ORVANA
MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS – For the year ended September 30, 2011

This management's discussion and analysis ("MD&A") of results of operations and financial condition of Orvana Minerals Corp. ("Orvana" or the "Company") was prepared on December 9, 2011 (the "Report Date") and describes the operating and financial results of the Company for the year ended September 30, 2011. The MD&A should be read in conjunction with Orvana's audited consolidated financial statements and related notes for the fiscal year ended September 30, 2011. The Company prepares its financial statements and MD&A in accordance with Canadian generally accepted accounting principles ("GAAP"). In this MD&A, all dollar amounts (except per unit amounts) are in thousands of United States dollars unless otherwise stated and gold production, in fine troy ounces, is referred to as "ounces". Copper production is in pounds.

Throughout this MD&A, the Company has also used certain non-GAAP measures, including direct mine operating costs, cash operating costs, total cash costs and total production costs, and related unit cost information, because it understands that certain investors use this information to determine the Company's ability to generate earnings as cash flow for use in investing and other activities. The Company believes that conventional measures of performance prepared in accordance with Canadian GAAP do not fully illustrate the ability of its operating mines to generate cash flow. Non-GAAP measures do not have any standardized meaning prescribed under Canadian GAAP, should not be construed as an alternative to Canadian GAAP reporting of operating expenses, and may not be comparable to similar measures presented by other companies. The measures are not necessarily indicative of cost of sales as determined under Canadian GAAP. Cash costs for gold are determined in accordance with the former Gold Institute's Production Cost Standard. Cash costs for copper are determined in accordance with methods used by Brook Hunt.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potential future events or performance (often, but not always, using words or phrases such as "believes", "expects" "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.

Forward-looking statements relate to, among other things, all aspects of the development of the Upper Mineralized Zone ("UMZ") at the Don Mario Mine in Bolivia, the El Valle-Boinás/Carlés ("EVBC") Mine in Spain and the Copperwood Project in Michigan and their potential operations and production; the outcome and timing of decisions with respect to whether and how to proceed with such development and production; the timing and outcome of any such development and production; estimates of future capital expenditures; mineral resource estimates; estimates of permitting time lines; statements and information regarding future feasibility studies and their results; production forecasts; future transactions; future gold, copper and silver prices; the ability to achieve additional growth and geographic diversification; future production costs; future financial performance, including the ability to increase cash flow and profits or reduce losses; future financing requirements; and mine development plans.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the UMZ, and the EVBC Mine and Copperwood Project being consistent with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; and labour and materials costs increasing on a basis consistent with Orvana's current expectations.

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

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.

Management accepts responsibility for the reliability and timeliness of the information disclosed and confirms the existence and effectiveness of the systems of internal control that are in place to provide this assurance. The Board of Directors assesses the integrity of Orvana's public financial disclosures through the oversight of the Audit Committee.

BUSINESS OVERVIEW AND STRATEGY

The Company

Orvana has transformed itself from a single mine gold producer into a multi-mine gold and copper producer. Orvana's primary asset is the EVBC gold-copper-silver mine in northern Spain, which ended its start-up and commissioning activities in July 2011 and began production operations in August 2011. Orvana also owns and operates the Don Mario UMZ mine in Bolivia. Commissioning of the UMZ copper-gold-silver mine began in April 2011 and is continuing. In addition, Orvana is advancing its Copperwood copper project in Michigan, USA. Additional information is available at Orvana's website (www.orvana.com).

The forward-looking statements made below 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.

Business Strategy

Orvana's goal is to grow and diversify its precious and selected base metal assets. Under its acquisition strategy, Orvana acquired two cornerstone mineral deposits: the EVBC gold-copper-silver deposit and the Copperwood copper deposit. While Orvana's primary focus is currently on its operations, the Company continues to consider other possible acquisition opportunities that may fit with its mine development and operating expertise as well as its asset portfolio objectives.

- s Mine (“EVBC”)

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

On March 5, 2010, the Company announced the completion of an updated resource estimate that showed an increase in resources at the EVBC Mine. Ore Reserves Engineering of Denver, Colorado, under the supervision of Alan Noble, P.E., an independent qualified person for the purposes of the National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”), prepared the resource estimate, which was included in the NI 43-101-compliant Technical Report on the Boinás and Carlés Gold Mines.

On July 14, 2010, the Company announced the completion of the “Technical Report on the Boinás and Carlés Gold Mines” which included a NI 43-101-compliant reserve statement and cash-flow model for the EVBC Mine. The Company will be completing a new NI 43-101 resource and reserve report based on drill results reported over the past year and improved gold, copper and silver prices with completion expected within the next 60 days.

These technical reports are available on SEDAR (www.sedar.com) and the Company’s website at www.orvana.com.

The Company has all the permits required to operate the EVBC mine and plant as planned.

During the third quarter of fiscal 2011, Orvana began commissioning the EVBC Mine, with the start-up of the processing plant in May 2011 after an initial testing period. The mine development process has improved in both the Carlés Mine as well as the El Valle-Boinás Mine over the last few months as workers became more familiar with ground conditions and more efficient working procedures were implemented. Working faces in the El Valle-Boinás Mine have been established at the A107, San Martín, Black Skarn and Boinás Este ore bodies as well as the Charnela sub-vertical structure. Stope production has been initiated in both the Boinás and Carlés mines.

In March 2011, the Company entered into a contract with MRI Trading AG of Zug, Switzerland, for the sale of the gold/copper concentrates to be produced from the EVBC Mine. Under the contract, pricing is determined at the buyer’s option and is the average monthly cash settlement price of either the month following the month of shipment or the fourth month following the month of shipment. Subsequent to the Company’s September 30, 2011 year end, the Company entered into a contract with Auramet Trading, LLC to provide cash advances on these copper concentrates once shipped to warehouse at the port of shipment and to manage price risk between the date of shipment to port and ultimate settlement with MRI Trading AG.

In July 2011, the Company entered into a doré refining contract with Metalor Technologies S.A. of Marin, Switzerland and a doré sales contract with Auramet Trading LLC.

Approximately 70,000 tonnes of ore from both the Carlés and Boinás mines had been stockpiled near the processing plant when mill production started. The new shaft construction is progressing well. The raise boring of the upper part of the new hoist shaft has been completed and reaming is ongoing in the lower part. The civil work and construction of shaft surface facilities (a winch house and new head frame) was initiated in August, 2011. The foundation of the head frame as well as the winch house has been completed. The trench for the belt conveyor for the transport of the ore from the ore bins at the new shaft to the processing plant has been finalized. The operation of the processing plant during the start-up and commissioning phase met management's expectations.

In October and November 2011 combined, mill throughput averaged 1,656 tonnes per day with head grades of 0.30 % copper, 2.17 grams per tonne gold, and 6.16 grams per tonne silver. Production was 467,338 pounds of copper, 6,092 ounces of gold, and 14,326 ounces of silver. Recoveries of copper, gold, and silver were 78.2%, 89.0% and 67.6%, respectively. Concentrate grades averaged 20.1% copper, 89.3 grams per tonne gold, and 336.2 grams per tonne silver.

To date, one shipment of more than 3,000 tonnes of concentrate has been made from the port of Aviles, Spain and currently an additional 450 tonnes of concentrate is stored in a warehouse in Aviles.

During fiscal 2011 a total of 4,740 oz of gold has been produced in doré. Since the start of production in the processing plant, over 177,926 dry metric tonnes were processed through the mill grading 1.92 g/t gold, 0.41% copper and 8.64 g/t silver. This head grade for gold is low due to much of the initial material is development ore mined to access the stopes, and is primarily lower-grade skarn ore. Recoveries have been close to target for initial production, with 87.0% gold recovery, 66.1% copper recovery and a 57.8% silver recovery.

The Spanish Central Institute of Explosives has certified Kinbauri as a "high user" of explosives, allowing construction of explosives magazines. During the second quarter of fiscal 2011, the Company commenced using a new larger explosives magazine in the Boinás Mine. A larger explosive magazine was also finalized in the underground Carlés Mine. The final inspection by the authorities was done in August 2011 and the Company received approval in October 2011 and began using the new explosive magazine.

On June 27, 2011 the Company received the final authorization from the Ministry of Environment to begin using the new tailings dam and to begin operating the processing plant. As a condition of this authorization, the Company was required to post a €5 million cash bond which was deposited in September 2011. An additional €5 million bond is required to be deposited in June 2012.

Since September 2010, the Company has been drilling from underground locations with three drill rigs. This drilling has been for stope definition and dewatering purposes as well as to upgrade and delineate resources defined by previous drilling. Results to date have upgraded indicated and inferred resources as well as encountered mineralization where resources had not been defined. In the next 60 days, Kinbauri will update and complete a new resource and reserve model that is NI 43-101-compliant. In addition, the Company is drilling at the Godan prospect, which is located two kilometres northwest of the Carlés mine. The results from the drilling are currently under evaluation. The Company was awarded the Investigation Permits on the Quintana and Campalcarro concessions (754 hectares), which are located near the El Valle/Boinás mine; final paperwork is being processed.

EVBC is subject to a 2.5% net smelter return royalty. The royalty rate increases to 3% for any quarter in which the average price of gold reaches or exceeds $1,100 per ounce. This royalty is payable quarterly.

The Don Mario Mine – Upper Mineralized Zone

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"), the Company owns and operates the Don Mario Mine in eastern Bolivia. Fiscal 2009 marked the last year of production from the Company's low-cost underground Lower Mineralized Zone ("LMZ") gold mine at Don Mario. Gold production was extended into fiscal 2010 and to the end of the second quarter of fiscal 2011 through the mining of the nearby Las Tojas deposit. The Las Tojas mineralization was of a lower grade and was an open pit rather than an underground mine, but had mineralogical characteristics similar to those of the LMZ ore. Mine production from the Las Tojas deposit was depleted by the end of the second quarter after producing more than 38,000 ounces of gold.

After extensive metallurgical test work and considerations of economics, the Company is developing the UMZ as an open pit copper-gold-silver deposit that lies above the LMZ. The oxide and transition ore zones are being treated using a Leaching-Precipitation-Flotation ("LPF") process and the sulfides using conventional flotation. The existing mine equipment used in the exploitation of the Las Tojas deposit is being used to process as much as 2,000 tonnes per day at the UMZ. Crushing and grinding equipment installed in 2004-2005 to process LMZ gold ore is now being used to process UMZ ore.

All environmental and other permits for the operation of the UMZ project have been received.

Start-up of the LPF mill and a sulphuric acid plant, which began in April 2011, continue through their commissioning stages. Currently over 600,000 tonnes of ore, grading 1.95% copper, 1.92 g/t gold and 27.50 g/t silver, has been broken and stockpiled.

