



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER OF FISCAL 2016
THREE AND NINE MONTHS ENDED JUNE 30, 2016 AND 2015
UNAUDITED
(EXPRESSED IN UNITED STATES DOLLARS)

ORVANA MINERALS CORP.**Condensed Interim Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)**

Unaudited

(in thousands of United States dollars)

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenue	\$ 26,030	\$ 32,162	\$ 69,806	\$ 101,040
Cost of sales				
Mining costs (note 5)	21,809	29,834	61,660	81,748
Depreciation and amortization	3,815	8,119	12,430	22,557
	25,624	37,953	74,090	104,305
Gross margin	406	(5,791)	(4,284)	(3,265)
Expenses				
General and administrative (note 6)	1,506	816	3,813	4,599
Exploration	88	537	256	1,417
Community relations	111	256	291	463
Other (income) expense	(197)	27	125	370
Finance costs (income) (note 7)	60	(49)	217	803
Derivative instruments unrealized loss (note 8)	204	-	204	-
	1,772	1,587	4,906	7,652
Loss before income taxes	(1,366)	(7,378)	(9,190)	(10,917)
Provision for (recovery of) income taxes				
Current income tax (recovery) (note 19)	42	(384)	(29)	2,177
Deferred income tax recovery (note 19)	(227)	(1,472)	(2,234)	(4,180)
	(185)	(1,856)	(2,263)	(2,003)
Net loss and comprehensive loss	\$ (1,181)	\$ (5,522)	\$ (6,927)	\$ (8,914)
Net loss per share (note 9)				
Basic and diluted	\$ (0.01)	\$ (0.04)	\$ (0.05)	\$ (0.07)

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

ORVANA MINERALS CORP.
Condensed Interim Consolidated Statements of Cash Flows
Unaudited
(in thousands of United States dollars)

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Operating activities				
Net loss	\$ (1,181)	\$ (5,522)	\$ (6,927)	\$ (8,914)
Adjustments for:				
Depreciation and amortization	3,842	8,148	12,512	22,642
Loss on disposal of assets		5	-	195
Accretion	40	33	117	91
Interest on Copperwood Note (note 4)		-		(259)
Amortization of deferred financing fees (note 7)		-		714
Stock-based compensation (note 21)	2	19	16	70
Warrants	5	(34)	10	(20)
Long-term compensation	86	26	(59)	52
Deferred income tax recovery (note 19)	(227)	(1,472)	(2,234)	(4,180)
Provision for statutory labour obligations	145	125	93	(21)
Foreign exchange loss (gain)	189	(302)	91	773
Derivative instruments unrealized loss	204	-	204	-
Other operating activities	118	-	190	-
	3,223	1,026	4,013	11,143
Changes in non-cash working capital				
Concentrate and doré sales receivables	(658)	1,309	(2,861)	3,612
Value added taxes and other receivables and prepaid expenses	(332)	(1,317)	1,547	8,641
Inventory	(429)	4,028	(625)	2,192
Accounts payable and accrued liabilities	401	2,128	1,411	143
Income taxes payable	(29)	(507)	(269)	422
	(1,047)	5,641	(797)	15,010
Cash provided by operating activities	2,176	6,667	3,216	26,153
Financing activities				
Repayment of bank debt (note 14)	(1,971)	(3,943)	(1,478)	(9,364)
Proceeds from BISA loan (note 15)	2,957	-	2,957	-
Repayment of El Valle Loan (note 17)	-	-	-	(16,614)
Cash provided by (used in) financing activities	986	(3,943)	1,479	(25,978)
Investing activities				
Capital expenditures	(3,122)	(1,720)	(9,583)	(7,777)
Restricted cash	(3,042)	1,413	(323)	7,212
Proceeds from sale of Copperwood (note 4)	-	-	-	7,533
Cash (used in) provided by investing activities	(6,164)	(307)	(9,906)	6,968
Change in cash	(3,002)	2,417	(5,211)	7,143
Cash, beginning of the period	15,006	21,512	17,236	16,545
Effect of exchange rate change on cash	17	(55)	(4)	186
Cash, end of period	\$ 12,021	\$ 23,874	\$ 12,021	\$ 23,874

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

ORVANA MINERALS CORP.
Condensed Interim Consolidated Balance Sheets
Unaudited
(in thousands of United States dollars)

	As at June 30, 2016	As at September 30, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 12,021	\$ 17,236
Restricted cash (note 10)	3,229	2,593
Concentrate and doré sales receivables	3,550	689
Value added taxes and other receivables and prepaid expenses	8,739	7,345
Inventory (note 11)	16,456	15,497
Income tax receivable	356	-
	44,351	43,360
Non-current assets		
Value-added taxes and other receivables	4,883	7,687
Restricted cash (note 10)	1,920	2,233
Reclamation bonds (note 10)	8,363	8,428
Deferred income tax asset (note 19)	519	100
Property, plant and equipment (note 12)	101,874	107,627
	\$ 161,910	\$ 169,435
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 13)	\$ 26,055	\$ 25,238
Income taxes payable (note 19)	187	100
Bank debt (note 14)	-	1,478
Current portion of BISA Loan (note 15)	214	-
Derivative Instruments (note 8)	204	-
	26,660	26,816
Non-current liabilities		
Decommissioning liabilities (note 18)	18,119	19,904
BISA Loan (note 15)	2,743	-
Provision for statutory labour obligations	2,660	2,567
Deferred income tax liability (note 19)	3,484	5,299
Other liabilities	1,988	1,655
Long-term compensation (note 21 (b))	591	629
Warrants (note 20)	28	17
	56,273	56,887
Shareholders' equity		
Share capital (note 20)	116,206	116,206
Contributed surplus	3,498	3,482
Accumulated deficit	(14,067)	(7,140)
	105,637	112,548
	\$ 161,910	\$ 169,435

