ORVANA
MINERALS CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2020

Introduction

The present 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 three and nine months ended June 30, 2020 ("Q3 FY2020 or the third quarter of fiscal 2020").

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended June 30, 2020 and related notes thereto (the "Q3 Financials"). The Q3 Financials are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All currency amounts, unless otherwise stated, are in United States dollars ("US dollars"). Gold and silver production and sales are in fine troy ounces ("ounces" or "oz"), while copper is in pounds ("lbs"). Information presented in this MD&A is as of August 12, 2020, unless otherwise stated.

Orvana is an Ontario registered company and its common shares ("Common Shares") are listed on the Toronto Stock Exchange (TSX) under the symbol **ORV**.

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

Company Overview

Orvana is a multi-mine gold-copper-silver producer with organic growth opportunities. Orvana's properties consist of:

(i) El Valle and Carlés mines with their El Valle processing plant (collectively, "El Valle"), producer of copper concentrate and doré. El Valle is located in Asturias, Northern Spain, and is managed by its subsidiary Orovalle Minerals, S.L. ("OroValle"); and

(ii) The Don Mario Mine Complex ("Don Mario"), a set of assets that includes Las Tojas ore body, and the previously mined out Lower Mineralized Zone ("LMZ"), Upper Mineralized Zone ("UMZ") and Cerro Felix mines, plus the Processing Plant, currently in care and maintenance. Don Mario is located in Chiquitos, Southeastern Bolivia, and is managed by its subsidiary Empresa Minera Paitií, S.A. ("EMIPA"). Don Mario temporarily suspended operations in the first quarter of fiscal 2020.

On May 14, 2019, the Company entered into a purchase agreement with Compañía Minera Taguas S.A. pursuant to which Orvana agreed to acquire the Taguas property ("Taguas") located in the Province of San Juan, Argentina. Taguas consists of 15 mining concessions over an area of 3,273.87 ha. It is located in the Province of San Juan, Argentina, on the eastern flank of the Andes, between 3,500 m to 4,300 m above sea level. On July 9, the Company filed a Preliminary Economic Assessment Report for the Taguas property. Closing of the transaction is subject to the final acceptance of the Toronto Stock Exchange and a number of closing conditions including, without limitation, completion of satisfactory due diligence by Orvana and applicable local mining rights registration.

Orvana's strategic focus is on initiatives and opportunities that deliver long-term shareholder value. In that regard, Orvana is currently working to optimize its properties, reduce its unitary operating costs and realize growth in its future production base through exploration within, and in proximity, to its properties.

COVID-19

In March 2020 the World Health Organization declared the COVID-19 outbreak to be a global pandemic (the “Pandemic”). The situation is dynamic with countries around the world responding in different ways to address the outbreak. The Pandemic is causing significant financial market declines and social dislocation, globally.

The effect of the Pandemic on the Company’s business is undetermined, given the uncertainties regarding future developments, including without limitation: (i) duration, severity and scope of the Pandemic; (ii) future availability of mining supplies and services; (iii) other unforeseen impacts on the Company's future operations and financial condition; and (iv) necessary governmental responses to limit the spread of the Pandemic.

The Company is safeguarding the health of employees, while continuing to operate safely, and responsibly. The Company continues to implement comprehensive and proactive measures to respond to the Pandemic; and to work closely with local governments and authorities to ensure proper health protocols are followed.

Spain’s Government initially declared a lockdown on March 14, 2020, to contain the Pandemic (the "Initial Lockdown"). The Initial Lockdown did not have a material impact on the Company's operations at El Valle. On March 29, 2020, Spain's Government passed new legislation extending and broadening the reach of the national lockdown (“Extended Lockdown Order”), including an order for all non-essential workers to stay at home until April 9, 2020. The Extended Lockdown Order halted all "non-essential" activities starting Monday, March 30, 2020. In compliance with the Extended Lockdown Order, the Company temporarily reduced its normal operations at El Valle to the minimum essential activities allowed. The Company gradually re-started production at El Valle on April 1, 2020, after the Government passed clarifying rules allowing export industries to resume production subject to international contracts. The Extended Lockdown Order expired on April 9, 2020. The Initial Lockdown expired on June 21, 2020.

El Valle has not experienced any significant disruption to product shipments since the onset of the Pandemic. Some technical services that had ceased during the Extended Lockdown Period, have been restarted.

In Bolivia, the Government declared a 14-day nationwide quarantine, taking effect from March 22 to April 5, 2020. It was subsequently extended until August 31, 2020. Mining was categorized as a priority economic activity and went back to regular operation since May 4.

The quarantine did not have a material impact on the Company’s operations, as Don Mario continues its care and maintenance phase with a small team of employees. Don Mario’s Oxides Stockpile Project (“OSP”) development was temporarily stopped in mid March due to national lockdowns in Bolivia and Perú, where the Company was completing metallurgical testing and flowsheet optimization. OSP activities restarted in June and will take another three months to catch up original timeline.

The process to complete the acquisition and registration of the Taguas Project in Argentina has been delayed due to Pandemic travel restrictions and national lockdown measures. The Company is not in a position to determine a timeline to complete the acquisition of the Taguas Project until the Pandemic restrictions are lifted.

The Company continues reviewing operational plans to offset the Pandemic negative effects while getting prepared for an extended period of health protocols and travel restrictions. The Company is actively managing operating costs while focusing on productivity and cost efficiencies. Capital expenditures and Greenfield exploration are also being reviewed. The Company’s near term strategy is to manage capital resources and liquidity in a prudent fashion to sustain operating costs, and to meet its debt repayment obligations. The Company has secured, in the third quarter of 2020, four new government-sponsored loans for a total of 3.8 million of euros, secured by guarantee lines implemented by the Spanish Government. At Bolivia, the Company has rescheduled debt repayments of principal and interests with due date in April and May 2020, based on the debt deferral payments and temporary reduction of the payment of basic services passed by the Bolivian Government in response to the Pandemic.

Due to the ongoing uncertainty surrounding the Pandemic, and the extent and duration of its impacts on our business, the Company's previously issued 2020 annual guidance was suspended.

Consolidated Financial Results and Operating Highlights:

- EBITDA of $0.9 million deficit for the three months ended June 30, 2020 and $2.3 million for the nine months ended June 30, 2020.
- Operating cash flow deficit of $0.8 million for the three months ended June 30, 2020 and $2 million for the nine months ended June 30, 2020.
- Free cash flow of $0.8 million for the three months ended June 30, 2020 and $0.3 million deficit for the nine months ended June 30, 2020
- Net loss of $4.7 million for the three months ended June 30, 2020 and $10.2 million for the nine months ended June 30, 2020.
- Financial results significantly impacted by the restructuring in EMIPA, including a collective layoff of 182 full-time employees. During the first nine months of fiscal 2020, the Company recorded a charge of $2.5 million, registered as mining cost.
- Capital expenditures of $0.3 million for the three months ended June 30, 2020 and $5 million for the nine months ended June 30, 2020. Capital expenditures impacted by the implementation of IFRS16 accounting criteria, causing that operational rentals are now capitalized at the reception of the equipment.
- **OroValle:**
  - Gold production of 11,822 ounces, compared to 12,139 ounces in second quarter of fiscal 2020. Production decrease was due to 11% lower head grade, partially offset by 10% higher throughput.
  - Gold head grade of 2.43 g/t, compared to 2.74 g/t in second quarter of fiscal 2020. Lower grade in the quarter was due to a lower oxides percentage in the blend of 36%, as compared to 37% in the previous quarter; plus lower average grade as El Valle is transitioning from Area A107 to the north oxides structures.
  - Copper production was 1.5 million pounds, compared to 1.4 million pounds in second quarter of fiscal 2020. Production increase was due to 10% higher throughput, partially offset by 2% lower grade and 1% lower recovery.
- **EMIPA:**
  - In the first quarter of fiscal 2020 the Company suspended mining operations at Las Tojas, due to higher than expected mining dilution caused by narrow, erratic and discontinued mineralized structures, which resulted uneconomic.
  - Gold production of 224 ounces in the third quarter of fiscal 2020 resulted from final mill cleaning of in-circuit material, compared to zero production in second quarter of fiscal 2020.
  - A care and maintenance program was implemented at the end of first quarter. Critical areas of the program are: site security, environmental control, power generators maintenance, preventive maintenance of process plant, mine equipment and maintenance of camp facilities.
  - Workforce restructuring program started in November, with a reduction of 182 employees during the first three quarters of fiscal 2020.
  - In February 2020, EMIPA entered into a $3.0 million short term financing facility with BISA Bank in Bolivia, the proceeds of which were used to pay severances regarding the restructuring process.
  - Oxides Stockpile Project ("OSP"):
    - The project was stopped in mid-March due to lockdown orders in Bolivia and Perú.

- Development restarted in June, but at a much slower pace due to the Pandemic.
- Following favorable completion of technical, economic and funding analysis, OSP is expected to start commercial production late in 2021.
- During the second quarter, BISA approved a $7.8 million facility to fund OSP; no drawn down was made yet.

