ORVANA
MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2013

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, 2013 and is intended to supplement and complement the condensed unaudited interim consolidated financial statements and notes thereto prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), for the three and nine months ended June 30, 2013 (the "Q3 Financials"). This MD&A should be read in conjunction with the Q3 Financials and the Company's annual audited consolidated financial statements for the fiscal year ended September 30, 2012, the related annual MD&A and the most recent Annual Information Form in respect of fiscal 2012 (collectively, the "2012 Annual Disclosures") filed with the Canadian provincial securities regulatory authorities.

The Company uses certain non-IFRS financial performance measures in this MD&A. For a detailed reconciliation of each of the non-IFRS measures used in this MD&A, please see the discussion under "Other - Non-IFRS Measures" below.

In this MD&A, all currency amounts (except per unit amounts) are in thousands and, unless otherwise stated, they are in thousands of United States dollars ("US dollars"). Production and sales in respect of gold and silver are in fine troy ounces referred to as "ounces" or "oz" and in respect of copper are in pounds also referred to as "lbs". References to "revenue" are to "net revenue" as defined in the notes to the table under "Overall Performance" below. The information presented in this MD&A is as of August 9, 2013, unless otherwise stated.

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

Orvana

Orvana is a gold and copper producer with organic growth opportunities. Orvana's producing properties consist of (i) El Valle-Boinás Mine (the "Boinás Mine") and Carlés Mine (collectively with the Boinás Mine "EVBC"), two underground gold-copper-silver mines located in the northern part of Spain; and (ii) Upper Mineralized Zone at the Don Mario Mine (the "UMZ Mine"), an open-pit gold-copper-silver mine located in the south-eastern part of Bolivia. In addition, Orvana has completed a feasibility study and obtained the major permits for its Copperwood copper project (the "Copperwood Project") located in the Upper Peninsula of Michigan, United States. Orvana's focus is currently on its operations and project. However, the Company will consider growth through value-added opportunities. Orvana is an Ontario company and its common shares ("Common Shares") are listed on the Toronto Stock Exchange under the symbol TSX:ORV.

Q3 2013 Operating and Financial Highlights

- Record gold production from EVBC of 18,439 ounces.
- Strong total metals production of 22,319 ounces of gold, 4.6 million pounds of copper and 303,704 ounces of silver compared to 18,344 ounces of gold, 5.1 million pounds of copper and 248,908 ounces of silver in the third quarter of fiscal 2012. [1]
- On June 16, 2013, there was a significant hoist incident at the Boinás Mine. A fully loaded skip failed to stop going into the surface dump, crashed into the top of the headframe and dropped down the shaft when the wire rope attachment failed. Preliminary findings show no damage to the hoist or shaft but significant damage to the steel sets at the shaft bottom and to the loading pocket. Repairs are expected to take approximately six months at a cost of up to $3,500. Underground production from the Boinás Mine has continued since the shaft accident using truck haulage through the existing underground ramp access with efforts to increase tonnage from higher grade skarns and oxide areas. Production at the Carlés Mine is unaffected and options to expand its

production are underway. Due to the hoist incident at the Boinás Mine, production is forecasted to drop to about 90% of former levels at EVBC until the repairs are completed. The Company, however, remains on track to meet its original total metals production guidance for fiscal 2013.

- Following the end of the third quarter, as part of the Company's ongoing operational optimization initiatives, the Company suspended the operations of its sulphuric acid plant at the UMZ Mine used to process oxides. Leach-precipitation-flotation ("LPF") processing costs were significantly higher than flotation-only processing costs and throughput of the LPF circuit was approximately half that of the flotation-only circuit. The Company recorded an impairment charge of the LPF plant and related consumables of $6,423. The Company will continue to process transition and sulphide ores now by the flotation-only circuits. This suspension of the LPF circuit will result in increased production of about 5% per quarter.
- Sales of 20,480 ounces of gold, 4.1 million pounds of copper and 303,733 ounces of silver compared to 16,842 ounces of gold, 5.5 million pounds of copper and 284,440 ounces of silver in the third quarter of fiscal 2012. (1)
- Consolidated revenue of $35,414 compared to $43,691 in the third quarter of fiscal 2012, a decrease of 19%.
- Net income of $11,315 compared to $12,118 in the third quarter of fiscal 2012.
- Adjusted net loss of $654 compared to adjusted net income of $3,611 in the third quarter of fiscal 2012. The adjusted net loss excludes certain non-recurring items including the unrealized gains from the revaluation of the Company's financial instruments and the tax effect thereof, the non-cash impairment charge of $6,423 in connection with the suspension of the operations of the sulphuric acid plant at the UMZ Mine and the non-cash de-recognition of a portion of the Boinás Mine hoist of $3,500 as a result of the hoist incident. (2)
- Cash flows provided by operating activities of $10,845 compared to $12,366 in the third quarter of fiscal 2012 and cash flows provided by operating activities before changes in non-cash working capital of $4,604 compared to $10,929 in the third quarter of fiscal 2012. (2)
- Capital expenditures of $4,283 and $17,265 for the three and nine months ended June 30, 2013 consisting mostly of primary development at EVBC.
- Debt net of cash, cash equivalents and restricted cash for debt repayment of $44,400 at June 30, 2013.
- Payment of principal and interest on its long-term debt of $11,099 in the nine months ended June 30, 2013.
- During the quarter, the announcement of a potential reduction in quantitative easing in the United States led to sharp increases in long-term interest rates and the US dollar index trading at three-year highs. This, along with other macroeconomic indicators in the United States, suggested the United States economy was improving. In response, gold prices declined sharply during June closing below $1,200 at the end of the quarter. Other commodity prices were similarly affected. Operational and corporate reviews have been initiated to seek means to reduce operating and capital costs to improve liquidity and cash flows given the recent declines and continued volatility in the metals markets.

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

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

OVERALL PERFORMANCE

The key factors affecting Orvana's operating and financial performance are tonnages mined and treated, metal grades and recoveries, quantities of metals produced and sold, realized metals prices, cost of supplies, labour, energy expenses, mine development and other capital expenditures, foreign exchange rates, financial instruments and tax rates. The following table sets out the Company's operating and financial performance for the periods set out below:

	Q2 2013	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Operating Performance (1)					
Gold					
Production (oz)	18,144	**22,319**	18,344	**58,223**	40,773
Sales (oz)	19,248	**20,480**	16,842	**52,624**	36,448
Average realized price / oz (2)	$1,616	**$1,450**	$1,614	**$1,574**	$1,655
Copper					
Production ('000 lbs)	3,852	**4,558**	5,080	**12,793**	11,307
Sales ('000 lbs)	3,848	**4,064**	5,454	**11,885**	9,470
Average realized price / lb (2)	$3.50	**$3.25**	$3.37	**$3.38**	$3.56
Silver					
Production (oz)	191,374	**303,704**	248,908	**728,530**	439,199
Sales (oz)	213,879	**303,733**	284,440	**759,384**	380,358
Average realized price / oz (2)	$28.10	**$22.58**	$27.07	**$26.64**	$28.18
Financial Performance					
Revenue (3)	$44,301	**$35,414**	$43,691	**$113,743**	$90,309
Mining costs (4)	$26,163	**$26,153**	$27,857	**$70,939**	$58,836
Depreciation and amortization	$6,441	**$7,226**	$4,803	**$17,686**	$11,059
Impairment charge	-	**$6,423**	-	**$6,423**	-
Gross margin	$11,697	**($4,388)**	$11,031	**$18,695**	$20,414
Financial instruments (gain) loss	($6,545)	**($33,700)**	($10,621)	**($51,993)**	$8,602
Net income (loss)	$6,483	**$11,315**	$12,118	**$31,449**	($346)
Net income (loss) per share (basic and diluted)	$0.05	**$0.08**	$0.09	**$0.23**	$0.00
Adjusted net income (loss) (5)	$922	**($654)**	$3,611	**$4,608**	$3,149
Adjusted net income (loss) per share (basic and diluted) (5)	$0.01	**$0.00**	$0.03	**$0.03**	$0.02
Operating cash flows	$14,014	**$10,845**	$12,336	**$24,910**	$12,088
Operating cash flows before non-cash working capital changes (5)	$10,627	**$4,604**	$10,929	**$23,420**	$18,823
Ending cash and cash equivalents	$14,346	**$11,484**	$11,094	**$11,484**	$11,094
Restricted cash (including long-term)	$13,858	**$16,304**	$14,626	**$16,304**	$14,626
Capital expenditures (including primary mine development) (6)	$8,753	**$4,283**	$4,941	**$17,265**	$17,304

(1) Metals production and sales are from EVBC and the UMZ Mine. EVBC and the UMZ Mine reached commercial production in August 2011 and January 2012, respectively.

(2) Sales volumes represented in the table above and in the tables below with respect to EVBC and the UMZ Mine include volume adjustments relating to final liquidations from prior period sales. Average realized metal prices are calculated by dividing gross revenue recorded for the period from sales of the particular metal, before deduction of treatment and refinement charges, by ounces of gold or silver or pounds of copper sold during the period. Sales volumes used to calculate average realized metal prices and unitary cash costs do not include volume adjustments relating to final liquidations from prior period sales.

(3) Revenue represents (i) gross revenue derived from the sales of metals in the applicable period less transportation, treatment, refining, penalties and selling costs associated with such sales, (ii) plus or minus realized final liquidation amounts relating to metals sold in prior periods, (iii) plus or minus mark-to-market adjustments based on unrealized price fluctuations at period end relating to metals sold in the current or prior reporting periods prior to completion of final liquidations relating to such sales.

(4) Mining costs represents all costs associated with the production of the metals sold in the period including mining, milling, administration, royalties and, in respect of the UMZ Mine, mining royalty taxes payable to the Bolivian government.

(5) 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.

(6) These amounts are presented in the consolidated cash flows in the Q3 Financials on a cash basis. Each reported period excludes unpaid capital expenditures for EVBC incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reporting period. See "Cash Flows, Commitments and Liquidity - Capital Expenditures".

Three Months Ended June 30, 2013 Compared to Three Months Ended March 31, 2013

The Company recorded net income for the third quarter of fiscal 2013 of $11,315 or $0.08 per share, an increase of $4,832 or $0.03 per share compared to net income of $6,483 or $0.05 per share for the second quarter of fiscal 2013. The Company's net income for the third quarter of fiscal 2013 was impacted significantly by the following factors:

- Revenue for the third quarter of fiscal 2013 decreased by $8,787 or 20% to $35,414 on sales of 20,480 ounces of gold, 4.1 million pounds of copper and 303,733 ounces of silver from EVBC and the UMZ Mine from $44,301 on sales of 19,248 ounces of gold, 3.8 million pounds of copper and 213,879 ounces of silver from EVBC and the UMZ Mine in the second quarter of fiscal 2013. The decrease in revenue resulted primarily from lower average realized price of gold, copper and silver sold including negative price adjustments from metals sold in prior periods.
- Total mining costs were $26,153 in the third quarter compared to $26,163 in the second quarter of fiscal 2013. Mining costs were virtually the same in both reporting periods. Depreciation and amortization increased by $785 or 12% from the second quarter of fiscal 2013 primarily due to higher metals volumes produced and sold in the second quarter and, therefore, higher depreciation amortized in connection with such sales.
- Gross margin decreased by $16,085 or 138% to negative $4,388 in the third quarter of fiscal 2013 from $11,697 in the second quarter of fiscal 2013 primarily due to (i) the impairment charge with respect to the suspension of the operations of EMIPA's Leach-Precipitation-Flotation ("LPF") plant of $6,423 (the "EMIPA Write-Down"), and (ii) lower average prices realized on gold, silver and copper sold.
- Expenses before financial instruments gain (loss) increased by $3,962 from $5,791 for the second quarter of fiscal 2013 to $9,753 for the third quarter ended June 30, 2013. This is primarily due to (i) a non-cash expense for the de-recognition of assets related to the Boinás Mine hoist of $3,500, the estimated costs to repair the damaged components, (ii) the provision for and subsequent payment to EMIPA union employees of $1,384, and (iii) a non-cash provision for potentially uncollectible value-added tax ("VAT") of $1,387 at the UMZ Mine. The repair costs of the Boinás Mine hoist will be capitalized to property, plant and equipment when incurred and future insurance proceeds will be recorded in "other income" once received.
- The Company recorded an unrealized financial instruments gain of $32,902 in the third quarter of fiscal 2013 compared to an unrealized financial instruments gain of $7,948 recorded in the second quarter of fiscal 2013 relating to the fair market revaluation of the Company's outstanding financial instruments.