During the first two months of fiscal 2012, in October and November 2011, combined mill throughput was 78,994 tonnes. Average daily treatment was 1,717 tonnes, with head grades of 1.76% of copper, 1.67 grams per tonne of gold, and 71.74 grams per tonne of silver. Production of concentrates during that period was 1,869 dry tonnes containing 1,652,462 pounds of copper, 1,520 ounces of gold, and 38,865 ounces of silver. Recoveries of copper, gold, and silver were 53.9%, 35.8%, and 21.3%, respectively. Concentrate grades averaged 40.02% copper 25.29 grams per tonne gold, and 646.29 grams per tonne silver.

The commissioning stage has been slower than planned due, in part, to initial operating issues with the sulphuric acid plant and delivery of supplies. These initial issues have been resolved, and the plant is now running at 100% of its design capacity. Metallurgical recoveries have also been significantly lower than planned, primarily due the complexity of the ore and the host rock, which has affected the leaching circuit and has resulted in periodic instability of the flotation process. These issues are being addressed by improving agitation as well as more precisely blending mill feedstock and fine tuning reagents. Copper recoveries are currently at approximately 60%, and the Company continues to make progress toward a target of 70%. Until these recoveries improve, silver/gold doré cannot be produced and this problem is currently under technical evaluation.

In December 2010, the Company entered into a contract with Ocean Partners U.K. Limited of Maidenhead, U.K., for the sale of the copper-gold-silver concentrates to be produced from its Don Mario Mine. Under the contract, pricing is determined at the buyer's option, either the average cash price for the quotational month (second calendar month following the month of shipment) or the three-month average price ending in the quotational month.

A doré refining contract was entered into with Johnson Matthey Inc. on May 3, 2011 and a doré sales contract with Auramet Trading LLC, on May 30, 2011.

Production from the Don Mario Mine is subject to a 3% net smelter return royalty held by Royal Gold. This royalty is payable quarterly and amounted to approximately $618 for the 2011 fiscal year. In addition, the Bolivian government collects a mining royalty tax on the revenues generated from copper, gold and silver sales at rates of 5%, 7%, and 6%, respectively.

The Company controls mineral rights on 70,100 contiguous hectares around the Don Mario Mine. During fiscal 2009, the Company acquired induced polarization data along the length of the Eastern Schist Belt, along which the Las Tojas mineralization is located. Drilling is planned during fiscal 2012 to test certain anomalies that may be indicative of gold mineralization in the shear zones (LMZ-type) as well as of copper-gold-silver mineralization hosted by metasedimentary rocks (UMZ-type).

The Copperwood Project

Through its wholly-owned subsidiary, Orvana Resources US Corp., the Company entered into long-term mineral lease agreements covering 936 hectares within the "Western Syncline", which is located in the Upper Peninsula of the State of Michigan, USA. These leased areas are referred to as the Copperwood Project. The Company has also completed option agreements on three other mineralized areas, which are referred to collectively as the Copperwood

Satellites. In addition, the Company purchased the surface rights on about 700 hectares that secured access to the Copperwood Project and additional space for infrastructure.

On June 24, 2011, the Company announced fully-diluted proven reserves of 24.9 million short tons of 1.37% copper and 4.2 g/t silver and fully-diluted probable reserves of 5.1 million short tons of 1.11% copper and 2.8 g/t silver, for a total of 30.0 million short tons of 1.33% copper (798 million pounds) and 3.9 g/t silver (3.46 million ounces) based on a prefeasibility study, which contemplated a room-and-pillar underground mine using drill-and-blast methods as the base case. This reserve was estimated under the supervision of Joseph Keane, P.E. with Lynn Partington, P.E., and Thomas Kerr, P.E., each of whom is an independent qualified person for the purposes of NI 43-101. The results are summarized in the table below:

	Million Short tons	Cu %	Cu Million lbs.	Ag g/t	Ag Million oz.
Proven	24.9	1.37	683	4.2	2.98
Probable	5.1	1.11	115	2.8	0.46
Total Proven & Probable	30.0	1.33	798	3.9	3.46

Note: 1 short ton is equal to 0.907 metric tonnes

In addition, the prefeasibility study provided results assuming mechanized mining methods, specifically a continuous miner, which, if determined to be feasible, will lower operating costs and thus increase LOM cash flows and net present value. Orvana will continue to evaluate this innovative method for copper mining in order to reduce the associated risks and to maximize the economics of this project.

Both mine plans call for the development of a ramp and box cut to access the ore bed. All development will be focused on the ore bed and virtually no waste rock will be handled. Average production for the drill-and-blast case over the assumed 14-year mine life will be approximately 24,000 short tons of copper per year and peak production will reach 38,000 short tons of copper during the fourth year, when throughput is at the 7,500 short tons of ore per day capacity. The mine plan calls for 50% of pillar recovery on retreat. Copper will be extracted by conventional flotation. LOM direct cash costs are projected to be $1.16 per pound net of the silver credit.

The tables below summarize the economic parameters for the Drill-and-Blast Case and the Continuous Miner Case:

Summary of Key Financial Parameters (Drill-and-Blast Case)					
Copper prices per pound	$ 2.25	$ 2.50	$ 3.00	$ 3.50	$ 4.00
Silver prices per ounce	$ 22.50	$ 25.00	$ 30.00	$ 35.00	$ 40.00
Net present value @ 8%, (US $000's)	-1,015	59,302	176,993	287,558	391,538
IRR (After Corporate Taxes)	-23.1%	15.7%	27.2%	36.1%	43.6%
Payback in years	6.1	5.1	4.1	3.5	3.1

Note: Property tax liabilities are not included since no assessment has been completed

Base-case operational parameters assumed for the drill-and-blast case are as follows:

Minable Reserve:	30,038,000	short tons
Copper grade:	1.33%	
Silver grade:	3.95	g/t
Throughput (reached after 4 years):	2,620,000	short tons per year
Average annual copper production (LOM):	23,900	short tons per year
Average annual silver production (LOM):	111,200	ounces per year
Copper recovery:	87%	
Copper concentrate grade:	23%	
Silver grade in concentrate:	40	g/t (average)

Key financial input parameters are:

Pre-production capital:	$198,505	
Working and sustaining capital (LOM):	$212,504	
Mine operating cost (LOM):	$13.50	per short ton of ore
Processing cost (at 7,500 short tons per day)	$12.21	per short ton of ore
General and administrative:	$1.11	per short ton of ore

The Copperwood Project is subject to a net smelter return royalty, which will be determined quarterly, ranges from 2% to 4% on a sliding scale based on inflation-adjusted copper prices.

The information above is included in the "Prefeasibility Study of the Copperwood Project, Upper Peninsula, Michigan, USA" dated July 29, 2011. In addition to the mineral reserves and economic analysis summarized above, the pre-feasibility study includes additional information with respect to the Copperwood project, including mineral resource estimates and various assumptions.

All technical reports and the prefeasibility study are available on SEDAR (www.sedar.com) and the Company's website at www.orvana.com.

On September 23, 2011, the Company, through its wholly-owned subsidiary, Orvana Resources US Corp, filed a mine permit application to the Michigan Department of Environmental Quality ("MDEQ") as prescribed by Part 632 of the Non-Ferrous Metallic Mining regulation of the State of Michigan. Soon thereafter, the MDEQ declared the application administratively complete and began the review process. The first public hearing was held on November 9, 2011 in Ironwood, Michigan, with written comments regarding the application being accepted until December 7, 2011.

The Wetlands Permit (Clean Water Act Section 404 Permit) was submitted on October 21, 2011. The waste-water discharge permit, or National Pollutant Discharge Elimination Systems permit, was submitted on November 14, 2011. On December 2, 2011, the Permit to Install, or Air Quality permit, was submitted.

Subject to MDEQ review, which also includes the MDEQ's analysis of public comments, approval of these permits could occur as early as the third quarter fiscal 2012. Orvana is also expecting to complete a feasibility study in mid-fiscal 2012. During fiscal 2012, Orvana will continue to investigate a variety of financing options for the estimated $200 million capital expenditure to bring Copperwood into production.

Other Exploration Properties

Apart from the exploration potential in the concessions adjacent and proximal to the EVBC and UMZ mines, the Company was awarded an Investigation Permit on the Lidia prospect; the area encompasses 2,560 hectares in the Navelgas Gold Belt of northern Spain, 30 kilometres from EVBC. The permit is being processed by governmental authorities. The Lidia prospect, formerly known as the Linares prospect, is considered prospective for not only skarn-hosted mineralization, but intrusive-related gold mineralization as well.

Social and Environmental Practices

Orvana is committed to developing and operating its projects, including reclamation efforts, in full compliance with recognized international and local environmental standards. In furtherance of this commitment, Orvana regularly implements programs to protect and enhance natural habitats and sensitive species, including reclamation efforts, reforestation efforts and the establishment of water sources for wildlife.

In addition, Orvana is committed to the social development and well-being of the communities in which it operates. To this end, Orvana continues to support, financially and otherwise, local community endeavours associated with that objective.

The Company has supported the surrounding communities of the EVBC mine by donating funds to the local municipality of Belmonte to re-open the historic exhibition of gold mining in the area and supports other cultural and sporting activities in the communities of Belmonte and Salas. In addition, the Company has funded the re-stocking of fish species into the local rivers surrounding the mines.

In the Chiquitos Province of Bolivia in which 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. EMIPA has renewed its support of $1,785 to the local communities over the next five years. Projects supported by Orvana include supervision of and financial support for community development projects such as utilities and parks, education and information technology, cultural events, community business development initiatives, and maintenance of community roads.

In support of the social and economic well-being of the surrounding communities of the Copperwood Project in Michigan, Orvana provides four scholarships each year to Gogebic County high school students to further their education at the university level. In addition, Orvana has made contributions to the local fire departments for the purchase of equipment and also sponsored the SISU Cross Country Ski Marathon in Ironwood during this past winter.

Health and Safety

The Company maintains health and workplace safety programs at each of the mine sites. In order to ensure that safety goals and optimal safety standards are achieved, comprehensive training programs for mine and mill operations take place on an ongoing basis.

Regular mine inspections are performed by representatives from the mine operations, planning and safety departments. These inspections review current conditions and implement corrective action on potential safety issues that arise as mine development progresses. Worker training on mining, mechanical and electrical equipment is also part of the programs. The Company has also hired service providers to support the Company's safety department in risk assessment, training, and work environment monitoring. The Company maintains health and safety metrics to track performance over time including Lost Time Injury Frequency Rates and Lost Time Injury Severity Rates.

Additionally, in 2011, Orvana's Board of Directors established a Technical, Safety, Health and Environmental Committee. The purpose of this Committee is to: review technical, safety, health and environmental policies and programs; oversee Orvana's safety, health and environmental performance; monitor current and future regulatory issues and, where appropriate, make recommendations to the Board on significant safety, health and environmental matters.