Consolidated Results

	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Operating Performance					
Gold					
Grade (g/t)	**2.43**	2.74	2.08	**2.51**	2.39
Recovery (%)	**94.1**	92.9	93.8	**93.0**	93.5
Production (oz)	**12,046**	12,139	20,696	**40,000**	75,274
Sales (oz)	**9,681**	12,216	22,579	**40,560**	75,552
Average realized price / oz	**$1,543**	$1,528	$1,277	**$1,508**	$1,266
Copper					
Grade (%)	**0.51**	0.52	0.44	**0.47**	0.47
Recovery (%)	**81.8**	83.1	78.1	**79.6**	77.3
Production (‘000 lbs)	**1,517**	1,422	1,071	**3,831**	3,887
Sales (‘000 lbs)	**1,077**	1,413	1,052	**3,541**	3,983
Average realized price / lb	**2.36**	2.60	2.78	**2.54**	2.80
Financial Performance *(in 000’s, except per share amounts)*					
Revenue	**$17,617**	$20,658	$30,831	**$67,295**	$103,162
Mining costs	**$15,187**	$18,657	$28,304	**$59,848**	$86,411
Gross margin	**($1,493)**	($3,410)	($2,561)	**($7,516)**	$2,234
Net income (loss)	**($4,711)**	($2,776)	($3,914)	**($10,232)**	($1,640)
Net income (loss) per share (basic/diluted)	**($0.03)**	($0.02)	($0.03)	**($0.07)**	($0.01)
EBITDA (1)	**($914)**	$1,688	$540	**$2,289**	$13,254
Operating cash flows before non-cash working capital changes	**$1,163**	$1,384	$1,368	**$4,655**	$14,221
Operating cash flows	**($822)**	($3,311)	$4,866	**($1,957)**	$9,470
Free cash flow(1)	**$826**	($1,478)	($3,522)	**($324)**	$6,040
Ending cash and cash equivalents	**$8,046**	$6,256	$11,682	**$8,046**	$11,682
Capital expenditures (2)	**$337**	$2,862	$4,890	**$4,979**	$8,181
Cash operating costs (by-product) ($/oz) gold (1) (3)	**$1,367**	$1,363	$1,213	**$1,292**	$1,063
All-in sustaining costs (by-product) ($/oz) gold (1)(2)(3)	**$1,719**	$1,765	$1,432	**$1,573**	$1,224
All-in costs (by-product) ($/oz) gold (1)(2)(3)	**$1,800**	$1,787	$1,492	**$1,604**	$1,256

(1) Earnings before interest, taxes, depreciation and amortization (“EBITDA”), free cash flow, cash operating costs, all-in sustaining costs and all-in costs are non-IFRS performance measures. For further information and a detailed reconciliation of these measures not presented elsewhere, 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 Q3 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 the “Cash Flows, Commitments and Liquidity - Capital Expenditures” section of this MD&A. The calculation of all-in sustaining costs and all-in costs includes capex incurred (paid and unpaid) during the period.

(3) Unitary costs do not include one-time costs nor one-time severance charges.

Operational Results

- Production of 12,046 ounces of gold and 1.5 million pounds (688 tonnes) of copper during the third quarter of fiscal 2020, a decrease in gold production of 42% and an increase in copper production of 42% compared with the third quarter of fiscal 2019. Gold production was significantly impacted by the suspension of operations at Don Mario. Production of 14,565 gold equivalent ounces during the third quarter of fiscal 2020, compared with 23,481 gold equivalent ounces[4] during the third quarter of fiscal 2019.

- Sales of 9,681 ounces of gold and 1.1 million pounds (488 tonnes) of copper during the third quarter of fiscal 2020, a decrease in gold sales of 57% and an increase in copper sales of 2% compared with the third quarter of fiscal 2019.
- Gold and copper production of 12,046 ounces and 1.5 million pounds (688 tonnes), respectively, during the third quarter of fiscal 2020, a decrease of 1% in gold and 7% increase in copper, compared to the second quarter of fiscal 2020.
- Production of 14,565 gold equivalent ounces during the third quarter of fiscal 2020, compared with 14,843 gold equivalent ounces during the second quarter of fiscal 2020.
- Sales of 9,681 ounces of gold and 1.1 million pounds (488 tonnes) of copper during the third quarter of fiscal 2020, a decrease of 21% in gold and 24% decrease in copper, compared with the second quarter of fiscal 2020.

OroValle:

- Gold production decreased by 3% and Copper production increased by 7%, compared with the second quarter of fiscal 2020. Gold production decrease was driven primarily by 11% lower head grade, partially off-set by 10% higher throughput. Copper production increase was driven primarily by 10% higher throughput, partially off-set by 2% lower head grade and 1% lower recoveries.
- Mechanical advance rates reached 1,967 meters in the third quarter of fiscal 2020, a 21% increase compared to the second quarter of fiscal 2020.
- The ratio of oxides ore processed in the mill was at the level of 36% in the third quarter of fiscal 2020, a decrease of 1% compared to the second quarter of fiscal 2020.
- There was no Carlés ore processed at the mill in the second and third quarters of fiscal 2020.

EMIPA:

- Gold production of 224 ounces during the third quarter of fiscal 2020 resulting from final mill cleaning of in-circuit material, compared to zero production in second quarter of fiscal 2020 due to operations suspension. The low level of production from the mill cleaning of in-circuit material was due to Don Mario mine being put temporarily under care and maintenance, according to plan.
- The care and maintenance program was implemented at the end of the first quarter. Critical areas of the program are: site security, environmental control, power generators maintenance, preventive maintenance of process plant, mine equipment and maintenance of camp facilities.

Financial Results

- At June 30, 2020, consolidated cash and cash equivalents were $8 million, a decrease of $4.3 million from September 30, 2019.
- Net revenue of $17.6 million for the third quarter of fiscal 2020, or 43% lower, compared with $30.8 million for the third quarter of fiscal 2019, primarily due to EMIPA lower production because of Don Mario mine being put temporarily under care and maintenance.
- Mining costs of $15.2 million for the third quarter of fiscal 2020, or 46% lower, compared with $28.3 million for the third quarter of fiscal 2019 primarily due to temporary suspension of Don Mario production.

---

[4] Gold equivalent ounces include copper pounds and silver ounces produced, and are converted to a gold equivalent based on a ratio of the average market price for the commodities for the period discussed.

- Net loss for the third quarter of fiscal 2020 of $4.7 million compared with net loss of $3.9 million for the third quarter of fiscal 2019.
- EBITDA for the third quarter of fiscal 2020 of $ 0.9 million deficit compared with $0.5 million for the third quarter of fiscal 2019. (5)
- Cash flows required by operating activities of $0.8 million for the third quarter of fiscal 2020, compared with cash flows provided by operating activities of $4.8 million for the third quarter of fiscal 2019 and cash flows provided by operating activities before changes in non-cash working capital of $1.2 million in the third quarter of fiscal 2020, compared with $1.4 million for the third quarter of fiscal 2019. (5)
- Capital expenditures of $0.3 million for the third quarter of fiscal 2020 compared with $5 million for the third quarter of fiscal 2019.
- COC and 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 for the third quarter of fiscal 2020 of $1,367 and $1,719, respectively, compared with COC and AISC (by-product) of $1,213 and $1,432, respectively, for the third quarter of fiscal 2019. The increase in both, COC and AISC was primarily due to lower gold sales volume at El Valle and Don Mario, and higher capital expenditures at El Valle. (6)
- Net revenue of $67.3 million for the first nine months of fiscal 2020 compared with $103.2 million for the first nine months of fiscal 2019.
- Mining costs of $60 million for the first nine months of fiscal 2020 compared with $86.4 million for the first nine months of fiscal 2019.
- Net loss for the first nine months of fiscal 2020 of $10.2 million compared with net loss of $1.6 million for the first nine months of fiscal 2019.
- EBITDA for the first nine months of fiscal 2020 of $2.3 million compared with $13.3 million for the first nine months of fiscal 2019. (5)
- Cash flows required by operating activities of $2 million in the first nine months of fiscal 2020, compared with $9.5 million provided for the first nine months of fiscal 2019 and cash flows provided by operating activities before changes in non-cash working capital of $4.7 million in the first nine months of fiscal 2020, compared with $14.2 million in the first nine months of fiscal 2019. (5)
- Capital expenditures of $5 million for the first nine months of fiscal 2020 compared with $8.2 million in the first nine months of fiscal 2019.
- COC and 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 the third quarter of fiscal 2020 of $1,367 and $1,719, respectively, compared with COC and AISC (by-product) of $1,363 and $1,765, respectively, for the second quarter of fiscal 2020.(6)

---

(5) EBITDA, cash flows provided by operating activities before non-cash working capital, COC and AISC 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 detailed reconciliations, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

(6) COC and AISC 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 detailed reconciliations, please see the "Other Information - Non-IFRS Measures" section of this MD&A.5

Growth Initiatives Highlights

Due to the COVID-19 uncertainty, exploration programs are being reviewed companywide. The Company anticipates that its exploration programs will continue to prioritize brownfield exploration.

OroValle

- Ongoing brownfield and infill drilling in and around the El Valle and Carlés mines are expected to continue strong conversion of resources into reserves and adding new resources to the ore bodies extending the current mine life. Infill drilling program in the first nine months of the year was focused in two oxides structures, A208 and A107. Fiscal 2020 brownfield program started in the first quarter, targeting high grade oxides structures to the east in El Valle and the continuity of the structure in Carlés North at depth.
- Orovalle has a robust regional exploration package consisting of 45,164 hectares which includes concessions and investigation permits, some of which are still in progress. Strategic near-term regional targets within our permits include drilling programs in Ortosa-Godán and Lidia permits. The Company is currently working on the permitting to expedite both drilling programs.

EMIPA:

- The Oxides Stockpile Project was stopped in mid-March due to the lockdown orders in Bolivia and Perú, where the Company was completing laboratory tests for the project. Metallurgical testing and optimization restarted in June, but at a much slower pace due to the global pandemic.
- The oxides stockpile has a mineral resource (Measured) of 2.18 million tonnes with an average gold grade of 1.85 g/t; and contains 386,950 oz of gold equivalent. The stockpile resource was estimated in the 2016 Report (as defined below) on the assumption that the stockpile would be processed by floatation and would not be included in the carbon-in-leach circuit. However, during FY2018 and FY2019, the Company was evaluating metallurgical alternatives to process the oxides stockpile, concluding that a sulphidization circuit would maximize the value of the stockpile.
- *Cautionary Statement – Mineral resources that are not mineral reserves do not have demonstrated economic viability. The mineral resource for the oxides stockpile was prepared in compliance with National Instrument 43-101 and CIM guidelines, as set out in the Don Mario Mine Operation 2016 Technical Report dated January 27, 2017 and effective as of September 30, 2016 (the "2016 Report"). A copy of the 2016 Report is posted under the Company's profile on www.sedar.com. These mineral resources were estimated using a gold price of US$1,300 per ounce, copper price of US$3.00 per pound and silver price of US$18 per ounce, prices of which were used in the 2016 Report.*
- Subject to the favorable completion of technical, economic and funding analysis, the sulphidization circuit and ancillary facilities development is expected to require approximately twelve months to start the commercial production late in 2021.
- The Oxides Stockpile Project is expected to provide three full production years for Don Mario.
- Due to the ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts, the Company is reviewing the development timetable for the Oxides Stockpile Project.
- The Company has commenced an evaluation of re-processing tailings to determine the viability of recovering gold from material deposited in the tailings impoundment since the commencement of production at Don Mario.
- In order to maximize the exploration potential of the 58,325 hectares available, the Company is reviewing all the historical exploration data and defining exploration targets for the short and medium terms, prioritizing geophysics updates.

