ORVANA MINERALS CORP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER OF FISCAL 2024

THREE MONTHS ENDED DECEMBER 31, 2023 AND 2022

UNAUDITED

(EXPRESSED IN UNITED STATES DOLLARS)

ORVANA MINERALS CORP.

Condensed Interim Consolidated Statements of Net (Loss) Income and Comprehensive (Loss) Income
Unaudited
(in thousands of United States dollars)

	Three months ended December 31, 2023	2022
Revenue (note 4)	$ 20,124	$ 22,978
Cost of sales		
Mining costs (note 5)	17,927	18,840
Depreciation and amortization	4,212	3,463
	22,139	22,303
Gross margin	(2,015)	675
Expenses		
General and administrative (note 6)	944	559
Foreign Exchange loss (note 7)	916	600
Exploration	225	222
Other expenses (note 8)	31	69
Finance costs (note 9)	454	249
Derivative instruments, net (note 10)	50	2
	2,620	1,701
Loss before income taxes	(4,635)	(1,026)
Provision for (recovery of) income taxes		
Current tax expense (recovery) (note 19.a)	(330)	-
Deferred tax expense (recovery) (note 19.a)	2,897	(1,160)
	2,567	(1,160)
Net (loss) income	$ (7,202)	$ 134
Other comprehensive income (loss) items that will not be reclassified to profit or loss		
Other comprehensive income (loss)	$ 275	$ (33)
Cumulative translation adjustments	993	870
Comprehensive (loss) income	$ (5,934)	$ 971
Net (loss) earnings per share (note 11)		
Basic and diluted	$ (0.05)	$ 0.00

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

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

	Three months ended December 31, 2023	2022
Operating activities		
Net (loss) income (1)	$ (7,202)	$ 134
Adjustments for:		
Depreciation and amortization	4,215	3,484
Provision VAT (note 8)	16	50
Accretion	218	183
Amortization of deferred financing fees	6	(21)
Long-term compensation	119	41
Deferred income tax expense (recovery) (note 19.a)	2,897	(1,160)
Foreign exchange loss (gain)	889	(63)
Derivative instruments loss (note 10)	50	-
	1,208	2,648
Changes in non-cash working capital		
Concentrate and doré sales receivables	(54)	(838)
Value added taxes and other receivables and prepaid expenses	1,081	2,414
Inventory	1,410	(1,330)
Accounts payable and accrued liabilities	(2,611)	(736)
Provision for statutory labour obligations	29	68
Income taxes payable (receivable)	(1,273)	1,461
	(1,418)	1,039
Cash (used in) provided by operating activities	(210)	3,687
Investing activities		
Capital expenditures	(2,472)	(3,087)
Restricted cash and reclamation bonds	(230)	(110)
Cash used in investing activities	(2,702)	(3,197)
Financing activities		
Proceeds (Repayments) of Bank Debt (note 16)		
Orovalle & Iberia	(2,072)	(2,000)
Orovalle	712	(1,063)
Repayments of lease liabilities (note 17)	(271)	(73)
Cash used in financing activities	(1,631)	(3,136)
Change in cash and cash equivalents	(4,543)	(2,646)
Cash and cash equivalents, beginning of the period	8,329	6,544
Effect of exchange rate changes on cash	73	316
Cash and cash equivalents, end of the period	$ 3,859	$ 4,214

(1) Net (loss) income includes interests paid for $227 during the three-month period ending December 31, 2023 ($86 during three-month period ending December 31, 2022).

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

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

		As at December 31, 2023		As at September 30, 2023
Assets				
Current assets				
Cash and cash equivalents	$	3,859	$	8,329
Restricted cash (note 12)		146		96
Concentrate and doré sales receivables		1,072		1,018
Value added taxes (note 19.b)		2,273		3,633
Other receivables and prepaid expenses		736		390
Inventory (note 13)		10,833		12,678
Income tax receivable		643		14
		19,562		26,158
Non-current assets				
Value-added taxes (note 19.b)		10,802		10,886
Other assets		920		915
Reclamation bonds (note 12)		8,511		7,703
Deferred income tax asset (note 19.a)		10,849		13,746
Inventory (note 13)		4,758		4,758
Property, plant and equipment (note 14)		58,233		59,083
	$	113,635	$	123,249
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 15)	$	24,753	$	27,534
Provision for statutory labour obligations		91		90
Income taxes payable		522		1,166
Debt (note 16)		9,956		8,636
Lease liabilities (note 17)		992		1,004
Derivative instruments (note 10)		50		-
		36,364		38,430
Non-current liabilities				
Decommissioning liabilities (note 18)		20,296		19,499
Debt (note 16)		4,100		6,225
Lease liabilities (note 17)		78		274
Provision for statutory labour obligations		443		416
VAT liabilities (note 19.b)		666		666
Other Long-Term obligations		748		746
Long-term compensation (note 21 (b))		315		434
		63,010		66,690
Shareholders' equity				
Share capital (note 20)		116,206		116,206
Contributed surplus		3,871		3,871
Retained Earnings		(59,249)		(61,957)
Other comprehensive income		(242)		(517)
Cumulative translation adjustments		(2,759)		(3,752)
Current earnings		(7,202)		2,708
		50,625		56,559
	$	113,635	$	123,249

Commitments and contingent liabilities (note 23).