The adjusted net loss for the third quarter of fiscal 2013 was $654 or $0.00 per share compared to a net gain of $922 for the second quarter of fiscal 2013 or $0.01 per share. This adjusted net loss in respect of the third quarter of fiscal 2013 (the "Q3 Adjustments") excludes the following non-recurring items: (i) the unrealized gains from the revaluation of the Company's financial instruments and the tax effect thereof, (ii) the non-cash impairment charge of $6,423 in connection with the EMIPA Write-Down, (iii) the non-cash de-recognition of EVBC assets of $3,500 as a result of the hoist incident net of tax, (iv) the cash union payment provision of $1,384, and (v) the non-cash provision of $1,387 for potentially uncollectible VAT at the UMZ Mine. For further information and a detailed reconciliation of adjusted net income (loss), please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

The Company recorded net income for the third quarter of fiscal 2013 of $11,315 or $0.08 per share, a decrease of $803 or $0.01 per share, compared to $12,118 or $0.09 per share for the third quarter of fiscal 2012. The Company's net income for the third quarter of fiscal 2013 was impacted significantly by the following factors:

- Revenue for the third quarter of fiscal 2013 decreased by $8,277 or 19% to $35,414 on sales of 20,480 ounces of gold, 4.1 million pounds of copper and 303,733 ounces of silver from EVBC and UMZ Mine compared to revenue of $43,691 on sales of 16,842 ounces of gold, 5.5 million pounds of copper and 284,440 ounces of silver in the third quarter of fiscal 2012. Average gold, copper and silver prices realized during the third quarter of fiscal 2013 were $1,450 per ounce, $3.25 per pound and $22.58 per ounce, respectively. The decrease in revenue resulted primarily from decreases in average realized prices for gold, copper and silver in the current quarter somewhat off-set by higher metals sales.

- Total mining costs decreased by $1,704 or 6% from $27,857 in the third quarter of fiscal 2012 to $26,153 in the third quarter of fiscal 2013 primarily due to higher sales of gold by 10% and copper of 28% at the UMZ Mine in the third quarter of fiscal 2012 compared to the third quarter of fiscal 2013, resulting in higher costs associated with such sales.
- Gross margin decreased by $15,419 or 140% to negative $4,388 for the third quarter of fiscal 2013 compared to $11,031 for the third quarter of fiscal 2012 primarily due to the impairment charge related to the EMIPA Write-Down of $6,423. Gross margin, excluding the impact of this impairment charge, was $2,035 and was lower when compared to the same quarter of the previous year primarily as a result of lower average realized prices on gold, silver and copper sold.
- Expenses before financial instruments gain (loss) increased by $7,138 to $9,753 for the third quarter of fiscal 2013 compared to $2,615 for the third quarter of fiscal 2012. This increase is primarily due to (i) a non-cash expense for the de-recognition of assets related to the Boinás Mine hoist of $3,500, (ii) the provision for and subsequent payment to EMIPA union employees of $1,384, and (iii) a non-cash provision for potentially uncollectible VAT of $1,387 at the UMZ Mine.
- The Company recorded financial instruments gains of $33,700 for the third quarter of fiscal 2013 compared to $10,621 for the same period of fiscal 2012. The gains resulted from (i) unrealized fair value adjustments relating to the Company's outstanding financial instruments at June 30, 2013 and 2012 of $32,902 and $12,152, respectively, and (ii) cash settlements income of $798 and costs of $1,531 in respect of the financial instruments that matured during the third quarter of fiscal 2013 and 2012, respectively. The related deferred income tax expense recorded is $10,110 compared to a deferred income tax recovery for the third quarter of fiscal 2012 of $3,186. Of the Company's total gold and copper sales in the third quarter of fiscal 2013, 35% and 22%, respectively, were hedged under the gold and copper outstanding financial instruments as required under the EVBC Loan.
- The income tax expense in the third quarter of fiscal 2013 of $8,244 (June 30, 2012 - $6,919) was due to current income tax recovery of $754 on income before taxes and deferred income expense of $8,998 relating to the unrealized gain on the mark-to-market revaluation of the Company's outstanding financial instruments at the end of the period.

The adjusted net loss was $654 for the third quarter of fiscal 2013 or $0.00 per share compared to adjusted net income of $3,611 or adjusted earnings per share of $0.03 for the quarter of fiscal 2012. This adjusted net income in respect of the third quarter of fiscal 2013 excludes the Q3 Adjustments.

Nine Months Ended June 30, 2013 Compared to Nine Months Ended June 30, 2012

The Company recorded net income of $31,449 for the nine months ended June 30, 2013 or $0.23 per share compared to a net loss of $346 for the nine months ended June 30, 2012 or $0.00 per share impacted significantly by the following factors:

- Revenue for the nine months ended June 30, 2013 increased by $23,434 or 26% to $113,743 on sales of 52,624 ounces of gold, 11.9 million pounds of copper and 759,384 ounces of silver from EVBC and UMZ Mine as compared to revenue of $90,309 on sales of 36,448 ounces of gold, 9.5 million pounds of copper and 380,358 ounces of silver in the nine month period ended June 30, 2012. The increase in revenue resulted from higher production and, therefore, higher sales from EVBC. In addition, the UMZ Mine was not in commercial production in the first quarter of fiscal 2012.
- Mining costs increased by $12,103 or 21% from $58,836 for the nine months ended June 30, 2012 to $70,939 for the nine months ended June 30, 2013. Depreciation and amortization increased by $6,627 or 60% from $11,059 for the first nine months of fiscal 2012 to $17,686 for the first nine months of fiscal 2013. These increases are primarily due to higher production and higher sales in the first nine months of fiscal 2013 and, therefore, higher associated mining costs and depreciation than in the first nine months of fiscal 2012. The increase in depreciation and amortization is also due to additional primary mine development at EVBC being capitalized

in fiscal 2012 and 2013 and subsequently depreciated. In addition, the Company recorded an impairment charge of $6,423 in the current year as part of the EMIPA Write-Down relating to the suspension of the operations of the LPF plant at the UMZ Mine.

- Gross margin decreased by $1,719 or 8% to $18,695 for the first nine months of fiscal 2013 compared to $20,414 for the nine months ended June 30, 2012.
- Expenses before financial instruments gain (loss) increased by $10,757 to $19,848 for the nine months ended June 30, 2013 compared to $9,091 for the nine months ended June 30, 2012. This increase is primarily due to (i) a non-cash expense for the de-recognition of assets related to the Boinás Mine hoist of $3,500, (ii) the provision for and subsequent payment to EMIPA union employees of $1,384, (iii) a non-cash provision for potentially uncollectible VAT of $1,387 at the UMZ Mine, (iv) increases in interest expense on financing arrangements, and (v) increases in general and administrative expenses at the corporate office including in relation to severances.
- The Company recorded a financial instruments gain of $51,993 for the nine months ended June 30, 2013 compared to a financial instruments loss of $8,602 for the same period of fiscal 2012. The gain and loss, respectively, resulted from (i) unrealized fair value adjustments relating to the Company's outstanding financial instruments at June 30, 2013 and 2012 of a gain of $54,148 and a loss of $4,992, respectively and (ii) cash settlements costs of $2,155 and $3,610 in connection with the financial instruments that matured during the first nine months of fiscal 2013 and 2012, respectively.
- The income tax expense for the nine months ended June 30, 2013 of $19,391 (June 30, 2012 - $3,067) was due to income tax of $2,338 on the year-to-date income before tax and deferred income tax expense of $17,053 mostly relating to the unrealized gain on the mark-to-market revaluation of the Company's outstanding financial instruments at June 30, 2013.

The adjusted net income for the nine months ended June 30, 2013 was $4,608 or $0.03 per share compared to $3,149 or $0.02 per share for the nine months ended June 30, 2012. This adjusted net income for the nine months ended June 30, 2013 excludes the Q3 Adjustments.

EVBC

Through its wholly-owned subsidiary, Kinbauri España S.L.U. ("Kinbauri"), the Company owns and operates the EVBC mines located in the Rio Narcea Gold Belt in northern Spain. The EVBC mines are comprised of the Boinás Mine, where skarns and oxides are being mined underground, and the Carlés Mine, where skarns are being mined underground. The following table includes consolidated operating and financial performance data for EVBC for the periods set out below. The EVBC mines commenced commercial production in August 2011.

	Q2 2013	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Operating Performance					
Ore mined (tonnes) (wmt)	191,460	**193,202**	161,115	**547,713**	429,568
Ore milled (tonnes) (dmt)	176,445	**181,599**	150,711	**503,934**	401,255
Gold					
Grade (g/t)	3.04	**3.41**	3.09	**3.20**	2.72
Recovery (%)	90.9	**92.5**	93.4	**92.3**	92.2
Production (oz)	15,713	**18,439**	13,983	**48,101**	32,399
Sales (oz)	16,824	**16,808**	11,358	**42,391**	29,380
Copper					
Grade (%)	0.48	**0.63**	0.51	**0.54**	0.42
Recovery (%)	80.4	**87.3**	86.5	**83.4**	84.3
Production ('000 lbs)	1,488	**1,942**	1,468	**4.778**	3,151
Sales ('000 lbs)	1,636	**1,643**	934	**4,095**	2,710
Silver					
Grade (g/t)	10.0	**12.1**	10.4	**11.2**	9.4
Recovery (%)	73.8	**82.9**	78.4	**79.1**	76.2

	Q2 2013	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Production (oz)	41,848	**58,856**	39,621	**143,581**	92,395
Sales (oz)	43,183	**51,934**	36,465	**128,396**	77,101
Total cash costs (by-product) ($/oz of gold sold) (1)	$784	**$846**	$806	**$821**	$916
Total production costs (by-product) ($/oz of gold sold) (1)	$1,076	**$1,178**	$968	**$1,127**	$1,181
Financial Performance					
Revenue	$31,180	**$25,242**	$20,845	**$73,700**	$56,521
Mining costs	$17,051	**$17,363**	$13,664	**$44,145**	$34,460
Depreciation and amortization (2)	$4,915	**$5,557**	$2,730	**$12,982**	$7,783
Financial instruments (gain) loss	($6,545)	**($33,700)**	($10,621)	**($51,993)**	$8,602
Income (loss) before tax	$15,377	**$30,894**	$15,100	**$62,264**	$3,455
Adjusted income (loss) before tax (1)	$7,402	**$1,391**	$2,948	**$11,515**	$8,447
Capital expenditures (including primary development) (3)	$3,243	**$2,900**	$7,507	**$9,500**	$21,075

(1) Total cash costs (by-product) and total production costs (by-product) per ounce of gold sold and adjusted income (loss) before tax are non-IFRS performance measures with no standard definition under IFRS. For further information and a detailed reconciliation, please see the "Other Information – Non-IFRS Measures" section of this MD&A. Adjusted income before tax includes realized expenses in connection with financial instruments settled during the period and excludes the mark-to-market fair value adjustments of the Company's outstanding financial instruments at the end of the period. See also "Other Information – Financial Instruments" below.