Outlook

The Company continues to implement comprehensive and proactive measures to respond to the COVID-19 pandemic; and continues to work closely with local governments and authorities to ensure that proper protocols are followed during the ongoing COVID-19 crisis. The overall impact on each of our sites will depend on the progression of the Pandemic and measures in place for preventing transmission.

The Company's main overall priority is the active management of all capital spending and operating costs while maintaining a high level of safety and productivity. Capital expenditures and exploration programs are being reviewed; the Company is prioritizing exploration in El Valle, Carlés and Don Mario concessions.

At OroValle, the Company continues to work on revisions to the forecasts in light of the current conditions, actively preparing for an extended period of health protocols. Currently, operating crews have been increased back to regular workforce levels, after the temporary reduction of operations to the minimum essential activities at the beginning of April. The Company drilled 6,906 metres in the third quarter of fiscal 2020, and expect to continue the intensive program in the last quarter of the year.

At Don Mario, the small team of essential employees in charge of the maintenance and care program are following both Orvana and governmental requirements relating to the containment of the Pandemic. The metallurgical testing and optimization of the Oxides Stockpile Project restarted in June, but at a much slower pace due to the global pandemic. The Company has a program in place to sell assets, mainly heavy equipment and related spare parts, that won't be used for the Oxides Stockpile Project and, subject to the resolution of the COVID-19 situation, the Company expects to complete the process in the short term. The Company has a VAT receivable balance in EMIPA of $7.8M, related to 2018 and 2019 periods, that expects to receive in the short term, subject to the favourable completion of the tax audit in progress.

With respect to Taguas, the completion of the required paperwork and registrations in Argentina to close the acquisition (including the Argentinean subsidiary incorporation, the rights transfer registration and the TSX final acceptance) is delayed due to COVID-19 related travel and business activity restrictions currently in force in Argentina. The Company is not in a position to determine a timeline to complete the acquisition of the Taguas Project until the Pandemic restrictions are lifted.

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, operating costs (including labour, energy and other supplies and material), mine development and other capital expenditures, maintenance and care costs, foreign exchange rates and tax rates.

<u>Third Quarter Ended June 30, 2020 Compared with Third Quarter Ended June 30, 2019</u>

The Company recorded a net loss of $4.7 million or $0.03 per share for the third quarter of fiscal 2020 compared with $3.9 million of net loss of $0.03 per share for the third quarter of fiscal 2019. The Company's net income was impacted significantly by the following factors:

- Revenue for the third quarter of fiscal 2020 decreased by $13.2 million or 43% to $17.6 million from sales of 9,681 ounces of gold and 1.1 million pounds of copper from El Valle, compared with revenue of $30.8 million from sales of 22,579 ounces of gold and 1.1 million pounds of copper in the third quarter of fiscal 2019. The decrease in revenue was primarily due to suspended operations at Don Mario mine.
- Mining costs were $15.2 million or $13.1 million lower for the third quarter of fiscal 2020 compared with $28.3 million for the third quarter of fiscal 2019, primarily due to lower mining costs at Don Mario in the absence of mining activities.
- Depreciation decreased by $1.2 million to $3.9 million for the third quarter of fiscal 2020 compared with $5.1 million for the third quarter of fiscal 2019, primarily due to the temporary cease in the depreciation in Don Mario due to the temporary absence of production.

- Gross margin increased by $1.1 million to negative $1.5 million for the third quarter of fiscal 2020, compared with negative $2.6 for the third quarter of fiscal 2019.

Total consolidated COC (by-product) of $1,367 per ounce of gold sold in the third quarter of fiscal 2020 were $154 or 13% higher than the third quarter of fiscal 2019. Total AISC (by-product) of $1,719 per ounce of gold sold in the third quarter of fiscal 2020 were $287 or 20% higher than in the third quarter of fiscal 2019. Lower gold sales volume at El Valle and Don Mario, and higher capital expenditures at El Valle negatively impacted both COC and AISC.

First nine months Ended June 30, 2020 Compared with First nine months ended June 30, 2019

The Company recorded a net loss of $10.2 million or $0.07 per share for the first nine months of fiscal 2020 compared with $1.6 million of net loss or $0.01 per share for the first nine months of fiscal 2019. The Company's net income was impacted significantly by the following factors:

- Revenue for the first nine months of fiscal 2020 decreased by $35.9 million or 35% to $67.3 million on sales of 40,560 ounces of gold and 3.5 million pounds of copper from El Valle and Don Mario, compared with revenue of $103.2 million on sales of 75,552 ounces of gold and 4.0 million pounds of copper.
- Mining costs were $59.8 million or $26.6 million lower for the first nine months of fiscal 2020 compared with $86.4 million for the first nine months of fiscal 2019, primarily due to the temporary suspension of mining activity at Don Mario.
- Depreciation decreased by $1.4 million to $13.1 million for the first nine months of fiscal 2020 compared with $14.5 million for the first nine months of fiscal 2019.
- Gross margin decreased by $9.7 million to negative $7.5 million for the first nine months of fiscal 2020 compared with positive $2.2 million for the first nine months of fiscal 2019.

Total consolidated COC (by-product) of $1,292 per ounce of gold sold in the first nine months of fiscal 2020 were $229 or 22% higher than the first nine months of fiscal 2019. Total AISC (by-product) of $1,573 per ounce of gold sold in the first nine months of fiscal 2020 were $349 or 29% higher than in the first nine months of fiscal 2019. Lower gold volumes sold and lower by-product credits resulted in higher COC and AISC.

Third Quarter Ended June 30, 2020 Compared with Second Quarter Ended March 31, 2020

The Company recorded a net loss of $4.7 million or $0.03 per share for the third quarter of fiscal 2020 compared with $2.8 million of net loss or $0.02 per share for the second quarter of fiscal 2020. The Company's net loss was impacted significantly by the following factors:

- Revenue for the third quarter of fiscal 2020 decreased by $3.1 million or 15% to $17.6 million from sales of 9,681 ounces of gold and 1.1 million pounds of copper from El Valle compared with revenue of $20.7 million from sales of 12,216 ounces of gold and 1.4 million pounds of copper in the second quarter of fiscal 2020 from El Valle. The decrease in revenue was primarily due to lower gold sales volume.
- Mining costs were $15.2 million or $3.5 million lower for the third quarter of fiscal 2020 compared with $18.7 million for the second quarter of fiscal 2020, primarily due to lower sales volumes of gold.
- Depreciation increased by $0.3 million to $3.9 million for the third quarter of fiscal 2020 compared with $3.6 million for the second quarter of fiscal 2020, primarily due to higher mining and milling activity.
- Gross margin increased by $1.9 million to negative $1.5 million for the third quarter of fiscal 2020, compared with negative $3.4 million for the second quarter of fiscal 2020.

Total consolidated COC (by-product) of $1,367 per ounce of gold sold in the third quarter of fiscal 2020 were $4 higher than the second quarter of fiscal 2020. Total AISC (by-product) of $1,719 per ounce of gold sold in the third quarter of fiscal 2020 were $46 or 3% lower than in the second quarter of fiscal 2020. Lower capital expenditures positively impacted AISC.

OroValle

Through its wholly-owned subsidiary, OroValle Minerals S.L. ("OroValle"), the Company owns and operates the El Valle and Carlés mines located in the Rio Narcea Gold Belt in northern Spain, where the Company mines skarns and oxides underground.

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

	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Operating Performance					
Ore mined (tonnes) (wmt)	**174,383**	142,498	150,981	**488,882**	515,827
Ore milled (tonnes) (dmt)	**163,717**	148,339	141,246	**467,718**	482,080
Daily average throughput (dmt)	**1,894**	1,716	1,634	**1,797**	1,859
Gold					
Grade (g/t)	**2.43**	2.74	3.25	**2.71**	3.33
Recovery (%)	**92.4**	93.0	94.0	**92.5**	93.3
Production (oz)	**11,822**	12,139	13,854	**37,683**	48,142
Sales (oz)	**9,681**	12,216	15,256	**37,903**	47,279
Copper					
Grade (%)	**0.51**	0.52	0.44	**0.47**	0.47
Recovery (%)	**81.8**	83.1	78.1	**79.6**	77.3
Production ('000 lbs)	**1,517**	1,422	1,071	**3,831**	3,887
Sales ('000 lbs)	**1,077**	1,413	1,052	**3,541**	3,983
Financial Performance *(in 000's, except per share amounts)*					
Revenue	**$17,617**	$20,658	$21,234	**$63,296**	$66,925
Mining costs	**$13,971**	$16,712	$17,908	**$48,581**	$52,990
Income (loss) before tax	**($1,915)**	($294)	$(709)	**$(744)**	$3,188
Capital expenditures	**$1,340**	$3,312	$2,496	**$6,787**	$5,962
Cash operating costs (by-product) ($/oz) gold (1)	**$1,242**	$1,244	$1,087	**$1,157**	$987
All-in sustaining costs (by-product) ($/oz) gold (1)	**$1,455**	$1,596	$1.293	**$1,388**	$1,154
All-in costs (by-product) ($/oz) gold (1)	**$1,456**	$1,597	$1.297	**$1,390**	$1,161

(1) 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.