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

ORVANA MINERALS CORP.
Condensed Interim Consolidated Statements of Changes in Shareholder's Equity
Unaudited
(in thousands of United States dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Cumulative translation adjustments	Other comprehensive (loss) income	Total
Balance, October 1, 2023	$ 116,206	$ 3,871	$ (59,249)	$ (3,752)	$ (517)	$ 56,559
Remeasurement of financial assets	-	-	-	-	275	275
Cumulative translation adjustments	-	-	-	993	-	993
Net Loss	-	-	(7,202)	-	-	(7,202)
Balance, December 31, 2023	**$** 116,206	$ 3,871	$ (66,451)	$ (2,759)	$ (242)	$ 50,625

	Share Capital	Contributed Surplus	Retained Earnings	Cumulative translation adjustments	Other comprehensive (loss) income	Total
Balance, October 1, 2022	$ 116,206	$ 3,871	$ (61,957)	$ (3,510)	$ (428)	$ 54,182
Remeasurement of financial assets	-	-	-	-	(89)	(89)
Cumulative translation adjustments	-	-	-	(242)	-	(242)
Net Income	-	-	2,708	-	-	2,708
Balance, September 30, 2023	$ 116,206	$ 3,871	$ (59,249)	$ (3,752)	$ (517)	$ 56,559

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

1. Nature of operations and corporate information

Orvana Minerals Corp. (the "Company" or "Orvana") is a Canadian mining and exploration company involved in the evaluation, development and mining of precious and base metal deposits. Orvana's properties consist of:

- The El Valle and Carlés mines and the El Valle processing plant (collectively, "El Valle"), producer of copper concentrate and doré. El Valle is located in Asturias, Northern Spain, and is held and managed by its subsidiary Orovalle Minerals, S.L. ("Orovalle"), that, in addition to El Valle, owns certain mineral rights located in the region of Asturias;
- The Don Mario Operation ("Don Mario"), located in San Jose de Chiquitos, Southeastern Bolivia, consisting of 10 contiguous mineral concessions covering approximately 53,325 ha and the processing plant, currently in care and maintenance. Don Mario is held and managed by the Company's subsidiary Empresa Minera Paitití, S.A. ("EMIPA"); and
- The Taguas Property ("Taguas"), consisting of 15 mining concessions over an area of 3,273.87 ha, held and managed by its subsidiary Orvana Argentina S.A. ("Orvana Argentina"). It is located in the Province of San Juan, on the eastern flank of the Andes, between 3,500 m to 4,300 m above sea level.

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

The Company's head and registered office is 70 York Street, Suite 1710, Toronto, Ontario, Canada. The Company is incorporated under the laws of Ontario, Canada and its common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol TSX:ORV.

The company's subsidiary EMIPA is a company registered as Bond Issuer in the Bolivian stock market. In November 2023 the Autoridad de Supervision del Sistema Financiero (ASFI), the Bolivian Financial Supervisory Authority, approved the EMIPA's proposed bond program to be offered in the local market for Bs 327.120.000 ($47 million). The interest rate is 6.8% and the term 1,080 days. As of the date of this consolidated financial statements EMIPA hasn't started the bond offering.

2. Basis of preparation

The Company prepares its condensed interim consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") which do not include all of the information required for full annual consolidated financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") have been omitted or condensed and these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2023.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2023.

The preparation of these condensed interim consolidated financial statements requires the use of certain significant accounting estimates and judgments by management in applying the Company's accounting policies. The areas involving significant judgments and estimates have been set out in note 4 of the Company's consolidated financial statements for the year ended September 30, 2023.

These consolidated financial statements were approved by the Board of Directors of the Company on February 14, 2024.

3. Significant social and economic uncertainties

The mining industry worldwide is being impacted by economic and geopolitical concerns. Metal prices continue being volatile, and rising inflation and rising prices for energy, fuel and other supplies may affect capital and operating costs. The financial effect of the current situation cannot be estimated with reasonable certainty at this stage.

(in thousands of United States dollars unless otherwise noted)

4. Revenue

For the three months ended December 31,			2023		2022
Revenue from contracts with customers	Gold-copper concentrate	$	13,953	$	15,638
	Doré		5,845		6,268
Provisional invoicing adjustments		$	326	$	1,072
Total revenue		$	20,124	$	22,978

5. Mining costs

Mining costs include mine production costs, transport costs, royalty expenses, site administration costs, and other related costs, but not the primary mine development costs, incurred at El Valle, which are capitalized and depreciated over the specific useful life or reserves related to that development and are included in depreciation and amortization. The mining costs for the three-month period ended December 31, 2023 and 2022 were:

For the three months ended December 31,		2023		2022
Operating costs – Orovalle	$	17,163	$	17,993
Care and maintenance costs - EMIPA		764		847
Total mining costs	$	17,927	$	18,840

Operating costs at Orovalle include royalties expensed during the three-month period ended December 31, 2023, for $113 (during three-month period ended December 31, 2022, $ 626). Relating to the royalty over the El Valle mine, Orovalle and the royalty holder reached an agreement applying a new ratchet structure linked to the gold price from January 1, 2023 (see note 23.d).

