ORVANA

MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2013

This management's discussion and analysis ("MD&A") of results of operations and financial condition of Orvana Minerals Corp. and its consolidated subsidiaries ("Orvana" or the "Company") describes the operating and financial results of Orvana for the financial year ended September 30, 2013 ("FY2013").

This MD&A should be read in conjunction with the consolidated audited financial statements of Orvana for the year ended September 30, 2013 and related notes thereto (the "Audited Financials"). The Audited Financials are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

In this MD&A, all currency amounts (except per unit amounts) are in thousands and, unless otherwise stated, they are in thousands of United States dollars ("US dollars"). Production and sales in respect of gold and silver are in fine troy ounces referred to as "ounces" or "oz" and in respect of copper are in pounds also referred to as "lbs". References to "revenue" are to "net revenue" as defined in the notes to the table under "Overall Performance" below. The information presented in this MD&A is as of December 6*, 2013, unless otherwise stated.*

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

Orvana

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

2013 Annual Operating and Financial Highlights

- Fiscal 2013 production guidance surpassed with 80,541 ounces of gold, an increase of 7% from fiscal 2013 guidance and 44% from fiscal 2012 production.
- Production of 80,541 ounces of gold, 17.3 million pounds of copper and 1,017,811 ounces of silver and sales of 74,087 ounces of gold, 16.3 million pounds of copper and 1,073,394 ounces of silver in fiscal 2013 compared to production of 55,929 ounces of gold, 15.4 million pounds of copper and 716,280 ounces of silver and sales of 55,052 ounces of gold, 14.7 million pounds of copper and 669,810 ounces of silver in fiscal 2012.
- Strong mining and processing performance allowed for record production numbers to be achieved in the second half of fiscal 2013 at EVBC. (1)
- First full year of commercial production at the UMZ Mine. (1)
- Final major permitting milestones achieved at the Copperwood Project with the Wetlands Permit.
- Revenue of $162,199 for fiscal 2013 compared to $145,574 for fiscal 2012, an increase of 11%.

- Mining costs increased by $12,832 or 15% from $88,231 to $101,063 primarily due to higher sales volume for fiscal 2013 compared to fiscal 2012 and a full year of operations at the UMZ Mine compared to nine months of operations in fiscal 2012.
- Net income of $32,623 for fiscal 2013 compared to a net loss of $2,353 for fiscal 2012.
- Adjusted net income of $12,420 for fiscal 2013 compared to adjusted net income of $15,474 for fiscal 2012. (2)
- Cash flows provided by operating activities of $32,569 in fiscal 2013 compared to $41,705 in fiscal 2012 and cash flows provided by operating activities before changes in non-cash working capital of $38,685 in fiscal 2013 compared to $33,276 in fiscal 2012. (2)
- Capital expenditures of $21,157 for fiscal 2013 consisting mostly of primary development at EVBC compared to $37,718 for fiscal 2012, a decrease of 44%.
- Continued decrease in outstanding debt balances with debt net of cash, cash equivalents and restricted cash for debt repayment of $39,756 at September 30, 2013 compared to $50,184 at September 30, 2012.
- Continued improved working capital of $10,337 at September 30, 2013 compared to negative working capital of $6,788 at September 30, 2012.
- Cash and cash equivalents of $13,039 plus short-term restricted cash of $16,095 at September 30, 2013.
- All-in costs (by-product) of $1,086 per ounce of gold at the EVBC Mines and all-in costs (co-product) of $1,051 per ounce of gold, $19.30 per ounce of silver and $2.38 per pound of copper at the UMZ Mine. (3)
- Significant improvement to safety performance at all sites with an overall reduction of 58% in lost-time accidents compared to fiscal 2012.
- Completion of the hoist repairs and upgrades at the Boinás Mine is expected in early 2014.
- Suspension of the operations of the leach-precipitation-flotation (“LPF”) process at the UMZ Mine resulting in all transition and sulphides ore being processed through flotation-only circuits increasing throughput and reducing processing costs.
- Appointment of Michael Winship as President and Chief Executive Officer and appointment of John Bracale as new country manager in Bolivia in November 2013.

Q4 2013 Operating and Financial Highlights

- Production of 22,250 ounces of gold, 4.5 million pounds of copper and 289,335 ounces of silver and sales of 21,462 ounces of gold, 4.4 million pounds of copper and 314,011 ounces of silver. (1)
- Revenue of $43,975 in the fourth quarter of fiscal 2013 compared to $36,997 in the third quarter of fiscal 2013 and $52,110 in the fourth quarter of fiscal 2012, an increase of 19% and decrease of 16%, respectively.
- Net income of $1,174 in the fourth quarter of fiscal 2013 compared to net income of $11,315 in the third quarter of fiscal 2013 and a net loss of $2,007 in the fourth quarter of fiscal 2012.
- Adjusted net income of $7,814 in the fourth quarter of fiscal 2013 compared to adjusted net loss of $654 in the third quarter of fiscal 2013 and adjusted net income of $12,325 in the fourth quarter of fiscal 2012. (2)
- Cash flows provided by operating activities of $7,659 in the fourth quarter of fiscal 2013 compared to $10,845 in the third quarter of fiscal 2013 and $29,617 in the fourth quarter of fiscal 2012 and cash flows provided by operating activities before changes in non-cash working capital of $15,265 in the fourth quarter of fiscal 2013 compared to $4,604 in the third quarter of fiscal 2013 and $14,453 in the fourth quarter of fiscal 2012. (2)
- All-in costs (by-product) of $1,035 per ounce of gold at EVBC and all-in costs (co-product) of $823 per ounce of gold, $14.49 per ounce of silver and $2.17 per pound of copper at the UMZ Mine. (3)

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

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

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

OVERALL PERFORMANCE

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

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

	Q3 2013	Q4 2013	Q4 2012	FY2013	FY2012	FY2011
Operating Performance (1)						
Gold						
Production (oz)	22,319	**22,250**	15,155	**80,541**	55,929	19,313
Sales (oz)	20,480	**21,462**	18,604	**74,087**	55,052	16,179
Average realized price / oz (2)	$1,450	**$1,329**	$1,666	**$1,504**	$1,659	$1,402
Copper						
Production ('000 lbs)	4,558	**4,509**	4,058	**17,304**	15,366	1,056
Sales ('000 lbs)	4,064	**4,427**	5,259	**16,312**	14,730	504
Average realized price / lb (2)	$3.25	**$3.20**	$3.50	**$3.33**	$3.54	$1.93
Silver						
Production (oz)	303,704	**289,335**	277,081	**1,017,811**	716,280	11,691
Sales (oz)	303,733	**314,011**	289,356	**1,073,394**	669,810	13,270
Average realized price / oz (2)	$22.58	**$21.05**	$31.06	**$25.01**	$29.43	$34.58
Financial Performance						
Revenue (3)	$36,997	**$43,975**	$52,110	**$162,199**	$145,574	$25,085
Mining costs (4)	$27,736	**$25,643**	$26,240	**$101,063**	$88,231	$18,290
Impairment charge	$6,423	**($150)**	-	**$6,273**	-	-
Gross margin	($4,388)	**$12,303**	$21,912	**$30,998**	$42,326	$2,716
Derivative instruments gain (loss)	$33,700	**($9,853)**	($17,493)	**$42,140**	$26,095	$13,611
Net income (loss)	$11,315	**$1,174**	($2,007)	**$32,623**	($2,353)	($21,306)
Net income (loss) per share (basic/diluted)	$0.08	**$0.01**	($0.01)	**$0.24**	($0.02)	($0.18)
Adjusted net income (loss) (5)	($654)	**$7,814**	$12,325	**$12,420**	$15,474	($12,671)
Adjusted net income (loss) per share (basic/diluted) (5)	$0.00	**$0.06**	$0.09	**$0.09**	$0.11	($0.11)
Operating cash flows	$10,845	**$7,659**	$29,617	**$32,569**	$41,705	($12,623)
Operating cash flows before non-cash working capital changes (5)	$4,604	**$15,265**	$14,453	**$38,685**	$33,276	($2,263)
Ending cash and cash equivalents	$11,484	**$13,039**	$13,200	**$13,039**	$13,200	$12,244
Restricted cash (including long-term)	$16,304	**$17,839**	$18,399	**$17,839**	$18,399	$2,275
Capital expenditures (6)	$4,283	**$3,892**	$20,414	**$21,157**	$37,718	$59,819

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

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

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

(4) Mining costs represents all costs associated with the production of the metals sold in the period including personnel costs; energy cost (principally diesel fuel and electricity); maintenance and repair costs; operating supplies; external services; costs associated with delivery of the concentrate and doré to the point of sale; an allocation of site general and administrative costs; royalties and, in respect of the UMZ Mine, mining royalty taxes payable to the Bolivian government.

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

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

Fiscal Year Ended September 30, 2013 Compared to Fiscal Year Ended September 30, 2012

The Company recorded net income for fiscal 2013 of $32,623 or $0.24 per share, higher by $34,976 compared to the net loss of $2,353 or $0.02 loss per share in fiscal 2012, impacted significantly by the following factors:

- Revenue for fiscal 2013 increased by $16,625 or 11% to $162,199 on sales of 74,087 ounces of gold, 16.3 million pounds of copper and 1,073,394 ounces of silver from the EVBC Mines and the UMZ Mine as compared to revenue of $145,574 on sales of 55,052 ounces of gold, 14.7 million pounds of copper and 669,810 ounces of silver for fiscal 2012. Average gold, copper and silver prices realized during fiscal 2013 were $1,504 per ounce, $3.33 per pound and $25.01 per ounce, respectively. The increase in revenue resulted mainly from (i) higher volumes of metals produced and sold, and (ii) a full year of commercial production at the UMZ Mine compared to only nine months of commercial production in fiscal 2012.

- Mining costs increased by $12,832 or 15% from $88,231 to $101,063 primarily due to higher sales volume for fiscal 2013 compared to fiscal 2012 and a full year of operations at the UMZ Mine compared to nine months of operations in fiscal 2012. Gross margin decreased by $11,328 to $30,998 or 19% of revenue for fiscal 2013 compared to $42,326 or 29% of revenue for fiscal 2012 primarily due to lower realized metal prices and the impairment charge relating to the LPF plant and related consumables of $6,273.

- Expenses before derivative instruments gain increased by $4,826 or 29% from $16,449 in fiscal 2012 to $21,275 in fiscal 2013. This increase is primarily due to (i) a non-cash expense for the de-recognition of assets related to the Boinás Mine hoist of $2,244, representing the estimated costs to repair the damaged components, (ii) the provision for and subsequent payment to EMIPA union employees of $1,384, and (iii) a non-cash provision for potentially uncollectible value-added tax (“VAT”) of $1,387 at the UMZ Mine. The repair costs of the Boinás Mine hoist will be capitalized to property, plant and equipment when incurred and future insurance proceeds will be recorded in “other income” once received. These amounts were partially off-set by the non-recurrence of the debenture conversion expense of $3,132 recorded in fiscal 2012.

- The Company recorded derivative instruments gains of $42,140 for fiscal 2013 compared to the derivative instruments losses of $26,095 for fiscal 2012. The gains resulted from (i) unrealized fair value gains and losses relating to the Company’s outstanding derivative instruments at September 30, 2013 and 2012 of $43,295 and $20,993, respectively, and (ii) cash settlements losses of $1,155 and $5,102 in respect of the derivative instruments that matured during fiscal 2013 and fiscal 2012, respectively. The related deferred income tax expense recorded was $12,642 compared to a deferred income tax recovery of $7,829 in fiscal 2012. Of the Company’s total gold and copper sales in fiscal 2013, 38% and 21%, respectively, were hedged under the Company’s outstanding derivative instruments as required under the EVBC Loan. See “Financial Condition Review - Derivative Instruments”.

- The income tax expense for fiscal 2013 of $19,240 compared to $2,135 in fiscal 2012 increased due to greater income from higher metals sales.

The Company recorded adjusted net income of $12,420 for fiscal 2013 or $0.09 per share, a decrease of 20% compared to $15,474 or $0.11 per share in fiscal 2012. This is primarily due to (i) lower realized metals prices and (ii) higher operating costs during the first half of fiscal 2013. For further information and a detailed reconciliation of adjusted net income, please see the “Other Information - Non-IFRS Measures” section of this MD&A.

