



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(EXPRESSED IN UNITED STATES DOLLARS)**

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Orvana Minerals Corp. were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 3 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee comprised of members of the Board of Directors assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditor's report. The Audit Committee also reviews other continuous disclosure documents of the Company containing financial information to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders. The external auditor has full and unrestricted access to the Audit Committee to discuss the scope of its audits, the adequacy of the system of internal controls and review financial reporting issues.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

[signed]

Juan Gavidia

Chief Executive Officer

Toronto, Canada

November 30, 2021

[signed]

Nuria Menéndez

Chief Financial Officer



Independent auditor's report

To the Shareholders of Orvana Minerals Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Orvana Minerals Corp. and its subsidiaries (together, the Company) as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of net loss and comprehensive loss for the years ended September 30, 2021 and 2020;
- the consolidated statements of cash flows for the years ended September 30, 2021 and 2020;
- the consolidated balance sheets as at September 30, 2021 and 2020;
- the consolidated statements of changes in shareholders' equity for the years ended September 30, 2021 and 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessments of property, plant and equipment for EMIPA and Orovalle cash generating units (CGUs)</p> <p><i>Refer to note 3 - Summary of significant accounting policies, note 4 Critical accounting estimates and judgments and note 25 - Segmented information to the consolidated financial statements.</i></p> <p>As at September 30, 2021, the total net book value of property, plant and equipment, related to EMIPA and Orovalle CGUs, amounted to \$17.4 million and \$53.7 million, respectively. Management reviews the carrying amounts of property, plant and equipment for impairment indicators whenever facts and circumstances suggest that the carrying amounts may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash flows (“CGU”). If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss.</p> <p>During the year ended September 30, 2021, management identified an impairment indicator as the market capitalization of the Company was less than the carrying amount of the net assets. As a result, management performed an impairment test on EMIPA and Orovalle CGUs. Management determined the recoverable amounts of EMIPA and Orovalle CGUs based on a fair value less costs of disposal method (FVLCD method) using discounted cash flow models. Key assumptions used in the discounted cash flow models included: recoverable reserves and resources, future commodity prices, future production and sales volumes, foreign exchange rates, future operating, capital and reclamation costs, and discount rates. Management estimates of the recoverable reserves and resources are based on information prepared by or under the supervision of qualified persons (management’s experts).</p> <p>No impairment charge was required for EMIPA and Orovalle CGUs because their recoverable amounts exceeded the carrying amounts.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Tested how management determined the recoverable amounts of property, plant and equipment related to EMIPA and Orovalle CGUs, which included the following:<ul style="list-style-type: none">○ Evaluated the reasonableness of key assumptions such as future commodity prices, foreign exchange rates, future operating, capital and reclamation costs and future production and sales volumes, by (i) comparing future commodity prices with external market and industry data; (ii) comparing foreign exchange rates with external market data; (iii) comparing future operating, capital and reclamation costs to prior year actual operating, capital and reclamation expenditures incurred; (iv) comparing the future production and sales volumes to the current and past performance of the CGUs; and (v) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable.○ The work of management’s experts was used in performing the procedures to evaluate the reasonableness of the assumptions associated with the recoverable reserves and resources. As a basis for using this work, the competence, capabilities and objectivity of management’s experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the assumptions used by management’s experts and an evaluation of their findings.○ Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the appropriateness of the FVLCD method using discounted cash flow models, and the reasonableness of the discount rates used within the models.



We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test the key assumptions used by management in determining the recoverable amounts of EMIPA and Orovalle CGUs, which involved critical judgment by management. We were also assisted by professionals with specialized skill and knowledge in the field of valuation.

- Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessment of property, plant and equipment for EMIPA and Orovalle CGUs.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Hawtin.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
November 30, 2021

ORVANA MINERALS CORP.**Consolidated Statements of Net loss and Comprehensive loss
(in thousands of United States dollars)**

	Years ended September 30,	
	2021	2020
Revenue (note 6)	\$ 105,513	\$ 101,994
Cost of sales		
Mining costs (note 7)	74,845	82,240
Write-off of property, plant and equipment	1,148	-
Depreciation and amortization (note 15)	16,219	20,014
Impairment	-	1,854
	92,212	104,108
Gross margin	13,301	(2,114)
Expenses		
General and administrative (note 8)	6,074	5,266
Exploration	3,903	1,426
Community relations	326	348
Other loss (income) (note 9)	218	(2,120)
Finance costs, net (note 10)	1,212	1,340
Derivative instruments (note 11)	230	5,290
	11,963	11,550
Income (loss) before income taxes	1,338	(13,664)
Provision for (recovery of) income taxes		
Current income taxes (note 20)	222	150
Deferred income taxes (note 20)	2,228	(12,222)
	2,450	(12,072)
Net loss	\$ (1,112)	\$ (1,592)
Other comprehensive income (note 13)	7	-
Comprehensive loss	(1,105)	(1,592)
Net loss per share (note 12)		
Basic and diluted	\$ (0.01)	\$ (0.01)

The notes to the consolidated financial statements are an integral part of these financial statements.

ORVANA MINERALS CORP.
Consolidated Statements of Cash Flows
(in thousands of United States dollars)

	Years ended September 30,	
	2021	2020
Operating activities		
Net loss	\$ (1,112)	\$ (1,592)
Adjustments for:		
Depreciation and amortization	16,483	20,021
Impairment	-	1,854
Gain on disposal of assets and PPE write-offs	1,563	(638)
Accretion	448	430
Amortization of deferred financing fees	11	70
Stock-based compensation	-	31
Long-term compensation	2,114	1,214
Deferred income taxes	2,228	(12,222)
Foreign exchange gain	(799)	(209)
Derivative instruments (note 11)	227	-
	21,163	8,959
Changes in non-cash working capital		
Concentrate and doré sales receivables	962	(150)
Value added taxes and other receivables and prepaid expenses	(1,085)	5,708
Inventory	(3,201)	1,435
Accounts payable and accrued liabilities	(216)	(1,454)
Provision for statutory labour obligations	167	(3,133)
Income taxes payable (receivable) (note 20.a)	(1,217)	70
	(4,590)	2,476
Cash provided by operating activities	16,573	11,435
Investing activities		
Capital expenditures	(14,155)	(8,681)
Restricted cash	706	(353)
Proceeds from sale of Property, plant and equipment and assets held for sale	564	1,477
Cash used in investing activities	(12,885)	(7,557)
Financing activities		
Loans and Revolving Lines (note 17)		
EMIPA		
Repayment of TSF Loan & revolving facilities	-	(4,098)
Repayment of Heavy Equipment Loan	(157)	(615)
Proceeds from (repayment of) Restructuring Loan	(3,000)	3,000
Repayment of Banco de Crédito Loan	-	(493)
Orovalle		
Proceeds from (repayment of) Revolving Lines	362	(1,552)
Repayment of of Spanish Banking Facility	(2,288)	(1,722)
Proceeds from (repayment of) New financing COVID-19 Related	(1,321)	6,423
Proceeds from Bankia Loan	451	-
Repayment of Bankinter Loan and other	-	(380)
Repayment of lease liabilities (note 18)	(1,752)	(967)
Cash used in financing activities	(7,705)	(404)
Change in cash and cash equivalents	(4,017)	3,474
Cash and cash equivalents, beginning of the year	15,572	12,351
Effect of exchange rate changes on cash	(228)	(253)
Cash and cash equivalents, end of year	\$ 11,327	\$ 15,572

The notes to the consolidated financial statements are an integral part of these financial statements.