Care and maintenance costs at EMIPA include mining rights expensed during the three-month period ended December 31, 2023, for $112 (December 31, 2022, $112).

6. General and administrative expenses

For the three months ended December 31,		2023		2022
Salaries, directors fees and office administration	$	824	$	516
Depreciation		2		2
Long-term compensation		118		41
Total general and administrative expenses	$	944	$	559

7. Foreign Exchange

For the three months ended December 31,		2023		2022
Gains in Argentina capital funding	$	-		(130)
Other foreign exchange losses		916		730
Total foreign exchange losses	$	916	$	600

8. Other (income) expense

For the three months ended December 31,		2023		2022
EMIPA – Increase in provision for uncollectible VAT	$	4	$	1
Argentina – Increase in provision for uncollectible VAT		12		50
Miscellaneous other expense		15		18
Total other (income) expense	$	31	$	69

(in thousands of United States dollars unless otherwise noted)

9. Finance costs

For the three months ended December 31,		2023		2022
Interest on credit facilities and debt	$	227	$	86
Accretion lease liability		3		-
Accretion expense on decommissioning obligations		218		184
Finance fees		6		(21)
Total finance costs	$	454	$	249

10. Derivative instruments, net

The Company had outstanding derivative instruments for $50 at December 31, 2023 (December 31, 2022 - $nil).

	Contract prices	Cash settlement	Contract amounts
Gold forwards (Jan-Mar 2024)	$2,042-$2,070	Monthly	4,500 Oz.

The Company recorded fair value adjustments as follows:

For the three months ended December 31,		2023		2022
Change in unrealized fair value	$	(50)	$	(2)
Derivative instruments loss	$	(50)	$	(2)

11. Net earnings per share

For the three months ended December 31,		2023		2022
Net (loss) income	$	(7,202)	$	134
Weighted average number of common shares outstanding – basic and diluted		136,623,171		136,623,171
Earnings (loss) per share – basic and diluted	$	(0.05)	$	0.00

12. Restricted cash and reclamation bonds

Restricted cash

Restricted cash as at December 31, 2023 was $146 and consists mainly of warranties provided to the government, required for appealing in labour courts (September 30, 2023, $96).

Long-term restricted cash as at December 31, 2023 was $nil (September 30, 2023 – $nil).

Reclamation bonds

At December 31, 2023, reclamation bonds were $8,511 (September 30, 2023 – $7,703) and are expected to be released after all reclamation work at Orovalle has been completed. Additional reclamation bonds could be required, as part of the process of updating the environmental permit of the El Valle tailings facility (see Note 23.a). At December 31, 2023 reclamation funds for $6 million (September 30, 2023 - $6 million) were held in an investment Fund (see note 25 for valuation criteria of this investment), and remaining reclamation bonds were backed by cash.

(in thousands of United States dollars unless otherwise noted)

13. Inventory

		December 31, 2023		September 30,
Ore in stockpiles	$	314	$	1,167
Ore in-process		991		1,237
Doré		763		717
Gold-Copper concentrates		1,067		2,791
Materials and supplies		7,698		6,766
	$	10,833	$	12,678
Long-term materials and supplies	$	2,466	$	2,466
Long-term ore in stockpiles		2,292		2,292
	$	15,591	$	17,436

The Company recognized $21,770 of inventory in cost of sales (including depreciation and amortization) for the three months ended December 31, 2023 (three months ended December 31, 2022 - $21,361). The long-term inventory corresponds to the stockpile and materials and supplies at EMIPA.

14. Property, plant and equipment

	Land	Plant and equipment	Furniture and equipment	Mineral properties in production	Mineral properties in exploration and evaluation	Total
Net book value, September 30, 2023	$1,566	$38,698	$458	$13,879	$4,482	$59,083
Additions	-	634	-	856	37	1,527
CTA adjustments	68	589	18	928	-	1,603
Depreciation (1)	-	(1,376)	(11)	(2,593)	-	(3,980)
Net book value, December 31, 2023	$1,634	$38,545	$465	$13,070	$4,519	$58,233
Total cost	1,634	167,258	3,549	154,309	4,519	331,269
Total accumulated depreciation	-	(128,713)	(3,084)	(141,239)	-	(273,036)
Net book value, December 31, 2023	$1,634	$38,545	$465	$13,070	$4,519	$58,233

(1) Depreciation includes amounts recorded in inventory for $435.

Mineral properties in exploration and evaluation

During three-month period ended December 31, 2023, the Company capitalized $37 of exploration and evaluation costs related to the Taguas Project in Argentina.

Right of Use assets

Equipment include Right Of Use ("ROU") assets under lease contracts which amounted to $1,388 at December 31, 2023. During the quarter ended December 31, 2023, there were no ROU asset additions, depreciation was $271, and CTA adjustments were $ 68.