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

The Company recorded net income for the fourth quarter of fiscal 2013 of $1,174 or $0.01 per share, a decrease of $10,141 or 90%, compared to $11,315 or $0.08 per share for the third quarter of fiscal 2013. The Company’s net income for the fourth quarter of fiscal 2013 was impacted significantly by the following factors:

- Revenue for the fourth quarter of fiscal 2013 increased by $6,978 or 19% to $43,975 on sales of 21,462 ounces of gold, 4.4 million pounds of copper and 314,011 ounces of silver from the EVBC Mines and the UMZ Mine compared to revenue of $36,997 on sales of 20,480 ounces of gold, 4.1 pounds of copper and 303,733 ounces of silver in the third quarter of fiscal 2013. The increase in revenue resulted primary from higher sales volumes at the EVBC Mines and UMZ Mine offset by lower average realized prices during the fourth quarter of fiscal 2013.
- Total mining costs decreased by $2,093 or 8% from $27,736 in the third quarter of fiscal 2013 to $25,643 in the fourth quarter of fiscal 2013 primarily due to higher costs at the UMZ Mine in the third quarter of fiscal 2013 from running one LPF campaign compared to no LPF campaigns in the fourth quarter of fiscal 2013.
- Gross margin increased by $16,691 to $12,303 in the fourth quarter of fiscal 2013 from a loss of $4,388 in the third quarter of fiscal 2013 primarily due to the impairment charge with respect to the suspension of the LPF operations of $6,423 recorded in the third quarter of fiscal 2013.
- Expenses before derivative instruments gain (loss) decreased by $8,326 from $9,753 for the third quarter of fiscal 2013 to $1,427 for the fourth quarter of fiscal 2013. This is primarily due to non-recurring adjustments recorded in the third quarter of fiscal 2013 of (i) a non-cash expense for the de-recognition of assets related to the Boinás Mine hoist of $3,500, the estimated costs to repair the damaged components which was revised in the fourth quarter of fiscal 2013 to $2,244, (ii) the provision for and subsequent one-time payment to EMIPA union employees of $1,384, and (iii) a non-cash provision for potentially uncollectible value-added tax (“VAT”) of $1,387 at the UMZ Mine.
- The Company recorded an unrealized derivative instruments loss of $10,854 in the fourth quarter of fiscal 2013 compared to an unrealized derivative instruments gain of $32,902 in the third quarter of fiscal 2013 relating to the fair market revaluation of the Company’s outstanding derivative instruments.
- The income tax recovery in the fourth quarter of fiscal 2013 was $151 compared to an income tax expense of $8,244 in the third quarter of fiscal 2013 primarily due to the deferred income tax recovery of $3,256 relating to the unrealized losses on the mark-to-market revaluation of the Company’s outstanding derivative instruments at the end of the period.

The Company recorded adjusted net income of $7,814 for the fourth quarter of fiscal 2013 or $0.06 per share compared to adjusted net loss of $654 or $0.00 per share for the third quarter of fiscal 2013. For further information and a detailed reconciliation of adjusted net income (loss), please see the “Other Information - Non-IFRS Measures” section of this MD&A.

EVBC Mines

Through its wholly-owned subsidiary, Kinbauri España S.L.U. (“Kinbauri”), the Company owns and operates the EVBC Mines located in the Rio Narcea Gold Belt in northern Spain. The EVBC Mines are comprised of the Boinás Mine, where skarns and oxides are being mined underground, and the Carlés Mine, where skarns are being mined underground. The EVBC Mines commenced commercial production in August 2011.

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

	Q3 2013	Q4 2013	Q4 2012	FY2013	FY2012
Operating Performance					
Ore mined (tonnes) (wmt)	193,202	**204,859**	129,015	**752,572**	558,583
Ore milled (tonnes) (dmt)	181,599	**181,763**	118,436	**685,697**	519,690
Gold					
Grade (g/t)	3.41	**3.26**	2.95	**3.24**	2.77
Recovery (%)	92.5	**93.4**	93.2	**92.5**	92.5
Production (oz)	18,439	**17,823**	10,465	**65,992**	42,864
Sales (oz)	16,808	**17,411**	13,457	**59,802**	42,837
Copper					
Grade (%)	0.63	**0.54**	0.37	**0.52**	0.41
Recovery (%)	87.3	**86.2**	82.0	**84.4**	84.1
Production ('000 lbs)	1,942	**1,880**	800	**6,658**	3,951
Sales ('000 lbs)	1,643	**1,990**	1,241	**6,085**	3,951
Silver					
Grade (g/t)	12.10	**11.30**	8.41	**11.24**	9.17
Recovery (%)	82.9	**81.8**	76.3	**79.8**	76.4
Production (oz)	58,856	**54,241**	24,718	**197,768**	117,113
Sales (oz)	51,934	**62,447**	29,098	**190,843**	106,199
Financial Performance					
Revenue	$25,449	**$27,904**	$25,843	**$102,309**	$82,750
Mining costs	$17,620	**$18,017**	$13,280	**$62,867**	$48,126
Derivative instruments gain (loss)	$33,700	**($9,853)**	$17,493	**$42,140**	($26,095)
Income (loss) before tax	$30,894	**$6,994**	($9,961)	**$55,270**	($6,506)
Capital expenditures (2)	$2,900	**$3,748**	$9,457	**$13,248**	$31,136
Cash operating costs (by-product) ($/oz) gold (1)	$846	**$759**	$720	**$803**	$854
All-in sustaining costs (by-product) ($/oz) gold (1)	$1,049	**$1,035**	$1,749	**$1,086**	$1,658
All-in costs (by-product) ($/oz) gold (1)	$1,049	**$1,035**	$1,749	**$1,086**	$1,658

(1) During the current quarter, the Company adopted AISC. Costs are reported per ounce of gold sold in the period. Previously, the Company reported total cash costs (by-product) and total production costs (by-product) per ounce of gold sold. For further information and a detailed reconciliation of AISC, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

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

EVBC Operating Performance

With strong mining and processing performance and higher average grades of gold, copper and silver, the EVBC Mines achieved record production numbers during fiscal 2013 of 65,992 ounces of gold, 6.7 million pounds of copper and 197,768 ounces of silver compared to 42,864 ounces of gold, 4.0 million pounds of copper and 117,113 ounces of silver in fiscal 2012, an increase of 54%, 69% and 69%, respectively.

The increase in production compared to fiscal 2012 is primarily due to an increase of 35% in tonnage mined and 32% in tonnage milled and an increase in gold, copper and silver head grades of 17%, 27% and 23%, respectively. Improved planning has provided better support to operations in development and dewatering in advance of mining. Backfilling has improved in both skarn and oxides providing for improved cycle times for mining the secondary stopes and increasing production. The Boinás Mine continued to make progress in primary mine development advancements in both oxide and skarn areas in order to have sufficient stopes available for mining. Oxide mining with contractors has shown improved production and efficiencies following a change in the oxides contractor in the second quarter. Carles Mine production has improved from 2012 levels as ramp access has made stoping on multiple levels possible.

During the fourth quarter of fiscal 2013, the EVBC Mines produced 17,823 ounces of gold, 1.9 million pounds of copper and 54,241 ounces of silver compared to (i) 10,465 ounces of gold, 0.8 million pounds of copper and 24,718 ounces of silver during the fourth quarter of fiscal 2012, and (ii) 18,439 ounces of gold, 1.9 million pounds of copper and 58,856 ounces of silver during the third quarter of fiscal 2013. Production was higher in the fourth quarter of fiscal 2013 compared to the fourth quarter of fiscal 2012 as a result of an increase in tonnes mined and milled and higher head grades and recovery of gold, copper and silver. Production was higher in the third quarter of fiscal 2013 compared to the fourth quarter of fiscal 2013 as a result of higher grade of gold, copper and silver, higher recovery of copper and silver and the hoist being operational at the start of the third quarter until June 2013.

The Company experienced a hoisting incident at Boinás Mine in June 2013, where a fully loaded skip failed to stop going into the surface dump, crashing into the top of the headframe and dropping down the shaft when the wire rope attachment failed resulting in material damage to the hoist/shaft system. In response to the incident, the Company has executed on an alternative production schedule. This incorporates ramp haulage for Boinás skarns, which was the methodology used in 2012 to carry Boinás skarns to the plant prior to the hoist system becoming operational, greater oxides mining at the Boinás Mine and an increase in overall production at the Carlés Mine where operations have continued unaffected. During the fourth quarter, this alternative production schedule exceeded expectations. Mill throughput hit an all-time high average of 2,250 tonnes per day in August, demonstrating the capacity of the plant to operate at least 10% above its nominal capacity of 2,000 tonnes per day for a prolonged period of time when there is adequate stockpiled feed ahead of the primary crushing plant.

The Company has engaged a leading EPCM contractor specializing in hoists to lead the hoist recovery plan. Progress on the hoist recovery continues with the ropes and hoist controls being removed. All key parts have been ordered including hoist ropes, controls, skips and steel manufacturing. The remainder of the hoist ropes and hoist controls are expected to be delivered in early December. The placement of small hoist and lifting devices has been installed and the removal of old shaft steel has begun. The Company expects completion of hoist repairs and upgrades in early 2014.

The basic recovery of the hoist system is estimated to cost approximately $2,244. The Company has been assisting its insurers with their evaluations relating to the recovery of the basic hoist repair costs. The Company is taking this opportunity to enhance the capabilities of the hoist with enhanced design and safety improvements. This includes a hoisting system designed to international standards with appropriate redundant safety features, a skip arrestor system and skip caging system in the headframe. Modification to the underground and haulage system that will enhance ore movement and provide the potential to hoist oxides is also being completed. The estimated costs of the upgrades are approximately $2,000 and will be paid for by EVBC.

During the fourth quarter of fiscal 2013, the Company initiated the implementation of a number of costs savings initiatives at EVBC including the rationalization of certain contractors, reduction of company personnel and certain changes to the oxides stope widths and profile to allow for improved efficiencies in the mining of the oxides which is expected to improve mining costs.

During the fourth quarter, EVBC completed an internal update of its resources, reserves and its life-of-mine plan and is currently undertaking an independent external expert review thereof.

EVBC Financial Performance

Revenue for EVBC for fiscal 2013 increased by $19,559 or 24% to $102,309 on sales of 59,802 ounces of gold, 6.1 million pounds of copper and 190,843 ounces of silver from $82,750 on sales of 42,837 ounces of gold, 3.9 million pounds of copper and 106,199 ounces of silver in fiscal 2012. Mining costs increased by $14,741 or 31% from $48,126 to $62,867, depreciation and amortization increased by $6,716 or 57% from $11,754 to $18,470 and royalties increased by $2,471 to $3,059. These increases resulted from higher volumes of metals produced and sold off-set by a lower average realized price.

Income before tax for fiscal 2013 was $55,270 compared to a loss before tax of $6,506 in fiscal 2012. The increase is due mainly to the unrealized gain recorded on the revaluation of the Company's outstanding derivative instruments during fiscal 2013 which is included in the calculation of income taxes in Spain. Of the total sales of gold and copper in fiscal 2013 from the EVBC Mines, 42% and 46%, respectively, were hedged as required under the EVBC Loan.

Total capital expenditures for fiscal 2013 at the EVBC Mines decreased by $17,888 or 57% compared to $31,136 in fiscal 2012. Capital expenditures in fiscal 2013 included $9,810 for primary mine development, $179 relating to the tailings dam lifts, $1,116 for hoist construction completed in early 2013 and hoist repair currently underway and $2,143 for other sustaining capital. This includes $2,022 in respect of capital expenditures incurred in fiscal 2012 and paid in fiscal 2013 and capital expenditures which remain unpaid at year end and will be paid in subsequent quarters.

Total cash operating costs of $803 per ounce of gold sold in fiscal 2013 were $51 or 6% lower than in 2012 and total all-in sustaining costs and total all-in costs of $1,086 per ounce of gold sold in fiscal 2013 were $572 or 35% lower than in 2012 due to the factors set out above in respective of capital expenditures.

Revenue from EVBC for the fourth quarter of fiscal 2013 increased by 13% to $27,904 on sales of 17,411 ounces of gold, 2.0 million pounds of copper and 62,447 ounces of silver from $25,499 on sales of 16,808 ounces of gold, 1.6 million pounds of copper and 51,934 ounces of silver in the third quarter of fiscal 2013 primarily as a result of higher volumes of all three metals sold.