On November 22, 2011, the Company reported that an employee of Kinbauri Espana was fatally injured when he was caught between two pieces of equipment at Kinbauri's Carles mine. Immediately following the accident, Kinbauri implemented its emergency response plan. Accordingly, all activities at Kinbauri were voluntarily suspended on November 22nd. and 23rd, 2011 and the Company is cooperating fully with the authorities in their investigation of the accident.

OVERALL PERFORMANCE

Key Performance Factors

The key factors affecting Orvana's financial performance include gold, silver and copper prices, tax rates, ore reserves, ore grades and recoveries, energy prices, cost management, efficient mine development and capital spending programs.

Revenues and Net Income

The Company's results for the years ended September 30, 2011 and 2010 are summarized in the table below:

	Year ended September 30	
	2011	2010
Revenues	$25,085	$32,344
Net loss before derivatives mark-to-market adjustment, net-of-tax[1]	(11,125)	(2,431)
Derivatives mark-to-market adjustment & settlements, net-of-tax[1]	(9,528)	-
Net loss	(20,653)	(2,431)
Loss per share – basic and diluted	($0.17)	$(0.02)
Loss per share before derivatives mark-to-market adjustments, net-of-tax – basic and diluted[1]	($0.09)	$(0.02)
Metal production[2]		
Gold (ounces)	20,892	27,751
Silver (ounces)	69,416	-
Copper ('000 pounds)	2,726	-
Metal sales[3]		
Gold (ounces)	16,179	
Silver (ounces)	13,270	
Copper ('000 pounds)	504	

(1) These amounts are non-GAAP measures and are derived from the following amounts in the income statement: net derivatives losses of $13,611 less future income tax recoveries of $4,083 for the year ended September 30, 2011.

(2) Metal production during fiscal 2011 including commissioning and production periods

(3) Metal sales during the production stage only.

Revenue for the year ended September 30, 2011 of $25,085 resulted from the gold production at the Don Mario Mine Las Tojas deposit in Bolivia through March 2011 and new gold-copper-silver revenues from EVBC for August and September 2011. The EVBC mine ended its start-up and commissioning activities at the end of July 2011 and began production in August 2011. Sales for August and September 2011 have been reported as revenue. EVBC sales prior to August 1, 2011 were credited against capitalized commissioning costs. Don Mario UMZ had not reached commercial production at September 30, 2011, and thus EMIPA's Don Mario UMZ sales of copper concentrate were credited against capitalized commissioning costs.

Revenue arising from the sale of metals is recognized when the price and volume can be reliably measured, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is probable.

For the sale of gold-copper concentrate, the recognition criteria is typically met at the earlier of delivery of concentrate at certain destinations as specified in the contracts or payment of the provisional invoice by the buyer. Sales of gold-copper concentrate are based on specific sales agreements and are subject to adjustment upon final settlement of shipment weights, assays and metal prices, including provisions where final metal prices are determined by quoted market prices in a period subsequent to the date of sale. Revenues are recorded at the time of sale based on spot prices or forward prices for the expected date of final settlement. Subsequent variations to weights, assays and metal prices are recognized in revenue each period end and in the period of final settlement. Refining, treatment and marketing charges are netted against revenues from concentrate sales.

Revenue from gold doré is recognized upon receipt of payment and notification of delivery to the customer. Sales of gold dore are based on specific sales agreements and are subject to adjustment upon final settlement of shipment weights, assays and metal prices.

The net loss for the year ended September 30, 2011 was $20,653 (2010 – net loss of $2,431), due primarily to the after-tax derivative loss of $9,528 related to the settlement and mark-to-market revaluation of forward contracts at September 30, 2011, $5,214 related to stock-based consideration expense for shares issued to Fabulosa Mines Limited (“Fabulosa”) and lower revenues from metal sales compared to the prior year. Refer to the explanation of stock-based consideration in this section of the MD&A below.

Gold production ceased at the Don Mario Mine with the depletion of the Las Tojas deposit at the end of the second quarter of fiscal 2011. In the year ended September 30, 2011, a total of 560,482 tonnes were treated to produce 20,892 ounces of gold, 69,416 ounces of silver and 1,236 tonnes of copper. In the year ended September 30, 2010, a total of 608,492 tonnes were treated to produce 27,751 ounces of gold doré.

Revenue for fiscal 2011 decreased by 22% to $25,085 on 16,179 ounces of gold, 13,270 ounces of silver and 504,000 pounds of copper sold, compared to $32,344 on 28,341 ounces of gold sold during the prior year, with the current year decline resulting from the depletion of the Las Tojas gold deposit at the end of the second quarter, partially offset by new gold-copper-silver revenues from EVBC in August and September 2011.

General and administrative expenses for the year ended September 30, 2011 were $5,471 compared to $4,414 for the prior year. General and administrative costs increased primarily due to the impact of the higher Canadian dollar on Canadian head office expenses, higher professional fees in support of corporate initiatives and corporate compliance.

The costs of acquiring mineral properties are capitalized. Exploration and development expenditures are capitalized once management has determined that there is a reasonable expectation of economic extraction of minerals from the property. The Company periodically assesses its capitalized exploration and development expenditures for impairment and where there are circumstances indicating that such impairment exists, the carrying value of the impaired asset is written down to fair value. During fiscal 2011 exploration expenditures were $88 compared to $490 for the same period of the prior year. The decrease in exploration costs this year was primarily due to the Company's current focus on mine development.

Stock-based compensation expense for the fiscal year ended September 30, 2011 was $1,415 compared to $477 for the prior year, with the increase due to the amortization of additional stock options granted to employees and management during the first quarter of fiscal 2011.

Stock-based consideration expense was $5,214 for the fiscal year ended September 30, 2011. On May 16, 2011, the Company entered into an agreement with its majority shareholder, Fabulosa, under which (i) Fabulosa committed to provide Orvana with a $15,000 six-month, secured convertible bridge loan bearing interest at 8% per annum and (ii) certain of Fabulosa's pre-emptive rights were amended. As consideration, Orvana issued to Fabulosa 1,969,999 common shares and warrants to purchase up to 2,725,000 common shares. On September 6, 2011, the first tranche of 1,300,000 five-year warrants were issued at C$1.90 per share. A second and final tranche of 1,425,000 warrants will be issued on March 5, 2012 at the five day volume-weighted average share price on that date. The 1,969,999 shares were valued at C$2.59 per share. and an amount of $5,214 was recorded as stock-based consideration expense.

Long-term compensation expense was a recovery of $431 for the fiscal year ended September 30, 2011, compared to an expense of $1,385 for the prior year. The reduction to long-term compensation expense resulted from the mark-to-market adjustment of outstanding restricted share units and deferred share units as a result of the Company's share price declining to C$1.53 per share at September 30, 2011 from a share price of C$2.70 per share at September 30, 2010.

The unrealized after-tax loss of $8,635 (net of future tax recovery of $3,701) and realized after tax loss of $893 (net of income tax recovery of $382) on the Company's forward contracts (derivatives instruments) increased the Company's net loss for fiscal 2011 by $9,528. This loss resulted from the mark-to-market revaluation of these contracts and cash settlements for contracts that matured during fiscal 2011. There were no forward contracts in the prior year.

The net loss for the year ended September 30, 2011 was $20,653 ($0.17 per share) compared to a net loss of $2,431 ($0.02 per share) for the year ended September 30, 2010, and was mainly due to the revaluation of derivative contracts at September 30, 2011, stock-based consideration expense, and lower revenues after the depletion of the Las Tojas deposit at the end of the second quarter of fiscal 2011.

The Company assesses each mine development project to determine when a mine has advanced to the production stage. The criteria used to assess the start date are determined based on the nature of each mine construction project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when a mine is substantially complete and ready for its intended use and has advanced to the production stage. The criteria considered include: (1) the completion of a reasonable period of testing of mine plant and equipment, (2) the ability to produce materials in saleable form (within specifications) and (3) the ability to sustain ongoing production of minerals.

When a mine development project moves into the production stage, the capitalization of certain mine construction ceases and costs are either capitalized to inventory or expenses, except for sustaining capital costs related to property, plant and equipment and underground mine development or reserve development.

Financial Instruments

Pursuant to the terms of the Credit Suisse US$ 50 million credit agreement, the Company entered into forward contracts during the first quarter of fiscal 2011.

Amounts outstanding under these contracts at September 30, 2011 are summarized in the table below.

	As at September 30, 2011
Gold forwards:	
Ounces	37,500
Price per ounce	$ 1,333.70
Copper forwards:	
Tonnes	12,935
Price per tonne	$ 7,260
Price per pound	$3.29
US dollar/Euro forwards:	
Amount in US ($ 000's)	$80,000
Contracted Average US dollar/Euro exchange rate	$1.38

Changes in the fair value of derivatives are recognized through earnings. The mark-to-market fair value of all forward contracts is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty credit risk.

A cumulative loss from forward contract settlements and mark-to-market of the forwards book totaling $13,611 was recorded for fiscal 2011. The spot prices and foreign exchange rates at September 30, 2011 were:

- Gold spot price was $1,625 per ounce;
- Copper spot price was $7,132 per tonne ($3.23 per pound);

- US dollar/Euro spot exchange rate was 1.35.

Forward contracts included in the balance sheet are comprised of the following:

	As at September 30, 2011
Mark-to-market fair value loss for the year ended September 30, 2011	(12,336)
Less: current portion	1,717
Total non-current derivative assets (liabilities)	$(10,619)

Changes in the fair value of the outstanding forward contracts are recognized as non-cash derivative gains and losses. At maturity of each contract, a cash settlement takes place and there is a corresponding reduction in the carry value of the forwards book. During fiscal 2011, cash payments of $1,275 were made for contracts which had matured during the period.

At September 30, 2011, the cumulative weighted-average forward market rate was $7,074 per tonne of copper compared to the copper contract price of the copper forward book of $7,260 per tonne, resulting in the copper forward book being in-the-money with a mark-to-market asset or potential opportunity gain of $2,419.

At September 30, 2011, the cumulative weighted-average forward market rate was $1,655 per ounce of gold compared to the contract price of the gold forward book of $1,334 per ounce, resulting in the gold forward book being out-of-the-money with a mark-to-market liability or potential opportunity cost of $12,074.

At September 30, 2011, the average forward market rate was $1.34 US dollars to Euros compared to the average foreign exchange rate contract price of the forward book of $1.38 US dollars to Euros, resulting in the foreign exchange forward book being out-of -the-money with a mark-to-market payable of $2,681.

Sensitivities

At September 30, 2011, the Company had outstanding copper forward contracts totaling 12,935 tonnes for the period October 2011 through December 2015. The copper forward tonnes equate to approximately 80% of EVBC's expected copper production (approximately 24% of Orvana's overall expected copper production) from 2011 to 2015. The Company also had outstanding gold forward contracts totaling 37,500 ounces for the calendar years 2012 to 2015. The gold forward ounces equate to approximately 9% of EVBC's expected gold production (approximately 8% of Orvana's overall expected gold production) over the same period.