Paid and unpaid Capital Expenditures

On the condensed interim consolidated statement of cash flow for the quarter ended December 31, 2023, capital expenditures exclude approximately $2,439 of capital expenditures incurred but unpaid in fiscal 2024 (December 31, 2022 $1,347) and include $3,383 of capital expenditures incurred in fiscal 2023 but paid in fiscal 2024 (December 31, 2022 –$1,582).

15. Accounts payable and accrued liabilities

	December 31, 2023	September 30, 2023
Operating activities	11,653	12,007
Care & maintenance	542	718
Capital Expenditures	2,439	3,383
Salaries and wages	4,109	4,189
Current portion – Share based compensation (Note 21)	1,925	1,879
Other accounts payable	-	315
Accrued liabilities	4,085	5,043
Total accounts payable and accrued liabilities	$ 24,753	$ 27,534

16. Debt

	December 31, 2023	September 30, 2023
Orovalle and Iberia		
Syndicated Loan	$ 8,245	$ 9,882
Orovalle		
Revolving facilities	3,091	1,271
Other bank loans	1,220	1,689
EMIPA		
Banco FIE Loan	1,500	1,500
Orvana Minerals Corp.		
Fabulosa Mines Limited Loan (Note 24)	-	519
	14,056	14,861
Less: current portion	(9,956)	(8,636)
	$ 4,100	$ 6,225

Syndicated Loan – Orovalle and Iberia

In December 2021, Orovalle and Orvana Minerals Iberia entered into a syndicated loan with BBVA and Sabadell. The detail of proceeds and repayments of this facility is described below:

Facility	Bank	Principal (000s)	Proceeds up until September 30, 2023 (000s)	Repayments up until December 31, 2023 (000s)	Outstanding balance, December 31, 2023 (000s)
Loan	BBVA	€ 7,500	€ 7,500	€ 3,750	€ 3,750
	Sabadell	7,500	7,500	3,750	3,750
Totals (€ 000s)		€ 15,000	€ 15,000	€ 7,500	€ 7,500
Deferred financing fees (€ 000s)		-	-	-	€ (40)
Totals (€ 000s) - net		€ 15,000	€ 15,000	€ 7,500	€ 7,460
Totals ($ 000s) - net		$16,575	$16,575	$ 8,288	$ 8,245

The facility term is 4 years, and the interest rate is Euribor 6M+2.5%. For the three-month period ended December 31, 2023, the Company paid $338 in interest on this facility (for the three-month period ended December 31, 2022, paid $194).

The Company's obligations to the lenders are secured by the pledge of all of Orvana's shares of Orovalle and Orvana Minerals Iberia. Amongst other obligations, the ratio net finance debt to EBITDA calculated based on the aggregated financial information of Orovalle and Iberia, must be, throughout the life of the financing, less than 3.5. At December 31, 2023 Orovalle and Orvana Minerals Iberia were in compliance with these covenants.

Revolving facilities - Orovalle

Orovalle has two revolving lines with Bankinter for a total of €2.5 million. One revolving line for €1.5 million, yearly renewable, and with EURIBOR 12 months + 1.95% interest. And a second one, for €1 million, quarterly renewable, subject to a 1.40% opening fee and with no interest. As of December 31, 2023 these revolving facilities had a balance of $1,105.

In September 2023, Orovalle contracted with BSCH revolving lines for a total of €1.8 million ($2 million). The term is six months and interest is EURIBOR 3 months + 2.70%. This facility has a balance of $1,986 at December 31, 2023.

For the three-month period ended December 31, 2023, the Company paid $7 in interest on the revolving facilities in Orovalle (for the three-months period ended December 31, 2022 - $9).

Other bank loans

Bank	Date	Principal (000s)	Interest Rate (%)	Outstanding balance December 31, 2023 (000s)	Maturity
Bankinter	Dec 2021	530	1.5%	-	Dec 2023
Sabadell	May 2022	304	Euribor 12-m+0.55%	64	May 2024
BBVA	Aug 2022	1,126	Euribor 3-m+1.35%	437	Aug 2024
BBVA	Oct 2022	1,026	Euribor 3-m+1.35%	384	Oct 2024
Caja Rural Asturias	June 2023	663	4.25%	335	Jun 2024
Totals ($ 000s)		$ 3,649		$ 1,220	
Totals (€ 000s)		€ 3,302		€ 1,105	

During the three-month period ended December 31, 2023 the Company repaid principal for $539 (during the three-month period ended December 31, 2022, $591) and paid interests for $17 (during the three-month period ended December 31, 2022, $10).

Banco FIE – EMIPA

During the fourth quarter of fiscal 2023 EMIPA closed with Banco FIE a financing line to be used for working capital or CAPEX. The principal amounted to Bs. 20.88 million ($3 million), being $1.5 million immediately available and $1.5 million subject to the advance of the Oxides Stockpile Project. The line is available for a three year term, with disbursements due in one year term. The interest rate is 6% fixed. This funding is subject to the maintenance of certain financial covenants (debt coverage and leverage ratio), and guarantee consisting on certain fixed assets at Don Mario Plant. As of December 31, 2023 the outstanding balance is $1.5 million.

