ORVANA
MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2012

This management's discussion and analysis ("MD&A") of results of operations and financial condition of Orvana Minerals Corp. and its consolidated subsidiaries ("Orvana" or the "Company") describes the operating and financial results of Orvana for the three months ended December 31, 2012.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of Orvana for the three months ended December 31, 2012 and related notes thereto (the "Q1 Financials").

The Q1 Financials are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company uses certain non-IFRS financial performance measures in this MD&A. For a detailed reconciliation of each of the non-IFRS measures used in this MD&A, please see the discussion under "Other - Non-IFRS Measures" below.

In this MD&A, all currency amounts (except per unit amounts) are in thousands and, unless otherwise stated, they are in thousands of United States dollars ("US dollars"). Production and sales in respect of gold and silver are in fine troy ounces referred to as "ounces" or "oz" and in respect of copper are in pounds also referred to as "lb". The information presented in this MD&A is as of February 7, 2013, unless otherwise stated.

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

Orvana

Orvana is a gold and copper producer with organic growth opportunities. Orvana's producing properties consist of (i) El Valle-Boinás/Carlés Mine (the "EVBC Mine"), a gold-copper-silver mine located in the northern part of Spain; and (ii) Upper Mineralized Zone at the Don Mario Mine (the "UMZ Mine"), a gold-copper-silver mine located in the south-eastern part of Bolivia. In addition, Orvana is in the process of permitting its Copperwood copper project (the "Copperwood Project") located in the Upper Peninsula of Michigan, United States. Orvana's focus is currently on its operations; however, the Company continues to consider growth through value-added opportunities.

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

Q1 2013 Operating and Financial Highlights

- Production of 17,759 ounces of gold, 4.4 million pounds of copper and 233,452 ounces of silver and sales of 13,035 ounces of gold, 4.1 million pounds of copper and 244,516 ounces of silver in the first quarter of fiscal 2013 compared to production of 9,937 ounces of gold, 3.2 million pounds of copper and 82,654 ounces of silver and sales of 8,276 ounces of gold, 0.7 million pounds of copper and 9,283 ounces of silver in the first quarter of fiscal 2012. (1)
- Consolidated revenue of $34,028 in the first quarter of fiscal 2013 compared to $15,373 in the first quarter of fiscal 2012, an increase of 121%.
- Net income of $13,651 in the first quarter of fiscal 2013 compared to a net loss of $4,505 in the first quarter of fiscal 2012.
- Adjusted net income of $4,341 in the first quarter of fiscal 2013 compared to an adjusted net loss of $3,254 in the first quarter of fiscal 2012. (2)
- Cash flows provided by operating activities of $51 in the first quarter of fiscal 2013 compared to cash flows provided by operating activities of $5,290 in the first quarter of fiscal 2012 and cash flows provided by operating activities before changes in non-cash working capital of $8,189 in the

first quarter of fiscal 2013 compared to cash flows used in operating activities before changes in non-cash working capital of $6 in the first quarter of fiscal 2012. (2)

(1) For a description of the EVBC Mine and the UMZ Mine, please see "Overall Performance - EVBC Mine" and "Overall Performance - UMZ Mine".

(2) Adjusted net income (loss) and cash flows from operating activities before changes in non-cash working capital are non-IFRS performance measures with no standard definition under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance including the Company's ability to generate cash flows from its mining operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

OVERALL PERFORMANCE

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

The Company's operating and financial performance for the periods set out below are summarized in the table below:

	Q4 2012	Q1 2013	Q1 2012	2012
Operating Performance (1)				
Gold				
Production (oz)	15,155	**17,759**	9,937	55,929
Sales (oz)	18,604	**13,035**	8,276	55,052
Average realized price / oz (2)	$1,666	**$1,684**	$1,588	$1,659
Copper				
Production ('000 lbs)	4,058	**4,384**	3,231	15,366
Sales ('000 lbs)	5,259	**4,078**	691	14,730
Average realized price / lb (2)	$3.50	**$3.17**	$3.82	$3.54
Silver				
Production (oz)	277,081	**233,452**	82,654	716,280
Sales (oz)	289,356	**244,516**	9,283	669,810
Average realized price / oz (2)	$31.06	**$29.20**	$10.67	$29.43
Financial Performance				
Revenue	$50,608	**$34,028**	$15,373	$140,917
Mining costs	$24,738	**$18,623**	$12,582	$83,574
Depreciation and amortization	$3,958	**$4,019**	$2,437	$15,017
Gross margin	$21,912	**$11,386**	$354	$42,326
Financial instruments gain (loss)	($17,493)	**$11,748**	($1,956)	($26,095)
Net income (loss)	($2,007)	**$13,651**	($4,505)	($2,353)
Net income (loss) per share (basic and diluted)	($0.01)	**$0.10**	($0.03)	($0.02)
Adjusted net income (loss) (3)	$12,325	**$4,341**	($3,254)	$15,474
Adjusted net income (loss) per share (basic and diluted) (3)	$0.09	**$0.03**	($0.02)	$0.11
Operating cash flows	$29,617	**$51**	$5,290	$41,705
Operating cash flows before non-cash working capital changes (3)	$14,453	**$8,189**	($6)	$33,276
Ending cash and cash equivalents	$13,200	**$11,988**	$13,763	$13,200
Restricted cash (including long-term)	$18,399	**$15,954**	$2,241	$18,399
Capital expenditures (including primary mine development) (4)	$12,572	**$4,229**	$7,694	$37,718

(1) Metals production and sales are from the EVBC Mine and the UMZ Mine. The UMZ Mine was not in commercial production during the first quarter of fiscal 2012.

(2) Average realized metal prices are calculated by dividing gross revenue recorded for the period from sales of the particular metal, before deduction of treatment and refinement charges, by ounces of gold or silver or pounds of copper sold during the period.

(3) Adjusted net income (loss), adjusted net income (loss) per share and operating cash flows before non-cash working capital changes are non-IFRS performance measures with no standard definition under IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

(4) Capital expenditures for the first quarter of fiscal 2013 included capital expenditures for the EVBC Mine of $3,355 reduced by $1,578 for unpaid capital expenditures which will be paid in subsequent quarters in fiscal 2013.

The EVBC Mine and the UMZ Mine reached commercial production in August 2011 and January 2012, respectively. Accordingly, comparative information, although provided, is not as meaningful in certain circumstances.

Three Months Ended December 31, 2012 Compared to Three Months Ended September 30, 2012

The Company recorded net income for the first quarter of fiscal 2013 of $13,651 or $0.10 per share, an increase of $15,658 or $0.11 per share, compared to a net loss of $2,007 or net loss of $0.01 per share for the fourth quarter of fiscal 2012. The Company's net income for the first quarter of fiscal 2013 was impacted significantly by the following factors:

- Revenue for the first quarter of fiscal 2013 decreased by $16,580 or 33% to $34,028 on sales of 13,035 ounces of gold, 4.1 million pounds of copper and 244,516 ounces of silver from the EVBC Mine and the UMZ Mine from $50,608 on sales of 18,604 ounces of gold, 5.3 million pounds of copper, 289,356 ounces of silver and 353,000 pounds of lead in the fourth quarter of fiscal 2012. The decrease in revenue resulted primarily from the EVBC Mine not selling all of its first quarter of fiscal 2013 production in the quarter, coupled with higher revenue at the UMZ Mine during fourth quarter of fiscal 2012 from the sale of inventory accumulated at the end of third quarter of fiscal 2012. Concentrates from the EVBC Mine with an approximate value of $7,800 were in inventory at December 31, 2012 and were subsequently sold in January 2013.
- Mining costs decreased by $6,115 or 25% from $24,738 in the fourth quarter of fiscal 2012 to $18,623 in the first quarter of fiscal 2013 primarily due to lower production at the UMZ Mine and lower sales and, therefore, lower associated costs at the EVBC Mine.
- Gross margin decreased by $10,526 or 48% to $11,386 in the first quarter of fiscal 2013 compared to $21,912 in the fourth quarter of fiscal 2012.
- Expenses before financial instruments gain (loss) decreased by $3,054 to $4,304 for the first quarter of fiscal 2013 from $7,358 for the fourth quarter ended September 30, 2012. This decrease is primarily due to a one-time expense of $3,132 recorded in the fourth quarter of fiscal 2012 and payable in the second and third quarters of fiscal 2013 in connection with the conversion of an outstanding debenture relating to a royalty associated with the EVBC Mine (the "EVBC Debenture Conversion").
- The Company recorded a financial instruments gain of $11,748 for the first quarter of fiscal 2013 compared to a financial instruments loss of $17,493 in the fourth quarter of fiscal 2012.

The Company recorded adjusted net income of $4,341 for the first quarter of fiscal 2013 or $0.03 per share compared to $12,325 for the fourth quarter of fiscal 2012 or $0.09 per share. This adjusted net income excludes the unrealized gains or losses from the revaluation of the Company's financial instruments and the tax effect thereof and, in respect of the fourth quarter of fiscal 2012, the one-time expense of $3,132 associated with the EVBC Debenture Conversion payable in the second and third quarters of fiscal 2013. Compared to the prior quarter, adjusted net income decreased primarily due to lower metals sales in the current quarter.

Three Months Ended December 31, 2012 Compared to Three Months Ended December 31, 2011

The Company recorded net income for the first quarter of fiscal 2013 of $13,651 or $0.10 per share, an increase of $18,156 or $0.13 per share, compared to a net loss of $4,505 or a net loss of $0.03 per share for the first quarter of fiscal 2012. The Company's net income for the first quarter of fiscal 2013 was impacted significantly by the following factors:

- Revenue for the first quarter of fiscal 2013 increased by $18,655 or 121% to $34,028 on sales of 13,035 ounces of gold, 4.1 million pounds of copper and 244,516 ounces of silver from the EVBC Mine and UMZ Mine as compared to revenue of $15,373 on sales of 8,276 ounces of gold, 0.7 million pounds of copper and 9,283 ounces of silver in the first quarter of fiscal 2012. Average gold, copper and silver prices realized during the first quarter of fiscal 2013 were $1,684 per ounce, $3.17 per pound and $29.20 per ounce, respectively. The increase in revenue resulted from both the EVBC Mine and UMZ Mine being in commercial production during the first quarter of fiscal 2013. The UMZ Mine was not in commercial production in the first quarter of fiscal 2012.