(2) Depreciation and amortization amounts set out in the table above include depreciation of amounts paid by the Company to acquire EVBC on the acquisition of Kinbauri and such total depreciation and amortization costs are included in the calculation of total production costs (by-product) per ounce of gold sold.

(3) These amounts are presented on a cash basis. Each reported period excludes unpaid capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reported period. See "Cash Flows, Commitments and Liquidity – Capital Expenditures".

Operating Performance

With strong mining and processing performance and higher average grades, EVBC achieved record production numbers for the third quarter of fiscal 2013 of 18,439 ounces of gold, 1.9 million pounds of copper and 58,856 ounces of silver compared to (i) 15,713 ounces of gold, 1.5 million pounds of copper and 41,848 ounces of silver during the second quarter of fiscal 2013, and (ii) 13,983 ounces of gold, 1.5 million pounds of copper and 39,621 ounces of silver during the third quarter of fiscal 2012.

The increase in production (i) compared to the second quarter of fiscal 2013 is primarily due to an increase of 1% in tonnage mined and 3% in tonnage milled and an increase in gold, copper and silver grade of 12%, 31% and 39%, respectively, and (ii) compared to the third quarter of fiscal 2012 is primarily due to an increase of 20% in tonnage mined and 20% in tonnage milled and an increase in gold, copper and silver grade of 10%, 24% and 34%, respectively. Recoveries also increased on gold, copper and silver in the third quarter of fiscal 2013 primarily as a result of higher head grades and stability in blend and operations of the mill. The Boinás Mine continued to make progress in primary mine development advancements in both oxide and skarn areas in order to have sufficient stopes available for mining. The mill operated at full production in the third quarter of fiscal 2013 due to availability of mine feed.

The shaft at the Boinás Mine, which became operational at the end of the first quarter of fiscal 2013, continued to ramp up during the third quarter of fiscal 2013 achieving a hoisting record of 74% of the volume of skarns extracted in May. However, on June 16, 2013 an incident occurred resulting in material damage to the hoist/shaft system. A fully loaded skip failed to stop going into the surface dump, crashed into the top of the headframe and dropped down the shaft when the wire rope attachment failed. Preliminary findings show no damage to the hoist or shaft but significant damage to the steel sets near the loading pocket. No injuries occurred and an investigation has been underway. As a result, average hoisted volume of skarns extracted during the third quarter of fiscal 2013 from the Boinás Mine was 52% of the total volume of skarns extracted.

The Company's alternative production schedule incorporates ramp haulage for Boinas skarns, which was the methodology used in 2012 to carry Boinas skarns to the plant prior to the hoist system becoming operational, greater oxides mining at the Boinás Mine and an increase in overall production at the Carlés Mine where operations have continued unaffected. Efforts are being made to increase tonnage from higher grades skarns and oxide areas. Due to the hoist incident at the Boinás Mine, production is forecasted to drop to 90% of former levels at EVBC until the repairs are completed. The Company, however, remains on track to meet its original total metals production guidance for fiscal 2013. In July 2013, under the revised production schedule, EVBC produced 5,651 ounces of gold, 0.6 million pounds of copper and 19,643 ounces of silver.

Government authorities have released the hoist site to the Company in order to develop a detailed recovery plan and insurance adjusters have visited the site. International shaft and hoist expert contractors and consultants have completed a recovery plan. The Company expects that it will take about six months to repair the shaft at an estimated cost of approximately $3,500. The Company has been assisting its insurers with their evaluations. Although such insurers have not confirmed coverage, at this time, the Company does not have any reasons to believe that it will not have coverage in respect of such repairs. The Company has engaged an EPCM contractor to lead the repair work and the execution of the hoist recovery plan has commenced.

Total cash costs (net of by-product revenue) of $846 per ounce of gold sold in the third quarter of fiscal 2013 were 8% or $62 higher than such costs of $784 in the second quarter of fiscal 2013 due higher operating costs per milled tonne as a result of higher direct mining costs primarily due to higher backfill placement, ground support and stope preparation and higher contractor costs associated with the increased mining of oxides.

Total cash costs (net of by-product revenue) of $846 per ounce of gold sold in the third quarter of fiscal 2013 were 5% or $40 higher than such costs of $806 in the third quarter of fiscal 2012 due to higher operating costs per milled tonne.

Total production costs (net of by-product revenue) of $1,178 per ounce of gold sold were 9% higher than $1,076 in the second quarter of fiscal 2013 and 22% higher than in the third quarter of fiscal 2012 of $968 primarily due to an increase in total cash costs (net of by-product revenue) in the third quarter of fiscal 2013 compared to the third quarter of fiscal 2012 combined with an increase in depreciation and amortization.

Financial Performance

Revenue from EVBC for the third quarter of fiscal 2013 decreased by 19% to $25,242 on sales of 16,808 ounces of gold, 1.6 million pounds of copper and 51,934 ounces of silver from $31,180 on sales of 16,824 ounces of gold, 1.6 million pounds of copper and 43,183 ounces of silver in the second quarter of fiscal 2013 primarily as a result of lower average gold realized price on sales in the third quarter compared to the second quarter of fiscal 2013.

Revenue in the third quarter of fiscal 2013 increased by 21% from $20,845 to $25,242 compared to the third quarter of fiscal 2012 as a result of higher volumes of metals sold off-set by a lower average realized price. Revenue for the nine months ended June 30, 2013 was $73,700, or 30% higher, compared to $56,521 for the nine months ended June 30, 2012.

The cost of sales during the third quarter of fiscal 2013 was $22,920 including mining costs of $17,363 and depreciation and amortization expense of $5,557. The cost of sales are higher than in the second quarter of fiscal 2013 and the third quarter of fiscal 2012 by $954 and $6,546, respectively, primarily due to higher (i) sales of metals and, therefore, higher direct mining costs and depreciation and amortization costs associated with such sales compared to the third quarter of fiscal 2012, (ii) higher backfill, ground support and stope preparation costs, (iii) contractor costs associated with increased mining of oxides, and (iv) costs associated with increased throughput including increased consumption of consumables.

During the quarter, the hoist incident at the Boinás Mine resulted in material damage to the hoist/shaft system. The Company has de-recognized a portion of the asset for $3,500, the estimated cost to repair the damaged components. The repair costs will be capitalized to property, plant and equipment when incurred and future insurance proceeds will be recorded in “other income” once received.

Income before tax for the third quarter of fiscal 2013 was $30,894 compared to income before tax of $15,377 for the second quarter of fiscal 2013 and income before tax of $15,100 for the third quarter of fiscal 2012 due mainly to the unrealized gain recorded on the revaluation of the Company’s outstanding financial instruments. Of the total gold and copper sales during the third quarter of fiscal 2013 from EVBC, 43% and 55%, respectively, were hedged under outstanding financial instruments as required under the EVBC Loan.

Adjusted income before tax for the third quarter of fiscal 2013, which excludes the unrealized fair value adjustment relating to the outstanding financial instruments and a non-cash expense for the de-recognition of assets relating to the hoist of $3,500, was $1,391 or 81% lower than $7,402 during the second quarter of fiscal 2013 and 53% lower than in the third quarter of fiscal 2012.

Total capital expenditures at EVBC during the third quarter and for the nine months ended June 30, 2013 were $2,900 and $9,500, respectively. Total capital expenditures for the third quarter consisted of $2,658 for primary mine development and $242 for other sustaining capital.

Reserves and Resources Estimates

The Company issued updated resource and reserves estimates in its Annual Information Form dated December 28, 2012 prepared in accordance with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* ("NI 43-101") under the supervision of C. Knievel, a qualified person but who is not independent for the purposes of NI 43-101. Effective at July 31, 2012, EVBC contained (i) proven reserves of 2.1 million tonnes at 3.05 grams per tonne gold and 0.71% copper and probable reserves of 5.8 million tonnes at 3.53 grams per tonne gold and 0.46 copper, and (ii) measured and indicated resources, including reserves, of 3.0 million tonnes at 3.98 grams per tonne gold and 0.78% copper and 5.5 million tonnes at 5.23 grams per tonne gold and 0.58% copper, respectively.

UMZ Mine

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

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

	Q2 2013	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Operating Performance (1)					
Ore mined (tonnes)	450,489	**522,939**	343,450	**1,456,470**	841,318
Ore milled (tonnes)	184,607	**195,798**	179,923	**581,717**	402,330
Gold					
Grade (g/t)	1.01	**1.39**	1.92	**1.20**	1.84
Recovery (%)	40.7	**44.3**	39.2	**45.2**	35.1
Production (oz)	2,432	**3,880**	4,361	**10,122**	8,374
Sales (oz) (2)	2,424	**3,672**	5,484	**10,233**	7,068
Copper					
Grade (%)	1.26	**1.40**	1.83	**1.37**	1.82
Recovery (%)	46.0	**43.4**	49.7	**45.6**	50.6
Production ('000 lbs)	2,363	**2,616**	3,612	**8,016**	8,156
Sales ('000 lbs) (2)	2,212	**2,421**	4,520	**7,790**	6,760
Silver					
Grade (g/t)	42.1	**61.3**	87.6	**52.0**	84.0
Recovery (%)	59.8	**63.5**	41.3	**60.2**	31.9
Production (oz)	149,526	**244,848**	209,287	**584,949**	346,804
Sales (oz) (2)	170,697	**251,799**	247,975	**630,988**	303,257
Total cash costs (co-product) ($/lb) copper (3)	2.47	**$2.15**	$2.35	**$2.21**	$3.18
Total cash costs (co-product) ($/oz) gold (3)	$1,155	**$925**	$1,119	**$1,023**	$1,030
Total cash costs (co-product) ($/oz) silver (3)	$22.52	**$16.12**	$21.20	**$19.27**	$18.99
Financial Performance					
Revenue	$13,121	**$10,172**	$22,846	**$40,043**	$33,788
Mining costs	$9,112	**$8,790**	$14,193	**$26,793**	$24,376

	Q2 2013	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Depreciation and amortization	$1,499	**$1,669**	$2,073	**$4,704**	$3,276
EMIPA Q3 adjustments [(4)]	-	**9,194**	-	**$9,194**	-
Income (loss) before tax	$369	**($10,350)**	$6,315	**($3,918)**	$4,944
Adjusted income (loss) before tax	$369	**($1,156)**	$6,315	**$5,276**	$4,944
Capital expenditures	$423	**$317**	$232	**$2,110**	$806

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

(2) The sales volumes for the first quarter of fiscal 2013 have been adjusted from the previously reported information to deduct volume adjustments relating to final liquidations from prior period sales. Sales volume used to calculate unitary cash costs do not include volume adjustments relating to final liquidations from prior period sales.

(3) 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.

(4) Other expenses include $7,807 of non-recurring payments including the EMIPA Write-Down (defined and discussed below) and $1,328 in one-time payments made to union employees.

Operating Performance

During the third quarter of fiscal 2013, the UMZ Mine produced 3,880 ounces of gold, 2.6 million pounds of copper and 244,848 ounces of silver compared to (i) 2,432 ounces of gold, 2.4 million pounds of copper and 149,526 ounces of silver in the second quarter of fiscal 2013, and (ii) 4,361 ounces of gold, 3.6 million pounds of copper and 209,287 ounces of silver in the third quarter of fiscal 2012.