Fabulosa Loan 0.5M€ – Orvana

In April 2023, Orovalle entered into a 6-month loan with Fabulosa Mines Ltd. (the controlling shareholder). The principal amounted to $500 at an annual fixed interest rate of 8% and a 1% finance fee. This has been fully repaid as of December 31, 2023.

17. Lease liabilities

As of December 31, 2023, the Company has lease liabilities for machinery and vehicles amounting to $1,070 (September 30, 2023 - $1,278). During the three-month period ended December 31, 2023, the Company made lease payments of $208 (for the year ended September 30, 2023 - $677). These leases are payable in monthly installments at annual interest rates ranging from 1.12% to 3.29%.

The following is a schedule of future payments of the lease liabilities:

		December 31, 2023
2024	$	704
2025	$	379
		1,083
Amount representing interest (at 3.29%)		(13)
		1,070
Less: current portion of lease liability		(992)
Total long-term obligations lease liability	$	78

(in thousands of United States dollars unless otherwise noted)

18. Decommissioning liabilities

Decommissioning liabilities relate to the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Mine facilities include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination. It is possible that the Company's estimates of the ultimate amounts required to decommission its mines could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves.

The following table summarizes the changes in decommissioning liabilities during the periods presented:

		Three-month ended December 31, 2023		Year ended September 30, 2023
Balance, beginning of period	$	19,499	$	20,593
El Valle				
- Foreign exchange		579		1,201
- Timing of payments and discount rates		-		(2,242)
Don Mario				
- Timing of payments and discount rates		-		(818)
		20,078		18,734
Accretion expense in El Valle		144		516
Accretion expense in Don Mario		74		249
Total decommissioning liabilities	$	20,296	$	19,499

The decommissioning liability balance consists of:

		December 31, 2023		September 30, 2023
El Valle	$	14,057	$	13,334
Don Mario		6,239		6,165
Total decommissioning liabilities	$	20,296	$	19,499

As at December 31, 2023, the undiscounted cash flows and discount rate used to calculate the decommissioning liabilities are as follows:

		Undiscounted Cash Flows Required to Settle Decommissioning Liabilities	Discount Rate		Discounted Cash Flows Required to Settle Decommissioning Liabilities
El Valle (1) (2)	$	19,985	4.28%	$	14,057
Don Mario (1)		8,133	4.80%	$	6,239
Total	$	28,118		$	20,296

(1) The discount rate used to measure decommissioning liabilities 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.

(2) Reclamation bonds backing these liabilities totaled approximately $8,511 at December 31, 2023 (September 30, 2023 – $7,703) and are expected to be released after all reclamation work has been completed in respect of El Valle Mine. Refer to note 12 – Restricted cash and reclamation bonds.

19. Taxes

(a) Income taxes

Deferred tax balances are subject to remeasurement for changes in currency exchange rates for each period.

For the three months ended December 31,		2023		2022
Current income tax:		(330)		-
Reversal (origination) of temporary differences in Orovalle	$	(269)		(716)
Reversal (origination) of temporary differences in EMIPA		3,166	$	(444)
Total deferred taxes		2,897		(1,160)
Total income taxes	$	2,567	$	(1,160)

(in thousands of United States dollars unless otherwise noted)

Cash taxes paid by EMIPA during the three months ended December 31, 2023 totaled $10 (December 31, 2022 - $3). Income tax receivables as of December 31, 2023 are $643 (September 30, 2023 $14).

(b) Value added taxes

The following table summarizes the changes in VAT assets:

		Three month ended December 31, 2023		Year ended September 30, 2023		Three month ended December 31, 2022
At beginning of period	$	14,519	$	14,966	$	14,966
Additions (1)		2,564		12,409		810
Recoveries (2)		(3,992)		(12,712)		(2,327)
Provision for uncollectible VAT (3)		(16)		(144)		(1)
At end of period	$	13,075	$	14,519	$	13,448
Current	$	2,273	$	3,633	$	2,934
Long term	$	10,802	$	10,886	$	10,514

(1) In the additions for the three months ended December 31, 2023, $26 are from Corporate ($25 in December 31, 2022), $124 from EMIPA ($138 in December 31, 2022), $2,402 from Orovalle ($647 in December 31, 2022) and $12 are from Orvana Argentina ($nil in December 31, 2022).

(2) In the recoveries for the three months ended December 31, 2023, $24 are from Corporate ($43 in December 31, 2022), $204 are from EMIPA ($nil in Decemeber 31, 2022), and $3,764 from Orovalle ($2,284 in December 31, 2022).

(3) Provisions for uncollectible VAT are $4 from EMIPA ($1 in December 31, 2022) and $12 from Argentina ($nil in December 31, 2022).

20. Share capital and warrants

Issued share capital as at December 31, 2023 was $116,206 (September 30, 2023 – $116,206). The Company's authorized share capital contains an unlimited number of common shares. As at December 31, 2023, the Company had 136,623,171 common shares (September 30, 2023 – 136,623,171) issued and outstanding.

21. Share based payments

(a) Stock options

As at December 31, 2023, the Company has no outstanding, nor exercisable options.

