ORVANA
MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS - THIRD QUARTER ENDED JUNE 30, 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 and nine months ended June 30, 2012.

The MD&A complements and supplements the unaudited consolidated interim financial statements and related notes as at and for the three and nine months ended June 30, 2012 (the "Q3 Financials") and the audited consolidated financial statements and related notes for the fiscal year ended September 30, 2011 (the "Audited Financials") and should be read in conjunction therewith.

The Q3 Financials are presented in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). The transition to IFRS required a restatement of the Company's fiscal 2011 financial information from its original Canadian GAAP basis such that the fiscal 2011 comparative information presented in the financial statements and the MD&A reflect accounting policies consistent with IFRS. Financial information for periods prior to October 1, 2010 have not been restated for the changes in accounting policies resulting from the adoption of IFRS. For the purposes of this MD&A, the term "Canadian GAAP" refers to Canadian generally accepted accounting principles for the Company before the adoption of IFRS. Readers of the MD&A should refer to "Changes in Accounting Policies" below and to the explanation of the impact of the transition from Canadian GAAP to IFRS on the Company's consolidated financial statements in note 25 to the accompanying Q3 Financials.

In this MD&A, all dollar amounts (except per unit amounts) are in thousands of United States dollars unless otherwise stated. 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 August 10, 2012, unless otherwise stated.

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.

The technical reports referred to herein have been prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101") and are available on SEDAR (www.sedar.com) and on the Company's website at www.orvana.com together with additional information about Orvana. See "Other Information - Reserves and Resources" in this MD&A.

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

Orvana

Orvana has transformed itself from a single-mine gold producer into a multi-mine gold and copper producer. Orvana's primary asset is the El Valle-Boinás/Carlés Mine (the "EVBC Mine"), a gold-copper-silver mine located in northern Spain. Orvana also owns and operates the Upper Mineralized Zone at the Don Mario Mine (the "UMZ Mine"), a gold-copper-silver mine located in Bolivia. In addition, Orvana completed an NI 43-101 compliant feasibility study and received a mining permit from the Michigan Department of Environmental Quality for its Copperwood copper project (the "Copperwood Project") located in Michigan, USA. Orvana's focus is currently on its operations; however, the Company continues to consider possible growth or value realization opportunities.

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

Q3 2012 Highlights

- Production of 18,344 ounces of gold, 5.1 million pounds of copper and 248,908 ounces of silver and sales of 16,842 ounces of gold, 5.5 million pounds of copper and 284,440 ounces of silver from the Company's EVBC Mine in Spain and the Company's UMZ Mine in Bolivia, which were not in commercial production during the prior year third quarter. (1)
- Consolidated net revenue of $43,691 compared to $1,752 in the third quarter of fiscal 2011.
- Net income of $12,118 and adjusted net income of $3,611 compared to a net loss of $6,304 and an adjusted net loss of $6,764 in the third quarter of fiscal 2011, respectively. (2)
- Net cash flows provided by operating activities of $12,336 compared to net cash flows used in operating activities of $4,496 in the third quarter of fiscal 2011 and net cash flows provided by operating activities before changes in non-cash working capital of $10,929 compared to net cash flows used in operating activities of $1,610 in the same period in 2011. (2)
- Cash and cash equivalents at June 30, 2012 of $11,094 and short-term restricted cash of $14,626.
- Executive management changes with the appointment of Daniella Dimitrov as Chief Financial Officer of the Company and Mauricio Perȯ as Executive Vice President of Empresa Minera Paititi, the Company's wholly-owned Bolivian subsidiary which holds the rights to the UMZ Mine.

(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. 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 operational and financial performance include ore reserves, grades and recoveries, prices of inputs and supplies including energy, cost management, mine development and capital spending programs, quantities of metal produced and sold, gold, copper and silver prices, foreign exchange rates, financial instruments and tax rates.

The Company's operating and financial performance for the three and nine months ended June 30, 2012 and 2011 are summarized in the table below:

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Operating Performance (1)				
Gold				
Production (oz)	**18,344**	-	**40,773**	9,894
Sales (oz)	**16,842**	1,297	**36,448**	10,659
Average realized price/oz (2)	**$1,614**	$1,351	**$1,655**	$1,361
Copper				
Production ('000 lbs)	**5,080**	-	**11,307**	-
Sales ('000 lbs)	**5,454**	-	**9,470**	-
Average realized price/lb (2)	**$3.37**	-	**$3.56**	-
Silver				
Production (oz)	**248,908**	-	**439,199**	-
Sales (oz)	**284,440**	-	**380,358**	-
Average realized price/oz (2)	**$27.07**	-	**$28.18**	-
Financial Performance				
Revenue	**$43,691**	$1,752	**$90,309**	$14,509
Cost of sales	**$32,660**	$1,738	**$69,895**	$12,160
Gross margin	**$11,031**	$14	**$20,414**	$2,349
Derivatives gain (loss)	**$10,621**	$656	**($8,602)**	($30,750)

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Net income (loss)	**$12,118**	($6,304)	**($346)**	($29,343)
Net income (loss) per share (basic and diluted)	**$0.09**	($0.05)	**$0.00**	($0.25)
Adjusted net income (loss) (3)	**$3,611**	($6,764)	**$3,149**	($7,818)
Adjusted net income (loss) per share (basic and diluted) (3)	**$0.03**	($0.06)	**$0.02**	($0.07)
Operating cash flows	**$12,336**	($4,496)	**$12,088**	($12,714)
Operating cash flows before non-cash working capital changes (3)	**$10,929**	($1,610)	**$18,823**	($1,046)
Ending cash and cash equivalents	**$11,094**	$16,896	**$11,094**	$16,896
Restricted cash (short-term)	**$14,626**	-	**$14,626**	-
Capital expenditures (4)	**$8,377**	$20,286	**$25,146**	$44,871

(1) Metal production and sales are from the EVBC Mine and the UMZ Mine.

(2) Realized metal prices are calculated by dividing gross revenue recorded for the period, before deduction of treatment and refinement charges of $9,577, 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 nine months ended June 30, 2012 recorded in Q3 Financials are $18,764. This includes capital expenditures for the UMZ Mine for the nine months ended June 30, 2012 of $806 adjusted by a decrease of $6,382 for a total net decrease of $5,576 due to adjustments in the second and third quarters of fiscal 2012 for (i) costs that were initially capitalized but subsequently reclassified as inventory of $4,860, (ii) costs that were initially capitalized, but subsequently reclassified as cost of sales of $904, and (iii) revenue from production sold prior to reaching commercial production.

The EVBC Mine and the UMZ Mine were not in commercial production during the third quarter of fiscal 2011 reaching commercial production in August 2011 and January 2012, respectively. Accordingly comparative information, although provided, is not as meaningful.

Three Months Ended June 30, 2012 Compared to Three Months Ended June 30, 2011

Net revenue for the third quarter ended June 30, 2012 was $43,691 on sales of 16,842 ounces of gold, 5.5 million pounds of copper and 284,440 ounces of silver from the EVBC Mine and the UMZ Mine, compared to $1,752 on sales of 1,297 ounces of gold from the Don Mario Mine Las Tojas open pit mine during the same period of the prior year. Average gold, copper and silver prices realized during the third quarter were $1,614 per ounce, $3.37 per pound and $27.07 per ounce, respectively.

Cost of sales was $32,660 including depreciation and amortization of $4,803. Gross margin for the third quarter was $11,031 or 25.2% compared to $14 for the same period of the prior year.

Expenses before derivatives gain (loss) were $2,615 for the third quarter ended June 30, 2012 compared to $7,232 for the same period a year ago. General and administrative expenses at $1,389 were lower compared to $6,950 for the same period of the prior year primarily as a result of stock-based consideration expense of $5,214 in connection with common shares issued to the Company's majority shareholder Fabulosa Mines Limited ("Fabulosa") in consideration of amendments to its pre-emptive rights agreement and provision to the Company of a bridge loan in the third quarter of fiscal 2011. Finance costs for the third quarter of fiscal 2012 were $1,147 compared to $78 for the same period in 2011 as a result of interest on the EVBC Loan (defined below) being capitalized in the prior year and expensed this fiscal year now that the EVBC Mine is in commercial production.

The Company recorded a before-tax derivatives gain of $10,621 for the three months ended June 30, 2012 (June 30, 2011 - $656). This gain resulted from the unrealized fair value adjustments relating to the Company's outstanding derivative instruments at June 30, 2012 of $12,152, partially off-set by cash settlements of $1,531 in respect of the derivative instruments that matured during this third quarter. The related deferred income tax expense was $3,186 (June 30, 2011 - $197).