- Mining costs increased by $6,041 or 48% from $12,582 in the first quarter of fiscal 2012 to $18,623 in the first quarter of fiscal 2013. Depreciation and amortization increased by $1,582 or 65% from $2,437 in the first quarter of fiscal 2012 to $4,019 in the first quarter of fiscal 2013. These increases are primarily due to a full 2013 first quarter of commercial production at both the UMZ Mine and EVBC Mine compared to no commercial production at the UMZ Mine in the first quarter of fiscal 2012.
- Gross margin increased by $11,032 to $11,386 for the first quarter of fiscal 2013 compared to $354 for the first quarter of fiscal 2012 as the UMZ Mine was not in production in the first quarter of fiscal 2012.
- Expenses before financial instruments gain (loss) increased by $1,050 to $4,304 for the first quarter of fiscal 2013 compared to $3,254 for the first quarter of fiscal 2012. This increase is primarily due to an increase of $926 in compensation, including termination costs, directors' fees and other general and administrative expenses associated with the Company's head office.
- The Company recorded a financial instruments gain of $11,748 for the first quarter of fiscal 2013 compared to a financial instruments loss of $1,956 for the same period of fiscal 2012. The gain and loss, respectively, resulted from (i) unrealized fair value adjustments relating to the Company's outstanding financial instruments at December 31, 2012 and 2011 of $13,300 and $1,787, respectively, and (ii) cash settlements costs of $1,552 and $169 in respect of the financial instruments that matured during the first quarter of fiscal 2013 and 2012, respectively. The related deferred income tax expense in the current period was $3,453 compared to a deferred income tax recovery for the first quarter of fiscal 2012 of $552. Of the Company's total gold and copper sales in the first quarter of fiscal 2013, 18% and 19%, respectively, were hedged under the gold and copper forwards as required under the EVBC Loan.
- The income tax expense in the first quarter of fiscal 2013 of $5,179 (tax recovery for December 31, 2011 - $351) was due to current income tax of $1,726 on income before taxes and deferred income tax expense of $3,453 relating to the unrealized gain on the mark-to-market revaluation of the Company's outstanding financial instruments at the end of the period.

The Company recorded adjusted net income of $4,341 for the first quarter of fiscal 2013 or $0.03 per share compared to an adjusted net loss of $3,254 or an adjusted net loss per share of $0.02 for the first quarter of fiscal 2012. This adjusted net income/loss excludes the unrealized gains/losses from the revaluation of the Company's financial instruments and the tax effect thereof.

EVBC Mine

Through its wholly-owned subsidiary, Kinbauri España S.L.U. ("Kinbauri"), the Company owns and operates the EVBC Mine, which is located in the Rio Narcea Gold Belt in northern Spain and consists of 14 exploitation concessions comprising 4,298 hectares and two investigation permits comprising 754 hectares.

The following table includes operating and financial performance data for the EVBC Mine for the periods set out below. The EVBC Mine reached commercial production in August 2011.

	Q4 2012	Q1 2013	Q1 2012	2012
Operating Performance				
Ore mined (tonnes)	129,015	**163,051**	123,858	558,583
Ore milled (tonnes)	118,436	**145,890**	123,566	519,690
Gold				
Grade (g/t)	2.95	**3.19**	2.17	2.77
Recovery (%)	93.2	**93.2**	92.2	92.5
Production (oz)	10,465	**13,949**	7,655	42,864
Sales (oz)	13,457	**8,759**	8,276	42,837

	Q4 2012	Q1 2013	Q1 2012	2012
Copper				
Grade (%)	0.37	**0.51**	0.34	0.41
Recovery (%)	82.0	**82.5**	80.0	84.1
Production (‘000 lbs)	800	**1,347**	727	3,951
Sales (‘000 lbs)	1,241	**816**	691	3,951
Silver				
Grade (g/t)	8.41	**11.46**	7.23	9.17
Recovery (%)	76.3	**79.5**	69.9	76.4
Production (oz)	24,718	**42,877**	19,725	117,113
Sales (oz)	29,098	**33,279**	9,283	106,199
Total cash costs (by-product) ($/oz of gold sold) (1)	$720	**$847**	$1,244	$854
Total production costs (by-product) ($/oz of gold sold) (1)	$987	**$1,053**	$1,459	$1,071
Financial Performance				
Revenue	$25,718	**$17,278**	$15,373	$82,239
Mining costs	$13,156	**$9,731**	$12,507	$47,615
Depreciation and amortization	$3,971	**$2,483**	$2,437	$11,754
Financial instruments gain (loss)	($17,493)	**$11,748**	($1,956)	($26,095)
Income (loss) before tax	($9,961)	**$16,020**	($2,720)	($6,506)
Adjusted income (loss) before tax (1)	$6,040	**$2,720**	$(933)	$14,487
Capital expenditures (including primary mine development) (2)	$9,457	**$3,355**	$7,407	$31,136

(1) Total cash costs (by-product) and total production costs (by-product) per ounce of gold sold and adjusted income (loss) before tax are non-IFRS performance measures with no standard definition under IFRS. For further information and a detailed reconciliation, please see the “Other Information - Non-IFRS Measures” section of this MD&A. Adjusted income before tax includes realized expenses in connection with financial instruments settled during the period but does not include the mark-to-market fair value adjustments of the Company’s outstanding financial instruments at the end of the period. See also “Other Information - Financial Instruments” below.

(2) Capital expenditures include primary mine development expenditures capitalized during the period. Primary mine development expenditures of $2,558 were capitalized in the first quarter of fiscal 2013. Capital expenditures in the first quarter of fiscal 2013 excluded $1,578 for unpaid capital expenditures which will be paid in subsequent quarters in fiscal 2013.

Operating Performance

During the first quarter of fiscal 2013 the EVBC Mine produced 13,949 ounces of gold, 1.3 million pounds of copper and 42,877 ounces of silver compared to (i) 7,655 ounces of gold, 0.7 million pounds of copper and 19,725 ounces of silver during the first quarter of fiscal 2012, and (ii) 10,465 ounces of gold, 0.8 million pounds of copper and 24,718 ounces of silver during the fourth quarter of fiscal 2012. The first quarter of fiscal 2012 represented the first full fiscal quarter of production at the EVBC Mine. The increase in production compared to the fourth quarter of fiscal 2012 is primarily due to an increase of 26% in tonnage mined and 23% in tonnage milled and an increase in gold, copper and silver grade. The EVBC Mine continued to make progress in primary mine development advancements in both oxide and skarn areas in order to have sufficient stopes available for mining. The shaft became operational during the first quarter of fiscal 2013.

Total cash costs (net of by-product revenue) of $847 per ounce of gold sold in the first quarter of fiscal 2013 were 32% or $397 lower than in the first quarter of fiscal 2012 due to increased gold sales and higher by-product revenue from higher sales of copper and silver partially offset by higher operating costs per milled tone.

Total cash costs (net of by-product revenue) of $847 per ounce of gold sold in the first quarter of fiscal 2013 were 18% or $127 higher than in the fourth quarter of fiscal 2012. This increase is due to lower sales of gold in the first quarter of fiscal 2013 and lower by-product revenue on lower sales of copper due to a high concentrates inventory balance at the end of the first quarter of fiscal 2013.

Total production costs (net of by-product revenue) per ounce of gold sold of $1,053 were (i) 28% lower than in the first quarter of fiscal 2012 primarily due to a decrease in total cash costs (net of by-product revenue) in the first quarter of fiscal 2013 compared to the first quarter of fiscal 2012, and (ii) 7% higher than in the fourth quarter of fiscal 2012 primarily due to an increase in total cash costs (net of by-product revenue) in the first quarter of fiscal 2013 compared to the fourth quarter of fiscal 2012 partially off-set by a decrease in depreciation and amortization.

Financial Performance

Revenue from the EVBC Mine for the first quarter of fiscal 2013 increased to $17,278 or 12% on sales of 8,759 ounces of gold, 0.8 million pounds of copper and 33,279 ounces of silver from $15,373 on sales of 8,276 ounces of gold, 0.7 million pounds of copper and 9,283 ounces of silver in the first quarter of fiscal 2012. The EVBC Mine was ramping up during the first quarter of fiscal 2012 after achieving commercial production in August 2011. Revenue in the first quarter of fiscal 2013 decreased 33% compared to the fourth quarter of fiscal 2012 as a result of concentrates in the first quarter of fiscal 2013 with a value of approximately $7,800 being sold immediately after the end of this period.

The cost of sales during the first quarter of fiscal 2013 was $12,214 including mining costs of $9,731 and depreciation and amortization expense of $2,483. These costs are lower than in the fourth quarter of fiscal 2012 by $4,913 primarily due to lower sales volume of gold and copper.

Income before tax for the first quarter of fiscal 2013 was $16,020 compared to a loss before tax of $2,720 for the first quarter of fiscal 2012 due mainly to a recorded unrealized gain of $11,748 on the revaluation of the Company's outstanding financial instruments. Adjusted income before tax was $2,720 and excludes the unrealized fair value adjustment relating to the Company's outstanding financial instruments at December 31, 2012. Of the total gold and copper sales during the first quarter of fiscal 2013 from the EVBC Mine, 18% and 19%, respectively, were hedged as required under the EVBC Loan.

Total capital expenditures at the EVBC Mine during the first quarter of fiscal 2013 were $3,355 consisting of $2,558 for primary mine development, $368 for construction generally related to the completion of the shaft and associated facilities and $429 relating to mining properties and sustaining capital. This excludes $1,578 in respect of unpaid capital expenditures incurred in the first quarter of fiscal 2013 which will be paid in subsequent quarters.

Reserves and Resources Estimates

The Company issued updated resource and reserves estimates in its Annual Information Form dated December 28, 2012 prepared in accordance with *National Instrument 43-101 - Standards of Disclosure for Mineral Projects* ("NI 43-101") under the supervision of C. Knievel, a qualified person for the purposes of NI 43-101 but not independent for the purposes of NI 43-101. The compilation of production information was prepared by W.C. Williams, Ph.D., CPG, President and Chief Executive Officer of the Company, who is a qualified person but not independent for the purposes of NI 43-101. Effective at July 31, 2012, the EVBC Mine contained (i) proven reserves of 2,064 million tonnes at 3.05 grams per tonne gold and 0.71% copper and probable reserves of 5.835 million tonnes at 3.53 grams per tonne gold and 0.46 copper, and (ii) measured and indicated resources, including reserves, of 2.983 million tonnes at 3.98 grams per tonne gold and 0.78% copper and 5.486 million tonnes at 5.23 grams per tonne gold and 0.58% copper, respectively.

UMZ Mine

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"), the Company owns and operates the UMZ Mine in south-eastern Bolivia. Fiscal 2009 marked the last year of production from the Company's low-cost Lower Mineralized Zone underground gold mine at Don Mario with some gold production from the lower-grade satellite deposit, Las Tojas, continuing into fiscal 2010 and 2011. The Company is now mining the UMZ Mine as an open-pit mine. The UMZ Mine reached commercial production in January 2012.

A Leach-Precipitation-Flotation ("LPF") circuit, which included conventional flotation circuits, was installed to process the oxide and transition ores from the UMZ Mine. In March 2012, the Company commenced processing the transition ore, which includes both copper in oxide minerals and copper in sulphide minerals, by flotation-only as well as oxides through the LPF process. Processing ore through both the LPF and flotation-only circuits allows the plant to operate at greater than 90% availability. The Company is continuing to work on improvement of metal recoveries.

The following table includes operating and financial performance data for the UMZ Mine for the periods set out below. The UMZ Mine was not in commercial production during the first quarter of fiscal 2012, accordingly, this comparative information has not been provided.