Production in the third quarter of fiscal 2013 compared to the second quarter of fiscal 2013 (i) of gold increased by 59.5% primarily as a result of a 37.6% increase in grade and a 8.8% increase in recoveries, (ii) of copper increased by 10.7% as a result of 11.1% higher grade and 6.2% higher throughput offset by 5.7% decrease in recoveries, and (iii) of silver increased by 63.7% as a result of 45.6% higher grade a 6.2% increase in recoveries and 6.1% higher throughput.

Head grades were higher in the third quarter of fiscal 2013 due the composition of the areas mined in the transition and sulphide zones when compared to the second quarter of fiscal 2013.

Lower recoveries were experienced in the second quarter of fiscal 2013 primarily due to higher soluble copper and higher lead and zinc content in the ores milled during the period. The Company achieved improved recoveries in the third quarter of fiscal 2013 as a result of increased access to sulphides from different areas of the UMZ Mine to allow for a better blending of ores being processed as well as a change in reagents.

A Leach-Precipitation-Flotation ("LPF") circuit, which includes conventional flotation circuits from the previous operations, was installed to process the oxide and transition ores from the UMZ Mine. In March 2012, the Company commenced processing transition ores, which includes both copper in oxide minerals and copper in sulphide minerals, by flotation-only and oxides through the LPF process. Processing through both the LPF and flotation-only circuits allows the plant to operate at greater than 90% availability. The Company processed oxide ores through the LPF circuit for approximately 15 days during each of the first, second and third quarter of fiscal 2013.

Following the end of the third quarter, the Company reviewed the LPF process and determined, as a result of, among other things, declining metals prices and rising prices of necessary consumables for the LPF process, that it was no longer economical to process oxides through the LPF process at this time. LPF processing costs were significantly higher than flotation-only processing costs and throughput of the LPF circuit is approximately half that of the flotation-only circuit. As a result, the Company placed its sulphuric acid plant on care and maintenance and recorded an impairment charge of the LPF plant and related consumables of $6,423 (the "EMIPA Write-Down"). The Company will continue to process transition and sulphide ores now by the flotation-only circuits throughout the quarters. In addition, the Company is currently evaluating certain reagents which may allow it to process oxide ores through its flotation-only process.

The Company experienced a labour strike at the UMZ Mine in Bolivia in the third quarter of fiscal 2013. The strike was related to the demand by union employees for certain payments in respect of two periods between 2002 and 2012 which payments were not part of the labour agreement at those times. In connection with resolving these matters, EMIPA made two payments in June and July 2013 totaling $1,328 which amounts were expensed as part of non-recurring other expenses in the third quarter of fiscal 2013.

During July 2013, EMIPA entered into regular annual union wage negotiations as mandated under Bolivian law. Intermittent work stoppages commenced in July by way of formal strike notice from the union for set short periods of time. The Company approached the Ministry of Labour to gain assistance on inappropriate actions being taken by the union. Negotiations have then proceeded normally with no work disruptions in late July and into August. The Company is focused on finalizing its annual wage negotiations.

Financial Performance

Revenue from the UMZ Mine for the third quarter of fiscal 2013 was $10,172 on sales of 3,672 ounces of gold, 2.4 million pounds of copper and 251,799 ounces of silver compared to (i) $13,121 on sales of 2,424 ounces of gold, 2.2 million pounds of copper and 170,696 ounces of silver in the second quarter of fiscal 2013, and (ii) $22,846 on sales of 5,484 ounces of gold, 4.5 million pounds of copper and 247,975 ounces of silver in the third quarter of fiscal 2012. Revenue for the first nine months of fiscal 2013 was higher by $6,255 or 18.5% at $40,043 compared to $33,788 for the first nine months of fiscal 2012. The Company did not record any revenue from the UMZ Mine in the first quarter of fiscal 2012 as it was not in commercial production during that period. Revenue for the third quarter of fiscal 2013 compared to the second quarter of fiscal 2013 was largely impacted by lower average realized prices for gold, silver and copper in the current quarter.

The cost of sales during the third quarter of fiscal 2013 was $10,459 including mining costs of $8,790 and depreciation and amortization of $1,669. These costs were lower by 1.4% compared to the second quarter of fiscal 2013 and lower by 36% compared to the third quarter of fiscal 2012 primarily as a result of lower mining costs.

As a result of recently completed audits conducted by the Bolivian National Tax Services with respect to VAT claims, the Company recognized a provision of $1,387 for amounts of VAT claimed and received and amounts of VAT not yet claimed or received recorded as VAT receivables.

As part of the EMIPA Write-Down, non-recurring other expenses of $6,423 were recorded comprised primarily of $4,715 and $1,558 representing the carrying value of the LPF plant and LPF consumables and materials in inventory at June 30, 2013, respectively. As a result of the additional testing being undertaken by the Company relating to the processing of oxide ores, the EMIPA Write-Down does not include oxide ores in stockpile at June 30, 2013 with a carrying value of $1,546 or the oxide ores categorized as reserves and resources under the Company's resource and reserve estimates for the UMZ Mine prepared in accordance with NI 43-101 as at October 1, 2012. Should such tests be unsuccessful or should the Company determine not to proceed with the processing of oxide ores, the Company would write down the carrying value of oxide ores in inventory and expense the ongoing mining of the remaining oxides as part of its mining costs.

For the third quarter of fiscal 2013, total cash costs (co-product) were $925 per ounce of gold or 20% lower, $2.15 per pound of copper or 13% lower and $16.12 per ounce of silver or 28% lower compared to $1,155 per ounce of gold, $2.47 per pound of copper and $22.52 per ounce of silver for the second quarter of fiscal 2013. These decreases are generally due to higher volumes of metals produced and sold off-set by lower realized prices and approximately $600 associated with sales completed in the first quarter of fiscal 2013 being expensed in the second quarter resulting in higher cost of sales in the second quarter. Total cash costs (co-product) were on average 17% lower compared to the third quarter of fiscal 2012 primarily due to lower costs in the third quarter of fiscal 2013 from the contribution of gross by-product credits from lead sales and higher costs in the third quarter of fiscal 2012 from running two LPF campaigns compared to one LPF campaign in the third quarter of fiscal 2013.

Loss before tax for the third quarter of fiscal 2013 was $10,350 compared to income before tax of $369 for the second quarter of fiscal 2013 and $6,315 for the third quarter of fiscal 2012. Loss before tax for the first nine months of fiscal 2013 was $3,918 compared to income before tax of $4,944 for the corresponding period in fiscal 2012 primarily due to the EMIPA Q3 adjustments in the current year offset by higher revenue resulting from nine months of production in the current year and only six months in the same period of the prior year.

Adjusted loss before tax for the third quarter of fiscal 2013 was $1,156, which excludes (i) the impairment charge associated with the EMIPA Write-Down of $6,423, (ii) the provision for potential uncollectible VAT $1,378, and (iii) the provision for EMIPA union payments of $1,384, and was lower than adjusted income before tax of $369 during the second quarter of fiscal 2013 and lower than $6,315 in the third quarter of fiscal 2012.

Total capital expenditures at the UMZ Mine during the three and for the nine months ended June 30, 2013 were $317 and $2,110, respectively, primarily related to the tailings dam raise mostly completed at the end of fiscal 2012 and capitalized during the first quarter of fiscal 2013 and the purchase and major repair of certain equipment.

Reserves Estimates

In December 2012, the Company announced, pursuant to an updated resource and reserve estimate for the UMZ Mine prepared in accordance with NI 43-101 (the “UMZ Technical Report”), that at October 1, 2012, the UMZ Mine contained (i) proven reserves of 1.59 million tonnes at 1.26 grams per tonne gold, 1.23% copper and 40 grams per tonne silver, and (ii) probable reserves of 2.74 million tonnes at 1.27 grams per tonne gold, 1.28% copper and 40 grams per tonne silver. Estimated measured and indicated resources, including reserves, at the UMZ Mine were 1.72 million tonnes at 1.28 grams per tonne gold, 1.23% copper and 39 grams per tonne silver and 3.26 million tonnes at 1.32 grams per tonne gold, 1.32% copper and 39 grams per tonne silver, respectively. This updated estimate was prepared under the supervision of Francisco Alcalde Garmendia of Kminante Consultores in Santiago, Chile, who is a qualified person for the purposes of NI 43-101 and is independent of Orvana.

The UMZ Technical Report categorized certain oxide ores as reserves and resources and provided for the processing thereof through the LPF process. The Company is currently updating its resource and reserve estimates for the UMZ Mine based on updated long-term metals prices and to provide for the fact that oxide ores will not be processed through the LPF process. This update may result in a reduced mine life for the UMZ Mine compared to end of the life of the UMZ Mine identified in the UMZ Technical Report. However, the Company is undertaking additional testing relating to the processing of oxide ores which may extend the life of the UMZ Mine.

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

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

The Company has achieved all major permitting milestones in respect of the Copperwood Project. In April 2012, it received its mining permit from the Michigan Department of Environmental Quality ("MDEQ"), as prescribed by Part 632 of the Non-Ferrous Metallic Mining regulation of the State of Michigan. In July 2012, it received the Permit to Install, or Air Quality Permit, from the MDEQ, Air Quality Division. In November 2012, it received the National Pollutant Discharge Elimination System permits for treated sanitary and process wastewaters from the MDEQ. In February 2013, the Company received the Wetland Permit from the MDEQ, which is the last major permit necessary and in June 2013 it received the Safe Dams Permit Draft.

The Company is now integrating all the permits it has obtained into the Part 632 Mining Permit. Certain additional studies are being conducted in accordance with the Wetland Permit conditions to include base line studies of the designated preservation areas. Optimization work continues further to the Copperwood Technical Report, with a focus on additional metallurgical testing and mine design.

Total capital expenditures in respect of the Copperwood Project during the third quarter of fiscal 2013 and for the nine months ended June 30, 2013 were $362 and $2,647, respectively, compared to a total of $5,842 in fiscal 2012. These capital expenditures included metallurgical testing, costs associated with permitting including the Wetland Permits, well field investigation and peer review and supporting costs.

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

Market Review and Trends

Metal Prices

The market prices of gold and copper are one of the primary drivers of Orvana's earnings and ability to generate free cash flows. During the third quarter of fiscal 2013, the gold price experienced a material decline, with the price ranging from $1,192 to $1,487 per ounce and an average quarterly market price of $1,440 per ounce. Orvana's average gold realized price for the third quarter of fiscal 2013 was $1,450 per ounce. The Company derived approximately 60% of its revenue from sales of gold in the third quarter of fiscal 2013 and of the Company's total gold sales in the third quarter of fiscal 2013, 35% were hedged under the gold outstanding financial instruments as required under the EVBC Loan. See "Financial Condition Review – Financial Instruments".

During the quarter, the announcement of a potential reduction in quantitative easing in the United States led to sharp increases in long-term interest rates and the US dollar index trading at three-year highs. This, along with other macroeconomic indicators in the United States, suggested the United States economy was improving. In response, gold prices declined sharply during June closing below $1,200 at the end of the quarter. Other commodity prices were similarly affected. However, gold continues to attract investment interest through its role as a safe haven investment and store of value due to continued concerns over global economic growth, geopolitical issues, sovereign debt and deficit levels and future inflation prospects. While there are risks that investor interest in gold will decrease, especially with improved data regarding the U.S economy, the Company believes that the continuing uncertain macroeconomic environment in certain jurisdictions and loose monetary policies, together with the limited choice of alternative safe haven investments, is supportive of continued demand for gold although at prices closer to the current ranges rather than the price levels of $1,600 to $1,700 experienced in 2012. In the short-term, the Company expects gold spot prices to continue to remain volatile.