ORVANA MINERALS CORP.
Consolidated Balance Sheets
(in thousands of United States dollars)

	As at September 30, 2021	As at September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 11,327	\$ 15,572
Restricted cash (note 13)	85	103
Concentrate and doré sales receivables	231	1,193
Value added taxes (note 20.b)	3,722	4,219
Other receivables and prepaid expenses	1,561	742
Inventory (note 14)	15,192	12,108
Income tax receivable (note 20.a)	2,264	1,047
	34,382	34,984
Assets held for sale (note 5.b)	1,109	1,924
Total current assets	35,491	36,908
Non-current assets		
Value-added taxes (note 20.b)	10,291	9,526
Other assets	116	118
Restricted cash (note 13)	871	1,559
Reclamation bonds (note 13)	8,872	8,886
Deferred income tax asset (note 20.a)	12,694	14,922
Inventory (note 14)	5,661	5,661
Property, plant and equipment (note 15)	70,940	73,365
	\$ 144,936	\$ 150,945
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 16)	\$ 31,600	\$ 32,496
Provision for statutory labour obligations (note 5)	1,250	1,083
Debt (note 17)	10,962	13,495
Lease liabilities (note 18)	1,519	1,037
Derivative instruments (note 11)	227	-
	45,558	48,111
Non-current liabilities		
Decommissioning liabilities (note 19)	23,296	21,819
Debt (note 17)	2,204	5,670
Lease liabilities (note 18)	24	1,820
VAT liabilities (note 20.b)	666	845
Long-term compensation (note 22 (b))	3,321	1,708
	75,069	79,973
Shareholders' equity		
Share capital (note 21)	116,206	116,206
Contributed surplus	3,871	3,871
Accumulated deficit	(50,210)	(49,105)
	69,867	70,972
	\$ 144,936	\$ 150,945

Commitments and contingent liabilities (note 24)
Subsequent events (note 28)

The notes to the consolidated financial statements are an integral part of these financial statements.

Approved by the Board of Directors:

[signed]

[signed]

Gordon Pridham, Chairman

Ed Guimaraes, Director

ORVANA MINERALS CORP.
Consolidated Statements of Changes in Shareholders' Equity
(in thousands of United States dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Accumulated other comprehensive income	Total
Balance, October 1, 2020	\$ 116,206	\$ 3,871	\$ (49,105)	\$ -	\$ 70,972
Remeasurement of financial asset through other comprehensive income	-	-	-	\$ 7	\$ 7
Net loss	-	-	(1,112)	-	(1,112)
Balance, September 30, 2021	\$ 116,206	\$ 3,871	\$ (50,217)	\$ 7	\$ 69,867

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance, October 1, 2019	\$ 116,206	\$ 3,840	\$ (47,513)	\$ 72,533
Stock-based compensation	-	31	-	31
Net loss	-	-	(1,592)	(1,592)
Balance, September 30, 2020	\$ 116,206	\$ 3,871	\$ (49,105)	\$ 70,972

The notes to the consolidated financial statements are an integral part of these financial statements.

ORVANA MINERALS CORP.

Notes to the consolidated financial statements

(in thousands of United States dollars unless otherwise noted)

For the years ended September 30, 2021 and 2020

1. Nature of operations and corporate information

Orvana Minerals Corp. (the "Company" or "Orvana") is a Canadian mining and exploration company involved in the evaluation, development and mining of precious and base metal deposits. The Company owns and operates the gold, copper and silver El Valle Mine and Carlés Mine in the Rio Narcea Gold Belt in northern Spain (collectively "El Valle"), which is held indirectly through its wholly-owned subsidiary, Orovalle Minerals S.L., ("Orovalle"). The Company also owns gold and copper concessions in the Don Mario district in south-eastern Bolivia ("Don Mario"), currently in care and maintenance (Refer to Note 5 – Restructuring in EMIPA), which are held indirectly through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA").

On May 14, 2019, the Company entered into a purchase agreement with Compañía Minera Taguas S.A. (the "Vendor") pursuant to which Orvana agreed to acquire the Taguas property ("Taguas") located in the Province of San Juan, Argentina. The Vendor is a related party, as it is indirectly owned by Orvana's 51.9% shareholder. Taguas consists of 15 mining concessions over an area of 3,273.87 ha. It is located in the Province of San Juan, Argentina, on the eastern flank of the Andes, between 3,500 m to 4,300 m above sea level. Orvana Argentina S.A. was incorporated on December 9, 2020 as a subsidiary of the Company to complete the acquisition of the Taguas property. The transfer of the mineral rights was completed on May 21, 2021. In consideration for 100% of Taguas, Orvana granted the Vendor an indivisible net smelter royalty equal to 2.5% on all future metals production mined from Taguas. The Toronto Stock Exchange ("TSX") has provided acceptance of the acquisition.

The Company is controlled by Fabulosa Mines Limited ("Fabulosa") which holds 51.9% of the Company's common shares. The Company's ultimate controlling party is Andean Resources S.A., which controls Fabulosa.

The Company's head and registered office is 70 York Street, Suite 1710, Toronto, Ontario, Canada. The Company is incorporated under the laws of Ontario, Canada and its common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol TSX:ORV.

COVID-19 Estimation Uncertainty

In March 2020 the World Health Organization declared the COVID-19 outbreak to be a global pandemic. The situation is dynamic with countries around the world responding in different ways to address the outbreak. The COVID-19 pandemic is continuing to cause significant financial market volatility and social dislocation, globally.

The extent of the effect of the COVID-19 pandemic on the Company's business activities is undetermined, given the uncertainties with respect to future developments, including without limitation: (i) duration, severity and scope of the COVID-19 pandemic; (ii) the effect of the COVID-19 situation on the future availability of mining supply and services that support operations; (iii) the effect of the COVID-19 situation could have on the Company's future operations and financial condition; and (iv) the necessary government responses to limiting the spread of COVID-19.

The Company has made efforts to safeguard the health of our employees, while continuing to operate safely and responsibly maintain employment and economic activity. The Company continues to implement comprehensive and proactive measures to respond to the COVID-19 pandemic; and continues to work closely with local governments and authorities to ensure proper protocols are followed during the ongoing COVID-19 crisis.

Spain's and Bolivia's Governments declared different rules since March 2020 to try to minimize the pandemic impact. Orovalle has not experienced any significant disruption to product shipments since the onset of the COVID-19 pandemic. In Bolivia, the lockdown rules did not have a material impact on the Company's Bolivian operations, as EMIPA continues its care and maintenance phase with a small team of essential employees at Don Mario.

On April 1, 2020, the Bolivian Government issued Law 1294 Exceptional law of deferral of debt payments and temporary reduction of the payment of basic services allowing entities incorporated under the laws of Bolivia to reschedule debt repayments of principal and interests with a due date between April, 1 2020 and the end of quarantine of COVID-19. On August 26, 2020 the Bolivian Government issued Law 1319, clarifying that the extension of the automatic deferral of repayments (principals and interests) will continue until December 31, 2020. EMIPA, based on these rules, deferred several installments of the TSF and Heavy Equipment Loans due between April and December 2020, maintaining the remaining installments according to the existing terms of

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Notes to the consolidated financial statements

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the loan agreements. The Supreme Decret number 4409 issued by the Bolivian Government on December 2, 2020, provided that the Bolivian banks should agree with their clients a new repayment calendar for the debt affected by laws 1294 and 1319, taking into consideration the financial situation of each Company. In April 2021, EMIPA and BISA Bank finalized the new repayment schedule for the TSF and Heavy Equipment Loans. Pursuant to the new repayment schedule, \$2.6 million originally due in fiscal 2020 and 2021 is deferred to fiscal 2022. Interest will continue to apply for the deferred period at the originally agreed interest rates.

As part of the Spanish national program to mitigate economic impacts caused by the COVID-19 pandemic, the Spanish Government offered guarantee lines to the Spanish banking sector through the Official Credit Institute "ICO", to facilitate companies to access funding. Orovalle has received up until September 30, 2021 a total amount of €6,497 (\$7,523) of this type of funding – refer to note 17 Debt – "New Financing COVID-19 related – Orovalle" for further details.

2. Basis of preparation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and including interpretations by the International Financial Reporting Interpretations Committee ("IFRIC").

The preparation of these consolidated financial statements requires the use of certain significant accounting estimates and judgments by management in applying the Company's accounting policies. The areas involving significant judgments and estimates have been set out in note 4 – Critical accounting estimates and judgements.

These consolidated financial statements for the year ended September 30, 2021 were approved by the Board of Directors of the Company on November 30, 2021.

3. Summary of significant accounting policies

(a) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments including derivative instruments, warrants and stock options, which are measured at fair value.

(b) Principles of consolidation

The financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

Wholly-owned subsidiaries:

Operating companies:

Empresa Minera Paititi S.A.

Orovalle Minerals S.L.

Orvana Argentina, S.A.

Non-operating companies:

Orvana Minerals Asturias Corp.

Orvana Cyprus Limited

Orvana Sweden International AB

Orvana Minerals Iberia, S.L.

Orvana Pacific Minerals Corp.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Chief Executive Officer of the Company.