	Q4 2012	Q1 2013	2012
Operating Performance (1)			
Ore mined (tonnes)	336,772	**483,042**	1,178,809
Ore milled (tonnes)	191,725	**201,312**	594,054
Gold			
Grade (g/t)	1.55	**1.18**	1.75
Recovery (%)	49.2	**49.8**	39.1
Production (oz)	4,691	**3,810**	13,065
Sales (oz)	5,147	**4,276**	12,215
Copper			
Grade (%)	1.65	**1.45**	1.76
Recovery (%)	46.7	**47.8**	49.4
Production ('000 lbs)	3,259	**3,037**	11,415
Sales ('000 lbs)	4,018	**3,262**	10,779
Silver			
Grade (g/t)	75.23	**52.0**	81.17
Recovery (%)	54.4	**56.6**	38.6
Production (oz)	252,364	**190,575**	599,167
Sales (oz)	260,054	**211,237**	563,611
Total cash costs (co-product) ($/lb) copper (2)	$1.92	**$2.03**	$2.39
Total cash costs (co-product) ($/oz) gold (2)	$969	**$1,039**	$1,143
Total cash costs (co-product) ($/oz) silver (2)	$18.69	**$20.00**	$22.00
Financial Performance			
Revenue	$24,889	**$16,750**	$58,678
Mining costs	$11,581	**$8,892**	$35,959
Depreciation and amortization (3)	($13)	**$1,536**	$3,263
Income (loss) before tax	$12,116	**$6,063**	$17,060
Capital expenditures	$1,164	**$1,382**	$1,969

(1) The UMZ Mine commenced commercial production on January 1, 2012. Information relating to production for fiscal 2012 includes production from the UMZ Mine during the start-up and commissioning period in the first quarter of fiscal 2012. Sales for the first quarter of fiscal 2012 from the UMZ Mine were credited against capitalized commissioning costs and sales from January 1, 2012 onwards were recorded as revenue.

(2) Total cash costs (co-product) per pound of copper and per ounce of gold and silver are non-IFRS performance measures with no standard definition under IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

(3) Depreciation and amortization costs for the fourth quarter of fiscal 2012 include a reduction of $2,234 as a result of higher depreciation and amortization expenses recorded in prior quarters.

Operating Performance

During the first quarter of fiscal 2013, the UMZ Mine produced an oxide cement and a copper concentrate. The oxide cement is contracted for sale to the end of fiscal 2014 and the copper concentrate until December 2013. The Company is processing oxide ore through the LPF circuit for approximately 15 days every quarter followed by approximately 75 days of flotation-only processing of transition ore at throughputs of approximately 1,800 and 2,700 tonnes per day, respectively, and at approximately 90% availability. There was one LPF process campaign during the first quarter of fiscal 2013.

During the first quarter of fiscal 2013, the UMZ Mine produced 3,810 ounces of gold, 3.0 million pounds of copper and 190,575 ounces of silver compared to 4,691 ounces of gold, 3.3 million pounds of copper, 252,364 ounces of silver and 353,000 pounds of lead in the fourth quarter of fiscal 2012. The UMZ Mine was not in commercial production in the first quarter of fiscal 2012. Production in the first quarter of fiscal 2013 compared to the fourth quarter of fiscal 2012 (i) of gold decreased by 19% as a result of a 24% decrease in grade, (ii) of copper decreased by 7% as a result of 12% lower grade, partially offset by 2%

higher recovery and higher throughput of 5%, and (iii) of silver decreased by 24% as a result of 31% lower grade, slightly offset by 5% higher throughput.

For the first quarter of fiscal 2013, total cash costs (co-product) were $1,039 per ounce of gold or 7% higher, $2.03 per pound of copper or 6% higher and $20 per ounce of silver or 7% higher compared to $969 per ounce of gold, $1.92 per pound of copper and $18.69 per ounce of silver for the fourth quarter of fiscal 2012. These increases are generally due to lower head grades. The increases in the total cash costs (co-product) from the fourth quarter of fiscal 2012 to the first quarter of fiscal 2013 of (i) $70 per ounce of gold sold and $0.11 per pound of copper sold are also due to higher treatment and refining charges; and (ii) $1.31 per ounce of silver sold is primarily due to by-product revenue from sales of lead in the fourth quarter of fiscal 2012 applied against the mining costs allocated to the silver sales in that period compared with no such off-set in the current period.

Financial Performance

Revenue from the UMZ Mine for the first quarter of fiscal 2013 was $16,750 on sales of 4,276 ounces of gold, 3.3 million pounds of copper and 211,237 ounces of silver compared to $24,889 on sales of 5,147 ounces of gold, 4.0 million pounds of copper, 260,054 ounces of silver and 353,000 pounds of lead in the fourth quarter of fiscal 2012. The Company did not record any revenue from the UMZ Mine in the first quarter of fiscal 2012 as it was not in commercial production during that period.

The cost of sales during the first quarter of fiscal 2013 was $10,428 including mining costs of $6,706, royalties and mining royalty taxes of $2,186 and depreciation and amortization of $1,536. These costs are lower by 10% compared to the fourth quarter of fiscal 2012 as a result of a decrease in mining costs and royalties due to lower production and sales in the first quarter of fiscal 2013. This decrease is partially off-set by an increase in depreciation and amortization expenses in the first quarter of fiscal 2013 as a result of a depreciation and amortization reduction adjustment in the fourth quarter of fiscal 2012 due to higher depreciation expenses recorded in prior quarters of fiscal 2012.

Income before tax for the first quarter of fiscal 2013 was $6,063 compared to a loss before tax of $512 in the first quarter of fiscal 2012, when the UMZ Mine was not in commercial production, and income before tax of $12,116 in the fourth quarter of fiscal 2012, a decrease of 50%.

Total capital expenditures at the UMZ Mine during the first quarter of fiscal 2013 were $1,382 primarily related to the tailings dam raise and the purchase of certain equipment.

Reserves Estimates

In December 2012, the Company announced, pursuant to an updated resource and reserve estimate for the UMZ Mine prepared in accordance with NI 43-101, that at October 1, 2012, the UMZ Mine contained (i) proven reserves of 1.59 million tonnes at 1.26 grams per tonne gold, 1.23% copper and 40 grams per tonne silver, and (ii) probable reserves of 2.74 million tonnes at 1.27 grams per tonne gold, 1.28% copper and 40 grams per tonne silver. Estimated measured and indicated resources, including reserves, at the UMZ Mine were 1.72 million tonnes at 1.28 grams per tonne gold, 1.23% copper and 39 grams per tonne silver and 3.26 million tonnes at 1.32 grams per tonne gold, 1.32% copper and 39 grams per tonne silver, respectively. This updated estimate was prepared under the supervision of Francisco Alcalde Garmendia of Kminante Consultores in Santiago, Chile, who is a qualified person for the purposes of NI 43-101 and is independent of Orvana. The compilation of production information was prepared by W.C. Williams, Ph.D., CPG, President and Chief Executive Officer of the Company, who is a qualified person but not independent for the purposes of NI 43-101.

Copperwood Project

Through its wholly-owned subsidiary, Orvana Resources US Corp., Orvana entered into long-term mineral lease agreements covering 936 hectares within the "Western Syncline", which is located in the Upper Peninsula of the State of Michigan, USA comprising the "Copperwood Project". The Company also completed option agreements on three other mineralized areas, which are referred to collectively as the "Copperwood Satellites". In addition, the Company purchased the surface rights on about 700 hectares that secured access to the Copperwood Project and additional space for infrastructure.

In February 2012, the Company announced results of an NI 43-101-compliant feasibility study completed under the supervision of Joseph Keane, P.E., Steve Milne, P.E., and David List, P.E., each of whom is an independent qualified person for the purposes of NI 43-101, "Feasibility Study of the Copperwood Project, Upper Peninsula, Michigan, USA" (the "Copperwood Technical Report"). The estimated reserves from the Copperwood Technical Report are summarized in the table below:

	Million short tons(1)	Cu %	Cu Million lbs	Ag g/t	Ag Million oz
Proven	23.14	1.46	676	3.98	2.96
Probable	7.09	1.21	173	2.44	0.56
Total Proven & Probable	30.23	1.41	849	3.63	3.52

(1) 1 short ton is equal to 0.907 metric tons.

The mine plan calls for the development of a ramp and box cut to access the ore horizon. All development will be within the ore and very little waste rock will be handled. Production for the 13-year mine life will be about 1.5 million short tons of copper concentrate averaging about 28,000 short tons of copper per year at the 7,500 short tons of ore per day capacity. Copper will be extracted by conventional flotation. Life-of-mine cash costs (C1) are $1.26 per pound net of the silver credit. The table below summarizes the economic parameters for the drill-and-blast case:

Summary of Key Financial Parameters					
Copper prices per pound	$2.50	$2.75	$3.00	$3.25	$3.50
Silver prices per ounce	$17.50	$20.00	$22.50	$25.00	$27.50
Net present value @ 8%, (US $000's)	$30,799	$104,365	$177,587	$246,905	$313,079
IRR (after corporate taxes) (1)	11.0%	17.2%	22.8%	27.9%	32.6%
Payback in years	6.2	5.2	4.6	4.2	3.8

(1) Property tax liabilities are not included since no assessment has been completed.

Base-case operational parameters assumed for the drill-and-blast case with 12.5% pillar recovery are as follows:

Base-Case Operational and Financial Parameters		
Minable Reserve:	30,228,000	short tons
Copper grade:	1.41%	
Silver grade:	3.63	g/t
Throughput (reached after 3 years):	2,625,000	short tons per year
Average annual copper production (LOM):	28,000	short tons per year
Average annual silver production (LOM):	150,000	ounces per year
Copper recovery:	86%	
Copper concentrate grade:	24%	
Silver grade in concentrate:	40.4	g/t (average)
Key financial input parameters are:		
Pre-production capital: ($000's)	$213,520	
Working and sustaining capital (LOM): ($000's)	$167,104	
Mine operating cost (LOM):	$14.91	per short ton ore
Processing cost (at 7,500 short tons per day)	$13.27	per short ton ore
General and administrative:	$1.25	per short ton ore

The Company has achieved the following major permitting milestones:

- In April 2012, it received its mining permit from the Michigan Department of Environmental Quality ("MDEQ"), as prescribed by Part 632 of the Non-Ferrous Metallic Mining regulation of the State of Michigan. This permit is an important step in obtaining all regulatory approvals for the Copperwood Project and indicates that the State of Michigan considers the project to have met all the necessary criteria to operate a mine in a responsible manner.

- In June 2012, the Wetlands Permit (Clean Water Act Section 404 Permit), the waste-water discharge permit, or National Pollutant Discharge Elimination Systems permit applications were the subject of a public hearing.
- In July 2012, it received the Permit to Install, or Air Quality Permit, from the MDEQ, Air Quality Division.
- In November 2012, it received the National Pollutant Discharge Elimination System permits for treated sanitary and process wastewaters from the MDEQ.

In November 2012, the Company announced, in cooperation with the MDEQ, that it agreed to withdraw the Wetland Permit application in order to provide more time for review by the MDEQ and the Environmental Protection Agency ("EPA"). The extension allows the EPA more time to review the permit application and its modifications as agreed upon by the Company and MDEQ. The permit application was re-submitted at the end of November 2012, with expectations of a decision before the end of February 2013.

Total capital expenditures in respect of the Copperwood Project during the first quarter of fiscal 2013 were $1,070 compared to a total of $5,842 in fiscal 2012.