Gold / Copper Forwards - Sensitivity

At September 30, 2011, if the forward market prices of gold had been 10% higher or lower than those used in the derivative loss calculation while all other variables remained constant, the after-tax loss for the year would have increased or decreased by $4.3 million as a result of changes in the fair value of the derivative instruments.

At September 30, 2011, if the forward market prices of copper had been 10% lower or higher than those used in the derivative gain calculation while all other variables remained constant, the after-tax gain for the year would have increased or decreased by $6.4 million as a result of changes in the fair value of the copper forward contracts.

US Dollar/Euro Forwards - Sensitivity

At September 30, 2011, if the forward rates of US dollar against the Euro weakened or strengthened by 10%, than those used in the derivative loss calculation while all other variables remained constant, the Company's after-tax loss for the year would have been $5.4 million higher or lower as a result of changes in the fair value of the US dollar/Euro forward contracts.

EVBC Gold Hedging

In November 2011, Orvana executed an additional gold hedge agreement with Credit Suisse for a total of 63,000 ounces or 1,400 ounces per month from January 2012 to the maturity of the loan in September 2015. The hedge is in the form of a collar with purchase puts at US$1,550 per ounce and sell calls at US$1,855 per ounce. Orvana has the right but not the obligation to sell gold under the hedge at US$1,550 per ounce. At prices over US$1,855 per ounce, Orvana will be required to sell the gold under the hedge at $1,855 per ounce. Combined with the existing hedge of about 780 ounces per month at US$1,334 per ounce from January 2012 to December 2015, Orvana has hedged about 26,150 ounces per annum. This represents approximately 42% of EVBC's fiscal 2012 gold production or roughly one-third of overall Orvana estimated gold production in fiscal 2012.

Cash Flows

The following table summarizes the principal sources and uses of cash for the years ended September 30, 2011 and 2010:

	Year ended September 30,	
	2011	2010
Cash (used in) provided by operating activities	($12,623)	($8,644)
Capital expenditures*	(59,819)	(37,497)
Restricted cash and reclamation bonds	(8,735)	(2,731)
Bank debt and long-term debt, net of repayments and financing fees	$47,584	$1,487
Issue of common shares, net of share issue costs	33,053	-

*Including net assets under capital leases and adjustment for unpaid expenditures

Cash Provided by Operating Activities

Cash used by operating activities was $12,623 for the year ended September 30, 2011 compared to cash used by operating activities of $8,644 in the year ended September 30, 2010. The higher operating cash used by operations in fiscal 2011 when compared to the same period a year ago, resulted primarily from higher inventory and sales receivable in fiscal 2011.

Capital Expenditures

Capital expenditures for fiscal 2011 were $59,819 (fiscal 2010 - $37,497), consisting of: $16,139 for the Don Mario UMZ development, $37,492 for development of the EVBC Mine in Spain, $5,686 for development of the Copperwood Project in Michigan; and $502 for other capital expenditures.

Financial Condition – September 30, 2011 compared to September 30, 2010

The following table provides a comparison of key elements of the Company's balance sheet at September 30, 2011 and September 30, 2010:

	September 30, 2011	September 30, 2010
Cash and cash equivalents	$12,244	$11,947
Non-cash working capital (deficit)*	$3,227	1,396
Total assets	239,902	156,472
Long-term debt, net of financing fees	47,817	2,582
Obligations under capital leases	4,179	2,522
Shareholders' equity	129,426	109,402

* Non-cash working capital (deficit) excludes the bank debt, current portions of long-term debt, obligations under capital leases and derivative instruments.

Non-cash working capital increased by $1,831 to $3,227, mainly due to the increases in inventory $4,054, metal sales receivable $2,682 and short term value-added taxes and other receivable $1,086 which were partially offset by the increase in accounts payable and accrued liabilities of $5,877.

Total assets increased by $83,430 to $239,902 primarily due to the increase in property, plant and equipment of $64,325, reclamation bonds of $6,787, restricted cash of $1,522, inventory of $4,054, value-added taxes receivable of $3,842 and metal sales receivable of $2,682.

Long-term debt increased by $45,235 to $47,817 due to the Credit Suisse loan of $46,832 and repayment of Banco Bisa loan of $1,597.

Shareholders' equity increased $20,024 to $129,426 at September 30, 2011, due primarily to the increase in share capital from the equity offering of $33,096 and stock-based consideration of $5,214 partially offset by the net loss of $20,653 in fiscal 2011.

Bank and Long-term Debt

On October 8, 2010, the Company, through its indirect subsidiary, Kinbauri, entered into a $50 million five-year term corporate credit facility with Credit Suisse AG ("Credit Suisse"). The funds were used to complete construction of the EVBC Mine in Spain and for general corporate purposes. Cost of the facility, including fees, is expected to average approximately 5% to 6 % per annum, based on current interest rates. The facility includes a hedging program on the EVBC Mine, and is approximately 9% of EVBC's expected gold production (approximately 8% of Orvana's overall expected gold production) for 2012 to 2015 and about 80% of EVBC's expected copper production (approximately 24% of Orvana's overall expected copper production) from 2011 to 2015.

The credit agreement contains covenants that restrict, among other things, the Company's ability to incur additional indebtedness in certain circumstances, to make distributions in certain circumstances, to sell material assets, or to carry on business other than one related to the mining business. Kinbauri and Orvana are also required to maintain certain financial ratios. The financial covenant calculations exclude the unrealized gains and losses resulting from mark-to-market adjustments on the metals and foreign exchange forward contracts required under the terms of the credit agreement.

As a condition of this credit facility, during the first quarter of fiscal 2011, Kinbauri entered into the following forward contracts with Credit Suisse: to sell 37,500 gold ounces at a forward rate of $1,333.70 per oz., with equal maturities covering the period January 2012 to December 2015; to sell 13,671 metric tonnes of copper at a forward rate of $7,260 per metric tonne ($3.29 per lb.), with maturities covering the period July 2011 to December 2015; and foreign exchange contracts converting US$80 million to Euro dollars at an average forward rate of $1.38, with maturities covering the period March 2012 to December 2015.

Interest on the outstanding principal is calculated at a rate per annum equal to LIBOR plus 3.85%. As permitted under the terms of the credit agreement, the Company opted to defer payment of interest amounts otherwise payable until April 8, 2011, such that the credit limit and outstanding loan were increased by $844 for the deferred interest amount.

Quarterly principal repayments are required commencing September 30, 2012. The total annual principal repayment required in each fiscal year ending September 30, expressed as a percentage of the full principal amount of the credit outstanding, are: 2012 – 16.7%; 2013 – 34.6%; 2014 – 23.7%; and 2015 – 25.0%.

The security for the credit facility includes a fixed and floating charge over the assets of Kinbauri and a pledge by Orvana of all of the shares of Kinbauri. In addition, payment and performance of Kinbauri's obligations under the credit facility are guaranteed by Orvana.

During the 2010 fiscal year, EMIPA entered into short-term, 150-day credit facilities in Bolivianos with Banco de Credito de Bolivia and Banco Bisa at annual interest rates ranging from 4% to 6%. At September 30, 2011 there was approximately $6,417 drawn against these credit facilities. The credit facilities are secured by certain machinery and equipment of EMIPA. The proceeds were used to finance EMIPA's working capital needs.

EMIPA also has a term credit facility agreement with Banco Bisa S.A. The facility bears interest at 7.8% and is payable in equal quarterly installments over a three-year term maturing in September 2012. There are no specific covenants related to this credit facility. This loan is secured by certain machinery and equipment of EMIPA. The proceeds were used to finance equipment purchases for the UMZ.

In addition, at September 30, 2011, EMIPA has bank guarantees with Banco Bisa S.A. amounting to approximately $1,897 (September 30, 2010 - $716), related to refunded value-added taxes and chemical and natural gas purchases.

On May 16, 2011, the Company entered into an agreement (the “Pre-Emptive Rights Agreement”) with its majority shareholder, Fabulosa, under which (i) Fabulosa committed to provide Orvana with a $15 million six-month, secured convertible bridge loan bearing interest at 8% per annum and (ii) certain of Fabulosa’s pre-emptive rights were amended. The Pre-Emptive Rights Agreement provided Orvana with increased financial flexibility as it related to future equity financings. The outstanding amount of the loan could have been repaid by Orvana at any time.

Orvana completed a public offering of common shares on August 11, 2011 prior to repayment of this loan, and the outstanding amount of the loan was converted into 7,319,969 common shares in accordance with the terms of the loan at the same price per share as for shares sold under the public offering (C$2.00 per share). Fabulosa also acquired, on a private placement basis, 1,180,031 common shares at a price of C$2.00 per common share. Following completion of the Offering, Fabulosa’s holding in Orvana has declined from 52.3% to 52.0%.

As consideration for the amendments to Fabulosa’s pre-emptive rights and the provision of the bridge loan financing, Orvana issued to Fabulosa 1,969,999 common shares and agreed to issue five-year warrants to purchase up to 2,725,000 common shares. The warrants will be exercisable only upon the issuance of, and in equal numbers to, common shares issuable upon the exercise of any of Orvana’s stock options that were outstanding as of May 16, 2011. 1,300,000 warrants were issued on September 6, 2011, and 1,425,000 warrants will be issued on March 5, 2012. These warrants will have an exercise price equal to the volume-weighted average price of the common shares for the five trading days preceding the date such warrants are issued. In addition, subject to TSX approval, Orvana has undertaken to commence a normal course issuer bid prior to March 3, 2012. The purpose of the normal course issuer bid will primarily be to acquire common shares to mitigate the dilutive effect of common shares issued upon the exercise of stock options granted under Orvana’s Stock Option Plan after May 16, 2011.

In November, subsequent to the fiscal 2011 year end, following discussions with Credit Suisse, Orvana executed an additional gold hedge with Credit Suisse of 1,400oz/month from January 2012 to the maturity of the loan in September 2015. The hedge is in the form of a collar with puts at US$1,550/oz and calls at US$1,855/oz. Orvana has the right but not the obligation to sell gold under the hedge at US$1,550/oz. At prices over US$1,855/oz, Orvana will be required to sell the gold under the hedge at $1,855/oz. Combined with the existing hedge of about 780 ounces per month at US$1,333/oz from January, 2012 to January, 2016, Orvana has hedged about 26,150 ounces per annum. This represents approximately 42% of EVBC’s fiscal 2012 estimated gold production or roughly one third of overall Orvana gold production in fiscal 2012.