OroValle Operating Performance

Third quarter of fiscal 2020 production decreased to 11,822 ounces of gold and increased to 1.5 million pounds of copper compared with 13,854 ounces of gold and 1.1 million pounds of copper during the third quarter of fiscal 2019. Gold production decreased by 15%, primarily due to 25% lower grade and 2% lower recoveries, partially off-set by 16% higher tonnes milled. Copper production increased by 42% primary due to 17% higher grades, 16% higher tonnes milled and 5% higher recoveries.

During the third fiscal quarter of 2020, OroValle produced 11,822 ounces of gold and 1.5 million pounds of copper, compared with 12,139 ounces of gold and 1.4 million pounds of copper during the second quarter of fiscal 2020. Gold production decreased by 3% primarily due to 11% lower head grades and 1% lower recoveries, partially off-set by 10% higher tonnes milled.

The Company mined higher gold grade oxide tonnes and blended them with a ratio of 36% together with skarn ore. The percentage of oxide ore in the blend in the third quarter decreased 1% compared with the second quarter of fiscal 2020.

Mechanical advance rates in oxide areas increased by 21% to 1,967 meters during the third quarter of fiscal 2020, as compared to the second quarter of fiscal 2020.

A project is in progress to review mine maintenance programs (processes, organizational structure, technical services), being the main targets equipment availability increase and maintenance cost reduction. Target date to finish improvements implementation is the first quarter of fiscal 2021.

OroValle Financial Performance

Revenue from OroValle for the third quarter of fiscal 2020 decreased by 17% to $17.6 million on sales of 9,681 ounces of gold and 1.1 million pounds of copper from $21.2 million for the third quarter of fiscal 2019 on sales of 15,256 ounces of gold and 1.1 million pounds of copper.

Mining costs decreased in 4 million. These costs were $14 million for the third quarter of fiscal 2020 and $18 million for the third quarter of fiscal 2019.

Loss before tax for the third quarter of fiscal 2020 was ($1.9) million compared with a loss of $(0.7) million for the third quarter of fiscal 2019.

Total capital expenditures at El Valle during the third quarter of fiscal 2020 were $1.3 million, compared with $2.5 million for the third quarter of fiscal 2019. Capital expenditures in the third quarter of fiscal 2020 consisted substantially of primary development, tailings dam regrowth and mine infrastructure.

Total COC (by-product) of $1,242 per ounce of gold sold for the third quarter of fiscal 2020 were $155 or 14% higher than third quarter of fiscal 2019. Total AISC (by-product) of $1,455 per ounce of gold sold for the third quarter of fiscal 2020 were $162 or 13% higher than third quarter of fiscal 2019.

OroValle Growth Exploration –

A total of 6,906 meters were drilled in the third quarter of fiscal 2020 in El Valle and Carlés, which is 23% above second quarter drilling. In El Valle. 4,838 meters were infill drilling and 1,001 meters were brownfield drilling to the East of High Angle to continue with the exploration drilling to intersect narrow oxides structures and add new resources, additionally in Carlés 1,067 meters were brownfield drilling. Drilling activity per area:

- A208: 2,676 meter of infill drilling were done in this area moving inferred resources into measured and indicated. This program will be continue along fourth quarter to continue the orebody definition to the North.
- A107: 1,668 meters were drilled in this structure with two targets, one of them to convert inferred resources into indicate in the South part and the other one to increase the mine plan confidence in the upper levels which will be mined in the next months.
- Villar: 316 meters were completed for better definition of the orebody.
- High Angle: 178 meters were completed to finish the drilling campaign started in May to convert inferred resources into indicated.

Regarding Carles, the brownfield drilling program started in the second quarter, focused on Carles North targeting new inferred resources at depth. During third quarter 1,067 meters of brownfield drilling were completed in the Carles mine to investigate the deep part in Carles North orebody. A total of 2,367 mts were completed in this program, finished in June. The Company is currently evaluating the information obtained.

Ms. Guadalupe Collar (European Geologist), who supervised the explorations programs, is responsible for all aspects of the work, including the quality control/quality assurance program. Ms. Guadalupe Collar, Chief of Geology at OroValle, is a qualified person as defined in NI 43-101 and has approved all of the geological scientific and technical information relating to OroValle disclosed in this MD&A.

EMIPA

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"), the Company owns and operates Don Mario under a number of concessions in the Don Mario district 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. From 2012 to the end of 2016, EMIPA mined the UMZ as an open-pit mine. From 2016 to 2018, EMIPA mined new material at the upper extension of the LMZ as an open-pit mine. Mining activity transitioned to Cerro Felix after LMZ. During the fourth quarter of fiscal 2019, mining activities transitioned from Cerro Félix to open pit operations in Las Tojas. In the first quarter of fiscal 2020 the Company made a decision to temporarily suspend mining and milling operations.

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

	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Operating Performance					
Ore mined (tonnes) (dmt)	-	-	170,272	**62,291**	563,507
Ore milled (tonnes) (dmt)	-	-	189,240	**64,875**	564,842
Daily average throughput (dmt)	-	-	2,215	**2,190**	2,202
Gold					
Grade (g/t)	-	-	1.20	**1.07**	1.59
Recovery (%)	-	-	93.7	**84.4**	93.9
Production (oz)	**224**	-	6,842	**2,317**	27,132
Sales (oz)	-	-	7,323	**2,657**	28,273
Financial Performance *(in 000's, except per share amounts)*					
Revenue	-	-	$9,597	**$3,999**	$36,237
Mining costs	**$1,217**	$1,948	$10,396	**$11,268**	$33,421
Income (loss) before tax	**($1,881)**	($2,834)	$(2,816)	**($9,551)**	$(1,558)
Capital expenditures	**$132**	$258	$1,475	**$569**	$2,606
Cash operating costs (by-product) ($/oz) gold (1)	-	-	$1,473	**$3,218**	$1,188
All-in sustaining costs (by-product) ($/oz) gold (1)	-	-	$1,648	**$3,786**	$1,304
All-in costs (by-product) ($/oz) gold (1)	-	-	$1,789	**$3,995**	$1,365

(1) 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.

EMIPA Operating Performance

Third quarter of fiscal 2020 production decreased to 224 ounces of gold resulting from the final mill cleaning of in-circuit material, compared with 9,564 ounces of gold production during the second quarter of fiscal 2019. The low level of production from the mill cleaning of in-circuit material was due to Don Mario mine being put temporarily under care and maintenance

Third quarter of fiscal 2020 production increased to 224 ounces of gold compared with nil ounces of gold during the second quarter of fiscal 2020.

EMIPA Financial Performance

Revenue from EMIPA is $nil in third and second quarter of fiscal 2020.

Mining costs of $1.2 million for the third quarter fiscal 2020 compared with $10.4 million for the third quarter of fiscal 2019.

Loss before tax for the third quarter of fiscal 2020 was $1.9 million, compared with a loss before tax of $2.8 million for the third quarter of fiscal 2019.

Total capital expenditures at Don Mario in third quarter of fiscal 2020 were $0.1 million compared with $1.5 million in the third quarter of fiscal 2019. Capital expenditures in the third quarter of fiscal 2020 related primarily to the Oxides Project.

EMIPA Exploration and Mine Life Extension

The development and engineering of the Oxides Stockpile Project was temporarily stopped in mid March due to the lockdown orders in Bolivia and Perú, where the Company was completing laboratory tests for the project. Metallurgical testing and optimization restarted in June, but at a much slower pace due to the global pandemic.

An evaluation of re-processing tailings is in progress to determine the viability of recovering gold from material deposited in the tailings impoundment since the commencement of production at Don Mario.

In order to maximize the exploration potential of the 58,325 hectares available, the Company is reviewing all the historical exploration data and defining exploration targets for the short and medium terms, prioritizing geophysics updates.

Other Projects

The Company has been actively looking for and evaluating projects that could be aligned with the Company's strategy, to add a third project to the current portfolio.

On May 14, 2019, the Company entered into a purchase agreement with Compañía Minera Taguas S.A. (the "Vendor") pursuant to which Orvana agreed to acquire the Taguas property located in the Province of San Juan, Argentina. In consideration for 100% of Taguas, Orvana will grant the Vendor an indivisible net smelter royalty equal to 2.5% on all future metals production mined from Taguas.

Taguas consists of 15 mining concessions over an area of 3,273.87 ha. It is located in the Province of San Juan, Argentina, on the eastern flank of the Andes, between 3,500 m to 4,300 m above sea level. The Property is approximately 25km north of Barrick's Veladero operations.

Pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"), entering into the Purchase Agreement with the Vendor is a "related party transaction" as the Vendor is indirectly owned by Orvana's 51.9% shareholder. The Company is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the transaction contemplated by the Purchase Agreement by virtue of sections 5.5(a) and 5.7(a), respectively, of MI 61-101, as neither the fair market value of the subject matter of the Purchase Agreement, nor the fair market value of the consideration for Taguas exceeds 25% of the Company's market capitalization as calculated in accordance with MI 61-101. The purchase agreement was considered and unanimously approved by the board of directors of the Company. Ms. Sara Magner abstained from voting on this matter.

The Toronto Stock Exchange ("TSX") has provided conditional acceptance of Orvana's notice of the transaction, pursuant to the TSX Company Manual. Closing of the transaction is subject to the final acceptance of the TSX and a number of closing conditions including, without limitation, completion of satisfactory due diligence by Orvana and applicable local mining rights registration.

The completion of the required paperwork and registrations in Argentina to close the acquisition (including the Argentinean subsidiary incorporation, the rights transfer registration and the TSX final acceptance) is delayed due to COVID-19 related travel and business activity restrictions currently in force in Argentina. Subject to the resolution of the COVID-19 situation, the Company expects to complete the process in the fourth quarter of fiscal 2020.

The Company filed on July 9, 2019 a NI 43-101 preliminary economic assessment report on Taguas, which is available on www.sedar.com.

The Company is analyzing all the historic exploration data, using AI, to enhance target definition, and preparing a new structural analysis of the area, in order to optimize the definition of the next drilling phase. The drilling program will be defined to potentially expand the current resources and to support the potential upgrade in Mineral Resource confidence categories.