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Notes to the consolidated financial statements

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(d) Foreign currency translation

i. Functional and presentation currency

The Company's functional and presentation currency is the United States dollar. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. The functional currency of all of the Company's subsidiaries has also been determined to be the United States dollar.

ii. Transactions and balances

Monetary assets and liabilities not denominated in the functional currency are translated at the period end rates of exchange. Significant transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction, other income and expense transactions in currencies other than the functional currency are translated into the functional currency using the average exchange rates from the previous month. Foreign exchange gains and losses are recognized in the consolidated statement of loss.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash in the bank and short-term highly liquid deposits with original maturities of 90 days or less. Cash that is held in escrow, or otherwise restricted from use, is excluded and is reported separately from cash and cash equivalents.

(f) Financial Instruments

The Company's business model is based on maintaining its financial assets to receive contractual cash flows according to signed contracts, on specific dates.

• Financial Assets:

Long-term deposits, reclamation bonds, cash and cash equivalents and other accounts receivables, are recorded at amortized cost using the effective interest method.

Concentrate and doré sales receivables and gold forwards, are classified as financial assets at fair value through profit or loss and measured at fair value.

• Financial Liabilities:

The Company recognized initially its financial liabilities at fair value and in the case of financial liabilities not subsequently measured at fair value, net of directly attributable financing costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled, or expired. The Company's financial liabilities are subsequently measured at amortized cost.

(g) Inventories

Gold inventory, which consists of gold doré and gold in circuit, concentrates inventory, silver in circuit and ore stockpile inventory are stated at the lower of cost and net realizable value. Material and supplies inventory is stated at the lower of average cost and replacement cost.

(h) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the consolidated statement of loss during the period in which they occur.

Effective from the point that they are ready for their intended use, plant and equipment; furniture and equipment; equipment under finance leases; corporate equipment and mineral properties are amortized

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Notes to the consolidated financial statements

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For the years ended September 30, 2021 and 2020

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. Changes in the estimate of mineral reserves and resources will result in changes to depreciation and will be accounted for on a prospective basis over the remaining life of mine.

Estimated useful lives of major asset categories are as follows:

Plant and equipment	3 to 5 years
Furniture and office equipment	3 to 5 years

(i) Exploration and development

Acquired mineral properties are recognized at cost, or if acquired as part of a business combination, at fair value at the date of acquisition. Exploration expenditures are capitalized once management has determined that there is a reasonable expectation of economic extraction of minerals from the property. Mineral properties under exploration are reclassified to mineral properties under development when technical feasibility and commercial viability of the property can be demonstrated. Expenditures directly attributable to the development of the property are capitalized.

(j) Mineral properties in development and production

Mineral properties in development and production are classified as property, plant and equipment. The Company assesses each mine development project to determine when a mine has advanced to the production stage. The criteria used to assess the start date are determined based on the nature of each mine development project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when a mine is substantially complete and ready for its intended use and has advanced to the production stage. The criteria considered include: (1) the completion of a reasonable period of testing of mine plant and equipment; (2) the ability to produce materials in saleable form (within specifications); and (3) the ability to sustain ongoing production of minerals. When a mine construction project has advanced into the production stage, the capitalization of certain mine construction costs cease and costs are either included in inventory or expensed, except for sustaining capital costs related to property, plant and equipment and underground mine development or reserve development.

(k) Impairment of non-financial assets

Property, plant and equipment, including intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss.

At each financial position reporting date the carrying amounts of the Company's assets, including mineral properties under exploration and mineral properties under development, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

An impairment loss, excluding those recognized in goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(l) Decommissioning liabilities

The Company recognizes a decommissioning liability when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its mineral properties. Decommissioning liabilities are recognized as incurred. Decommissioning liabilities are discounted using a rate reflecting risks specific to the liability, and the unwinding of the discount is included in finance costs. At the time of establishing the liability, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The liabilities are reviewed on a regular basis for changes in cost estimates, discount rates and operating lives.

(m) Revenue recognition

The type and nature of sale contracts is described below:

- Precious metals sales – Gold-copper concentrates

The Company sells gold-copper concentrates (“Concentrates”) from its mines to third-parties. The concentrates mainly contain copper, gold and silver.

The Company recognizes revenue upon notification of payment of the provisional invoice by the buyer, which is the point in time when the legal title is transferred. Upon payment the customer is able to direct the use of and obtain substantially all of the benefits from the concentrate. Revenues are recorded provisionally based on average market prices and provisional weights and assays. A receivable is recognized for this amount and subsequently measured at fair value to reflect variability associated with the embedded derivative for changes in the market metal prices and variations to weights and assays. These changes in the fair value of the receivable are recognized in revenue each period end and in the period of final settlement. Refining, treatment charges and freight are netted against revenues from concentrates.

- Precious metals sales – Doré

The Company sells doré from its mines to third-parties. A doré bar is a semi-pure alloy of gold and silver.

Revenue from gold doré is recognized upon notification of payment from the buyer, which is the point in time when the legal title is transferred. Upon payment the customer is able to direct the use of and obtain substantially all of the benefits from the doré. Revenues are recorded provisionally based on market prices and provisional weights and assays. A receivable is recognized for this amount and subsequently measured at fair value to reflect variability associated with the embedded derivative for changes in the market metal prices and variations to weights and assays. These changes in the fair value of the receivable are recognized in revenue each period end and in the period of final settlement. Treatment charges are netted against revenues from doré sales.

(n) Cost of sales

Cost of sales consists of mining costs, which include personnel costs; energy costs (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; costs related to royalty expenses for the period; and depreciation and amortization. All costs include any impairment to reduce inventory to net realizable value.

(o) Share-based payments

Directors and senior executives of the Company participate in long-term compensation plans under which they are eligible to purchase or receive Company common shares or the equivalent cash amount. The plans consist of a stock option plan, a restricted share unit plan, a deferred share unit plan and stock appreciation rights.

Awards under the compensation plans are measured at fair value on the date of grant and recorded as compensation expense in the statements of loss over the vesting period. For awards with graded vesting,

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the fair value of each tranche is recognized over its respective vesting period. The Company re-assesses, at the end of each reporting period, its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the consolidated statement of loss.

i. Stock options

As stock option awards are settled in common shares of the Company, the obligations under the stock option plan are included in contributed surplus within shareholders' equity. The fair value of stock options is determined using a Black-Scholes option pricing model.

ii. Restricted share units ("RSUs") and deferred share units ("DSUs")

RSUs and DSUs are settled in cash and the obligations under these plans are recorded as liabilities. The liabilities are adjusted to fair value each reporting date with the changes recorded as long-term compensation expense under general and administrative expense. The fair value of RSUs and DSUs is determined based on the quoted market price of Company's common shares at the reporting date.

iii. Stock appreciation rights ("SARs")

As SARs are settled in cash, the obligations under these plans are recorded as liabilities. The liabilities are adjusted to fair value each reporting date with the changes recorded as long-term compensation expense under general and administrative expenses. The fair value of the SARs is measured using an option pricing model at each period end, and to the extent that employees have rendered services over a three year vesting period.

(p) Earnings per share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the year. Diluted earnings per share is computed using the "treasury stock method". The treasury stock method assumes that all "in the money" option proceeds are used to purchase common shares of the Company at the average market price during the period.

(q) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. As a lessee, the Company recognizes a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability. A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

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- Amounts expected to be payable under a residual value guarantee.
- Exercise prices of purchase options if we are reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

(r) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets, until such time as the assets are substantially ready for their intended use. Qualifying assets are those that necessarily take a substantial period of time to prepare for its intended use or sale. All other borrowing costs are recognized as interest expense in the consolidated statement of loss in the period in which they are incurred.

(s) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants related to additions or betterments to property, plant and equipment are recognized as credits against the carrying values of the related assets, and subsequently recognized in net earnings over the useful lives of the related assets as reductions to the resulting depreciation expense.

(t) Assets held for sale

Non-current assets are classified as assets held for sale when it is highly probable their value will be recovered principally through a sale rather than through continuing use. For the sale to be highly probable, management must be committed to, and have initiated a plan to, sell the assets; the assets must be available for immediate sale in their present condition and the sale must be expected to qualify for recognition as a completed sale within one year from the date of reclassification, or longer under specific circumstances.

Assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell.