Nature of operations, corporate information and going concern (note 1)

Commitments and contingent liabilities (note 23)

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

ORVANA MINERALS CORP.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

Unaudited

(in thousands of United States dollars)

	Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance, October 1, 2015	\$ 116,206	\$ 3,482	\$ (7,140)	\$ 112,548
Stock-based compensation	-	16		16
Net loss	-	-	(6,927)	(6,927)
Balance, June 30, 2016	\$ 116,206	3,498	(14,067)	105,637

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance, October 1, 2014	\$ 116,206	\$ 3,401	\$ 9,593	\$ 129,200
Stock-based compensation	-	70	-	70
Net loss	-	-	(8,914)	(8,914)
Balance, June 30, 2015	\$ 116,206	\$ 3,471	\$ 679	\$ 120,356

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

ORVANA MINERALS CORP.

Notes to the condensed interim consolidated financial statements

Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2016 and 2015

1. Nature of operations and corporate information

Orvana Minerals Corp. (the "Company" or "Orvana") is a Canadian mining and exploration company involved in the evaluation, development and mining of precious and base metal deposits. The Company owns and operates El Valle Mine ("El Valle Mine") in Spain, which is held indirectly through its wholly-owned subsidiary, OroValle Minerals S.L., ("OroValle") and Don Mario Mine ("Don Mario Mine") in eastern Bolivia which is held indirectly through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"). OroValle also owns the Carlés Mine which is located in close proximity to El Valle. Carlés Mine was placed under care and maintenance during the second quarter of fiscal 2015 due to existing market conditions. During the third quarter of fiscal 2016, the Company reviewed the Carlés Mine in current market conditions and, based on the results of this review, plans to restart mining activities on a short-term basis beginning in the fourth quarter.

The Company is controlled by Fabulosa Mines Limited ("Fabulosa") which holds 51.9% of the Company's common shares. The Company's ultimate controlling party is the Oslo Trust, which controls Fabulosa.

The Company's head and registered office is 170 University Avenue, Suite 900, Toronto, Ontario, Canada. The Company is incorporated under the laws of Ontario, Canada and its common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol TSX:ORV.

2. Basis of preparation

The Company prepares its condensed interim consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") which do not include all of the information required for full annual consolidated financial statements. Accordingly certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed and these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2015.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2015, except as highlighted in note 3, Accounting policies and new accounting pronouncements, below.

The preparation of these condensed interim consolidated financial statements requires the use of certain significant accounting estimates and judgments by management in applying the Company's accounting policies. The areas involving significant judgments and estimates have been set out in note 4 of the Company's consolidated financial statements for the year ended September 30, 2015. Certain comparative amounts have been reclassified to conform to the current year's presentation.

These condensed interim consolidated financial statements were approved by the Board of Directors of the Company on August 4, 2016.

3. Accounting policies and new accounting pronouncements

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's audited consolidated financial statements for the year ended September 30, 2015.

In January 2016, the IASB issued a new standard, IFRS 16 Leases ("IFRS 16"). IFRS 16 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for the Company's interim financial statements for the quarter ended December 31, 2019, with earlier adoption permitted if IFRS 15 Revenue from contracts with customers, has also been applied.

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Notes to the condensed interim consolidated financial statements

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The Company has not yet determined the potential impact the adoption of IFRS 16 will have on its financial statements.

In May 2014, the IASB issued a new standard, IFRS 15 Revenue from contracts with customers (“IFRS 15”), IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company has not yet determined the potential impact the adoption of IFRS 15 will have on its financial statements.

4. Divestiture of Copperwood

In June 2014, the Company sold the Copperwood Project to Highland Copper Company Inc. (“Highland”) through its formerly wholly-owned subsidiary, Orvana Resources US Corp. The Company received a cash payment of \$13,000 and a secured promissory note in the amount of \$7,000 (the “Copperwood Note”) which was subsequently paid in full in December 2014 together with \$533 in interest. Additional consideration of up to \$5,000 will be paid by Highland in cash or shares of Highland, at Orvana’s option, upon occurrence of the events described below:

- \$1,250 upon the earliest of (i) commencement of commercial production of Copperwood and (ii) June 17, 2017; and an additional \$1,250 on the first anniversary of this payment; and
- \$1,250 if the average copper price for any 60 calendar day period following the first anniversary and preceding the second anniversary of commencement of commercial production is greater than \$4.25/lb; and an additional \$1,250 if the average copper price for any 60 calendar day period following the second anniversary and preceding the third anniversary of the commencement of commercial production is greater than \$4.50/lb.

5. Mining costs

Mining costs include mine production costs, transport costs, royalty expenses, site administration costs, applicable stripping costs and other related costs, but not the primary mine development costs, incurred at El Valle Mine, which are capitalized and depreciated over the specific useful life or reserves related to that development and are included in depreciation and amortization. The mining costs for the three and nine months ended June 30, 2016 and 2015 relate to El Valle and Don Mario Mines.

	For the three months ended		For the nine months ended	
	2016	June 30, 2015	2016	June 30, 2015
Direct mining costs	\$ 20,013	\$ 27,614	\$ 57,335	\$ 74,403
Royalties and mining rights ⁽¹⁾	788	1,013	2,164	3,153
Mining royalty taxes ⁽²⁾	1,008	1,207	2,161	4,192
Total mining costs	\$ 21,809	\$ 29,834	\$ 61,660	\$ 81,748

(1) Royalties and mining rights refer to royalties payable to third parties in respect of El Valle Mine and Don Mario Mine.