(b) Long-term compensation

(i) Deferred share unit ("DSU") plan

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

	Number of DSUs		Fair value
Balance, September 30, 2023	9,437,079	$	1,215
Issued	1,551,725		204
Paid to former Directors	(1,618,778)		(216)
Mark-to-market adjustment	-		(129)
Balance, December 31, 2023	9,370,026	$	1,074
Less: current portion	6,475,113	$	871
Long term portion	2,894,913	$	203

The 6,475,113 current units with a fair value of $871, corresponding to former Directors, are classified as "Accounts payable and accrued liabilities". At this time, this balance is due and unpaid, and the Company has established a payment schedule.

(in thousands of United States dollars unless otherwise noted)

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

The Company established a RSU plan, effectively a phantom stock plan, for designated executives, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense under general and administrative expenses in the consolidated statements of net loss and comprehensive loss. The fair value of the RSUs are marked to the quoted market price of the Company's common shares at each reporting date and changes in their fair value are recorded under general and administrative expenses. Payouts are settled in cash after a specified period of vesting, based on the market price of the common shares at vesting.

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

	Number of RSUs		Fair value
Balance, September 30, 2023	8,688,941	$	1,098
Issued	2,601,000	$	342
Mark-to-market adjustment	-		(274)
Balance, December 31, 2023	11,289,941	$	1,166
Less: current portion	7,300,385	$	1,054
Long term portion	3,989,556	$	112

The 7,300,385 units vested as of December 31, 2023, with a fair value of $1,054, are classified in the "Accounts payable and accrued liabilities" section of the Balance. At this time, this balance is due and unpaid, and the Company is working on the payment schedule.

For the three-month period ended December 31, expenses regarding DSUs and RSUs were as follows:

For three-month period ended December 31,		2023		2022
Deferred share unit plan - expense	$	50	$	-
Restricted share unit plan - expense		68		41
Share based compensation (note 6)	$	118	$	41

22. Related parties transactions and compensation of key management

a) Related party transactions

During the three-month period ended December 31, 2023, the Company recorded $84 in services fees related to the Taguas Project in Argentina (three-month period ended December 31, 2022 – $84) from Compañía Minera Piuquenes, SA, a related party, as it is indirectly owned by Orvana's 51.9% shareholder. During the three-month period ended December 31, 2023, the Company reimbursed to Compañía Minera Piuquenes, SA costs for $5 (three-month period ended December 30, 2022 – $nil), incurred in relation to the Taguas Project.

b) Compensation of key management

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

For the three months ended December 31,		2023		2022
Salaries and short term employee benefits and separation payments	$	160	$	160
Share-based payments (1)		118		59
Directors fees		74		101
Total compensation of key management	$	352	$	320

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

23. Commitments and contingent liabilities

(a) The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. Spanish 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. Orovalle has received approximately € 955,000 ($1,055) 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 totalling € 628,000 ($694) and the enforcement of certain fines has been suspended pending the related criminal matter. A criminal court of Asturias has conducted since fiscal 2015, an investigation into the potential commission by Orovalle of a reckless crime under the Spanish penal code relating to these matters. After the conclusion of the investigation phase, the Court notified in the third quarter of fiscal 2020 the opening of the oral trial. The request of the Prosecutor and the State's Attorney acting in this Process includes a fine of up to €20 million ($22 million) and the eventual withholding of Orovalle's operations until it is demonstrated that the alleged polluting activity has ceased. The petition also includes a €5 million ($5.5 million) indemnity for civil liability. At this time, the state prosecutor has petitioned these sanctions against Orovalle in respect of this matter. Orovalle has filed its preliminary statement of defence requesting for the dismissal of the allegations on the basis that, among other things, there is an absence of a committed offence. The process to resolve this matter is ongoing, and as of the date of this consolidated financial statements, no final decision by the courts has been rendered in respect of this matter. A date for the commencement of the oral trial had been set for March 2021. Due to procedural matters, on March 1, 2021, the trial has been rescheduled to an undetermined date in the future. In connection with the pending oral trial, the Court set a requirement on Orovalle to provide a bond in the amount of €7 million ($7.7 million) as warranty for contingent liabilities, subject to the outcome of the oral trial. Orovalle has appealed the bond requirement. The appeal is in progress as of date hereof. Individuals have been excluded from any charges, and this case relates only to Orovalle at this time. If Orovalle is ultimately found responsible, monetary penalties, amongst other sanctions, may be applied. These sanctions could have a material impact on the Company.

(b) During first quarter of fiscal 2020, the Company suspended mining and milling operations at EMIPA, as a result of conclusive technical problems at Las Tojas area, which resulted in uneconomic unitary cost per ounce. As a result of the suspension of operations, during the second quarter of fiscal 2020 EMIPA implemented a labor restructuring process that affected 182 employees. The process was managed according to the terms defined by applicable laws in Bolivia. A group of 84 former employees affected by the restructuring process (the "Former Employees") decided not to accept the dismissal terms provided for under applicable employment laws in Bolivia. In respect of these Former Employees, EMIPA 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, EMIPA appealed Reinstatement Resolutions issued by the Labor Authority. EMIPA subsequently filed Constitutional Appeals to dispute the Original Reinstatement Resolutions on the basis that the dismissal process conducted by EMIPA during the restructuring process is in full compliance with applicable employment laws. In June 2021, the Constitutional Court ruled in favor of EMIPA instructing the correction of identified errors in the Original Reinstatement Resolutions, because of not considering the suspension of operations as force majeure causing the restructuring process. In June 14th 2023, Supreme Justice Tribunal ruled that EMIPA's decision of dismissal was legal.