(u) Income taxes

Taxation on income comprises current and deferred income tax. Current income tax is generally the expected tax payable on the taxable income for the year calculated using rates enacted or substantively enacted at the statements of financial position date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred income tax is recognized using the liability method, based on temporary differences between consolidated financial statements carrying amounts of assets and liabilities and their respective income tax bases.

The Company operates in a specialized industry and in several tax jurisdictions. As a result, its income is subject to various rates of taxation. The breadth of its operations and the global complexity of tax

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regulations require assessments of uncertainties and judgements in estimating the taxes the Company will ultimately pay. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes arising from federal, provincial, state and local tax audits. The resolution of these uncertainties and the associated final taxes may result in adjustments to the Company's tax assets and liabilities.

The Company estimates deferred income taxes based upon temporary differences between the assets and liabilities that it reports in its consolidated financial statements and the tax bases of its assets and liabilities as determined under applicable tax laws. The amount of deferred tax assets recognized is generally limited to the extent that it is probable that taxable profit will be available against which the related deductible temporary differences can be utilized. Therefore, the amount of the deferred income tax asset recognized and considered unrealizable could be reduced if projected income is not achieved.

4. Critical accounting estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(a) Impairment of non-financial assets

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. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to present value, assumptions used are those that an independent market participant would consider appropriate. Value in use is the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

The Company has assessed its CGUs to be its mine sites (Orovalle and EMIPA), which are the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets.

During the year ended September 30, 2021, management identified an impairment indicator as the market capitalization of the Company was less than the carrying amount of the net assets. As a result, management performed an impairment test on the EMIPA and Orovalle CGUs. Management determined the recoverable amounts of the EMIPA and Orovalle CGUs based on a fair value less costs of disposal method (FVLCD method) using discounted cash flow models. Key assumptions used in the discounted cash flow models included: recoverable resources, future commodity prices for gold, silver and copper, future production and sales volume, future operating, capital and reclamation costs in accordance with the current life of mine plans, foreign exchange rates, and discount rates. Reserves and resources are estimated based on National Instrument 43-101 compliant reports produced by qualified persons.

Although the total public market capitalization of the Company was below the carrying amount of Orvana's net assets at September 30, 2021 of \$70.5 million, following the completion of an impairment test in respect of each CGU at the end of fiscal 2021, the Company estimated that the net recoverable amounts are greater than the carrying values of such assets based on the Company's current life of mine plans and the assumptions set out above at September 30, 2021.

Management used a long-term price per ounce of gold of between \$1,796 to \$1,802 and long-term price per pound of copper of \$4.16 to \$4.29 to perform its impairment assessments for Orovalle and EMIPA as at September 30, 2021. A 5% decrease in price per ounce in gold (all else equal) would have resulted in no impairment at EMIPA, break-even at Orovalle. A 5% decrease in price per pound in copper (all else equal) would have resulted in no impairment at Orovalle or EMIPA. Management used long-term Euro/USD exchange rates between 1/1.15 to 1/1.18 to perform its impairment assessments for Orovalle and EMIPA

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as at September 30, 2021. A 5% devaluation of the annual Euro/USD exchange rates (all else equal) would have resulted in no impairment in EMIPA or Orovalle.

(b) Decommissioning liabilities

Management is required to make significant estimates and assumptions in determining the Company's ultimate obligation for decommissioning liabilities. There are numerous factors that will affect the ultimate liability payable including the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Management is also required to apply judgment in determining whether any legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its mineral properties.

As at September 30, 2021, the Company had recognized \$23,296 of decommissioning liabilities (September 30, 2020 – \$21,819). Refer to note 19 – Decommissioning liabilities.

(c) Income taxes

Judgment is required in determining whether deferred income tax assets are recognized. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Refer to note 20 – Income tax.

5. Restructuring in EMIPA

During first quarter of fiscal 2020, the Company suspended mining and milling operations at EMIPA, as a result of a higher than expected ore-grade operational mining dilution in Las Tojas area, with more narrow, erratic and discontinued mineralized structures, which resulted in uneconomic unitary cost per ounce.

a) Labour obligations

As a consequence of the economic reasons mentioned before, the Company started a restructuring process which included a collective layoff of 182 full-time employees and recorded a charge of \$193 for the year ended September 30, 2021 and \$2,572 for the year ended September 30, 2020 (Refer to note 7 – Mining costs).

As at September 30, 2021, the Company had a Provision for statutory labour obligations of \$1,250 and other related labour obligations in Accounts payables and accrued liabilities of \$1,329 (September 30, 2020 - \$1,083 and \$1,323, respectively). Certain former employees of EMIPA affected by the restructuring process during the second quarter of fiscal 2020 decided not to accept the dismissal terms provided. See further information about this process in note 24.f. The Company expects to complete the restructuring program in 2022.

b) Assets held for sale

The Company is actively working to sell certain mining equipment and related spare parts, and has reflected these assets as held for sale at September 30, 2021.

During fiscal 2021, the Company sold certain mining equipment and spare parts. As at September 30, 2021, mining equipment held for sale amounted to \$780 and spare parts to \$329 (September 30, 2020 - \$1,403 and \$521 respectively). The company received \$564 cash from assets sold in fiscal 2021, recording a loss of \$368 in the consolidated statement of net loss (\$nil cash received, and \$nil result in the consolidated statement of net loss, in 2020). The outstanding balance is expected to be sold in 2022.

Security for the BISA Heavy Equipment Loan is tied to some of the assets held for sale (Refer to note 17 - Debt).

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6. Revenue

	2021	2020
Gold-copper concentrate	\$ 74,760	60,623
Doré	30,551	41,575
Subtotal	\$ 105,311	102,198
Provisional invoicing adjustments	202	(204)
Total revenue	\$ 105,513	101,994

7. Mining costs

Mining costs include mine production costs, transport costs, royalty expenses, site administration costs, applicable stripping costs and other related costs, but not the primary mine development costs, incurred at El Valle, which are capitalized and depreciated over the specific useful life or reserves related to that development and are included in depreciation and amortization. The mining costs for the year ended September 30, 2021 and 2020 relate to El Valle and Don Mario were:

For the years ended September 30,	2021	2020
Direct mining costs ⁽¹⁾	\$ 71,269	\$ 78,461
Royalties and mining rights ⁽²⁾	3,576	3,462
Mining royalty taxes ⁽³⁾	-	317
Total mining costs	\$ 74,845	\$ 82,240

- (1) Restructuring costs in EMIPA for the amount of \$193, for the year ended September 30, 2021 (\$2,572, for the year ended September 30, 2020), are included in direct mining costs (see note 5)
- (2) Royalties and mining rights refer to royalties payable to third parties in respect of El Valle and Don Mario.
- (3) Mining royalty taxes refers to amounts payable to government authorities in respect of Don Mario Mine.

8. General and administrative expenses

For the years ended September 30,	2021	2020
Salaries, directors fees and office administration	\$ 3,570	\$ 2,971
Depreciation	4	7
Stock-based compensation expense	-	31
Long-term compensation	1,987	1,214
Foreign exchange loss	513	1,043
Total general and administrative expenses	\$ 6,074	\$ 5,266

9. Other loss (income)

For the years ended September 30,	2021	2020
Reversal of provision for VAT-EMIPA	\$ (139)	\$ (1,230)
Gain on disposal of assets and write-offs - EMIPA	-	(638)
Loss on assets held for sale - EMIPA	368	-
Miscellaneous other income	(11)	(252)
Total other loss (income)	\$ 218	\$ (2,120)

10. Finance costs, net

For the years ended September 30,	2021	2020
Interest on credit facilities	\$ 543	\$ 686
Other interest expense	176	164
Accretion expense on decommissioning obligations (note 19)	413	407
Accretion lease liability	34	13
Finance fees	46	70
Total finance costs	\$ 1,212	\$ 1,340

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11. Derivative instruments

The Company had the following derivative instruments at September 30, 2021:

	Contract Prices	Settlements	Spot Rate / Price	Fair Value September 30, 2021	Contract Amount
EUR / USD					
Currency futures	\$1.1766 - \$1.1782	Oct-Nov-Dec 2021	\$1.1579	\$227	€ 10M

The Company paid net cash of \$nil in settlement of the derivative instruments that matured in the year ended September 30, 2021 (\$5,290 in the year ended September 30, 2020 – paid for gold forwards).