Copper prices traded in a range of $3.02 to $3.42 per pound during the third quarter of fiscal 2013 with an average quarterly market price of $3.28 per pound. Orvana's average copper realized price for the third quarter of fiscal 2013 was $3.25 per pound. Copper's strength lies mainly in strong physical demand from emerging markets, especially China, which has resulted in a physical deficit in recent years but with contraction in China's economic growth during the quarter, copper prices have declined. In the near term, the Company believes copper prices will be influenced by the outlook for global economic growth such as Euro zone manufacturing growth and reports of growth in new house sales in the United States, the world's second biggest consumer after China. The Company derived approximately 27% of its revenue from sales of copper in the third quarter of fiscal 2013. Of the Company's total copper sales in the third quarter of fiscal 2013, 22% were hedged under the copper outstanding financial instruments as required under the EVBC Loan. See "Financial Condition Review – Financial Instruments".

Silver prices do not significantly impact Orvana's current financial results. In the third quarter of fiscal 2013, silver prices traded in a range from $19.10 per ounce to $25.20 per ounce with an average quarterly market price of $23.53 per ounce. Orvana's average realized silver price for the third quarter of fiscal 2013 was $22.58 per ounce. The Company derived approximately 13% of its revenue from sales of silver in the third quarter of fiscal 2013.

Currency Exchange Rates

The results of Orvana's operations are affected by US dollar exchange rates. Orvana's largest exposure is to the US dollar/Euro exchange rate which impacts operating and administration costs at EVBC incurred in Euros while revenue is earned in US dollars. Orvana's cost of sales and expenses in the first half of fiscal 2012 were positively impacted by historical lows reached by the Euro against the US dollar and negatively impacted by an appreciation in the Euro at the end of fiscal 2012 and into fiscal 2013. Orvana expects continued volatility in the near future in the Euro.

At June 30, 2013, Orvana had outstanding currency contracts on $50,000 at a contract price of USD/EUR of $1.38 until December 2015 required under the EVBC Loan. See "Financial Condition Review – Financial Instruments". Orvana paid $191 during the third quarter of fiscal 2013 to settle currency forward contracts that matured during this period.

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 EVBC and the UMZ Mine to generate increasing operating cash flows in order to pay down debt. Operational and corporate reviews have been initiated to seek means to reduce operating and capital costs to improve liquidity and cash flows given the recent declines and continued volatility in the metals markets.

As well, Orvana will continue to de-risk the Copperwood Project and look for means to possibly advance the development.

Fiscal 2013 guidance for production remains at 75,000 ounces of gold (58,223 ounces for the first three quarters), 18 million pounds of copper (12.8 million pounds for the first three quarters) and 850,000 ounces of silver (728,530 ounces for the first three quarters).

Total EVBC production for the nine months ended June 30, was 48,101 ounces of gold (fiscal 2013 guidance of 63,000), 4.8 million pounds of copper (fiscal 2013 guidance of 6 million) and 143,581 ounces of silver (fiscal 2013 guidance of 200,000). During fiscal 2013, the Company's focus at EVBC has been on improving head grade, increasing gold production and reducing total cash costs (net of by-product revenue) per ounce of gold. The Company will continue to focus on these initiatives over the next six months while the shaft recovery project is underway. There has been good initial success with the ramp haulage production at the Boinás Mine and continued efforts to push production will occur. EVBC personnel have responded well to the adversity and it appears the loss of hoisting capability will not be as significant as initially anticipated, based on July production performance at EBVC.

Total UMZ Mine production for the nine months ended June 30, 2013 was 10,122 ounces of gold (fiscal 2013 guidance of 12,000), 8.0 million pounds of copper (fiscal 2013 guidance of 12 million) and 584,949 ounces of silver (fiscal 2013 guidance of 650,000). During fiscal 2013, the Company's focus at the UMZ Mine has been on improving metal production and reducing operating costs. The suspension of the LPF process will contribute materially to these goals, particularly in unit cost reduction.

The permitting process in respect of the Copperwood Project continued into fiscal 2013 and is complete. Orvana is continuing to optimize the Copperwood Project and investigate a variety of possible options to enhance the value of the Copperwood Project to Orvana's shareholders.

Orvana's long-term focus is to utilize future cash flow and mining capabilities to build long-term value for its shareholders. Growth opportunities, particularly near the Spanish operations, are being investigated.

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. Safety performance has improved significantly at EVBC and the UMZ Mine operations in 2013 compared to 2012.

Orvana is committed to developing and operating its mines and projects, including reclamation efforts, in full compliance with local environmental regulations and recognized international 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 EVBC and the UMZ Mine and these operations are also periodically inspected by environmental regulatory authorities. 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, when detected, are quickly located and evaluated. To date, although certain parameters have not always been in compliance at the Company's operations, evaluations have been provided to the respective regulatory authorities and remedial actions have or are being executed. The Company is currently working through one such matter in Spain with a local regulatory authority in respect of which it may receive certain monetary sanctions and in respect of which the Company has been implementing remedial actions. In addition, the Company is working on certain amendments to certain of its permits as a result thereof.

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 operations inspections are performed by representatives from the mine operations, planning and safety departments as well as by regulatory authorities and independent third party experts. 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.

For the third quarter of fiscal 2013, safety performance has improved at all sites. At EVBC there were no lost time accidents reported in the third quarter of fiscal 2013 compared to seven lost time accidents in the third quarter of fiscal 2012. The nine month period ended June 30, 2013 has reported eight lost time accidents compared to 19 lost time accidents for the nine month period ended June 30, 2012. EVBC has achieved 160 days without a lost time accident. At EMIPA, there was one lost time accident reported in the third quarter of fiscal 2013 compared to two lost time accidents reported in the third quarter of fiscal 2012. The nine month period ended June 30, 2013 has reported four lost time accidents compared to eight lost time accidents for the nine month period ended June 30, 2012 at the UMZ Mine. The UMZ Mine has achieved 71 days without a lost time accident. There were no lost time accidents reported for the Copperwood Project.

Orvana is committed to the social development and well-being of the communities in which it operates. To this end, Orvana continues to support, financially and otherwise, local community endeavors associated with these objectives. The Company has supported the communities surrounding EVBC 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 EVBC, with a recent release of 20,000 trout fingerling in June 2013 with local school children and various government authorities.

In the Chiquitos Province of Bolivia where the UMZ Mine is located, the Company is actively involved in the areas of education, sanitation, purchasing of local goods and services and generally working with communities to contribute to the improvement of their standard of living. In 2011, Orvana renewed its support of $1,785 to the local communities for a five year period. Projects supported by Orvana include supervision of and financial support for community development projects such as utilities and parks, education and information technology, cultural events, community business development initiatives and maintenance of community roads. In the nine months ended June 30, 2013, the Company had funded $435 of such commitment.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

The following table provides a comparison of key elements of Orvana's balance sheet at June 30, 2013 and September 30, 2012:

	June 30, 2013	September 30, 2012
Cash and cash equivalents	**$11,484**	$13,200
Restricted cash (short term)	**$14,473**	$16,783
Working capital excluding cash balances (1)	**$7,386**	($2,134)
Total assets	**$281,101**	$286,134
Long-term debt (net of financing fees) (2)	**$48,661**	$56,623
Obligations under finance leases	**$877**	$2,044
Total liabilities	**$123,554**	$160,320
Shareholders' equity	**$157,547**	$125,814

(1) Working capital represents current assets of $62,301 less cash and cash equivalents and short-term restricted cash totaling $25,957 and less $28,958 in current liabilities comprised of accounts payable and accrued liabilities and income taxes payable (not including bank debt, short-term debt, current portion of long-term debt, obligations under finance leases and financial instruments).

(2) The amount of Orvana's outstanding long-term debt at June 30, 2013 and September 30, 2012 is comprised of the EVBC Loan of $51,234 and $60,438, respectively, less financing fees of $2,573 and $3,815, respectively. Information relating to Orvana's outstanding credit facilities is set out below.

Total assets decreased by $5,033 or 2% from $286,134 to $281,101 primarily as a result of decreases in (i) cash and cash equivalents of $1,716, (ii) restricted cash of $2,310, (iii) concentrate and doré sales receivables of $9,377, and (iv) property, plant and equipment of $13,705 as a result of the EMIPA Write-Down and the EVBC temporary hoist write-down, off-set by increases in (v) inventory of $1,144, and (vi) the revaluation of the Company's outstanding financial instruments of $20,821.

Total liabilities decreased by $36,766 or 23% to $123,554 at June 30, 2013 from $160,320 at September 30, 2012. This decrease is largely due to a decrease in (i) the liability associated with the Company's outstanding financial instruments of $33,329, (ii) accounts payable and accrued liabilities of $6,916 due to timing differences between the expenditures being incurred and the payment thereof and the payment in the first nine months of fiscal 2013 of certain accounts payable outstanding at September 30, 2012, (iii) long-term debt of $7,962 due to repayments of the EVBC Loan and the Fabulosa Loan, (iv) income taxes payable of $4,243 related to the UMZ Mine following the payment of such taxes in respect of fiscal 2012 off-set by an increase in (v) deferred income tax liability of $17,099 resulting from the unrealized gain associated with the valuation of financial instruments, and (vi) bank debt of $682 due to decreased short-term borrowings in respect of the UMZ Mine in fiscal 2013. The Company did not draw down any further amounts under the Fabulosa Loan and did not increase borrowings under the EMIPA short-term credit facilities in the third quarter of fiscal 2013.

Orvana's outstanding credit facilities are set out below:

At June 30, 2013 (1)	Limit	Balance Outstanding
EVBC Loan	$51,234	$51,234
EMIPA short-term credit facilities (2)	$10,000	$6,899
Fabulosa Loan	$11,500	$3,731

(1) The balance outstanding as at the date of the MD&A under each of the EVBC Loan, the EMIPA short-term credit facilities and the Fabulosa Loan was $48,521, $9,963 and $2,731, respectively. The Company expects to maintain a level of short-term debt of approximately $10,000 in Bolivia. The Company's recorded long-term debt under the EVBC Loan at June 30, 2013 in the Q3 Financials was $35,094 and the current portion thereof was $13,567 for a total of $47,661 representing the balance outstanding of $51,234 net of financing fees of $2,573.

(2) EMIPA short term credit facilities are with two Bolivian banks and are payable in 60 to 180 days with annual interest ranging from 6.5% to 7.5% with certain of EMIPA's assets pledged as security against these loans (September 30, 2012 - $7,581). The credit facilities are not guaranteed by Orvana. The proceeds are used to finance EMIPA's working capital needs. The foregoing, excludes bank guarantees of $465 (September 30, 2012 - $633) related to refunded value-added taxes and chemical and natural gas purchases.

EVBC Loan

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

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

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

LIBOR plus 4%. Quarterly principal repayments commenced on July 2, 2012 and to the date of the MD&A, the Company has repaid $15,323 in principal and $3,754 in interest payments since then. The total annual principal repayment required in each fiscal year ending September 30, expressed as a percentage of the total amount of the EVBC Loan are: 2013-18.7%; 2014-23.3%; 2015-27.6%; and 2016-25.1%. The principal balance outstanding under the EVBC Loan as at the date of the MD&A is $48,521 with the next quarterly principal and interest payment already held as restricted cash.