The provision for income taxes in the third quarter of 2012 of $6,919 (June 30, 2011 - a recovery of $258) increased due to higher income and the deferred tax expense on gains relating to the mark-to-market revaluation of the Company's outstanding derivative instruments.

Net income for the third quarter ended June 30, 2012 was $12,118 (June 30, 2011 - net loss of $6,304) or $0.09 per share (June 30, 2011 - net loss per share of $0.05) due primarily to the EVBC Mine and the UMZ Mine being in commercial production during this period in fiscal 2012 and the before-tax derivatives gain of $10,621 related to the unrealized mark-to-market revaluation and cash settlement of the Company's derivative instruments during the third quarter. Adjusted net income not including the unrealized gain from the revaluation of the Company's derivative instruments and the tax effect thereof was $3,611 in the third quarter of 2012 (June 30, 2011 - adjusted net loss of $6,764) or $0.03 per share (June 30, 2011 - adjusted net loss per share of $0.06).

Nine Months Ended June 30, 2012 Compared to Nine Months Ended June 30, 2011

Net revenue for the nine month period ended June 30, 2012 was $90,309 on sales of 36,448 ounces of gold, 9.5 million pounds of copper and 380,358 ounces of silver from the EVBC Mine and the UMZ Mine, compared to $14,509 on sales of 10,659 ounces of gold from the Don Mario Mine Las Tojas open pit mine during the same period of the prior year. Average gold, copper and silver prices realized during the nine months ended June 30, 2012 were $1,655 per ounce, $3.56 per pound and $28.18 per ounce, respectively.

Cost of sales was $69,895 including depreciation and amortization of $11,059. Gross margin for the nine months ended June 30, 2012 was $20,414 or 22.6% compared to $2,349 for the same period of the prior year.

Expenses before derivatives gain (loss) were $9,091 for the nine month period ended June 30, 2012 compared to $11,757 for the same period a year ago. General and administrative expenses at $5,239 were lower compared to $10,581 for the same period a year ago primarily as a result of stock-based consideration expense of $5,214 in connection with common shares issued to the Company's majority shareholder Fabulosa in consideration of amendments to its pre-emptive rights agreement and provision to the Company of a bridge loan in the third quarter of fiscal 2011. Finance costs for the nine months ended June 30, 2012 were $3,349 compared to $415 for the same period in 2011 as a result of interest on the EVBC Loan being capitalized in the prior year and expensed this fiscal year now that the EVBC Mine is in commercial production.

The Company recorded a before-tax derivatives loss of $8,602 for the nine months ended June 30, 2012 (June 30, 2011 - loss of $30,750) resulting from unrealized fair value adjustments relating to the Company's outstanding derivative instruments at June 30, 2012 of $4,992 and cash settlements costs of $3,610 in respect of the derivative instruments that matured during the first three quarters of 2012. The related deferred income tax recovery was $2,581 (June 30, 2011 - $9,225).

The provision for income taxes for the nine months ended June 30, 2012 of $3,067 (June 30, 2011 - tax recovery of $10,815) increased due to greater income from metal sales from the EVBC Mine and the UMZ Mine and deferred tax recoveries relating to the mark-to-market revaluation of the Company's outstanding derivative instruments.

Net loss for the nine months ended June 30, 2012 was $346 (June 30, 2011 - net loss of $29,343) or $0.00 per share (June 30, 2011 - net loss per share of $0.25). The lower net loss is due primarily to operating profits from the EVBC Mine and the UMZ Mine as a result of being in commercial production in fiscal 2012, off-set by the derivative loss of $8,602 related to the unrealized mark-to-market revaluation and cash settlement costs associated with the Company's derivative instruments during this period. Adjusted net income not including the unrealized loss from the revaluation of the Company's derivative instruments and the tax effect thereof was $3,149 for the nine months ended June 30, 2012 (June 30, 2011 - adjusted net loss of $7,818) or $0.02 adjusted earnings per share (June 30, 2011 - adjusted net loss per share of $0.07).

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 three and nine months ended June 30, 2012. The EVBC Mine was not in commercial production during the third quarter of fiscal 2011 reaching commercial production in August 2011. Accordingly comparative 2011 information has not been provided.

	Q3 2012	YTD 2012
Operating Performance		
Ore mined (tonnes)	**161,115**	429,568
Ore milled (tonnes)	**150,711**	401,255
Gold		
Grade (g/t)	**3.09**	2.72
Recovery (%)	**93.4**	92.2
Production (oz)	**13,983**	32,399
Sales (oz)	**11,358**	29,380
Copper		
Grade (%)	**0.51**	0.42
Recovery (%)	**86.5**	84.3
Production ('000 lbs)	**1,468**	3,151
Sales ('000 lbs)	**934**	2,710
Silver		
Grade (g/t)	**10.43**	9.39
Recovery (%)	**78.4**	76.2
Production (oz)	**39,621**	92,395
Sales (oz)	**36,465**	77,101
Total cash costs (by-product) ($/oz of gold sold) (1)	**$806**	$916
Financial Performance		
Revenue	**$20,845**	$56,521
Cost of sales (2)	**$16,394**	$42,243
Derivatives (gain) loss (1)	**($10,621)**	$8,602
Income (loss) before-tax	**$15,100**	$3,455
Adjusted income (loss) before-tax	**$2,948**	$8,447
Capital expenditures	**$7,507**	$21,075

(1) Total cash costs (by-product) per ounce and adjusted net income are non-IFRS financial 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 of $1,531 before tax in connection with derivative instruments settled during the third quarter of fiscal 2012 but does not include the mark-to-market fair value adjustments of the Company's remaining derivative instruments. See also "Other Information - Financial Instruments" below.

(2) Includes $2,134 of costs that were incurred in the second quarter of fiscal 2012 but were recorded in the third quarter of fiscal 2012.

Operating Performance

The developments in both the Carles and Boinás mines are progressing well. The new lower area in the Carles Mine (-100 metre) started production during the third quarter of fiscal 2012. In the Boinás Mine, the development and production from the higher grade San Martín area are ongoing. Head grades from both mines are improving. The shaft is now in the process of being commissioned.

During the third quarter of 2012, the EVBC Mine produced 13,983 ounces of gold, 1.47 million pounds of copper and 39,621 ounces of silver for a total of 32,399 ounces of gold, 3.15 million pounds of copper and 92,395 ounces of silver for the nine months ended June 30, 2012.

Starting in this MD&A, the Company is reporting "Total Cash Costs (by-product)" per gold ounce sold rather than per gold ounce produced for the periods presented in order to conform its presentation of unit costs for the EVBC Mine to other gold producers. Total Cash Costs (by-product) are calculated using guidance issued by the Gold Institute and include mining, milling, administration, transportation, treatment and selling costs, royalties 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 derivative instruments are not included in these calculations. Total Cash Costs (by-product) per gold ounce is a non-IFRS performance measure with no standard definition under IFRS. For further information including the calculation of Total Cash Costs (by-product) and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of this MD&A. Total Cash Costs (by-product) were $806 per gold ounce sold for the third quarter of 2012.

Financial Performance

Net revenue from the EVBC Mine for the three months ended June 30, 2012 was $20,845 based on sales of 11,358 ounces of gold, 0.93 million pounds of copper and 36,465 ounces of silver.

The cost of sales during the quarter was $16,394 including depreciation and depletion expense. These costs are higher by $2,134 due to costs that were incurred in the second quarter of fiscal 2012 being recorded in the third quarter of fiscal 2012. A decrease in the Euro relative to the US dollar combined with improved mine production and sales positively impacted the financial performance of the EVBC Mine. This was off-set by a lower realized price per gold ounce towards the end of the third quarter.

Income before tax for the third quarter was $15,100. Adjusted income before tax was $2,948. Adjusted income before tax includes cash settlements of $1,531 in respect of the derivative instruments that matured during the period, but does not include the before-tax gain resulting from the unrealized fair value adjustments relating to the Company's outstanding derivative instruments at June 30, 2012.

Total capital expenditures at the EVBC Mine during the third quarter were $7,507 consisting of $2,775 for mine development, $3,196 for construction in progress generally relating to the construction of the shaft and $1,536 relating to mining properties and sustaining capital.

Reserves and Resources Estimates

In February 2012, the Company announced updated resource and reserve estimates, operations, and drill results for the EVBC Mine in the "Technical Report for the El Valle/Boinás-Carlés Gold Deposits: Updated Reserve Estimate and Mine Plan". This report was prepared by Ore Reserves Engineering of Denver, Colorado, under the supervision of A. Noble, P.E., and A. Wheeler, C.Eng., both of whom are independent qualified persons for the purposes of NI 43-101 and 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.