The Company recorded fair value adjustments on its outstanding derivative instruments as follows

For the years ended September 30,	2021	2020
Change in unrealized fair value	\$ (230)	\$ -
Realized loss on cash settlements of derivative instruments	-	(5,290)
Derivative instruments loss	\$ (230)	\$ (5,290)

Changes in the fair value of the Company's outstanding derivative instruments are recognized through the Company's consolidated net loss statement as derivative instruments (as an expense or as a gain). The mark-to-market fair value of the Company's outstanding derivative instruments is based on the closing rate at September 30, 2021 published by European Central Bank.

12. Net loss per share

For the years ended September 30,	2021	2020
Net loss	\$ (1,112)	\$ (1,592)
Weighted average number of common shares outstanding – basic and diluted	136,623,171	136,623,171
Net loss per share – basic and diluted	\$ (0.01)	\$ (0.01)

13. Restricted cash and reclamation bonds

Restricted cash

Restricted cash as at September 30, 2021 was \$85 and consists of warranties provided to the government, required for appealing in labour courts (September 30, 2020, \$103).

Long-term restricted cash as at September 30, 2021 was \$871 (September 30, 2020 – \$1,559). At September 30, 2021 and 2020 this restricted cash consisted mainly of cash required by local Spanish banks in connection with the Spanish banking facility.

Reclamation bonds

At September 30, 2021, reclamation bonds were \$8,872 (September 30, 2020 – \$8,886) and are expected to be released after all reclamation work at Orovalle has been completed. Prior to its acquisition by Orovalle, El Valle had been shut down by the owner thereof and remediation measures required were completed. On Orovalle's acquisition of El Valle a reclamation bond of €894 (\$1,035) was deposited, as required by Spanish mining regulations. Since then, additional reclamation bonds were deposited by Orovalle, mainly relating to its tailings facility, to a total of €7,662 (\$8,872). At September 30, 2021 reclamation bonds backed by cash were \$1,976 and \$6,896 were backed by an investment in a Fund (see note 26 for valuation criteria of this investment).

In April 2021 Orovalle invested €5,948 (\$6,887) of cash regarding reclamation bonds in a Fund that includes high quality equity and fixed income securities allocated between a growth component as well as a conservative component protecting the original value of the investment.

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The Company made an irrevocable election at the initial recognition to recognise the fair value changes through other comprehensive income. During fiscal 2021 the unrealized fair value of the fund was \$7.

14. Inventory

As at September 30,	2021	2020
Ore in stockpiles	\$ 2,964	\$ 899
Ore in-process	1,504	941
Doré	711	160
Gold-Copper concentrates	4,287	4,415
Materials and supplies	5,726	5,693
	\$ 15,192	\$ 12,108
Long-term materials and supplies	\$ 3,369	\$ 3,369
Long-term ore in stockpiles	2,292	2,292
	\$ 20,853	\$ 17,769

The Company recognized \$87,611 of inventory in cost of sales for the year ended September 30, 2021 (September 30, 2020 - \$97,662). The long-term inventory corresponds to the stockpile and materials and supplies at EMIPA.

The increase in stockpiled ore is due to the mid-August plant stoppage at Orovalle caused by the assessment of corrective measures to the tailings pumping circuits, in turn, impacted by the failure of a legacy open-pit wall. Underground mining continued operating throughout the plant stoppage, generating the stockpile.

15. Property, plant and equipment

	Land	Plant and equipment	Furniture and equipment	Mineral properties in production	Total
Net book value, September 30, 2020	\$2,011	\$41,859	\$338	\$29,157	\$73,365
Additions	-	7,918	233	5,749	13,900
Change in decommissioning assets (note 19)	-	1,257	-	-	1,257
Disposals and write-offs	-	(882)	(20)	(1,148)	(2,050)
Depreciation ⁽¹⁾	-	(6,192)	(198)	(9,142)	(15,532)
Net book value, September 30, 2021	\$2,011	\$43,960	\$353	\$24,616	\$70,940

Total cost	\$2,011	\$161,360	\$3,200	\$139,319	\$305,890
Total accumulated depreciation	-	(117,400)	(2,847)	(114,703)	(234,950)
Net book value, September 30, 2021	\$2,011	\$43,960	\$353	\$24,616	\$70,940

(1) Depreciation includes amounts recorded in inventory for \$260.

	Land	Plant and equipment	Furniture and equipment	Mineral properties in production	Total
Net book value, September 30, 2019	\$2,657	\$43,884	\$553	\$36,992	\$84,086
Additions	6	6,459	56	3,958	10,479
Disposals	(652)	(134)	(3)	-	(789)
Change in decommissioning assets (note 19)	-	651	-	-	651
Transfers – Assets held for sale	-	(1,675)	-	-	(1,675)
Depreciation ⁽¹⁾	-	(7,326)	(268)	(11,793)	(19,387)
Net book value, September 30, 2020	\$2,011	\$41,859	\$338	\$29,157	\$73,365

Total cost	\$2,011	\$153,067	\$2,987	\$134,718	\$292,783
Total accumulated depreciation	-	(111,208)	(2,649)	(105,561)	(219,418)
Net book value, September 30, 2020	\$2,011	\$41,859	\$338	\$29,157	\$73,365

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Right of Use assets

Equipment includes Right Of Use (“ROU”) assets under lease contracts which amounted to \$1,942 at September 30, 2021. During fiscal 2021, there were additions of ROUs for \$392 and depreciation was \$1,612.

Paid and unpaid Capital Expenditures

On the consolidated statement of cash flow for the year ended September 30, 2021, capital expenditures exclude approximately \$3,734 of capital expenditures incurred but unpaid as at September 30, 2021 (September 30, 2020 - \$4,702) and include \$4,702 of capital expenditures incurred in fiscal 2020 but paid as at September 30, 2021 (September 30, 2020 - \$2,854).

16. Accounts payable and accrued liabilities

As at September 30,	2021	2020
Accounts payable	\$ 25,871	\$ 26,979
Accrued liabilities	5,729	5,517
Total accounts payable and accrued liabilities	\$ 31,600	\$ 32,496

17. Debt

	September 30, 2021	September 30, 2020
TSF Loan – EMIPA	2,124	2,124
Heavy Equipment - EMIPA	526	683
Restructuring Loan – EMIPA	-	3,000
Revolving facilities - Orovalle	1,571	1,209
Spanish banking facility - Orovalle	3,391	5,726
New financing COVID-19 related - Orovalle	5,103	6,423
Bankia Loan – Orovalle	451	-
	13,166	19,165
Less: current portion	(10,962)	(13,495)
	\$ 2,204	\$ 5,670

TSF Loan - EMIPA

In June 2017, EMIPA entered into a Bs.58,017,483 (approximately \$8,336) term facility with BISA in Bolivia, the proceeds of which were used to fund a major tailings storage facility expansion project to add sufficient capacity to support future operations (“TSF Loan”). The TSF Loan bears an interest rate of 5.3% per annum, with seven disbursements of specified amounts that were received as expenditures were incurred on the tailings storage facility expansion. The TSF Loan is being repaid in twelve equal repayments beginning in April 2018 (refer to note 1 with regard to term extension). Security for the TSF Loan includes certain assets at Don Mario. The TSF Loan contains covenants that, among other things, restrict EMIPA’s ability to make cash disbursements to Orvana in certain circumstances.

As at September 30, 2021, EMIPA had received the full amount for \$8,336 (September 30, 2020 – \$8,336) and principal repayments of \$6,212 were made against the TSF Loan, such that the principal outstanding at September 30, 2021 was \$2,124 (September 30, 2020 - \$2,124). Regarding repayment re-schedule, see note 1.

For the year ended September 30, 2021, the Company paid \$29 in interest on the BISA TSF Loan (September 30, 2020 –\$149).

Heavy Equipment Loan - EMIPA

In May 2018, EMIPA entered into a Bs.16,514,688 (approximately \$2,373) term facility with BISA in Bolivia, the proceeds of which were used to purchase heavy equipment (“Heavy Equipment Loan”). The Heavy Equipment

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Loan bears an interest rate of 5.5% per annum. This Loan will be repaid in 36 equal repayments beginning in June 2018 (refer to note 1 with regard to term extension).

The Heavy Equipment Loan contains covenants that restrict EMIPA's ability to make cash disbursements to Orvana in certain circumstances.

As at September 30, 2021, the full amount of the loan was drawn down and principal repayments of \$1,847 were made against the Heavy Equipment Loan, such that the principal outstanding was \$526 (September 30, 2020 - \$683). Regarding repayment re-schedule, see note 1.