The cost of sales during the fourth quarter of fiscal 2013 was $23,505 including mining costs of $18,017 and depreciation and amortization expense of $5,488 compared to $17,620 in the third quarter of fiscal 2013. While there were higher sales of metals during the fourth quarter of fiscal 2013 compared to the third quarter of fiscal 2013, the cost of sales were consistent with the prior quarter primarily due to (i) lower contractor costs associated with mining of oxides, (ii) lower electricity costs, and (iii) initial results of the Company's initiation of cost reduction initiatives. Costs of sales in the fourth quarter include certain costs to achieve costs savings initiatives**.**

During the third quarter of fiscal 2013, the hoist incident at the Boinás Mine resulted in material damage to the hoist/shaft system. The Company had de-recognized a portion of the asset of $3,500, the estimated cost at the time of the incident to repair the damaged components. During the fourth quarter of fiscal 2013 the estimated cost for the basic recovery of the damaged components was revised to $2,244. As a result, the difference of $1,256 has been recorded through other income. The repair costs are being capitalized to property, plant and equipment when incurred and future insurance proceeds will be recorded in "other income" once received. The cost of hoist upgrades of approximately $2,000 will also be capitalized to property, plant and equipment.

Loss before tax for the fourth quarter of fiscal 2013 was $6,994 compared to income before tax of $30,894 for the third quarter of fiscal 2013 due mainly to the unrealized loss recorded on the revaluation of the Company's outstanding derivative instruments during the fourth quarter due to a recovery in the price of gold and copper. Of the total gold and copper sales during the fourth quarter of fiscal 2013 from EVBC, 42% and 46%, respectively, were hedged under outstanding derivative instruments as required under the EVBC Loan.

Total capital expenditures at EVBC during the fourth quarter of fiscal 2013 was $3,748. Total capital expenditures for the fourth quarter consisted of $1,920 for primary mine development, $168 relating to the tailings dam lift, $1,116 relating to the hoist repair and $544 for other sustaining capital. This includes $983 in respect of capital expenditures incurred in the third quarter of fiscal 2013 and paid in the fourth quarter of fiscal 2013 and capital expenditures which remain unpaid at year end and will be paid in subsequent quarters.

Total cash operating costs of $759 per ounce of gold sold in the fourth quarter of fiscal 2013 were $87 or 10% lower than in the third quarter of 2013 and total all-in sustaining costs and total all-in costs of $1,035 per ounce of gold sold in the fourth quarter of fiscal 2013 were 1% or $14 lower than in the third quarter of 2013 due to the factors set out above in respect of mining costs.

Reserves and Resources Estimates

The Company issued updated resource and reserves estimates in its Annual Information Form dated December 28, 2012 prepared in accordance with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* ("NI 43-101") under the supervision of C. Knievel, a qualified person but who is not independent for the purposes of NI 43-101. Effective at July 31, 2012, EVBC contained (i) proven reserves of 2.1 million tonnes at 3.05 grams per tonne gold and 0.71% copper and probable reserves of 5.8 million tonnes at 3.53 grams per tonne gold and 0.46 copper, and (ii) measured and indicated resources, including reserves, of 3.0 million tonnes at 3.98 grams per tonne gold and 0.78% copper and 5.5 million tonnes at 5.23 grams per tonne gold and 0.58% copper, respectively. The Company expects to update its reserve and resource estimates and will include this information in its annual information form for its 2013 fiscal year to be filed prior to December 27, 2013. The Company did not change its long-term gold price of $1,100 per ounce used in the estimation of its reserves and expects to have replaced reserves mined in fiscal 2013 through drilling completed to upgrade inferred resources to reserves.

Growth Exploration – Increase of Reserves and Resources Estimates

In the fourth quarter, the Company has completed a review of its opportunities to increase its reserves and resource estimates at its existing EVBC Mines through the potential to upgrade inferred resources to reserves, the potential to identify new resources at the EVBC Mines and outside of the EVBC Mines. In fiscal 2014, the Company plans to continue its initiatives to upgrade inferred resources, explore zones at the EVBC Mines that are possibly open at depth and strike and explore satellite properties by spending of up to approximately $1,400 on delineated drilling to upgrade resources and up to approximately $1,900 on strategic exploration targeting to add approximately 500,000 ounces of gold in new resources.

UMZ Mine

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

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

	Q3 2013	Q4 2013	Q4 2012	FY2013	FY2012
Operating Performance (1)					
Ore mined (tonnes)	258,116	**245,976**	322,422	**1,013,646**	1,016,489
Ore milled (tonnes)	195,798	**206,431**	191,725	**788,149**	594,054
Gold					
Grade (g/t)	1.39	**1.44**	1.55	**1.26**	1.75
Recovery (%)	44.3	**46.5**	49.2	**45.6**	39.1
Production (oz)	3,880	**4,427**	4,691	**14,549**	13,065
Sales (oz)	3,672	**4,051**	5,147	**14,285**	12,215
Copper					
Grade (%)	1.40	**1.43**	1.65	**1.39**	1.76
Recovery (%)	43.4	**40.3**	46.7	**44.2**	49.4
Production ('000 lbs)	2,616	**2,630**	3,259	**10,646**	11,415
Sales ('000 lbs)	2,421	**2,437**	4,018	**10,228**	10,779
Silver					
Grade (g/t)	61.30	**54.57**	75.23	**52.67**	81.17
Recovery (%)	63.5	**64.9**	54.4	**61.5**	38.6
Production (oz)	244,848	**235,094**	252,364	**820,043**	599,167
Sales (oz)	251,799	**251,564**	260,054	**882,551**	563,611
Financial Performance					
Revenue	$11,497	**$16,072**	$26,267	**$59,890**	$62,824
Mining costs	$10,115	**$7,627**	$12,960	**$38,196**	$40,105
EMIPA Q3 adjustments (3)	$9,194	**($150)**	-	**$9,044**	-
Income (loss) before tax	($10,350)	**$8,463**	$12,116	**$4,545**	$17,060
Capital expenditures	$317	**$581**	$1,164	**$2,691**	$1,969
Cash operating costs (co-product) ($/oz) gold (2)	$939	**$740**	$969	**$951**	$1,147
Cash operating costs (co-product) ($/lb) copper (2) (4)	$2.18	**$1.97**	1.92	**$2.16**	$2.40
Cash operating costs (co-product) ($/oz) silver (2)	$16.34	**$13.17**	$18.69	**$17.64**	$22.88

	Q3 2013	Q4 2013	Q4 2012	FY2013	FY2012
All-in sustaining costs (co-product) ($/oz) gold (2)	$1,010	**$823**	$1,587	**$1,051**	$1,258
All-in sustaining costs (co-product) ($/lb) copper (2)	$2.35	**$2.17**	$3.61	**$2.38**	$2.63
All-in sustaining costs (co-product) ($/oz) silver (2)	$17.47	**$14.49**	$33.00	**$19.30**	$24.86
All-in costs (co-product) ($/oz) gold (1)	$1,010	**$823**	$1,587	**$1,051**	$1,258
All-in costs (co-product) ($/lb) copper (1)	$2.35	**$2.17**	$3.61	**$2.38**	$2.63
All-in costs (co-product) ($/oz) silver (1)	$17.47	**$14.49**	$33.00	**$19.30**	$24.86

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

(2) During the fourth quarter, the Company adopted AISC. Costs are reported per ounce of gold or silver or per pound of copper sold in the period. Previously, the Company reported total cash costs (co-product) per ounce of gold and silver sold and per pound of copper sold. For further information and a detailed reconciliation of AISC, please see the “Other Information - Non-IFRS Measures” section of this MD&A.

(3) The “EMIPA Q3 Adjustments” includes (i) a non-cash provision of $1,387 for amounts of VAT claimed and received and amounts of VAT not yet claimed or received recorded as VAT receivables as a result of recently completed audits conducted by the Bolivian National Tax Services with respect to VAT claims, (ii) as part of an impairment charge of the LPF plant and related consumables (the “EMIPA Write-Down”), non-recurring non-cash other expenses of $6,423 recorded comprised primarily of $4,715 and $1,558 representing the carrying value of the LPF plant and LPF consumables and materials in inventory at June 30, 2013, respectively, and (iii) a provision for and subsequent payment of $1,384 to EMIPA union employees in respect of two periods between 2002 and 2012.

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

UMZ Operating Performance

During fiscal 2013, the UMZ Mine produced 14,549 ounces of gold, 10.6 million pounds of copper, and 820,043 ounces of silver compared to 13,065 ounces of gold, 11.4 million pounds of copper and 599,167 ounces of silver in fiscal 2012.

Production in fiscal 2013 compared to fiscal 2012 of (i) gold increased by 11% primarily as a result of a 17% increase in recoveries, (ii) copper decreased by 7% as a result of 21% lower head grades and 11% decrease in recoveries, and (iii) silver increased by 37% as a result of a 59% increase in recoveries.

During the fourth quarter of fiscal 2013, the UMZ Mine produced 4,427 ounces of gold, 2.6 million pounds of copper and 235,094 ounces of silver compared to (i) 4,691 ounces of gold, 3.2 million pounds of copper and 252,364 ounces of silver during the fourth quarter of fiscal 2012, and (ii) 3,880 ounces of gold, 2.6 million pounds of copper and 244,848 ounces of silver during the third quarter of fiscal 2013.

Production in the fourth quarter of fiscal 2013 compared to the third quarter of fiscal 2013 of (i) gold increased by 14% primarily as a result of a 4% increase in head grades, a 5% increase in recoveries, and, (ii) silver decreased by 4% due to 11% lower head grades from the composition of the areas mined in the transition and sulphide zones.

An LPF circuit, which includes conventional flotation circuits from the previous operations, was installed to process the oxide and transition ores from the UMZ Mine. In March 2012, the Company commenced processing transition ores, which includes both copper in oxide minerals and copper in sulphide minerals, by flotation-only and oxides through the LPF process. The Company processed oxide ores through the LPF circuit for approximately 15 days during each of the first, second and third quarter of fiscal 2013. During the third quarter, the Company reviewed the LPF process and determined, as a result of, among other things, declining metals prices and rising prices of necessary consumables for the LPF process, that it was no longer economical to process oxides through the LPF process at this time. LPF processing costs were significantly higher than flotation-only processing costs and throughput of the LPF circuit was approximately half that of the flotation-only circuit.

As a result, the Company suspended the LPF process and recorded an impairment charge of the LPF plant and related consumables of $6,273 for fiscal 2013. During the fourth quarter, the Company continued to process transition and sulphide ores by the flotation-only circuits. Throughput increased by 5% and total all-in costs decreased by 19%, 8% and 17%, for gold, copper and silver, respectively, in the fourth quarter compared to the third quarter of fiscal 2013.

The Company continues to evaluate reagents which may allow it to process oxide ores through its flotation-only process by completing certain testing in the fourth quarter of fiscal 2013 and the first quarter of fiscal 2014. As a result of the additional testing being undertaken by the Company relating to the processing of oxide ores, the EMIPA Write-Down does not include oxide ores in stockpile at September 30, 2013 with a carrying value of $1,678.

In the fourth quarter, the Company commenced the implementation of the addition of gold gravity concentrators. This implementation, scheduled to be completed in the second quarter of fiscal 2014, is expected to increase gold recoveries to between 60% to 65% and, therefore, result in increased gold production from the UMZ Mine in the second half of fiscal 2014.

During the fourth quarter of fiscal 2013, EMIPA entered into regular annual union wage negotiations as mandated under Bolivian law. Intermittent work stoppages occurred in July. The Company successfully completed the wage negotiations in August.

Subsequent to year end, the Company appointed John Bracale as the new country manager in Bolivia with the retirement of the outgoing country manager. Mr. Bracale has over thirty years of mining experience, mostly in Latin America, including three years of experience in Bolivia. His most recent executive role was as President and Country Manager for a subsidiary of HudBay Minerals (CGN) in Guatemala.

UMZ Financial Performance

Revenue from the UMZ Mine for fiscal 2013 was $59,890 on sales of 14,285 ounces of gold, 10.2 million pounds of copper and 882,551 ounces of silver compared to $62,824 on sales of 12,215 ounces of gold, 10.8 million pounds of copper and 563,611 ounces of silver in fiscal 2012. The increase in sales volumes was offset by lower average sales prices realized in fiscal 2013. The Company did not record any revenue from the UMZ Mine in the first quarter of fiscal 2012 as it was not in commercial production during that period.