(2) Mining royalty taxes refers to amounts payable to government authorities in respect of Don Mario Mine.

ORVANA MINERALS CORP.**Notes to the condensed interim consolidated financial statements****Unaudited****(in thousands of United States dollars unless otherwise noted)****Three and nine months ended June 30, 2016 and 2015****6. General and administrative expenses**

	For the three months ended		For the nine months ended	
	2016	June 30, 2015	2016	June 30, 2015
Salaries, directors fees and office administration	\$ 930	\$ 1,313	\$ 3,089	\$ 4,244
Depreciation	27	28	82	84
Stock-based compensation expense	2	19	16	70
Warrants	5	(33)	11	(28)
Long-term compensation	140	(39)	269	107
Foreign exchange	402	(472)	346	122
Total general and administrative expenses	\$ 1,506	\$ 816	\$ 3,813	\$ 4,599

7. Finance costs

	For the three months ended		For the nine months ended	
	2016	June 30, 2015	2016	June 30, 2015
Interest on credit facilities	\$ 33	\$ 19	\$ 85	\$ 302
Other interest (income) expense	(13)	(100)	15	(303)
Amortization of financing fees	-	-	-	714
Accretion expense on decommissioning obligations	85	78	254	227
Accretion gains on Copperwood deferred payments	(45)	(46)	(137)	(137)
Total finance costs	\$ 60	\$ (49)	\$ 217	\$ 803

8. Derivative instruments

The Company had the following outstanding derivative instruments at June 30, 2016:

	Contract Prices	Cash Settlement	Contract Amounts
Copper			
Copper swaps (Jul 2016 - Sep 2016)	\$4,630 to \$4,850 / tonne	Monthly	732 tonnes
Gold			
Gold forwards (Jul 2016 – Sep 2016)	\$1,210 / troy oz	Monthly	4,300 troy oz
Gold capped calls (Jul 2016 – Sep 2016)	\$1,265 / troy oz	Monthly	4,300 troy oz

During the second quarter of fiscal 2015, approximately 25% of the Company's forecasted gold and copper production was hedged under the gold and copper derivative instruments. The Company paid net cash of \$78 in settlement of the derivative instruments that matured in the period.

As at June 30, 2016, the Company's outstanding derivative instruments were valued on the balance sheet as follows:

	Spot Rate / Price	Contract Rate / Price	Fair Value
Derivative instrument assets			
Gold capped calls	\$1,325/oz	\$1,265/oz	\$325
Total fair value of derivative instruments assets at June 30, 2016			\$325

ORVANA MINERALS CORP.

Notes to the condensed interim consolidated financial statements

Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2016 and 2015

	Spot Rate / Price	Contract Rate / Price	Avg. Forward Rate/Price	Fair Value
Derivative instrument liabilities				
Gold forwards	\$1,325/oz	\$1,210/oz	\$1,320/oz	\$472
Copper swaps	\$4,872/t	\$4,630 to \$4,850	\$4,836/t	\$57
Total fair value of derivative instruments liabilities at June 30, 2016				\$529

Changes in the fair value of the Company's outstanding derivative instruments are recognized through the Company's income statement as non-cash derivative instrument gains or losses. At maturity of each contract, a cash settlement takes place resulting in a corresponding reduction in the carrying value of the derivative instruments. The mark-to-market fair value of the Company's outstanding derivative instruments is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty credit risk.

The Company recorded fair value adjustments on its outstanding derivative instruments for the three and nine months ended June 30, 2016 as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2016	2015	2016	2015
Change in unrealized fair value	\$ 204	\$ -	\$ 204	\$ -
Realized loss on cash settlements of derivative instruments closed ⁽¹⁾	78	-	78	-
Derivative instruments loss	\$ 282	\$ -	\$ 282	\$ -

(1) Realized losses recorded in revenue.

9. Net loss per share

	For the three months ended June 30,		For the nine months ended June 30,	
	2016	2015	2016	2015
Net loss	\$ (1,181)	\$ (5,522)	\$ (6,927)	\$ (8,914)
Weighted average number of common shares outstanding – basic	136,623,171	136,623,171	136,623,171	136,623,171
Dilutive effect of stock options	-	-	-	-
Weighted average number of common shares outstanding – diluted	136,623,171	136,623,171	136,623,171	136,623,171
Net loss per share – basic and diluted	\$ (0.01)	\$ (0.04)	\$ (0.05)	\$ (0.07)

10. Restricted cash and reclamation bonds

Restricted cash

Restricted cash as at June 30, 2016 was \$3,229 (September 30, 2015 – \$2,593), consisting of guarantees on VAT credit notes which expire after 120 days and are pending the final approval and audit of these credit notes by the Bolivian government. The prior year balance primarily consisted of restricted cash placed on deposit with Canadian and Bolivian commercial banks in favour of Bolivian courts pending the result of ongoing claims. During the nine months ended June 30, 2016, an on-going claim was settled and \$2,405 of restricted cash was released to the Company.

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Three and nine months ended June 30, 2016 and 2015

Long-term restricted cash as at June 30, 2016 was \$1,920 (September 30, 2015 – \$2,233), related to a deposit with a local bank in favour of the Bolivian government pending the appeal of a value added taxes (“VAT”) audit. The VAT audit relates to an audit by the Bolivia National Tax Service, for which EMIPA filed a tax lawsuit in January 2011 before the Bolivian Supreme Court. As of June 30, 2016, the matter remains unresolved.