For the year ended September 30, 2021, the Company paid \$3 in interest on the BISA Heavy Equipment Loan (September 30, 2020 – \$44).

Restructuring Loan - EMIPA

In February 2020, EMIPA entered into a Bs.20,880,000 (\$3,000) short term financing facility with BISA in Bolivia, the proceeds of which were used for the labor restructuring process (refer to Note 3). The facility bears an interest rate of 6% per annum and matured in February 2021 with repayment of the full amount and the accrued interests on the due date. Security for the Restructuring Facility was tied to certain specific equipment that is currently under care and maintenance.

As at September 30, 2021, the full amount of the loan was drawn down and repaid. For the year ended September 30, 2021, the Company paid \$248 in interest on the BISA Labor Restructuring Loan (September 30, 2020 – \$nil).

Short Term Loan - EMIPA

In March 2021, EMIPA entered into a Bs.20,542,786 (\$2,952) short term financing facility with BISA in Bolivia, the proceeds of which were used for the repayment of the Restructuring Loan.

The facility had an interest rate of 6% per annum and matured in August 2021 with repayment of the full amount and the accrued interests on the due date. Security for this facility is tied to certain assets at Don Mario, that is currently under care and maintenance.

As at September 30, 2021, the full amount of the loan was drawn down and repaid.

Revolving facilities - Orovalle

In May 2020, Orovalle obtained a revolving credit facility with Bankinter S.A ("Bankinter") for an amount of €1.5 million (\$1,737) for a yearly renewable term, and bearing an annual interest of 1.95 %. As of September, 30, 2021 this account had a balance of \$1,571 (September 30, 2020 – \$1,209). For the year ended September 30, 2021, the Company paid \$13 in interest on the revolving facilities in Orovalle (September 30, 2020 - \$6).

Spanish Banking Facility – Orovalle

In January 2019 Orovalle closed a syndicated credit facility for a total amount of €6 million (in \$ 6,947). These funds were used to repay the Samsung Prepayment Facility. In May 2019, Orovalle increased the facility by €2 million (\$2,316) , achieving a total aggregated amount of €8 million (approximately \$ 9 million), with the same terms and conditions.

This facility is subject to a 2% bank opening commission fee, bears a fixed annual interest rate of 2.55%, semi-annual principal repayments and semi-annual interest payments over a term of four years.

Amongst the obligations, Orovalle is required to comply with year-end net finance debt to EBITDA proforma financial covenant calculated based on the stand-alone financial information of the subsidiary. This resulting rate had to be lower than 3.5 for fiscal 2020, and has to be lower than 3 and 2 for fiscal 2021 and 2022, respectively. At September 30, 2021 and 2020, Orovalle was in compliance with the Spanish Banking Facility covenants.

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The detail of proceeds and repayments of this banking facility is described below:

Facility	Bank	Principal (000s)	Proceeds up until September, 30 2021 (000s)	Repayments up until September, 30 2021 (000s)	Outstanding balance, September 30 2021 (000s)
Loan	Bankia	€ 2,667	€ 2,667	€1,667	€1,000
	BBVA	2,667	2,667	1,667	1,000
	Sabadell	2,666	2,666	1,666	1,000
Totals (€ 000s)		€ 8,000	€ 8,000	€5,000	€3,000
Totals (\$ 000s)		\$9,263	\$9,263	\$5,872	\$3,391

Terms and conditions summary:

Facility	Bank	Contract date	Interest rate	Repayment period	Interest expensed current year	Interest paid current year	Covenants
Loan	Bankia	Jan'19	2.55%	4 years	€ 33	€ 39	Yes
	BBVA	Jan'19	2.55%	4 years	33	39	Yes
	Sabadell	Jan'19	2.55%	4 years	33	38	Yes
Totals (€ 000s)					€99	€116	
Totals (\$ 000s)					\$115	\$134	

The Company's obligations to the lenders are secured by: (i) the pledge of all of Orvana's shares of Orovalle; and (ii) 25% restricted cash (as of September, 30 2021 the restricted cash linked to this financing is \$0.9 million).

New Financing COVID-19 related facilities – Orovalle

As part of the Spanish national program to mitigate economic impacts caused by the COVID-19 pandemic, the Spanish Government offered guarantee lines to the Spanish banking sector through the Official Credit Institute "ICO", to facilitate companies to access funding. Since April 2020 Orovalle obtained several financing facilities with this guarantee from the Spanish Credit Institute. The detail of proceeds and repayments of each one is described below:

Facility	Bank	Principal (€ 000)	Proceeds up until September, 30 2021 (000s)	Repayments up until September, 30 2021 (000s)	Outstanding balance, September 30 2021 (000s)
Loan	Bankinter	€ 1,000	€ 1,000	€ 1,000	€ -
	Bankinter	500	500	61	439
	Sabadell	1,500	1,500	309	1,191
	BBVA	800	800	497	303
	Sabadell	547	547	223	324
	Sabadell	350	350	-	350
Revolving line	BSCH	1,800	1,800	-	1,800
Totals (€ 000s)		€ 6,497	€6,497	€2,090	€4,407
Totals (\$ 000s)		\$7,523	\$7,523	\$2,420	\$5,103

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Terms and conditions summary:

Facility	Bank	Contract date	Interest rate	Repayment period	Interest expensed current year (000s)	Interest paid current year (000s)	ICO security (% of the principal)	Covenants
Loan	Bankinter	Apr'20	1.50%	1 year	€ 9	€ 15	70%	No
	Bankinter	Apr'20	1.60%	3 years	8	8	70%	No
	Sabadell	Apr'20	1.50%	3 years	22	22	70%	No
	BBVA	Jun'20	1.50%	2 years	8	8	70%	No
	Sabadell	Mar'21	1.00%	2 years	3	3	70%	No
	Sabadell	Mar'21	1.00%	2 years	3	3	70%	No
Revolving line	BSCH	Sep'20	2.70%	3 years	17	17	70%	No
Totals (€ 000s)					€70	€76		
Totals (\$ 000s)					\$81	\$88		

Bankia Loan - Orovalle

In February 2021, Orovalle entered into a loan with Bankia. The principal amounted to €547 at a fixed annual interest rate of 1.3%. This loan matures in February 2023. For the twelve months ended September 30, 2021, the Company paid \$213 in principal and \$4 in interest.

18. Lease liabilities

As of September 30, 2021, the Company has lease liabilities for machinery and vehicles amounting to \$1,543 (September 30, 2020 - \$2,857). During the year ended September 30, 2021, the Company made lease payments of \$1,752 (September 30, 2020 - \$967). Accretion expense on lease liabilities amounted \$34 during fiscal 2021 (\$13 during fiscal 2020). These leases are payable in monthly installments at annual interest rates ranging from 1.38% to 2.60%.

The following is a schedule of future payments of the lease liabilities:

	September 30, 2021
Fiscal 2021	-
2022	1,534
2023	24
	1,558
Amount representing interest (at 2.04% Fiscal 2020 / at 1.95% Fiscal 2019)	(15)
	1,543
Less: current portion of lease liability	(1,519)
Total long-term obligations lease liability	\$ 24

19. 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.

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The following table summarizes the changes in decommissioning liabilities during the periods presented:

As at September 30,	2021	2020
Balance, beginning of period	\$ 21,819	\$ 20,727
El Valle Mine		
- Foreign exchange	(193)	1,053
- Timing of payments and discount rates	1,677	44
Don Mario		
- Timing of payments and discount rates	(420)	(412)
	22,883	21,412
Accretion expense in El Valle	166	187
Accretion expense in Don Mario	247	220
Total decommissioning liabilities	\$ 23,296	\$ 21,819

The decommissioning liability balance consists of:

As at September 30,	2021	2020
El Valle Mine	\$ 16,801	\$ 15,151
Don Mario Mine	6,495	6,668
Total decommissioning liabilities	\$ 23,296	\$ 21,819

As at September 30, 2021, the undiscounted cash flows and discount rate used to calculate the decommissioning liabilities are as follows:

	Undiscounted Cash Flows Required to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
El Valle Mine ⁽¹⁾	\$ 18,694	1.25%	\$ 16,801
Don Mario Mine ⁽¹⁾	8,334	3.70%	\$ 6,495
Total	\$ 27,028		\$ 23,296

(1) 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 for the decommissioning liability being incurred.