Orvana is continuing to investigate a variety of possible options to enhance the value of the Copperwood Project to Orvana's shareholders.

Other Exploration Properties

There is certain exploration potential in the concessions adjacent and proximal to each of the EVBC Mine and the UMZ Mine. After review of all available technical data, an experienced consultant recommended drilling of various targets that the Company is currently considering. At the UMZ Mine, four areas of interest were identified for additional surface sampling and possible further drilling. Apart from this exploration potential, the Company was awarded an Investigation Permit on the Lidia prospect in Spain. This area encompasses 2,560 hectares in the Navelgas Gold Belt of northern Spain, 30 kilometres from the EVBC Mine. The Lidia prospect, formerly known as the Linares prospect, is considered prospective for skarn-hosted mineralization and intrusive-related gold mineralization.

Market Review and Trends

Metal Prices

The market prices of gold and copper are the primary drivers of Orvana's earnings and ability to generate free cash flow. During the first quarter of fiscal 2013, the gold price experienced continued volatility, with the price ranging from $1,651 to $1,792 per ounce and an average quarterly market price of $1,719 per ounce. Orvana's average gold realized price for the first quarter of fiscal 2013 was $1,684 per ounce. Historically, the price of gold has risen when United States short rates are negative. In the last few years, in the wake of the financial crisis, developed economy central banks relaxed monetary policy resulting in an increase in the demand for hard assets such as gold. Orvana expects a continuation of these trends and a flat mine supply to result in a continued upside for the price of gold.

Copper prices traded in a range of $3.45 to $3.77 per pound during the first quarter of fiscal 2013 with an average quarterly market price of $3.59 per pound. Orvana's average copper realized price for the first quarter of fiscal 2013 was $3.17 per pound. Global copper demand is expected to increase slightly in 2013 including China and decrease slightly excluding demand and usage in China. With some copper mine expansions and project start-ups occurring in 2013, mine production is expected to increase by more than the expected increase in demand resulting in a potential surplus in the year. However, deferrals and delays in projects have postponed most of the anticipated new supply until 2014 and later.

Silver prices do not significantly impact Orvana's current financial results. In the first quarter of fiscal 2013, silver prices traded in a range from $29.75 per ounce to $34.96 per ounce with an average quarterly market price of $32.64 per ounce. Orvana expects prices to remain in this range in the near term. Orvana's average realized silver price for the first quarter of fiscal 2013 was $29.20 per ounce.

Currency Exchange Rates

The results of Orvana's operations are affected by US dollar exchange rates. Orvana's largest exposure is to the US dollar/Euro exchange rate which impacts operating and administration costs of the EVBC Mine. Orvana's cost of sales and expenses in the second and third quarters of fiscal 2012 were positively impacted by historical lows reached by the Euro against the US dollar and negatively impacted by an appreciation in the Euro in the fourth quarter of fiscal 2012 and the first quarter of fiscal 2013. Orvana expects continued volatility in the near future in the Euro.

Orvana has outstanding currency contracts on $60,000 at a contract price of USD/EUR of $1.38 until December 2015 required under the EVBC Loan. See "Financial Condition Review - Financial Instruments". Orvana paid $166 during the first quarter of fiscal 2013 to settle currency forward contracts that matured during this period. Fluctuations in the US dollar increase the volatility of Orvana's costs, which are primarily incurred in Euros and reported in US dollars, and the amount required to settle Orvana's currency financial instruments.

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

Outlook

Orvana's short-term focus is operational optimization at the EVBC Mine and the UMZ Mine to generate increasing operating cash flows in order to pay down debt as well as possibly advance the development of the Copperwood Project. Fiscal 2013 guidance for production is 75,000 ounces of gold, 18 million pounds of copper and 850,000 ounces of silver.

Total EVBC Mine production in the first quarter of fiscal 2013 was 13,949 ounces of gold (fiscal 2013 guidance of 63,000), 1.3 million pounds of copper (fiscal 2013 guidance of 6 million) and 42,877 ounces of silver (fiscal 2013 guidance of 200,000). Mine life is projected at 10 years. Orvana continues to work on improving head grade, increasing gold production and reducing total cash costs (net of by-product revenue) per ounce of gold. The shaft, which became operational during the first quarter of fiscal 2013, is expected to allow for more efficient ore haulage resulting in improved flexibility, increased mine production and cost optimization. Orvana will also investigate alternatives to maximize the mill throughput and enhance recoveries.

Total UMZ Mine production in the first quarter of fiscal 2013 was 3,810 ounces of gold (fiscal 2013 guidance of 12,000), 3.0 million pounds of copper (fiscal 2013 guidance of 12 million) and 190,575 ounces of silver (fiscal 2013 guidance of 650,000). During fiscal 2013, the Company's focus at the UMZ Mine will be on improving recoveries.

The Copperwood permitting process continues into fiscal 2013. Orvana is continuing to investigate a variety of possible options to enhance the value of the Copperwood Project to Orvana's shareholders.

Orvana's long-term focus is to utilize future cash flow and mining capabilities to build long-term value for its shareholders specifically through organic growth and possibly through certain strategic acquisitions primarily focused on advanced-stage gold and/or copper properties.

Environment, Health, Safety and Social Practices

The Board of Directors of the Company has established a Technical, Safety, Health and Environmental Committee. The purpose of this Committee is to provide support for the Company's safety, health and environmental programmes and to assist in reviewing the technical, safety, health and environmental performance of the Company.

Orvana maintains various industry metrics to track its environment, health and safety performance over time such as Lost Time Injury Frequency Rates and Lost Time Injury Severity Rates.

Orvana is committed to developing and operating its mines and projects, including reclamation efforts, in full compliance with recognized international and local environmental standards. In furtherance of this commitment, Orvana regularly implements programs to protect and enhance natural habitats and sensitive species, including reclamation and reforestation efforts and the establishment of water sources for wildlife. The Company monitors the water and air quality on a frequent basis at the EVBC Mine and the UMZ Mine. Third parties sample and analyze both surface and ground water following protocols established by the applicable regulatory authorities in order to provide the necessary information. Any regulated elements whose values are not in compliance in the subject jurisdictions are quickly located and evaluated. The evaluations are presented to the regulatory authorities and remedial actions approved and executed. To date, although certain parameters have not always been in compliance at the Company's operations, explanations have been provided to the respective regulatory authorities and there are no material outstanding matters. The Company has not been sanctioned for material environmental non-compliance at any of its sites.

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

In addition, Orvana is committed to the social development and well-being of the communities in which it operates. To this end, Orvana continues to support, financially and otherwise, local community endeavors associated with these objectives. The Company has supported the communities surrounding the EVBC Mine by donating funds to the local municipality of Belmonte to re-open the historic exhibition of gold mining in the area and supports other cultural and sporting activities in the communities of Belmonte and Salas. In addition, the Company has funded the re-stocking of fish species into the local rivers surrounding the mines.

In the Chiquitos Province of Bolivia where the UMZ Mine is located, the Company is actively involved in the areas of education, sanitation, purchasing of local goods and services and generally working with communities to contribute to the improvement of their standard of living. In 2011, Orvana renewed its support of $1,785 to the local communities for a five year period. Projects supported by Orvana include supervision of and financial support for community development projects such as utilities and parks, education and information technology, cultural events, community business development initiatives and maintenance of community roads.

In support of the social and economic well-being of the communities surrounding the Copperwood Project in Michigan, Orvana provides four scholarships each year to Gogebic County high school students to further their education at the university level. In addition, Orvana has made contributions to the local fire departments for the purchase of equipment and has sponsored certain local sporting events.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

The following table provides a comparison of key elements of Orvana's balance sheet at December 31, 2012 and September 30, 2012:

	December 31, 2012	September 30, 2012
Cash and cash equivalents	**$11,988**	$13,200
Restricted cash (short term)	**$14,338**	$16,783
Working capital excluding cash balances (1)	**$7,582**	($626)
Total assets	**$290,277**	$286,134
Long-term debt (net of financing fees) (2)	**$54,700**	$56,623
Obligations under finance leases	**$1,567**	$2,044
Total liabilities	**$150,716**	$160,320
Shareholders' equity	**$139,561**	$125,814

(1) Working capital excluding cash balances represents current assets of $46,441 (not including cash and cash equivalents and short-term restricted cash totaling $26,326) less $38,589 in current liabilities comprised of accounts payable and accrued

liabilities and income taxes payable (not including bank debt, short-term debt, current portion of long-term debt, obligations under finance leases and financial instruments).

(2) The amount of Orvana's outstanding long-term debt at December 31, 2012 and September 30, 2012 is comprised of the EVBC Loan of $57,672 and $60,438, respectively, less financing fees of $2,972 and $3,815, respectively. Information relating to Orvana's outstanding credit facilities is set out below.

Total assets increased by $4,143 from $286,134 to $290,277 primarily as a result of an increase in inventory off-set by a decrease in cash and cash equivalents and restricted cash.

Total liabilities decreased by $9,604 or 6% to $150,716 at December 31, 2012 from $160,320 at September 30, 2012. This decrease is largely due to a decrease in (i) the fair value liability associated with the Company's outstanding financial instruments of $13,300, (ii) accounts payable and accrued liabilities of $3,227 due to timing differences between the expenditures being incurred and the payment thereof and the payment in the first quarter of fiscal 2013 of certain accounts payable outstanding at September 30, 2012, (iii) long-term debt of $2,029 due to repayment of the EVBC Loan, offset by an increase in (iv) income taxes payable of $1,699 related to the UMZ Mine, (v) short-term debt of $1,655 under the Fabulosa Loan (defined below), (v) deferred income tax liability of $3,458 and (vi) bank debt of $2,275 due to increased short-term borrowings borrowings in respect of the UMZ Mine.

Orvana's outstanding credit facilities are set out below:

At December 31, 2012 (1)	Limit	Balance Outstanding
EVBC Loan	$57,672	$57,672
EMIPA short-term credit facilities (2)	$10,000	$9,856
Fabulosa Loan	$11,500	$5,826

(1) The balance outstanding as at the date of the MD&A under each of the EVBC Loan, the EMIPA short-term credit facilities and the Fabulosa Loan was $52,990, $9,856 and $5,746, respectively. The Company's recorded long-term debt under the EVBC Loan at December 31, 2012 in the Q1 Financials was $45,649 and the current portion thereof was $12,023 for a total of $57,672 before deducting financing fees of $2,972.

(2) EMIPA short term credit facilities are with two Bolivian banks and are payable in 60 to 180 days with annual interest ranging from 6.25% to 7.50% with certain of EMIPA's assets pledged as security against these loans (September 30, 2012 - $7,581). The credit facilities are not guaranteed by Orvana. The proceeds were used to finance EMIPA's working capital needs. Excludes bank guarantees of $633 (September 30, 2012 - $633) related to refunded value-added taxes and chemical and natural gas purchases.