Due to the ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts, exploration programs are being reviewed companywide. Refer to “COVID-19” and “Outlook” sections.

Market Review and Trends

Metal Prices

The market prices of gold and copper are primary drivers of Orvana’s earnings and ability to generate free cash flows. During the third quarter of fiscal 2020, gold traded in a range from $1,577 to $1,772 per ounce and averaged $1,711 per ounce compared with $1,310 per ounce in the third quarter of fiscal 2019. Orvana’s average gold realized price in the third quarter of fiscal 2020 was $1,543 per ounce, as compared to $1,277 per ounce in the third quarter of fiscal 2019. The Company derived approximately 82% of its revenue from sales of gold in the third quarter of fiscal 2020.

Copper prices during the third quarter of fiscal 2020 traded in a range of $2.18 to $2.71 per pound and averaged $2.42 per pound compared with $2.77 per pound in the third quarter of fiscal 2019. Orvana’s average copper realized price in the third quarter of fiscal 2020 was $2.36 per pound, as compared to $2.78 per pound in the third quarter of fiscal 2019. The Company derived approximately 15% of its revenue from sales of copper in the third quarter of fiscal 2020.

Currency Exchange Rates

The results of Orvana’s operations are affected by US dollar exchange rates. Orvana’s largest exposure is to the Euro/US Dollar exchange rate. The Company incurs operating and administration costs at OroValle in Euros, while revenue is denominated in US dollars. Orvana’s Euro costs decreased year over year, with the Euro to US Dollar exchange rate moving from an average of 1.12 in the third quarter of fiscal 2019 to 1.10 in the third quarter of fiscal 2020. As a result of foreign exchange movements, mining costs at OroValle were lower by approximately $0.4 million in the third quarter of fiscal 2020 compared with the third quarter of fiscal 2019.

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 June 30, 2020 and September 30, 2019.

(in 000’s)	**June 30, 2020**	**September 30, 2019**
Cash and cash equivalents	**$8,046**	$12,351
Restricted cash (short term)	**$103**	$131
Non-cash working capital (1)	**$(5,608)**	($7,485)
Total assets	**$145,357**	$152,829
Total liabilities	**$83,032**	$80,296
Shareholders’ equity	**$62,325**	$72,533

(1) Working capital represents current assets of $38.2 million less cash and cash equivalents and short-term restricted cash totaling $8.1 million and less $35.7 million in current liabilities composed of accounts payable, provision for statutory obligations and accrued liabilities, income taxes payable and derivative instruments (not including current debt).

Total assets decreased by $7.4 million from $152.8 million to $145.4 million primarily as a result of the decrease in (i) VAT receivable Long Term in $7.2 million, (ii) inventory in $6.2 million, (iii) cash and cash equivalents in $4.3 million, (iv) property, plant and equipment in $7.8 million, all this offset with increases in (v) VAT receivable Short Term in $7.6 million, (vi) deferred income tax asset in $3.4 million, (vii) assets held for sale in $2.5 million, (viii) inventory Long Term in $3.6 million, (ix) restricted cash in $0.6, and (x) gold and concentrate receivables, income tax receivable and reclamation bonds for a total amount of $0.4 million.

Total liabilities increased by $2.7 million to $83 million at June 30, 2020 from $80.3 million at September 30, 2019 primarily as a result of a decrease in (i) provision for statutory labour obligations in $4.2 million, (ii) accounts payable and accrued liabilities in $1.5 million, (iii) other Long Term liabilities in $0.6 million, (iv) deferred revenue in $0.2 million, all this offset with increases in (v) debt in $2.8 million, (vi) current portion of derivative instruments in $2.7 million, (vii) provision for statutory labout obligations Short Term in $1 million, (viii) lease obligations in $1.3 million, (ix) Long Term compensation in $0.7 million and (x) asset retirement obligations in $0.7 million.

BISA TSF Loan, Heavy equipment Loan and Revolving Facility

In June 2017, EMIPA closed a Bolivian loan denominated approximately $11.3 million with BISA bank, comprised of an $8.3 million term facility (the "BISA TSF Loan") and a $3.0 million revolving working capital facility.

The proceeds of the BISA TSF Loan were used to fund a major tailings storage facility expansion project that will add sufficient capacity to support future operations. Under the terms of the BISA TSF Loan, seven disbursements of specified amounts will be drawn down as expenditures are incurred for the tailings storage facility expansion, with the first draw down occurring on June 30, 2017. The BISA TSF Loan matures in January 2021 and has an interest rate of 5.3% per annum, with twelve quarterly repayments beginning in April 2018. As at June 30, 2020, $8.3 million were drawn down this facility and $5.5 million of principal were repaid.

The revolving working capital facility of up to $3.0 million can be drawn down in the form of cash of up to $2.0 million, bank guarantees of $3.0 million or a combination of the two up to the limit of $3.0 million. The revolving working capital facility is renewable every six months until February 2022 and interest will be determined at the date of drawdown and is dependent on the form of the drawdown. As at June 30, 2020, $1,972 were drawdown from this facility (September 30, 2019 - $1,972).

Security for both the BISA TSF Loan and the revolving working capital facility include the CIL asset and other equipment at Don Mario.

In May 2018, EMIPA obtained a Bolivian loan with BISA of $2.4 million for heavy equipment purchases. This loan matures in April 2021, it has monthly repayments and interest rate of 5.5% per annum. Security for the loan includes heavy equipment purchased. At June 30, 2020, the total amount was drawn from this loan and $1.6 million of principal were paid.

On April 1, 2020, the Bolivian Government issued Law 1294 Exceptional law of deferral of debt payments and temporary reduction of the payment of basic services allowing entities incorporated under the laws of Bolivia to reschedule debt repayments of principal and interests with a due date between April, 1 2020 and the end of quarantine of COVID-19. In the case of EMIPA, this resulted in deferring the BISA TSF monthly installment of April 2020 to April 2021 and the BISA Heavy Equipment Loan monthly installments of April and May 2020 to May and June 2021, maintaining the remaining monthly installments according to the existing terms of the loan agreements. Interests will apply for the deferred periods at the originally agreed interest rate of 5.3% and 5.5% respectively.

BISA Restructuring Loan

In February 2020, EMIPA entered into a Bs.20,880,000 ($3.0 million) term facility with BISA in Bolivia, the proceeds of which were used to pay severances regarding restructuring process. The BISA Restructuring Loan bears an interest rate of 6% per annum and matures in February 2021 with repayment of the full amount and the accrued interests in the due date. Security for the BISA Restructuring Loan is tied to certain specific equipment that is currently under care and maintenance.

As at June 30, 2020, the full amount of the loan was drawn down and no repayments were made.

Banco de Crédito Loan

In May 2019, EMIPA entered into a Bs.3,430,000 (approximately $0.49 million) term facility with Banco de Crédito in Bolivia. This loan bears an interest rate of 6% per annum and initially matured in August 2019 with a single repayment installment (jointly with the interests), but EMIPA renegotiated this financing so the new repayment date was January 2020. As at June 30, 2020 EMIPA has fully repaid this Loan.

BISA Oxides Project Facility

In February 2020, BISA approved a Bs.54,288,000 ($7.8 million) facility to partially finance the Oxides Project. As at June 30, 2020, the administrative process to close the transaction is finished, and the funds will be gradually available according to the terms agreed in the financing contract.

Revolving Facilities - Orovalle

In July 2019, OroValle renewed a revolving credit facility with Banco Santander S.A. for an increased amount of €1.5 million for a one year term bearing an annual rate of Euribor plus 2.27%. The credit facility is secured by OroValle's VAT receivable from the Spanish Government. As at June 30, 2020, the amount of €780 thousand was outstanding (approximately $874 thousand), (September 30, 2019 $1,672 thousand).

In October 2018, OroValle renewed a revolving credit facility with Bankinter S.A. ("Bankinter") for an increased amount of €1 million for a three month renewable term and bearing no interest. An administration fee is charged for each renewal. Under the terms of the agreement, all or part of the financing received must be used for the remittance of payroll tax, VAT and corporate taxes to the Spanish Tax Agency with payment being processed through the Bankinter account. This facility has no security. As at June 30, 2020, this revolving facility has been cancelled, (September 30, 2019 $1.1 million).

In May 2020, OroValle obtained a new revolving credit facility with Bankinter S.A ("Bankinter") for an amount of €1.5 Million for a yearly renewable term, and bearing an annual itnrest of 1.95 %.As of June, 30, 2020 this account has a balance of $0.9 million that regards to VAT pending to be reimbursed from the Spanish tax agency.

Samsung C&T Prepayment Facility & the Spanish banking facility

In August 2016, the Company entered into a $12.5 million copper concentrates and gold doré prepayment agreement ("Prepayment Facility") with Samsung C&T U.K. Ltd. ("Samsung C&T"), the proceeds of which were invested at El Valle for its ongoing development activities and infrastructure projects.

Under the terms of the Prepayment Facility, Orvana is selling gold doré from its El Valle Mine in Spain and copper concentrate from its Don Mario Mine in Bolivia to Samsung C&T, on an exclusive basis for a period of thirty months. In exchange, Orvana received $12.5 million in prepayment financing from Samsung C&T in two instalments. The first instalment of $8.0 million was drawn on closing and the second instalment of $4.5 million was drawn down in February 2017. Interest payments and principal repayments under the terms of the Prepayment Facility were made against Orvana's on-going shipments of copper concentrates and/or gold doré. Samsung C&T has agreed to pay for copper concentrates and gold doré 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 Prepayment Facility.

The Prepayment Facility was amended in March 2018 such that the payments on the remaining principal outstanding at March 2018 was rescheduled and extended by two months, in exchange for a higher interest rate and an extension of gold doré deliveries to April 2020, amongst other terms.

The Company's obligations to Samsung C&T under the Prepayment Facility were secured by the pledge to Samsung C&T of all of Orvana's shares of OroValle, which owns the El Valle and Carlés Mines in Spain.