Reclamation bonds

At June 30, 2016, cash backed reclamation bonds held in a Spanish financial institution were \$8,363 (September 30, 2015 – \$8,428) and are expected to be released after all reclamation work at El Valle Mine and Carlés Mine has been completed. Prior to its acquisition by OroValle, El Valle Mine and Carlés Mine had been shut down by the owner thereof and remediation measures required were completed. On OroValle’s acquisition of El Valle Mine and Carlés Mine a reclamation bond of €894,684 was deposited, as required by Spanish mining regulations. In fiscal 2010 and 2011, additional reclamation bonds in the amounts of €1,521,960 and €5,000,000, respectively were deposited by OroValle relating to its tailings facility.

In March 2016, the Company committed to satisfy a €5.0 million bond in respect of a regulatory environmental reclamation requirement at El Valle Mine and continues to actively work with Spanish regulatory authorities to coordinate the posting of this bond. Funds to cover this commitment have been moved outside the Company’s operating accounts during this interim period. The Company continues to appeal the bond requirement amount and to negotiate the amount of the bond with regulators.

11. Inventory

	June 30, 2016	September 30, 2015
Ore in stockpiles	\$ 283	\$ 386
Ore in-process	1,709	1,581
Gold doré	523	202
Copper concentrates	6,397	4,477
Materials and supplies	7,544	8,851
	\$ 16,456	\$ 15,497

The Company recognized \$22,192 and \$65,608 of inventory in cost of sales for the three and nine months ended June 30, 2016, respectively (three and nine months ended June 30, 2015 – \$33,086 and \$88,333, respectively).

12. Property, plant and equipment

	Land	Plant and equipment	Furniture and equipment	Mineral properties in production	Total
Net book value, October 1, 2015	\$1,600	\$46,376	\$378	\$59,273	\$107,627
Additions	-	6,628	44	2,615	9,287
Disposals	-	(191)	-	-	(191)
Change in decommissioning assets (note 18)	-	(2,005)	-	-	(2,005)
Depreciation ⁽¹⁾	-	(5,615)	(145)	(7,084)	(12,844)
Net book value, June 30, 2016	\$1,600	\$45,193	\$277	\$54,804	\$101,874
Total cost	\$1,600	\$117,314	\$2,244	\$122,715	\$243,873
Total accumulated depreciation	-	(72,121)	(1,967)	(67,911)	(141,999)

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Notes to the condensed interim consolidated financial statements

Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2016 and 2015

Net book value, June 30, 2016	\$1,600	\$45,193	\$277	\$54,804	\$101,874
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(1) Depreciation includes amounts recorded in inventory.

On the consolidated statement of cash flow for the nine months ended June 30, 2016, capital expenditures exclude approximately \$1,165 of capital expenditures incurred but unpaid as at June 30, 2016 (June 30, 2015 – \$1,197), and include \$1,461 of capital expenditures incurred in fiscal 2015 but unpaid as at September 30, 2015 (September 30, 2014 – \$1,507).

13. Accounts payable and accrued liabilities

	June 30, 2016	September 30, 2015
Accounts payable	\$ 18,485	\$ 16,699
Accrued liabilities	7,570	8,539
Total accounts payable and accrued liabilities	\$ 26,055	\$ 25,238

14. Bank debt

Previously, EMIPA had short-term credit facilities with Bolivian banks, 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 June 30, 2016, EMIPA fully repaid the facility in the third quarter and as part of the negotiations leading up to the closing of the BISA Loan, it was agreed that EMIPA's short-term credit facility would not be renewed (September 30, 2015 - \$1,478). Refer to Note 15 – BISA Loan.

For the three and nine months ended June 30, 2016, the Company paid \$33 and \$85, respectively, in interest on the short-term credit facilities (three and nine months ended June 30, 2015 – \$19 and \$302, respectively).

15. BISA Loan

In May 2016, EMIPA successfully signed a \$7.9 million debt financing with Banco BISA S.A ("BISA") in Bolivia ("BISA Loan"), the proceeds of which are to be primarily used for the recommissioning of the CIL Project. Under the terms of the BISA Loan, five disbursements of specified amounts will be made to EMIPA as expenditures are incurred on the CIL Project. The BISA Loan matures in September 2017 and an interest rate of 6% per annum, with ten monthly principal repayments beginning in December 2016. Security includes certain assets at Don Mario for the term of the BISA Loan and a stand-by letter of credit held by a Canadian bank of \$2.0 million which will be replaced with the CIL asset once operational.

The BISA Loan contains covenants that, among other things, (i) restrict EMIPA's ability to make cash distributions to Orvana in certain circumstances and (ii) restrict EMIPA's ability to dispose or otherwise encumber material assets.

As at June 30, 2016, EMIPA had received two of the five planned disbursements in the amount of \$2,957.

16. Fabulosa Loan

The Company entered into a secured loan facility agreement ("the Fabulosa Loan") with Fabulosa in the amount of \$11,500 in 2011.

The amendment of El Valle Loan (note 17) during the fourth quarter of 2014 was conditional on the establishment of a \$6,500 line of credit. Accordingly, the Fabulosa Loan was amended effective July 11, 2014. The maturity period was extended from September 30, 2014 to December 31, 2014 and the amount which could be drawn under the Fabulosa Loan was amended to \$6,500. In connection with such amendment, the Company issued warrants to Fabulosa to purchase 100,000 common shares of the Company exercisable at a price of \$0.54 until July 11, 2019.