Mining costs decreased by $1,909 or 5% from $40,105 to $38,196 during fiscal 2013 compared to fiscal 2012 primarily due to lower costs in fiscal 2013 from running three LPF campaigns compared to four LPF campaigns in fiscal 2012

Income before tax for fiscal 2013 was $4,545 compared to $17,060 in fiscal 2012. The decrease resulted mainly from the EMIPA Q3 Adjustments relating to (i) a provision of $1,387 for amounts of VAT claimed and received and amounts of VAT not yet claimed or received recorded as VAT receivables as a result of recently completed audits conducted by the Bolivian National Tax Services with respect to VAT claims, (ii) as part of the EMIPA Write-Down, non-recurring other expenses of $6,423 were recorded comprised primarily of $4,715 and $1,558 representing the carrying value of the LPF plant and LPF consumables and materials in inventory at June 30, 2013, respectively, and (iii) a provision for EMIPA union employees of $1,384 related to a demand in the third quarter of fiscal 2013 by union employees for certain payments in respect of two periods between 2002 and 2012.

For fiscal 2013, cash operating costs (co-product) were $951 per ounce of gold or 17% lower, $2.16 per pound of copper or 10% lower and $17.64 or 23% lower than fiscal 2012. All-in sustaining costs (co-product) in fiscal 2013 were $1,051 per ounce of gold or 16% lower, $2.38 per pound of copper or 10% lower and $19.30 per ounce of silver or 16% lower compared to $1,258 per ounce of gold, $2.63 per pound of copper and $24.86 per ounce of silver for fiscal 2012. All-in costs (co-product) in fiscal 2013 were $1,076 per ounce of gold or 14% lower, $2.44 per pound of copper or 7% lower and $19.71 per ounce of silver or 21% lower compared to $1,258 per ounce of gold, $2.63 per pound of copper and $24.86 per ounce of silver for fiscal 2012. These decreases are generally due to (i) lower costs in fiscal 2013 from running three LPF campaigns compared to four LPF campaigns in fiscal 2012, off-set by higher treatment charges due to lower grade of copper concentrate product, and (ii) the positive contribution of gross by-product credits from lead sales to the silver costs.

Total capital expenditures at the UMZ Mine during fiscal 2013 were $2,691, primarily related to the tailings dam raise mostly completed at the end of fiscal 2012 and capitalized during the first quarter of fiscal 2013 and the purchase and major repair of certain equipment.

Revenue for the fourth quarter of fiscal 2013 was higher by $4,575 or 40% at $16,072 compared to $11,497 for the third quarter of fiscal 2013 primarily as a result of 20% higher volume of gold sold and positive mark-to-market adjustments based on unrealized price fluctuations at period end relating to metals sold in the current or prior reporting periods prior to completion of final liquidations relating to such sales.

Income before tax for the fourth quarter of fiscal 2013 was $8,463 compared to loss before tax of $10,350 for the third quarter of fiscal 2013 primarily due to the non-recurring EMIPA Q3 Adjustments recorded in the third quarter.

Total capital expenditures at the UMZ Mine during the fourth quarter of fiscal 2013 were $581 primarily related to the tailings dam raise and the purchase of certain minor equipment.

For the fourth quarter of fiscal 2013, cash operating costs (co-product) were $740 per ounce of gold or 21% lower, $1.97 per pound of copper or 10% lower and $13.17 per ounce of silver or 19% lower compared to $939 per ounce of gold, $2.18 per pound of copper and $16.34 per ounce of silver in the third quarter of fiscal 2013. Total all-in costs (co-product) were $823 per ounce of gold or 19% lower, $2.17 per pound of copper or 9% lower and $14.49 per ounce of silver or 17% lower compared to $1,010 per ounce of gold, $2.35 per pound of copper and $17.47 per ounce of silver for the third quarter of fiscal 2013. These decreases are generally due to higher costs in the third quarter of fiscal 2013 from running one LPF campaign compared to no LPF campaigns in the fourth quarter of fiscal 2013 off-set by higher treatment charges due to lower grade of copper concentrate product sold.

Reserves and Resources Estimates

On December 18, 2012, the Company filed an updated resource and reserve estimate for the UMZ Mine prepared in accordance with NI 43-101 (the "UMZ Technical Report"), disclosing that at October 1, 2012, the UMZ Mine contained (i) proven reserves of 1.59 million tonnes at 1.26 grams per tonne gold, 1.23% copper and 40 grams per tonne silver, and (ii) probable reserves of 2.74 million tonnes at 1.27 grams per tonne gold, 1.28% copper and 40 grams per tonne silver. Estimated measured and indicated resources, including reserves, at the UMZ Mine were 1.72 million tonnes at 1.28 grams per tonne gold, 1.23% copper and 39 grams per tonne silver and 3.26 million tonnes at 1.32 grams per tonne gold, 1.32% copper and 39 grams per tonne silver, respectively. This updated estimate was prepared under the supervision of Francisco Alcalde Garmendia of Kminante Consultores in Santiago, Chile, who is a qualified person for the purposes of NI 43-101 and is independent of Orvana.

The UMZ Technical Report categorized certain oxide ores as reserves and resources and provided for the processing thereof through the LPF process. The Company is currently updating its resource and reserve estimates for the UMZ Mine based on updated long-term metals prices and to reflect the possibility that oxide ores may not be processed through the LPF process. This update may result in a reduced mine life for the UMZ Mine compared to end of the life of the UMZ Mine identified in the UMZ Technical Report. However, the Company is undertaking additional testing relating to the processing of oxide ores which may extend the life of the UMZ Mine. The Company expects to update its reserve and resource estimates and will include this information in its annual information form for its 2013 fiscal year to be filed prior to December 27, 2013.

Growth Exploration – Increase of Resources Estimates

In the fourth quarter, the Company completed a review of its opportunities to increase its resource estimates at its existing UMZ Mine through the potential to identify new resources in the surrounding area to the UMZ Mine that previously had some geochemical, trenching and drilling results indicating gold mineralization. In fiscal 2014, the Company is planning to spend up to approximately $1,000 to target 680,000 ounces of gold in two schist belts near the UMZ Mine with mining history.

Copperwood Project

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

In February 2012, the Company announced results of an NI 43-101-compliant feasibility study completed under the supervision of Joseph Keane, P.E., Steve Milne, P.E., and David List, P.E., each of whom is an independent qualified person for the purposes of NI 43-101, "Feasibility Study of the Copperwood Project, Upper Peninsula, Michigan, USA" (the "Copperwood Technical Report"). The mine plan calls for the development of a ramp and box cut to access the ore horizon. All development is expected to be within the ore and very little waste rock will be handled. Production for the 13-year mine life will be about 1.5 million short tons of copper concentrate averaging about 28,000 short tons of copper per year at the 7,500 short tons of ore per day capacity. Copper is expected to be extracted by conventional flotation. Life-of-mine cash costs (C1) are $1.26 per pound net of the silver by-product credit. Base-case operational parameters assumed for the drill-and-blast case with 12.5% pillar recovery are as follows:

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

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

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

Additional metallurgical testing of broader, more representative samples of the Copperwood deposit have been confirming initial recovery and concentrate quality results. As well, ongoing testing is investigating the possibility of the increase in recovery and concentrate quality by optimizing grind size. This could result in improved metal production and reduced transportation costs. Further geotechnical studies have indicated that the underground mining assumptions set out in the Copperwood Technical Report were overly conservative. This is expected to result in lower operating costs and higher mining productivity.

In September 2013, the Company announced it was in the process of completing an independent concentrate marketing study. Initial work on the concentrate marketing study has indicated that concentrate treatment and refining charges ("TC/RCs") are expected to be higher than the estimates contained in the Copperwood Technical Report which projected TC/RCs to remain near the then prevailing all-time low levels. These charges will vary as a result of current market conditions. In addition, initial work on the marketing study has indicated that transportation costs will be significantly higher than the $25 per tonne estimate contained in the Copperwood Technical Report with a low end of the range of approximately $100 per tonne if the smelter(s) are in North America and a high end of the range of approximately $200 per tonne if the smelter(s) are in Europe or Asia. While external parties have expressed interest in off-take agreements, no agreements have yet been finalized pending financing and a final construction decision.

Total capital expenditures in respect of the Copperwood Project for the fourth quarter of fiscal 2013 were $546 compared to $2,597 for the fourth quarter of fiscal 2012. Total capital expenditures for fiscal 2013 were $3,193 compared to a total of $5,842 for fiscal 2012. These capital expenditures included metallurgical testing, mine optimization studies, logistics and marketing studies, costs associated with permitting including the Wetland Permit, well field investigation and peer review and supporting costs.

Orvana is continuing to investigate a variety of possible options and financing alternatives to enhance the value of the Copperwood Project to Orvana's shareholders. Holding costs of the Copperwood Project will be minimized in fiscal 2014 while the Company pursues various alternatives to advance the project.

Market Review and Trends

Metal Prices

The market prices of gold and copper are one of the primary drivers of Orvana's earnings and ability to generate free cash flows. During the fourth quarter of fiscal 2013, the gold price recovered from the lows experienced at the end of the third quarter but continued to be volatile, with the price ranging from $1,226 to $1,426 per ounce and an average quarterly market price of $1,326 per ounce. Orvana's average gold realized price for the fourth quarter of fiscal 2013 was $1,329 per ounce and $1,504 per ounce for fiscal 2013. The Company derived approximately 58% of its revenue from sales of gold in the fourth quarter of fiscal 2013 and of the Company's total gold sales in the fourth quarter of fiscal 2013, 33% were hedged under the outstanding gold derivative instruments as required under the EVBC Loan. See "Financial Condition Review - Derivative Instruments".

The gold price recovered in the fourth quarter from the lows experienced in the third quarter, as strong physical demand at lower prices led to improved investor sentiment. However, incremental improvements in the prospects for the U.S. economy led to concerns of a potential reduction in quantitative easing in the United States and limited the upside potential for gold prices in the quarter. However, gold continues to attract investment interest through its role as a safe haven investment and store of value due to continued concerns over global economic growth, geopolitical issues, sovereign debt and deficit levels and future inflation prospects. While there are risks that investor interest in gold will decrease, especially with improved data regarding the U.S economy, the Company believes that the continuing uncertain macroeconomic environment in certain jurisdictions and loose monetary policies, together with the limited choice of alternative safe haven investments, is supportive of continued demand for gold although at prices closer to the current ranges rather than the price levels of $1,600 to $1,700 experienced in 2012. In the short-term, the Company expects gold spot prices to continue to remain volatile.

Copper prices traded in a range of $3.03 to $3.37 per pound during the fourth quarter of fiscal 2013 with an average quarterly market price of $3.21 per pound. Orvana's average copper realized price for the fourth quarter of fiscal 2013 was $3.20 per pound and $3.33 per pound for fiscal 2013. Copper's strength lies mainly in strong physical demand from emerging markets, especially China. The increase during the quarter related to positive data that eased concerns surrounding the prospects for Chinese economic growth and its impact on Chinese copper demand. In the near term, the Company believes copper prices will be influenced by the outlook for global economic growth such as Euro zone manufacturing growth and reports of growth in new house sales in the United States, the world's second biggest consumer after China. The Company derived approximately 29% of its revenue from sales of copper in the fourth quarter of fiscal 2013. Of the Company's total copper sales in the fourth quarter of fiscal 2013, 20% were hedged under the outstanding copper derivative instruments as required under the EVBC Loan. See "Financial Condition Review – Derivative Instruments".

In the fourth quarter of fiscal 2013, silver prices traded in a range from $19.10 per ounce to $24.74 per ounce with an average quarterly market price of $21.37 per ounce. Orvana's average realized silver price for the fourth quarter of fiscal 2013 was $21.05 per ounce and $25.01 per ounce for fiscal 2013. The Company derived approximately 13% of its revenue from sales of silver in the fourth quarter of fiscal 2013.

Currency Exchange Rates

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

At September 30, 2013, Orvana had outstanding currency contracts on $45,000 at a contract price of USD/EUR of $1.38 until December 2015 required under the EVBC Loan. See "Financial Condition Review – Derivative Instruments". Orvana paid $74 during the fourth quarter of fiscal 2013 and $545 in fiscal 2013 to settle currency forward contracts that matured during this period.

