ORVANA
MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2014

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, 2014.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of Orvana for the three and nine months ended June 30, 2014 and related notes thereto (the "Q3 Financials"). The Q3 Financials are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Reference is also made to the Company's Annual Information Form ("AIF") available on SEDAR at www.sedar.com and on the Company's website at www.orvana.com.

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 12, 2014, 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" or the "EVBC Mines"), two underground gold-copper-silver mines located in the northern part of Spain; and (ii) Upper Mineralized Zone at the Don Mario Mine (the "Don Mario Mine"), an open-pit gold-copper-silver mine located in the south-eastern part of Bolivia. Orvana's focus is currently on its operations and growth through exploration at and surrounding its operations. However, the Company is also considering opportunities to add value through external growth. Orvana is an Ontario company and its common shares ("Common Shares") are listed on the Toronto Stock Exchange under the symbol TSX:ORV.

New Developments

The Company has received updated mineral resources and reserves estimates (the "MRMR Update") for EVBC showing a year-over-year decrease in reserves and resources. The Company also received an updated life-of-mine plan (the "LOMP Update") using proven and probable mineral reserves reflecting a shortened mine life based on these updated reserves. The MRMR Update and the LOMP Update was prepared in accordance with *National Instrument 43-101 - Standards of Disclosure for Mineral Projects* ("NI 43-101") by Roscoe Postle Associates Inc. ("RPA"), an independent mining consulting firm, and a Qualified Person within the meaning of NI 43-101. RPA will be completing a NI 43-101 technical report with respect to the MRMR Update and the LOMP Update which will be filed on SEDAR within 45 days. The Company also expects to place the Carlés Mine on care and maintenance by the end of 2014. See "EVBC Mines" below for additional information relating to the MRMR Update and the LOMP Update.

Operating and Financial Highlights

- Completion of the sale of the Copperwood project in Michigan ("Copperwood") with cash received on closing of $13,000 and a secured promissory note of $7,000 to be paid in December 2014.
- Repayment of outstanding short-term debt of $6,515 from Copperwood sale proceeds.
- Amendment of the maturity date of the long-term debt in respect of the EVBC Mines (the "EVBC Loan") from September 30, 2016 to November 30, 2014. Repayment of $32,566 under the EVBC Loan in principal and interest from October 2013 to July 2014.
- Impairment charge of $25,485 relating to the EVBC Mines as a result of the MRMR Update and the LOMP Update and $3,743 relating to the Don Mario Mine oxides inventory.
- Concluded annual union negotiations at the Don Mario Mine in July 2014.
- Production of 21,532 ounces of gold, 4.8 million pounds of copper and 211,459 ounces of silver (or 36,258 gold equivalent ounces) and sales of 18,790 ounces of gold, 4.7 million pounds of copper and 217,988 ounces of silver compared with production of 22,319 ounces of gold, 4.6 million pounds of copper and 303,704 ounces of silver and sales of 20,480 ounces of gold, 4.1 million pounds of copper and 303,733 ounces of silver in the third quarter of fiscal 2013.
- Revenue of $34,064 in the third quarter of fiscal 2014 compared with revenue of $36,997 in the third quarter of fiscal 2013, primarily due to lower sales volumes of gold and silver in the third quarter of fiscal 2014.
- Decrease in mining costs of $3,230 or 12% from $27,736 to $24,506, primarily due to lower sales volume in the third quarter of fiscal 2014.
- Net loss of $25,902 in the third quarter of fiscal 2014 compared with net income of $11,315 in the third quarter of fiscal 2013 and adjusted net income of $905 in the third quarter of fiscal 2014 compared with adjusted net loss of $647 in the third quarter of fiscal 2013. [(1)]
- Cash flows provided by operating activities from continuing operations of $8,750 in the third quarter of fiscal 2014 compared with $10,775 in the third quarter of fiscal 2013 and cash flows provided by operating activities before changes in non-cash working capital of $8,912 in the third quarter of fiscal 2014 compared with $4,611 in the third quarter of fiscal 2013. [(2)]
- Working capital of $12,578 at June 30, 2014 compared with $30,753 at March 31, 2014 primarily due to the reclassification of the EVBC Loan as current.
- Decrease in debt net of cash, cash equivalents and restricted cash for debt repayment from $39,995 at March 31, 2014 to $25,018 at June 30, 2014 and $12,723 as at the date of the MD&A.
- Capital expenditures of $14,448 for the first nine months of fiscal 2014 consisting primarily of primary mine development at the EVBC Mines, EVBC hoist repairs and upgrades costs, the addition of gravity gold concentrators at the Don Mario Mine and tailings dam raises at both EVBC and the Don Mario Mine compared with $17,265 for the first nine months of fiscal 2013.
- Re-commissioning of the hoist at the Boinás Mine.
- Reduction in cash operating costs and all-in-sustaining costs of 21% and 23%, respectively, at EVBC compared with the second quarter of fiscal 2014. All-in sustaining costs (by-product) of $1,108 per ounce of gold at EVBC compared with $1,043 in the third quarter of fiscal 2013. [(3)]
- All-in sustaining costs (co-product) of $884 per ounce of gold, $2.51 per pound of copper and $15.68 per ounce of silver at the Don Mario Mine compared with $1,008 per ounce of gold, $2.34 per ounce of copper and $17.43 per pound of silver in the third quarter of fiscal 2013. [(3)]
- Appointment of Neil Ringdahl as Chief Operating Officer in June 2014.

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

(2) Adjusted net income (loss), cash flows from operating activities before changes in non-cash working capital and all-in sustaining costs ("AISC") 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.

(3) The Company, in conjunction with initiatives undertaken within the gold mining industry, adopted AISC and all-in costs ("AIC") which are non-IFRS performance measures as set out in the guidance note released by the World Gold Council in June 2013. The Company believes these performance measures more fully define the total costs associated with its metal production, however, these performance measures have no standardized meaning. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Company reports these measures on a metals volumes sold basis. The Company began reporting these performance measures in the MD&A for the fiscal year ended September 30, 2013 and comparative periods have been restated accordingly. For further information and a detailed reconciliation of these performance measures, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Outlook

Orvana continues to focus on improving operating performance, streamlining its asset base and focusing on its balance sheet to deliver shareholder value. The Company has made notable progress in recent months on key elements of its strategy, with the following recent achievements:

- **Improved operating performance and asset upgrades**
  - Management has focused on operational optimization in 2014 across all business areas, which has led to more efficient operations with improving margins and higher grade production.
  - Year-over-year costs at the Don Mario Mine have been reduced and production has increased 39% in gold and 32% in copper.
  - Capital expenditures have decreased by approximately 16% in the first nine months of fiscal 2014 compared with the first nine months of fiscal 2013. Asset upgrades include hoisting capacity at EVBC and the gold gravity concentrators at the Don Mario Mine.
  - Led by a new senior management team at EVBC, optimization of head grades resulted in an average gold grade processed through the EVBC plant in June of 4.66 grams per tonne, the highest monthly average since the commencement of commercial production, and in July of 4.41 grams per tonne.
  - The focus on improved execution and grade optimization has contributed to stronger EVBC operating results in recent months, with gold production of 6,391 ounces in June and 7,332 ounces in July, a record in the history of EVBC. While this level of production is likely to be unsustainable over the next five months with the transition from the Carlés Mine to the Boinás Mine, this strategy is proving profitable even as the new LOMP was being developed.
- **Streamlined asset base**
  - Copperwood was sold in June 2014 as it was a non-core asset outside of Orvana's principal jurisdictions of Europe and Latin America.
- **Focus on the balance sheet**
  - Short-term debt of $6,500 was repaid in June 2014 from Copperwood sale proceeds.
  - The maturity date of the EVBC Loan has been amended to November 30, 2014 from September 30, 2016. Orvana expects to repay the remaining $17,600 in principal currently outstanding by November 30, 2014.
  - The Company's debt net of cash, cash equivalents and restricted cash for debt repayment has decreased to $12,723 million currently, increasing financial flexibility.

Given the production expectations for the balance of the fiscal year, management is maintaining its production guidance for copper and gold and making a slight downward revision in its silver production guidance from the Don Mario Mine. The following table sets out Orvana's production for the nine months of fiscal 2014 as well as its fiscal 2014 guidance:

	YTD 2014 Production	FY2014 Guidance
EVBC Mines		
Gold (oz)	45,834	60,000 - 65,000(1)
Copper (million lbs)	4.0	5.5 - 6.0(1)
Silver (oz)	115,439	160,000 - 180,000(1)
Don Mario Mine		
Gold (oz)	14,088	20,000 - 21,000(1)
Copper (million lbs)	10.6	13.5 - 15.0(1)
Silver (oz)	626,506	680,000 - 720,000(2)
Total		
Gold (oz)	59,921	80,000 - 86,000(1)
Copper (million lbs)	14.6	19.0 - 21.0(1)
Silver (oz)	741,945	840,000 - 900,000(2)

(1) Revised in the second quarter of fiscal 2014.

(2) Revised in the third quarter of fiscal 2014 to 680,000-720,000 and 840,000-900,000 from 800,000-900,000 and 960,000-1,080,000, respectively.

Orvana's long-term focus is to utilize increasing operating free cash flows and mining capabilities to build long-term value for its shareholders by focusing on existing exploration opportunities at and surrounding its operations and pursue other growth opportunities to build on its operating asset portfolio. Management believes that the MRMR Update, the LOMP Update and the suspension of the operations of the Carlés Mine position Orvana to optimize production at the Boinás Mine and focus on producing only profitable ounces. Orvana believes that these measures, coupled with the significant repayment of debt in the last ten months, will enable Orvana to achieve improvements in free cash flows.

In the context of the MRMR Update and the LOMP Update, Orvana is initiating a comprehensive strategic review of the Company and its asset base. This review will encompass the consideration of a number of possible outcomes for Orvana and its shareholders and may include exploration, asset transactions or a corporate transaction. Orvana will report on its progress in due course.

OVERALL PERFORMANCE

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

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

	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Operating Performance (1)					
Gold					
Production (oz)	19,535	**21,532**	22,319	**59,921**	58,223
Sales (oz) (2)	16,509	**18,790**	20,480	**54,912**	52,624
Average realized price / oz (2)	$1,283	**$1,293**	$1,450	**$1,288**	$1,574
Copper					
Production ('000 lbs)	5,048	**4,785**	4,558	**14,551**	12,793
Sales ('000 lbs) (2)	3,546	**4,724**	4,064	**12,669**	11,885
Average realized price / lb (2)	$3.14	**$3.05**	$3.25	**$3.14**	$3.38
Silver					
Production (oz)	277,656	**211,459**	303,704	**741,945**	728,530
Sales (oz) (2)	166,866	**217,988**	303,733	**602,869**	759,384
Average realized price / oz (2)	$20.37	**$19.52**	$22.58	**$20.16**	$26.64
Financial Performance					
Revenue (3)	$29,125	**$34,064**	$36,997	**$98,409**	$118,224
Mining costs (4)	$24,151	**$24,506**	$27,736	**$72,433**	$75,420
Impairment charge	$-	**$29,228**	$6,423	**$29,228**	$6,423

	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013
(Loss) gain from discontinued operations	($985)	**$135**	($7)	**($866)**	($79)
Gross margin	($2,173)	**($27,150)**	($4,388)	**($24,815)**	$18,695
Derivative instruments (loss) gain	($2,343)	**($3,786)**	$33,700	**$2,355**	$51,993
Net (loss) income	($6,953)	**($25,902)**	$11,315	**($26,847)**	$31,449
Net (loss) income per share (basic/diluted)	($0.05)	**($0.19)**	$0.08	**($0.20)**	$0.23
Adjusted net (loss) income (5)	($3,340)	**$905**	($647)	**($1,208)**	$4,696
Adjusted net (loss) income per share (basic/ diluted) (5)	($0.02)	**$0.01**	$0.00	**($0.01)**	$0.03
Operating cash flows before non-cash working capital changes (6)	$3,587	**$8,912**	$4,611	**$21,017**	$23,499
Operating cash flows (6)	$3,886	**$8,750**	$10,775	**$16,521**	$25,110
Ending cash and cash equivalents	$5,914	**$11,029**	$11,484	**$11,029**	$11,484
Restricted cash (including long-term)	$17,905	**$17,457**	$16,304	**$17,457**	$16,304
Capital expenditures (7)	$4,757	**$6,571**	$4,283	**$14,448**	$17,265

(1) Metals production and sales are from the EVBC Mines and the Don Mario Mine.