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The Company also paid a structuring fee of 2% for a total of \$130. No amounts were drawn under the Fabulosa Loan prior to the end of its availability period. The Fabulosa Loan was not renewed and all security was 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. The Company paid nil in stand-by fees on the Fabulosa Loan for both the three and nine months ended June 30, 2016, (three and nine months ended June 30, 2015 – interest and stand-by fees of nil and \$24, respectively).

17. El Valle Loan

In October 2010, OroValle entered into a \$50,000 five-year term corporate credit facility ("El Valle Loan"). The funds were primarily used to complete the recommissioning of El Valle Mine and Carlés Mine. In February 2012, El Valle Loan was extended by one year to September 30, 2016 and increased by \$13,844 including approximately \$6,500 (€5,000,000) to fund an environmental bond. In July 2014, El Valle Loan was amended, resulting in a new maturity date of November 30, 2014 (the "New Maturity Date"). As a condition to the amendments of El Valle Loan, Orvana had to establish a line of credit in the minimum amount of \$6,500 in the form of the Fabulosa Loan (note 16) until the New Maturity Date.

Orvana completed repayment of El Valle Loan on November 10, 2014. The associated guarantees were released and the remaining security was discharged. The Company paid nil in interest on El Valle Loan for both the three and nine months ended June 30, 2016, (three and nine months ended June 30, 2015 – nil and \$62, respectively).

18. 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 summarizes the changes in decommissioning liabilities during the periods presented:

	June 30, 2016	September 30, 2015
Balance, beginning of period	\$ 19,904	\$ 19,316
Revision in estimated cash flows, timing of payments and discount rates		
– El Valle Mine	(2,005)	90
– Don Mario Mine	-	195
	17,899	19,601
Accretion expense	254	303
Reclamation payments	(34)	-
Total decommissioning liabilities	\$ 18,119	\$ 19,904

For El Valle Mine, the revision in estimated cash flows at September 30, 2015 includes the impact of the change in discount rate, the impact of the foreign exchange rate of Euros versus the US dollar, an update of the footprint of its estimated tailings area and updated estimates for other reclamation activities.

For Don Mario Mine, the revision in estimated cash flows at September 30, 2015 includes the impact of the change in discount rate, updated estimates for reclamation activities and the impact of a longer estimated mine life.

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Notes to the condensed interim consolidated financial statements

Unaudited

(in thousands of United States dollars unless otherwise noted)

Three and nine months ended June 30, 2016 and 2015

The decommissioning liability balance consists of:

		June 30, 2016	September 30, 2015
El Valle Mine	\$	12,369	\$ 14,202
Don Mario Mine		5,750	5,702
Total decommissioning liabilities	\$	18,119	\$ 19,904

As at June 30, 2016, the undiscounted cash flows and discount rate used to calculate the decommissioning liabilities are as follows:

	Undiscounted Cash Flows Required to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
El Valle Mine ⁽¹⁾	\$ 15,312	1.9%	\$ 12,369
Don Mario Mine	6,402	2.4%	5,750
Total	\$ 21,714		\$ 18,119

(1) Accretion expense is recorded using the discount interest rates set out above. It is expected that these amounts will be incurred in 2018 through 2028 in respect of Don Mario Mine and El Valle Mine. The discount rate used to measure decommissioning liabilities under IFRS is based on current interest rates of government bonds of the applicable country and of term that matches the time period to the commencement of the decommissioning liability being incurred.

Cash held in Spanish financial institutions backing reclamation bonds totaled approximately \$8,363 at June 30, 2016 (September 30, 2015 – \$8,428) and is expected to be released after all reclamation work has been completed in respect of El Valle Mine. Refer to note 10 – Restricted cash and reclamation bonds.

19. Income tax

During November 2014, a number of changes in Spanish tax legislation were enacted effective for fiscal periods beginning on or after January 1, 2015, including the gradual reduction of the corporate income tax rate from 30% to 25% in 2016. As a result, this change is effective in respect of the Company's 2016 fiscal year commencing on October 1, 2015. As the Company expects to settle its deferred tax liabilities in Spain in 2016 or later, the deferred tax liability at June 30, 2016 was re-measured at a 25% tax rate. Income tax rates in Bolivia remain unchanged from the prior year at 37.5%.

	For the three months ended June 30,		For the nine months ended June 30,	
	2016	2015	2016	2015
Current income taxes:				
Current tax (recovery) on income for the periods	\$ 42	\$ (384)	\$ (29)	\$ 2,177
Total current income taxes (recoveries)	42	(384)	(29)	2,177
Deferred income tax:				
Tax rate increase (reduction) in Spain	(91)	221	-	(1,025)
Origination and reversal of temporary differences in OroValle	(787)	(1,693)	(1,814)	(3,155)
Origination and reversal of temporary differences in EMIPA	651	-	(420)	-
Total deferred tax recoveries	(227)	(1,472)	(2,234)	(4,180)
Total income tax recoveries	\$ (185)	\$ (1,856)	\$ (2,263)	\$ (2,003)

Cash taxes paid by EMIPA during the three and nine months ended June 30, 2016 totaled \$nil and \$97, respectively (three and nine months ended June 30, 2015 – \$62 and \$1,430, respectively).

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20. Share capital and warrants

Issued share capital as at June 30, 2016 was \$116,206 (September 30, 2015 – \$116,206). The Company's authorized share capital contains an unlimited number of common shares. As at June 30, 2016, the Company had 136,623,171 common shares (September 30, 2015 – 136,623,171) issued and outstanding.