EVBC Loan

In October 2010, Kinbauri, a subsidiary of the Company, entered into a $50,000 five-year term corporate credit facility (the "EVBC Loan"). The funds were primarily used to complete the construction of the EVBC Mine. In February 2012, the EVBC Loan was extended by one year to September 30, 2016 and increased by $13,844 including approximately $6,500 (€5,000) to fund an environmental bond that may be required to be posted with governmental authorities in Spain. To the extent that the environmental bond is less than €5,000, these funds may be used for general corporate purposes. During the first quarter of fiscal 2013, the Company obtained a waiver in respect of compliance with a specific reporting requirement until February 28, 2013. The Company is currently negotiating certain amendments to the EVBC Loan.

The EVBC Loan contains covenants that, among other things, (i) require the deposit of certain cash flows from operating activities into restricted cash for upcoming EVBC Loan repayments, (ii) restrict Orvana's ability to incur additional indebtedness, (iii) restrict Kinbauri's ability to make cash distributions to Orvana in certain circumstances subject to meeting certain covenants, (iv) require additional repayments under the EVBC Loan in certain circumstances from excess cash flows from operating activities, and (v) restrict Orvana's ability to sell material assets or to carry on business other than one related to the mining business.

The EVBC Loan required gold, copper and US dollars/EUR financial instruments that have already been put in place. See "Financial Condition Review - Financial Instruments" below. Orvana is required to maintain certain financial ratios which calculations exclude the fair value adjustments of the outstanding financial instruments required under the terms of the EVBC Loan. The security for the EVBC Loan includes a fixed and floating charge over the assets of Kinbauri and a pledge by Orvana of all of the shares of Kinbauri. Kinbauri's obligations under the EVBC Loan are guaranteed by Orvana. The cost of the EVBC Loan, including interest and fees but excluding the costs associated with the financial instruments, is expected to average approximately 5% to 6% per annum, based on an interest rate of

LIBOR plus 4%. Quarterly principal repayments commenced on July 2, 2012. The total annual principal repayment required in each fiscal year ending September 30, expressed as a percentage of the total amount of the EVBC Loan are: 2013-18.7%; 2014-23.3%; 2015-27.6%; and 2016-25.1%. The principal balance outstanding under the EVBC Loan as at the date of the MD&A is $52,990.

Fabulosa Loan - Related Party Transactions

The Company has a secured loan facility (the "Fabulosa Loan") with Fabulosa Mines Limited ("Fabulosa"), the Company's 52% shareholder, in the amount of $11,500. The Company is using proceeds drawn under the Fabulosa Loan for working capital purposes. Interest on the outstanding principal is calculated at a rate per annum of 12%, is payable monthly and the Company pays any withholding taxes imposed by Canadian taxing authorities. During the first quarter of fiscal 2013, the repayment terms were amended and principal amounts outstanding under the Fabulosa Loan are required to be repaid in the minimum amount of $1,000 per month commencing on June 1, 2013. The Fabulosa Loan also contains covenants that, among other things, require principal repayment in the event of, among other things, the sale of EMIPA or all or substantially all of its assets.

The Fabulosa Loan is available for draw down until June 30, 2013 and matures on December 31, 2013. In the event that, prior to March 1, 2013, Fabulosa requests that Orvana add an additional Orvana director nominated by Fabulosa and Orvana does not do so within ten business days, the Fabulosa Loan will convert to a demand loan. The Fabulosa Loan is secured by, among other things, a general security assignment over present and future assets of Orvana excluding all amounts owing by Kinbauri to the Company.

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

Shareholders' Equity

Shareholders' equity at December 31, 2012 was $139,561 representing an increase of $13,747 or 10% from $125,814 at September 30, 2012, primarily as a result of the net income of $13,651 for the first quarter of fiscal 2013. The table below sets out the number of each class of securities of the Company outstanding at December 31, 2012 and as at the date hereof:

	At December 31, 2012
Common shares	136,573,171
Warrants (1)	1,818,335
Stock options (2)	2,746,669

(1) Warrants to purchase up to 1,300,000 Common Shares were issued on September 6, 2011 with an exercise price of C$1.90 and warrants to purchase up to 1,425,000 Common Shares were issued on March 5, 2012 with an exercise price of C$0.97 to Fabulosa. The expiry dates of these warrants range from 2016 and 2017. As a result of the forfeiture or expiration of certain options, warrants to purchase up to 1,818,335 Common Shares were outstanding as of the date of the MD&A of which 400,000 were exercisable.

(2) Options to purchase 50,000 Common Shares expired or forfeited after the end of the first quarter of fiscal 2013. Accordingly, a total of 2,696,669 Common Shares are issuable on the exercise of outstanding options as at the date of the MD&A. The options have a weighted average exercise price of $1.72 and expiry dates ranging from 2013 to 2017.

Financial Instruments

The Company has the following outstanding financial instruments at December 31, 2012 as required under the EVBC Loan with one counterparty:

	Contract Prices	Cash Settlement	Contract Amounts
Currency			
USD/EUR forwards (Jan 2013-Dec 2015)	$1.38	Quarterly	$60,000 (1)
Copper			
Copper forwards (Jan 2013-Dec 2015)	$7,260 / tonne	Monthly	9,035 (1)
Gold			
Gold forwards (Jan 2013-Dec 2015)	$1,334 / troy oz	Monthly	28,125 (1)
Gold collars (Jan 2013-Sep 2015)	Puts - $1,550 / troy oz Calls - $1,855 / troy oz	Monthly	52,800 (2)
Gold collars (Jan 2015-Sep 2016)	Puts - $1,250 / troy oz Calls - $2,270 / troy oz	Monthly	19,200 (2)
Total gold collars (troy oz)			72,000

(1) Entered into in the first quarter of fiscal 2011 in connection with the EVBC Loan.

(2) Entered into in November 2011 and February 2012 in connection with the increase in the EVBC Loan.

During the first quarter of fiscal 2013, 18% of the Company's total gold sales and 19% of the Company's total copper sales were hedged under the gold and copper forwards. The Company made cash payments of $1,552 to settle such financial instruments that matured in the period. At December 31, 2012, the Company's outstanding financial instruments were valued on the balance sheet as follows:

At December 31, 2012	Spot Rate/Price	Contract Rate/Price	Avg. Forward Rate/Price	Fair Value
Fair value of currency contracts (EUR/USD)	$1.38	$1.38	$1.33	($2,616)
Fair value of copper forwards	$7,260/tonne	$7,260/tonne	$7,974/tonne	$(6,427)
Fair value of gold forwards	$1,334/oz	$1,334/oz	$1,691/oz	$(10,038)
Fair value of gold collars	$1,334/oz	-	-	$(948)
Total fair value of financial instruments at December 31, 2012				($20,029)
Less: current portion				$6,500
Total non-current financial instruments				($13,529)

Changes in the fair value of the Company's outstanding financial instruments are recognized through the Company's income statement as non-cash financial instrument gains or losses. At maturity of each contract, a cash settlement takes place resulting in a corresponding reduction in the carrying value of the financial instruments. The mark-to-market fair value of the Company's outstanding financial instruments is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty credit risk. The liability associated with the Company's outstanding financial instruments at September 30, 2012 was $33,329 compared to a liability of $20,029 at December 31, 2012 resulting in an unrealized financial instruments gain of $13,300 recorded in the first quarter of fiscal 2013. The Company recorded fair value adjustments on its outstanding financial instruments for the three months ended December 31, 2012 and during the 2012 fiscal year calculated as follows:

	During Q1 2013	During 2012
Change in unrealized fair value	$13,300	($20,993)
Realized (loss) on cash settlements of financial instruments closed	($1,552)	($5,102)
Recorded financial instruments gain (loss)	$11,748	($26,095)

Sensitivities

The following table sets forth the after-tax impact on the Company's net income for the first quarter of fiscal 2013 of $13,651 as a result of changes in the fair value of the financial instruments assuming a change in the EUR/USD rate and the market price of copper and gold compared to the rates/prices used in the financial instruments gain calculation set out above with all other variables remaining constant:

At December 31, 2012	Rate/Price Used in Financial Instruments Loss Calculation	Change in Rate/Price	After-Tax Change
EUR/USD (currency contracts)	$1.33	+/- 10%(1.46/1.19)	+/- $4,017
Copper forwards	$7,979/tonne	+/- 10% ($8,772/$7,127)	+/- $5,041
Gold forwards	$1,691/oz	+/- 10% ($1,860/$1,572)	+/- $3,328
Gold collars	-	+ 10%	- $4,525
Gold collars	-	- 10%	+ $4,613

Capital Resources

At December 31, 2012, the Company had cash and cash equivalents of $11,988, restricted cash of $14,338 including $7,708 set aside for debt repayment and total debt of $60,526. The Company considers its capital employed to consist of shareholders' equity (including share capital, contributed surplus and retained earnings), total debt and obligations under finance leases, net of cash and cash equivalents as follows:

	December 31, 2012	September 30, 2012
Shareholders' equity	**$139,561**	$125,814
Bank debt (1)	**9,856**	7,581
Short-term debt (1)	**5,826**	4,171
Long-term debt (1)	**57,672**	60,438
Obligations under finance leases	**1,567**	2,044
	$214,482	$200,048
Less: Cash and cash equivalents	**(11,988)**	(13,200)
Capital employed	**$202,494**	$186,848

(1) Bank debt represents various credit facilities associated with the UMZ Mine. Short-term debt represents the Fabulosa Loan. Long-term debt represents the EVBC Loan. The Company's recorded long-term debt under the EVBC Loan at December 31, 2012 was $42,677 and the current portion thereof was $12,023 for a total of $54,700. This represents the balance outstanding under the EVBC Loan at December 31, 2012 of $57,672 net of financing fees of $2,972.

The Company's financial objective when managing capital is to make sure that it has the cash and debt capacity and financial flexibility to fund its ongoing business objectives including operating activities, investments and growth in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, in addition to using cash flows from operating activities for this purpose, the Company may issue new shares or sell assets to reduce 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, adjustments to capital spending, or sale of assets. 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 its EVBC Mine, the UMZ Mine and the Copperwood Project. Information is regularly provided to the board of directors of the Company.

Cash Flows, Commitments and Liquidity

Cash Flows

Total cash and cash equivalents as at December 31, 2012 were $11,988 primarily denominated in US dollars representing a decrease of $1,212 from $13,200 at September 30, 2012. Short-term restricted cash was $14,338 (September 30, 2012 - $16,783) and includes $7,708 for the next two quarters principal and interest payments under the EVBC Loan and $6,598 in respect of a potential future reclamation bond payment.

In the past, Orvana's primary source of liquidity has been from operating cash flows. Cash flows from operating activities before changes in non-cash working capital were $8,189 in the first quarter of fiscal 2013 compared to cash used in operating activities before non-cash working capital changes of $6 in the same prior year period. Orvana generated cash flows from operating activities of $51 in the first quarter of fiscal 2013 compared to cash provided by operating activities of $5,290 in the same prior year period. The lower cash flows provided by operating activities in the current period resulted primarily from higher inventory balances including concentrates at the UMZ Mine and the EVBC Mine resulting from both mines being in commercial production, partially offset by higher revenue and operating income from a full quarter of commercial production operations at the EVBC Mine and the UMZ Mine compared to no commercial production at the UMZ Mine in the first quarter of fiscal 2012 and a decrease in accounts payable and accrued liabilities.