(2) Sales volumes represented in the table above and in the tables below with respect to the EVBC Mines and the Don Mario Mine include volume adjustments relating to final payments from prior period sales. Average realized metal prices are calculated by dividing gross revenue recorded for the period from metals sales, before deduction of treatment and refinement charges and deductions for payable metals, by ounces of gold or silver or pounds of copper actually sold during the period. Sales volumes used to calculate average realized metal prices and unit 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 treatment, refining, penalties and payable metals deductions associated with such sales, (ii) plus or minus realized final payment 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 receipt of final payment for such sales.

(4) Mining costs represents all costs associated with the production of the metals sold in the period including personnel costs; energy cost (principally diesel fuel and electricity); maintenance and repair costs; operating supplies; external services; costs associated with delivery of the concentrate and doré to the point of sale; an allocation of site general and administrative costs; royalties and, in respect of the Don Mario 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) Operating cash flows is cash provided by operating activities from continuing operations.

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

Three Months Ended June 30, 2014 Compared with Three Months Ended March 31, 2014

The Company recorded a net loss for the third quarter of fiscal 2014 of $25,902 or $0.19 per share compared with a net loss of $6,953 or $0.05 per share for the second quarter of fiscal 2014. The Company's net loss for the third quarter of fiscal 2014 was affected by the following factors:

- Revenue for the third quarter of fiscal 2014 increased by $4,939 or 17% to $34,064 on sales of 18,790 ounces of gold, 4.7 million pounds of copper and 217,988 ounces of silver from the EVBC Mines and the Don Mario Mine compared with revenue of $29,125 on sales of 16,509 ounces of gold, 3.6 million pounds of copper and 166,866 ounces of silver in the second quarter of fiscal 2014. The increase in revenue resulted primarily from higher volumes of gold and silver sold at EVBC and higher volumes of all metals at the Don Mario Mine.
- Total mining costs increased by $355 or 1% from $24,151 in the second quarter of fiscal 2014 to $24,505 in the third quarter of fiscal 2014 primarily due to higher metals volumes sold.
- At June 30, 2014, the Company recorded an impairment charge of (i) $25,485 in respect of EVBC relating to the MRMR Update and the LOMP Update (the "EVBC Impairment"), and (ii) $3,743 relating to the stockpiled Don Mario Mine oxides reflected as inventory on the balance sheet following the suspension of the operations of the leach-precipitation-flotation ("LPF") plant (the "Don Mario Impairment").
- Gross margin decreased by $24,977 to negative $27,150 compared with negative $2,173 in the second quarter of fiscal 2014 primarily due to the EVBC Impairment and the Don Mario Impairment offset by higher revenue from higher metals sales.

- The Company recorded an unrealized derivative instruments loss of $5,470 for the third quarter of fiscal 2014 compared with $3,755 in the second quarter of fiscal 2014 relating to the fair market revaluation of the Company's outstanding derivative instruments.
- The income tax recovery in the third quarter of fiscal 2014 was $9,444 compared with $2,478 in the second quarter of fiscal 2014 primarily due to (i) the deferred income tax recovery of $1,641 relating to the unrealized loss on the mark-to-market revaluation of the Company's outstanding derivative instruments at the end of the period compared with $1,127 in the second quarter of fiscal 2014, and (ii) the deferred income tax recovery of $7,646 relating to the EVBC Impairment.

The Company recorded adjusted net income of $905 or $0.01 per share in the third quarter of fiscal 2014 compared with an adjusted net loss of $3,340 or $0.02 per share in the second quarter of fiscal 2014. For further information and a detailed reconciliation of the adjusted net income (loss), please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Three Months Ended June 30, 2014 Compared with Three Months Ended June 30, 2013

The Company recorded a net loss for the third quarter of fiscal 2014 of $25,902 or $0.19 per share compared with net income for the third quarter of fiscal 2013 of $11,315 or $0.08 per share. The Company's net loss for the third quarter of fiscal 2014 was affected significantly by the following factors:

- Revenue for the third quarter of fiscal 2014 decreased by $2,933 or 8% to $34,064 on sales of 18,790 ounces of gold, 4.7 million pounds of copper and 217,988 ounces of silver from the EVBC Mines and the Don Mario Mine compared with revenue of $36,997 on sales of 20,480 ounces of gold, 4.1 million pounds of copper and 303,733 ounces of silver in the third quarter of fiscal 2013. The decrease in revenue was primarily due to lower volumes of gold and copper sold during the quarter and lower average realized prices of gold, copper and silver of 11%, 6% and 14%, respectively.
- Total mining costs decreased by $3,230 or 12% from $27,736 in the third quarter of fiscal 2013 to $24,506 in the third quarter of fiscal 2014 primarily due to lower volume of gold and silver sold in the current period.
- Gross margin decreased by $22,762 to negative $27,150 in the third quarter of fiscal 2014 compared with gross margin of negative $4,388 in the third quarter of fiscal 2013 primarily due to the EVBC Impairment and the Don Mario Impairment recorded in the third quarter of fiscal 2014. The Company recorded an impairment charge of $6,423 in the third quarter of fiscal 2013 relating to the suspension of the operations of the LPF plant at the Don Mario Mine (the "LPF Impairment").
- The Company recorded an unrealized derivative instruments loss of $5,470 in the third quarter of fiscal 2014 compared with an unrealized derivative instruments gain of $32,902 for the third quarter of fiscal 2013 relating to the fair market revaluation of the Company's outstanding derivative instruments.
- The income tax recovery in the third quarter of fiscal 2014 was $9,444 compared with income tax expense in the third quarter of fiscal 2013 of $8,244 primarily due to (i) the deferred income tax recovery of $1,641 relating to the unrealized loss on the mark-to-market revaluation of the Company's outstanding derivative instruments at the end of the period compared with an income tax expense of $9,871 for the third quarter of fiscal 2013, and (ii) the deferred income tax recovery of $7,646 relating to the EVBC Impairment.

The Company recorded adjusted net income of $905 or $0.01 per share in the third quarter of fiscal 2014 compared with an adjusted net loss of $647 or $0.00 per share for the third quarter of fiscal 2013. 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.

Nine Months Ended June 30, 2014 Compared with Nine Months Ended June 30, 2013

The Company recorded a net loss of $26,847 for the nine months ended June 30, 2014 or $0.20 per share compared with net income of $31,449 for the nine months ended June 30, 2013 or $0.23 per share. The net loss was affected significantly by the following factors:

- Revenue for the nine months ended June 30, 2014 decreased by $19,815 or 17% to $98,409 on sales of 54,912 ounces of gold, 12.7 million pounds of copper and 602,869 ounces of silver from the EVBC Mines and Don Mario Mine compared with revenue of $118,224 on sales of 52,624 ounces of gold, 11.9 million pounds of copper and 759,384 ounces of silver for the nine months ended June 30, 2013. The decrease in revenue was primarily due to lower average realized prices of gold, copper and silver of 18%, 7% and 24%, respectively.
- Mining costs decreased by $2,987 or 4% from $75,420 for the first nine months of fiscal 2013 to $72,433 for the first nine months of fiscal 2014. Mining costs at the EVBC Mines were $9,582 or 21% higher primarily due to higher volumes of gold and copper sold and an appreciation of the Euro against the US dollar. Mining costs at the Don Mario Mine were $12,569 or 41% lower primarily due to lower volumes of gold and silver sold and lower costs attributed with running three higher cost LPF campaigns in the first nine months of 2013 compared with no LPF campaigns in the current year.
- Gross margin decreased by $43,510 to negative $24,815 for the first nine months of fiscal 2014 compared with $18,695 for the nine months ended June 30, 2013 primarily due to the EVBC Impairment and the Don Mario Mine Impairment recorded in the third quarter of fiscal 2014. The Company recorded the LPF Impairment in the third quarter of fiscal 2013.
- The Company recorded a derivative instruments unrealized loss of $2,372 for the nine months ended June 30, 2014 compared with an unrealized gain of $54,148 for the nine months ended June 30, 2013 relating to the fair market revaluation of the Company's outstanding derivative instruments.
- The income tax recovery for the nine months ended June 30, 2014 was $8,409 compared with income tax expense of $19,391 for the nine months ended June 30, 2013 primarily due to (i) the deferred income tax recovery of $712 relating to the unrealized loss on the mark-to-market revaluation of the Company's outstanding financial instruments at the end of the period compared with an income tax expense of $16,244 for the nine months ended June 30, 2013, and (ii) the deferred income tax recovery of $7,646 relating to the EVBC Impairment.

The Company recorded an adjusted net loss of $1,208 for the nine months ended June 30, 2014 or $0.01 per share compared with adjusted net income of $4,696 or $0.03 per share for the nine months ended June 30, 2013. 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.

EVBC Mines

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 comprise the Boinás Mine, where skarns and oxides are being mined underground, and the Carlés Mine, where skarns are being mined underground. The EVBC Mines commenced commercial production in August 2011.

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

	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Operating Performance					
Ore mined (tonnes) (wmt)	185,835	**151,692**	193,202	**525,923**	547,713
Ore milled (tonnes) (dmt)	186,111	**145,169**	181,599	**511,993**	503,934
Gold					
Grade (g/t)	2.80	**3.76**	3.41	**3.01**	3.20
Recovery (%)	92.2	**93.6**	92.5	**92.6**	92.3

	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Production (oz)	15,441	**16,405**	18,439	**45,834**	48,101
Sales (oz)	14,344	**16,418**	16,808	**45,715**	42,391
Copper					
Grade (%)	0.41	**0.51**	0.63	**0.43**	0.54
Recovery (%)	78.2	**86.4**	87.3	**81.2**	83.4
Production ('000 lbs)	1,322	**1,404**	1,942	**3,984**	4.778
Sales ('000 lbs)	1,455	**1,408**	1,643	**4,277**	4,095
Silver					
Grade (g/t)	8.15	**11.52**	12.10	**8.78**	11.20
Recovery (%)	79.6	**79.5**	82.9	**79.9**	79.1
Production (oz)	38,846	**42,755**	58,856	**115,439**	143,581
Sales (oz)	40,592	**42,999**	51,934	**121,155**	128,396
Financial Performance					
Revenue	$21,777	**$24,310**	$25,500	**$67,931**	$74,406
Mining costs	$19,766	**$18,222**	$17,621	**$54,433**	$44,851
Impairment charge	$-	**$25,485**	$-	**$25,485**	$-
Derivative instruments gain (loss)	($2,343)	**($3,786)**	$33,700	**$2,355**	($51,993)
Income (loss) before tax	($7,364)	**($30,111)**	$30,894	**($29,466)**	$62,264
Capital expenditures (2)	$4,434	**$3,000**	$2,900	**$11,161**	$9,500
Cash operating costs (by-product) ($/oz) gold (1)	$1,166	**$916**	$846	**$984**	$821
All-in sustaining costs (by-product) ($/oz) gold (1)	$1,431	**$1,108**	$1,043	**$1,212**	$1,105
All-in costs (by-product) ($/oz) gold (1)	$1,564	**$1,166**	$1,049	**$1,306**	$1,107

(1) The Company has adopted AISC. Costs are reported per ounce of gold sold in the period. For further information and a detailed reconciliation of AISC, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

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

EVBC Mines Operating Performance

During the third quarter of fiscal 2014, the EVBC Mines produced 16,405 ounces of gold, 1.4 million pounds of copper and 42,755 ounces of silver compared with (i) 15,441 ounces of gold, 1.3 million pounds of copper and 38,846 ounces of silver during the second quarter of fiscal 2014, and (ii) 18,439 ounces of gold, 1.9 million pounds of copper and 58,856 ounces of silver during the third quarter of fiscal 2013. The (i) increase in production compared with the second quarter of fiscal 2014 is primarily due to an increase in gold, copper and silver head grades of 34%, 24% and 41%, respectively, and (ii) decrease in production compared with the third quarter of fiscal 2013 is primarily due to lower tonnes mined and milled and a decrease in copper and silver head grades of 19% and 5%, respectively.