Warrants

A summary of the warrant transactions are as follows:

	Number of common shares	Stated Value
Balance, September 30, 2014	1,795,000	\$ 77
Non-exercisable warrants	(325,000)	(10)
Fair value adjustment	-	(50)
Balance, September 30, 2015	1,470,000	\$ 17
Non-exercisable warrants	(420,000)	(13)
Fair value adjustment	-	24
Balance, June 30, 2016	1,050,000	\$ 28

Warrants to purchase 500,000 common shares at a purchase price of C\$0.49 until August 22, 2018 were issued to Fabulosa as part of the amendments to the Fabulosa Loan in August 2013.

Warrants to purchase 100,000 common shares at a purchase price of C\$0.54 until July 11, 2019 were issued to Fabulosa as part of the amendments to the Fabulosa Loan in July 2014. Refer to Note 16 – Fabulosa Loan.

A total of 2,725,000 warrants were issued to Fabulosa as follows: warrants to purchase up to 1,300,000 shares were issued on September 6, 2011 with an exercise price of C\$1.90 until September 6, 2016 and 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 under the Company's equity incentive plan on May 16, 2011 (the exercise of which were tied to Fabulosa's ability to exercise certain warrants), of the 2,725,000 warrants issued 2,275,000 warrants may never be exercised as of June 30, 2016. As of June 30, 2016, the outstanding warrants to purchase common shares of 450,000 were fully exercisable.

21. Share based payments

(a) Stock options

A summary of the stock option transactions is as follows:

	Stock options	Weighted average exercise price C\$
Balance, September 30, 2014	2,553,335	\$1.32
Granted	225,000	0.33
Expired	(458,334)	1.12
Forfeited	(66,667)	0.53
Balance, September 30, 2015	2,253,334	\$1.29
Expired	(503,333)	3.04
Forfeited	(33,334)	0.41
Balance, June 30, 2016	1,716,667	\$0.79

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As at June 30, 2016, outstanding and exercisable options were as follows:

Grant date	Fair value US\$000's	Number of unvested options	Weighted average contractual life (in years)	Number of vested options	Exercise price C\$	Expiry date
December 20, 2011	66	-	0.47	125,000	1.03	December 20, 2016
March 28, 2012	18	-	0.74	41,667	0.88	March 28, 2017
March 28, 2012	55	-	0.59	125,000	0.88	February 3, 2017
March 28, 2012	55	-	0.64	125,000	0.88	February 21, 2017
June 1, 2012	22	-	0.92	50,000	0.86	June 1, 2017
June 1, 2012	45	-	0.64	100,000	0.86	February 21, 2017
August 30, 2012	4	-	1.17	8,334	0.92	August 30, 2017
March 7, 2013	141	-	1.69	250,000	1.02	March 7, 2018
March 29, 2013	80	-	0.75	150,000	1.05	March 29, 2017
March 29, 2013	27	-	1.75	50,000	1.05	March 29, 2018
December 16, 2013	28	-	2.46	100,000	0.43	December 16, 2018
February 26, 2014	50	-	0.84	150,000	0.75	May 3, 2017
February 26, 2014	50	-	0.89	150,000	0.75	May 20, 2017
August 21, 2014	13	-	0.65	66,666	0.41	February 23, 2017
December 18, 2014	21	41,668	3.47	83,332	0.30	December 18, 2019
May 14, 2015	17	33,334	3.87	66,666	0.37	May 14, 2020
	\$ 692	75,002	1.37	1,641,665		
Total vested and unvested options				1,716,667		

The Company uses the fair value method of accounting for options and, during the three and nine months ended June 30, 2016, recognized stock-based compensation expense of \$2 and \$16, respectively (three and nine months ended June 30, 2015 – \$19 and \$70, respectively).

The compensation expense associated with the options for the three and nine months ended June 30, 2016 includes an estimated forfeiture rate of 10% based on the average rate of forfeitures over the last three years (June 30, 2015 – 10%).

The weighted-average grant date fair value of the options are expensed over the vesting periods of the options being 24 months from the grant dates.

As at June 30, 2016, the fair value associated with unvested options is \$13 (September 30, 2015 – \$74).

(b) Long-term compensation

(i) Deferred share unit (“DSU”) plan

The Company established a 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 consolidated statements of net loss and comprehensive loss. The fair value of the DSUs are marked to the quoted market price of the Company's 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.

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A summary of the DSUs transactions during the period are as follows:

	Number of DSUs	Fair value
Balance, September 30, 2014	180,124	\$ 51
Issued	185,322	58
Mark-to-market adjustment	-	(60)
Balance, September 30, 2015	365,446	\$ 49
Issued	2,206,331	249
Redeemed	(660,255)	(77)
Mark-to-market adjustment	-	51
Changes in current portion	(136,378)	(23)
Balance, June 30, 2016	1,775,144	\$ 250

(ii) Restricted share units ("RSU") plan

The Company established a 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 consolidated statements of net loss and comprehensive loss. The fair value of the RSUs are marked to the quoted market price of the Company's 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.

A summary of the RSUs transactions during the period are as follows:

	Number of RSUs	Fair Value
Balance, September 30, 2014	618,696	\$ 177
Issued	1,401,937	438
Redeemed	(240,998)	(69)
Expired	(522,317)	(149)
Mark-to-market adjustment	-	(168)
Changes in current portion	(394,810)	(113)
Balance, September 30, 2015	862,508	\$ 116
Issued	3,059,923	281
Redeemed	(1,401,298)	(172)
Forfeited	(1,892,628)	(189)
Mark-to-market adjustment	-	103
Changes in current portion	905,878	122
Balance, June 30, 2016	1,534,383	\$ 261

(iii) Stock appreciation rights ("SAR") plan

The Company established a SAR plan for designated executives, effective February 6, 2014. The SARs are granted based on a common shares market price calculation at the time 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* on the consolidated statements of net loss and comprehensive loss 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 grant date and payouts are settled in cash as vested SARs are exercised.