The updated resource estimate included an additional 72 drill holes for 8,770 metres drilled from September 2010 through August 2011. Based on a 2-gram per tonne gold cutoff, measured and indicated gold ounces are about 1.3 million, an increase of 95,000 ounces from the Company's previous resource estimate. The inferred gold resources are over 1.3 million ounces. The table below summarizes the updated resource estimate.

EVBC Resources Estimate – August 2011 (2 g/t gold cut-off)

	Measured			Indicated			Inferred		
	Tonnes (000s)	Au g/t	Cu %	Tonnes (000s)	Au g/t	Cu %	Tonnes (000s)	Au g/t	Cu %
Boinas Oxides	-	-	-	2,290	7.07	0.52	3,939	5.51	0.35
Boinas Skarns	1,976	3.85	0.81	2,246	4.08	0.76	2,894	4.40	0.48
Carles	731	4.35	0.59	1,079	3.87	0.42	1,562	4.20	0.35
Total EVBC	2,707	3.99	0.75	5,615	5.26	0.60	8,395	4.88	0.39
Measured & Indicated	8,322	4.84	0.65						

(1) Silver grades are not reported because silver resources were not estimated for all ore bodies within the three zones.

An updated reserve estimate and mine plan was developed based on the updated resource estimate.

EVBC Reserves Estimate - August 2011 (2 g/t gold cut-off)

	Proven			Probable			Proven & Probable		
	Tonnes (000s)	Au g/t	Cu %	Tonnes (000s)	Au g/t	Cu %	Tonnes (000s)	Au g/t	Cu %
Boinas Oxides	-	-	-	2,586	4.37	0.35	2,586	4.37	0.35
Boinas Skarns	1,557	2.88	0.66	1,982	2.78	14.94	3,539	2.83	0.70
Carles	361	3.36	0.61	1,180	2.34	0.30	1,541	2.58	0.37
Total EVBC	1,918	2.97	0.65	5,748	3.40	0.47	7,666	3.30	0.52

(1) Silver grades are not reported because silver reserves were not estimated for all ore bodies within the three zones.

It was decided to bulk mine the El Valle/Boinás skarns by longhole stoping methods, followed by backfill in certain areas. The bulk mining of the skarns requires less development for stope preparation and results in greater productivity. In addition, drill-and-blast methods will be replaced by mechanized mining methods for exploitation of the subvertical, higher grade gold, oxide mineralization; although dilution is expected to be less than that planned for drill-and-blast mining, dilution factors remain conservative.

Since September 2010, the Company has been drilling from underground locations with three drill rigs and added two more drill rigs during the third quarter. The drilling during the third quarter of fiscal 2012 focused on delineating known resource and stope definition.

UMZ Mine

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. (“EMIPA”), the Company owns and operates the UMZ Mine in eastern Bolivia. Fiscal 2009 marked the last year of production from the Company’s low cost underground Lower Mineralized Zone 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 thus revenue therefrom was recorded as revenue for the full second and third quarters of fiscal 2012.

A Leach-Precipitation-Flotation (“LPF”) circuit, which included conventional flotation circuits, was installed to process the ore from the UMZ Mine. As a result of higher than expected acid consumption, it was realized that the LPF process could not be run at more than 2,000 tonnes per day on a continuous basis as the sulphuric acid plant could not supply the necessary quantities to operate the mill at high availability. 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. As a result of the low copper recovery, gold-silver doré cannot be produced. 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 three and nine months ended June 30, 2012. The UMZ Mine was not in commercial production during the third quarter of fiscal 2011 reaching commercial production in January 2012. Accordingly comparative 2011 information has not been provided.

	Q3 2012			YTD 2012		
	LPF/ Oxides	**Flotation/ Transition**	**Total**	**LPF/ Oxides**	**Flotation/ Transition**	**Total**
Operating Performance						
Ore mined (tonnes)	**169,542**	**173,908**	**343,450**	501,772	339,546	841,318
Ore milled (tonnes)	**49,559**	**130,364**	**179,923**	230,192	172,138	402,330
Gold						
Grade (g/t)	**1.71**	**2.00**	**1.92**	1.72	2.01	1.84
Recovery (%)	**41.6**	**38.4**	**39.2**	32.6	38.0	35.1
Production (oz)	**1,134**	**3,227**	**4,361**	4,151	4,223	8,374
Sales (oz)	**2,023**	**3,461**	**5,484**	3,607	3,461	7,068
Copper						
Grade (%)	**2.31**	**1.65**	**1.83**	1.93	1.66	1.82
Recovery (%)	**61.1**	**43.6**	**49.7**	55.7	42.7	50.6
Production (‘000 lbs)	**1,545**	**2,067**	**3,612**	5,460	2,696	8,156
Sales (‘000 lbs)	**2,287**	**2,233**	**4,520**	4,527	2,233	6,760
Silver						
Grade (g/t)	**68.92**	**94.67**	**87.58**	76.22	94.39	83.99
Recovery (%)	**32.9**	**43.6**	**41.3**	22.8	41.8	31.9
Production (oz)	**36,091**	**173,196**	**209,287**	128,511	218,293	346,804
Sales (oz)	**62,079**	**185,896**	**247,975**	117,361	185,896	303,257
Total cash costs (co-product) ($/lb) copper (1)			**2.35**			3.18
Total cash costs (co-product) ($/oz) gold (1)			**1,119**			1,030
Total cash costs (co-product) ($/oz) silver (1)			**21.20**			18.99
Financial Performance						
Revenue			**$22,846**			$33,788
Cost of sales			**$16,266**			$27,652
Income (loss) before-tax			**$6,315**			$4,944
Capital expenditures (2)			**$232**			$806

(1) 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.

(2) Capital expenditures for the nine months ended June 30, 2012 recorded in Q3 Financials are $18,764. This includes capital expenditures for the UMZ Mine for the nine months ended June 30, 2012 of $806 adjusted by a decrease of $6,382 for a total net decrease of $5,576 due to adjustments in the second and third quarters of fiscal 2012 for (i) costs that were initially capitalized but subsequently reclassified as inventory of $4,860, (ii) costs that were initially capitalized, but subsequently reclassified as cost of sales of $904, and (iii) revenue from production sold prior to reaching commercial production.

Operating Performance

During the third quarter of fiscal 2012, the UMZ Mine produced a high-lead copper concentrate, an oxide cement and a talc-rich precious-metals concentrate. All three concentrate products are contracted for sale into the third quarter of fiscal 2013. In order to meet the requirements of such contracts, the Company plans to process oxide ore through the LPF circuit for approximately 15 days followed by approximately 45 days of flotation-only processing of transition ore at throughputs of approximately 1,500 and 2,700 tonnes per day, respectively, at 90% availability. There were two LPF-process campaigns during the third quarter of fiscal 2012 of 18 days and 16 days.

During the third quarter of fiscal 2012, the UMZ Mine produced 4,361 ounces of gold, 3.61 million pounds of copper and 209,287 ounces of silver for a total of 8,374 ounces of gold, 8.15 million pounds of copper and 346,804 ounces of silver for the nine months ended June 30, 2012.

In the second quarter of fiscal 2012, the Company reported C1 cash costs of $1.66 per pound of copper produced net of by-product revenues using the cash cost model developed by Brook Hunt & Associates ("Brook Hunt"). As a result of gross revenue from sales of gold and silver representing 40% or more of total gross revenue from the UMZ Mine in a reporting period and for better costs comparisons to other mines, starting in this MD&A, the Company is reporting total cash costs (co-product) per pound of copper and per ounce of gold and silver sold for the periods presented. These 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. For the third quarter of 2012, total cash costs (co-product) were $2.35 per pound of copper, $1,119 per ounce of gold and $21.20 per ounce of silver.

Financial Performance

Net revenue from the UMZ Mine for the three months ended June 30, 2012 was $22,846 based on sales of 5,484 ounces of gold, 4.5 million pounds of copper and 247,975 ounces of silver.

The cost of sales during the quarter was $16,266 including depreciation and depletion expense. These costs were positively impacted by the flotation process. Income before tax for the third quarter was $6,315. Total capital expenditures at the UMZ Mine for the three and nine months ended June 30, 2012 were $232 and $806, respectively. Capital expenditures for the nine months ended June 30, 2012 recorded in Q3 Financials are $18,764. This includes capital expenditures for the UMZ Mine for the nine months ended June 30, 2012 of $806 adjusted by a decrease of $6,382 for a total net decrease of $5,576 due to adjustments in the second and third quarters of fiscal 2012 for (i) costs that were initially capitalized but subsequently reclassified as inventory of $4,860, (ii) costs that were initially capitalized, but subsequently reclassified as cost of sales of $904, and (iii) revenue from production sold prior to reaching commercial production.