Reclamation bonds backing this liabilities totaled approximately \$8,872 at September 30, 2021 (September 30, 2020 – \$8,886) and is expected to be released after all reclamation work has been completed in respect of El Valle Mine. Refer to note 13 – Restricted cash and reclamation bonds.

20. Taxes

(a) Income taxes

Income tax rates in Bolivia and Spain remain unchanged from the prior year at 25% (plus a mining rate based on the minerals sold by the company) and 25%, respectively.

For the year ended September 30,	2021	2020
Current income taxes:		
Current tax on income for the year	\$ 222	\$ 150
Total current income taxes	222	150
Deferred income tax:		
Reversal (origination) of temporary differences in Orovalle	3,974	(7,639)
Origination of temporary differences in EMIPA	(1,746)	(4,583)
Total deferred taxes (recoveries)	2,228	(12,222)
Total income taxes (recoveries)	\$ 2,450	\$ (12,072)

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The tax on the Company's income before tax differs from the amount that would arise using the Canadian statutory income tax rate applicable to income of the consolidated entities as follows:

For the year ended September 30,	2021	2020
Income (loss) before income taxes	\$ 1,338	\$ (13,664)
Statutory income tax rates	26.5%	26.5%
Income tax provision calculated using the combined Canadian federal and provincial statutory income tax rates	355	(3,621)
Tax effects of:		
Higher foreign tax rates	(492)	(615)
Non-deductible expenses	860	1,599
Deferred income tax assets not recognized (recognition of deferred income tax assets previously unrecognized)	1,727	(9,435)
Income tax expense	\$ 2,450	\$ (12,072)

The sources of deferred income tax assets and liabilities were as follows:

As at September 30,	2021	2020
Deferred tax assets:		
Property, plant and equipment	1,710	1,154
Tax loss carryforwards	19,054	18,286
Total deferred tax assets	\$ 20,764	\$ 19,440
Deferred tax liabilities:		
Property, plant and equipment	\$ (8,070)	\$ (4,518)
Total deferred tax liabilities	(8,070)	(4,518)
Net deferred tax assets	\$ 12,694	\$ 14,922

As at September 30, 2021, the Company had non-capital losses of \$15,517 (September 30, 2020 – \$14,666) in Canada that expire over the periods of 2029 to 2041 and other deductible temporary differences of \$11,154 (September 30, 2020 – \$7,189). EMIPA had deductible temporary differences of \$8,524 (September 30, 2020 – \$8,964) and Orovalle had deductible temporary differences of \$nil (September 30, 2020 - \$nil). The Company has not recognized the benefit of these items in the consolidated financial statements.

All deferred tax assets and liabilities are expected to settle after September 30, 2021.

The movement of the deferred income tax account is as follows:

For the year ended September 30,	2021	2020
At October 1	\$ 14,922	\$ 2,714
Recovery to the consolidated statement of net loss	(2,228)	12,222
Exchange differences	-	(14)
At September 30	\$ 12,694	\$ 14,922

Cash taxes paid during the year ended September 30, 2021 totaled \$222 (September 30, 2020 – \$150). Income tax receivables for fiscal 2021 are \$2,264 (fiscal 2020 \$1,047).

(b) Value added taxes

At September 30, 2021 the long-term VAT receivable balances at EMIPA amounted to \$10,291 (September 30, 2020 - \$9,526).

During fiscal 2021, EMIPA received \$348 in cash from VAT related to previous years. Additionally, the provision associated with collected VAT subject to audit was reduced to \$666 at September 30, 2021 (September 30, 2020 - \$845). This provision is disclosed in the balance sheet as "VAT liabilities".

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The following table summarizes the changes in VAT assets:

For the year ended September 30,	2021	2020
At October 1	\$ 13,745	\$ 19,424
Additions ⁽¹⁾	12,493	10,880
Recoveries ⁽²⁾	(12,220)	(16,882)
Provision for uncollectible VAT ⁽³⁾	(5)	323
At September 30 ⁽⁴⁾	\$ 14,013	\$ 13,745
Current	\$ 3,722	\$ 4,219
Long term	\$ 10,291	\$ 9,526

(1) Additions for fiscal 2021 amount to \$103 for Corporate (\$95 in 2020), \$367 for EMIPA (\$886 in 2020), \$11,634 for Orovalle (\$9,899 in 2020) and \$389 are from Orvana Argentina (\$nil in 2020).

(2) Recoveries for fiscal 2021 amount to \$110 for Corporate (\$96 in 2020), \$348 for EMIPA (\$7,426 in 2020) and \$11,762 for Orovalle (\$9,360 in 2020).

(3) All the provision for uncollectible VAT is allocated in EMIPA in both fiscal years.

(4) Outstanding closing balances are \$29 in Corporate (\$36 in 2020), \$389 in Argentina (\$nil in 2020), \$9,902 in EMIPA (\$9,888 in 2020) and \$3,693 in Orovalle (\$3,821).

The following table summarizes the changes in VAT liabilities:

For the year ended September 30,	2021	2020
At October 1	\$ 845	\$ 1,440
Adjustment to VAT	(179)	(595)
At September 30 ⁽¹⁾	\$ 666	\$ 845
Current	\$ -	\$ -
Long term	\$ 666	\$ 845

(1) All the VAT liabilities are from EMIPA.

21. Share capital and warrants

Issued share capital as at September 30, 2021 was \$116,206 (September 30, 2020 – \$116,206). The Company's authorized share capital contains an unlimited number of common shares. As at September 30, 2021, the Company had 136,623,171 common shares (September 30, 2020 – 136,623,171) issued and outstanding.

Warrants

As at September 30, 2021, there are not any exercisable warrants.

22. Share based payments

(a) Stock options

A summary of the stock option balances is as follows:

	Stock options	Weighted average exercise price C\$
Balance, September 30, 2021	646,008	\$0.21

As at September 30, 2021, outstanding and exercisable options were as follows:

Grant date	Fair value US\$000's	Number of unvested options	Weighted average contractual life (in years)	Number of vested options	Exercise price C\$	Expiry date
December 21, 2017	172	-	1.22	646,008	0.21	December 21, 2022
	\$ 172	-		646,008		
Total vested and unvested options				646,008		

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During the year ended September 30, 2021, the company recognized stock-based compensation expense of \$nil (September 30, 2020 – \$31).

As at September 30, 2021, the fair value associated with unvested options is \$nil (September 30, 2020 – \$nil).

(b) Long-term compensation

(i) Deferred share unit (“DSU”) plan

The Company established a DSU plan, for directors, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense under general and administrative expenses in the consolidated statements of net loss and comprehensive loss. The fair value of the DSUs are marked to the quoted market price of the Company's common shares at each reporting date and changes in their fair value are also recorded under general and administrative expenses. Payouts are settled in cash within a specified period following a director's departure, based on the market price of the common shares at exercise.

A summary of the DSUs transactions during the period are as follows:

	Number of DSUs	Fair value
Balance, September 30, 2020	7,491,506	\$ 1,404
Issued	1,188,924	365
Mark-to-market adjustment	-	547
Balance, September 30, 2021	8,680,430	\$ 2,316

(ii) Restricted share units (“RSU”) plan

The Company established a RSU plan, for designated executives, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense under general and administrative expenses in the consolidated statements of net loss and comprehensive loss, as described in accounting policy per Note 2 (o). The fair value of the RSUs are marked to the quoted market price of the Company's common shares at each reporting date and changes in their fair value are recorded under general and administrative expenses. Payouts are settled in cash after a specified period of vesting, based on the market price of the common shares at vesting.

A summary of the RSUs transactions during the period are as follows:

	Number of RSUs	Fair Value
Balance, September 30, 2020	9,051,369	\$ 648
Issued	2,079,642	500
Forfeited	(952,768)	(63)
Mark-to-market adjustment	-	638
Balance, September 30, 2021 ⁽¹⁾	10,178,243	\$ 1,723

(1) 2,877,858 units, with a fair value of \$718, have a vesting date the 30th of September, 2021 and have been classified in “Accounts payable and accrued liabilities”.

(iii) Stock appreciation rights (“SAR”) plan

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

As at September 30, 2021, there are not any exercisable SARs.