To improve liquidity and smooth out cash flows, in November 2011, Orvana's wholly-owned subsidiary, Kinbauri Espana, S.L.U. entered into a working capital facility of up to US$7 million with Auramet Trading, LLC ("Auramet"). This facility will provide Kinbauri with the option of receiving a periodic advance, as frequently as weekly at commodity prices prevailing on the date of the advance, in the amount of 90% of the value of metals in concentrate delivered into warehouse in Aviles, Spain at the time of the advance. Currently, Kinbauri receives about US$6 million for concentrate every 6-7 weeks under the agreement with Auramet.

Shareholders' Equity

Shareholders' equity increased by $20,024 to $129,426 at September 30, 2011, due to the increase in share capital and contributed surplus of $40,677 from the public offering, stock-based consideration, and the exercise of stock options partially offset by the net loss for the 2011 fiscal year of $20,653.

Outlook

The forward looking statements made in this section 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.

As stated in the Business Strategy section, Orvana's focus is to utilize future cash flow and mining capability to build long-term value for its shareholders both through organic growth and through strategic acquisitions, primarily focused on advanced-stage gold and/or copper properties.

In the short term, Orvana is focused on its operations at the EVBC gold-copper-silver mine in northern Spain and its Don Mario Mine copper-gold-silver mine in eastern Bolivia as well as advancing its Copperwood copper project in Michigan.

In Spain, the Company commenced production start-up and commissioning at the EVBC Mine in May 2011 and advanced to the production stage on August 1, 2011.

During fiscal 2012, the Company expects gold production from EVBC to be about 60,000 ounces per annum, copper production about 2,000 tonnes per annum, and silver production about 125,000 ounces per annum. As head grades improve, cash cost per ounce of gold produced is expected to decrease. With the new NI 43-101 updated reserve and resources report, we expect EVBC to have a mine life of more than seven years. Beyond 2012, Orvana will continue to work on improving head grade, increasing gold production and reducing cost per ounce of gold produced. Completing the shaft, which is anticipated to take place by April, 2012 will allow better access to the ore bodies, resulting in improved flexibility, increased mine production, and reduced costs. Orvana will also investigate alternatives to maximize the mill output and enhance recoveries, including a possible expansion of the mill in the future.

An updated NI 43-101-compliant Technical Report on the EVBC mine is expected to be completed in early 2012.

In Bolivia, at the Don Mario Mine, the Las Tojas deposit extended gold production to the end of the second quarter of fiscal 2011, with the final shipment of gold doré from this deposit occurring at the beginning of April 2011. Commissioning and start up of the LPF mill and acid plant continued during the last half fiscal 2011, with 4,000 tonnes of concentrate produced by mid November, 2011. At planned production rates, the UMZ is expected to extend the life of the Don Mario Mine to at least 2019. An updated NI 43-101-compliant Technical Report on the Don Mario UMZ is expected to be completed in early 2012.

During fiscal 2012, the focus will be on improving recoveries in the mill for copper, gold and silver. Orvana expects recoveries to reach 65 to 70% for copper in fiscal 2012 and to be at least 70% copper recovery beyond 2012. During fiscal 2012, Orvana will also consider the possibility of producing doré as recoveries improve. Should doré production not be achievable, gold and silver production in fiscal 2012 is expected to be about 11,000 ounces and 400,000 ounces respectively.

In Michigan, USA, at Copperwood, a pre-feasibility study based on increased resources was completed in August 2011 and a mine plan permit submitted to the state of Michigan in the fourth quarter of fiscal 2011. Orvana expects permitting to be awarded by as early as the mid fiscal 2012. Orvana is also completing a feasibility study, expected in mid fiscal 2012. During fiscal 2012, Orvana will continue to investigate means of financing the estimated $200 million capital expenditure, including through joint venture partnership, debt financing, equipment financing, off-take agreements, and equity financings. The Copperwood project, based on the pre-feasibility NI-43-101 report of August 2011 is expected to have a 14-year mine life, producing an average annual amount of about 25,000 tonnes of copper at a cost of less than US$1.20 per pound, net of silver byproduct.

Orvana expects total annual gold production to increase from 20,900 ounces produced in fiscal 2011 to approximately 75,000 ounces in fiscal 2012. Annual copper production is expected to increase from 1,200 tonnes to about 8,000 tonnes and annual silver production to increase from 69,000 ounces to over 525,000 ounces.

SELECTED ANNUAL INFORMATION

The table below shows selected financial data for the Company's three most recently completed fiscal years:

	Year ended September 30		
	2011	2010	2009
Revenues	$25,085	$32,344	$56,005
Net income (loss)	($20,653)	($2,431)	$13,400
Earnings per share – basic and diluted	($0.17)	($0.02)	$0.12
Total assets	$239,902	$156,472	$140,607
Total long-term financial liabilities(*)	$56,008	$5,104	$4,144
Gold production – oz.	20,892	27,751	62,644
Silver production – oz.	69,416	-	-
Copper production – 000's lb	2,726	-	-
Gold sales – oz.	16,179	28,341	63,230
Silver sales – oz.	13,270	-	-
Copper sales – 000's lb	504	-	-
Non-GAAP measures – per ounce data			
Total cash costs per oz. – Don Mario	$1,033	$784	$339
Total cash costs per oz. – EVBC	$1,181		
- Average gold price realized per oz. - Don Mario	$1,378	$1,141	$886
- Average gold price realized per oz. – EVBC	$1,695	-	-
Non-GAAP measures -Operating statistics			
- Gold ore grade – g/t – Las Tojas	1.37	1.73	6.32
- Gold recovery rate - % - Las Tojas	80.2	82.2	93.10
- Gold ore grade – g/t - EVBC	2.04		
- Gold recovery rate - % - EVBC	87.5		

* Long-term financial liabilities include the long-term and current portions of obligations under capital leases and the current and long-term debt before deferred financing fees.

Fiscal 2011 compared to Fiscal 2010

Revenues of $25,085 on 16,179 gold ounces, 13,270 silver ounces and 504 copper thousand pounds sold in fiscal 2011 represents a decrease of 22% when compared to $32,344 on 28,341 gold ounces sold in fiscal 2010. Lower gold ounces sold accounted for most of the decline in revenue which was partly offset by higher average gold prices and new gold-copper-silver sales in August and September at EVBC. In addition to lower revenues, the unrealized losses on mark-to-market revaluation of forward contracts and stock-based consideration for amendments to the pre-emptive rights of the major shareholder, Fabulosa, resulted in a net loss per share of $0.17 compared a net loss of $0.02 per share for fiscal 2010.

Fiscal 2010 compared to Fiscal 2009

Revenues of $32,344 on 28,341 gold ounces sold in fiscal 2010 represents a decrease of 42% when compared to $56,005 on 63,230 gold ounces sold in fiscal 2009. Lower ounces sold accounted for most of the decline in revenue which was slightly offset by higher average gold prices. Additional to lower revenues, higher cost of sales, higher expenses , and lower interest income, resulted in net income declining by $0.14 per share for fiscal 2010 when compared to fiscal 2009.

LIQUIDITY AND COMMITMENTS

In the past, the Company's primary source of liquidity has been from operating cash flow. In fiscal 2012, Orvana expects to spend approximately $23 million on capital for the EVBC Mine, $1 million on the development of the Don Mario UMZ and $3.5 million on the Copperwood Project. Certain of these expenditures will be delayed until sufficient cash flow is generated from operations or external funding is secured.

At EVBC, with unplanned environmental bonding requirements, additional capital costs and lower initial operating cashflows than had been anticipated, to ensure adequate liquidity the Company is in discussions with its lender to increase the size of the current EVBC credit facility. At Copperwood, Orvana is investigating a variety of means to finance the estimated $200 million capital expenditure to bring this project into production. The company anticipates its UMZ operations will be self-financing in fiscal 2012. In the event that discussions with the Company's lender do not result in an adequate increase in the size of the EVBC credit facility, the Company does not find a satisfactory means of financing the development of the Copperwood Project or the UMZ Project is not self-financing in fiscal 2012 as anticipated or in the event of the occurrence of other unanticipated events, the Company may not have adequate resources to advance its projects as currently anticipated. In such circumstances, the Company may take additional measures to increase its liquidity and capital resources, including seeking additional debt or equity financing, strategically disposing of assets, or pursuing joint venture partnerships, equipment financings or off-take agreements.

For the fiscal year ended September 30, 2011, capital expenditures were $16,139 on the UMZ, $37,492 on the EVBC Mine, $5,686 on the Copperwood Project and $502 for system improvement.

For the year ended September 30, 2011, the net increase in cash and cash equivalents was $297, resulting in total cash and cash equivalents of $12,244 at September 30, 2011.

Spending on the Company's capital projects and operating requirements has been and is expected to be incurred according to management's plans. However, while the EVBC Mine is in commercial production, cash flows will be at a reduced rate during the initial production ramp-up period. As well, delays in production start-up at the Don Mario Mine UMZ reduced the Company's cash reserves to less than desirable levels until cash flow from full production commences at the UMZ and EVBC mines.

Consequently, the Company entered into the Pre-Emptive Rights Agreement with Fabulosa under which (i) Fabulosa committed to provide Orvana with a $15 million, six-month, secured, convertible bridge loan bearing interest at 8% per annum and (ii) certain of Fabulosa's pre-emptive rights were amended. The outstanding amount of the loan could have been repaid by Orvana at any time. Orvana completed a public offering of common shares on August 11, 2011 prior to repayment of this loan, and the outstanding amount of the loan was converted into 7,319,969 common shares in accordance with the terms of the loan at the price shares were sold under the public offering (C$2.00 per share). Fabulosa also acquired, on a private placement basis, 1,180,031 common shares at a price of C$2.00 per common share. Following completion of the Offering, Fabulosa's holding in Orvana has declined from 52.3% to 52.0%.

As consideration for amendments to Fabulosa's pre-emptive rights and the provision of the bridge loan financing, Orvana issued to Fabulosa 1,969,999 common shares and has agreed to issue five-year warrants to purchase up to 2,725,000 common shares. The warrants will be exercisable only upon the issuance of, and in equal numbers to, common shares issuable upon the exercise of any of Orvana's stock options that were outstanding as of May 16, 2011. 1,300,000 warrants were issued on September 6, 2011, and 1,425,000 warrants will be issued on March 5, 2012. These warrants will have an exercise price equal to the volume-weighted average price of the common shares for the five trading days preceding the date such warrants are issued. In addition, subject to TSX approval, Orvana has undertaken to commence a normal course issuer bid prior to March 3, 2012. The purpose of the normal course issuer bid will primarily be to acquire common shares to mitigate the dilutive effect of common shares issued upon the exercise of stock options granted under Orvana's Stock Option Plan after May 16, 2011.

The Company entered into the Pre-Emptive Rights Agreement to ensure that it had longer term financing flexibility in accessing the capital markets to raise equity and to obtain significant short-term financial flexibility through the bridge loan. Management is satisfied that short-term liquidity needs will be met as production commences at the Don Mario Mine UMZ and the EVBC Mine.