Reserves Estimates

In January 2012, the Company announced an updated reserves estimate discussed in the "Update Reserve Estimates for the Don Mario Upper Mineralized Zone project, Eastern Bolivia" (the "UMZ Technical Report") prepared by G. Zandonai, who is an independent qualified person for the purposes of NI 43-101 and W.C. Williams, Ph.D., CPG, President and Chief Executive Officer of the Company, who is a qualified but not independent person for the purposes of NI 43-101. The estimate is summarized in the table below:

		UMZ Reserves (October 31, 2011) Tonnes	Au, g/t	Ag, g/t	Cu, %
Sulphide	Proven	577,976	1.01	36.33	1.19
	Probable	862,014	0.99	37.22	1.14
	Inferred into pit	6,426	0.70	27.28	0.78
Transitional	Proven	969,586	1.50	52.45	1.38
	Probable	950,007	1.32	47.81	1.22
	Inferred into pit	80,472	0.87	47.37	1.01
Oxide	Proven	856,738	1.67	47.35	1.82
	Probable	628,224	1.47	51.89	1.78
	Inferred into pit	126,670	1.36	51.00	1.74
Porous	Proven	298,570	1.72	28.89	1.92
	Probable	83,089	1.14	46.60	1.94
	Inferred into pit	9,413	1.38	53.10	3.36
Total	Proven	2,702,870	1.47	44.78	1.54
	Probable	2,523,334	1.24	45.17	1.36
Total Proven & Probable (1)		**5,226,204**	**1.36**	**44.97**	**1.45**
Plant Stockpile included in P&P		88,270	1.92	64.71	1.82
Inferred into pit		222,981	1.16	49.09	1.52
Processed through October		146,645	1.78	60.31	1.79

(1) This estimate includes a stockpile comprised mostly of porous and oxide ore of 567,116 tonnes of 1.98% of copper, 1.94 grams per tonne of gold, and 21.88 grams per tonne of silver as well as a plant stockpile of 88,270 tonnes of 1.92 grams per tonne of gold, 64.71 grams per tonne of silver and 1.82% of copper, ready for processing.

The Company is currently evaluating the effect of higher throughput on the mine life of the UMZ Mine since the UMZ Technical Report contemplated a throughput of 1,800 tonnes per day at 90% availability.

The Company controls mineral rights on 70,100 contiguous hectares around the UMZ Mine. During the third quarter, the Company retained a consultant to review the results of all drilling, surface sampling, and geophysics with various drill targets resulting from this study.

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 tonnes.

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)	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

In April 2012, Orvana 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 the key stage gate for bringing the Copperwood Project into operation 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, the Company received the Permit to Install or Air Quality Permit from the Michigan Department of Environmental Quality, Air Quality Division.

Total capital expenditures in respect of the Copperwood Project during the third quarter were $628 for a total of $3,245 for the nine months ended June 30, 2012. Orvana is continuing to investigate a variety of financing options including the sale of an equity interest, debt financing and equity financing in order to bring the Copperwood Project into production.

Other Exploration Properties

There is certain exploration potential in the concessions adjacent and proximal to the EVBC Mine and the UMZ Mine. After review of all available technical data, an experienced consultant has recommended drilling of various drill targets which the Company is currently considering. Apart from this exploration potential, the Company was awarded an Investigation Permit on the Lidia prospect. 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 third quarter, the gold price experienced continued volatility, with the price ranging from $1,540 to $1,677 per ounce and an average quarterly market price of $1,610. Orvana's average gold realized price for the third quarter of fiscal 2012 was $1,614 per ounce. Due to concerns over global economic growth and the distressed European Union situation, gold has continued to attract investor interest through its role as a safe haven investment and hedge against inflation concerns due to continuing record low interest rates. Orvana expects a continuation of these trends, a flat mine supply and central bank gold purchases rather than sales to be supportive of higher gold prices.

Copper prices also experienced continued volatility during the third quarter of fiscal 2012, trading in a range of $3.29 to $3.89 per pound with an average price for the third quarter of $3.57 per pound. Orvana's average copper realized price for the third quarter of fiscal 2012 was $3.37 per pound. Copper prices should continue to be positively influenced by demand from Asia, the limited availability of scrap and production levels of mines and smelters in the future. In the near term, copper prices will be influenced by expectations of a physical deficit of refined copper as well as the outlook for global economic growth. In particular, a slowdown in Chinese economic growth could have a negative impact on copper prices.

Silver prices do not significantly impact Orvana's current financial results. In the third quarter, silver prices traded in a range from $26.72 per ounce to $32.97 per ounce and averaging $29.42 per ounce. Orvana expects prices to remain in this range in the near term. Orvana's average realized silver price for the third quarter of fiscal 2012 was $27.07 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 USD/EUR dollar exchange rate which impacts operating and administration costs of the EVBC Mine. The Euro continues to trade at historical lows against the US dollar which has positively impacted Orvana's cost of sales and expenses. This has been partially off-set by realized expenses of $428 during the third quarter of fiscal 2012 to settle Orvana's USD/EUR dollar derivative instruments entered into as part of the EVBC Loan. Orvana has outstanding currency contracts on $70,000 at a contract price of USD/EUR of $1.38 until December 2015. See "Financial Condition Review - Financial Instruments". Fluctuations in the US dollar increase the volatility of Orvana's costs primarily incurred in Euros and reported in US dollars and the amount required to settle Orvana's currency derivative 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 to pay down debt as well as advance the development of the Copperwood Project. Fiscal 2012 guidance was 64,500 ounces of gold, 16.53 million pounds of copper and 625,000 ounces of silver. Mostly due to the delays related to the commissioning of the EVBC shaft, guidance for gold production is now approximately 60,000 ounces. However, due to exceptional performance at the UMZ Mine, guidance for silver is now nearly 700,000 ounces. Guidance for copper remains unchanged.

Fiscal 2012 total EVBC Mine production is targeted at 47,500 ounces of gold (32,399 ounces to June 30, 2012), copper production at 4.41 million pounds (3.15 million pounds to June 30, 2012) and silver production at 125,000 ounces (92,395 ounces to June 30, 2012). Mine life is now projected at 10 years. Beyond 2012, Orvana will continue to work on improving head grade, increasing gold production and reducing total cash costs (by-product) per ounce of gold. Completion of the shaft will allow for more efficient ore extraction resulting in improved flexibility, increased mine production and cost optimization. Orvana will also investigate alternatives to maximize the mill throughput and enhance recoveries.

Fiscal 2012 total UMZ Mine production is targeted at 12.12 million pounds of copper (8.16 million pounds to June 30, 2012), 12,500 ounces of gold (8,374 ounces to June 30, 2012) and 575,000 ounces of silver (346,804 ounces to June 30, 2012). During the remainder of fiscal 2012, the Company's focus at the UMZ Mine will be on improving recoveries for both the LPF and flotation-only processes.

The Copperwood permit-review process will continue into the fourth quarter of fiscal 2012. Orvana will continue to investigate a variety of financing options including the sale of an equity interest, debt and/or equity financing in order to bring the Copperwood Project into production.

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. The Company has not been sanctioned for 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 endeavours 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. Last year, 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 June 30, 2012 and September 30, 2011:

	June 30, 2012	September 30, 2011
Cash and cash equivalents	**$11,094**	$12,244
Restricted cash (short term)	**14,626**	-
Non-cash working capital [(1)]	**22,202**	3,227
Total assets	**$274,254**	$239,957
Long-term debt (net of financing fees) [(2)]	**60,411**	47,817
Obligations under finance leases	**2,477**	4,179
Total liabilities	**$145,676**	$111,695
Shareholders' equity	**$128,578**	$128,262

(1) Non-cash working capital excludes bank debt, short-term debt, current portion of long-term debt, obligations under finance leases and derivative instruments and includes restricted cash.

(2) The amount of Orvana's outstanding long-term debt at June 30, 2012 is comprised of the EVBC Loan (as defined below) of $63,844 and EMIPA bank credit facilities of $331 less financing fees of $3,764. Information relating to Orvana's outstanding credit facilities is set out below.