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A summary of the SARs transactions during the period are as follows:

	Number of SARs	Fair value
Balance, September 30, 2014	739,130	\$ 29
Issued	2,144,733	-
Forfeited	(1,325,233)	-
Mark-to-market adjustment	-	4
Balance, September 30, 2015	1,558,630	\$ 33
Issued	4,972,666	-
Forfeited	(4,304,854)	-
Mark-to-market adjustment	-	47
Balance, June 30, 2016	2,226,442	\$ 80

22. Compensation of key management

Key management includes directors (executive and non-executive) and senior management of the Company and its affiliates. The compensation paid or payable to key management and directors for services is shown below:

	For the three months ended		For the nine months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Salaries and short term employee benefits	\$ 285	\$ 440	\$ 981	\$ 1,364
Share-based payments ⁽¹⁾	90	(86)	407	191
Termination benefits	34	-	490	464
Other	-	15	4	15
Total compensation of key management	\$ 408	\$ 369	\$ 1,881	\$ 2,034

(1) Share-based payments include the mark-to-market adjustments on RSUs, DSUs and SARs.

23. Commitments and contingent liabilities

- (a) The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. Spanish regulatory authorities have taken the position that the levels of selenium in the river flowing past El Valle Mine exceed the levels permitted by applicable regulations as a result of discharges attributed to OroValle which may not be in compliance with certain of OroValle'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 \$1,087) 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 and the enforcement of certain fines has been suspended pending the related criminal matter. A judge of the criminal court of Asturias is conducting an 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.
- (b) On June 27, 2011, as a condition of receiving an environmental permit on that date, the Government of the Principality of Asturias, required OroValle to commit to post an additional reclamation bond in the amount of €5,000,000 (approximately \$5,693) in respect of the tailings impoundment area. To satisfy this requirement, OroValle deposited €5,000,000 (approximately \$5,693) in September 2011 with a local bank in favour of the Spanish regulatory authorities. Spanish regulatory authorities have requested an additional reclamation bond totaling €5,000,000 (approximately \$5,693) be deposited in their favour to satisfy additional reclamation bond commitments in respect of the tailings impoundment area. In March 2016, the Company committed to satisfy this requirement, though it continues to challenge the amount of the requested bond in the Spanish courts. The Company is actively working with the Spanish regulatory authorities to coordinate the posting of the bond.

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- (c) Production from El Valle Mines is subject to a 3% net smelter return royalty (“NSR”), referred to herein as El Valle Royalty, payable monthly. El Valle Royalty rate decreases to 2.5% for any quarter in which the average price of gold is below \$1,100 per ounce. Royalty expense under this NSR totaled \$397 and \$1,290 for the three and nine months ended June 30, 2016, respectively (three and nine months ended June 30, 2015 - \$608 and \$1,762, respectively).
- (d) Production from Don Mario Mine is subject to a 3% NSR payable quarterly. Royalty expense under this NSR totaled \$392 and \$874 for the three and nine months ended June 30, 2016 (three and nine months ended June 30, 2015 – \$405 and \$1,391, respectively). The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from Don Mario Mine at rates of 5%, 7% and 6%, respectively. These amounts totaled \$1,008 and \$2,161 for the three and nine months ended June 30, 2016 (three and nine months ended June 30, 2015 – \$1,207 and \$4,192, respectively).
- (e) In Bolivia, EMIPA was subject to a labour claim filed in the fourth quarter of fiscal 2014 by 31 former employees for the payment of certain employment related amounts, including vacation and overtime, for the period of 2007 to 2013. During the period of the labour claim, the Company provided a 100% cash-backed guarantee in the amount of \$2,400 as security for the claim, which was returned during the first quarter of fiscal 2016 when the Court made a favourable ruling in the amount of \$0.4 million. The claim was appealed and is expected to be resolved with no increase in the amount of the ruling and no further freezing of EMIPA’s accounts.
- (f) The Company and certain of its employees may be involved in other legal proceedings from time to time, arising in the ordinary course of its business. The amount of ultimate liability with respect to these actions, in the opinion of management, is not expected to materially affect the Company’s financial position, results of operations or cash flows. The Company does not believe that the outcome of any of the matters not recorded in the financial statements, individually or in aggregate, would have a material adverse effect.

24. Segmented information

The Company primarily operates in the gold and copper mining industry and its major products are gold doré and gold and copper concentrates. The Company’s primary mining operations are OroValle, which operates El Valle Mine in Spain, and EMIPA, which operates Don Mario Mine in Bolivia. The reported segments are those operations whose operating results are reviewed by the Chief Executive Officer and that pass certain quantitative measures. Operations whose revenue, earnings or losses or assets exceed 10% of the total consolidated revenues, earnings or losses, or assets are reportable segments. The Company has administrative offices in Toronto, Canada; Stockholm, Sweden; and Nicosia, Cyprus. The following tables set forth the information by segment:

As at June 30, 2016:

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds and restricted cash	Other assets	Total assets
OroValle	\$ 7,419	\$ 90,009	\$ 8,363	\$ 14,479	\$ 120,270
EMIPA	3,112	11,794	3,149	17,694	35,749
Corporate	1,490	71	2,000	2,330	5,891
	\$ 12,021	\$ 101,874	\$ 13,512	\$ 34,503	\$ 161,910