Cash flows from financing activities in the first quarter of fiscal 2013 were $491, a decrease of $3,505 compared to cash flows from financing activities of $3,996 in the first quarter of 2012. This variation resulted from repayment of long-term debt of $3,266, and lower bank debt inflows of $2,275, partially offset by the Company drawing $2,000 under the Fabulosa loan.

Cash used in investing activities totaled $1,784 in the first quarter of fiscal 2013, a decrease of $5,910 compared to cash used in investing activities of $7,694 in the first quarter of fiscal 2012. This variation is primarily due to a decrease in capital expenditures of $3,465 off-set by a decrease in restricted cash of $2,445.

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

	Q1 2013	**Q1 2012**	**2012**
Cash provided by (used in) operating activities	**$51**	$5,290	$41,705
Cash from financing activities	**$491**	$3,996	$13,191
Cash used by investing activities (capital expenditures and restricted cash) (1)	**($1,784)**	($7,694)	($53,873)
Change in cash	**($1,242)**	$1,592	$1,023

(1) Includes capital expenditures outflows and cash deposited into restricted cash. Capital expenditures in the first quarter of fiscal 2013 excludes $1,578 in respect of unpaid capital expenditures incurred in the first quarter of fiscal 2013 which will be paid in subsequent quarters. See "Capital Expenditures" below.

Capital Expenditures

The following table sets forth Orvana's capital expenditures for the periods specified below for the EVBC Mine, the UMZ Mine and the Copperwood Project:

	Q1 2013	**Q1 2012**	**2012**
UMZ Mine	**$1,382**	$960	$1,969
EVBC Mine (1)	**3,355**	7,407	31,136
Copperwood Project	**1,070**	898	5,842
Corporate	**-**	-	44
Subtotal capital expenditures (1)	**$5,807**	$9,265	$38,991
Adjustments:			
EVBC - accounts payable adjustment	**(1,578)**	(1,571)	(3,234)
Total capital expenditures (1) (2)	**$4,229**	$7,694	$35,757

(1) Capital expenditures for the first quarter of fiscal 2013 were $4,229. This included capital expenditures for the EVBC Mine of $3,355 reduced by $1,578 for unpaid capital expenditures which will be paid in subsequent quarters in fiscal 2013.

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

Other Commitments

At December 31, 2012, the Company's contractual obligations included: bank debt; term credit facilities; obligations under finance leases; operating leases; decommissioning liabilities; purchase obligations related to certain operating activities at the EVBC Mine and the UMZ Mine; provision for statutory labour obligations; and long-term compensation. Contractual obligations are summarized in the following table below:

		Payment Due by Period			
	Total	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Bank debt - UMZ Mine (1)	$**9,856**	$9,856	-	-	-
Short-term debt - Fabulosa Loan (1)	**5,826**	5,826	-	-	-
Long-term debt - EVBC Loan (1)	**57,672**	9,151	45,649	-	-
EVBC Debenture Conversion (1)	**3,105**	3,105	-	-	-
Obligations under finance leases (2)	**1,567**	1,228	339	-	-
Operating leases	**600**	225	375		-
Decommissioning liabilities (3)	**11,474**	-	-	-	11,474
Reclamation bond (4)	**6,598**	6,598	-	-	-
Purchase obligations	**7,974**	5,095	2,879	-	-
Provision for statutory labour obligations (5)	**2,795**	663	1,199	-	933
Long-term compensation	**675**	302	274	-	99
Total contractual obligations (6) (7)	$**108,142**	$44,921	$50,715	$-	$12,506

(1) Bank debt represents various credit facilities associated with the UMZ Mine. Short-term debt represents the Fabulosa Loan. Long-term debt represents the EVBC Loan. See "Financial Condition Review - Balance Sheet Review". For EVBC Debenture Conversion see "Royalties" below.

(2) During fiscal 2010 and 2011, finance leases were entered into for the purchase of underground mining equipment for the EVBC Mine. Under each finance lease agreement, 15% to 40% of the purchase price of the equipment was paid in cash at the time of delivery with the balance financed over a three-year lease term. Lease payments are payable quarterly with interest at rates of 5.5% to 6.6% per annum. Obligations under finance leases totaled $1,567 at December 31, 2012.

(3) Decommissioning liabilities are undiscounted. Total cash deposited with a Spanish financial institution for reclamation bonds amounted to approximately $9,844 at December 31, 2012 (September 30, 2012 - $9,647). Decommissioning liabilities are discussed below under "Other Information - Critical Accounting Estimates - Decommissioning Liabilities".

(4) A cash-backed reclamation bond of up to €5,000 may have to be deposited by the Company under Spanish mining regulations in respect of the EVBC Mine. The Company is currently challenging this based on technical considerations. Should the Company have to deposit this reclamation bond, the Company has such funds available from the increase of the EVBC Loan included under restricted cash. Should the Company have to deposit a lower amount, it will take the difference into working capital.

(5) 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. This obligation was fair valued in the current period to determine the present value of the future payments related to this obligation.

(6) Production from the EVBC Mine and the UMZ Mine is subject to certain royalties which amounts have not been included in total contractual obligations at December 31, 2012. The Copperwood Project will also be subject to royalties when in production. For a description of such royalties and amounts payable, see "Royalties" below.

(7) The Company has outstanding financial instruments required under the EVBC Loan that mature monthly or quarterly until 2016. Using forward gold, copper and currency prices for the applicable period, at December 31, 2012 the Company estimated payments of $6,500 in less than one year and $13,529 for the period greater than one year and less than three years. The Company incurred $1,552 to settle financial instruments that matured in the first quarter of fiscal 2013 and $5,102 in fiscal 2012.

As at December 31, 2012, the Company had restricted cash of $14,338 designated to cover a portion of the Company's commitments due in less than one year of $44,921 including two quarters of principal and interest payments under the EVBC Loan and the reclamation bond which may have to be deposited but which the Company is challenging. The Company expects to meet the remainder of its contractual obligations due in less than one year from cash flows from operating activities. In fiscal 2012, the Company generated cash flows from operating activities of $41,705 with twelve months of ramp-up operations at the EVBC Mine including certain operational challenges experienced in the first quarter of fiscal 2012 which have now been addressed and nine months of ramp up commercial production operations at the UMZ Mine including certain operational challenges experienced in the first and second quarter of fiscal 2012 which have now been addressed.

Royalties

Production from the EVBC Mine is subject to a 3% net smelter return royalty ("NSR"), referred to herein as the EVBC Royalty, payable quarterly. The EVBC Royalty rate decreases to 2.5% for any quarter in which the average price of gold is below $1,100 per ounce. The royalty holder's advance of C$7,500 in 2008 is evidenced by a convertible debenture in the same principal amount settled through payments calculated in the same manner as the EVBC Royalty as sales are made.

The royalty holder has exercised a conversion right under the debenture in respect of the outstanding principal amount of the debenture at December 31, 2012 as 2012 production from the EVBC Mine was less than a specified amount (the "EVBC Debenture Conversion"). As a result, the Company's consolidated audited financial statements for the fiscal year ended September 30, 2012 included a charge of $3,132 in the fourth quarter of fiscal 2012, which was an estimate of the EVBC Debenture Conversion. The Company is financing and repaying the EVBC Debenture Conversion at a rate of 12% over six equal installments, which commenced on January 31, 2013 and ending on June 30, 2013.

In addition, the royalty holder has exercised a pre-payment right under the EVBC Royalty as the aggregate amount of payments paid as at December 31, 2012 under the EVBC Royalty was less than C$7,500. The Company is financing this pre-payment right until January 1, 2014 at a rate of 12%, with all royalty payments made between January 1, 2013 and December 31, 2013 serving to reduce such amount. To the extent that any pre-payment is due and paid on January 1, 2014, it will serve to reduce future EVBC Royalty payments. The EVBC Royalty expense totaled $537 for the first quarter of fiscal 2013 (December 31, 2011 - $483).

Production from the UMZ Mine is subject to a 3% NSR payable quarterly. This expense totaled $496 for the first quarter of fiscal 2013. The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from the UMZ Mine at rates of 5%, 7% and 6%, respectively. These amounts totaled $1,641 for the first quarter of fiscal 2013. The NSR and the mining royalty tax are referred to herein as the "UMZ Royalties".

The Copperwood Project is subject to a 2% to 4% NSR payable on copper production determined on a quarterly basis on a sliding scale based on prevailing inflation-adjusted copper prices and becomes payable when production commences.

Liquidity

Orvana's primary source of liquidity in fiscal 2012 has been operating cash flows, draw-downs under the Fabulosa Loan and an increase in the EVBC Loan.

The Company experienced certain initial start-up difficulties and delays in the production of saleable concentrates from the UMZ Mine in the first and second quarter of fiscal 2012. Operations at the UMZ Mine were stabilized during the second quarter of fiscal 2012 and the UMZ Mine was self-financing in the third quarter of fiscal 2012 and this is expected to continue. Bank loans with certain Bolivian banks total approximately $9,856 at the date of the MD&A and are short term ranging from 60 to 180 days. Although in the past, EMIPA's lenders have agreed to renew these loans in the ordinary course, new loans replacing those maturing may not be obtained. In the event that certain of these loans are not renewed, cash flows from operating activities from the UMZ Mine will be used for working capital purposes and less cash flows therefrom will be available for distribution to Orvana.

The EVBC Loan requires the deposit of certain cash generated from operating activities into restricted cash to be used for future EVBC Loan repayments and restricts the distribution of cash in certain circumstances from Kinbauri to Orvana unless certain covenants are met. Therefore, Orvana may report positive cash balances, but may be restricted in its ability to make use of certain of this cash.

The Company experienced certain operational and financing issues at the EVBC Mine during the fourth quarter of fiscal 2012 and the first quarter of fiscal 2013 that required additional short-term financing for working capital purposes. Consequently, the EVBC Mine required financial support from Orvana during such reporting periods in order to meet certain working capital obligations resulting from timing delays between production of the product and the sale and receipt of funds for such product. This timing delay is expected to continue to impact the revenue that Orvana will be able to recognize from the EVBC Mine in the second quarter of fiscal 2013. Orvana financed these obligations from revenues generated by the UMZ Mine and by drawing on the Fabulosa Loan. The Company has resolved most of these operational issues during the first quarter of fiscal 2013. The EVBC Mine is expected to be self-financing in the second quarter of fiscal 2013 and this is expected to continue.

Orvana has made principal and interest payments under both the EVBC Loan and the Fabulosa Loan in fiscal 2012 and the first quarter of fiscal 2013. See "Financial Condition Review - Balance Sheet Review". At the date of the MD&A, the Company had the ability to draw approximately $5,754 under the Fabulosa Loan.

As at December 31, 2012, the Company had restricted cash of $14,338 designated to cover a portion of the Company's commitments due in less than one year, including two quarters of principal and interest payments under the EVBC Loan and the reclamation bond for the EVBC Mine which may have to be deposited. The Company expects to meet the remainder of its contractual obligations due in less than one year from cash flows from operating activities. In fiscal 2012, the Company generated cash flows from operating activities of $41,705 with twelve months of ramp-up operations at the EVBC Mine including certain operational challenges experienced in the first quarter of fiscal 2013 which have now been primarily addressed and nine months of ramp up of commercial production operations at the UMZ Mine including certain operational challenges experienced in the first and second quarter of fiscal 2012, which have now been addressed.