As a result of work completed in the first half of fiscal 2014 at the EVBC Mines to recover a failed zone in the San Martin skarns area in the Boinás Mine, which occurred in the third quarter of fiscal 2012, higher grade mineralization from other nearby stopes was accessed in the third quarter of fiscal 2014 increasing head grades of gold, copper and silver.

The hoist damaged as a result of the hoisting accident at the Boinás Mine in June 2013 became fully operational in the third quarter of fiscal 2014 with the final certification process completed. With the completion of the hoist repair and upgrades, management implemented a production schedule which optimized the usage of both the hoisting and ramp systems for ore, waste and backfill. Mine performance had been negatively impacted by continued reliance on ramp access at the Boinás Mine for ore and waste in the first and second quarters of fiscal 2014.

In the second quarter of fiscal 2014, the grade was lower than planned due to filling delays in the higher grade San Martin area, resulting in increased mining activity in the lower grade black skarns and San Martin transition zones. With backfilling caught up to normal levels and reduced trucking usage for ore now that the hoist is fully operational, production improved in the third quarter reaching 6,391 ounces of gold in June of 2014 and 7,332 ounces of gold in July of 2014, the highest monthly production since the commencement of production. The Company confirms its fiscal 2014 production guidance of between 60,000 to 65,000 ounces of gold. Access to higher grade areas and a focus on optimization of head grades resulted in an average gold grade processed through the plant in June of 4.66 grams per tonne, the highest monthly average since the commencement of production in June of 2011. Optimizing the grade of the mineralization sent to the process plant resulted in fewer tonnes processed, a decrease of 41,510 or 18% in the third quarter of fiscal 2014 compared with the second quarter of fiscal 2014.

EVBC MRMR Update

EVBC has had a record of under-performance against plan with respect to gold output. In 2014, Orvana initiated a review of past performance, including measures taken by previous and current management teams to enhance mine performance. As a result of this review, management deemed it appropriate to further assess the assumptions of previous mine plans, particularly in regard to reserves and resources, and engaged RPA to complete the MRMR Update and the LOMP Update.

The MRMR Update and the LOMP Update revise certain assumptions used previously and present a different methodology in respect to the application of cut-off grades in certain zones of EVBC. Various other factors resulting in the changes include removal of uneconomic zones and depletion from mining activities since June 1, 2013.

The following is a summary of the MRMR Update with more detailed information set forth in Table 1 and Table 2 below:

- **Proven and Probable Reserves** - approximately 2.2 million tonnes grading 4.3 g/t gold and 0.7% copper, containing 302,000 ounces of gold and 14,680 tonnes of copper, a decrease of approximately 66% and 59%, respectively;
- **Measured and Indicated Resources** - approximately 6.0 million tonnes grading 4.4 g/t gold and 0.7% copper, containing 850,900 ounces of gold and 41,500 tonnes of copper, a decrease of approximately 32% and 22%, respectively; and
- **Inferred Resources** - approximately 6.0 million tonnes grading 5.0 g/t gold and 0.5% copper, containing 979,500 ounces of gold and 26,900 tonnes of copper, a decrease of approximately 22% and 5%, respectively.

TABLE 1

Orvana – Updated EVBC Mineral Resource Estimate (1)

ZONE	EVBC Inclusive Mineral Resource Estimate as at Sept. 30th, 2014					
	Tonnes (kt)	Au Grade	Cu Grade	Ag Grade	Au Ounces	Cu Tonnes
Boinás Oxide	638	4.42	1.05	25.01	91	6,707
Boinás Skarn	666	2.79	0.78	16.58	60	5,201
Carlés Skarn	38	4.55	0.68	5.26	6	258
Total Measured	**1,342**	**3.62**	**0.91**	**20.27**	**156**	**12,166**
Boinás Oxide	1,835	6.76	0.80	13.47	399	14,687
Boinás Skarn	1,770	3.16	0.58	14.40	180	10,333
Carlés Skarn	1,059	3.40	0.41	6.22	116	4,312
Total Indicated	**4,664**	**4.63**	**0.63**	**12.18**	**695**	**29,332**
Total Measured & Indicated	**6,006**	**4.41**	**0.69**	**13.98**	**851**	**41,498**
Boinás Oxide	2,499	7.16	0.46	3.63	575	11,414
Boinás Skarn	2,135	3.35	0.45	12.27	230	9,515
Carlés Skarn	1,393	3.90	0.43	4.12	175	5,957
Total Inferred	**6,027**	**5.05**	**0.45**	**6.80**	**980**	**26,886**

Notes:

(1) Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions were followed for estimated mineral resources.

(2) Mineral resources are estimated using gold equivalent ("AuEq") cut-off grade by zone, consisting of 3.8 g/t AuEq for Boinás Oxides, 2.5 g/t AuEq for Boinás Skarns, and 2.3 g/t AuEq for Carlés. Gold equivalent cut-offs were calculated using recent operating results for recoveries, off-site concentrate costs, and on-site operating costs.

(3) Mineral resources are estimated using average long-term metal prices of US$1,300 per ounce gold, US$3.10 per pound copper, and US$23 per ounce silver. An exchange rate of €1.00=US$1.33 was used.

(4) A crown pillar of 10 meters is excluded from the estimated mineral resources below El Valle open pit.

(5) Unrecoverable material in exploited mining areas has been excluded from the estimated mineral resources.

(6) Numbers may not add due to rounding.

TABLE 2

Orvana – Updated EVBC Mineral Reserve Estimate [1]

ZONE	EVBC External Mineral Reserve Estimate as at Sept. 30th, 2014					
	Tonnes (kt)	Au Grade	Cu Grade	Ag Grade	Au Ounces	Cu Tonnes
Boinás Oxide	-	-	-	-	**-**	**-**
Boinás Skarn	467	3.36	0.96	20.33	**50**	**4,484**
Carlés Skarn	-	-	-	-	**-**	**-**
Total Proven	**467**	**3.36**	**0.96**	**20.33**	**50**	**4,484**
Boinás Oxide	598	6.83	0.41	7.31	**131**	**2,464**
Boinás Skarn	1,029	3.39	0.72	14.39	**112**	**7,375**
Carlés Skarn	95	2.63	0.37	7.30	**8**	**354**
Total Probable	**1,722**	**4.54**	**0.59**	**11.54**	**252**	**10,193**
Total Proven & Probable	**2,189**	**4.29**	**0.67**	**13.41**	**302**	**14,677**

Notes:

(1) CIM definitions were followed for Mineral Reserves.

(2) Mineral Reserves are estimated using gold equivalent cut-off grades by zone, consisting of 4.5 g/t AuEq for Boinás Oxides, 2.9 g/t AuEq for Boinás Skarns, and 2.8 g/t AuEq for Carlés. Gold equivalent cut-offs were calculated using recent operating results for recoveries, off-site concentrate costs, and on-site operating costs.

(3) Mineral Reserves are estimated using average long-term metal prices of US$1,100 per ounce gold, US$2.75 per pound copper, and US$20 per ounce silver. An exchange rate of €1.00=US$1.33 was used.

(4) Unrecoverable material in exploited mining areas has been excluded from the estimated mineral resources.

(5) Numbers may not add due to rounding.

Carlés Mine Suspension

Orvana plans to ramp down and put the Carlés Mine on care and maintenance pending an improved economic mining plan or higher metal prices. The decision was taken after drilling results indicated lower grades in the future mining blocks (below current activities). Management has determined that the Carlés mechanized crew will provide greater value in ramping up production in the higher grade Boinás Mine. Development crews are expected to move to Boinás in September 2014. Production activities are expected to continue at Carlés from developed areas until the end of 2014. At that time, production and maintenance crews will be transferred to Boinás to increase production or replace existing contractors.

An overall review of the EVBC operations is underway in connection with this suspension of mining at Carlés. In addition to executing on a new optimization plan, the Company is also undertaking a review of alternatives including targeting narrow high-grade areas in Carlés with more suitable mining methods.

EVBC will continue to work closely with local communities and collaborate with government authorities during this process.

EVBC LOMP Update

RPA completed the LOMP Update based on proven and probable reserves estimated as part of the MRMR Update with the following highlights:

- The LOMP Update estimates mine life for EVBC at approximately four years compared with approximately nine years as previously disclosed.
- Total gold production is expected to be approximately 282,200 ounces at an average all-in-sustaining costs per ounce of gold sold estimated at approximately $1,100 over the currently estimated life of mine. In addition, the inferred mineral resources are estimated to contain 979,500 gold ounces, providing opportunities to extend the mine life.
- Key risks include metal prices, geotechnical and metallurgical issues, operating and capital costs, grade variability and smelter treatment charges.

- Key opportunities include (i) higher margin production resulting in greater free cash flow, (ii) an increase from current estimated mineral reserves via conversion of mineral resources, thus increasing gold production and lengthening mine life, (iii) the identification of additional mineralization at Boinás and the potential for high grade narrow-vein mining at Carlés, and (iv) exploration potential of other EVBC mineral properties located within trucking distance of the process plant.

Management will continue to focus on delineation drilling at EVBC, which historically has enabled the Company to convert mineral resources into reserves. Orvana believes there is significant upside potential to extend EVBC's mine life beyond this current estimate and plans further exploration targeting certain zones and satellite deposits in the region.

EVBC Financial Performance

Revenue from EVBC for the third quarter of fiscal 2014 was $24,310 on sales of 16,418 ounces of gold, 1.4 million pounds of copper and 42,999 ounces of silver compared with $21,777 on sales of 14,344 ounces of gold, 1.5 million pounds of copper and 40,592 ounces of silver in the second quarter of fiscal 2014. Revenue in the third quarter of fiscal 2014 decreased by 5% from $25,500 to $24,310 compared with the third quarter of fiscal 2013 as a result of lower volumes sold of gold, copper and silver by 2%, 14% and 17%, respectively. Revenue of $67,931 for the first nine months of fiscal 2014 was $6,475, or 9% lower, compared with $74,406 for the first nine months of fiscal 2013 primarily as a result of lower average realized prices of gold, copper and silver, offset by higher volumes of gold and copper sold.

Mining costs decreased by 8% or $1,544 from $19,766 in the second quarter of fiscal 2014 to $18,222 in the third quarter of fiscal 2014 primarily due to lower tonnes mined and milled, as management focused on head grade optimization. Mining costs increased by 3% from $17,621 in the third quarter of fiscal 2013 to $18,222 in the third quarter of fiscal 2014 primarily due to the impact of an unfavorable foreign exchange rate with a five percent appreciation of the Euro against the US dollar from the third quarter of fiscal 2013.

At June 30, 2014, the total costs of the basic recovery of and upgrades to the hoist were $5,400 which exceeded the March 31, 2014 estimate of $4,500. The basic recovery and upgrades costs were capitalized to property, plant and equipment. As the estimated cost of basic recovery of $3,470 exceeded the March 31, 2014 estimated amount de-recognized of $2,500, the Company has de-recognized the difference of $970 which was capitalized during the third quarter of fiscal 2014. Management continues to work on the insurance claim for the basic recovery costs.

As a result of the MRMR Update and the Carlés suspension and in accordance with its usual policy, Orvana conducted a carrying value assessment of EVBC as at June 30, 2014. Management has estimated cash flows reflected in the Company's updated mine plan available at this time using estimated production levels, operating costs and capital expenditures as well as long-term commodity prices, foreign exchange rates and discount rates. Based on this assessment, it was determined that EVBC's net recoverable amount was lower than its carrying amount. As a result, Orvana recognized the non-cash EVBC Impairment of $25,485 in the third quarter of fiscal 2014. The EVBC Impairment represents a reduction in the EVBC book value and has no impact on Orvana's cash flows.