Throughout fiscal 2018, the Company had been evaluating financing alternatives with the objective to refinance the Samsung Prepayment Facility by extending the repayment period. In January 2019, the Company, through its wholly owned subsidiary OroValle, closed a syndicated credit facility (the "Spanish banking facility") for a total amount of €6 million. The Facility is subject to a 2% bank commission fee, bears a fixed interest rate of 2.55%, semi-annual principal repayments and semi-annual interest payments over a term of four years. The Company's obligations to the lenders were secured by: (i) the pledge of all of Orvana's shares of OroValle; (ii) the pledge of OroValle's doré sale proceeds; and (iii) 12.5% restricted cash (increased during the first quarter of 2020 to 25%).

Concurrent with the closing of the Spanish banking facility, Orvana repaid the full Prepayment Facility in the amount of $9.1 million. The Company continues its commercial relationship with Samsung C&T for the sale of copper concentrate from its Don Mario Mine and gold doré from its El Valle Mine.

In May 2019, OroValle increased the Spanish banking facility by an additional €2 million, achieving a total aggregated amount of €8 million ($8.7 million approximately). The conditions for this funding are the same to the previous tranche (in terms of interest rate, fees, repayment schedule, security and covenants).

In July 2019, OroValle repaid €1 million (approximately $1.1 million) of principal and €88,000 (approximately $99,000) of interests of the Spanish banking facility. In January 2020, OroValle repaid €1 million (approximately $1 million) of principal and €91,000 (approximately $100,000) of interests of the Spanish banking facility.

As of June, 30 2020 the restricted cash is $1,6 million, 25% of the remaining principal (increased from 12.5% after a waiver signed with the bank entities to increase the intercompany transfers limit included as a covenant of the financing).

Bankinter Loan

On August 23, 2019, OroValle entered into a new short-term Loan with Bankinter. The principal amounted to $0.4 million and it bears a fixed annual interest rate of 1.5%. This loan matures on September 2020.

During fiscal 2020 the company repaid $0.3 million of principal of this Loan.

New Financing COVID-19 related

As part of the Spanish national program to mitigate economic impacts caused by the COVID-19 pandemic, the Spanish Government offered guarantee lines to the Spanish banking sector through the Official Credit Institute "ICO", to facilitate companies to access funding. In the third quarter of fiscal 2020, OroValle obtained four secured loans under this program:

Bank	Principal (€ 000)	Term (months)	Principal Grace Period (months)	Interest Rate	Opening fee	Official Credit Institute Guarantee (% of principal)
Bankinter	1,000	12	12	1.5%	0.5%	70%
Bankinter	500	36	12	1.6%	0.5%	70%
Banco Sabadell	1,500	36	12	1.5%	0.1%	70%
BBVA	800	24	-	1.5%	0.5%	70%

As of June 30, 2020, the principal outstanding of these new COVID-19 related financing is €3.8 million (approximately $4.3 million).

Shareholders’ Equity

Shareholders’ equity at June 30, 2020 decreased by 15% to $62 million compared with $72.6 million at September 30, 2019. The table below sets out the number of each class of securities of the Company outstanding at June 30, 2020 and as at the date hereof:

	At June 30, 2020
Common Shares	136,623,171
Options (1)	646,008

(1) The options have a weighted average exercise price of $0.21 and their expiry date is March, 21 2022.

Derivative Instruments

The Company had the following outstanding derivative instruments at June 30, 2020:

	Contract Prices	Cash Settlement	Contract Amounts
Gold			
Gold forwards (July-September 2020)	€1,347 - €1,339 and $1,510-$1640 / troy oz	Monthly	9,000 troy oz

The outstanding balance at June 30, 2020, for $2.7 million corresponds to the unrealized portion of these contracts.

For the nine months ended June 30, 2020, the Company paid net cash of $2.1 million (nine months ended June 30, 2019 – paid net cash of $423,000), in settlement of the derivative instruments that matured in the period. For the three months ended June 30, 2020, the Company paid net cash of $1.5 million (three months ended June 30, 2019 – paid net cash of $362,000).

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 unrealized 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 derivative instruments for the three and nine months ended June 30, 2020 as follows:

(in 000s)	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Change in unrealized fair value	$ (1,297)	$ (175)	$ (2,233)	$ (334)
Realized gain (loss) on cash settlements of derivative instruments (1)	(1,525)	(359)	(2,112)	(420)
Derivative instruments gain (loss)	$ (2,822)	$ (534)	$ (4,345)	$ (754)

Realized gains and losses on settlement of derivative instruments are recorded in revenue

Capital Resources

At June 30, 2020, the Company had cash and cash equivalents of $8 million and restricted cash of $1.9 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)	**June 30, 2020**	**September 30, 2019**
Shareholders' equity	**$62,325**	$72,533
Revolving facilities (OroValle)	**1,803**	2,761
Revolving facilities TSF (EMIPA)	**1,972**	1,972
Capital leases	**2,140**	875
BISA Heavy Equipment Loan (EMIPA)	**823**	1,298
BISA TSF Loan (EMIPA)	**2,832**	4,250
BISA Restructuring Loan (EMIPA)	**3,000**	-
Banco de Crédito Loan (EMIPA)	**-**	493
New Facility – Spanish local banking (OroValle)	**6,568**	7,355
Bankinter Loan (OroValle)	**71**	380
New Financing COVID-19 related (OroValle)	**4,256**	
Other debt Bankia (OroValle)	**8**	
	$85,798	$91,917
Less: Cash and cash equivalents	**(8,046)**	(12,351)
Capital employed	**$77,752**	$79,566

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. 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 fiscal 2016, the Company closed the $12.5 million Prepayment Facility, and during fiscal 2017 the Company closed the $11.3 million BISA TSF Loan and revolving working capital facility. In fiscal 2019, the Company closed the Spanish banking facility for €8 million. In fiscal 2020, the Company closed the EMIPA restructuring facility for $3 million as of March 31, 2019. Additionally, in February 2020, BISA approved a Bs.54,288,000 ($7,800) facility to partially finance the Oxides Project. As at June 30, 2020, the administrative process to close the transaction is finished, and the funds will be gradually available according to the terms agreed in the financing contract. During third quarter fiscal 2020 OroValle accessed to several credit facilities with the guarantee of the Spanish government for a total of €3.8 million (New financing COVID-19 related).

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 for 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.

Due to the ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts on our business, the Company's strategy for the last quarter of fiscal 2020 is to manage its existing capital resources and liquidity in a prudent fashion to sustain operating costs while maintaining a high level of safety and productivity, and to meet all of its existing debt repayment obligations. Capital expenditures and exploration programs are being reviewed companywide. Refer to "COVID-19" and "Outlook" sections.

Cash Flows, Commitments, Liquidity and Contingencies

Cash Flows

Total cash and cash equivalents as at June 30, 2020 was $8 million, primarily denominated in US dollars, representing $4.3 million lower cash than at September 30, 2019. Short-term restricted cash was $0.1 million at June 30, 2020, which is the same amount as at September 30, 2019. The Company's total debt was $21.3 million at June 30, 2020. This compares with total debt as at September 30, 2019 of $18.5 million.

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

(in 000's)	**Q3 2020**	**Q2 2020**	**Q3 2019**	**YTD 2020**	**YTD 2019**
Cash provided by operating activities before changes in non-cash working capital	**$1,163**	$1,384	$1,368	**$4,655**	$14,221
Cash provided by (used in) operating activities	**(822)**	(3,311)	4,866	**(1,957)**	9,470
Cash used in investing activities (1)	**(375)**	221	(4,258)	**(4,218)**	(8,365)
Cash provided by financing activities	**3,064**	1,119	1,776	**1,964**	(1,081)
Change in cash	**$1,867**	($1,971)	$2,384	**$(4,211)**	$24

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

Orvana's primary source of liquidity continues to be from operating cash flows. Cash flows provided by operating activities before changes in non-cash working capital were $1.2 and $4.7 million for the third quarter and first nine months of fiscal 2020, respectively, compared with $1.4 and $14.2 million for the third quarter and first nine months of fiscal 2019, respectively. Cash flows in operating activities were: cash required of $0.8 and $2 million for the third quarter and first nine months of fiscal 2020, respectively, compared with cash flows provided by operating activities of $4.9 and $9.5 million for the third quarter and first nine months of fiscal 2019, respectively.

Significant drivers of the change in operating cash flow are production, realized gold and copper prices on sales and VAT reimbursement timing. Future changes in the market price of gold and copper, 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 working capital and the funding of the Company's planned capital expenditures. The Company has a VAT receivable balance in EMIPA of $7.8 million related to 2018 and 2019 periods that expects to receive in the short term, subject to the favourable completion of the tax audit in progress.

Cash used in investing activities was $0.4 and $4.2 million used in the third quarter and first nine months of fiscal 2020, respectively, compared with cash used for $4.3 and $8.4 million in the third quarter and first nine months of fiscal 2019, respectively. Capital expenditures drive the majority of cash flows used in investing activities. Cash used in investing activities in the first nine months of fiscal 2020 is offset by $1.3 million proceeds from EMIPA's assets sold. The Company has a program in place to sell additional EMIPA's assets, mainly heavy equipment and related spare parts, that won't be used for the Oxides Stockpile Project, and, subject to the resolution of the COVID-19 situation, the Company expects to complete the process in the last quarter of fiscal 2020.

Cash provided by financing activities was $3 million in the third quarter and $2 million were provided by financing activities in first nine months of fiscal 2020. All this compared with cash provided by financing activities amounting $1.8, and cash used in for $1.1 million, in the third quarter and first nine months of fiscal 2019, respectively.

During the third quarter 2020, OroValle secured four loans with three Spanish banks for a total amount of €3.8 million. Refer to "Balance Sheet Review" section.