Fabulosa Loan – Related Party Transactions

The Company has a secured loan facility (the “Fabulosa Loan”) with Fabulosa Mines Limited (“Fabulosa”), the Company’s 52% shareholder, in the amount of $11,500. The Company has used proceeds drawn under the Fabulosa Loan for working capital purposes. Interest on the outstanding principal is calculated at a rate per annum of 12%, is payable monthly and the Company pays withholding taxes imposed by applicable taxing authorities. The Company is currently paying interest and stand-by fees. The Company has repaid $3,000 of the principal amount outstanding and, as of the date of the MD&A, a principal amount of $2,731 is outstanding. The Fabulosa Loan also contains covenants that, among other things, require principal repayment in the event of, among other things, the sale of certain of the Company’s assets. 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.

The Fabulosa Loan was amended subsequent to the end of the third quarter of fiscal 2013 (the “Fabulosa Loan Amendment”). The availability period was extended from August 31, 2013 and the maturity period was extended from December 31, 2013 until September 30, 2014. Principal amounts outstanding under the Fabulosa Loan are now required to be repaid in the minimum amount of $500 per month commencing on April 1, 2014, compared to $1,000 per month prior to the Fabulosa Loan Amendment, provided that the entire principal and interest will be repaid by the new maturity date. In connection with such extension and amendment, the Company agreed to issue warrants to purchase 500,000 common shares of the Company exercisable for five years at an exercise price equal to an average of current market trading prices, subject to the approval of the Toronto Stock Exchange.

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

Shareholders’ Equity

Shareholders’ equity at June 30, 2013 was $157,547 representing an increase of $31,733 or 25% from $125,814 at September 30, 2012, primarily as a result of the unrealized gain recorded on the revaluation of the Company’s outstanding financial instruments net of tax of $37,904. The table below sets out the number of each class of securities of the Company outstanding as at the date of the MD&A:

Security	At August 9, 2013
Common shares	136,623,171
Warrants (1)	1,705,000
Stock options	2,871,669

(1) Warrants to purchase up to 1,300,000 Common Shares were issued on September 6, 2011 with an exercise price of C$1.90 and warrants to purchase up to 1,425,000 Common Shares were issued on March 5, 2012 with an exercise price of C$0.97 to Fabulosa. The expiry dates of these warrants range from 2016 and 2017. As a result of the forfeiture or expiration of certain options, warrants to purchase up to 1,705,000 Common Shares were outstanding as of the date of the MD&A of which 450,000 were exercisable. In connection with the Fabulosa Loan Amendment, the Company agreed to issue warrants to purchase 500,000 common shares of the Company exercisable for five years, subject to the approval of the Toronto Stock Exchange.

(2) The options have a weighted average exercise price of $1.68 and expiry dates ranging from 2013 to 2018.

Financial Instruments

The Company had the following outstanding financial instruments at June 30, 2013 as required under the EVBC Loan with one counterparty:

	Contract Prices	Cash Settlement	Contract Amounts
Currency			
USD/EUR forwards (Jul 2013-Dec 2015)	$1.38	Quarterly	$50,000 (1)
Copper			
Copper forwards (Jul 2013-Dec 2015)	$7,260 / tonne	Monthly	7,227 (1)
Gold			
Gold forwards (Jul 2013-Dec 2015)	$1,334 / troy oz	Monthly	23,438 (1)
Gold collars (Jul 2013-Sep 2015)	Puts - $1,550 / troy oz Calls - $1,855 / troy oz	Monthly	43,200 (2)
Gold collars (Jul 2015-Sep 2016)	Puts - $1,250 / troy oz Calls - $2,270 / troy oz	Monthly	19,200 (2)
Total gold collars (troy oz)			62,400

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

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

During the third quarter of fiscal 2013, 35% of the Company's total gold sales and 22% of the Company's total copper sales were hedged under the gold and copper financial instruments. The Company received net cash of $798 in settlement of the financial instruments that matured in the period. At June 30, 2013, the Company's outstanding financial instruments were valued on the balance sheet as follows:

At June 30, 2013	Spot Rate/ Price	Contract Rate /Price	Avg. Forward Rate/Price	Fair Value
Currency contracts (EUR/USD)	$1.31	$1.38	$1.30	($3,027)
Copper forwards	$6,706/tonne	$7,260/tonne	$6,818/tonne	$3,230
Gold forwards	$1,203/oz	$1,334/oz	$1,231/oz	$2,410
Gold collars	$1203/oz	$1,550/oz	-	$18,208
Total fair value of financial instruments at June 30, 2013				$20,821
Less: current portion				$7,781
Total non-current financial instruments				$13,040

Changes in the fair value of the Company's outstanding financial instruments are recognized through the Company's income statement as non-cash financial instrument gains or losses. At maturity of each contract, a cash settlement takes place resulting in a corresponding reduction in the carrying value of the financial instruments. The mark-to-market fair value of the Company's outstanding financial instruments is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty credit risk. The liability associated with the Company's outstanding financial instruments at September 30, 2012 was $33,329 compared to an asset of $20,821 at June 30, 2013 and a liability of $12,081 at March 31, 2013 resulting in an unrealized financial instruments gain of $32,902 recorded in the third quarter of fiscal 2013 and $54,148 in the first nine months of fiscal 2013. The Company recorded fair value adjustments on its outstanding financial instruments for the three months and nine months ended June 30, 2013 and during the 2012 fiscal year calculated as follows:

	Q3 2013	YTD 2013	During 2012
Change in unrealized fair value (gain) loss	($32,902)	($54,148)	$20,993
Realized (gain) loss on cash settlements of financial instruments closed	($798)	$2,155	$5,102
Recorded financial instruments (gain) loss	($33,700)	($51,993)	$26,095

Sensitivities

The following table sets forth the after-tax impact on the Company's net income for the third quarter of fiscal 2013 of increases or decreases in the fair value of the financial instruments assuming changes in the average forward EUR/US dollar rate and the average forward prices of copper and gold compared to the rates/prices used in the financial instruments gain calculation set out above with all other variables remaining constant:

At June 30, 2013	Rate/Price Used in Financial Instruments Gain Calculation	Change in Rate/Price	After-Tax Change
EUR/USD (currency contracts)	$1.31	+/- 10% ($1.44/$1.17)	+/- $3,288
Copper forwards	$6,818/tonne	+/- 10% ($7,500/$6,136)	+/- $3,446
Gold forwards	$1,231/oz	+/- 10% ($1,354/$1,108)	+/- $2,019
Gold collars	-	+ 10%	- $3,843
Gold collars	-	- 10%	+ $4,215

Capital Resources

At June 30, 2013, the Company had cash and cash equivalents of $11,484, restricted cash of $14,473 including $6,857 set aside for debt repayment and total debt of $62,741. The Company considers its capital employed to consist of long-term shareholders' equity (including share capital, contributed surplus and retained earnings), total debt and obligations under finance leases, net of cash and cash equivalents as follows:

	June 30, 2013	September 30, 2012
Bank debt (1)	**$6,899**	$7,581
Short-term debt (1)	**3,731**	4,171
Long-term debt (1)	**51,234**	60,438
Obligations under finance leases	**877**	2,044
Total debt	**62,741**	74,234
Shareholders' equity	**157,547**	125,814
	220,288	200,048
Less: Cash and cash equivalents	**(11,484)**	(13,200)
Less: Restricted cash for long-term debt repayment	**(6,857)**	(7,448)
Capital employed	**$201,947**	$179,400

(1) Bank debt represents various credit facilities associated with the UMZ Mine. Short-term debt represents the Fabulosa Loan. Long-term debt represents the EVBC Loan. The Company's recorded long-term debt under the EVBC Loan at June 30, 2013 was $35,094 and the current portion thereof was $13,567 for a total of $48,661. This represents the balance outstanding under the EVBC Loan at June 30, 2013 of $51,234 net of financing fees of $2,573. The balance outstanding as at the date of the MD&A under each of the EVBC Loan, the EMIPA short-term credit facilities and the Fabulosa Loan was $48,521, $9,963 and $2,731, respectively. The Company expects to maintain a level of short-term debt of approximately $10,000 in Bolivia.

The Company's financial objective when managing capital is to make sure that it has the cash and debt capacity and financial flexibility to fund its ongoing business objectives including operating activities, investments and growth in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, in addition to using cash flows from operating activities for this purpose, the Company may refinance debt, issue new shares or sell assets to reduce debt or provide additional short-term free cash flow.

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

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

Cash Flows, Commitments and Liquidity

Cash Flows

Total cash and cash equivalents as at June 30, 2013 were $11,484 primarily denominated in US dollars representing a decrease of $1,716 from $13,200 at September 30, 2012. Short-term restricted cash was $14,473 (September 30, 2012 - $16,783) and includes $6,857 for the next two quarters principal and interest payments under the EVBC Loan and $6,543 in respect of a potential future reclamation bond payment. The Company's total debt was $62,741 (debt net of cash, cash equivalents and restricted cash for debt repayment was $44,400) at June 30, 2013. This compares to debt as at September 30, 2012 of $74,234 (debt net of cash, cash equivalents and restricted cash of $53,586) and total debt as at March 31, 2013 of $69,766 (debt net of cash, cash equivalents and restricted cash of $50,951).

Orvana's primary source of liquidity has been from operating cash flows and increased debt levels. Cash flows from operating activities before changes in non-cash working capital were $4,604 and $23,420 in the third quarter and for the nine months ended June 30, 2013, respectively, compared to $10,929 and $18,823 in the same prior year periods. Orvana generated cash flows from operating activities of $10,845 and $24,910 in the third quarter and the nine months ended June 30, 2013, respectively, compared to $12,366 and $12,088 in the same prior year periods. The higher cash flows provided by operating activities in the current period resulted primarily from higher net income in the fiscal 2013 periods from higher production and corresponding sales. Adjusted operating cash flows for the three and nine months ended June 30, 2013 excluding the cash settlements for maturing financial instruments was $10,047 and $27,065, respectively. The most significant driver of the change in operating cash flow is production and market gold and copper prices. Future changes in these market prices, either favourable or unfavourable, will continue to have a material impact on the Company's cash flows and liquidity.

The principal uses of operating cash flows are the repayment of debt and the funding of the Company's capital expenditures. Cash used in financing activities in the third quarter and the nine months ended June 30, 2013 were $7,051 and $11,662, respectively, an increase of $7,389 and $30,383 compared to cash flows from financing activities of $338 and $18,721 in the third quarter and the nine months ended June 30, 2012. This change resulted from repayment of the loans of $6,713 and $12,467 in the third quarter and the nine months ended June 30, 2013, respectively, and no drawdowns under any of the Company's credit facilities during the third quarter of fiscal 2013 compared to $21,461 in the third quarter of fiscal 2012.

Cash used in investing activities totaled $6,643 and $14,955 in the three and nine months ended June 30, 2013, respectively, a decrease of $2,289 and $16,975, respectively, compared to cash used in investing activities of $8,932 and $31,930 in the same comparative periods of fiscal 2012 primarily as a result of changes in restricted cash.

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

	Q1 2013	Q2 2013	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Cash provided by (used in) operating activities	$51	$14,014	**$10,845**	$12,366	**$24,910**	$12,088
Cash from (used in) financing activities	$491	($5,102)	**($7,051)**	$338	**($11,662)**	$18,721
Cash used by investing activities (1)	($1,784)	($6,528)	**($6,643)**	($8,932)	**($14,955)**	($31,930)
Change in cash	($1,242)	$2,384	**($2,849)**	$3,772	**($1,707)**	($1,121)

(1) These amounts are presented on a cash basis. Each reported period excludes unpaid capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reported period. See "Cash Flows, Commitments and Liquidity – Capital Expenditures".