Loss before tax for the third quarter of fiscal 2014 was $30,111 compared with (i) $7,364 for the second quarter of fiscal 2014, due mainly to the EVBC Impairment and a higher unrealized derivative loss recorded on the revaluation of the Company's outstanding derivative instruments in the third quarter of fiscal 2014, and (ii) income before tax of $30,894 for the third quarter of fiscal 2013, due mainly to the derivative gain of $33,700 recorded on the revaluation of the Company's outstanding derivative instruments in the third quarter of fiscal 2013 compared with a derivative loss of $3,786 recorded in the current quarter and the EVBC Impairment recorded in the current quarter. Of the total gold and copper sales during the third quarter of fiscal 2014 from EVBC, 44% and 50%, respectively, were hedged under outstanding derivative instruments as required under the EVBC Loan. Subsequent to June 30, 2014, the Company's outstanding derivative instruments were closed. Please see the "Financial Condition Review - Derivative Instruments" section of this MD&A.

Total capital expenditures at EVBC during the third quarter of fiscal 2014 were $3,000 compared with $2,900 in the third quarter of fiscal 2013 and $11,161 for the first nine months of fiscal 2014 compared with $9,500 for the first nine months of fiscal 2013. Capital expenditures in fiscal 2014 consisted primarily of primary mine development and non-recurring hoist repairs and upgrades expenditures. This excludes

$3,451 and $1,026 in accounts payable adjustments for the third quarter and the first nine months of fiscal 2014, respectively. Please see the “Financial Condition Review - Capital Expenditures” section of this MD&A.

Total cash operating costs of $916 per ounce of gold sold in the third quarter of fiscal 2014 were $250 or 21% lower than in the second quarter of 2014 and $70 or 8% higher than in the third quarter of fiscal 2013. Total all-in sustaining costs of $1,108 per ounce of gold sold in the third quarter of fiscal 2014 were $323 or 23% lower than in the second quarter of 2014 due to higher ounces of gold sold and higher by-product revenue and $65 or 6% higher than in the third quarter of fiscal 2013. Unit costs in the third quarter of fiscal 2014 were lower compared with the second quarter of 2014 due to higher sales of gold and silver. Unit costs in the third quarter of fiscal 2014 were marginally higher compared with the third quarter of fiscal 2013 due to the appreciation of the Euro against the US dollar.

Growth Exploration

In the fourth quarter of fiscal 2013, the Company completed a review of its opportunities to increase its reserves and resource estimates at EVBC through the potential to upgrade inferred mineral resources to mineral reserves and the potential to identify new resources at EVBC and surrounding areas. To date, while lower cash flows from operations and significant debt repayments limited exploration spending during the first nine months of fiscal 2014, certain fieldwork and permitting procedures continued in the third quarter of fiscal 2014.

Don Mario Mine

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. (“EMIPA”), the Company owns and operates the Don Mario 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 Upper Mineralized Zone as an open-pit mine. The Don Mario Mine reached commercial production in January 2012.

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

	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Operating Performance					
Ore mined (tonnes) (dmt) (1)	246,551	**312,551**	258,116	**806,671**	767,672
Ore milled (tonnes) (dmt)	199,526	**199,313**	195,798	**605,254**	581,717
Gold					
Grade (g/t)	1.45	**1.88**	1.39	**1.60**	1.20
Recovery (%)	44.1	**42.5**	44.3	**45.2**	45.2
Production (oz)	4,094	**5,127**	3,880	**14,088**	10,122
Sales (oz)	2,165	**2,372**	3,672	**9,197**	10,233
Copper					
Grade (%)	1.51	**1.50**	1.40	**1.46**	1.37
Recovery (%)	56.3	**51.4**	43.4	**54.3**	45.6
Production (‘000 lbs)	3,726	**3,381**	2,616	**10,567**	8,016
Sales (‘000 lbs)	2,091	**3,316**	2,421	**8,392**	7,790
Silver					
Grade (g/t)	64.30	**49.66**	61.30	**55.82**	52.00
Recovery (%)	57.9	**53.0**	63.5	**57.7**	60.2
Production (oz)	238,810	**168,704**	244,848	**626,506**	584,949
Sales (oz)	126,274	**174,989**	251,799	**481,714**	630,988
Financial Performance					
Revenue	$7,348	**$9,754**	$11,497	**$30,478**	$43,818
Mining costs	$4,385	**$6,284**	$10,115	**$18,000**	$30,569
Impairment	$-	**$3,743**	$6,423	**$3,743**	$6,423
Income (loss) before tax	$1,049	**($3,662)**	($10,350)	**$693**	($3,918)
Adjusted income (loss) before tax	$1,049	**$933**	($1,668)	**$5,288**	$4,764
Capital expenditures	$975	**$33**	$317	**$1,797**	$2,110

	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Cash operating costs (co-product) ($/oz) gold (2)	$794	**$830**	$939	**$789**	$1,030
Cash operating costs (co-product) ($/lb) copper (2) (3)	$2.16	**$2.38**	$2.18	**$2.25**	$2.22
Cash operating costs (co-product) ($/oz) silver (2)	$14.98	**$14.86**	$16.34	**$14.78**	$19.40
All-in sustaining costs (co-product) ($/oz) gold (2)	$967	**$884**	$1,008	**$896**	$1,135
All-in sustaining costs (co-product) ($/lb) copper (2)	$2.57	**$2.51**	$2.34	**$2.51**	$2.45
All-in sustaining costs (co-product) ($/oz) silver (2)	$17.70	**$15.68**	$17.43	**$16.47**	$21.16
All-in costs (co-product) ($/oz) gold	$973	**$909**	$1,110	**$907**	$1,171
All-in costs (co-product) ($/lb) copper	$2.58	**$2.57**	$2.58	**$2.54**	$2.52
All-in costs (co-product) ($/oz) silver	$17.79	**$16.06**	$19.05	**$16.63**	$21.77

(1) Ore mined includes oxides mined and stockpiled prior to the oxides impairment discussed below.

(2) The Company adopted AISC at September 30, 2013. Costs are reported per ounce of gold or silver or per pound of copper sold in the period. For further information and a detailed reconciliation of AISC, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

(3) Cash operating costs per pound of copper sold represent C1 costs plus royalties.

Don Mario Mine Operating Performance

During the third quarter of fiscal 2014, the Don Mario Mine produced 5,127 ounces of gold, 3.4 million pounds of copper and 168,704 ounces of silver compared with (i) 4,094 ounces of gold, 3.7 million pounds of copper and 238,810 ounces of silver in the second quarter of fiscal 2014, and (ii) 3,880 ounces of gold, 2.6 million pounds of copper and 244,848 ounces of silver in the third quarter of fiscal 2013. The (i) increase in gold production compared with the second quarter of fiscal 2014 is primarily due to an increase in gold head grade of 30%, and (ii) increase in production compared with the third quarter of fiscal 2013 is primarily due to an increase in gold and copper head grades of 35% and 7%, respectively, and an increase in copper recovery.

During the third quarter of fiscal 2013, the Company suspended the processing of oxides through the LPF process. It was no longer economical to process oxides through this process as costs were significantly higher than flotation-only processing costs and throughput of the LPF circuit was approximately half that of the flotation-only circuit. This decision has reduced costs in the nine months ended June 30, 2014 compared with the nine months ended June 30, 2013 and contributed to copper and gold production increases of 32% and 39%, respectively.

The Company undertook a process to evaluate reagents to process oxides through its flotation-only circuit and completed other metallurgical testing. It has been determined that a cost effective means to recover the economic minerals in the oxides has not yet been defined. Accordingly, the Company wrote off the carrying value of the oxides ore inventory resulting in the Don Mario Impairment of $3,743 at June 30, 2014. Future costs associated with mining and stockpiling oxides will be expensed as mining costs. Further evaluation of the oxides process is continuing and if deemed economical in the future, the Don Mario Impairment will be reversed at that time.

The Don Mario Mine commissioned two new gravity concentrators towards the end of March 2014. Expected increased recoveries were not achieved in the third quarter of fiscal 2014 due to commissioning challenges and complex mineralogy. Adjustments to the gravity circuit completed in the fourth quarter of fiscal 2014 are now producing consistently positive results with production reaching estimated targets in the second half of July. Consequently, sales of the new gold concentrate are now expected to commence in the fourth quarter of fiscal 2014. Over the remainder of fiscal 2014, the Company will continue to work on optimizing recoveries of gold and silver from the new gold gravity concentrators.

During July 2014, EMIPA completed regular annual union wage negotiations as mandated under Bolivian law. There were no labour disruptions or impact to production during these negotiations. A "no strike" clause was negotiated for the coming year to May 2015.

Don Mario Mine Financial Performance

Revenue from Don Mario for the third quarter of fiscal 2014 was $9,754 on sales of 2,372 ounces of gold, 3.3 million pounds of copper and 174,989 ounces of silver compared with $7,348 on sales of 2,165 ounces of gold, 2.1 million pounds of copper and 126,274 ounces of silver in the second quarter of fiscal 2014. The Company had been in the process of negotiating a new off-take agreement for its copper concentrate product which was finalized early in the third quarter of fiscal 2014 at which time Don Mario started selling the product inventory resulting in lower revenue in the second quarter of fiscal 2014. Revenue in the third quarter of fiscal 2014 decreased by 15% from $11,497 to $9,754 compared with the third quarter of fiscal 2013 as a result of lower sales of gold and silver by 35% and 31%, respectively, offset by 37% higher sales of copper. Revenue of $30,478 for the first nine months of fiscal 2014 was $13,340 or 30% lower, compared with $43,818 for the first nine months of fiscal 2013 primarily as a result of lower sales of gold and silver sold and lower average realized prices of gold, copper and silver.

Mining costs of $6,284 for the third quarter of fiscal 2014 increased by $1,899 or 43% compared with $4,385 during the second quarter of 2014 primarily due to higher sales during the third quarter and, therefore, higher associated mining costs. Mining costs of $6,284 for the third quarter of fiscal 2014 decreased by $3,831 or 38% compared with the third quarter of fiscal 2013 due to lower sales of gold and silver during the current quarter and lower costs due to no LPF campaigns in the third quarter of fiscal 2014 compared with one LPF campaign in the third quarter of fiscal 2013.

Loss before tax for the third quarter of fiscal 2014 was $3,662 compared with (i) income before tax of $1,049 for second quarter of fiscal 2014, and (ii) loss before tax of $10,350 for the third quarter of fiscal 2013. The (i) decrease of $4,711 compared with the second quarter of fiscal 2014 is primarily as a result of the Don Mario Impairment of $3,743 and a write-down of fixed assets of $852, and (ii) increase of $6,688 is primarily due the LPF Impairment of $6,423, the provision for potential uncollectible value-added tax ("VAT") of $1,378 and the provision for EMIPA union payments of $1,384 (collectively the "Q3 2013 adjustments") recorded during the third quarter of fiscal 2013.

Total capital expenditures at the Don Mario Mine during the third quarter of fiscal 2014 were $33 compared with $317 in the third quarter of fiscal 2013 and $1,797 for the first nine months of fiscal 2014 compared with $2,110 for the first nine months of fiscal 2013. Capital expenditures in fiscal 2014 consisted primarily of $1,255 relating to the completion of the tailings dam raise and $530 relating to the addition of the gold gravity concentrators.

For the third quarter of fiscal 2014, cash operating costs (co-product) were $830 per ounce of gold or 5% higher, $2.38 per pound of copper or 10% higher and $14.86 per ounce of silver or 1% lower compared with $794 per ounce of gold, $2.16 per pound of copper and $14.98 per ounce of silver in the second quarter of fiscal 2014. Total all-in sustaining costs (co-product) were $884 per ounce of gold or 9% lower, $2.51 per pound of copper or 2% lower and $15.68 per ounce of silver or 11% lower compared with $967 per ounce of gold, $2.57 per pound of copper and $17.70 per ounce of silver for the second quarter of fiscal 2014. The decrease in all-in sustaining costs is due to lower capital expenditures incurred in the current quarter.

