,280**	**$19,541**	**$18,181**	**$67,003**	**$77,910**
Au/oz sold	10,725	14,674	17,747	51,244	63,464
Cash operating costs ($/oz) gold	**$1,191**	**$1,156**	**$869**	**$1,077**	**$952**
All-in sustaining costs ($/oz) gold	**$1,425**	**$1,332**	**$1,024**	**$1,308**	**$1,160**
All-in costs ($/oz) gold	**$1,425**	**$1,332**	**$1,024**	**$1,308**	**$1,228**

(1) Costs are reported per ounce of gold sold in the period. Certain mining costs have been classified as part of selling costs for the purposes of this calculation.

(2) Sustaining capital expenditures are those expenditures which do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's projects and certain expenditures at the Company's operating sites which are deemed expansionary in nature.

(3) Capital expenditures include unpaid capital expenditures incurred in the period.

As a result of revenue from the sale of copper and silver representing more than 60% of total gross revenue from Don Mario 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. The following table provides a reconciliation of AISC per ounce of Don Mario for the periods set out below:

Don Mario Mine (1)	Q4 2015	Q3 2015	Q4 2014	FY2015	FY2014
Cash operating costs, all-in sustaining costs and all-in costs (co-product) (1) *(in 000's)*					
Total mining costs (sales based)	**$6,241**	**$6,546**	**$6,582**	**$24,662**	**$16,924**
Deductions, refining, treatment, penalties, freight & other costs	6,401	8,639	11,362	35,619	32,594
Accrued/paid royalties - based on sales	1,099	1,612	2,152	6,682	5,868
Sub-total - other operating costs	**$7,500**	**$10,251**	**$13,514**	**$42,301**	**$38,462**
Gross by-product credit	(43)	(17)	(344)	(66)	(828)
Cash Operating Costs	**$13,698**	**$16,780**	**$19,752**	**$66,897**	**$54,558**
Corporate general & administrative costs	412	413	497	1,825	1,861
Community costs related to current operations	27	256	118	531	556
Reclamation, accretion & amortization	300	159	168	771	759
Capital expenditures (sustaining) (3)	742	116	357	2,960	2,152
Exploration and study costs (sustaining)	73	404	109	1,072	509
All-in sustaining costs	**$15,252**	**$18,128**	**$21,001**	**$74,056**	**$60,395**
Exploration and study costs (non-sustaining)	269	78	-	364	-
All-in costs	**$15,521**	**$18,206**	**$21,001**	**$74,420**	**$60,395**
Au/oz sold	3,163	4,447	7,591	22,053	16,394
Cu/lbs sold (000's)	3,264	4,414	4,717	17,899	13,059
Ag/oz sold	123,786	127,492	193,694	437,199	670,081
Cash operating costs (co-product) ($/oz) gold	**$1,118**	**$1,008**	**$843**	**$948**	**$862**
Cash operating costs (co-product) ($/lb) copper	**$2.49**	**$2.35**	**$2.19**	**$2.22**	**$2.28**
Cash operating costs (co-product) ($/oz) silver	**$16.46**	**$15.11**	**$15.59**	**$14.41**	**$15.87**
All-in sustaining costs (co-product) ($/oz) gold	**$1,253**	**$1,099**	**$887**	**$1,053**	**$955**
All-in sustaining costs (co-product) ($/lb) copper	**$2.77**	**$2.55**	**$2.32**	**$2.45**	**$2.50**
All-in sustaining costs (co-product) ($/oz) silver	**$18.22**	**$16.31**	**$16.53**	**$15.86**	**$17.31**
All-in costs (co-product) ($/oz) gold	**$1,277**	**$1,099**	**$892**	**$1,058**	**$964**
All-in costs (co-product) ($/lb) copper	**$2.82**	**$2.55**	**$2.33**	**$2.46**	**$2.52**

Don Mario Mine [1]	Q4 2015	Q3 2015	Q4 2014	FY2015	FY2014
All-in costs (co-product) ($/oz) silver	**$18.52**	$16.31	$16.61	**$15.93**	$17.45

(1) Costs are reported per ounce of gold or silver or per pound of copper sold in the period. Certain mining costs have been classified as part of selling costs for the purposes of this calculation.