Total assets were $274,254 at June 30, 2012 representing an increase of $34,297 or 14.3% compared to $239,957 at September 30, 2011. The increase primarily reflects (i) an increase in property, plant and equipment of $8,262 which reflects the impact of the capital expenditures related to the construction of the shaft at the EVBC Mine and expenditures associated with the Copperwood Project, (ii) an increase in inventory of $10,347 which reflects an increase of ore in stockpiles as both the EVBC Mine and the UMZ Mine are now in commercial production and the stockpiling of oxides at the UMZ Mine pending LPF processing, (iii) an increase in concentrate and doré sales receivables of $4,741 as both the EVBC Mine and the UMZ Mine are now in commercial production, and (iv) an increase in the current portion of restricted cash of $14,626 which represents cash restricted under the EVBC Loan for two periods principal and interest payments of $7,506, one period of royalty payments of $620 and $6,500 in connection with an environmental bond which may have to be deposited by Orvana with regulatory authorities in Spain.

Total liabilities increased to $145,676 compared to $111,695 at September 30, 2011 representing an increase of $33,981 or 30.4%.This increase is largely due to an increase in the Company's long-term debt of $12,594, short-term debt of $6,404, bank debt of $1,961 and accounts payable of $7,107 as well as an increase in the fair value liability associated with Orvana's outstanding derivative instruments of $4,992.

Orvana's outstanding credit facilities are set out below:

At June 30, 2012	Limit	Balance Outstanding
EVBC Loan [(1)]	$63,844	$63,844
EMIPA short-term credit facilities [(2)]	8,500	8,378
Fabulosa Loan [(3)]	$11,500	$6,404

(1) The balance outstanding on the EVBC Loan at August 10, 2012 was $60,438.

(2) EMIPA short term credit facilities are with two Bolivian banks and are payable in 60 to 180 days with annual interest ranging from 7.0% to 7.5% with certain of EMIPA's assets pledged as security against these loans (September 30, 2011 - $6,417). The credit facilities are not guaranteed by Orvana. The proceeds were used to finance EMIPA's working capital needs and to finance equipment purchases for the UMZ Mine. Excludes bank guarantees of $1,141 (September 30, 2011 - $1,897) related to refunded value-added taxes and chemical and natural gas purchases.

(3) Subsequent to the end of the quarter the Company repaid $2,414 under the Fabulosa Loan representing principal, interest and stand-by fees.

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 $6,500 (€5,000,000) to fund an environmental bond which may be required to be posted with governmental authorities in Spain, $3,000 to fund a debt service reserve account to cover one quarter-year's debt service charges and the balance for general corporate purposes. To the extent that the environmental bond is less than $6,500, these funds may be used for general corporate purposes.

The EVBC Loan contains covenants that restrict, among other things, Orvana's ability to incur additional indebtedness and make distributions in certain circumstances, to sell material assets or to carry on business other than one related to the mining business. The EVBC Loan required gold, copper and USD/EUR dollar derivative instruments which have already been put in place. See "Financial Condition Review - Financial Instruments" below. Orvana is required to maintain certain financial ratios which calculations exclude unrealized adjustments resulting from the fair value adjustments of the outstanding derivative instruments required under the terms thereof. 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 fees but excluding the costs associated with the derivative 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: 2012-5.3%; 2013-18.7%; 2014-23.3%; 2015-27.6%; and 2016-25.1%.

In January 2012, the Company entered into a $5,000 secured demand loan facility (the "Fabulosa Loan") with Fabulosa Mines Limited, the Company's majority shareholder. In March 2012, the Fabulosa Loan was increased to $6,500 and converted to a term loan with a maturity date of July 1, 2013. In June 2012, the limit under the Fabulosa Loan was increased to $11,500. Interest on the outstanding principal is calculated at a rate per annum of 12% and is payable on loan repayments. The terms of the loan agreement require the Company to pay any withholding taxes imposed by Canadian taxing authorities. The Fabulosa Loan contains covenants that, among other things, require repayment (i) in the event of the sale of EMIPA or all or substantially all of its assets, and (ii) from excess cash flows above certain amounts calculated in accordance with the terms thereof. 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 back 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. Concurrently, 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 June 30, 2012 was $128,578 representing an increase of $316 from $128,262 at September 30, 2011 due to minor increases in share capital and contributed surplus.

	At June 30, 2012
Common shares (1)	136,573,171
Stock options (2)	3,718,335

(1) Warrants to purchase up to 2,725,000 Common Shares are outstanding of which 400,000 were exercisable at June 30, 2012. The warrants have an exercise price of C$1.90 and C$0.97 and expiry dates ranging from 2015 and 2016.

(2) Options to purchase 125,000 Common Shares were granted after the end the third quarter of fiscal 2012. Accordingly, a total of 3,843,335 Common Shares are issuable on the exercise of outstanding stock options as at the date of this MD&A. The stock options have a weighted average exercise price of C$1.57 and expiry dates ranging from 2012 to 2017.

Financial Instruments

The Company's outstanding financial instruments at June 30, 2012 with the same counterparty are summarized in the table below:

	Contract Prices	Cash Settlement	Contract Amounts
Currency			
USD/EUR forwards (Jul 2012-Dec 2015)	$1.38	Quarterly	$70,000 (1)
Copper			
Copper forwards (Jul 2012-Dec 2015)	$7,260 / tonne	Monthly	10,617 tonnes (1)
Gold			
Gold forwards (Jul 2012-Dec 2015)	$1,333.7 / troy oz	Monthly	32,813 (1)
Gold collars (Jul 2012-Sep 2015)	Puts - $1,550 / troy oz Calls - $1,855 / troy oz	Monthly	62,400 (2)
Gold collars (Oct 2015-Sep 2016)	Puts - $1,250 / troy oz Calls - $2,270 / troy oz	Monthly	19,200 (2)
Total gold collars (troy oz)			81,600

(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.

At June 30, 2012, the Company's outstanding derivative instruments were valued on the balance sheet as follows:

At June 30, 2012	Spot Rate/Price	Contract Rate/Price	Avg. Forward Rate/Price	Fair Value
Fair value of currency contracts (EUR/USD)	$1.26	$1.38	$1.28	($5,478)
Fair value of copper forwards	$7,605/tonne	$7,260/tonne	$7,663/tonne	(4,301)
Fair value of gold forwards	$1,559/oz	$1,333.7/oz	$1,626/oz	(9,576)
Fair value of gold collars	$1,599/oz	-	-	2,027
Total fair value of derivative instruments at June 30, 2012				($17,328)
Less: current portion				4,854
Total non-current derivative instruments				($12,474)

Changes in the fair value of the Company's outstanding derivative instruments are recognized through the Company's income statement as non-cash derivative gains or losses. At maturity of each contract, a cash settlement takes place resulting in a corresponding reduction in the carrying value of the derivative instruments. The mark-to-market fair value of the Company's outstanding derivative instruments is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty credit risk. The liability associated with the Company's outstanding derivate instruments at March 31, 2012 was $29,480 compared to a liability of $17,328 at June 30, 2012 resulting in an unrealized gain of $12,152. A cumulative before-tax derivatives gain of $10,621 was recorded for the three months ended June 30, 2012 calculated as follows:

	Q3 2012
Change in unrealized fair value during Q3 2012	$12,152
Realized cash settlements of derivative instruments closed during Q3 2012	($1,531)
Recorded derivatives gain (loss) during Q3 2012	$10,621

Sensitivities

The following table sets forth the after-tax impact as a result of changes in the fair value of the derivative 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 derivatives loss calculation set out above with all other variables remaining constant:

At June 30, 2012	Rate/Price used in Derivative Loss Calculation	Change in Rate/Price	After-tax Change
EUR/USD (currency contracts)	$1.28	+/- 10% ($1.408/$1.152)	+/- $4,517
Copper forwards	$7,663/tonne	+/- 10% ($8,429/$6,897)	+/- $5,696
Gold forwards	$1,626/oz	+/- 10% ($1,789/$1,463)	+/- $3,734
Gold collars	-	+ 10%	- $5,792
Gold collars	-	- 10%	+ $6,135

Liquidity, Cash Flows and Commitments

Total cash and cash equivalents as at June 30, 2012 were $11,094 primarily denominated in US dollars representing a decrease of $1,150 (including effects of exchange rate changes on cash balances) from September 30, 2011. Short-term restricted cash was $14,626 (September 30, 2011 - Nil).

In the past, Orvana's primary source of liquidity has been from operating cash flow. In the third quarter 2012, Orvana generated $12,366 in cash flows from operating activities compared to cash used by operating activities of $4,496 in the same prior year period. The higher cash flows provided by operating activities resulted from higher revenue and operating income and increases in accounts payable and income taxes payable off-set by increases in concentrate and doré receivables and inventory. Cash flows from operating activities before changes in non-cash working capital were $10,929 (June 20, 2011 - cash flows used in operating activities before non-cash working capital changes of $1,610).