Cash operating costs (co-product) in the third quarter of fiscal 2014 were $109 per ounce of gold or 12% lower and $0.20 per pound of copper or 9% higher than the third quarter of fiscal 2013. Total all-in sustaining costs (co-product) were $124 per ounce of gold or 12% lower and $0.17 per pound of copper or 7% higher compared with $1,008 per ounce of gold and $2.34 per pound of copper for the third quarter of fiscal 2013 due to one LPF campaign in the third quarter of fiscal 2013 compared with no LPF campaigns in the third quarter of fiscal 2014.

Growth Exploration

In the fourth quarter of fiscal 2013, the Company completed a review of its opportunities to increase its resource estimates at its existing Don Mario Mine through the potential to identify new mineral resources in the surrounding area that previously had some geochemical, trenching and drilling results indicating gold mineralization. During the first quarter of fiscal 2014 drilling targets were reviewed and an exploration drilling plan was prepared. Drilling commenced during the second quarter of fiscal 2014 and drilling costs of $326 were incurred in the third quarter of fiscal 2014. Although gold mineralization has been encountered, to date, there are no noteworthy results. Further drilling is planned for the fourth quarter of fiscal 2014 and results are being evaluated to determine the next steps in the exploration program.

Sale of Copperwood

Through its wholly-owned subsidiary, Orvana Resources US Corp. (“Orvana US”), Orvana owned Copperwood which was comprised of, among others, certain long-term mineral lease agreements, surface rights and mineral rights option agreements in the Upper Peninsula of the State of Michigan, USA. The Company had previously completed a feasibility study and obtained all major permits in respect of the development of Copperwood.

On June 17, 2014, the Company closed the sale of Copperwood to Highland Copper Company Inc. (“Highland”) through the sale of all of the outstanding shares of Orvana US for total consideration of up to $25,000 consisting of base consideration of $20,000 and additional consideration of up to $5,000. On closing, Orvana received cash of $13,000 and a secured promissory note in the amount of $7,000 (the "Copperwood Note") in respect of the remainder of the base consideration which is included as a current asset on the Company’s balance sheet at June 30, 2014. Amounts outstanding under the Copperwood Note bear interest at an annualized rate of 13.5% until September 30, 2014 and thereafter at an annualized rate of 17.5%, may be prepaid at any time and must be repaid no later than December 15, 2014, subject to certain mandatory prepayments. The full amount of the outstanding balance of the Copperwood Note, and the interest accrued thereon, are immediately due and payable upon a change of control of Highland. The Copperwood Note is secured by, among other things, a first priority security interest over all of the assets of Orvana US, a pledge by Highland of all of the shares of Orvana US and a guarantee from Highland. The additional consideration of up to $5,000 will be paid by Highland in cash or shares of Highland, at Orvana’s option, upon occurrence of the events described below:

- $1,250 upon the earliest of (i) commencement of commercial production of Copperwood and (ii) the date that is 36 months after closing; and an additional $1,250 on the first anniversary of the first additional payment; and
- $1,250 if the average copper price for any 60 calendar day period following the first anniversary and preceding the second anniversary of commencement of commercial production is greater than $4.25/lb; and an additional $1,250 if the average copper price for any 60 calendar day period following the second anniversary and preceding the third anniversary of the commencement of commercial production is greater than $4.50/lb.

At March 31, 2014, the Company classified the assets and liabilities of Orvana US, consisting primarily of Copperwood mineral properties, as held for sale. Accordingly, its results from operations have been presented separately as *loss from discontinued operations* on the statement of income. Based on consideration to be received from the Copperwood sale, the assets and liabilities of Copperwood were written down to their fair value less costs to sell, resulting in a loss of $403 at June 30, 2014.

Orvana used the proceeds from the Copperwood sale to repay outstanding short-term debt of $6,515 (the “Fabulosa Loan”), $2,000 under the EVBC Loan and will use the remainder of the net proceeds for general corporate purposes and additional repayments under the EVBC Loan.

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 2014, the gold price remained volatile, with the price ranging from $1,240 to $1,331 per ounce and an average quarterly market price of $1,288 per ounce. Orvana's average gold realized price for the third quarter of fiscal 2014 was $1,293 per ounce. The Company derived approximately 56% of its revenue from sales of gold in the third quarter of fiscal 2014. Of the Company's total gold sales in the third quarter of fiscal 2014, 38% were hedged under the outstanding gold derivative instruments as required under the EVBC Loan. Subsequent to the end of the third quarter, all outstanding gold derivative instruments were closed in accordance with the terms of the EVBC Loan amendment. See "Financial Condition Review - Derivative Instruments".

During the third quarter of fiscal 2014, ongoing geopolitical concerns involving Russia and Ukraine were the biggest factors in the appreciation in the gold price offset by positive U.S. economic data. While there are risks that investor interest in gold will continue to decrease, especially with improved data regarding the U.S economy, the Company believes that the continuing uncertain macroeconomic environment in certain jurisdictions such as China, continued geopolitical concerns, potential negative news from the U.S and loose monetary policies in emerging markets, 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. In the short-term, the Company expects gold spot prices to continue to remain volatile.

Copper prices during the third quarter of fiscal 2014 traded in a range of $2.95 to $3.19 per pound with an average quarterly price of $3.08 per pound. Orvana's average copper realized price for the third quarter of fiscal 2014 was $3.05 per pound. Copper's strength lies mainly in strong physical demand from emerging markets, especially China. 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 33% of its revenue from sales of copper in the third quarter of fiscal 2014. Of the Company's total copper sales in the third quarter of fiscal 2014, 15% were hedged under the outstanding copper derivative instruments as required under the EVBC Loan. Subsequent to the end of the third quarter, all outstanding copper derivative instruments were closed in accordance with the terms of the EVBC Loan amendment. See "Financial Condition Review - Derivative Instruments".

In the third quarter of fiscal 2014, silver prices traded in a range from $18.64 per ounce to $21.21 per ounce with an average quarterly price of $19.62 per ounce. Orvana's average realized silver price for the third quarter of fiscal 2014 was $19.52 per ounce. The Company derived approximately 10% of its revenue from sales of silver in the third quarter of fiscal 2014.

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. While Orvana's cost of sales and expenses were positively affected by historical lows reached by the Euro against the US dollar of $1.22, continuing appreciation of the Euro since the end of fiscal 2012, which reached a high of $1.38 in the quarter, has resulted in an increase in mining costs at EVBC.

At June 30, 2014, Orvana had outstanding currency contracts on $30,000 at a contract price USD/EUR ranging from $1.39 to $1.42 until December 2015 required under the EVBC Loan which were closed subsequent to the end of the third quarter of fiscal 2014. See "Financial Condition Review - Derivative Instruments". Orvana paid $30 during the third quarter of fiscal 2014 and $158 for the first nine months of fiscal 2014 to settle currency forward contracts that matured during these periods.

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.

Environment, Health, Safety and Sustainability

The Board of Directors of the Company has a Technical, Safety, Health, Environment and Sustainability Committee. The purpose of this Committee is to provide support for the Company's safety, health, environmental and sustainability programs, and to assist in reviewing the technical, safety, health, environmental and sustainability performance of the Company. 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. Orvana maintains various industry metrics to track its environment, health and safety performance over time such as lost-time injury frequency rates and lost-time injury severity rates.

Orvana is committed to developing and operating its mines and projects, including reclamation efforts, in full compliance with 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 the EVBC Mines and the Don Mario 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 implemented. The Company is currently working through one such matter in Spain with a local regulatory authority in respect of which it has received and may receive certain monetary sanctions and in respect of which the Company has been implementing remedial actions including the installation of a reverse osmosis water treatment plant. In addition, the Company has filed applications for amendments to certain of its permits as a result thereof.

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. In fiscal 2013, Orvana corporate leaders were active in visiting and participating in sustainability initiatives in Spain and Bolivia and continue these initiatives in fiscal 2014. The Company has supported the communities surrounding EVBC by donating funds to the local municipalities. In addition, the Company has funded the re-stocking of fish species into the local rivers surrounding EVBC. In fiscal 2014, EVBC sponsored the Rio Narcea Salmon fair and provided mining educational materials and donations to the elementary school in Salas.

In the Chiquitos Province of Bolivia where the Don Mario 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 investing $1,820 in the local communities over 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 and sporting initiatives, community business development initiatives, agricultural projects and maintenance of community roads. In the first nine months of fiscal 2014, the Company funded $244 (fiscal 2013 – $267) of such commitment for a total of $1,368 funded since 2011. Outside of Orvana's committed support, the Company funded $194 in the first nine months of fiscal 2014 (fiscal 2013 - $168) for a total of $643 in additional community support since 2011. Projects are jointly monitored by the Company and community boards and funds are paid directly to contractors based on project work completed.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

The following table provides a comparison of key elements of Orvana's balance sheet at June 30, 2014 and September 30, 2013:

	June 30, 2014	September 30, 2013
Cash and cash equivalents	**$11,029**	$13,039
Restricted cash (short term)	**$15,681**	$16,095
Non-cash working capital (1)	**$29,378**	$9,933
Total assets	**$236,638**	$288,339
EVBC Loan (net of financing fees) (2)	**$35,676**	$46,055
Obligations under finance leases	**$-**	$627
Total liabilities	**$104,606**	$129,571
Shareholders' equity	**$132,032**	$158,768

(1) Working capital represents current assets of $86,343 less cash and cash equivalents and short-term restricted cash totaling $26,710 and less $30,255 in current liabilities composed of accounts payable and accrued liabilities and income taxes payable (not including bank debt, short-term debt, the EVBC Loan, obligations under finance leases and derivative instruments).

(2) The amount of Orvana's outstanding EVBC Loan at June 30, 2014 and September 30, 2013 is $37,461 and $48,433, respectively, less financing fees of $1,785 and $2,378, respectively. Information relating to Orvana's outstanding credit facilities is set out below.

Total assets decreased by $51,701 or 18% from $288,339 to $236,638 primarily as a result of the decrease in (i) derivative instruments of $3,616, and (ii) property, plant and equipment of $59,036 due to the EVBC Impairment and the Don Mario Impairment, the sale of Copperwood and depreciation offset by an increase in (i) accounts receivable as a result of the Copperwood Note of $7,036, and (ii) current value added taxes and other receivables and prepaid expenses of $5,690.

Total liabilities decreased by $24,965 or 19% to $104,606 at June 30, 2014 from $129,571 at September 30, 2013 primarily as a result of a decrease in total debt of $16,201 and deferred income tax liability of $9,836.

Orvana's outstanding credit facilities are set out below:

At June 30, 2014 (1)	**Limit**	**Balance Outstanding**
EVBC Loan	$43,384	**$37,461**
EMIPA short-term credit facilities (2)	$10,000	**$7,392**
Fabulosa Loan	$6,500	**$-**

(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 $17,614, $8,377 and nil, 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, 2014 in the Q3 Financials was $35,676 representing the balance outstanding of $37,461 net of financing fees of $1,785.

(2) EMIPA short term credit facilities are with two Bolivian banks and are payable in 120 to 180 days with annual interest ranging from 7.0% to 7.5% with certain of EMIPA's assets pledged as security against these loans. 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 $474 (September 30, 2013 - $465) 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 the EVBC Loan, a $50,000 five-year term corporate credit facility. 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. On June 30, 2014, the Company announced an amendment of the EVBC Loan, which became effective on July 11, 2014, resulting in a new maturity date of November 30, 2014 (the "New Maturity Date") and a number of principal repayments as set out in the table below from (i) restricted cash, Copperwood proceeds and working capital, (ii) required quarterly principal repayments, and (iii) the closure of outstanding derivative instruments. Accordingly, the Company reclassified the EVBC Loan and outstanding derivative instruments as current on the Company's balance sheet at June 30, 2014.

Orvana is required to maintain certain financial ratios. As part of the amendments to the EVBC Loan, certain financial covenants and non-compliance matters have been waived until the New Maturity Date including one financial covenant in respect of which the Company had obtained waivers in prior quarters.