Capital Expenditures

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

Capital Expenditures (1)	Q1 2013	Q2 2013	Q3 2013	YTD 2013	FY2012
UMZ Mine	$1,380	$413	**$317**	**$2,110**	$1,969
EVBC (1)	3,357	3,243	**2,900**	**9,500**	31,136
Copperwood Project	1,070	1,215	**362**	**2,647**	5,842
Corporate	-	3	**-**	**3**	44
Subtotal capital expenditures	$5,807	$4,874	**$3,579**	**$14,260**	$38,991
EVBC – accounts payable adjustments (1)	(1,578)	3,879	**704**	**3,005**	(3,234)
Total capital expenditures (2)	$4,229	$8,753	**$4,283**	**$17,265**	$35,757

(1) These amounts are presented on a cash basis. Each reported period excludes unpaid capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reported period. See "Cash Flows, Commitments and Liquidity – Capital Expenditures".

(2) For further discussion relating to capital expenditures, see "Cash Flows, Commitments and Liquidity – Liquidity". Capital expenditures for fiscal 2012 have been restated to exclude capital lease payments which have been reclassified under cash flows used in financing activities.

Other Commitments

At June 30, 2013, the Company's contractual obligations included: bank debt; term credit facilities; obligations under finance leases; operating leases; decommissioning liabilities; purchase obligations related to certain operating activities at EVBC and the UMZ Mine; provision for statutory labour obligations; and long-term compensation. Contractual obligations are summarized in the following table below:

		Payment Due by Period			
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Bank debt – UMZ Mine (1)	$6,899	$6,899	$-	$-	-
Short-term debt – Fabulosa Loan (1)	3,731	3,731	-	-	-
Long-term debt – EVBC Loan (1)	51,234	13,567	37,667	-	-
Obligations under finance leases (2)	877	877	-	-	-
Operating leases	721	476	245	-	-
Decommissioning liabilities (3)	11,474	-	-	-	11,474
Reclamation bond (4)	6,543	6,543	-	-	-
Purchase obligations and capital commitments	10,576	7,501	3,075	-	-
Provision for statutory labour obligations (5)	2,787	-	-	-	2,787
Long-term compensation	164	-	100	-	64
Total contractual obligations (6)	$95,006	$39,594	$41,087	$-	$14,325

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

(2) During fiscal 2010 and 2011, finance leases were entered into for the purchase of underground mining equipment for EVBC. Under each finance lease agreement, 15% to 40% of the purchase price of the equipment was paid in cash at the time of delivery with the balance financed over a three-year lease term. Lease payments are payable quarterly with interest at rates of 5.5% to 6.6% per annum. Obligations under finance leases totaled $877 at June 30, 2013.

(3) Decommissioning liabilities are undiscounted. Total cash deposited with a Spanish financial institution for reclamation bonds amounted to approximately $9,759 at June 30, 2013 (September 30, 2012 - $9,647). Decommissioning liabilities are discussed below under "Other Information – Critical Accounting Estimates – Decommissioning Liabilities".

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

(5) Under Bolivian law, EMIPA has an obligation to make payments to employees in the amount of one month's wages for each year of service. The employee can elect to receive payment after five years of service in the amount of five months of wages while continuing employment with EMIPA. This obligation was fair valued in the current period to determine the present value of the future payments related to this obligation.

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

Royalties

Production from EVBC is subject to a 3% net smelter return royalty ("NSR"), referred to herein as the EVBC Royalty, payable quarterly. The EVBC Royalty rate decreases to 2.5% for any quarter in which the average price of gold is below $1,100 per ounce.

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

In addition, the royalty holder exercised a pre-payment right under the EVBC Royalty as the aggregate amount of payments paid as at December 31, 2012 under the EVBC Royalty was less than C$7,500. The Company is financing this pre-payment right of $4,023 until January 1, 2014 at a rate of 12%, with all royalty payments made between January 1, 2013 and December 31, 2013 serving to reduce such amount. To the extent that any pre-payment is due and paid on January 1, 2014, it will serve to reduce future EVBC Royalty payments. The Company has paid $1,784 of this pre-payment amount to June 30, 2013. The EVBC Royalty expense totaled $829 for the third quarter of fiscal 2013 (March 31, 2012 - $577) and $2,303 for the nine months ended June 30, 2013.

Production from the UMZ Mine is subject to a 3% NSR payable quarterly. This expense totaled $389 for the third quarter of fiscal 2013 and $1,256 for the nine months ended June 30, 2013. The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from the UMZ Mine at rates of 5%, 7% and 6%, respectively. These amounts totaled $1,352 for the third quarter of fiscal 2013 and $4,199 for the nine months ended June 30, 2013. The NSR and the mining royalty tax are referred to herein as the "UMZ Royalties".

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

Liquidity

Orvana's primary source of liquidity in fiscal 2013 has been operating cash flows, draw-downs under the Fabulosa Loan and an increase in the EVBC Loan and EMIPA short-term facilities.

The UMZ Mine has been self-financing since the third quarter of fiscal 2012. Bank loans with certain Bolivian banks have averaged a balance of approximately $10,000 and are short term ranging from 60 to 180 days. Although in the past, EMIPA's lenders have agreed to renew these loans in the ordinary course, new loans replacing those maturing may not be obtained. In the event that certain of these loans are not renewed, cash flows from operating activities from the UMZ Mine will be used for working capital purposes and less cash flows therefrom will be available for distribution to Orvana. The Company intends to maintain this outstanding short-term loans balance in the short-term.

The EVBC Loan requires the deposit of certain cash generated from operating activities into restricted cash to be used for future EVBC Loan repayments and restricts the distribution of cash in certain circumstances from Kinbauri to Orvana unless certain covenants are met. Therefore, Orvana may report positive cash balances, but may be restricted in its ability to make use of certain of this cash. The Company experienced certain operational and financing issues at EVBC during the last six months of 2012 that required additional working capital financing. Consequently, EVBC received financial support from Orvana in order to meet certain working capital obligations resulting from lower production and timing delays between the production and sale of concentrates. Orvana financed these obligations from revenues generated by the UMZ Mine and by drawing on the Fabulosa Loan. EVBC was self-financing in the second and third quarter of fiscal 2013 and this is expected to continue subject to the timing of insurance payments in relation to the hoist incident.

Orvana is making principal and interest payments under the EVBC Loan, interest and stand-by fees payments under the Fabulosa Loan and repaid $3,000 of principal under the Fabulosa Loan to the date of this MD&A. At the date of the MD&A, the Company had the ability to draw approximately $8,770 under the Fabulosa Loan until September 30, 2014. At this time, as a result of the hoist incident at EVBC, the Company may draw amounts of $2,000 under the Fabulosa Loan for general corporate purposes in the fourth quarter of fiscal 2013 and/ or the first quarter of fiscal 2014.

As at June 30, 2013, the Company had cash of $11,484 and restricted cash of $14,473 designated to cover a portion of the Company's commitments due in less than one year of $39,594 including two quarters of principal and interest payments under the EVBC Loan and the reclamation bond which may have to be deposited but which the Company is challenging. The Company expects to meet the remainder of its contractual obligations due in less than one year from cash flows from operating activities including the costs to repair the damaged components relating to the hoist incident.

The Company's capital expenditures in fiscal 2012 totaled $35,757 (plus an additional $3,234 of capital expenditures that were unpaid at the end of fiscal 2012). These amounts included non-recurring capital expenditures of $11,122 including in connection with the construction of the shaft at EVBC. As a result of these activities having been completed in fiscal 2012, the Company expected that its expenditures on the Company's capital projects and operating requirements in respect of EVBC and the UMZ Mine will be lower in fiscal 2013. Capital expenditures totaled $17,265 during the nine months ended June 30, 2013.

At current market gold and copper prices, the Company has generated positive operating cash flows since the beginning of fiscal 2013. Following the repayment of, among other things, amounts under the EVBC Loan due in fiscal 2013 and the Company's planned capital expenditures, the Company expects to generate negative total free cash flows in fiscal 2013 which is expected to result in a reduction in the Company's cash balances at the end of fiscal 2013 from the beginning of fiscal 2013.

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

SUMMARY OF QUARTERLY RESULTS

The following two tables include a summary of the Company's financial results for the last eight financial quarters:

	Quarters ended			
	June 30, 2013	**March 31, 2013**	**Dec 31, 2012**	**Sept 30, 2012**
Revenue	**$35,414**	**$44,301**	$34,028	$50,608
Net income (loss)	**$11,315**	**$6,483**	$13,651	($2,007)
Earnings (loss) per share – basic and diluted	**$0.08**	**$0.05**	$0.10	($0.01)
Total assets	**$281,101**	**$281,418**	$290,277	$286,134
Total long-term financial liabilities (1)	**$52,111**	**$54,179**	$59,239	$62,482

	Quarters ended			
	June 30, 2012	**March 31, 2012**	**Dec 31, 2011**	**Sept 30, 2011**
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 (1)	$66,652	$74,171	$55,136	$56,008

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

FINANCIAL AND OTHER RISKS AND UNCERTAINTIES

Financial Risks

The Company's activities expose it to a variety of financial risks: market risks (including commodity price risks, currency risk and interest rate risk), credit risk and liquidity and financing risk. Enterprise risk management is carried out by management of the Company under policies approved by the board of directors thereof. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The board of directors of the Company reviews management's risk management programs and provides oversight on specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Market Risks – Commodity Price Risks

The Company is primarily exposed to gold and copper commodity price risk. The Company, in accordance with the requirements of the EVBC Loan, has hedged a portion of its gold and copper production which facilitates the management of certain of its price risk. The Company's outstanding financial instruments were recorded as an asset at June 30, 2013 at a fair value of $20,821 compared to a liability of $12,081 at March 31, 2013. This resulted in an unrealized financial instruments gain of $32,902 recorded in the third quarter of fiscal 2013 and $54,148 in the first nine months of fiscal 2013.

For the gold forwards financial instruments outstanding at June 30, 2013, if the forward market prices of gold had been 10% lower or higher than those used in the gold forwards financial instruments gain calculation, while all other variables remained constant, the net income for the third quarter of fiscal 2013 would have increased or decreased by approximately $2,019 as a result of changes in the fair value of these financial instruments.

At June 30, 2013, if the forward market prices of gold had been 10% lower than those used in the gold collars financial instruments gain calculation while all other variables remained constant, the net income for the third quarter of fiscal 2013 would have increased by approximately $4,215 as a result of changes in the fair value of these financial instruments. If the forward market prices of gold had been 10% higher than those used in the gold collars financial instruments gain calculation, while all other variables remained constant, the net income for the third quarter of fiscal 2013 would have decreased by approximately $3,843 as a result of changes in the fair value of these financial instruments.

The Company received net cash of $798 in settlement of the financial instruments that matured in the third quarter of fiscal 2013.

For the copper forwards financial instruments outstanding at June 30, 2013, if the forward market prices of copper had been 10% lower or higher than those used in the copper financial instruments gain calculation, while all other variables remained constant, the net income for third quarter of fiscal 2013 would have increased or decreased by approximately $3,446 as a result of changes in the fair value of these financial instruments.

Market Risks – Currency Risk

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

For the US dollars/Euro financial instruments outstanding at June 30, 2013, if the forward rates of the US dollar against the Euro weakened or strengthened by 10% than those used in the financial instruments gain calculation, while all other variables remained constant, the net income for the third quarter of fiscal 2013 would have been approximately $3,288 higher or lower as a result of changes in the fair value of these financial instruments.