Since June 2021, the Labor Authority reissued Reinstatement Resolutions (the "Amended Reinstatement Resolutions"). The Constitutional Court determined that the Labor Authority's Amended Reinstatement Resolutions did not adequately address the existence of force majeure, and therefore recognizing that EMIPA's dismissal of the Former Employees in 2020 was valid and in compliance with applicable laws. On November 28th, the Labor Authority decided that it has no longer decision power in the case, because there is a constitutional ruling and a Supreme Court order, which admits EMIPA's argument of force majeure

In parallel to the administrative matters summarized above, the Former Employees started four criminal complaints against the General Manager of EMIPA, for not reinstating them to EMIPA notwithstanding that the Constitutional Court nullified the Original Reinstatement Resolutions issued by the Labor Authority. Three of the four complaints were closed after favorable resolution at the criminal court. One continues in progress at the criminal jurisdiction. Notwithstanding the status of the matters described in this paragraph, upon the Labor Authority complying with the Constitutional Court's ruling in favour of EMIPA (as described in the previous paragraph), any remaining criminal complaints against the General Manager of EMIPA will be nullified as there will be no basis for such complaints.

As at the date of this report, 68 employees continue with their claim for reinstatement. The Company continues defending vigorously its position, as the restructuring process was implemented because of the suspension of operations, and in full compliance with all the applicable laws in Bolivia. Considering the strength of EMIPA's arguments and all the positive rulings obtained as of the date hereof, the Company expects a positive outcome of the process. If EMIPA has to ultimately reinstate the Former Employees, it could have a material impact on the Company.

(c) At December 31, 2023, reclamation bonds at Orovalle were 8 million euros. Additional reclamation bonds could be required by the Government of the Principality of Asturias, as part of the process of updating the environmental permit of the El Valle Tailings Facility. According to preliminary information, the reclamation bond to cover the execution of the restoration plan of the Orovalle. Operation would increase to the total of 8.3 million euros. Final amounts are subject to the outcome of the permitting process in progress.

(d) Production from El Valle Mines is subject to a royalty ratchet structure linked to the gold price. For the three-month period ended December 31, 2023 applicable royalty was 0.75%, and it will increase from a minimum of 0.5%, where the gold price is <$1,800/oz, up to 3.0%, where the gold price is ≥2,500/oz. This royalty totaled $113 for the three-month period ended December 31, 2023 (December 31, 2022 - $626).

(e) Production from Don Mario Mine is subject to a 3% NSR. Royalty expense under this NSR totaled $nil for the three-month period ended December 31, 2023 (December 31, 2022 - $nil). The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from Don Mario Mine at rates of 5%, 7% and 6%, respectively. These amounts totaled $nil for the three-month period ended December 31, 2023 (December 31, 2022 - $nil).

(f) The Company and certain of its employees may be involved in other legal proceedings from time to time, arising in the ordinary course of its business. The amount of ultimate liability with respect to these actions, in the opinion of management, is not expected to materially affect the Company's financial position, results of operations or cash flows. The Company does not believe that the outcome of any of the matters not recorded in the consolidated financial statements, individually or in aggregate, would have a material adverse effect.

(g) The Company is, from time to time, involved in various tax assessments arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or outcome of these actions. The Company has recognized tax provisions from any uncertain tax positions identified. Management re-evaluates the outstanding tax assessments regularly to update their estimates related to the outcome for those assessments.

24. Segmented information

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

(in thousands of United States dollars unless otherwise noted)

As at December 31, 2023:

		Cash and cash equivalents		Property, plant and equipment		Reclamation bonds and restricted cash		Other Assets		Total assets
Orovalle	$	3,591	$	33,486	$	8,511	$	18,466	$	64,054
EMIPA		27		20,194		146		24,156		44,523
Orvana Argentina		7		4,519		-		6		4,532
Corporate		234		34		-		258		526
	$	3,859	$	58,233	$	8,657	$	42,886	$	113,635

As at September 30, 2023:

		Cash and cash equivalents		Property, plant and equipment		Reclamation bonds and restricted cash		Other Assets		Total assets
Orovalle	$	6,934	$	34,655	$	7,703	$	20,499	$	69,791
EMIPA		533		19,911		96		27,473		48,013
Orvana Argentina		128		4,482		-		13		4,623
Corporate		734		35		-		53		822
	$	8,329	$	59,083	$	7,799	$	48,038	$	123,249

For the three months ended December 31, 2023:

		Revenue	Mining costs (1)	Depreciation/ Amortization(2)	Other costs	Loss before taxes
OroValle	$	20,124	17,163	4,185	1,357	(2,581)
EMIPA		-	764	27	50	(841)
Argentina		-	-	-	149	(149)
Corporate		-	-	-	1,064	(1,064)
	$	20,124	17,927	4,212	2,620	(4,635)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 5 – Mining costs.
(2) Depreciation is included under general and administrative expenses for non-operating companies.