Orvana completed a public offering of 8,500,000 common shares at a price of C$ 2.00 per common share on August 11, 2011 for aggregate gross proceeds of $17 million. Concurrent with the completion of the offering, the Company repaid in full the outstanding amount of its $15 million bridge loan from Fabulosa Mines Limited by issuing 7,319,969 common shares to Fabulosa at the same price per share and on the same terms as the shares sold under the public offering (C$2.00 per share). Fabulosa also acquired, on a private placement basis, 1,180,031 common shares at a price of C$2.00 per common share. Following completion of the Offering, Fabulosa's holding in Orvana has declined from 52.3% to 52.0%.

Other Commitments

At September 30, 2011, the Company's other contractual obligations included: bank debt; bank guarantees; EMIPA term credit facilities; obligations under capital leases; operating leases;

asset retirement obligations; purchase obligations related to construction at the UMZ and EVBC Mines; provision for statutory labour obligations; and long-term compensation. Contractual obligations are summarized in the following table below:

Contractual Obligations	Payment Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Bank debt	$6,417	$6,417			
Bank guarantees	1,897	1,897			
Long-term debt	51,828	9,345	29,772	12,711	
Obligations under capital leases	4,179	2,002	2,177		
Operating leases	844	211	422	211	
Asset retirement obligations*	15,189				15,189
Purchase obligations	15,551	9,936	2,810	2,805	
Provision for statutory labour obligations	1,549				1,549
Long term compensation	1,050		734		316
Total contractual obligations	98,504	29,808	35,915	15,727	17,054

*Asset retirement obligations are at undiscounted amounts in the table.

Bank and long-term debt amounts shown in the above table are described above under the heading “Bank and Long-term Debt”.

During fiscal 2010 and 2011, Kinbauri entered into capital leases for the purchase of underground mining equipment in Spain. Under each capital lease agreement, 15% to 40% of the purchase price of the equipment is paid in cash at the time of delivery with the balance financed over a three-year lease term. Capital lease payments are payable quarterly with interest at rates of 5.5% to 6.5% per annum. Obligations under capital leases amounted to $4,179 at September 30, 2011.

At September 30, 2011, asset retirement obligations on a discounted basis amounted to $8,099 for the Company's Don Mario Mine in eastern Bolivia and the EVBC Mine in Northern Spain.

These asset retirement obligations 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.

Management estimates that the total undiscounted amount of the cash flows required to settle the Company's asset retirement obligations with respect to the operation of the Don Mario Mine is $7,723. The credit-adjusted interest rate used to discount estimated cash flows for these liabilities is 8%. Accretion expense is recorded using the resulting weighted average credit-adjusted interest rate. The discounted amount of this obligation as at September 30, 2011 is estimated at $3,517 and the related costs are expected to be incurred in 2021 through 2024.

Management estimates the total undiscounted amount of the cash flows required to settle the Company's asset retirement obligations with respect to the future operation of the EVBC Mine in Spain is $7,466. The credit-adjusted interest rate used to discount estimated cash flows is 8%. Accretion expense is recorded using the credit-adjusted interest rate. The discounted amount of the estimated cash flows as at September 30, 2011 required to settle the Company's current obligations with respect to the EVBC sites is $4,582. It is expected that these amounts will be incurred in 2018 and beyond.

Prior to the Company's acquisition of Kinbauri, the EVBC Mine had been shut down by its then owner and remediation measures required were completed and a reclamation bond of €894,684 was deposited, as required by Spanish mining regulations. In fiscal 2010, an additional reclamation bond in the amount of €1,521,960 was deposited by Orvana relating to the Company's new tailings facility.

On June 28, 2011, the Company announced that final approval has been received from the Spanish Ministry of the Environment for commercial production at the EVBC Mine. A $6,581 (€5 million) cash bond was paid in August 2011, and an additional €5 million cash bond is payable in June 2012. Total funds deposited with a Spanish financial institution for reclamation bonds amounted to $10,074 at September 30, 2011 (September 30, 2010 - $3,287).

It is possible that the Company's estimates of its ultimate asset retirement obligations 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 Company is subject to a 3% net smelter return royalty (a "NSR") on its production from the Don Mario Mine. This royalty is payable quarterly and amounted to $618 for fiscal 2011, compared to $902 for the same period in fiscal 2010.

Prior to its acquisition by Orvana, in exchange for an advance payment of C$7,500,000, Kinbauri entered into an agreement by which its Spanish subsidiary granted a 2.5% net smelter return royalty. The royalty rate increases to 3% for any quarter in which the average price of gold reaches or exceeds $1,100 per ounce. This royalty is payable quarterly and amounted to $440 for fiscal 2011 (September 30, 2010 – nil).

The royalty holder's advance payment is evidenced by a convertible debenture of Kinbauri in the principal amount of C$7,500,000 settled through royalty payments made as sales are made. During the period commencing on December 31, 2012 and ending on January 31, 2013, if the aggregate amount of royalty payments paid as at December 31, 2012 is less than C$7,500,000, the royalty holder may require that the remaining outstanding balance of the debenture be paid to it as a prepayment of future royalty payments.

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

The leases relating to the Copperwood Project are also subject to a net smelter return royalty payable on copper production. The royalty will be determined on a quarterly basis and will range from 2% to 4% based on prevailing copper prices adjusted for inflation and will become payable when production commences.

CAPITAL RESOURCES

At September 30, 2011, the Company had capital resources of $181,422 represented by long-term debt and obligations under capital leases of $51,996 and shareholders' equity amounting to $129,426.

Shareholders' equity increased by $20,024 to $129,426 ($1.07 per share) as at September 30, 2011, compared to $109,402 ($0.95 per share) at September 30, 2010.

RESULTS OF OPERATIONS

The following table and analysis compare operating results for the years ended September 30, 2011 and 2010:

	Year ended September 30,	
	2011	2010
Revenues	$25,085	$32,344
Costs and expenses of mining operations	22,972	25,276
Expenses (other income)	27,113	7,914
Net loss before derivatives mark-to market adjustment, net-of-tax [1]	(11,125)	(2,431)
Derivative mark-to-market adjustment, net-of-tax[1]	(9,528)	-
Net loss	(20,653)	(2,431)
Loss per share – basic and diluted	($0.17)	($0.02)

(1) These amounts are non-GAAP measures and are derived from the following amounts in the income statement: net derivatives losses of $13,611 less future income tax recoveries of $4,083 for fiscal 2011.

Revenues

Orvana's sales are determined according to spot gold, copper and silver prices. The following table summarizes gold, silver and copper revenues and average prices realized:

	Year ended September 30,	
	2011	2010
Revenues	$25,085	$32,344
Gold ounces sold	16,179	28,341
Average gold prices /oz. – Las Tojas	$1,378	$1,141
Average gold prices /oz. – EVBC	$1,695	-

Revenue for fiscal 2011 decreased by 22% to $25,085 on 16,179 gold ounces, 13,270 silver ounces and 504 thousand pounds of copper tonnes sold compared to $32,344 on 28,341 gold ounces sold during the same period of the prior year. The decline in revenue was due to the depletion of the Las Tojas deposit at the end of the second quarter of fiscal 2011 with a final shipment that occurred in the third quarter of fiscal 2011, partially offset by new EVBC gold-copper-silver revenues in Augusts and September 2011.

Further information on production, operations and costs is presented below under "Don Mario Mine - Las Tojas – Mine Performance", "Don Mario Mine - UMZ – Mine Performance" and "El Valle-Boinás/Carlés – Mine Performance",

Don Mario Mine - Las Tojas – Mine Performance

The Las Tojas deposit was depleted at the end of the second quarter and a final sale of gold doré was made in April 2011. The table below presents the operational and financial results from the Las Tojas deposit for the year ended September 30, 2011 compared to the year ended September 30, 2010.

	Year ended September 30,	
	2011	2010
Operating Data		
Ore milled (tonnes)	279,619	608,492
Gold		
Grade (g/t)	1.37	1.73
Recovery (%)	80.2	82.2
Production (ounces)	9,894	27,751
Sales (ounces)	10,659	28,341
Net cash cost ($/ounce)	$1,033	$742
Financial Data		
Revenue	$14,612	$32,344
Cost and expenses of mining operations	12,637	25,191
Earnings from operations	1,975	7,153

Cash costs were $1,033 per ounce on 9,894 ounces produced for the year ended September 30, 2011 (representing only six months of actual production that ended March 31, 2011) compared to $742 per ounce on 27,751 ounces produced for the year ended September 30, 2010. The increase in unit costs was largely due lower production volumes and processing of lower grade ore from the Las Tojas deposit.

Don Mario UMZ – Mine Performance

The Don Mario UMZ copper-gold-silver mine began operating in April 2011 and is continuing through its commissioning stage. Don Mario UMZ commissioning had not reached commercial production stage at September 30, 2011, and thus Don Mario UMZ revenues from copper concentrate were credited against capitalized commissioning costs.

Currently over 600,000 tonnes of ore, grading 1.95% copper, 1.92 g/t gold and 27.50 g/t silver, have been broken and stockpiled. During fiscal 2011 103,000 tonnes of ore were processed with a head grade of 1.82% copper, 1.77 g/t gold and 55.6 g/t silver. Total concentrate production to date was 2,074 tonnes grading approximately 36.5% copper, 24 g/t gold and 613 g/t silver. The first shipment of a 1,000 tonnes of concentrate was shipped from Arica, Chile to a smelter in Bulgaria during the first week of September.

The commissioning stage has been longer than planned, due in part to initial issues with the sulphuric acid plant. The plant is now running at nearly 100% of its design capacity. Metallurgical recoveries have also been significantly lower than planned, primarily due to a higher content of dolomite and talc in the mill feed, which has affected the leaching circuit resulting in periodic instability of the LPF process. These issues are being addressed by improving agitation as well as more precise blending of mill feedstock and fine tuning of reagents. Copper recoveries have reached 60%, and we continue to make progress toward a target of 70%. Until these recoveries improve, doré will not be produced and this issue is currently under a technical evaluation.

El Valle-Boinás/Carlés – Mine Performance

	Commissioning Period June-July 2011	Production Period Aug-Sept 2011	Year ended September 30, 2011
Operating Data			
Ore mined (tonnes)	135,226	68,595	203,821
Ore milled (tonnes)	83,268	94,658	177,926
Gold			
Grade (g/t)	1.79	2.04	1.92
Recovery (%)	81.3	87.5	87.0
Production (ounces)	3,897	5,439	9,336
Sales (ounces)	1,050	5,520	6,570
Copper			
Grade (%)	0.49	0.33	0.41
Recovery (%)	65.0	67.8	66.1
Production (thousand pounds)	587	469	1,056
Sales (thousand pounds)	490	504	994
Silver			
Grade (g/t)	10.44	7.06	8.64
Recovery (%)	60.0	54.5	57.8
Production (ounces)	16,765	11,691	28,456
Sales (ounces)	11,618	13,270	24,888

The EVBC mine commenced production start-up and commissioning in May 2011 and advanced to commercial production stage on August 1, 2011. Sales for August and September 2011 are reflected as revenue. EVBC sales prior to August 1, 2011 are credited against capitalized commissioning costs.