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As at September 30, 2015:

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds and restricted cash	Other assets	Total assets
OroValle	\$ 2,905	\$ 96,408	\$ 8,574	\$ 12,868	\$ 120,755
EMIPA	1,845	11,087	2,275	16,164	31,371
Corporate	12,486	132	2,405	2,286	17,309
	\$ 17,236	\$ 107,627	\$ 13,254	\$ 31,318	\$ 169,435

For the three months ended June 30, 2016:

	Revenue	Mining costs ⁽¹⁾	Depreciation Amortization ⁽²⁾	Other costs	Income (loss) before taxes
OroValle	\$ 14,180	\$ 13,575	\$ 2,591	\$ 606	\$ (2,592)
EMIPA	11,850	8,234	1,224	(19)	2,411
Corporate	-	-	27	1,158	(1,185)
	\$ 26,030	\$ 21,809	\$ 3,842	\$ 1,745	\$ (1,366)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 5 – Mining costs.

(2) Depreciation is included under *general and administrative expenses* for non-operating companies.

For the three months ended June 30, 2015:

	Revenue	Mining costs ⁽¹⁾	Depreciation Amortization ⁽²⁾	Other costs	Loss before taxes
OroValle	\$ 19,738	\$ 19,515	\$ 5,411	\$ 572	\$ (5,760)
EMIPA	12,424	10,319	2,708	476	(1,079)
Corporate	-	-	29	510	(539)
	\$ 32,162	\$ 29,834	\$ 8,148	\$ 1,558	\$ (7,378)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 5 – Mining costs.

(2) Depreciation is included under *general and administrative expenses* for non-operating companies.

For the nine months ended June 30, 2016:

	Revenue	Mining costs ⁽¹⁾	Depreciation Amortization ⁽²⁾	Other costs	Loss before taxes
OroValle	\$ 45,106	\$ 40,649	\$ 9,202	\$ 598	\$ (5,343)
EMIPA	24,700	21,011	3,228	832	(371)
Corporate	-	-	82	3,394	(3,476)
	\$ 69,806	\$ 61,660	\$ 12,512	\$ 4,824	\$ (9,190)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 5 – Mining costs.

(2) Depreciation is included under *general and administrative expenses* for non-operating companies.

For the nine months ended June 30, 2015:

	Revenue	Mining costs ⁽¹⁾	Depreciation Amortization ⁽²⁾	Other costs	Income (loss) before taxes
OroValle	\$ 56,553	\$ 50,273	\$ 15,220	\$ 1,641	\$ (10,581)
EMIPA	44,487	31,475	7,337	2,069	3,606
Corporate	-	-	85	3,857	(3,942)
	\$ 101,040	\$ 81,748	\$ 22,642	\$ 7,567	\$ (10,917)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 5 – Mining costs.

(2) Depreciation is included under *general and administrative expenses* for non-operating companies.

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25. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the consolidated balance sheet at fair value in to the fair value hierarchy based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). For example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value options contracts.
- Level 3 - Inputs for the asset or liability that are based on unobservable market data (supported by little or no market data or other means).

As at June 30, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate Fair value
Financial liabilities:				
Long-term compensation	\$ 511	\$ 80	\$ -	\$ 591
Warrants	-	28	-	28
Derivative instruments	-	204	-	204
Total	\$ 511	\$ 312	\$ -	\$ 823

Valuation techniques for Level 2 financial instruments:

Long-term compensation: The Company's SARs are measured at fair value using the Black-Scholes model and are classified as Level 2.

Warrants: The Company's warrants are not actively traded and measured at fair value using the Black-Scholes model and are classified as Level 2.

Fair values of financial assets and liabilities not already measured and recognized at fair value

At June 30, 2016 and September 30, 2015, the carrying amounts of cash and cash equivalents; restricted cash; concentrate and doré receivables; value added taxes and other receivables; bank debt; accounts payable and accrued liabilities; Fabulosa Loan; and obligations under finance leases approximate their fair value due to their short-term maturities. Financial assets and liabilities above are classified as level 1 in the fair value hierarchy.

26. Samsung Prepayment Facility ("Prepayment Facility")

Subsequent to quarter end, the Company closed a \$12.5 million copper concentrates and gold doré Prepayment Facility with Samsung, the proceeds of which are expected to be invested into El Valle for its planned development and infrastructure projects.

Under the terms of the Facility, Orvana will sell gold doré from its El Valle Mine in Spain and copper concentrate from its Don Mario Mine in Bolivia to Samsung, on an exclusive basis for a period of thirty months (the "Facility Term"). In exchange, Orvana will receive \$12.5 million in prepayment financing from Samsung in two instalments.

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The first instalment of \$8.0 million will be drawn upon closing and will be repaid beginning twelve months after drawdown in eighteen equal monthly payments. The second instalment of \$4.5 million will be available for drawdown six to twelve months after closing and will be repaid beginning nine months after drawdown in nine equal monthly payments. The Facility will bear interest at USD 3M LIBOR plus 4.5% Interest payments and principal repayments will be made against Orvana's future shipments of copper concentrates and gold doré during the Facility Term. Samsung has agreed to pay for copper concentrates and gold doré on at a price based on the prevailing metal prices for the gold, silver and copper content around time of shipment, less customary treatment, refining and shipping charges, and pursuant to the terms of the Facility.

The Company's obligations to Samsung under the Facility are secured by the pledge to Samsung of all of Orvana's shares of OroValle which owns El Valle Mine in Spain.

Drawdown of the Facility is subject to satisfaction of customary closing conditions by Orvana for this type of transaction.