The Company's capital expenditures in fiscal 2012 totalled $37,718, which included expenditures of $11,122 in connection with the construction of the shaft and primary development of $14,026 at the EVBC Mine as well as $2,869 in respect of certain sustaining activities. As a result of these activities having been completed in fiscal 2012, the Company expects that its expenditures on the Company's capital projects and operating requirements in respect of the EVBC Mine and the UMZ Mine will be lower in fiscal 2013 by approximately $10,000. Although the majority of the Company's fiscal 2013 planned capital expenditures have not been committed, the majority of such planned expenditures are important for the continued sustainability and development of the Company's operations. Capital expenditures totaled $4,229 in the first quarter of fiscal 2013 including $2,558 in primary development and excluding $1,578 incurred but unpaid capital expenditures.

Orvana is continuing to investigate a variety of possible options to enhance the value of the Copperwood Project for Orvana's shareholders.

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

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended December 31, 2012:

	Quarters ended			
	Dec 31, 2012	**Sept 30, 2012**	**June 30, 2012**	**March 31, 2012**
Revenue	**$34,028**	$50,608	$43,691	$31,245
Net income (loss)	**$13,651**	($2,007)	$12,118	($7,959)
Earnings (loss) per share - basic and diluted	**$0.10**	($0.01)	$0.09	($0.06)
Total assets	**$290,277**	$286,134	$274,254	$266,558
Total long-term financial liabilities (1)	**$59,239**	$62,482	$66,652	$74,171

	Quarters ended			
	Dec 31, 2011	**Sept 30, 2011**	**June 30, 2011**	**March 31, 2011**
Revenue	$15,373	$10,576	$1,752	$6,330
Net income (loss)	($4,505)	$8,037	($6,304)	($1,640)
Earnings (loss) per share – basic and diluted	($0.03)	$0.06	($0.05)	($0.01)

	Quarters ended			
	Dec 31, 2012	**Sept 30, 2012**	**June 30, 2012**	**March 31, 2012**
Total assets	$249,390	$239,957	$223,884	$202,199
Total long-term financial liabilities (1)	$55,136	$56,008	$55,095	$54,598

(1) Includes long-term debt before financing fees and obligations under finance leases.

FINANCIAL AND OTHER RISKS AND UNCERTAINTIES

Financial Risks

The Company's activities expose it to a variety of financial risks: market risks (including currency risk, commodity price risks and interest rate risk), credit risk and liquidity and financing risk. 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 such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Market Risks - Currency Risk

Orvana's functional currency is the US dollar. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Currency risk arises when future recognized assets or liabilities are denominated in a currency that is not the Company's functional currency and may impact the fair values thereof or future cash flows of the Company's financial instruments. Exchange rate fluctuations may also affect the costs that the Company incurs in its operations. The Company does hedge a portion of its foreign currency exposure as a requirement under the EVBC Loan.

For the US dollars/Euro contracts outstanding at December 31, 2012, if the forward rates of the US dollar against the Euro weakened or strengthened by 10% than those used in the financial instruments loss calculation while all other variables remained constant, the net income for the first fiscal quarter of 2013 would have been approximately $4,017 higher or lower as a result of changes in the fair value of these financial instruments.

Market Risks - Commodity Price Risks

The Company is primarily exposed to gold and copper commodity price risk. The Company, in accordance with the requirements of the EVBC Loan, has hedged a portion of its gold and copper production which facilitates the management of certain of its price risk.

For the gold forwards financial instruments outstanding at December 31, 2012, if the forward market prices of gold had been 10% lower or higher than those used in the gold forwards financial instruments gain calculation while all other variables remained constant, the net income for the first quarter of fiscal 2013 would have increased or decreased by approximately $3,328 as a result of changes in the fair value of these financial instruments.

At December 31, 2012, if the forward market prices of gold had been 10% lower than those used in the gold collars financial instruments loss calculation while all other variables remained constant, the net income for the first quarter of fiscal 2013 would have increased by approximately $4,613 as a result of changes in the fair value of these financial instruments. If the forward market prices of gold had been 10% higher than those used in the gold collars financial instruments loss calculation while all other variables remained constant, the net income for the first quarter of fiscal 2013 would have decreased by approximately $4,525 as a result of changes in the fair value of these financial instruments.

For the copper forwards outstanding at December 31, 2012, if the forward market prices of copper had been 10% lower or higher than those used in the copper financial instruments gain calculation while all other variables remained constant, the net income for first quarter of fiscal 2013 would have increased or decreased by approximately $5,041 as a result of changes in the fair value of these financial instruments.

Market Risks - Interest Rate Risk

The Company's cash flows interest rate risk arises from short and long-term borrowings. During fiscal 2013 and 2012, although a significant portion of the Company's borrowings and investments were at variable rates, variable rates such as LIBOR have not varied materially in the last two years and are not expected to do so in the near future.

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 and gold doré sales, value-added tax receivables and a government subsidy receivable from the Spanish government in connection with the completed development of the EVBC Mine. The Company has a concentration of credit risk with three customers to which gold-copper concentrate and gold doré are sold under agreements and who provide provisional payments to the Company upon each product shipment. These institutions are international and most are large with strong credit ratings. Value-added taxes receivables are collectable from the Bolivian and Spanish governments. Management believes that the credit risks with respect to financial instruments attributable to concentrate and gold doré sales receivables, value-added taxes receivables and cash and cash equivalents are minimal. The government subsidy receivable is collectable by the Company over a three year period from the Spanish government. The Company received one-third of this subsidy in January 2013.

The Company has entered into its outstanding financial instruments pursuant to the EVBC Loan with one counterparty that is a large international financial institution with a strong credit rating.

Liquidity and Financing

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 and compliance with debt covenants among other factors. Financing risk is the risk that if unanticipated events occur that may impact the operations of the EVBC Mine and the UMZ Mine and/or if the Company does not have adequate access to financing on terms acceptable to the Company, the Company may not have adequate resources to maintain its operations or advance its projects as currently anticipated. For a discussion relating to the Company's liquidity and liquidity and financing risks, please see "Cash Flows, Commitments and Liquidity - Liquidity" above.

Other Risks

Development and Operation of Mines

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

Mineral Resources and Reserves

Mineral reserves and resources provided by the Company are estimates and no assurances can be given that the indicated amount will be mined or milled. Estimated reserves and resources may have to be recalculated based on actual production experience and the prevailing prices of the metals produced.

Production Estimates

No assurance can be given that production estimates will be achieved. The Company's actual production may vary from estimates for a variety of reasons including: attributes of the material mined varying from those used in estimations of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to mineral resources; risks and hazards associated with mining; inclement weather conditions; natural disasters, including floods, drought and earthquakes; and unexpected labour shortages or disruptions. Also, operations may not meet expectations due to unanticipated technical issues or shutdowns.

Production Costs and Metals Prices

The economics of mining mineral deposits are affected by many factors, including variations in the grade of ore mined or milled, the cost of operations and fluctuations in the sales price of products. The value of the Company's mineral properties is heavily influenced by metal prices, particularly the prices of copper, gold and silver. Metal prices can and do change significantly over short periods of time and are affected by numerous factors beyond the control of the Company, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's properties can be mined profitably. Depending on the price received for minerals produced, the Company may determine that it is impractical to commence or continue commercial production. The grade of any ore ultimately mined from a mineral deposit may differ from that predicted from drilling results or past production. Production volumes and costs can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, shortages or interruptions in the supply of natural gas, water or fuel, unusual or unexpected geological formations and work interruptions. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on the results of operations. Moreover, there can be no assurance that because minerals are recovered in small-scale laboratory tests that similar recoveries will be achieved under production scale conditions.

Regulatory Requirements

The Company is operating the EVBC Mine in Spain and the UMZ Mine in Bolivia and is permitting the Copperwood Project in Michigan, USA. As a result, the Company is subject to the laws and governmental regulations in those countries as well as those in Canada. Changes to such laws or governmental regulations, including with respect to matters such as environmental protection, repatriation of profits, restrictions on production, export controls, expropriation or nationalization of property or limitations on foreign ownership, could have a material adverse effect on the Company's results of operations or financial condition.

Political and Related Risks

Orvana's international assets and operations are subject to various political, economic and other uncertainties, including, among other things, risks of political instability and changing political conditions, labour and civil unrest, acts of terrorism, expropriation, nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts; adverse changes in mining, taxation or other laws and policies and foreign exchange and repatriation restrictions; restrictions on foreign investment in or ownership of resources; and trade barriers or restrictions. The Company also may be hindered or prevented from claiming against or enforcing its rights with respect to a government's action because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict political or social conditions or developments or changes in laws or policy or to what extent, if any, such conditions, developments or changes may have a material adverse effect on the Company's operations. Moreover, it is possible that deterioration in economic conditions or other factors could result in a change in government policies respecting the presently unrestricted repatriation of capital investments and earnings.

In Bolivia, in view of the Constitution enacted on February 7, 2009, recent and anticipated changes to mining laws and policies and mining taxes, and the composition of the Company's shareholder base, there could be changes in governmental regulation or governmental actions that adversely affect the Company. The Constitution could have adverse implications for the Company.

The Bolivian Constitution provides that the Government shall grant mining rights by means of mining contracts, in place of the previously established process of granting mining concessions. The Transitory Provisions of the Bolivian Constitution provide a process for the migration of mining concessions into mining contracts. According to the Constitution, previously acquired rights under mining concessions will be respected but are subject to this migration process. Although the Government has not yet adopted the new Mining Code, Supreme Decree 0726 dated December 6, 2010 provides in its only article, that since the approval of such Supreme Decree, the mining concessions that were granted before December 6, 2010 are adequate for the constitutional provisions in force, and are transitioned automatically into Special Provisional Authorizations until such migration is executed under the regulation to be issued. The Supreme Decree also provides that "the automatic transformation mentioned in this paragraph, guarantees the acquired rights". The migration of mining concessions into mining contracts may mean that the Bolivian government's economic participation in the UMZ Mine may increase beyond the state royalties to which the UMZ Mine is subject as at the date of this MD&A.

An official draft of a new Mining Code is expected to be circulated by the Government to the mining sector in the near future. However, legislation has yet to be passed into law and underlying regulations providing the framework for the draft Mining Code have yet to be developed. Thus, its potential effect on future mining activities and the Company's mineral concessions remains unclear.

Global Economic Issues

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

Other Risk Factors

For additional information regarding risks relating the Company and its operations, including additional risk factors, please see the Company's Annual Information Form, which is available on SEDAR at www.sedar.com and on the Company's website at www.orvana.com.

OTHER INFORMATION

Critical Accounting Estimates

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

Net Realizable Amounts of Property, Plant and Equipment

At December 31, 2012, the net book value of the property, plant and equipment in respect of the UMZ Mine and the EVBC Mine amounted to $32,494 and $145,813, 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, an ore body where a 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 the estimated remaining ore; gold, copper and silver prices; and cash operating costs.