Since the start of production in the processing plant, over 177,926 dry metric tonnes were processed through the mill grading 1.92 g/t gold, 0.41% copper and 8.64 g/t silver. This head grade for gold is low as much of the initial material is development ore mined to access the stopes, and is primarily lower-grade skarn ore. Recoveries have been close to target for initial production, with 87.0% gold recovery, 66.1% copper recovery and a 57.8% silver recovery.

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended September 30, 2011:

	Quarters ended			
	Sept 30, 2011	June 30, 2011	Mar 31, 2011	Dec. 31, 2010
Revenues	$10,576	$1,752	$6,330	$6,427
Net (loss) income	$11,071	($7,013)	($3,687)	($21,024)
Earnings (loss) per share – basic and diluted	$0.09	($0.06)	($0.03)	($0.18)
Total assets	$239,902	$233,054	$211,566	$207,178
Total long-term financial liabilities *	$56,008	$55,095	$54,598	$50,820
Gold production - oz.	8,734	-	4,974	4,920
Gold sales – oz.	5,520	1,297	4,628	4,734
Silver production – oz.	44,935	-	-	-
Silver sales – oz.	13,270	-	-	-
Copper production – 000 lbs.	1,905	-	-	-
Copper sales – 000 lbs.	504	-	-	-
Non-GAAP measures				
Per ounce data -				
Total cash costs per oz. – Don Mario	n/a	$30	$995	$1,014
Total cash costs per oz. - EVBC	$1,181			
Average gold price realized/oz.	$1,695	$1,351	$1,368	$1,358
Operating statistics -				
- Gold ore grade – g/t	2.04	-	1.42	1.33
- Gold recovery rate - %	87.5%	-	83.0%	77.5%
- Silver ore grade – g/t	7.06	-	-	-
- Silver recovery rate - %	54.5%	-	-	-
- Copper ore grade – %	0.33	-	-	-
- Copper recovery rate - %	67.8%	-	-	-

* Long-term financial liabilities include the long-term and current portions of obligations under capital leases and the current and long-term debt before deferred financing fees

**The production statistics noted above include production quantities during both the commissioning period and the production period. The quantities sold include only the amounts sold during commercial production.

	Quarters ended			
	Sept 30, 2010	June 30, 2010	Mar. 31, 2010	Dec.31,2009
Revenues	$6,732	$7,758	$5,978	$11,876
Net income	($867)	($1,106)	($1,658)	$1,200
Earnings per share – basic and diluted	($0.01)	($0.01)	($0.01)	$0.01
Total assets	$156,472	$139,514	$137,243	$141,236
Total long-term financial liabilities *	$5,104	$3,235	$3,879	$4,515
Gold production - oz.	5,114	6,545	6,565	9,527
Gold sales – oz.	5,520	6,535	5,406	10,880
Non-GAAP measures				
Per ounce data -				
- Total cash costs	$971	$904	$771	$611
- Average gold price realized	$1,219	$1,187	$1,106	$1,092
Operating statistics -				
- Gold ore grade – g/t	1.41	1.66	1.70	2.13
- Gold recovery rate - %	73.5%	79.5%	83.3%	89.0%

* Long-term financial liabilities include the long-term and current portions of obligations under capital leases and the current and long-term debt before deferred financing fees

Comments on the tables of quarterly results

Average gold prices realized during each of the eight quarters ended September 30, 2011 ranged from $1,092 to $1,695 per ounce. Higher average gold prices in the last four quarters did not translate into higher quarterly net income when compared to the previous four quarters mostly due to higher production costs associated with processing the lower head grade ore from the Las Tojas deposit and overall lower quantities of metal produced and with respect to the quarter ended September 30, 2011, the stock-based consideration expense related to the shares issued to Fabulosa.

FOURTH QUARTER

The EVBC mine ended its start-up and commissioning activities at the end of July 2011 and began production operations in August 2011. Sales for August and September 2011 have been reported as revenue. EVBC sales prior to August 1, 2011 were credited against capitalized commissioning costs. Don Mario UMZ had not reached commercial production at September 30, 2011, and thus EMIPA's Don Mario UMZ sales of copper concentrate are credited against capitalized commissioning costs.

Revenues for the fourth quarter of fiscal 2011 were $10,576 on 5,520 gold ounces, 13,270 silver ounces and 504,000 pounds of copper sold compared to $6,732 on 5,520 gold ounces sold for the same period in fiscal 2010. Lower volumes of gold sold at Don Mario Las Tojas were partially offset by new gold-copper-silver sales from EVBC in August and September 2011.

Net income of $11,071 ($0.09 earnings per share) for the quarter ended September 30, 2011 compares to a net loss of $867 ($0.01 loss per share) for the quarter ended September 30, 2010. The increase was mainly due to a net of tax derivative gain of $11,997 from the revaluation of derivative contracts at September 30, 2011.

RISKS AND UNCERTAINTIES

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

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

The economics of developing mineral deposits are affected by many factors, including variations in the grade of ore mined, the cost of operations and fluctuations in the sales price of products. The value of the Company's mineral properties is heavily influenced by metal prices, particularly the prices of copper, gold and silver. Metal prices can and do change significantly over short periods of time and are affected by numerous factors beyond the control of the Company, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's properties can be mined profitably. Depending on the price received for minerals produced, the Company may determine that it is impractical to commence or continue commercial production. The grade of any ore ultimately mined from a mineral deposit may differ from that predicted from drilling results or past production. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on the results of operations. Moreover, there can be no assurance that because minerals are recovered in small scale laboratory tests that similar recoveries will be achieved under production scale conditions. Although precautions to minimize risks will be taken, processing operations are subject to hazards such as equipment failure or failure of tailings impoundment facilities, which may result in environmental pollution and consequent liability.

Mineral exploration and mining involve considerable financial, technical, legal and permitting risks. Substantial expenditures are usually required to establish ore reserves and resources, to evaluate metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs conducted by the Company will result in profitable commercial mining operations, as, within the mining industry, few properties that are explored are ultimately developed into producing mines. Risks associated with the conduct of exploration programs and the operation of mines include: unusual or unexpected geological formations; unstable ground conditions that could result in cave-ins or landslides; floods; power outages; shortages, restrictions or interruptions in supply of natural gas, cyanide, sulphur, lime, water or fuel; labour disruptions; social unrest in adjacent areas; fires; explosions; and the inability to obtain suitable or adequate machinery, equipment or labour. Any of these risks could have a material adverse effect on the Company's results of operations or financial condition.

In the absence of new operations or reserves being added, the Company's revenue stream will depend on production from the Don Mario UMZ, the EVBC Mine and the Copperwood Project. These projects have no significant operating history upon which to base estimates of future cash flow. The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated. Actual costs and economic returns may differ materially from the Company's estimates or the Company could fail to obtain the governmental approvals necessary for the operation of a project, in which case, the project may not proceed, either on its original timing, or at all.

For any of its projects, the Company may experience difficulty in obtaining satisfactory financing terms or adequate project financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on Orvana's results of operations or financial condition. At EVBC, with unplanned environmental bonding requirements, additional capital costs and lower initial operating cashflows than had been anticipated, to ensure adequate liquidity the Company is in discussions with its lender to increase the size of the current EVBC credit facility. At Copperwood, Orvana is investigating a variety of means to finance the estimated $200,000 capital expenditure to bring this project into production. The Company anticipates its UMZ operations will be self-financing in fiscal 2012. In the event that discussions with the Company's lender do not result in an adequate increase in the size of the EVBC credit facility, the Company does not find a satisfactory means of financing the development of the Copperwood Project, the UMZ Project is not self-financing in fiscal 2012 as anticipated or in the event of the occurrence of other unanticipated events, the Company may not have adequate resources to advance its projects as currently anticipated. In such circumstances, the Company may need to take additional measures to increase its liquidity and capital resources, including seeking additional debt or equity financing, strategically disposing of assets, or pursuing joint venture partnerships, equipment financings or off-take agreements.

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

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

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

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

The Bolivian Constitution provides that the Government shall grant mining rights by means of mining contracts, in place of the previously established process of granting mining concessions. The Transitory Provisions of the Bolivian Constitution provide a process for the migration of mining concessions into mining contracts. According to the Constitution, previously acquired rights under mining concessions will be respected but are subject to this migration process. Although the Government has not yet adopted the new Mining Code, Supreme Decree 0726 dated December 6, 2010 provides in its only article, that since the approval of such Supreme Decree, the mining concessions that were granted before December 6, 2010 are adequate for the constitutional provisions in force, and are transitioned automatically into Special Provisional Authorizations until such migration is executed under the regulation to be issued. The Supreme Decree also provides that “the automatic transformation mentioned in this paragraph, guarantees the acquired rights”.

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

As a result of a recent EMIPA tax audit performed by the Bolivia National Tax Service, EMIPA filed a tax lawsuit on January 2011 before the Bolivia Supreme Court, challenging a tax determination for an amount of US$ 1,260. As of today, the matter remains unresolved.

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

OTHER INFORMATION

Critical Accounting Estimates

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

Net realizable amounts of property, plant and equipment

At September 30, 2011, the net book value of the Don Mario Mine, plant, equipment and mineral properties amounted to $39,781. Amortization of these costs is calculated on the units-of-production method over the expected economic life of the mine. The expected economic life is dependent upon the estimated remaining ore; gold, copper and silver prices; and cash operating costs. During the fiscal 2010 year, an evaluation was completed to assess the fair market value of the assets of the EVBC Mine acquired with Kinbauri Gold Corp; the results of this evaluation have been included in the net book value of the assets associated with the acquisition.

The Company periodically assesses its capitalized exploration and development expenditures for impairment and where there are circumstances indicating that such impairment exists, the carrying value of the impaired asset is written down to fair value. The capitalized costs for the Copperwood Project amounted to $11,629. The PEA for the 10-year underground mine at Copperwood showed a pre-tax cash flow internal rate of return of 26% using copper pricing of $2.00 per pound, with current copper prices in excess of this price, net realizable amounts are in excess of these capitalized costs.

Asset retirement obligations

As at September 30, 2011, asset retirement obligations on a discounted basis amounted to $8,099 for the Company's Don Mario Mine in eastern Bolivia and the EVBC Mine in northern Spain. These asset retirement obligations 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.