(2) Total mining 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 the Don Mario Royalties allocated to each metal based on actual costs related to each quantity of metal sold in the period.

(3) Sustaining capital expenditures are those expenditures which do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's projects and certain expenditures at the Company's operating sites which are deemed expansionary in nature. Capital expenditures includes unpaid capital expenditures incurred in the period.

Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share

The Company has included adjusted net income (loss) and adjusted net income (loss) per share as non-IFRS performance measures in this MD&A. Adjusted net income (loss) excludes; primarily certain non-cash items from net income or net loss to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of adjusted net income (loss) and adjusted net income (loss) per share to the Company's consolidated financial statements for the respective period:

Adjusted Net Income (Loss)	Q4 2015	Q3 2015	Q4 2014	FY2015	FY2014
(in 000's, except per share amounts)					
Net (loss) income	**($7,819)**	($5,522)	($2,896)	**($16,733)**	($29,743)
Unrealized loss on derivatives [1]	**-**	-	7,595	**-**	9,966
De-recognition of assets – El Valle hoist	**-**	-	-	**-**	970
El Valle impairment	**-**	-	-	**-**	25,485
De-recognition of assets – Don Mario	**-**	-	-	**-**	852
Don Mario impairment	**-**	-	-	**-**	3,743
EMIPA VAT provision	**-**		345	**-**	545
Loss from discontinued operations	**-**	-	-	**-**	886
Sub-total	**($7,819)**	($5,522)	$5,044	**($16,733)**	$12,704
Total tax adjustment	**-**	-	(2,278)	**-**	(10,925)
Adjusted net (loss) income	**($7,819)**	($5,522)	$2,766	**($16,733)**	$1,779
Weighted average shares outstanding	**136,623**	136,623	136,623	**136,623**	136,623
Adjusted net (loss) income per share (basic and diluted)	**($0.06)**	($0.04)	$0.02	**($0.12)**	$0.01

(1) Adjusted net income includes realized gains on settlement of derivative instruments of $7.1 million and $11.8 million in the fourth quarter of fiscal 2014 and fiscal 2014, respectively.

Other Information

Other operating and financial information with respect to the Company, including the AIF which is available on SEDAR at www.sedar.com and on the Company's website at www.orvana.com.

Cautionary Statements - Forward-Looking Information

Certain statements in this MD&A 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.

The forward-looking statements herein relate to, among other things, Orvana's ability to achieve improvement in free cash flow; the potential to extend the mine life of El Valle and Don Mario beyond their current life-of-mine estimates; Orvana's ability to optimize its assets to deliver shareholder value; the Company's ability to optimize productivity at Don Mario and El Valle; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future financial performance, including the ability to increase cash flow and profits; future financing requirements; and mine development plans.

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 MD&A, 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 El Valle and Don Mario 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 continue to operate the El Valle and/or Don Mario and/or ability to resume operations at the Carlés Mine; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to execute on its strategy; 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 in the countries in which the Company operates; general economic conditions worldwide; and the risks identified in the Company's AIF under the heading "Risks and Uncertainties". 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 Company's AIF for a description of additional risk factors.

The forward-looking statements made in this MD&A 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.

Cautionary Notes to Investors – Reserve and Resource Estimates

In accordance with applicable Canadian securities regulatory requirements, all mineral reserve and mineral resource estimates of the Company disclosed in this MD&A have been prepared as at September 30, 2015 in accordance with NI 43-101, classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum's "CIM Standards on Mineral Resources and Reserves Definitions and Guidelines" (the "CIM Guidelines").

Pursuant to the CIM Guidelines, mineral resources have a higher degree of uncertainty than mineral reserves as to their existence as well as their economic and legal feasibility. Inferred mineral resources, when compared with measured or indicated mineral resources, have the least certainty as to their existence, and it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Pursuant to NI 43-101, inferred mineral resources may not form the basis of any economic analysis, including any feasibility study. Accordingly, readers are cautioned not to assume that all or any part of a mineral resource exists, will ever be converted into a mineral reserve, or is or will ever be economically or legally mineable or recovered.