Exploration and development expenditures are capitalized once management of the Company has determined that there is a reasonable expectation of economic extraction of minerals from the property. At December 31, 2012, the capitalized costs for the Copperwood Project amounted to $19,591. The Company continues to move the Copperwood Project through permitting as discussed under "Overall Performance - Copperwood Project."

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

Decommissioning Liabilities

Decommissioning liabilities relate to the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Mine facilities include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination. It is possible that the Company's estimates of the ultimate amounts required to decommission its mines could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves. The following table sets out the estimates of the undiscounted and discounted cash flows required to settle such decommissioning liabilities in respect of the EVBC Mine and the UMZ Mine at December 31, 2012. These estimates were prepared by management with the use of independent third party experts.

At December 31, 2012	Undiscounted Cash Flows Required to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
EVBC Mine (1)	$5,918	5.7%	$3,745
UMZ Mine (1)	5,556	2.8%	4,191
Total	$11,474		$7,936

(1) Accretion expense is recorded using the discount interest rate set out above. It is expected that these amounts will be incurred in 2019 through 2022 in respect of the UMZ Mine and the EVBC Mine, respectively. 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 stock-based compensation expense of $96 for the first quarter of fiscal 2013 compared to $163 for the same period of the prior year. The stock-based compensation expense is based on an estimate of the fair value of the stock options issued and expensed over the vesting period. The accounting for stock options requires estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Long-term Compensation

The Company has established a Deferred Share Unit ("DSU") plan for its directors, with each DSU having the same value as a Common Share. Under the DSU plan, directors receive a portion of their annual compensation in the form of DSUs. The DSUs vest immediately and are redeemable in cash when the individual ceases to be a director. The fair value of amounts granted each period together with changes in fair value is expensed in the period.

The Company has established a Restricted Share Unit ("RSU") plan for designated executives, with each RSU having the same value as a Common Share. Under the RSU plan, certain executives may be awarded a portion of their bonus compensation in RSUs. The RSUs are redeemable in cash upon vesting. The fair value of amounts granted each period together with changes in fair value are expensed in the period.

Impairment

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

Management of the Company has assessed its CGUs to be each country that it operates in (EVBC Mine, UMZ Mine and the Copperwood Project), which is the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets. Management projected cash flows over the remaining life-of-mine in respect of the EVBC Mine and the UMZ Mine using forecasted production and costs per the 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 December 31, 2012 included commodity prices, operating costs, capital expenditures, foreign exchange rates and discount rates.

Although the total market capitalization of the Company's publically listed common shares declined to below the carrying amount of Orvana's net assets at December 31, 2012 of $139,561, following the completion of an impairment test in respect of each CGU, the Company estimates that the net recoverable amounts are greater than the carrying values of such assets and, as such, there has been no impairment of such carrying values.

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. 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 December 31, 2012.

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.

Non-IFRS Measures

Unit Costs

Throughout this MD&A, the Company has used certain non-IFRS measures including Total Cash Costs (by-product), Total Production Costs (by-product) and Total Cash Costs (co-product) because it understands that certain investors use this information to determine the Company's ability to generate earnings and cash flows. The Company believes that conventional measures of performance defined by IFRS do not fully illustrate this ability. These measures are intended to provide additional information only and are not necessarily indicative of cost of sales as determined under IFRS and may not be comparable to similar measures presented by other companies which may be calculated differently.

Total Cash Costs (net of by-product revenue) and Total Production Costs (net of by-product revenue) are calculated using guidance issued by the Gold Institute now incorporated into the National Mining Association. These calculations may vary from company to company and may not be comparable to other similarly titled measures of other companies. Total Cash Costs (net of by-product revenue) include mining, milling, administration, transportation, treatment and selling costs, royalties, including the EVBC Royalty, and are net of by-product credits from the sale of copper and silver. Capitalized development costs and realized and unrealized gains/losses from the Company's financial instruments are not included in the calculations of Total Cash Costs (net of by-product revenue). Total Production Costs (net of by-product revenue) include Total Cash Costs (by-product) plus depreciation and depletion costs.

The following table reconciles the Total Cash Costs (by-product) per gold ounce sold for the EBVC Mine to the most directly comparable IFRS measures for each quarter of the periods set out below:

EVBC Mine	**Q1 2013**	**Q4 2012**	**Q1 2012**	**2012**
Cost of sales (1)	**$9,731**	$13,156	$12,507	$47,615
Transportation, treatment charges and deductions	**$1,622**	$1,799	$555	$6,093
Gross by-product credits	**($3,938)**	($5,272)	($2,764)	($17,107)
Total Cash Costs	**$7,415**	$9,685	$10,298	$36,601
Divided by: gold ounces sold	**8,759**	13,457	8,276	42,838
Total Cash Costs per gold ounce sold	**$847**	$720	$1,244	$854
Depreciation and amortization per gold ounce sold (2)	**$206**	$267	$215	$217
Total Production Costs per gold ounce sold (2)	**$1,053**	$987	$1,459	$1,071

(1) Includes the EVBC Royalty and does not include (i) depreciation and amortization, (ii) capitalized development, or (iii) realized and unrealized gains/losses from the Company's financial instruments.

(2) Total production costs (by-product) for the fourth quarter of fiscal 2012 include a depreciation and amortization adjustment recorded in the period in respect of fiscal 2012 representing approximately $85 per ounce of gold sold.

As a result of gross revenue from sold gold and silver representing more than 40% or more of total gross revenue from the UMZ Mine in a reporting period and for better costs comparisons to other mines, the Company is now reporting Total Cash Costs (co-product) per pound of copper and per ounce of gold and silver sold for the periods presented. Total Cash Costs (co-product) include (i) mining, milling, administration, treatment, transportation and penalties allocated to the Total Cash Costs for each metal based on the percentage of gross revenue that each quantity of metal sold in the period represents of total gross revenue for the period, and (ii) refining charges, metallurgical deductions and the UMZ Royalties allocated to the Total Cash Costs (co-product) in respect of each metal based on actual costs related to each quantity of metal sold in the period.

The following table reconciles the Total Cash Costs (co-product) per pound of copper and per ounce of gold and silver sold for the UMZ Mine to the most directly comparable IFRS measures for each of the periods set out below:

UMZ Mine (1)	**Q1 2013**	**Q4 2012**	**2012**
Cost of sales (2)	**$8,892**	$11,581	$35,958
Transportation, treatment charges and deductions	**$6,649**	$6,321	$16,452
Gross by-product credits	**(260)**	(343)	(343)
Total Cash Costs	**$15,281**	$17,559	$52,067
Total Cash Costs (co-product) for copper	**$6,612**	$7,711	$25,717
Divided by: copper pounds sold	**3,262**	4,018	10,778

Total Cash Costs (co-product) per copper pound sold	**$2.03**	$1.92	$2.39
Total Cash Costs (co-product) for gold	**$4,444**	$4,989	$13,960
Divided by: gold ounces sold	**4,276**	5,147	12,215
Total Cash Costs (co-product) per gold ounce sold	**$1,039**	$969	$1,143
Total Cash Costs (co-product) for silver	**$4,225**	$4,859	$12,390
Divided by: silver ounces sold	**211,237**	260,054	563,311
Total Cash Costs (co-product) per silver ounce sold	**$20.00**	$18.69	$22.00

(1) The UMZ Mine was not in commercial production in the first quarter of fiscal 2012.

(2) Includes the UMZ Royalties and does not include (i) depreciation and amortization, or (ii) capitalized development.

(3) Total Cash Costs for each metal are allocated based on the percentage of gross revenue that each quantity of metal sold in the period represents of total gross revenue for the period. Refining charges, metallurgical deductions and the UMZ Royalties are allocated to the Total Cash Costs (co-product) in respect of each metal based on actual costs related to each quantity of metal sold in the period.

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

The Company has included adjusted net income (loss) and adjusted net income (loss) per share as non-IFRS performance measures in this MD&A. Adjusted net income (loss) excludes unrealized gains/losses recognized as a result of the revaluation of Orvana's outstanding financial instruments at the end of the period and the deferred income tax impact relating thereto as well as the EVBC Debenture Conversion in respect of fiscal 2012. The Company excludes these items from net income or net loss to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of adjusted net income (loss) and adjusted net income (loss) per share to the Q1 Financials:

	Q1 2013	Q1 2012	**2012**
Net income (loss) per consolidated financial statements	**$13,651**	($4,505)	($2,353)
Less tax-adjusted unrealized (gains) losses on financial instruments	**($9,310)**	$1,251	$14,695
EVBC Debenture Conversion	**-**	-	$3,132
Adjusted net income (loss)	**$4,341**	($3,254)	$15,474
Weighted average shares outstanding (000s)	**136,618**	136,743	136,852
Adjusted net income (loss) per share (basic and diluted)	**$0.03**	($0.02)	$0.11

Other Information

Other operating and financial information, including the Company's Annual Information Form, is available in public disclosure documents filed 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, potential future events or performance (often, but not always, using words or phrases such as "believes", "expects" "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.

Forward-looking statements relate to, among other things, all aspects of the operation of the EVBC Mine, the UMZ Mine and the development of the Copperwood Project in Michigan and their potential production; the outcome and timing of decisions with respect to whether and how to proceed with such development and production; the timing and outcome of any such development and production; estimates of future capital expenditures; mineral resource and reserve estimates; estimates of permitting time lines; statements and information regarding future feasibility studies and their results; production sales forecasts; future transactions; future gold, copper and silver prices; the ability to achieve additional growth and geographic diversification; future production costs; future financial performance, including the ability to increase cash flow and profits or reduce losses; future financing requirements; and mine development plans including mine life estimates.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the EVBC Mine, the UMZ Mine or the Copperwood Project 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; sales being realized as contemplated; 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 prices 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; risks generally associated with mineral exploration and development, including the Company's ability to develop and operate the EVBC Mine, the UMZ Mine or the Copperwood Project; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to obtain financing when required on terms that are acceptable to the Company; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions in the jurisdictions in which the Company operates; general economic conditions worldwide; and the risks identified in this MD&A 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 Annual Information Form 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 project 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.

The forward-looking statements made in this MD&A are intended to provide an overview of management's expectations with respect to certain future operating activities of the Company and may not be appropriate for other purposes.

Mineral Reserves and Resources

All mineral reserves and resources referenced in this MD&A are determined in accordance with NI 43-101. Whereas terms associated with various categories of "reserve" or "resource" are recognized and required by Canadian regulations, they may not have equivalent meanings in other jurisdictions outside Canada and no comparison should be made or inferred. Actual recoveries of mineral products may differ from mineral reserves and resources due to inherent uncertainties in acceptable estimating techniques. In particular, “indicated” and “inferred” mineral resources have a great amount of uncertainty as to their existence, economic and legal feasibility. It cannot be assumed that all or any part of an “indicated” or “inferred” mineral resource will ever be upgraded to a higher category of resource. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves.

Qualified Person: The technical disclosure in this MD&A has been reviewed by W.C. Williams, Ph.D., CPG, President and Chief Executive Officer of the Company, who is a qualified person, but not independent, for the purposes of NI 43-101.