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

Outlook

Orvana's short-term focus is operational optimization at EVBC Mines and the UMZ Mine to generate increasing operating cash flows in order to pay down debt and pursue growth alternatives. Operational and corporate reviews have been initiated to seek means to reduce operating and capital costs to improve liquidity and cash flows given the recent declines and continued volatility in the metals markets. Orvana will continue to de-risk the Copperwood Project and look for means to realize value. In fiscal 2014, Orvana has allocated certain amounts towards internal growth exploration initiatives at both the EVBC Mines and the UMZ Mine, and the regions thereof.

The following table sets out Orvana's fiscal 2013 guidance and production as well as its fiscal 2014 guidance.

	FY2013 Guidance	FY2013 Production	FY2014 Guidance
EVBC Mines			
Gold (oz)	63,000	65,992	65,000 - 75,000
Copper (million lbs)	6.0	6.7	6.0 - 6.5
Silver (oz)	200,000	197,768	175,000 - 200,000
UMZ Mine			
Gold (oz)	12,000	14,549	15,000 - 18,000
Copper (million lbs)	12.0	10.6	12.0 - 14.0
Silver (oz)	650,000	820,043	700,000 - 750,000
Total			
Gold (oz)	75,000	80,541	80,000 - 93,000
Copper (million lbs)	18.0	17.3	18.0 - 20.0
Silver (oz)	850,000	1,017,811	875,000 - 950,000

During fiscal 2013, the Company's focus at EVBC has been on improving head grade, increasing gold production and reducing total all-in costs per ounce of gold. The Company will continue to focus on these initiatives in fiscal 2014. Over the next three months while the shaft recovery project is underway, the Company will continue to execute on the alternative production schedule with the ramp haulage production at the Boinás Mine which has exceeded expectations and continued efforts to push production will occur.

During fiscal 2013, the Company's focus at the UMZ Mine has been on improving metal production and reducing operating costs. The suspension of the LPF process in the fourth quarter of fiscal 2013 has already contributed materially to these goals, particularly in unit cost reduction. These efforts will continue in fiscal 2014.

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

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

Environment, Health, Safety and Sustainability

The Board of Directors of the Company has a Technical, Safety, Health and Environmental Committee. The purpose of this Committee is to provide strategic guidance for the Company's safety, health and environmental programmes and to assist in reviewing the technical, safety, health and environmental performance of the Company. In addition, the Committee considers broader sustainability on corporate social responsibility strategy and initiatives.

Orvana maintains various industry metrics to track its environment, health and safety performance over time such as lost-time injury frequency rates and lost-time injury severity rates. Safety performance has improved significantly at EVBC Mines and the UMZ Mine operations in fiscal 2013 compared to fiscal 2012.

Orvana is committed to developing and operating its mines and projects, including reclamation efforts, in full compliance with local environmental regulations and recognized international environmental standards. In furtherance of this commitment, Orvana regularly implements programs to protect and enhance natural habitats and sensitive species, including reclamation and reforestation efforts and the establishment of water sources for wildlife. The Company monitors the water and air quality on a frequent basis at EVBC Mines and the UMZ Mine and these operations are also periodically inspected by environmental regulatory authorities. Third parties sample and analyze both surface and ground water following protocols established by the applicable regulatory authorities in order to provide the necessary information. Any regulated elements whose values are not in compliance in the subject jurisdictions, when detected, are quickly located and evaluated. To date, although certain parameters have not always been in compliance at the Company's operations, evaluations have been provided to the respective regulatory authorities and remedial actions have or are being executed. The Company is currently working through one such matter in Spain with a local regulatory authority in respect of which it has received and may receive certain monetary sanctions and in respect of which the Company has been implementing remedial actions. The Company does not contemplate future sanctions to be significant to the Company's financial situation. In addition, the Company is working on certain amendments to certain of its permits as a result thereof.

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

For fiscal 2013, safety performance has improved at all sites. For fiscal 2013, safety performance has improved at all sites with an overall reduction of 53% in lost-time accidents compared to fiscal 2012 At EVBC for the twelve month period ended Sept 30, 2013 has reported ten lost-time accidents compared to 22 lost-time accidents for fiscal 2012. EVBC employees had achieved 215 days without a lost-time accident to year end. There were two lost-time accidents reported by contractors in the fourth quarter of fiscal 2013 compared to three lost-time accidents in the third quarter of fiscal 2012. At EMIPA, there was one lost-time accident reported in the fourth quarter of fiscal 2013 compared to two lost-time accidents reported in the fourth quarter of fiscal 2012. In fiscal 2013 EMIPA has reported five lost-time accidents compared to ten lost-time accidents for the twelve month period ended September 30, 2012 at the UMZ Mine. The EMIPA UMZ Mine has achieved 55 days without a lost-time accident. There were no lost-time accidents reported for the Copperwood Project.

Orvana is committed to the social development and well-being of the communities in which it operates. To this end, Orvana continues to support, financially and otherwise, local community endeavors associated with these objectives. The Company has supported the communities surrounding EVBC by donating funds to the local municipality of Belmonte to re-open the historic exhibition of gold mining in the area and supports other cultural and sporting activities in the communities of Belmonte and Salas. In addition, the Company has funded the re-stocking of fish species into the local rivers surrounding EVBC. Recently EVBC sponsored the Rio Narcea Salmon fair, provided mining educational materials and donations to the elementary school in Salas and is currently preparing for celebrations of Santa Barbra day in the community of Salas.

In the Chiquitos Province of Bolivia where the UMZ Mine is located, the Company is actively involved in the areas of education, sanitation, purchasing of local goods and services and generally working with communities to contribute to the improvement of their standard of living. In 2011, Orvana renewed its support of $1,785 to the local communities for a five year period. Projects supported by Orvana include supervision of and financial support for community development projects such as utilities and parks, education and information technology, cultural events, community business development initiatives, agricultural projects and maintenance of community roads. In fiscal 2013, the Company funded $630 of such commitment. In fiscal 2013, Orvana corporate leaders were active in visiting and participating in sustainability initiatives in Spain and Bolivia, as well as in the Upper Peninsula of Michigan.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

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

	September 30, 2013	September 30, 2012	September 30, 2011
Cash and cash equivalents	**$13,039**	$13,200	$12,244
Restricted cash (short term)	**$16,095**	$16,783	-
Non-cash working capital (1)	**$9,933**	($2,134)	$3,227
Total assets	**$288,339**	$286,134	$239,957
Long-term debt (net of financing fees) (2)	**$46,055**	$56,623	$47,817
Obligations under finance leases	**$627**	$2,044	$4,179
Total liabilities	**$129,571**	$160,320	$112,495
Shareholders' equity	**$158,768**	$125,814	$127,462

(1) Working capital represents current assets of $67,922 less cash and cash equivalents and short-term restricted cash totaling $29,134 and less $28,855 in current liabilities comprised of accounts payable and accrued liabilities and income taxes payable (not including bank debt, short-term debt, current portion of long-term debt, obligations under finance leases and derivative instruments).

(2) The amount of Orvana's outstanding long-term debt at September 30, 2013 and 2012 is comprised of the EVBC Loan of $48,433 and $60,438, respectively, less financing fees of $2,378 and $3,815, respectively. Information relating to Orvana's outstanding credit facilities is set out below.

Total assets increased by $2,205 or 1% from $286,134 to $288,339 primarily as a result of the recognition of an asset during fiscal 2013 associated with the valuation of the Company's outstanding derivative instruments of $11,653 offset by a decrease in property, plant and equipment of $7,020 and a decrease in concentrate and doré sales receivables of $4,882.

Total liabilities decreased by $30,749 or 19% to $129,571 at September 30, 2013 from $160,320 at September 30, 2012. This decrease is largely due to a decrease in (i) the liability associated with the Company's outstanding derivative instruments of $31,642, (ii) accounts payable and accrued liabilities of $8,668 due to timing differences between the expenditures being incurred and the payment thereof and the payment of certain accounts payable outstanding at September 30, 2012, and (iii) debt of $12,008 due to repayments of the EVBC Loan and the Fabulosa Loan, offset by an increase to the asset retirement obligations of $7,788 and an increase to deferred income tax liability of $15,188 resulting from the unrealized gain associated with the valuation of the outstanding derivative instruments.

Orvana's outstanding credit facilities are set out below:

At September 30, 2013 [(1)]	Limit	Balance Outstanding
EVBC Loan	$48,433	**$48,433**
EMIPA short-term credit facilities [(2)]	$10,000	**$9,856**
Fabulosa Loan [(3)]	$11,500	**$2,731**

(1) The balance outstanding as at the date of the MD&A under each of the EVBC Loan, the EMIPA short-term credit facilities and the Fabulosa Loan was $45,030, $5,914 and $2,731, respectively. The Company expects to maintain a level of short-term debt of approximately $10,000 in Bolivia. The Company's recorded long-term debt under the EVBC Loan at September 30, 2013 in the Audited Financials was $31,211 and the current portion thereof was $14,844 for a total of $46,055 representing the balance outstanding of $48,433 net of financing fees of $2,378.

(2) EMIPA short term credit facilities are with two Bolivian banks and are payable in 60 to 180 days with annual interest ranging from 6.5% to 7.5% with certain of EMIPA's assets pledged as security against these loans (September 30, 2013 - $9,856). The credit facilities are not guaranteed by Orvana. The proceeds are used to finance EMIPA's working capital needs. The foregoing, excludes bank guarantees of $465 (September 30, 2012 - $633) related to refunded value-added taxes and chemical and natural gas purchases.

EVBC Loan

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

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

The EVBC Loan required gold, copper and US dollars/EUR derivative instruments that have already been put in place. See "Financial Condition Review – Derivative Instruments" below. Orvana is required to maintain certain financial ratios which calculations exclude the fair value adjustments of the outstanding derivative instruments required under the terms of the EVBC Loan. The security for the EVBC Loan includes a fixed and floating charge over the assets of Kinbauri and a pledge by Orvana of all of the shares of Kinbauri. Kinbauri's obligations under the EVBC Loan are guaranteed by Orvana. The cost of the EVBC Loan, including interest and fees but excluding the cash settlements of maturing derivative instruments, is expected to average approximately 5% to 6% per annum, based on an interest rate of LIBOR plus 4%. Quarterly principal repayments commenced on July 2, 2012 and to the date of the MD&A, the Company has repaid $18,195 in principal and $3,625 in interest payments since then. The total annual principal repayment required in each fiscal year ending September 30, expressed as a percentage of the total amount of the EVBC Loan are: 2013-18.7%; 2014-23.3%; 2015-27.6%; and 2016-25.1%. The principal balance outstanding under the EVBC Loan as at the date of the MD&A is $45,031 with the next quarterly principal and interest payment already held as restricted cash.

Fabulosa Loan - Related Party Transactions

The Company has a secured loan facility (the "Fabulosa Loan") with Fabulosa Mines Limited ("Fabulosa"), the Company's 52% shareholder, in the amount of $11,500 originally entered into in 2011. The Company has used proceeds drawn under the Fabulosa Loan for working capital purposes. Interest on the outstanding principal is calculated at a rate per annum of 12%, is payable monthly and the Company pays withholding taxes imposed by applicable taxing authorities. The Company is currently paying interest and stand-by fees. The Company has repaid $3,359 of the principal amount outstanding and, as of the date of the MD&A, a principal amount of $2,731 is outstanding. The Fabulosa Loan also contains covenants that, among other things, require principal repayment in the event of, among other things, the sale of certain of the Company's assets. The Fabulosa Loan is secured by, among other things, a general security assignment over present and future assets of Orvana excluding all amounts owing by Kinbauri to the Company.

The Fabulosa Loan was amended subsequent to the end of the third quarter of fiscal 2013 (the "Fabulosa Loan Amendment"). The availability period was extended from August 31, 2013 and the maturity period was extended from December 31, 2013 until September 30, 2014. Principal amounts outstanding under the Fabulosa Loan are now required to be repaid in the minimum amount of $500 per month commencing on April 1, 2014, compared to $1,000 per month prior to the Fabulosa Loan Amendment, provided that the entire principal and interest will be repaid by the new maturity date. In connection with such extension and amendment, the Company issued warrants to purchase 500,000 Common Shares exercisable until August 9, 2018 at an exercise price of $0.49.