For the three months ended December 31, 2022:

		Revenue	Mining costs (1)	Depreciation/ Amortization(2)	Other costs	Income (loss) before taxes
OroValle	$	22,978	17,993	3,428	1,973	(416)
EMIPA		-	847	35	147	(1,029)
Argentina		-			32	(32)
Corporate		-	-	-	(451)	451
	$	22,978	18,840	3,463	1,701	(1,026)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 5 – Mining costs.
(2) Depreciation is included under general and administrative expenses for non-operating companies.

25. Financial instruments and fair values

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

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). For example, interest

(in thousands of United States dollars unless otherwise noted)

rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value options contracts.

- Level 3 - Inputs for the asset or liability that are based on unobservable market data (supported by little or no market data or other means).

As at December, 31 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Aggregate Fair value
Financial assets:			
Reclamation bonds (only Investment Fund)	$ 8,511	$ -	$ $ 8,511
Concentrate and doré sales receivables	-	1,072	1,072
Total	$ 8,511	$ 1,072	$ $ 9,583
Financial liabilities:			
Derivative Instruments		$ 50	$ 50
Long-term compensation	-	315	315
Total	$ -	$ 365	$ $ 365

Valuation techniques for Level 1:

Reclamation bonds: Part of the Reclamation bonds ($6,331) are invested in a Fund. Every closing period the Company adjusts the fair value based on the market value of the Fund. The rest of the reclamation bonds are backed by cash.

Valuation techniques for Level 2:

Concentrate and doré sales receivables: The Company's concentrate and doré sales are subject to provisional pricing with the selling prices adjusted at the end of the quotational period. The Company's trade receivables are marked-to-market at each reporting period based on quoted forward prices for which there exists an active commodity market.

Derivative instruments: The fair value was determined by obtaining quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

Long-term compensation: The Company's DSUs and RSUs are measured at fair value using the Black-Scholes model. Additionally, DSUs and RSUs payable in the short-term, for the amount of $871 and $1,054 respectively, are classified in Accounts Payable; these units are measured at fair value as well. See note 21, for further detail.

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

At December 31, 2023 and September 30, 2023, the carrying amounts of cash and cash equivalents; restricted cash; value added taxes and other receivables; debt; accounts payable and accrued liabilities; and obligations under finance leases approximate their fair value either due to their short-term maturities or, for borrowings, interest payables are close to the current market rates.

Financial Risks Factors

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 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.

(a) Market risk

(i) Currency risk

Orvana's functional currency is the US dollar. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro.

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

(ii) Price risks

The Company is primarily exposed to gold and copper commodity price risk. The company is continuously monitoring commodity prices trend, and from time to time, fixes the price for a limited amount of production.

Gold prices

The net loss of $7,202 for the three-month period ended December 31, 2023 would be impacted by changes in average realized gold prices on gold ounces sold. A 5% increase/decrease in average realized gold prices would affect the gross revenue by an increase/decrease of approximately $960.

Copper prices

The net loss of $7,202 for the three-month period ended December 31, 2023 would be impacted by changes in average realized copper prices. A 5% increase/decrease in average realized copper prices would affect gross revenue by an increase/decrease of approximately $147.

(iii) Interest rate risk

The Company's cash flow interest rate risk arises from short and long-term borrowings.

(b) Credit risk

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

(c) Liquidity risk

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

During the three-month period ended December 31, 2023, the Company used cash flow from operating activities of $210.

(in thousands of United States dollars unless otherwise noted)

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

As at December 31, 2023		Payment Due by Period				
		Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Bank debt – Orovalle[1]	$	8,610	6,499	2,111	-	-
Bank debt – Iberia (50% of		4,273	2,162	2,111	-	-
Bank debt – EMIPA		1,588	1,588	-	-	-
Finance leases		1,083	704	379	-	-
Operating leases		1,358	1,003	312	43	-
Accounts Payable		20,668	20,613	55	-	-
Stautory Labor Obligations		535	91	444	-	-
Long-term compensation		2,240	1,925	-	-	315
Total contractual obligations	$	40,355	34,585	5,412	43	315

(1) Debt payments include interests.

As at December 31, 2023, the Company had cash of $3,859, and together with forecasted operating cash flow, the renewal of current revolving lines, the reimbursement of VAT balance and the financing secured, expects to cover the Company's commitments due in less than one year of $34,585.

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

26. Capital management

At December 31, 2023, the Company had cash and cash equivalents of $3,859, restricted cash of $146 and total debt of $14,056. The Company considers its capital employed to consist of shareholders' equity (including share capital, contributed surplus and retained earnings), total debt and lease liabilities, net of cash and cash equivalents as follows:

As at		December 31, 2023		September 30, 2023
Shareholders' equity	$	50,625	$	56,560
Debt		14,056		14,861
Lease liabilities		1,070		1,278
		65,751		72,699
Less: Cash and cash equivalents		(3,859)		(8,329)
	$	61,892	$	64,370

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.

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

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