Market Risks – Interest Rate Risk

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

Credit Risk

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

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

Liquidity and Financing

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Cash flow forecasting is performed in the operating entities of the Company and aggregated at the Orvana corporate level to monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet such financial obligations and operational needs at all times. Such forecasting takes into consideration the Company's debt financing and compliance with debt covenants among other factors. Financing risk is the risk that if unanticipated events occur that may impact the operations of EVBC and the UMZ Mine and/or if the Company does not have adequate access to financing on terms acceptable to the Company, the Company may not have adequate resources to maintain its operations or advance its projects as currently anticipated. For a discussion relating to the Company's liquidity and liquidity and financing risks, please see "Cash Flows, Commitments and Liquidity – Liquidity" above.

Other Risks

The Company identified a variety of additional risks and uncertainties in the 2012 Annual Disclosures including, but not limited to, (i) development and operations of mines, (ii) mineral resources and reserves, (iii) production estimates, costs and metals prices, (iv) labour arrangements, (v) regulatory requirements, (vi) political and related risks including taxation, increased royalties and nationalization, (viii) global economic conditions, (ix) weather and water supply, (x) title matters and environmental bonding, (xi) competition, (xii) insurance, (xiii) controlling shareholder, and (xiv) share trading volatility. There have been no other significant changes to the Company's exposure to risks and other uncertainties including risks relating to the Company's foreign operations other than as set out below.

In Bolivia, in view of the constitution enacted in February 2009, recent and anticipated changes to mining laws and policies and mining taxes, and the composition of the Company's shareholder base, expected changes in governmental regulation or governmental actions may adversely affect 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. A process for the migration of mining concessions into mining contracts is expected under new regulations. Accordingly, while previously acquired rights under mining concessions such as those of the Company in respect of the UMZ Mine will be respected, they would also be subject to this migration process.

The Bolivian government has been working on a new mining law in coordination with a commission created with the participation of different mining related entities and an official draft of this new mining law is expected in the near future. The potential effect on the Company's future mining activities in Bolivia and the Company's mineral concessions remains unclear and could but may not necessarily include the Company's mineral concessions in respect of the UMZ Mine being converted into a mining contract which could result in increased government mining royalties and a requirement for products produced by the Company from the UMZ Mine to be sold in Bolivia. In the past, the government of Bolivia has nationalized the assets of certain companies in various industries.

At the commencement of the fourth quarter of fiscal 2013, the Company commenced negotiations with the union with respect to annual wage increases as required under local government regulations and is mandated to have an agreement in place by the end of the fourth quarter of fiscal 2013. There can be no assurances that an agreement with respect to such wage changes may be reached on reasonable terms to the Company or at all.

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, forward metals prices, decommissioning liabilities, future income taxes, stock-based compensation and other accrued liabilities and contingent liabilities.

Net Realizable Amounts of Property, Plant and Equipment

At June 30, 2013, the net book value of the property, plant and equipment in respect of the UMZ Mine and EVBC amounted to $24,479 and $138,104, respectively. Effective from the point that they are ready for their intended use, property, plant and equipment are amortized on a straight line basis or using the units-of-production method over the shorter of the estimated economic life of the asset or mineral property. The method of depreciation is determined based on that which best represents the use of the assets.

The reserve and resource estimates for each operation are the prime determinants of the life of a mine. In general, an ore body where a mineralization is reasonably well defined is amortized over its proven and probable mineral reserves. Non reserve material may be included in the depreciation calculations in limited circumstances where there is a high degree of confidence in economic extraction. The expected economic life of these mines is dependent upon the estimated remaining ore; gold, copper and silver prices; and cash operating costs.

Exploration and development expenditures are capitalized once management of the Company has determined that there is a reasonable expectation of economic extraction of minerals from the property. At June 30, 2013, the capitalized costs for the Copperwood Project amounted to $21,168. The Company continues to optimize the Copperwood Project as discussed under "Overall Performance – Copperwood Project".

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

Decommissioning Liabilities

Decommissioning liabilities relate to the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Mine facilities include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination. It is possible that the Company's estimates of the ultimate amounts required to decommission its mines could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves. The following table sets out the estimates of the undiscounted and discounted cash flows required to settle such decommissioning liabilities in respect of EVBC and the UMZ Mine at June 30, 2013. These estimates were prepared by management with the use of independent third party experts.

At June 30, 2013	Undiscounted Cash Flows Required to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
EVBC (1)	$5,918	5.7%	$3,856
UMZ Mine (1)	5,556	2.8%	4,253
Total	$11,474		$8,109

(1) Accretion expense is recorded using the discount interest rate set out above. It is expected that these amounts will be incurred in 2019 through 2022 in respect of the UMZ Mine and EVBC, respectively. The discount rate used to measure decommissioning liabilities under IFRS is based on current interest rates of government bonds of the applicable country and of term that matches the time period to the commencement of the decommissioning liability being incurred.

Stock-based compensation

The Company recorded stock-based compensation expense of $19 for third quarter of fiscal 2013 compared to $167 for the same period of the prior year. The stock-based compensation expense is based on an estimate of the fair value of the stock options issued and expensed over the vesting period. The accounting for stock options requires estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Long-term Compensation

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

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

Impairment

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

Management of the Company has assessed its CGUs to be each country that it operates in (EVBC, UMZ Mine and the Copperwood Project), which is the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets. Management projected cash flows over the remaining life-of-mine in respect of EVBC and the UMZ Mine using forecasted production and costs per the life-of-mine plans and the long-term forecasted price of gold, copper and silver to project future revenues. The key assumptions used in making this assessment at June 30, 2013 included commodity prices, operating costs, capital expenditures, foreign exchange rates and discount rates.

During the third quarter of fiscal 2013, the carrying value of (i) the EBVC Mines was reduced by $3,500 for the de-recognized of a portion of the asset relating to the hoist incident at the Boinás Mine, and (ii) the UMZ Mine was reduced by $6,423 representing the impairment charge with respect to the suspension of the operations of the LPF plant.

Although the total public market capitalization of the Company declined to below the carrying amount of Orvana's net assets at June 30, 2013 of $157,547, following the completion of an impairment test in respect of each CGU, the Company estimates that the net recoverable amounts are greater than the carrying values of such assets and, as such, there has been no impairment of such carrying values.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Management is responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. Based on a review of internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at June 30, 2013.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring material corrective actions.

Management of the Company was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues, errors and instances of fraud, if any, have been detected and that all of the objectives of the internal controls over financial reporting have been achieved.

Non-IFRS Measures

Unit Costs

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

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

In June 2013, the World Gold Council released guidance on the definition of an all-in sustaining cash cost measure to represent the total cost of producing gold. The Company is currently reviewing its reporting against this measure provided by the World Gold Council.

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

EVBC	Q2 2013	Q3 2013	Q3 2012	YTD 2013	YTD 2012	FY2012
Mining costs (1)	$17,051	**$17,363**	$13,664	**$44,145**	$34,460	$47,615
Adjustments(2)	-	**-**	($2,134)	**-**	-	-
Transportation, treatment charges, deductions	$3,176	**$2,933**	$1,757	**$7,731**	$4,293	$6,093
Gross by-product credits from copper & silver sales	($7,042)	**($6,080)**	($4129)	**($17,060)**	($11,835)	($17,107)
Total Cash Costs	$13,185	**$14,216**	$9,158	**$34,816**	$26,918	$36,601
Divided by: gold ounces sold	16,824	**16,808**	11,358	**42,391**	29,380	42,837
Total Cash Costs per gold ounce sold	$784	**$846**	$806	**$821**	$916	$854
Depreciation and amortization/gold ounce sold	**$292**	**$332**	$162	**$306**	$204	$274
Total Production Costs per gold ounce sold	**$1,076**	**$1,178**	$968	**$1,127**	$1,120	$1,128

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

(2) Represents mining costs relating to the second quarter of fiscal 2012 recorded in the third quarter of fiscal 2012.

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

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

UMZ Mine	Q2 2013	Q3 2013	Q3 2012	YTD 2013	YTD 2012	FY2012
Mining costs (1)	$9,112	**$8,790**	$14,193	**$26,794**	$24,376	$35,958
Transportation, treatment charges, deductions	$5,212	**$5,862**	$7,824	**$17,724**	$10,131	$16,452
Gross by-product credits from lead sales	($275)	**($1,086)**	-	**($1,621)**	-	($343)
Other adjustments	$68	($111)	-	**($229)**	-	-
Total Cash Costs (2)	$14,117	**$13,455**	$22,017	**$42,668**	$34,507	$52,067
Total Cash Costs (co-product) for copper	$6,389	**$5,521**	$10,620	**$18,570**	$21,471	$25,717
Divided by: copper sold (000 lbs)(3)	2,584	**2,565**	4,520	**8,411**	6,760	10,779
Total Cash Costs (co-product)/copper pound sold	$2.47	**$2.15**	$2.35	**$2.21**	$3.18	$2.39
Total Cash Costs (co-product) for gold	$3,597	**$3,692**	$6,139	**$11,642**	$7,277	$13,962
Divided by: gold ounces sold (3)	3,113	**3,990**	5,484	**11,380**	7,068	12,215
Total Cash Costs (co-product)/gold ounce sold	$1,155	**$925**	$1,119	**$1,023**	$1,030	$1,143
Total Cash Costs (co-product) for silver	$4,131	**$4,056**	$5,258	**$12,456**	$5,759	$12,390
Divided by: silver ounces sold (3)	183,436	**251,556**	247,975	**646,229**	303,257	563,311
Total Cash Costs (co-product)/silver ounce sold	$22.52	**$16.12**	$21.20	**$19.27**	$18.99	$21.99

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

(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. Refining charges, metallurgical deductions and the UMZ Royalties are allocated to the Total Cash Costs (co-product) in respect of each metal based on actual costs related to each

quantity of metal sold in the period. Sales volume used to calculate unitary cash costs do not include volume adjustments relating to final liquidations from prior period sales.

(3) Sales volumes represented in the table above do not include volume adjustments relating to final liquidations from prior period sales.

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

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

Adjusted Net Income	Q2 2013	**Q3 2013**	**Q3 2012**	**YTD 2013**	**YTD 2012**
Net income (loss)	$6,483	**$11,315**	$12,118	**$31,449**	($346)
Less tax-adjusted unrealized (gains) losses on financial instruments	(5,561)	**(23,031)**	(8,507)	**(31,903)**	3,495
Less tax adjusted de-recognition of assets - EVBC hoist	-	**2,379**	-	**2,379**	-
Less tax adjusted EMIPA union payments	-	**873**	-	**873**	-
Less EMIPA VAT provision	-	**1,387**	-	**1,387**	-
Less EMIPA write-down	-	**6,423**	-	**6,423**	-
Adjusted net income (loss)	$922	**($654)**	$3,611	**$4,608**	$3,149
Weighted average shares outstanding (000s)	136,942	**136,612**	136,640	**136,633**	136,872
Adjusted net income (loss) per share (basic and diluted)	$0.01	**$0.00**	$0.03	**$0.03**	$0.02

Other Information

Other operating and financial information with respect to the Company, including the 2012 Annual Disclosures, 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 EVBC, the UMZ Mine and the development of the Copperwood Project 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 timelines; 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 EVBC, 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 remaining or 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 EVBC, 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 the Company's Annual Information Form 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 projects are intended to provide an overview of management's expectations with respect to certain future activities of the Company and may not be appropriate for other purposes.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and, except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements.

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

Mineral Reserves and Resources

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