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 derivative instruments that were previously put in place. 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. See "Financial Condition Review - Derivative Instruments" below. Subsequent to the end of the third quarter of fiscal 2014, all outstanding derivative instruments were closed for net proceeds of $7,098 with the proceeds applied as a repayment of principal under the EVBC Loan.

As a condition to the amendments of the EVBC Loan, Orvana had to establish a line of credit in the minimum amount of $6,500 until the New Maturity Date. See "Fabulosa Loan - Related Party Transactions" below.

The EVBC Loan details are set out below:

EVBC Loan	
Interest Rate	4% plus LIBOR
Commencement of quarterly principal repayments of original loan	July 2, 2012
Maturity date	November 30, 2014
Principal balance outstanding – June 30, 2014	**$37,461**
Less:	
Repayment - July 2	($3,990)
Repayment from restricted cash and Copperwood proceeds - July 16 (1)	($8,759)
Repayment from closure of derivatives - July 16 (2)	($7,098)
Principal balance outstanding – August 12, 2014	**$17,614**
Less:	
Repayment for October 2 (included in restricted cash at June 30)	($3,990)
Repayment for August 31 (from working capital)	($1,000)
Repayment on November 30 (from working capital - to be delivered as restricted cash Sept. 30)	($4,549)
Balance payable on November 30, 2014	**$8,075**

(1) €5.0 million, held as restricted cash in the event an additional environmental reclamation bond was required under Spanish mining regulations, converted into US dollars and US$2,000 from Copperwood proceeds.

(2) All gold, copper and US dollars/EUR derivative instruments outstanding at July 11, 2014 were closed with the proceeds applied as a repayment of principal under the EVBC Loan.

Fabulosa Loan - Related Party Transactions

The Company entered into the Fabulosa Loan with Fabulosa Mines Limited ("Fabulosa"), the Company's 51.9% shareholder, in the amount of $11,500 in 2011. The Company has used proceeds drawn under the Fabulosa Loan for working capital purposes. Interest on the outstanding principal is 12% per annum and the stand-by fee is 1.5% on undrawn amounts and both amounts are payable monthly. The Company pays withholding taxes imposed by applicable taxing authorities. During the third quarter of fiscal 2014, the outstanding balance of $6,515 was repaid with the proceeds from the sale of Copperwood. The Fabulosa Loan was secured by Copperwood.

The amendment of the EVBC Loan was conditional on the establishment of a $6,500 line of credit. Accordingly, the Fabulosa Loan was amended effective July 11, 2014. The maturity period was extended from September 30, 2014 to December 31, 2014 and the amount which may be drawn under the Fabulosa Loan was amended to $6,500. In connection with such amendment, the Company issued warrants to Fabulosa to purchase 100,000 common shares of the Company exercisable at a price of $0.54 until July 11, 2019. The Company also paid a structuring fee of 2% for a total of $130. As of the date of the MD&A, the outstanding balance under the Fabulosa Loan was nil.

The Fabulosa Loan is secured by, among other things, an assignment of the Copperwood Note, a general security assignment over present and future assets of Orvana, excluding Kinbauri, and a pledge of the shares of certain subsidiaries of Orvana.

Concurrent with the initial 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, 2014 decreased by $26,732 or 17% to $132,032 compared with $158,768 at September 30, 2013 primarily as a result of the net loss of $26,847 recorded during the nine months ended June 30, 2014. The table below sets out the number of each class of securities of the Company outstanding at June 30, 2014 and as at the date hereof:

	At June 30, 2014
Common Shares	136,623,171
Warrants (1)	1,876,667
Options (2)	2,468,335

(1) All of the outstanding warrants are held by Fabulosa. Warrants to purchase up to 1,300,000 Common Shares were issued on September 6, 2011 with an exercise price of C$1.90. Warrants to purchase up to 1,425,000 Common Shares were issued on March 5, 2012 with an exercise price of C$0.97. In connection with a July 2013 Fabulosa Loan amendment, warrants to purchase up to 500,000 Common Shares were issued on August 22, 2013 with an exercise price of C$0.49. The expiry dates of these warrants range from 2016 and 2019. As a result of the forfeiture or expiration of certain options, warrants to purchase up to 1,876,667 Common Shares were outstanding as of the date of the MD&A of which 950,000 were exercisable. In connection with the July 2014 Fabulosa Loan amendment, the Company issued warrants to purchase 100,000 common shares of the Company at an exercise price of C$0.53 until July 11, 2019.

(2) The options have a weighted average exercise price of $1.50 and expiry dates ranging from 2014 to 2019.

Derivative Instruments

The Company had the following outstanding derivative instruments at June 30, 2014 as required under the EVBC Loan with one counterparty:

	Contract Prices	Cash Settlement	Contract Amounts
Currency			
USD/EUR forwards (Jul 2014 - Dec 2015)	$1.39 - $1.42	Quarterly	$30,000 (1)
Copper			
Copper forwards (Jul 2014 - Dec 2015)	$7,260 / tonne	Monthly	4,020 (1)

	Contract Prices	Cash Settlement	Contract Amounts
Gold			
Gold forwards (Jul 2014 - Dec 2015)	$1,334 / troy oz	Monthly	14,063 (1)
Gold collars (Jul 2014 - Sep 2015)	Puts - $1,550 / troy oz Calls - $1,855 / troy oz	Monthly	24,000 (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)			43,200

(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 2014, 38% of the Company's total gold sales and 15% of the Company's total copper sales were hedged under the gold and copper derivative instruments. The Company received net cash of $1,179 in settlement of the derivative instruments that matured in the period.

As a result of the amendment of the EVBC Loan, the Company reclassified the outstanding derivative instruments as current on the Company's balance sheet at June 30, 2014. See "Financial Review Conditions – Balance Sheet – EVBC Loan" section of this MD&A. Subsequent to the end of the third quarter of fiscal 2014, the Company's outstanding derivative instruments were closed in accordance with the terms of the amendment. The net cash received on settlement of $7,098 was used for the repayment of outstanding principal under the EVBC Loan. The Company recorded a tax recovery associated with such settlement of approximately $134 in the fourth quarter of fiscal 2014.

The table below sets out the value on the balance sheet of the Company's outstanding derivative instruments at June 30, 2014 and the settlement value thereof on July 17, 2014:

	Spot Rate/ Price	Contract Rate /Price	Avg. Forward Rate/Price	Fair Value at June 30, 2014	Settlement Value at July 17, 2014
Derivative Instruments Assets					
Gold forwards	$1,321/oz	$1,334/oz	$1,323/oz	$145	$440
Copper forwards	$7,041/tonne	$7,260/tonne	$7,001/tonne	$1,041	$408
Gold collars	$1,321/oz	-	-	$6,851	$7,027
Total fair value of derivative instruments current assets				$8,037	$7,875

At June 30, 2014	Spot Rate/ Price	Contract Rate /Price	Avg. Forward Rate/Price	Fair Value at June 30 20,2014	Settlement Value at July 17, 2014
Derivative Instruments Liabilities					
Currency contracts (EUR/USD)	$1.37	$1.39 - $1.42	$1.37	$442	$778
Total fair value of derivative instruments current liabilities				$442	$778

Changes in the fair value of the Company's outstanding derivative instruments are recognized through the Company's income statement as non-cash derivative instruments gains or losses. At maturity of each contract, a cash settlement takes place resulting in a corresponding reduction in the carrying value of the derivative instruments. The mark-to-market fair value of the Company's outstanding derivative instruments is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty credit risk. The asset associated with the Company's outstanding derivative instruments at June 30, 2014 was $8,037 compared with an asset of $13,433 at March 31, 2014 and $11,653 at September 30, 2013. The liability associated with the Company's outstanding derivative instruments at June 30, 2014 was $442 compared with $368 at March 31, 2014 and $1,687 at September 30, 2013. The net decrease in value compared with March 31, 2014 is due to an increase in commodity prices in the third quarter of fiscal 2014 and subsequent to the end of the third quarter at the time of settlement.

The Company recorded an unrealized derivative instruments loss of $5,470 in the third quarter of fiscal 2014 and $2,372 for the first nine months in fiscal 2014. The Company recorded fair value adjustments on its outstanding derivative instruments for the three and nine months ended June 30, 2014 and during the 2013 fiscal year calculated as follows:

	Q3 2014	YTD 2014	FY2013
Change in unrealized fair value loss (gain)	**$5,470**	**$2,372**	($43,295)
Realized (gain) loss on cash settlements of derivative instruments closed	**(1,684)**	**(4,727)**	1,155
Recorded derivative instruments loss (gain)	**$3,786**	**($2,355)**	($42,140)

Capital Resources

At June 30, 2014, the Company had cash and cash equivalents of $11,029, restricted cash of $15,681 including $8,806 set aside for debt repayment and total debt of $44,853. Debt net of cash, cash equivalents and restricted cash for debt repayment was $25,018 at June 30, 2014. The Company considers its capital employed to consist of shareholders' equity (including share capital, contributed surplus and retained earnings), total debt and obligations under finance leases, net of cash and cash equivalents as follows:

	June 30, 2014	September 30, 2013
Shareholders' equity	**$132,032**	$158,768
Bank debt (1)	**$7,392**	$9,856
Short-term debt (1)	**$-**	$2,731
EVBC Loan (1)	**$37,461**	$48,433
Obligations under finance leases	**$-**	$627
	$176,885	$220,415
Less: Cash and cash equivalents (2)	**(11,029)**	(13,039)
Capital employed	**$165,856**	$207,376

(1) Bank debt represents various credit facilities associated with the Don Mario Mine. Short-term debt represents the Fabulosa Loan. The Company's reclassified the full EVBC Loan to short-term at June 30, 2014. This represents the balance outstanding under the EVBC Loan at June 30, 2014.

(2) In addition to cash and cash equivalents, at June 30, 2014, the Company had $8,806 set aside under restricted cash for the next two quarterly debt payments under the EVBC Loan.

The Company's financial objective when managing capital is to make sure that it has the cash and debt capacity and financial flexibility to fund its ongoing business objectives including operating activities, investments and growth in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, in addition to using cash flows from operating activities for this purpose, the Company may issue new shares or sell assets to reduce debt. In the third quarter of fiscal 2014, the Company closed the sale of Copperwood for proceeds of $13,000 and the Copperwood Note.

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

The Company manages capital through its operating and financial budgeting and forecasting processes. The Company reviews its working capital and forecasts its future cash flows on a periodic basis, based on operating expenditures and other investing and financing activities. The forecast is regularly updated based on the results of its EVBC Mines and the Don Mario Mine. 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, 2014 were $11,029 primarily denominated in US dollars representing a decrease of $2,010 from $13,039 at September 30, 2013. Short-term restricted cash was $15,681 (September 30, 2013 - $16,095) and includes $8,806 in a debt service reserve for future principal and interest loan payments under the EVBC Loan and $6,834 in respect of a potential future reclamation bond payment. The Company's total debt was $44,853 (debt net of cash, cash equivalents and restricted cash for debt repayment was $25,018) at June 30, 2014. This compares with total debt as at September 30, 2013 of $61,020 (debt net of cash, cash equivalents and restricted cash of $39,756).