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

Shareholders' Equity

Shareholders' equity at September 30, 2013 was $158,768 representing an increase of $32,954 or 26% from $125,814 at September 30, 2012 primarily as a result of the unrealized gain recorded on the revaluation of the Company's outstanding derivative instruments net of tax of $30,305. The table below sets out the number of each class of securities of the Company outstanding at September 30, 2013 and as at the date hereof:

	At September 30, 2013
Common Shares	**136,623,171**
Warrants (1)	**2,271,667**
Stock options (2)	**2,871,669**

(1) Warrants to purchase up to 1,300,000 Common Shares were issued on September 6, 2011 with an exercise price of C$1.90, warrants to purchase up to 1,425,000 Common Shares were issued on March 5, 2012 with an exercise price of C$0.97 and in connection with the Fabulosa Loan Amendment warrants to purchase up to 500,000 Common Shares were issued on August 22, 2013 with an exercise price of C$0.49 to Fabulosa. The expiry dates of these warrants range from 2016 and 2018. As a result of the forfeiture or expiration of certain options, warrants to purchase up to 2,271,667 Common Shares were outstanding as of the date of the MD&A of which 950,000 were exercisable.

(2) The options have a weighted average exercise price of $1.68 and expiry dates ranging from 2014 to 2018.

Derivative Instruments

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

	Contract Prices	Cash Settlement	Contract Amounts
Currency			
USD/EUR forwards (Oct 2013-Dec 2015)	$1.38	Quarterly	$45,000 (1)
Copper			
Copper forwards (Oct 2013-Dec 2015)	$7,260 / tonne	Monthly	6,322 (1)
Gold			
Gold forwards (Oct 2013-Dec 2015)	$1,334 / troy oz	Monthly	21,094 (1)
Gold collars (Oct 2013-Sep 2015)	Puts - $1,550 / troy oz Calls - $1,855 / troy oz	Monthly	38,400 (2)

	Contract Prices	Cash Settlement	Contract Amounts
Gold collars (Oct 2015-Sep 2016)	Puts - $1,250 / troy oz Calls - $2,270 / troy oz	Monthly	19,200 (2)
Total gold collars (troy oz)			57,600

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

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

During the fourth quarter of fiscal 2013, 33% of the Company's total gold sales and 20% of the Company's total copper sales were hedged under the gold and copper derivative instruments. The Company received net cash of $1,026 in settlement of the derivative instruments that matured in the period.

At September 30, 2013, the Company's outstanding derivative instruments were valued on the balance sheet as follows:

At September 30, 2013	Spot Rate/ Price	Contract Rate /Price	Avg. Forward Rate/Price	Fair Value
Derivative Instruments Assets				
Gold forwards	$1,336/oz	$1,334/oz	$1,332/oz	$35
Gold collars	$1,336/oz	-	-	$11,618
Total fair value of derivative instruments assets at September 30, 2013				$11,653
Less: current portion				$4,519
Total non-current derivative instruments assets				$7,134

At September 30, 2013	Spot Rate/ Price	Contract Rate /Price	Avg. Forward Rate/Price	Fair Value
Derivative Instruments Liabilities				
Currency contracts (EUR/USD)	$1.35	$1.38	$1.36	$1,135
Copper forwards	$7,291/tonne	$7,260/tonne	$7,350/tonne	$552
Total fair value of derivative instruments liabilities at September 30, 2013				$1,687
Less: current portion				$672
Total non-current derivative instruments liabilities				$1,015

Changes in the fair value of the Company's outstanding derivative instruments are recognized through the Company's income statement as non-cash derivative instrument gains or losses. At maturity of each contract, a cash settlement takes place resulting in a corresponding reduction in the carrying value of the derivative instruments. The mark-to-market fair value of the Company's outstanding derivative instruments is based on independently provided market rates and determined using standard valuation techniques, including the impact of counterparty credit risk. The liability associated with the Company's outstanding derivative instruments at September 30, 2012 was $33,329 compared to an asset of $11,653 and a liability of $1,687 at September 30, 2013 resulting in an unrealized derivative instruments gain of $43,295 recorded in fiscal 2013 and an unrealized derivative instruments loss of $20,993 in fiscal 2012. The Company recorded fair value adjustments on its outstanding derivative instruments for the three months and twelve months ended September 30, 2013 and during the 2012 fiscal year calculated as follows:

	Q4 2013	FY2013	FY2012
Change in unrealized fair value loss (gain)	**$10,854**	**($43,295)**	$20,993
Realized (gain) loss on cash settlements of derivative instruments closed	**(1,026)**	**1,155**	5,102
Recorded derivative instruments loss (gain)	**$9,828**	**($42,140)**	$26,095

Sensitivities

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

At September 30, 2013	Rate/Price Used in Derivative instruments Gain Calculation	Change in Rate/Price	After-Tax Change
EUR/USD (currency contracts)	$1.36	+/- 10% ($1.49/$1.22)	+/- $3,071
Copper forwards	$7,350/tonne	+/- 10% ($8,085/$6,615)	+/- $3,252
Gold forwards	$1,332/oz	+/- 10% ($1,465/$1,199)	+/- $1,967
Gold collars	-	+ 10%	- $10,832
Gold collars	-	- 10%	+ $13,194

Capital Resources

At September 30, 2013, the Company had cash and cash equivalents of $13,039, restricted cash of $16,095 including $8,225 set aside for debt repayment and total debt of $61,020. The Company considers its capital employed to consist of shareholders' equity (including share capital, contributed surplus and retained earnings), total debt and obligations under finance leases, net of cash and cash equivalents as follows:

	September 30, 2013	September 30, 2012
Shareholders' equity	**$158,768**	$125,814
Bank debt (1)	**9,856**	7,581
Short-term debt (1)	**2,731**	4,171
Long-term debt (1)	**48,433**	60,438
Obligations under finance leases	**627**	2,044
	$220,415	$200,048
Less: Cash and cash equivalents (2)	**(13,039)**	(13,200)
Capital employed	**$207,376**	$186,848

(1) Bank debt represents various credit facilities associated with the UMZ Mine. Short-term debt represents the Fabulosa Loan. Long-term debt represents the EVBC Loan. The Company's recorded long-term debt under the EVBC Loan at September 30, 2013 in the Audited Financials was $31,211 and the current portion thereof was $14,844 for a total of $46,055. This represents the balance outstanding under the EVBC Loan at September 30, 2013 of $48,433 net of financing fees.

(2) In addition to cash and cash equivalents, at September 30, 2013, the Company had $8,225 set aside under restricted cash for the next two quarterly debt payments under the EVBC Loan.

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

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

The Company manages capital through its operating and financial budgeting and forecasting processes. The Company reviews its working capital and forecasts its future cash flows on a periodic basis, based on operating expenditures and other investing and financing activities. The forecast is regularly updated based on the results of its EVBC Mines, the UMZ Mine and the Copperwood Project. Information is regularly provided to the board of directors of the Company.

Cash Flows, Commitments and Liquidity

Cash Flows

Total cash and cash equivalents as at September 30, 2013 were $13,039 primarily denominated in US dollars representing a decrease of $161 from $13,200 at September 30, 2012. Short-term restricted cash was $16,095 (September 30, 2012 - $16,783) and includes $8,225 for the next two quarters principal and interest payments under the EVBC Loan and $6,756 in respect of a potential future reclamation bond payment. The Company's total debt was $61,020 (debt net of cash, cash equivalents and restricted cash for debt repayment was $39,756) at September 30, 2013. This compares to debt as at September 30, 2012 of $74,234 (debt net of cash, cash equivalents and restricted cash of $50,184) and total debt as at June 30, 2013 of $49,174 (debt net of cash, cash equivalents and restricted cash of $30,833).

Orvana's primary source of liquidity has been from operating cash flows and increased debt levels. Cash flows from operating activities before changes in non-cash working capital were $15,265 and $38,685 in the fourth quarter of fiscal 2013 and for fiscal 2013, respectively, compared to $14,453 and $33,276 in the same prior year periods. Orvana generated cash flows from operating activities of $7,659 and $32,569 in the fourth quarter of fiscal 2013 and for fiscal 2013, respectively, compared to $29,617 and $41,705 in the same prior year periods.

The lower cash flows provided by operating activities in the current period resulted primarily from the timing of payables. Adjusted operating cash flows for the fourth quarter of fiscal 2013 and for fiscal 2013 excluding the cash settlements for maturing derivative instruments was $33,724 and $46,807, respectively. The most significant driver of the change in operating cash flow is production and market gold and copper prices. Future changes in these market prices, either favourable or unfavourable, will continue to have a material impact on the Company's cash flows and liquidity.

The principal uses of operating cash flows are the repayment of debt and the funding of the Company's capital expenditures. Cash used in financing activities in the fourth quarter of fiscal 2013 and for fiscal 2013 were $763 and $12,425, respectively, an increase of $4,767 and decrease of $25,616 compared to cash flows used in financing activities of $5,530 and cash flows from financing activities of $13,191 in the same comparative periods of fiscal 2012 primarily as a result of the repayment of debt.

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

	Q3 2013	Q4 2013	Q4 2012	FY2013	FY2012
Cash provided by (used in) operating activities	$10,845	**$7,659**	**$29,617**	**$32,569**	$41,705
Cash from (used in) financing activities	($7,051)	**($763)**	**($5,530)**	**($12,425)**	$13,191
Cash used by investing activities (1)	($6,643)	**($5,352)**	**($21,943)**	**($20,307)**	($53,873)
Change in cash	($2,849)	**$1,544**	**$2,144**	**($163)**	$1,023

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

Capital Expenditures

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

Capital Expenditures (1)	Q3 2013	**Q4 2013**	**Q4 2012**	**FY2013**	**FY2012**
UMZ Mine	$317	**$581**	$1,164	**$2,691**	$1,969
EVBC Mines (1)	2,900	**3,748**	9,457	**13,248**	31,136
Copperwood Project	362	**546**	2,597	**3,193**	5,842
Corporate	-	**-**	24	**3**	44
Subtotal capital expenditures	$3,579	**$4,875**	$13,242	**$19,135**	$38,991
EVBC – finance lease payments	-	**-**	1,961	**-**	1,961
EVBC – accounts payable adjustments (1)	704	**(983)**	(2,631)	**2,022**	(3,234)
Total capital expenditures (2)	$4,283	**$3,892**	$12,572	**$21,157**	$37,718

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

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

Other Commitments

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

		Payment Due by Period			
	Total	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Bank debt - UMZ Mine [1]	**$9,856**	$9,856	-	-	-
Short-term debt - Fabulosa Loan [1]	**$2,731**	$2,731	-	-	-
Long-term debt - EVBC Loan [1]	**$48,433**	$14,844	$33,589	-	-
Obligations under finance leases [2]	**$627**	$627	-	-	-
Operating leases	**$711**	$439	$272	-	-
Decommissioning liabilities [3]	**$21,494**	$18	$2,958	$2,748	$15,770
Reclamation bond [4]	**$6,756**	$6,756	-	-	-
Purchase obligations	**$7,942**	$5,063	$2,879	-	-
Provision for statutory labour obligations [5]	**$2,376**	-	$2,376	-	-
Long-term compensation	**$135**	-	$86	-	$49
Total contractual obligations [6] [7]	**$101,061**	**$40,334**	**$42,160**	**$2,748**	**$15,819**

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

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

(3) Decommissioning liabilities are undiscounted. Total cash deposited with a Spanish financial institution for reclamation bonds amounted to approximately $10,160 at September 30, 2013 (2012 - $9,647). Decommissioning liabilities are discussed below under "Other Information - Critical Accounting Estimates - Decommissioning Liabilities".

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

(5) Under Bolivian law, EMIPA has an obligation to make payments to employees in the amount of one month's wages for each year of service. The employee can elect to receive payment after five years of service in the amount of five months of wages while continuing employment with EMIPA. This obligation was actuarially valued at September 30, 2013 using the projected unit credit method to determine the present value of the future payments related to this obligation.

(6) Production from the EVBC Mines and the UMZ Mine is subject to certain royalties which amounts have not been included in total contractual obligations at September 30, 2013. For a description of such royalties and amounts payable, see "Royalties" below.