Cash from financing activities for the third quarter 2012 was $818, a decrease of $17,308 compared to cash from financing activities of $18,126 in the third quarter of fiscal 2011 due to higher short-term loan proceeds and increased bank debt in the prior year quarter.

Cash used in investing activities totaled $9,412 in the third quarter 2012, a decrease of $10,874 compared to cash used in investing activities of $20,286 in the third quarter of fiscal 2011, primarily due to a decrease in capital expenditures off-set by an increase in restricted cash.

The following table summarizes the principal sources and uses of cash for the nine months ended June 30, 2012 and 2011:

Nine months ended June 30	**2012**	**2011**
Cash provided by (used in) operating activities	**$12,088**	($12,714)
Capital expenditures (1)	**(18,764)**	(44,871)
Restricted cash	**(14,626)**	(1,420)
Bank debt and long-term debt, net of repayments and financing fees	**$20,034**	$62,837

(1) Including net assets under finance leases and adjustment for unpaid expenditures. Reflects costs at the UMZ Mine that were initially capitalized but subsequently reclassified to inventory or costs of sales. See capital expenditure note below.

Capital Expenditures

In fiscal 2012, Orvana expects to spend approximately $29,100 on capital expenditures for the EVBC Mine, the UMZ Mine and the Copperwood Project. The following table sets forth Orvana's capital expenditures for the three and nine months ended June 30, 2012:

	Q3 2012	**Q3 2011**	**YTD 2012**
UMZ Mine (1)	**$232**	$8,950	$806
EVBC Mine	**7,507**	9,851	21,075
Copperwood Project	**628**	1,335	3,245
Corporate	**10**	150	20
Total capital expenditures (1)	**$8,377**	$20,286	$25,146

(1) Capital expenditures for the nine months ended June 30, 2012 recorded in Q3 Financials are $18,764. This includes capital expenditures for the UMZ Mine for the nine months ended June 30, 2012 of $806 adjusted by a decrease of $6,382 for a total net decrease of $5,576 due to adjustments in the second and third quarters of fiscal 2012 for (i) costs that were initially capitalized but subsequently reclassified as inventory of $4,860, (ii) costs that were initially capitalized, but subsequently reclassified as cost of sales of $904, and (iii) revenue from production sold prior to reaching commercial production.

As a result of the initial start-up difficulties and delays in the production of saleable concentrates from the UMZ Mine, the Company's Bolivian subsidiary required additional financing for working capital purposes. The difficulties in producing saleable product have been resolved but created significant short term strain on Orvana's cash flows in the first and second quarter of fiscal 2012 and reduced Orvana's cash reserves to less than desirable levels.

At EVBC, with unanticipated environmental bonding requirements, additional capital costs and lower initial operating cash flows than had been anticipated, the Company had to obtain a $13,844 increase in the EVBC Loan to ensure adequate liquidity. The EVBC Loan restricts the movement of cash, therefore, Orvana may report positive cash balances but may be restricted in its ability to make use of this cash.

The Company has taken a number of actions to address concerns with respect to available cash reserves including securing the Fabulosa Loan in the short-term and addressing the operational challenges experienced at the UMZ Mine. 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 are short term ranging from 60 to 150 days and new loans replacing those maturing may not be obtained. During the third quarter and up to August 10, 2012, Orvana has made principal and interest payments of $4,050 and $2,414 under the EVBC Loan and the Fabulosa Loan, respectively.

Spending on the Company's capital projects and operating requirements has been and is expected to be incurred according to management's plans. For any of its projects, 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. Orvana is investigating a variety of means of moving the Copperwood Project towards development and production. In the event that the Company does not find a satisfactory external means of financing the development of the Copperwood Project or in the event of the occurrence of unanticipated events which may impact the operations of the EVBC Mine and the UMZ Mine, 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 seeking additional debt or equity financing, strategically disposing of assets or pursuing joint venture partnerships or equipment financings.

Other Commitments

At June 30, 2012, the Company's other contractual obligations included: bank debt; bank guarantees; term credit facilities; obligations under finance leases; operating leases; decommissioning liabilities; purchase obligations related to construction at the EVBC 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	$8,378	$8,378	-	-	-
Bank guarantees	1,141	1,141	-	-	-
Short-term debt	6,404	6,404	-	-	-
Long-term debt	64,175	12,855	45,574	5,746	-
Obligations under finance leases	2,477	1,675	802	-	-
Operating leases	688	217	435	36	-
Decommissioning liabilities (1)	11,208	-	-	-	11,208
Purchase obligations	19,772	16,652	3,120	-	-
Provision for statutory labour obligations	1,748	-	-	-	1,748
Long-term compensation	766	445	-	-	321
Total contractual obligations	$116,757	$47,767	$49,931	$5,782	$13,277

(1) Decommissioning liabilities are undiscounted.

Bank and long-term debt amounts shown in the above table are described above under "Financial Condition Review - Balance Sheet Review".

During fiscal 2010 and 2011, Kinbauri entered into finance leases for the purchase of underground mining equipment in Spain. Under each finance lease agreement, 15% to 40% of the purchase price of the equipment is 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 amounted to $2,477 at June 30, 2012.

Decommissioning liabilities are discussed below under "Other Information - Critical Accounting Estimates - Decommissioning Liabilities". Prior to the Company's acquisition of Kinbauri, the EVBC Mine had been shut down by its then owner. Remediation measures were completed and a reclamation bond of €895,000 was deposited, as required by Spanish mining regulations. In fiscal 2010, an additional reclamation bond in the amount of €1,522,000 was deposited by Orvana relating to a new tailings facility. In June 2011, final approval was received from Spanish government authorities for commercial production at the EVBC Mine and a cash-backed bond of approximately $6,500 (€5,000,000) was deposited therewith. An additional up to €5,000,000 cash bond may have to be deposited which the Company is challenging based on technical considerations. The Company has such funds available from the increase of the EVBC Loan included under restricted cash. Total funds deposited with a Spanish financial institution for reclamation bonds amounted to approximately $9,393 at June 30, 2012 (September 30, 2011 - $10,074).

Production from the EVBC Mine is subject to a 3% net smelter return royalty ("NSR") referred to herein as the EVBC Royalty. The royalty rate decreases to 2.5% for any quarter in which the average price of gold is below $1,100 per ounce. This royalty is payable quarterly and amounted to $586 for the third quarter of fiscal 2012 (June 30, 2011 - Nil). The royalty holder's advance payment is evidenced by a convertible debenture in the principal amount of C$7,500,000 settled through royalty payments made as sales are made. During the period commencing on December 31, 2012 and ending on January 31, 2013, if the aggregate amount of royalty payments paid as at December 31, 2012 is less than C$7,500,000, the royalty holder may require that the remaining outstanding balance of the debenture be paid to it as a prepayment of future royalty payments.

In addition, in the event that the rate of production from the EVBC Mine is less than 90,000 ounces of gold within the 2012 calendar year, the royalty holder may exercise its conversion right under the debenture in respect of the outstanding principal amount, if any, of the debenture at December 31, 2012. Between January 1, 2013 and May 12, 2013, the exercise of this conversion right would entitle the royalty holder to a cash payment equal to the then outstanding principal amount, if any, of the debenture multiplied by 0.783. In the event the conversion right in respect of any outstanding principal amount of the debenture is exercised after May 12, 2013, the amount of the payment to which the royalty holder would be entitled, would be determined by the parties, acting reasonably and in good faith. Any exercise of these rights does not reduce the obligation to make subsequent royalty payments.

Production from the UMZ Mine is subject to a 3% NSR payable quarterly. Amounts paid in the third quarter of fiscal of 2012 totaled $40 compared to $52 for the same period in fiscal 2011. The Bolivian government collects a mining royalty tax on the revenues generated from copper, gold and silver sales from the UMZ Mine at rates of 5%, 7% and 6%, respectively. 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.

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended June 30, 2012:

	Quarters ended			
	June 30, 2012 IFRS (1)	**March 31, 2012 IFRS (1)**	**Dec 31, 2011 IFRS (1)**	**Sept 30, 2011 IFRS (1)**
Revenue	**$43,691**	$31,245	$15,373	$10,576
Net income (loss)	**$12,118**	($7,959)	($4,505)	$8,037
Earnings (loss) per share - basic and diluted	**$0.09**	$(0.06)	$(0.03)	$0.06
Total assets	**$274,254**	$266,558	$249,390	$239,957
Total long-term financial liabilities (2)	**$66,652**	$74,171	$55,136	$56,008

(1) Prepared using accounting policies consistent with IFRS.

(2) Long-term financial liabilities include the long-term and current portions of obligations under finance leases and long-term debt, excluding financing fees.