Capital Expenditures

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

(in 000's)	**Q3 2020**	**Q2 2020**	**Q3 2019**	**YTD 2020**	**YTD 2019**
El Valle	**$1,340**	$3,312	$2,496	**$6,787**	$5,962
Don Mario	**132**	258	1,475	**569**	2,606
Corporate	**-**	-	-	**-**	-
Sub-total capital expenditures	**$1,472**	$3,570	$3,971	**$7,356**	$8,568
Accounts payable adjustments (1)	**($1,135)**	($708)	$1,028	**($2,377)**	$150
Total capital expenditures (1)	**$337**	$2,862	$4,999	**$4,979**	$8,718

(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. Since 2020 this adjustment includes the elimination of IFRS16 assets adjusted in CAPEX.

At El Valle, capital expenditures in second quarter of fiscal 2020 consisted mainly of primary development, tailings dam regrowth, heavy equipment and mining infrastructure. Capital expenditures at Don Mario consisted of metallurgical studies and tests works related to the oxides project.

Due to the ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts, Capital expenditures programs are being reviewed companywide. Refer to "COVID-19" and "Outlook" sections.

Other Commitments

The Company's current contractual obligations are summarized in the following table:

As at June 30, 2020		**Payment Due by Period**			
(in 000's)	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Spanish Local Banking + COVID-19 funds	**$11,446**	4,234	7,212	-	-
BISA TSF Loan+Revolving facility(1)	**$4,804**	4,804	-	-	-
BISA Heavy Equipment Loan	**$818**	818	-	-	-
BISA Restructuring	**$3,000**	3,000	-	-	-
Finance leases	**$2,188**	314	1,874	-	-
Operating leases	**$2,923**	1,435	1,365	57	66
Decommissioning liabilities (2)	**$24,191**	50		1,181	22,960
Reclamation bond (3)	**$5,599**	5,599	-	-	-
Purchase obligations	**$2,393**	1,173	1,220	-	-
Provision for statutory labour obligations ST (4)	**$1,049**	1,049	-	-	-
Long-term compensation	**$1,565**	-	-	-	1,565
Total contractual obligations (5)	**$59,976**	**22,476**	**11,671**	**1,238**	**24,591**

(1) Working capital revolving facility for the amount of $1,972 is included in the total amount of $4,804.

(2) Decommissioning liabilities are undiscounted.

(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 challenging the requirement to fund the additional reclamation bond through an administrative appeal process. The Company is also working with the Spanish regulatory authorities to come to an agreement regarding posting this additional bond, including the consideration of alternatives to posting this bond.

(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 for which amounts have not been included in total contractual obligations at June 30, 2020. 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 the El Valle Royalty. The El Valle Royalty rate decreases to 2.5% for any quarter in which the average price of gold is below $1,100 per ounce. The El Valle Royalty expense totaled $0.5 and $1.9 million for the third quarter and first nine months of fiscal 2020, respectively, compared with $0.6 and $2 million for the third quarter and first nine months of fiscal 2019, respectively.

Production from Don Mario is subject to a 3% NSR. This expense totaled $0.1 and $0.5 million for the third quarter and first nine months of fiscal 2020, respectively, compared with $0.4 and $1.3 million for the third quarter and first nine months of fiscal 2019, 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 $nil and $0.3 million for the third quarter and first nine months of fiscal 2020, respectively, compared with $0.7 and $2.5 million for the third quarter and first nine months of fiscal 2019, respectively.

Liquidity

Orvana's primary sources of liquidity in the first nine months of fiscal 2020 were operating cash flows, generating cash of $4.7 million from operating activities before changes in non-cash working capital. During the first nine months of fiscal 2020, Orvana required cash for $2 million in operating activities, and for $4.2 million in investing activities, while generated cash for $2 million from financing activities.

As at June 30, 2020, the Company had cash of $8.1 million, and together with forecasted operating cash flow, the renewal of current revolving lines, the reimbursement of VAT balances, the financing secured in third quarter and the proceeds of assets held for sale, expects to cover the Company's commitments due in less than one year of $22.5 million.

Due to the ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts on our business, the Company's strategy for the last quarter of fiscal 2020 is to manage its existing capital resources and liquidity in a prudent fashion to sustain operating costs while maintaining a high level of safety and productivity, and to meet all of its existing debt repayment obligations. Capital expenditures and exploration programs are being reviewed companywide. Refer to "COVID-19" and "Outlook" sections.

Capital expenditures in respect to the Oxides Stockpile Project would only be incurred should financing acceptable to the Company is realized.

The Company's cash flow forecasts are developed using best available information at the time of their preparation and rely on certain material assumptions, such as gold and copper market prices and the ability to achieve planned production of gold and copper. There can be no assurances that the Company's cash flow forecasts will not change materially in the future and that the effect of changes to the Company's forecasts, if negative, could result in future financing requirements for the Company.

If (i) unanticipated events occur that may impact the operations of OroValle and EMIPA 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 continues to work through one environmental matter involving eventual selenium discharges into the Cauxa River in Asturias, Spain. The Cauxa River flows past the El Valle Mine operated by the Company's Spanish subsidiary, OroValle, as well as other industrial 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 results of scientific studies conducted by the Company have confirmed the Company's belief that past and prevailing levels of selenium in waterways impacted by the OroValle operations do not constitute a health or environmental risk.

Spanish Water Authority has 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 "SE Discharge Matter"). In recent years, OroValle has received approximately €955 (approximately $1,069) 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 (€629, $704) and the enforcement of certain fines has been suspended pending the related criminal matter. A judge of the criminal court of Grado Municipality (a municipality in the region of Asturias) has conducted an investigation into the potential commission by OroValle of a reckless crime under the Spanish penal code relating to the SE Discharge Matter. After six years of investigation, during the third quarter of fiscal 2020 the Grado's Court issued the order to commence an oral trial to address the SE Discharge Matter in a criminal court of Oviedo (the capital of Asturias). A date for the commencement of the oral trial has not been set as of the date hereof. In connection with the pending oral trial, the Court set a requirement on OroValle to provide a bond in the amount of €7 million as warranty for contingent liabilities, subject to the outcome of the oral trial. Orovalle has appealed the bond taking the position that past and prevailing levels of selenium in waterways impacted by OroValle did not cause any damage to the environment. The appeal is in progress as of date hereof. With respect to the oral trial, OroValle has filed its preliminary statement of defence asking for the acquittal on the basis that, among other things, there is absence of a committed criminal offence. If OroValle is ultimately found responsible, monetary penalties, amongst other sanctions, may be applied. These sanctions could have a material impact on the Company. OroValle will defend itself vigorously in this matter.

OroValle has been working to remediate this selenium 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 which is in progress. While it appears that these remediation efforts are addressing these matters, there can be no assurances that OroValle's continuing remediation activities will be judged to successfully 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.

In connection with workplace accidents at OroValle in 2015 and 2017, the affected employees filed claims with the Instituto Nacional de la Seguridad Social (INSS) for social security benefit surcharges, to be paid by OroValle. In late June 2018, INSS granted the two affected employees' in the 2015 workplace accident their social security benefits request for an aggregate amount of approximately $0.5 million. In October 2018, OroValle filed claims before the Labour Court in order to dispute the payment of the abovementioned surcharges. Trials have been rescheduled by the Labour Court for the second quarter of fiscal 2020. In respect of the 2017 workplace accident, the affected employee has filed a claim with the INSS for social security benefit surcharges. The INSS has not affirmed this claim yet. If the request of the employee is affirmed by the INSS and the amount is estimated, OroValle will file a claim before the Labour Court.

Certain former employees of EMIPA affected by the restructuring process during the second quarter of fiscal 2020 (the "Former Employees") decided not to accept the dismissal terms provided for under applicable employment laws in Bolivia. In respect of these Former Employees, the Company proceeded to deposit into a judicial account the compensation benefits to which the aforementioned employees were entitled within the period established by law and according to the terms defined by the local regulation. As a result of filings by the Former Employees to dispute the dismissal process, the Santa Cruz Departmental Labor Authority notified EMIPA in July 2020 by way of "reinstatement resolutions" directing that the 80 Former Employee should be reinstated to their original job positions with the payment of the wages accrued since their dismissal. EMIPA subsequently filed an appeal to dispute the "reinstatement resolutions" on the basis that the dismissal process conducted by EMIPA during the restructuring process is in compliance with applicable employment laws.

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended June 30, 2020:

	Quarters ended			
(in 000's, except per share amounts)	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**
Revenue	**$17,617**	$20,658	$29,020	$32,382
Net income (loss)	**($4,711)**	($2,776)	($2,745)	($3,626)
Loss per share (basic and diluted)	**($0.03)**	($0.02)	($0.02)	($0.03)
Total assets	**$145,357**	$141,430	$146,643	$152,829
Total financial liabilities (1)	**$26,204**	$21,278	$18,280	$19,384
	Quarters ended			
	Q3 2019	**Q2 2019**	**Q1 2019**	**Q4 2018**
Revenue	$30,831	$36,013	$36,318	$36,298
Net loss	($3,914)	$3,334	($1,060)	($1,231)
Loss per share (basic and diluted)	($0.03)	$0.02	($0.01)	($0.01)
Total assets	$158,372	$156,653	$154,965	$158,800
Total financial liabilities (1)	$22,041	$19,752	$16,880	$21,989

(1) Financial liabilities include current and long-term portions of debt, obligations under finance leases and derivative liabilities.

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.

Other Risks

The Company identified a variety of additional risks and uncertainties in the most recent Annual Information Form ("AIF") including, but not limited to, (i) mineral resources and reserves estimates and replacement of depleted reserves, (ii) production estimates, (iii) development, capital projects and operations of mines, (iv) competition, (v) acquisitions and divestitures, (vi) title matters, (vii) water supply, (viii) regulatory and other risk, (ix) permits, (x) environmental, health and safety regulations, (xi) political and related risks, (xii) insurance, (xiii) reliance on key personnel and labor relations, (xiv) community relations and license to operate, (xv) litigation, (xvi) conflicts of interest, (xvii) controlling shareholder, and (xviii) share trading volatility.

In respect of regulatory and other risks and 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.

The COVID-19 pandemic is causing significant financial market declines and social dislocation, globally. For a more detailed discussion of such pandemic risks, refer to "COVID-19" section.