Management estimates that the total undiscounted amount of the cash flows required to settle the Company's asset retirement obligations with respect to the operation of the Don Mario Mine is $7,723. The credit-adjusted interest rate used to discount estimated cash flows for these liabilities is 8%. Accretion expense is recorded using the resulting weighted average credit-adjusted interest rate. The discounted amount of this obligation as at September 30, 2011 is estimated at $3,517 and the related costs are expected to be incurred in 2021 through 2024.

Management estimates the total undiscounted amount of the cash flows required to settle the Company’s asset retirement obligations with respect to the future operation of the EVBC Mine in Spain is $7,466. The credit–adjusted interest rate used to discount estimated cash flows is 8%. Accretion expense is recorded using the credit-adjusted interest rate. The discounted amount of the estimated cash flows required to settle the Company’s obligations with respect to the EVBC sites as at September 30, 2011 is $4,582. It is expected that these amounts will be incurred in 2018 and beyond.

It is possible that the Company’s estimates of its ultimate asset retirement obligations 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.

Stock-based compensation

The Company recorded stock-based compensation expense of $1,415 for the year ended September 30, 2011, compared to $477 for same period of the prior year. The stock-based compensation expense is based on an estimate of the fair value of the stock options issued and expensed over the vesting period. The accounting for stock options requires estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Stock-based consideration

The Company recorded stock-based consideration expense of $5,214 for the year ended September 30, 2011. The Company did not record any stock-based consideration for the same period the prior year. On May 16, 2011, the Company entered into the Pre-Emptive Rights Agreement with Fabulosa, under which (i) Fabulosa committed to provide Orvana with a $15 million six-month, secured convertible bridge loan bearing interest at 8% per annum and (ii) certain of Fabulosa's pre-emptive rights were amended. As consideration, Orvana issued to Fabulosa 1,969,999 common shares and agreed to issue five-year warrants to purchase up to 2,725,000 common shares. The 1,969,999 shares were valued at C$2.59 per share and the amount of $5,214 was recorded as stock-based consideration expense during the quarter.

Long-term compensation

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

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

Outstanding Share Data

Orvana shares are traded on the Toronto Stock Exchange under the symbol ORV. As at September 30, 2011, there were 136,323,171 common shares outstanding with a stated value of $115,930 and there were also 2,575,000 stock options outstanding at the same date with a weighted average exercise price of Canadian $1.97. Stock options outstanding have expiry dates ranging from 2011 to 2016. As of the date of this report 136,323,171 shares were outstanding.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

The management of Orvana, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting and disclosure controls and procedures as of September 30, 2011. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

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

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

Changes in Accounting Policies and New Accounting Standards

New accounting policies not yet adopted

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests:

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

International Financial Reporting Standards ("IFRS")

IFRS has replaced Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, for its fiscal year ended September 30, 2012, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended December 31, 2011. The Company's fiscal 2012 interim and annual financial statements will include comparative fiscal 2011 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan

The Company's IFRS implementation team is progressing well in accordance with its IFRS transition plan. During the fourth quarter of fiscal 2011, Orvana has completed a preliminary estimate of the expected quantitative impact on its consolidated balance sheet as at October 1, 2010 in accordance with IFRS 1 *First-time Adoption of IFRS*.

The Company has completed the following elements of its transition to IFRS:

- Detailed analysis of the relevant IFRS requirements and identified the areas where accounting policy changes are required, and those for which accounting policy alternatives are available.
- Assessment of the first-time adoption requirements and alternatives.
- Determination of expected changes to significant accounting policies resulting from the adoption of IFRS.
- Management and employee education on the relevant aspects of IFRS and the expected changes to accounting policies.
- Resolution of the accounting policy change implications on accounting systems and business processes.
- Completion of a preliminary estimate of the expected quantitative impact on its consolidated balance sheet as at October 1, 2010 in accordance with IFRS 1 First-time Adoption of IFRS.

To complete its preparation for the transition to IFRS, the Company is currently finalizing its determination of the quantitative impact on its consolidated balance sheet as at October 1, 2010, and preparing the format of the Q1 fiscal 2012 financial statements consistent with IFRS presentation and disclosure requirements. The Company is also completing its resolution of the accounting policy change implications on information technology, internal controls over financial reporting and contractual arrangements.

Impact of Adopting IFRS on the Company

As part of its analysis of potential changes to significant accounting policies, the implementation team has been assessing what changes may be required to its accounting systems, and business processes. To date, changes to systems and process that have been identified are minimal and Management believes the systems and processes can accommodate the necessary changes.

The Company is continuing its review of contractual arrangements that may be affected by potential changes to significant accounting policies. To date, the Company has not identified any arrangements for which the expected changes will have a significant impact.

Throughout the transition process, the Company's staff and advisers involved in the preparation of financial statements have received training on the relevant aspects of IFRS and the expected changes to accounting policies. The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS transition plan, and with information regarding the expected changes to significant accounting policies.

Impact of Adopting IFRS on Internal Controls over Financial Reporting

Any changes to accounting policies or business processes have the potential to affect the Company’s internal controls over financial reporting (“ICFR”). The implementation team is assessing whether changes to ICFR are required. Based on the assessment to date, the Company does not currently expect the adoption to IFRS to have a significant impact on ICFR.

The Company has also reviewed certain existing controls and procedures to ensure they are appropriately included in the ongoing activities of the IFRS transition plan.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards (“IFRS 1”), which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period (September 30, 2012). However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company expects to elect to apply the following IFRS optional exemptions in the preparation of its opening IFRS balance sheet as at October 1, 2010, Orvana’s “Transition Date”:

- To apply IFRS 2 Share-based Payments only to equity-settled instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities prospectively from the Transition Date. IFRIC 1 provides guidance

regarding the treatment of changes in decommissioning, restoration and similar liabilities, such as the Company's asset retirement obligations.

- To not reassess whether arrangements contain a lease under IFRS where the same determination that would be made under IFRIC 4 Determining whether an Arrangement Contains a Lease (IFRIC 4) was made previously in accordance with Canadian GAAP.
- To apply the transitional provisions of IFRIC 4 to leases for which the same determination as IFRIC 4 was not made previously in accordance with Canadian GAAP. Therefore, the determination of whether these arrangements contain a lease is based on the circumstances existing at the Transition Date.
- To apply IAS 23 *Borrowing Costs* prospectively from the Transition Date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS balance sheet as at the Transition Date will be consistent with those made under current Canadian GAAP.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP, and affect the recognition and measurement of transactions and balances within the Company's financial statements.

The Company has finalized its determination of the expected changes to significant accounting policies resulting from the adoption of IFRS, and completed a preliminary estimate of the expected quantitative impact on the opening IFRS consolidated balance sheet as at October 1, 2010.

Included below are highlights of the areas where changes to significant accounting policies are expected. The list is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to provide highlights of the Company's determination of expected changes to significant accounting policies.

Accounting policies have been selected to be consistent with IFRS as it is expected to be effective for the Company for its fiscal 2012 annual consolidated financial statements. Changes to IFRS in effect at September 30, 2012 may require the Company to revise its determination of changes in accounting policies resulting from the adoption of IFRS.

Exploration expenditures

IFRS currently allows the Company to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties, subject to some restrictions.

The Company expects to retain its current policy of capitalizing exploration and evaluation expenditures once management has determined that there is a reasonable expectation of economic extraction of minerals from the property. The Company will continue to capitalize exploration costs and reclassify to deferred development costs when technical feasibility and commercial viability are demonstrable.

On adoption of IFRS, the Company expects to reclassify its capitalized costs associated with those properties where technical feasibility and commercial viability are not yet demonstrable from property, plant and equipment to a separate line on the balance sheet; mineral properties under exploration. The Company expects to reclassify $6,677 to mineral properties under exploration as at October 1, 2010. The carrying values of the properties reclassified are not expected to be affected by this reclassification.

As at October 1, 2010 the Company also expected to reclassify $60,011 of capitalized costs associated with those properties where technical feasibility and commercial viability are demonstrable from property, plant and equipment to a separate line on the balance sheet; mineral properties under development. The carrying values of the properties reclassified are not expected to be affected by this reclassification. However, the carrying values of the properties are expected to be affected by a change in accounting policies related to the measurement of decommissioning liabilities (see below).

Property, plant and equipment (measurement and valuation)

IFRS requires the Company to choose, for each class of capital assets, between the cost model and the revaluation model. Under the revaluation model, an item of property, plant and equipment is carried at its re-valued amount, being its fair value at the date of the revaluation less any accumulated amortization and accumulated impairment losses. The Company expects it will choose the cost model in accounting for its capital assets, which is generally consistent with current Canadian GAAP.

Other aspects of IAS 16, while similar to current Canadian GAAP, include some differences that will require a change in accounting policies. These differences include the accounting for significant components of assets that are recorded and depreciated separately.

The Company does not expect changes to its accounting policies that will have a significant effect on the measurement of property, plant and equipment (with the exception of the reclassification of mineral properties as noted above).

Impairment of (non-financial) assets

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

The Company will change its accounting policies to reflect these differences; however does not expect the changes to have a significant effect on its opening IFRS balance sheet.

Decommissioning Liability (asset retirement obligations)

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

The discount rate used to measure decommissioning liabilities under IFRS is based on current interest rates, adjusted to reflect the risks specific to the liability. Under Canadian GAAP, the discount rate used is the credit adjusted risk-free rate. On adoption of IFRS, the Company expects to change the discount rate used to measure decommissioning liabilities. The Company expects this change in accounting policy will result in an increase in liabilities of $214, and a corresponding increase in the carrying value of the mineral properties under development as at October 1, 2010.

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

Share-based payments

In certain circumstances, IFRS requires a different measurement of share-based compensation than current Canadian GAAP. In particular, IFRS requires forfeitures of the Company's stock options, restricted share units and deferred share units to be estimated when the instruments are granted. Under current GAAP, it is not required to account for forfeitures at the time of grant and the Company records forfeitures when they occur.

The Company expects that the change in accounting policy to estimate forfeitures will result in a reduction of contributed surplus of $57 at October 1, 2010, and a corresponding increase in retained earnings as at October 1, 2010.

Accounting for income taxes

While accounting for income taxes is similar under IFRS and Canadian GAAP, in certain circumstances there are differences in the measurement of future tax assets and future tax liabilities. The Company has assessed these differences and determined it expects to change its accounting policy to recognize deferred taxes arising from the exchange rate fluctuations on non-monetary assets and liabilities of foreign operations.

The Company will change its accounting policies to reflect this difference, and has estimated the change will result in an increase in deferred tax liabilities of approximately $615, and a corresponding decrease in retained earnings as at October 1, 2010.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending December 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending December 31, 2011 will also include fiscal 2011 financial statements for the comparative period, adjusted to comply with IFRS, and the Company's Transition Date IFRS balance sheet (as at October 1, 2010).

Other Information

Other operating and financial information, including the Company's Annual Information Form, is available in public disclosure documents filed on SEDAR at www.sedar.com and on the Company's website at www.orvana.com.