(7) The Company has outstanding derivative instruments required under the EVBC Loan that mature monthly or quarterly until 2016. Using forward gold, copper and currency prices for the applicable period, at September 30, 2013 the Company estimated payments of $672 in less than one year and $1,015 for the period greater than one year and less than three years. The Company realized $1,155 in losses to settle derivative instruments that matured in fiscal 2013.

Royalties

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

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

In addition, the royalty holder exercised a pre-payment right under the EVBC Royalty as the aggregate amount of payments paid as at December 31, 2012 under the EVBC Royalty was less than C$7,500,000. The Company is financing this pre-payment right of $4,023 until July 1, 2014 at a rate of 12%, with all royalty payments made from January 1, 2013 serving to reduce such amount. The Company has paid $1,784 of this pre-payment amount to September 30, 2013. The EVBC Royalty expense totaled $756 for the fourth quarter of fiscal 2013 and $3,059 for fiscal 2013.

Production from the UMZ Mine is subject to a 3% NSR payable quarterly. This expense totaled $297 for the fourth quarter of fiscal 2013 and a total of $1,553 for fiscal 2013. The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from the UMZ Mine at rates of 5%, 7% and 6%, respectively. These amounts totaled $1,249 for the fourth quarter of fiscal 2013 and a total $5,448 for fiscal 2013. The NSR and the mining royalty tax are referred to herein as the “UMZ Royalties”.

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

Liquidity

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

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

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

Orvana is making principal and interest payments under the EVBC Loan, interest and stand-by fees payments under the Fabulosa Loan and repaid $3,359 of principal under the Fabulosa Loan to the date of this MD&A. At the date of the MD&A, $2,731 was outstanding under the Fabulosa Loan and the Company had the ability to draw approximately $8,769 thereunder until September 30, 2014. The Company expects to be in non-compliance with certain financial covenants with respect to the EVBC Loan in the next quarter and expects to obtain a waiver in connection therewith. If a waiver cannot be obtained, the EVBC Loan would have to be reclassified to short-term and could be called by the lender.

As at September 30, 2013, the Company had cash of $13,039 and restricted cash of $16,095 designated to cover a portion of the Company’s commitments due in less than one year of $40,334 including two quarters of principal and interest payments under the EVBC Loan and the reclamation bond which may have to be deposited but which the Company is challenging. The Company expects to meet the remainder of its contractual obligations due in less than one year from cash flows from operating activities.

At current market gold and copper prices, the Company generated positive operating cash flows in fiscal 2013. Following the repayment of, among other things, amounts under the EVBC Loan due in fiscal 2014, the Fabulosa Loan and the Company's planned capital expenditures, the Company expects to generate positive free cash flows in fiscal 2014.

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

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended September 30, 2013:

	Quarters ended			
	Q4 2013	**Q3 2013**	**Q2 2013**	**Q1 2013**
Revenue	$43,975	$36,997	$45,576	$35,651
Net income (loss)	$1,174	$11,315	$6,483	$13,651
Earnings (loss) per share (basic and diluted)	$0.01	$0.08	$0.05	$0.10
Total assets	$288,339	$281,101	$281,418	$290,277
Total long-term financial liabilities (1)	$48,980	$52,111	$54,179	$59,239
	Quarters ended			
	Q4 2012	**Q3 2012**	**Q2 2012**	**Q1 2012**
Revenue	$52,110	$45,872	$32,155	$15,437
Net income (loss)	($2,007)	$12,118	($7,959)	($4,505)
Earnings (loss) per share (basic and diluted)	($0.01)	$0.09	($0.06)	($0.03)
Total assets	$286,134	$274,254	$266,558	$249,390
Total long-term financial liabilities (1)	$62,482	$66,652	$74,171	$55,136

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

FINANCIAL AND OTHER RISKS AND UNCERTAINTIES

Financial Risks

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

Market Risks – Commodity Price Risks

The Company is primarily exposed to gold and copper commodity price risk. The Company, in accordance with the requirements of the EVBC Loan, has hedged a portion of its gold and copper production which facilitates the management of certain of its price risk. The Company's outstanding derivative instruments were recorded as an asset at September 30, 2013 at a fair value of $11,653 and a liability of $1,687 compared to an asset of $23,848 and a liability of $3,027 at June 30, 2013 and a liability of $33,329 at September 30, 2012. This resulted in an unrealized derivative instruments loss of $10,854 recorded in the fourth quarter of fiscal 2013 compared to a gain of $32,902 in the third quarter of fiscal 2013 and a gain of $43,295 in fiscal 2013 compared to a loss of $20,993 in fiscal 2012.

For the gold forwards derivative instruments outstanding at September 30, 2013, if the forward market prices of gold had been 10% lower or higher than those used in the gold forwards derivative instruments gain calculation, while all other variables remained constant, the net income for fiscal 2013 would have increased or decreased by approximately $1,967 as a result of changes in the fair value of these derivative instruments.

At September 30, 2013, if the forward market prices of gold had been 10% lower than those used in the gold collars derivative instruments gain calculation while all other variables remained constant, the net income for fiscal 2013 would have increased by approximately $13,194 as a result of changes in the fair value of these derivative instruments. If the forward market prices of gold had been 10% higher than those used in the gold collars derivative instruments gain calculation, while all other variables remained constant, the net income for fiscal 2013 would have decreased by approximately $10,832 as a result of changes in the fair value of these derivative instruments.

The Company received net cash of $1,026 in settlement of the derivative instruments that matured in the fourth quarter of fiscal 2013 and paid net cash of $1,129 in settlement of the derivative instruments that matured in fiscal 2013.

For the copper forwards derivative instruments outstanding at September 30, 2013, if the forward market prices of copper had been 10% lower or higher than those used in the copper derivative instruments gain calculation, while all other variables remained constant, the net income for fiscal 2013 would have increased or decreased by approximately $3,252 as a result of changes in the fair value of these derivative instruments.

Gold Prices - The net income of $32,623 for fiscal 2013 would be impacted by changes in average realized gold prices on gold ounces sold. A 10% increase/decrease in average realized gold prices would affect the net loss by an increase/decrease of approximately $4,276 for fiscal 2013. This excludes the impact of changes in the fair value of outstanding gold derivative instruments.

Copper Prices - The net income of $32,623 for fiscal 2013 would be impacted by changes in average realized copper prices. A 10% increase/decrease in average realized copper prices would affect net income by an increase/decrease of approximately $2,124 for fiscal 2013. This excludes the impact of changes in the fair value of outstanding copper derivative instruments.

Market Risks – Currency Risk

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

For the US dollars/Euro derivative instruments outstanding at September 30, 2013, if the forward rates of the US dollar against the Euro weakened or strengthened by 10% than those used in the derivative instruments gain calculation, while all other variables remained constant, the net income for fiscal 2013 would have been approximately $3,071 higher or lower as a result of changes in the fair value of these derivative instruments.

Market Risks – Interest Rate Risk

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

At September 30, 2013, if interest rates had been 10 basis points higher/lower with all other variables held constant, the net income for fiscal 2013 would have been approximately $36 lower/higher primarily as a result of higher/lower interest expenses on floating rate borrowings.

Credit Risk

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

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

Liquidity and Financing

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

Other Risks

Development and Operation of Mines

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

Mineral Resources and Reserves

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

Production Estimates

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

Production Costs and Metals Prices

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

Regulatory Requirements

The Company is operating the EVBC Mines in Spain and the UMZ Mine in Bolivia and has permitted 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 restrictions on production, environmental matters, increase in or other changes to income taxes, royalties, repatriation of profits, export controls, expropriation or nationalization of property or limitations on foreign ownership could have a material adverse effect on the Company's results of operations or financial condition.

Political and Related Risks

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

In Bolivia, in view of the constitution enacted in February 2009, recent and anticipated changes to mining laws and policies and mining taxes, and the composition of the Company's shareholder base, expected changes in governmental regulation or governmental actions may adversely affect the Company. The

Bolivian constitution provides that the government shall grant mining rights by means of mining contracts in place of the previously established process of granting mining concessions. A process for the migration of mining concessions into mining contracts is expected under regulations yet to be issued. Accordingly, previously acquired rights under mining concessions such as those of the Company in respect of the UMZ Mine will be respected but are subject to this migration process.

The Bolivian government has been working on a new mining law in coordination with a commission created with the participation of different mining related entities and an official draft of this new mining law is expected in the near future. Meanwhile, as reported previously, the Bolivian government approved two transitory measures: First, the automatic transformation of the mining concessions into Special Transitory Authorizations by means of Supreme Decree 0726 dated December 6, 2010, which guarantees to the title-holders the rights to continue their mining activities; and second, on May 1, 2013, Law Nº 368 was passed, authorizing transitorily the Mining Jurisdictional Administrative General Authority to execute mining contracts on behalf of the State with mining companies, until the new Mining Law is promulgated. In connection to the above, on September 18, 2013, Law Nº 403 of Reversion of Mining Rights was promulgated, providing that mining rights granted in favor of private companies, by means of Special Transitory Authorizations and contracts over mining resources, shall be reverted to the state without any compensation, if inexistence of mining activities is evidenced and verified by the competent authorities.

The potential effect on the Company's future mining activities in Bolivia and the Company's mineral concessions remains unclear and could but may not necessarily include the Company's mineral concessions in respect of the UMZ Mine being converted into a mining contract which could result in the Bolivian government acquiring an interest in the Company's UMZ Mine, increased government mining royalties, a requirement for products produced by the Company to be sold in Bolivia, and/or partial reversion to the State of Special Transitory Authorizations (former mining concessions) where no mining activities are carried on currently by the Company. The Company has been carrying on mining activities at the UMZ Mine and has certain other mining concessions. In the past, the government of Bolivia has nationalized the assets of certain companies in various industries. In November 2013, the President of Bolivia decreed that an extra month's wages should be paid as a special bonus in December to all salaried workers in Bolivia including in the private sector.

OTHER INFORMATION

Critical Accounting Estimates

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

Net Realizable Amounts of Property, Plant and Equipment

At September 30, 2013, the net book value of the property, plant and equipment in respect of the UMZ Mine and EVBC Mines amounted to $24,929 and $143,834, respectively. Effective from the point that they are ready for their intended use, property, plant and equipment are amortized on a straight line basis or using the units-of-production method over the shorter of the estimated economic life of the asset or mineral property. The method of depreciation is determined based on that which best represents the use of the assets.

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

Exploration and development expenditures are capitalized once management of the Company has determined that there is a reasonable expectation of economic extraction of minerals from the property.

At September 30, 2013, the capitalized costs for the Copperwood Project amounted to $21,714. The Company continues to optimize the Copperwood Project as discussed under "Overall Performance - Copperwood Project".

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

Decommissioning Liabilities

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

At September 30, 2013	Undiscounted Cash Flows Required to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
EVBC Mines (1) (2)	$15,938	4.2%	$10,562
UMZ Mine (1) (2)	$5,556	2.0%	$5,077
Total	**$21,494**		**$15,639**

(1) Accretion expense is recorded using the discount interest rate set out above. It is expected that these amounts will be incurred in 2016 through 2026 in respect of the UMZ Mine and the EVBC Mines, respectively. The discount rate used to measure decommissioning liabilities under IFRS is based on current interest rates of government bonds of the applicable country and of term that matches the time period to the commencement of the decommissioning liability being incurred.

(2) For the EVBC Mines, the revision in estimated cash flows includes the impact of the change in discount rate, the additional expected remediation costs related to the tailings dam, the inclusion of certain costs for remediation activities in respect of which the EVC Mines have provided a reclamation bond to Spanish authorities fully cash-backed, and the impact of the foreign exchange rate of the Euro versus the US dollar. For the UMZ Mine, the revision in estimated cash flows includes the impact of the change in discount rate as well as the impact of the shorter expected mine life.

Stock-based compensation

The Company recorded stock-based compensation expense of $276 for fourth quarter of fiscal 2013 and $295 for fiscal 2013 compared to $43 and $558, respectively, for the same periods of the prior year. The stock-based compensation expense is based on an estimate of the fair value of the stock options issued and expensed over the vesting period. The accounting for stock options requires estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Long-term Compensation

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

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

Impairment

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

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

During fiscal 2013, the carrying value of (i) the EBVC Mines was reduced by $2,244 for the de-recognition of a portion of the asset relating to the hoist incident at the Boinás Mine, and (ii) the UMZ Mine was reduced by $6,273 representing the impairment charge with respect to the suspension of the operations of the LPF plant.