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 June 30, 2020, the net carrying value of the property, plant and equipment in respect of OroValle and EMIPA amounted to $46.7 million and $27.5 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 Company's estimates, prepared by management with the assistance of independent third-party experts, of the undiscounted and discounted cash flows required to settle such decommissioning liabilities in respect of OroValle and EMIPA at June 30, 2020.

As at June 30, 2020	Undiscounted Cash Flows Estimated to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
(in 000's)			
El Valle (1)	$15,875	1.31%	$14,400
Don Mario (1)	$8,316	3.20%	$7,025
Total	**$24,191**		**$21,425**

(1) 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.

Stock-based compensation

The Company recorded a stock-based compensation expense of $8 thousand and $24 thousand in the third quarter and first nine months of fiscal 2020, respectively, compared with $22 thousand and $66 thousand in the third quarter and nine months of fiscal 2019, respectively. The stock-based compensation expense is based on an estimate of the fair value of 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. For grants subsequent to December 1, 2015, the fair value of the units issued is expensed over the fiscal year in which they are issued 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 its mine sites (El Valle and Don Mario), which are 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 June 30, 2020 included commodity prices, operating costs, capital expenditures, foreign exchange rates and discount rates.

During the third quarter of fiscal 2020, the Company completed an analysis on the recoverability of the existing materials and supplies Inventory and Property, Plant and Equipment associated with the suspended mining operations at EMIPA and recorded an impairment of $1,854. All the impaired assets are classified as held for sale as at June 30, 2020. The carrying value of Don Mario at June 30, 2020 includes this registered impairment.

Although the total public market capitalization of the Company was below the carrying amount of Orvana's net assets at June 30, 2020 of $62 million, following the completion of an impairment test in respect of each CGU at the end of the first nine months of fiscal 2020, 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 June 30, 2020.

In light of a continued volatile metal price environment and the uncertainty surrounding COVID-19 pandemic, there can be no assurances that an impairment adjustment may not be taken at either or both CGUs in future periods.

Gold prices

The net loss of $10,232 thousand for the first nine months of fiscal 2020 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 gross revenue by an increase/decrease of approximately $6,620 thousand.

Copper prices

The net loss of $10,232 thousand for the first nine months of fiscal 2020 would be impacted by changes in average realized copper prices. A 10% increase/decrease in average realized copper prices would affect gross revenue by an increase/decrease of approximately $904 thousand.

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 June 30, 2020.

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

COC, AISC and AIC

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 expenses, costs of community relations, 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	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1) *(in 000's)*					
Total mining costs (sales based)	**$15,187**	**$18,152**	**$28,807**	**$57,193**	**$86,914**
Deductions, refining, treatment, penalties, freight & other costs	1,443	2,285	1,904	5,838	6,892
Sub-total - other operating costs	**$1,443**	**$2,285**	**$1,904**	**$5,838**	**$6,892**
Copper sales - gross revenue value	(2,909)	(3,245)	(2,708)	(9,043)	(11,431)
Silver sales - gross revenue value	(482)	(548)	(625)	(1,582)	(2,087)
Other by-product gross revenue value	-	-	-	-	-
Sub-total by-product revenue	**($3,391)**	**($3,793)**	**($3,333)**	**($10,625)**	**($13,518)**
Cash operating costs	**$13,239**	**$16,644**	**$27,378**	**$52,406**	**$80,288**
Corporate general & administrative costs	1,496	760	1,120	2,990	2,574
Community costs related to current operations	86	87	116	262	357
Reclamation, accretion & amortization	328	286	353	939	1,269
Exploration and study costs (sustaining)	88	91	344	311	846
Primary development (sustaining)	748	1,197	1,085	3,170	2,966
Other sustaining capital expenditures (2) (3)	660	2,497	1,944	3,705	4,170
All-in sustaining costs	**$16,645**	**$21,562**	**$32,340**	**$63,783**	**$92,470**
Exploration and study costs (non-sustaining)	646	7	422	719	1,270
Capital expenditures (non-sustaining) (3)	132	258	922	544	1,169
All-in costs	**$17,423**	**$21,827**	**$33,684**	**$65,046**	**$94,909**
Au/oz sold	9,681	12,216	22,579	40,560	75,552
Cash operating costs ($/oz) gold	**$1,367**	**$1,363**	**$1,213**	**$1,292**	**$1,063**
All-in sustaining costs ($/oz) gold	**$1,719**	**$1,765**	**$1,432**	**$1,573**	**$1,224**
All-in costs ($/oz) gold	**$1,800**	**$1,787**	**$1,492**	**$1,604**	**$1,256**

(1) Costs are reported per ounce of gold sold in the period.

(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.

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

El Valle	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1) *(in 000's)*					
Total mining costs	**$13,974**	**$16,709**	**$17,908**	**$48,581**	**$52,991**
Deductions, refining, treatment, penalties, freight & other costs	1,443	2,285	1,895	5,834	6,863
Sub-total - other operating costs	**$1,443**	**$2,285**	**$1,895**	**$5,834**	**$6,863**
Copper sales - gross revenue value	(2,909)	(3,245)	(2,708)	(9,043)	(11,431)
Silver sales - gross revenue value	(482)	(548)	(506)	(1,518)	(1,737)
Sub-total by-product revenue	**($3,391)**	**($3,793)**	**($3,214)**	**($10,561)**	**($13,168)**
Cash operating costs	**$12,026**	**$15,201**	**$16,589**	**$43,854**	**$46,686**
Corporate general & administrative costs	375	375	375	1,125	1,125
Reclamation, accretion & amortization	273	231	288	771	1,074
Exploration and study costs (sustaining)	0	0	0	0	0
Primary development (sustaining)	748	1,197	1,085	3,170	2,966
Other sustaining capital expenditures (2) (3)	660	2,498	1,386	3,680	2,726
All-in sustaining costs	**$14,082**	**$19,502**	**$19,723**	**$52,600**	**$54,577**
Exploration and study costs (non-sustaining)	**16**	**7**	**64**	**77**	**300**
All-in costs	**$14,098**	**$19,509**	**$19,787**	**$52,677**	**$54,877**
Au/oz sold	9,681	12,216	15,256	37,903	47,279
Cash operating costs ($/oz) gold	**$1,242**	**$1,244**	**$1,087**	**$1,157**	**$987**
All-in sustaining costs ($/oz) gold	**$1,455**	**$1,596**	**$1,293**	**$1,388**	**$1,154**
All-in costs ($/oz) gold	**$1,458**	**$1,597**	**$1,297**	**$1,390**	**$1,161**

(1) Costs are reported per ounce of gold sold in the period.

(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.

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

Don Mario Mine	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1) *(in 000's)*					
Total mining costs	**$1,217**	**$1,444**	**$10,899**	**$8,612**	**$33,923**
Deductions, refining, treatment, penalties, freight & other costs	-	-	9	4	29
Sub-total - other operating costs	**$-**	**$-**	**$9**	**$4**	**$29**
Copper sales – gross revenue value	0	0	0	0	0
Silver sales – gross revenue value	-	-	(120)	(64)	(349)
Other by-product gross revenue value	-	-	-	-	-
Sub-total by-product revenue	**($0)**	**($0)**	**($120)**	**($64)**	**($349)**
Cash Operating Costs	**$1,217**	**$1,444**	**$10,788**	**$8,552**	**$33,603**
Corporate general & administrative costs	293	257	199	742	423
Community costs related to current operations	86	86	116	262	357
Reclamation, accretion & amortization	55	55	65	168	195
Capital expenditures (sustaining) (2)(3)	-	-	559	25	1,443
Exploration and study costs (sustaining)	88	91	344	311	846
All-in sustaining costs	**$1,739**	**$1,933**	**$12,071**	**$10,060**	**$36,867**
Capital expenditures (non-sustaining)	132	258	922	544	1,169
Exploration and study costs (non-sustaining)	-	-	106	11	561
All-in costs	**$1,871**	**$2,191**	**$13,099**	**$10,615**	**$38,597**
Au/oz sold	-	-	7,323	2,657	28,273
Cash operating costs ($/oz) gold	**-**	**-**	**$1,473**	**$3,218**	**$1,188**
All-in sustaining costs ($/oz) gold	**-**	**-**	**$1,648**	**$3,786**	**$1,304**
All-in costs ($/oz) gold	**-**	**-**	**$1,789**	**$3,995**	**$1,365**

(1) Costs are reported per ounce of gold sold in the period.

(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.

EBITDA

The Company has included Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") as a non-IFRS performance measure in this MD&A. The Company excludes these items from 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 EBITDA to the Company's consolidated financial statement for their respective periods:

(in 000's)	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Net income (loss)	**($4,711)**	($2,776)	($3,914)	**($10,232)**	($1,640)
Less:					
Finance costs	**(413)**	(272)	(293)	**(960)**	(1,373)
Income taxes	**539**	1,219	927	**3,402**	996
Depreciation and amortization	**(3,923)**	(3,557)	(5,088)	**(13,109)**	(14,517)
Impairment	**-**	(1,854)	-	**(1,854)**	-
EBITDA	**($914)**	$1,688	$540	**$2,289**	$13,254

Other Information

Other operating and financial information with respect to the Company, including the AIF, 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, the potential impact of the COVID-19 on the Company's business and operations, including its ability to continue operations; the Company's ability to manage challenges presented by COVID-19; the accounting treatment of COVID-19 related matters; Orvana's ability to prevent and/or mitigate the impact of COVID-19 and other infectious diseases at or near the Company's mines and support the sustainability of its business including through the development of crisis management plans, increasing stock levels for key supplies, monitoring of guidance from the medical community, and engagement with local communities and authorities; 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 including specifically, but not limited to in the case of Don Mario, the processing of the mineral stockpiles and the reprocessing of the tailings material; 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, including without limitation, the ability to complete the acquisition of the Taguas Property; future financial performance, including the ability to increase cash flow and profits; and 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 as particularly set out in the Company's most recently filed financial statements. 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 long-term 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, 2019 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.