Orvana's primary source of liquidity has been from operating cash flows in the last twelve months. Cash flows from operating activities before changes in non-cash working capital were $8,912 in the third quarter of fiscal 2014 compared with $4,611 in the third quarter of fiscal 2013 and $21,017 for the nine months ended June 30, 2014 compared with $23,499 for the nine months ended June 30, 2013. Orvana generated cash flows from operating activities of $8,750 in the third quarter of fiscal 2014 compared with $10,775 in the third quarter of fiscal 2013 and $16,521 for the nine months ended June 30, 2014 compared with $25,110 for the nine months ended June 30, 2013. Adjusted operating cash flows for the third quarter of fiscal 2014 excluding the cash settlements for maturing derivative instruments was $7,066. The most significant driver of the change in operating cash flow is production and sales 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 have been the repayment of debt and the funding of the Company's capital expenditures. Cash used in financing activities in the third quarter of fiscal 2014 was $10,355 compared with $3,293 in the second quarter of fiscal 2014 due to the full repayment of the Fabulosa Loan. Cash provided by investing activities was $6,877 in the third quarter of fiscal 2014 compared with cash used in investing activities of $3,742 in the second quarter of fiscal 2014 primarily due to proceeds received from the divestiture of Copperwood offset by capital expenditures paid during the quarter. See "Cash Flows, Commitments and Liquidity – Capital Expenditures" below. The following table summarizes the principal sources and uses of cash for the periods specified below:

	Q1 2014	Q2 2014	Q3 2014	Q3 2013	YTD 2014	FY2013
Cash provided by (used in) operating activities (1)	$3,754	$3,576	**$8,560**	$10,845	**$15,890**	$32,569
Cash from (used in) financing activities	($3,147)	($3,293)	**($10,355)**	($7,051)	**($16,795)**	($12,425)
Cash (used in) provided by investing activities (2)	($4,201)	($3,742)	**$6,877**	($6,643)	**($1,066)**	($20,307)
Change in cash	($3,594)	($3,459)	**$5,082**	($2,849)	**($1,971)**	($163)

(1) Operating cash flows is cash provided by operating activities from continuing operations and discontinued operations.

(2) 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 the EVBC Mines and the Don Mario Mine:

Capital Expenditures (1)	Q2 2014	Q3 2014	YTD 2014	YTD 2013	FY2013
Don Mario Mine	$975	**$33**	**$1,797**	$2,110	$2,691
EVBC Mines (1)	4,434	**3,000**	**11,161**	9,500	13,248
Copperwood	248	**85**	**460**	2,647	3,193
Corporate	2	**2**	**4**	3	3
Subtotal capital expenditures	$5,659	**$3,120**	**$13,422**	$14,260	$19,135
EVBC – accounts payable adjustments (1)	(902)	**3,451**	**1,026**	3,005	2,022
Total capital expenditures (2)	$4,757	**$6,571**	**$14,448**	$17,265	$21,157

(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.

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

The Company expects sustaining capital expenditures (excluding hoist repairs and upgrades) for fiscal 2014 to be in the range of approximately $12,000. Capital expenditures excluding the hoist repair and upgrades was $5,633 for the third quarter of fiscal 2014 and $10,143 for the first nine months of fiscal 2014.

Other Commitments

At June 30, 2014, 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 Don Mario 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 - Don Mario Mine (1)	**$7,392**	$7,392	-	-	-
EVBC Loan (1)	**$37,461**	$37,461	-	-	-
Operating leases	**$233**	$207	$26	-	-
Decommissioning liabilities (2)	**$21,494**	$18	$2,962	$2,748	$15,766
Reclamation bond (3)	**$6,829**	$6,829	-	-	-
Purchase obligations	**$6,421**	$4,171	$2,251	-	-
Provision for statutory labour obligations (4)	**$2,053**	-	$2,053	-	-
Long-term compensation	**$553**	$128	$319	-	$106
Total contractual obligations (5) (6)	**$82,436**	**$56,206**	**$7,611**	**$2,748**	**$15,872**

(1) Bank debt represents various credit facilities associated with the Don Mario Mine. See "Financial Condition Review - Balance Sheet Review".

(2) Decommissioning liabilities are undiscounted. Total cash deposited with a Spanish financial institution for reclamation bonds amounted to approximately $10,275 at June 30, 2014 (September 30, 2013 - $10,160). Decommissioning liabilities are discussed below under "Other Information - Critical Accounting Estimates - Decommissioning Liabilities".

(3) An additional reclamation bond of up to €5,000 million may have to be deposited by the Company under Spanish mining regulations in respect of the EVBC Mines. The Company is currently challenging this based on technical considerations.

(4) Under Bolivian law, EMIPA has an obligation to make payments to employees in the amount of one month's wages for each year of service. The employee can elect to receive payment after five years of service in the amount of five months of wages while continuing employment with EMIPA.

(5) Production from the EVBC Mines and the Don Mario Mine is subject to certain royalties which amounts have not been included in total contractual obligations at June 30, 2014. For a description of such royalties and amounts payable, see "Royalties" below.

(6) Subsequent to the end of the third quarter of fiscal 2014, the Company repaid $19,847 of the EVBC Loan as a result of (i) the July 2 repayment of $3,990, (ii) repayment from restricted cash and Copperwood proceeds of $8,759 and (iii) repayment from closure of the outstanding derivative instruments of $7,098. The Company's commitments due in less than one year is $36,359 at the date of the MD&A.

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 EVBC Royalty expense totaled $715 for the third quarter of fiscal 2014 and $1,982 for the first nine months of fiscal 2014.

Production from the Don Mario Mine is subject to a 3% NSR payable quarterly. This expense totaled $219 for the third quarter of fiscal 2014 and $773 for the first nine months of fiscal 2014. The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from the Don Mario Mine at rates of 5%, 7% and 6%, respectively. These amounts totaled $886 for the third quarter of fiscal 2014 and $2,772 for the first nine months of fiscal 2014. The NSR and the mining royalty tax are referred to herein as the "Don Mario Royalties".

Liquidity

Orvana's primary sources of liquidity in fiscal 2013 and 2014 were operating cash flows, drawdowns under the Fabulosa Loan and an increase in the EMIPA short-term facilities.

Bank loans with certain Bolivian banks have averaged a balance of approximately $10,000 and are short term ranging from 120 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 Don Mario 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 near 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 EVBC 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 a portion of this cash. EVBC continued to experience certain operational challenges during the third quarter of fiscal 2014 and, consequently, received additional working capital financing of $2,350. Orvana financed this working capital infusion from cash flows generated by the Don Mario Mine and Fabulosa Loan drawdowns.

Pursuant to the amendment of the EVBC Loan, the $2,000 EVBC Loan repayment made on July 16, 2014 was provided to EVBC by Orvana from cash flows generated by the Don Mario Mine and Copperwood proceeds. Orvana expects to provide additional necessary financial support to Kinbauri to assist in the EVBC Loan payments due in September and November 2014 from operating cash flows generated by the Don Mario Mine, Copperwood proceeds, drawdowns under the Fabulosa Loan and other potential sources of financing, if necessary.

In June 2014, Orvana repaid the outstanding $6,515 Fabulosa Loan from the Copperwood sale proceeds. At the date of the MD&A, the outstanding balance under the Fabulosa Loan was nil and the Company had the ability to draw $6,500 until December 31, 2014.

As at June 30, 2014, the Company had cash of $11,029 and restricted cash of $15,681 designated to cover a portion of the Company's commitments due in less than one year of $36,359, at the date of the MD&A. The Company expects to meet the remainder of its contractual obligations due in less than one year from cash flows from operating activities, the Copperwood Note and drawdowns under the Fabulosa Loan.

The Company generated positive operating cash flows in the third quarter of fiscal 2014. During the third quarter, financing and investing activities including the repayment of debt and capital expenditures offset by proceeds from the Copperwood sale resulted in positive free cash flow. Following the repayment of, among other things, principal amounts under the accelerated EVBC Loan and the Company's planned capital expenditures, at current metal market prices, the Company does not expect to generate positive free cash flows for the remainder of fiscal 2014.

If (i) unanticipated events occur that may impact the operations of EVBC Mines and the Don Mario Mine, and/or (ii) if the Company does not have adequate access to financing on terms acceptable to the Company, and/or (iii) collection of the Copperwood Note does not occur, the Company may not have adequate resources to maintain its operations or advance its projects as currently anticipated. The Company is taking additional measures to increase its liquidity and capital resources.

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended June 30, 2014:

	Quarters ended			
	Q3 2014	**Q2 2014**	**Q1 2014**	**Q4 2013**
Revenue	**$34,064**	$29,125	$35,220	$43,975
Net income (loss)	**($25,902)**	($6,953)	$6,008	$1,174
Earnings (loss) per share (basic and diluted)	**($0.19)**	($0.05)	$0.04	$0.01
Total assets	**$236,638**	$283,606	$293,448	$288,339

	Quarters ended			
	Q3 2014	**Q2 2014**	**Q1 2014**	**Q4 2013**
Total financial liabilities (1)	**$37,461**	$41,607	$45,915	$49,060

	Quarters ended			
	Q3 2013	**Q2 2013**	**Q1 2013**	**Q4 2012**
Revenue	$36,997	$45,576	$35,651	$52,110
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 financial liabilities (1)	$52,111	$54,179	$59,239	$62,482

(1) Financial liabilities include the current and long-term portions of obligations under finance leases and EVBC Loan, before deducting financing fees and excludes the Short-term debt and amounts outstanding under the Fabulosa Loan.

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 the 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. For additional information relating to these financial risks, please see the Management's Discussions and Analysis for the fiscal year ended September, 2013 ("2013 MD&A") and the "Liquidity and Financing" risk factor in the AIF.

Other Risks

The Company identified a variety of additional risks and uncertainties in the 2013 MD&A and in the AIF including, but not limited to, (i) development and operations of mines, (ii) estimated mineral resources and reserves, (iii) production estimates, costs and metals prices, (iv) management and labour arrangements, (v) regulatory requirements, and (vi) political and related risks. 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.

On May 28, 2014, Law 535 of Mining and Metallurgy (the "new Mining Law") was promulgated. Pursuant to the new Mining Law, the Company must develop its mining activities to comply with the economic and social function, which means observing the sustainability of the mining activities, work creation, respecting the rights of its mining workers, and ensuring the payment of mining patents and the continuity of existing activities. The new Mining Law does not make any substantial changes to the current tax and royalty regimes in relation to mining activities. The Company is required to start the proceeding pursuant to the new Mining Law within six months from the publication of the administrative regulation establishing the initial date for the filing of such requests. However, to this date, such administrative regulation has not yet been issued.

OTHER INFORMATION

Critical Accounting Estimates

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

Net Realizable Amounts of Property, Plant and Equipment

At June 30, 2014, the net book value of the property, plant and equipment in respect of the Don Mario Mine and EVBC Mines amounted to $19,612 and $111,909, respectively. Effective from the point that they are ready for their intended use, property, plant and equipment are amortized on a straight line basis or using the units-of-production method over the shorter of the estimated economic life of the asset or mineral property. The method of depreciation is determined based on that which best represents the use of the assets.

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

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 Mines and the Don Mario Mine at June 30, 2014. These estimates were prepared by management with the use of independent third party experts.

At June 30, 2014	**Undiscounted Cash Flows Estimated to Settle Decommissioning Liabilities**	**Discount Rate**	**Discounted Cash Flows Required to Settle Decommissioning Liabilities**
EVBC Mines (1)	$15,938	4.2%	$10,896
Don Mario Mine (1)	$5,556	2.0%	$5,153
Total	$21,494		$16,049

(1) Accretion expense is recorded using the discount interest rate set out above. It is estimated that these amounts will be incurred in 2016 through 2024 in respect of the Don Mario Mine and the EVBC Mines, 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 terms 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 $26 in the third quarter of fiscal 2014 compared with $54 for the second quarter of fiscal 2014 and $19 for the third quarter of fiscal 2013. 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 established a Deferred Share Unit ("DSU") plan, effectively a phantom stock plan, for directors, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense under general and administrative expenses in the statement of income. The fair value of the DSUs are marked to the quoted market price of the Company's common shares at each reporting date and changes in their fair value are also recorded under general and administrative expenses. Payouts are settled in cash within a specified period following a director's departure, based on the market price of the common shares at exercise.

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

The Company established a Share Appreciation Rights ("SAR") plan for designated executives, effective February 6, 2014. The SARs are granted based on a common shares market price calculation at the time of grant. The fair value of the SARs are measured using an option pricing model at each period end, and to the extent that employees have rendered services over a three year vesting period, an expense is recorded under general and administrative expenses on the statement of income over such vesting period. Vested SARs may be exercised provided there has been an appreciation in the market price of the common shares from the grant date and payouts are settled in cash as vested SARs are exercised.

Impairment

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

Management of the Company has assessed its CGUs to be each country in which it operates (EVBC Mines and Don Mario Mine) which is the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets. Management has estimated cash flows reflected in its life-of-mine plans available at this time in respect of EVBC and the Don Mario Mine using estimated production levels, operating costs and capital expenditures as well as long-term commodity prices, foreign exchange rates and discount rates.