	Quarters ended			
	June 30, 2011 IFRS(1)	March 31, 2011 IFRS(1)	Dec 31, 2010 IFRS(1)	Sept 30, 2010 CGAAP(2)
Revenue	$1,752	$6,330	$6,427	$6,732
Net income (loss)	($6,304)	($1,640)	($21,399)	($867)
Earnings (loss) per share – basic and diluted	($0.05)	($0.01)	($0.18)	($0.01)
Total assets	$223,884	$202,199	$199,251	$156,472
Total long-term financial liabilities (3)	$55,095	$54,598	$54,358	$5,104

(1) Prepared using accounting policies consistent with IFRS.

(2) Prepared using accounting policies consistent with Canadian GAAP. Financial information in this MD&A for periods prior to October 1, 2010 has not been restated for changes in accounting policies on adoption of IFRS. Refer to Changes in Accounting Policies below, and to Note 25 of the accompanying interim consolidated financial statements, for a discussion of IFRS and its impact on the Company's financial statements.

(3) Long-term financial liabilities include the long-term and current portions of obligations under finances leases and long-term debt, excluding financing fees.

RISKS AND UNCERTAINTIES

The Company is operating the EVBC Mine in Spain and the UMZ Mine in Bolivia and is developing 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.

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

The economics of developing mineral deposits are affected by many factors, including variations in the grade of ore mined, 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. 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. Although precautions to minimize risks will be taken, processing operations are subject to hazards such as equipment failure or failure of tailings impoundment facilities, which may result in environmental pollution and consequent liability.

Mineral exploration and mining 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 mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs conducted by the Company will result in profitable commercial mining operations, as, within the mining industry, few properties that are explored are ultimately developed into producing mines. Risks associated with the conduct of exploration programs and 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, lime, water or fuel; labour disruptions; social unrest in adjacent areas; fires; explosions; 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.

In the absence of new operations or reserves being added, the Company's revenue stream will depend on production from the EVBC Mine, the UMZ Mine and the Copperwood Project. These projects have no significant operating history 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, resulting in delays and requiring more capital than anticipated. Actual costs and economic returns may differ materially from the Company's estimates or the Company could fail to obtain the governmental approvals necessary for the operation of a project, in which case, the project may not proceed, either on its original timing, or at all.

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 Company's common shares could be adversely affected. For any of its projects, 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.

A high percentage of the Company's revenues and assets are denominated in United States dollars, whereas a significant portion of the Company's costs and assets are denominated in Euros, Canadian and Bolivian currencies. As such, the Company is exposed to foreign currency fluctuations.

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".

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.

For additional information regarding risks relating the Company and its operations, including additional risk factors, please see the Company's Annual Information Form dated December 29, 2011, 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 June 30, 2012, the net book value of the UMZ Mine, plant, equipment and mineral properties amounted to $30,700. Amortization of these costs is calculated on the units-of-production method over the expected economic life of the mine. The expected economic life is dependent upon the estimated remaining ore; gold, copper and silver prices; and cash operating costs. During the fiscal 2010 year, an evaluation was completed to assess the fair market value of the assets of the EVBC Mine and the results of this evaluation have been included in the net book value of the assets associated with the acquisition.

Exploration and development expenditures are capitalized once management has determined that there is a reasonable expectation of economic extraction of minerals from the property. The Company periodically assesses its capitalized exploration and development expenditures for impairment and where there are circumstances indicating that such impairment exists, the carrying value of the impaired asset is written down to fair value. The capitalized costs for the Copperwood Project amounted to $15,923. The Company continues to move the Copperwood Project towards development 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 related to property, plant and equipment and underground mine development or reserve development.

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 management's 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 June 30, 2012:

At June 30, 2012	Undiscounted Cash Flows Required to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
EVBC Mine (1)	$6,448	4%	$4,877
UMZ Mine	4,760	5%	3,259
Total	$11,208		$8,136

(1) Accretion expense is recorded using the discount interest rate set out above. It is expected that these amounts will be incurred in 2018 through 2022 in respect of the EVBC Mine and in respect of the UMZ Mine

Stock-based compensation

The Company recorded stock-based compensation expense of $167 for the third quarter ended June 30, 2012 compared to $271 for 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 of the Company. Under DSU plan, the 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 are 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 an Orvana 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.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

The management of Orvana, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting and disclosure controls and procedures as of June 30, 2012. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

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 corrective actions.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent or detect all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

Future Changes in Accounting Standards

IFRS 9 Financial Instruments

In November 2009, the International Accounting Standards Board issued, and subsequently revised in October 2010, IFRS 9 *Financial Instruments* ("IFRS 9") as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's financial statements.

IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13 *Fair Value Measurement* ("IFRS 13"). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's financial statements.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

In October 2011, the IASB issued IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20"). IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when the following two benefits accrue to the entity from the stripping activity: (i) useable ore that can be used to produce inventory, and (ii) improved access to further quantities of material that will be mined in future periods. IFRIC 20 must be applied in starting January 1, 2013 with early adoption permitted. The Company is currently assessing the impact of adopting IFRIC 20 on its consolidated financial statements.

Other

In June 2011, the IASB issued amendments to IFRS 7 *Financial Instruments: Disclosures.* The Company does not believe the changes resulting from these amendments are relevant to its financial statements.

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities.* The Company does not believe the changes resulting from these new standards are relevant to its financial statements.

In June 2011, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 19 *Employee Benefits.* The Company does not believe the changes resulting from these amendments are relevant to its financial statements.

In December 2011, the IASB issued amendments to IAS 32 *Financial Instruments: Presentation* and IFRS 7 *Financial Instruments: Disclosures* related to offsetting of financial assets and financial liabilities. The Company does not believe the changes resulting from these amendments will have a significant impact on its non-consolidated financial statements.

Changes in Accounting Policies - IFRS

IFRS replaced the existing Canadian GAAP for the Company, effective for its fiscal 2012 interim and annual financial statements. Accordingly, the Company is applying accounting policies consistent with IFRS beginning with its interim financial statements for the quarter ended December 31, 2011.

The adoption of IFRS resulted in changes to the Corporation's accounting policies. The accounting policies described in note 2 to the accompanying interim consolidated financial statements have been applied consistently to all periods presented in the financial statements and in the preparation of an opening IFRS balance sheet as at October 1, 2010, except for the application of certain first-time adoption exemptions. The impact of the transition from Canadian GAAP to IFRS is explained in detail in note 23 to the accompanying interim consolidated financial statements. The changes in accounting policy have not been applied to any information within this MD&A for periods prior to October 1, 2010 IFRS transition point.

Changes in Accounting Policies Resulting from the Adoption of IFRS

The adoption of IFRS resulted in changes to the Corporation's accounting policies, and has resulted in changes to the recognition and measurement of transactions and balances. The impact of adopting IFRS on the Corporation's financial statements is described in detail in note 25 to the Q3 Financials and below:

	Note	June 30, 2011 Canadian GAAP	Adjustments	June 30, 2011 IFRS
Assets				
Current assets				
Cash and cash equivalents		$ 16,896	$ -	$ 16,896
Value added taxes receivable and prepaid expense		10,978	-	10,978
Inventory	(iv)	-	5,405	5,405
Gold inventory	(iv)	-	-	-
Supplies inventory	(iv)	5,405	(5,405)	-
		33,279	-	33,279
Long term value-added taxes receivable		2,647	-	2,647
Restricted cash		2,224	-	2,224
Reclamation bonds		3,493	-	3,493
Property, plant and equipment	(i)	182,186	55	182,241
Deferred income tax asset	(iv)	9,225	(9,225)	-
		$ 233,054	$ (9,170)	$ 223,884
Liabilities				
Current liabilities				
Bank debt		$ 6,583	$ -	$ $6,583
Accounts payable and accrued liabilities		19,780	-	19,780
Income taxes payable		133	-	133
Short term loan		15,087	-	15,087
Current portion of long-term debt		5,070	-	5,070
Current portion of obligations under finance leases		1,552	-	1,552
Current portion of derivative instruments		6,980	-	6,980
		55,185	-	55,185
Long-term debt		42,658	-	42,658
Obligations under finance leases		1,658	-	1,658
Decommissioning liabilities	(i)	7,934	(137)	7,797
Derivative instruments		23,770	-	23,770
Provision for statutory labour obligations		1,930	-	1,930
Deferred income tax liability	(ii)	13,184	(10,927)	2,257
Long-term compensation		1,718	-	1,718
		148,037	(11,064)	136,973
Shareholders' equity				
Share capital		82,834	-	82,834
Contributed surplus	(iii)	2,406	(158)	2,248
(Deficit) retained earnings		(223)	2,052	1,829
		$ 85,017	$ 1,894	$ $86,911
		$ 233,054	$ (9,170)	$ 223,884

The following provides a summary of the transition adjustments to the Company's accumulated comprehensive loss from Canadian GAAP to IFRS for the respective periods. The adoption of IFRS did not have a material impact on the condensed interim consolidated statements of cash flows.