Although the total public market capitalization of the Company declined to below the carrying amount of Orvana's net assets at September 30, 2013 of $158,768, following the completion of an impairment test in respect of each CGU, the Company estimates that the net recoverable amounts are greater than the carrying values of such assets and, as such, there has been no impairment of such carrying values.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

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

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

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

Future Changes in Accounting Standards

IFRS 9 Financial Instruments

In November 2009, the International Accounting Standards Board issued, and subsequently revised in October 2010, IFRS 9 Financial Instruments ("IFRS 9") as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective beginning with the Company's interim financial statements for the quarter ended December 31, 2016.

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

IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13 Fair Value Measurement ("IFRS 13"). IFRS 13, which is to be applied prospectively, is effective beginning with the Company's interim financial statements for the quarter ended December 31, 2013. IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. The Company has assessed the application of IFRS 13 and concluded that the adoption of IFRS 13 will not have a significant impact on its financial statements.

IAS 19 Employee Benefits

In June 2011, the IASB issued amendments to IAS 19 Employee Benefits ("IAS 19"), effective beginning with the Company's interim financial statements for the quarter ended December 31, 2013. The amendments to IAS 19 eliminate the corridor rule and calculate finance costs on a net funding basis. The Company has assessed the application of IAS 19 and concluded that the adoption of IAS 19 will not have a significant impact on its financial statements.

IAS 36 Impairment of Assets

In May 2013, the IASB issued amendments to IAS 36 Impairment of Assets ("IAS 36"). The amendments to IAS 36, which are to be applied retrospectively, are effective beginning with the Company's interim financial statements for the quarter ended December 31, 2014. The amendments to IAS 36 relate to disclosure changes, specifically: (i) removing the requirement to disclose the recoverable value of a CGU when the CGU contains goodwill or long lived intangible assets not currently subject to impairment, (ii) adding a requirement to disclose the recoverable amount of an asset or CGU when an impairment loss is recognized or reversed, and (iii) adding a requirement to disclose how fair value less disposal costs are measured when an impairment loss is recognized or reversed. The Company has not yet determined the potential impact that the adoption of the amendments to IAS 36 will have on its financial statements.

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

In October 2011, the IASB issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20"). IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when the following two benefits accrue to the entity from the stripping activity: (i) useable ore that can be used to produce inventory, and (ii) improved access to further quantities of material that will be mined in future periods. IFRIC 20 must be applied starting with the Company's interim financial statements for the quarter ended December 31, 2013. The Company has assessed the impact of adopting IFRIC 20 on its consolidated financial statements and has concluded that the adoption of IFRIC 20 will not have a significant impact on its financial statements.

IFRIC 21 Levies

In May 2013, the IASB issued IFRIC 21 Levies ("IFRIC 21"). IFRIC 21 provides guidance on when an obligating event occurs that gives rise to a liability to pay a government levy that is not income tax. IFRIC 21 must be applied retrospectively starting with the Company's interim financial statements for the quarter ended December 31, 2014. The Company has not yet determined the potential impact that the adoption of IFRIC 21 will have on its financial statements.

Other

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, and amended IAS 27 Separate Financial Statements and IAS 28 Associates and Joint Ventures. IFRS 10, 11, and 12 were revised in July 2012 IFRS 10, 12, and IAS 27 were revised in October 2012. The published standards at May 2011 and subsequent amendments in July 2012 are effective for the Company's interim financial statements for the quarter ended December 31, 2013. The amendments issued in October 2012 are effective for the Company's interim financial statements for the quarter ended December 31, 2014. The Company does not believe the changes resulting from these new standards are relevant to its financial statements.

In December 2011, the IASB issued amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures related to offsetting of financial assets and financial liabilities. These amendments are effective for the Company's interim financial statements for the quarter ended December 31, 2014. The Company does not believe the changes resulting from these amendments will have a significant impact on its financial statements.

In May 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement related to the novation of derivatives and hedge accounting. The amendment to IAS 39 is effective for the Company's interim financial statements for the quarter ended December 31, 2014. The Company does not believe the changes resulting from these amendments are relevant to its financial statements.

Non-IFRS Measures

All in sustaining costs per gold ounce

The Company, in conjunction with an initiative undertaken within the gold mining industry, has adopted an all-in sustaining cost non-IFRS performance measure as set out in the guidance note released by the World Gold Council in June 2013. The Company believes this performance measure more fully defines the total costs associated with producing gold; however, this performance measure has no standardized meaning. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Company reports this measure on a gold ounces sold basis. The comparative periods have been restated accordingly.

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

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

EVBC Mines	**Q1 2013**	**Q2 2013**	**Q3 2013**	**Q4 2013**	**FY2013**	**FY2012**
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1)						
Total mine costs (sales based)	**$9,194**	**$16,114**	**$16,535**	**$16,835**	**$58,678**	**$45,144**
Deductions, refining, treatment, penalties, freight & other costs	1,622	3,175	2,933	3,488	11,218	6,093
Accrued/paid royalties - based on sales	537	937	830	756	3,060	2,471
Sub-total - other operating costs	**$2,159**	**$4,113**	**$3,763**	**$4,244**	**$14,279**	**$8,564**

EVBC Mines	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY2013	FY2012
Copper sales - gross revenue value	(2,924)	(5,767)	(5,043)	(6,474)	(20,208)	(14,075)
Silver sales - gross revenue value	(1,014)	(1,274)	(1,038)	(1,393)	(4,719)	(3,032)
Sub-total by-product revenue	**($3,938)**	**($7,042)**	**($6,080)**	**($7,868)**	**($24,927)**	**($17,107)**
Cash operating costs	**$7,415**	**$13,185**	**$14,219**	**$13,211**	**$48,029**	**$36,601**
Corporate general & administrative costs	1,066	834	402	954	3,255	2,577
Reclamation, accretion & amortization	99	109	110	110	428	614
Primary development (sustaining)	2,558	2,682	2,651	1,920	9,810	10,721
Other sustaining capital expenditures (2)	798	561	252	1,828	3,439	20,547
All-in sustaining costs	**$11,935**	**$17,370**	**$17,633**	**$18,023**	**$64,962**	**$71,060**
All-in costs	**$11,935**	**$17,370**	**$17,633**	**$18,023**	**$64,962**	**$71,060**
Au/oz sold	8,759	16,824	16,808	17,411	59,802	42,864
Cash operating costs ($/oz) gold	$847	$784	$846	$759	$803	$854
All-in sustaining costs ($/oz) gold	$1,363	$1,032	$1,049	$1,035	$1,086	$1,658
All-in costs ($/oz) gold	$1,363	$1,032	$1,049	$1,035	$1,086	$1,658

(1) Costs are reported per ounce of gold sold in the period.

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

As a result of revenue from the sale of gold and silver representing more than 40% of total gross revenue from the UMZ Mine in a reporting period and for better costs comparisons to other mines, the Company is reporting AISC (co-product) per pound of copper and per ounce of gold and silver sold.

The following table provides a reconciliation of all-in sustaining costs per ounce of the UMZ Mine for the periods set out below:

UMZ Mine (1)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY2013	FY2012
Cash operating costs, all-in sustaining costs and all-in costs (co-product) (2)						
Total mine costs (sales based)	**$6,733**	**$7,554**	**$6,889**	**$4,474**	**$25,650**	**$30,220**
Deductions, refining, treatment, penalties, freight & other costs	6,649	5,280	5,862	6,531	24,322	16,452
Accrued/paid royalties - based on sales	2,186	1,632	1,798	1,642	7,259	6,399
Sub-total - other operating costs	**$8,835**	**$6,912**	**$7,660**	**$8,173**	**$31,581**	**$22,851**
Gross by-product credit	($260)	($275)	($1,086)	($1,028)	($2,649)	($343)
Cash Operating Costs	**$15,308**	**$14,191**	**$13,463**	**$11,619**	**$54,583**	**$52,728**
Corporate general & administrative costs	504	473	477	497	1,951	2,000
Community costs related to current operations	119	226	91	81	517	528
Reclamation, accretion & amortization	68	64	64	52	248	344
Capital expenditures (sustaining) (3)	1,370	423	317	581	2,691	1,970
All-in sustaining costs	**$17,369**	**$15,377**	**$14,412**	**$12,830**	**$59,990**	**$57,570**
Union payments	-	-	1,384	-	1,348	-
Exploration and study costs (non-sustaining)	7	37	35	3	83	160
All-in costs	**$17,376**	**$15,414**	**$15,831**	**$12,833**	**$61,421**	**$57,730**
Cash operating costs (co-product) ($/oz) gold	$1,010	$1,162	$939	$740	$951	$1,147
Cash operating costs (co-product) ($/lb) copper	$2.05	$2.49	$2.18	$1.97	$2.16	$2.40
Cash operating costs (co-product) ($/oz) silver	$20.35	$22.63	$16.34	$13.17	$17.64	$22.88
All-in sustaining costs (co-product) ($/oz) gold	$1,153	$1,265	$1,010	$823	$1,051	$1,258
All-in sustaining costs (co-product) ($/lb) copper	$2.33	$2.71	$2.35	$2.17	$2.38	$2.63
All-in sustaining costs (co-product) ($/oz) silver	$22.87	$24.45	$17.47	$14.49	$19.30	$24.86
All-in costs (co-product) ($/oz) gold	$1,153	$1,265	$1,110	$823	$1,076	$1,258
All-in costs (co-product) ($/lb) copper	$2.33	$2.71	$2.58	$2.17	$2.44	$2.63
All-in costs (co-product) ($/oz) silver	$22.87	$24.45	$19.05	$14.49	$19.72	$24.86

(1) The UMZ Mine was not in commercial production in the first quarter of fiscal 2012. Costs are reported per ounce of gold or silver or per pound of copper sold in the period.

(2) Total mine costs for each metal are based on the percentage of gross revenue that each quantity of metal sold in the period represents of total gross revenue for the period. Refining charges, metallurgical deductions and the UMZ Royalties allocated to each metal based on actual costs related to each quantity of metal sold in the period.

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

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

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

Adjusted Net Income	Q3 2013	Q4 2013	Q4 2012	FY2013	FY2012
Net income (loss)	$11,315	$1,174	($2,007)	$32,623	($2,353)
Tax-adjusted unrealized (gains) losses on derivatives	(23,031)	7,598	$11,200	(30,307)	$14,695
Tax adjusted de-recognition of assets - EVBC hoist	2,379	(808)	-	1,571	-
Tax adjusted EMIPA union payments	873	-	-	873	-
EVBC Debenture Conversion	-	-	$3,132	-	$3,132
EMIPA VAT provision	1,387	-	-	1,387	-
EMIPA Write-Down	6,423	(150)	-	6,273	-
Adjusted net income (loss)	($654)	$7,814	$12,325	$12,420	$15,474
Weighted average shares outstanding (000s)	136,612	136,748	136,642	136,652	136,852
Adjusted net income (loss) per share (basic and diluted)	$0.00	$0.06	$0.09	$0.09	$0.11

Fabulosa Related Party Transactions

The Company has a secured loan facility (the "Fabulosa Loan") with Fabulosa Mines Limited ("Fabulosa"), the Company's 52% shareholder, in the amount of $11,500. The Company has used proceeds drawn under the Fabulosa Loan for working capital purposes. Interest on the outstanding principal is calculated at a rate per annum of 12%, is payable monthly and the Company pays withholding taxes imposed by applicable taxing authorities. The Company is currently paying interest and stand-by fees. The Company has repaid $3,000 of the principal amount outstanding in fiscal 2013 and, as of the date of the MD&A, a principal amount of $2,731 is outstanding. The Fabulosa Loan also contains covenants that, among other things, require principal repayment in the event of, among other things, the sale of certain of the Company's assets. The Fabulosa Loan is secured by, among other things, a general security assignment over present and future assets of Orvana excluding Kinbauri. The Fabulosa Loan was amended during the fourth quarter of fiscal 2013 in accordance with the Fabulosa Loan Amendment. In connection with such extension and amendment, the Company issued warrants to purchase 500,000 Common Shares exercisable for five years at an exercise price of $0.49.

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

Other Information

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

Cautionary Statements - Forward-Looking Information

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

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

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

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

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

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

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

Mineral Reserves and Resources

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