As a result of the MRMR Update and in accordance with its usual policy, Orvana conducted a carrying value assessment of EVBC as at June 30, 2014. Based on this assessment, it was determined that EVBC's net recoverable amount was lower than its carrying amount. As a result, Orvana recognized the

EVBC Impairment of $25,485 in the third quarter of fiscal 2014. This impairment represents a reduction in the EVBC book value and has no impact on Orvana's cash flows. To the extent that management estimates used in its EVBC mine plan and impairment model are updated, further adjustments to the impairment charge may be recognized.

The Company estimated that the net recoverable amount of the Don Mario Mine at this time is greater than the carrying value based on the Company's current life-of-mine plan and the assumptions set out above at June 30, 2014. As such, there was no impairment of the Don Mario Mine carrying value as at June 30, 2014.

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, 2014.

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

All-in sustaining costs per gold ounce

The Company, in conjunction with an initiative undertaken within the gold mining industry, began reporting an all-in sustaining cost non-IFRS performance measure as set out in the guidance note released by the World Gold Council in June 2013 for the period ended September 30, 2013 and restated the comparative periods. The Company believes this performance measure more fully defines the total costs associated with producing gold; however, this performance measure has no standardized meaning. 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.

Cash operating costs include total production cash costs incurred at the Company's mining operations, which forms the basis of the Company's cash costs. All-in sustaining costs includes cash operating costs plus sustaining capital expenditures, corporate administrative expense, exploration and evaluation costs, and reclamation cost accretion. The Company believes that this measure represents the total costs of producing gold from current operations, and provides the Company and other stakeholders of the Company with additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in AISC. All-in costs represents AISC plus non-sustaining capital expenditures and non-sustaining exploration. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included. The Company reports this measure on a gold ounces sold basis.

The following table provides a reconciliation of all-in sustaining costs and all-in costs (by-product) per ounce of gold sold for the EVBC Mines for the periods set out below:

EVBC Mines	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013	FY2013
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1)						
Total mine costs (sales based)	**$18,607**	**$17,303**	**$16,535**	**$51,525**	**$41,843**	**$58,678**
Deductions, refining, treatment, penalties, freight & other costs	2,408	2,630	2,935	7,379	7,732	11,219
Accrued/paid royalties - based on sales	628	715	830	1,982	2,304	3,060
Sub-total - other operating costs	**$3,036**	**$3,345**	**$3,765**	**$9,361**	**$10,036**	**$14,279**
Copper sales - gross revenue value	(4,173)	(4,691)	(5,043)	(13,455)	(13,734)	(20,208)
Silver sales - gross revenue value	(747)	(911)	(1,038)	(2,439)	(3,326)	(4,719)
Sub-total by-product revenue	**(4,920)**	**($5,602)**	**($6,081)**	**($15,894)**	**($17,060)**	**($24,927)**
Cash operating costs	**$16,723**	**$15,046**	**$14,219**	**$44,992**	**$34,819**	**$48,030**
Corporate general & administrative costs	800	800	402	2,400	2,302	3,256
Reclamation, accretion & amortization	314	270	110	892	316	426
Exploration and study costs (sustaining)	158	20	-	279	-	-
Primary development (sustaining)	1,892	1,425	2,651	5,019	7,891	9,811
Other sustaining capital expenditures (2)(3)	640	637	151	1,836	1,510	2,323
All-in sustaining costs	**$20,527**	**$18,198**	**$17,533**	**$55,418**	**$46,838**	**$63,846**
Capital expenditures (hoist) (3)	1,902	938	101	4,306	101	1,116
All-in costs	**$22,429**	**$19,136**	**$17,634**	**$59,724**	**$46,939**	**$64,962**
Au/oz sold	14,344	16,418	16,808	45,716	42,391	59,802
Cash operating costs ($/oz) gold	$1,166	**$916**	$846	**$984**	$821	$803
All-in sustaining costs ($/oz) gold	$1,431	**$1,108**	$1,043	**$1,212**	$1,105	$1,068
All-in costs ($/oz) gold	$1,564	**$1,166**	$1,049	**$1,306**	$1,107	$1,086

(1) Costs are reported per ounce of gold sold in the period. Certain mining costs have been classified as part of selling costs for the purposes of this calculation.

(2) Sustaining capital expenditures are those expenditures which do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's projects and certain expenditures at the Company's operating sites which are deemed expansionary in nature.

(3) Capital expenditures include those contracted for in the period but for which payment has not been made.

As a result of revenue from the sale of gold and silver representing more than 40% of total gross revenue from the Don Mario Mine in a reporting period and for better costs comparisons to other mines, the Company is reporting all-in sustaining costs (co-product) per pound of copper and per ounce of gold and silver sold. The following table provides a reconciliation of all-in sustaining costs per ounce of the Don Mario Mine for the periods set out below:

Don Mario Mine (1)	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013	FY2013
Cash operating costs, all-in sustaining costs and all-in costs (co-product) (2)						
Total mine costs (sales based)	**$2,377**	**$3,609**	**$6,889**	**$10,343**	**$21,176**	**$25,650**
Deductions, refining, treatment, penalties, freight & other costs	5,418	8,614	5,862	21,231	17,791	24,322
Accrued/paid royalties - based on sales	948	1,163	1,798	3,715	5,616	7,259
Sub-total - other operating costs	**$6,366**	**$9,777**	**$7,660**	**$24,946**	**$23,407**	**$31,581**
Gross by-product credit	($89)	(349)	(1,086)	(484)	(1,621)	($2,649)
Cash Operating Costs	**$8,654**	**$13,037**	**$13,463**	**$34,805**	**$42,962**	**$54,582**
Corporate general & administrative costs	464	454	477	1,365	1,454	1,952
Community costs related to current operations	100	91	91	438	436	517
Reclamation, accretion & amortization	151	151	64	591	196	248
Capital expenditures (sustaining) (3)	973	33	317	1,795	2,110	2,691
All-in sustaining costs	**$10,342**	**$13,766**	**$14,412**	**$38,994**	**$47,158**	**$59,990**
Union payments	-	**-**	1,384	-	1,384	1,384

Don Mario Mine [1]	Q2 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013	FY2013
Cash operating costs, all-in sustaining costs and all-in costs (co-product) [2]						
Exploration and study costs (non-sustaining)	55	340	35	400	79	82
All-in costs	**$10,397**	**$14,106**	**$15,831**	**$39,394**	**$48,621**	**$61,456**
Cash operating costs (co-product) ($/oz) gold	$794	**$830**	$939	**$789**	$1,030	$951
Cash operating costs (co-product) ($/lb) copper	$2.16	**$2.38**	$2.18	**$2.25**	$2.22	$2.16
Cash operating costs (co-product) ($/oz) silver	$14.98	**$14.86**	$16.34	**$14.78**	$19.40	$17.64
All-in sustaining costs (co-product) ($/oz) gold	$967	**$884**	$1,008	**$896**	$1,135	$1,049
All-in sustaining costs (co-product) ($/lb) copper	$2.57	**$2.51**	$2.34	**$2.51**	$2.45	$2.38
All-in sustaining costs (co-product) ($/oz) silver	$17.70	**$15.68**	$17.43	**$16.47**	$21.16	$19.28
All-in costs (co-product) ($/oz) gold	$973	**$909**	$1,110	**$907**	$1,171	$1,076
All-in costs (co-product) ($/lb) copper	$2.58	**$2.57**	$2.58	**$2.54**	$2.52	$2.44
All-in costs (co-product) ($/oz) silver	$17.79	**$16.06**	$19.05	**$16.63**	$21.77	$19.72

(1) Costs are reported per ounce of gold or silver or per pound of copper sold in the period. Certain mining costs have been classified as part of selling costs for the purposes of this calculation.

(2) Total mine costs for each metal are 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 Don Mario Royalties allocated to each metal based on actual costs related to each quantity of metal sold in the period.

(3) Sustaining capital expenditures are those expenditures which do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's projects and certain expenditures at the Company's operating sites which are deemed expansionary in nature. Capital expenditures includes unpaid capital expenditures incurred in the period.

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

The Company has included adjusted net income (loss) and adjusted net income (loss) per share as non-IFRS performance measures in this MD&A. Adjusted net income (loss) excludes, among other things, unrealized gains/losses recognized as a result of the revaluation of Orvana's outstanding derivative 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 2014	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Net income (loss)	($6,953)	**($25,902)**	$11,315	**($26,847)**	$31,449
Unrealized loss (gain) on derivatives	3,755	**5,470**	(32,902)	**2,372**	(54,148)
De-recognition of assets – EVBC hoist	-	**970**	3,500	**970**	3,500
EVBC Impairment	-	**25,485**	-	**25,485**	-
EMIPA De-recognition of assets	-	**852**	-	**852**	-
EMIPA Q3 2013 Adjustments	-	**-**	9,194	**-**	9,194
Don Mario Impairment	-	**3,743**	-	**3,743**	-
Loss from discontinued operations	985	**(135)**	7	**866**	79
Sub-total	(2,213)	**10,483**	(8,886)	**7,441**	(9,986)
Total tax adjustment	1,127	**9,578**	(8,239)	**8,649**	(14,682)
Adjusted net income (loss)	($3,340)	**$905**	($647)	**($1,208)**	$4,696
Weighted average shares outstanding (000s)	136,623	**136,623**	136,612	**136,623**	136,633
Adjusted net income (loss) per share (basic and diluted)	($0.02)	**$0.01**	$0.00	**($0.01)**	$0.03

Other Information

Other operating and financial information with respect to the Company, including the AIF which is available on SEDAR at www.sedar.com and on the Company's website at www.orvana.com.

Cautionary Statements - Forward-Looking Information

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, 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.

The forward-looking statements herein relate to, among other things, Orvana's ability to achieve improvement in free cash flow; the potential to extend EVBC's mine life beyond the life of mine estimate set forth herein; Orvana's ability to optimize its assets to deliver shareholder value; the expected costs associated with the suspension of mining activities at Carlés; the Company's ability to emerge stronger from the turnaround work executed at EVBC in 2014; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future financial performance, including the ability to increase cash flow and profits; future financing requirements; and mine development plans.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Orvana as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of Orvana 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 expressed incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the EVBC and Don Mario Mines being consistent with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; and labour and materials costs increasing on a basis consistent with Orvana's current expectations.

A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied by forward looking statements. Some of these risks, uncertainties and factors include fluctuations in the price of gold, silver and copper; the need to recalculate estimates of resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of operations; variations in the costs associated with the suspension of mining at Carlés; the availability of qualified personnel; the Company's ability to obtain and maintain all necessary regulatory approvals and licenses; the Company's ability to use cyanide in its mining operations; risks generally associated with mineral exploration and development, including the Company's ability to continue to operate the EVBC Mines and/or the Don Mario Mine; 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; the Company's ability to execute on its strategy; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions in the countries in which the Company operates; general economic conditions worldwide; and the risks identified in the Company's AIF under the heading "Risks and Uncertainties". This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the Company's AIF for a description of additional risk factors.

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

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

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.

Cautionary Notes to Investors - Reserve and Resource Estimates

In accordance with applicable Canadian securities regulatory requirements, all mineral reserve and mineral resource estimates of the Company disclosed in this MD&A have been prepared as at September 30, 2014 in accordance with NI 43-101, classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum's "CIM Standards on Mineral Resources and Reserves Definitions and Guidelines" (the "CIM Guidelines").

Pursuant to the CIM Guidelines, mineral resources have a higher degree of uncertainty than mineral Reserves as to their existence as well as their economic and legal feasibility. Inferred mineral resources, when compared with measured or indicated mineral resources, have the least certainty as to their existence, and it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Pursuant to NI 43-101, inferred mineral resources may not form the basis of any economic analysis, including any feasibility study. Accordingly, readers are cautioned not to assume that all or any part of a mineral resource exists, will ever be converted into a mineral reserve, or is or will ever be economically or legally mineable or recovered.