	Note		Q3 2012		Q3 2011
Comprehensive income (loss) under Canadian GAAP		$	13,507	$	(7,013)
Accretion on decommissioning liabilities	(i)		73		64
Deferred taxes on non-monetary assets and liabilities in foreign operations	(ii)		(1,480)		615
Forfeiture estimate for share-based payments	(iii)		18		30
Comprehensive income (loss) under IFRS		$	12,118	$	(6,304)
Comprehensive income (loss) under Canadian GAAP		$	1,435	$	(31,724)
Accretion on decommissioning liabilities	(i)		216		192
Deferred taxes on non-monetary assets and liabilities in foreign operations	(ii)		(2,054)		2,070
Forfeiture estimate for share-based payments	(iii)		57		119
Comprehensive income (loss) under IFRS		$	(346)	$	(29,343)

The following provides a summary of the transition adjustments to the Company's Shareholders equity from Canadian GAAP to IFRS for the respective periods.

	Note		September 30, 2011		June 30 2011		October 1, 2010
Shareholders' equity under Canadian GAAP		$	129,426	$	85,017	$	109,402
Accretion on decommissioning liabilities	(i)		254		192		-
Deferred taxes on non-monetary assets and liabilities in foreign operations	(ii)		(1,418)		1,702		(368)
Shareholders' equity under IFRS		$	128,262	$	86,911	$	109,034

Explanatory Notes

These explanatory notes also refer to the reconciliation of the consolidated balance sheets from Canadian GAAP to IFRS included above.

(i) The effect of the change in accounting policy to measure decommissioning liabilities using a discount rate based on current interest rates, adjusted to reflect the risks specific to the liability.

(ii) The effect of the change in accounting policy to recognize deferred taxes on the temporary differences in the accounting and tax basis of non-monetary assets and liabilities of foreign operations arising from exchange rate fluctuations.

(iii) The effect of the change in accounting policy to incorporate an estimate of forfeitures when determining the expense related to share-based payments.

(iv) Certain balances were re-classed to conform to the current presentation. These amounts were gold inventory and supplies inventory combined into the line for inventory and the deferred tax asset as at December 31, 2010 was combined with the deferred income tax liability balance as they both related to the same tax jurisdiction.

The following summarizes the significant changes to the Corporation's accounting policies on adoption of IFRS.

Mineral Properties under Exploration

Subject to certain restrictions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties. On adoption of IFRS, the Company has retained its policy of capitalizing exploration expenditures once management has determined that there is a reasonable expectation of economic extraction of minerals from the property.

Mineral Properties under Development

There was no distinction under Canadian GAAP between mineral properties under exploration and mineral properties under development. Under IFRS, once technical feasibility and commercial viability of a property can be demonstrated, the carrying value is reclassified. On adoption of IFRS, the Company has changed its accounting policy to reclassify the carrying value of a property to mineral properties under development once technical feasibility and commercial viability of a property can be demonstrated.

Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value. In addition, the grouping of assets for the purposes of impairment may be different under IFRS than currently used under Canadian GAAP.

The Company has changed its accounting policies related to impairment of assets to be consistent with the requirements under IFRS. The changes in accounting policies related to impairment did not have a significant impact on the opening IFRS consolidated balance sheet.

Decommissioning Liability (asset retirement obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. The Company has changed its accounting policy to recognize decommissioning liabilities for constructive obligations, but this did not have a significant impact on its opening IFRS balance sheet.

The discount rate used to measure decommissioning liabilities under IFRS is based on current interest rates, adjusted to reflect the risks specific to the liability. Under Canadian GAAP, the discount rate used is the credit adjusted risk-free rate. On adoption of IFRS, the Company has changed the discount rate used to measure decommissioning liabilities, resulting in an increase in the decommissioning liabilities.

In addition, the accretion in the decommissioning liabilities due to the unwinding of the discount rate is classified as a finance cost under IFRS. Under Canadian GAAP, the accretion was recorded within operating expenses. This change in policy has resulted in a reclassification of the accretion associated with decommissioning liabilities from operating expenses to finance costs, beginning at October 1, 2010.

Share-based payments

In certain circumstances, IFRS requires a different measurement of share-based compensation than current Canadian GAAP. In particular, IFRS requires forfeitures of the Company's stock options, restricted share units and deferred share units to be estimated when the instruments are granted. Under GAAP, it is not required to account for forfeitures at the time of grant and the Company records forfeitures when they occur. The Company has changed its accounting policy to estimate forfeitures, which resulted in a reclassification between contributed surplus and retained earnings.

Accounting for income taxes

IFRS requires the recognition of deferred taxes on the temporary differences in the accounting and tax basis of non-monetary assets and liabilities of foreign operations arising from exchange rate fluctuations. Deferred taxes were not recognized on these types of temporary differences under Canadian GAAP. The Company has changed its accounting policies to reflect this difference, resulting in an increase in deferred tax liabilities at October 1, 2010.

Non-IFRS Measures

Unit Costs

Throughout this MD&A, the Company has used certain non-IFRS measures including Total Cash 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 (by-product) 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 (by-product) 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 derivative instruments are not included in these calculations.

Starting in this MD&A, the Company is reporting Total Cash Costs (by-product) per gold ounce sold rather than per ounce produced for the periods presented in order to conform its presentation of unit costs for the EVBC Mine with other gold producers. 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 the third quarter of fiscal 2012:

EVBC Mine	**Q3 2012**
Cost of sales (1)	$13,664
Adjusted cost of sales (2)	$11,530
Transportation, treatment charges and deductions	$1,757
Gross by-product credits	($4,129)
Total Cash Costs	$9,158
Divided by: gold ounces sold	11,358
Total Cash Costs per gold ounce sold (3)	$806

(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 derivative instruments.

(2) Adjusted by $2,134 relating to cost of sales that were incurred in the second quarter of fiscal 2012 but were recorded in the third quarter of fiscal 2012.

(3) For the second quarter of fiscal 2012, the Company reported cash operating costs per ounce produced, including the EVBC Royalty, of $745 per ounce of gold, net of by-product revenues. Total Cash Costs (by-product) per gold ounce sold adjusted for the $2,134 adjustment discussed in the note above, would have been approximately $765 per ounce.

In respect of the UMZ Mine, in the second quarter of fiscal 2012, the Company reported C1 cash costs of $1.66 per pound of copper produced net of by-product revenues using the cash cost model developed by Brook Hunt. 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, commencing in this MD&A, the Company is 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 and metallurgical deductions and the UMZ Royalties allocated to the Total Cash Costs 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 the third quarter of fiscal 2012:

UMZ Mine	Q3 2012
Cost of sales (1)	$14,193
Transportation, treatment charges and deductions	$7,824
Total Cash Costs	$22,017
Total Cash Costs (co-product) for copper	$10,620
Divided by: copper pounds sold	4,520
Total Cash Costs (co-product) per copper pound sold	$2.35
Total Cash Costs (co-product) for gold	$6,139
Divided by: gold ounces sold	5,484
Total Cash Costs (co-product) per gold ounce sold	$1,119
Total Cash Costs (co-product) for silver	$5,258
Divided by: silver ounces sold	247,975
Total Cash Costs (co-product) per silver ounce sold	$21.20

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

(2) 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 (49.6% in respect of copper, 28.4% in respect of gold and 22.0% in respect of silver). Refining charges, metallurgical deductions and the UMZ Royalties are allocated to the Total Cash Costs 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 as well as the deferred income tax impact relating thereto. The Company excludes these items from net income 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 unaudited condensed interim consolidated financial statements for each of the three and nine months ended June 30:

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Net income (loss) per consolidated financial statements	**$12,118**	($6,304)	**($346)**	($29,343)
Less tax-adjusted unrealized gains (losses) on derivatives	**$8,507**	$460	**($3,495)**	($21,525)
Adjusted net income (loss)	**$3,611**	($6,764)	**$3,149**	($7,818)
Weighted average shares outstanding (000s)	**136,573**	118,793	**136,872**	117,957
Adjusted net income (loss) per share (basic and diluted)	**$0.03**	($0.06)	**$0.02**	($0.07)

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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 June 30, 2012.

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 and instances of fraud, if any, have been detected.

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. While 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.