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23. Compensation of key management

Key management includes directors (executive and non-executive) and senior management of the Company and its affiliates. The compensation paid or payable to key management and directors for services is shown below:

For the years ended September 30,	2021	2020
Salaries, short term employee benefits and separation payments	\$ 852	\$ 716
Share-based payments ⁽¹⁾	1,987	1,255
Directors fees	298	286
Total compensation of key management	\$ 3,137	\$ 2,257

(1) Share-based payments include the mark-to-market adjustments on RSUs, DSUs and SARs.

24. Commitments and contingent liabilities

- (a) The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. Spanish Water Authority has taken the position that the levels of selenium in the river flowing past El Valle Mine exceed the levels permitted by applicable regulations as a result of discharges attributed to Orovalle which may not be in compliance with certain of Orovalle's permits. Orovalle has received approximately \$1,120 in fines relating to these matters and may face further additional fines or other sanctions, including the revocation or suspension of certain permits, in the future. Orovalle is appealing the outstanding fines totalling \$737 and the enforcement of certain fines has been suspended pending the related criminal matter. A criminal court of Asturias has conducted since fiscal 2015, an investigation into the potential commission by Orovalle of a reckless crime under the Spanish penal code relating to these matters. After the conclusion of the investigation phase, the Court notified in the third quarter of fiscal 2020 the opening of the oral trial. The request of the Prosecutor and the State's Attorney acting in this Process includes a fine of up to €20 million (\$23 million) and the eventual withholding of Orovalle's operations until it is demonstrated that the alleged polluting activity has ceased. The petition also includes a €5 million (\$6 million) indemnity for civil liability. At his time, the state prosecutor has petitioned these sanctions against Orovalle in respect of this matter. Orovalle has filed its preliminary statement of defence requesting for the dismissal of the allegations on the basis that, among other things, there is an absence of a committed offence. The process to resolve this matter is ongoing, and as of the date of this consolidated financial statements, no final decision by the courts have been rendered in respect of this matter. A date for the commencement of the oral trial had been set for March 2021. Due to procedural matters, on March 1, 2021, the trial has been rescheduled to an undetermined date in the future. In connection with the pending oral trial, the Court set a requirement on Orovalle to provide a bond in the amount of €7 million (\$8 million) as warranty for contingent liabilities, subject to the outcome of the oral trial. Orovalle has appealed the bond requirement. The appeal is in progress as of date hereof. Individuals have been excluded from any charges, and this case relates only to Orovalle at this time. If Orovalle is ultimately found responsible, monetary penalties, amongst other sanctions, may be applied. These sanctions could have a material impact on the Company.
- (b) On June 27, 2011, as a condition of receiving an environmental permit on that date, the Government of the Principality of Asturias, required Orovalle to commit to post an additional reclamation bond in the amount of €5,000 (approximately \$5,942) in respect of the tailings impoundment area. To satisfy this requirement, Orovalle deposited €5,000 (approximately \$5,942) in September 2011 in favour of the Spanish regulatory authorities. Spanish regulatory authorities have requested an additional reclamation bond totaling €5,000 (approximately \$5,942) be deposited in their favour to satisfy additional reclamation bond commitments in respect of the tailings impoundment area, the assessment of which the Company has contested. The Company is challenging the requirement to fund the additional reclamation bond through an administrative appeal process with the Spanish regulator. The appeal is in progress and the Company will use all legal means at disposal to achieve a satisfactory resolution.
- (c) Production from El Valle Mines is subject to a 3% net smelter return royalty ("NSR"), payable monthly. The NSR rate decreases to 2.5% for any quarter in which the average price of gold is below \$1,100 per ounce. Royalty expense under this NSR totaled \$3,135 for the year ended September 30, 2021 (September 30, 2020 - \$2,867).

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- (d) Production from Don Mario Mine is subject to a 3% NSR payable quarterly. Royalty expense under this NSR totalled \$440 for the year ended September 30, 2021 (September 30, 2020 - \$595). The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from Don Mario Mine at rates of 5%, 7% and 6%, respectively. These amounts totalled \$nil for the year ended September 30, 2021 (September 30, 2020 - \$317).
- (e) The Company and certain of its employees may be involved in other legal proceedings from time to time, arising in the ordinary course of its business. The amount of ultimate liability with respect to these actions, in the opinion of management, is not expected to materially affect the Company's financial position, results of operations or cash flows. The Company does not believe that the outcome of any of the matters not recorded in the consolidated financial statements, individually or in aggregate, would have a material adverse effect.
- (f) Certain former employees of EMIPA affected by the restructuring process during the second quarter of fiscal 2020 (the "Former Employees") decided not to accept the dismissal terms provided for under applicable employment laws in Bolivia. In respect of these Former Employees, the Company proceeded to deposit into a judicial account the compensation benefits to which the aforementioned employees were entitled within the period established by law and according to the terms defined by the local regulation. As a result of filings by the Former Employees to dispute the dismissal process, the Santa Cruz Departmental Labor Authority notified EMIPA in July 2020 by way of "reinstatement resolutions" that the 80 Former Employees should be reinstated to their original job positions with the payment of the wages accrued since their dismissal. EMIPA subsequently filed a Constitutional Appeal to dispute the "reinstatement resolutions" on the basis that the dismissal process conducted by EMIPA during the restructuring process is in compliance with applicable employment laws. On June 11th 2021, the Constitutional Court ruled in favor of EMIPA granting guardianship and instructing correction of identified errors by the Minister of Labor. Several files at Administrative, Constitutional and Criminal procedures in connection with the labor matters continue in progress as of date hereof, and EMIPA will defend itself vigorously in these matters. If EMIPA is ultimately obliged to reinstate the former workers, it could have a material impact on the Company.

25. Segmented information

The Company primarily operates in the gold and copper mining industry and its major products are gold doré and gold/copper concentrates. The Company's primary mining operations are Orovalle, which operates El Valle Mine in Spain, and EMIPA, which operates Don Mario Mine in Bolivia, currently in care and maintenance. The reported segments are those operations whose operating results are reviewed by the Chief Executive Officer and that pass certain quantitative measures. Operations whose revenue, earnings or losses or assets exceed 10% of the total consolidated revenues, earnings or losses, or assets are reportable segments. The Company has administrative offices in Toronto, Canada; Stockholm, Sweden; and Nicosia, Cyprus. The following tables set forth the information by segment:

As at September 30, 2021:

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds and restricted cash	Other Assets	Total assets
Orovalle	\$ 8,320	\$ 53,676	\$ 9,743	\$ 25,051	\$ 96,790
EMIPA	488	17,465	85	26,797	44,835
Orvana Argentina	47	-	-	394	441
Corporate	2,472	-	-	398	2,870
	\$ 11,327	\$ 71,141	\$ 9,828	\$ 52,640	\$ 144,936

As at September 30, 2020:

	Cash and cash equivalents	Property, plant and equipment	Reclamation bonds and restricted cash	Other assets	Total assets
Orovalle	\$ 11,500	\$ 56,839	\$ 10,445	\$ 25,243	\$ 104,027
EMIPA	2,175	16,523	103	26,123	44,924
Corporate	1,897	3	-	94	1,994
	\$ 15,572	\$ 73,365	\$ 10,548	\$ 51,460	\$ 150,945

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For the year ended September 30, 2021:

	Revenue	Mining costs ⁽¹⁾	Depreciation/Amortization ⁽²⁾	Other costs	Income (loss) before taxes
Orovalle	\$ 105,513	\$ 69,752	\$ 16,354	\$ 2,767	\$ 16,640
EMIPA	-	5,092	(135)	3,124	(8,081)
Orvana Argentina	-	-	-	2,235	(2,235)
Corporate	-	-	4	4,982	(4,986)
	\$ 105,513	\$ 74,844	\$ 16,223	\$ 13,108	\$ 1,338

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 7 – Mining costs.

(2) Depreciation is included under general and administrative expenses for non-operating companies.

For the year ended September 30, 2020:

	Revenue	Mining costs ⁽¹⁾	Depreciation/Amortization ⁽²⁾	Other costs	Income (loss) before taxes
Orovalle	\$ 97,569	\$ 69,128	\$ 19,186	\$ 10,695	\$ (1,440)
EMIPA	4,425	13,112	827	1,124	(10,638)
Corporate	-	-	8	1,578	(1,586)
	\$ 101,994	\$ 82,240	\$ 20,021	\$ 13,397	\$ (13,664)

(1) Mining costs includes royalties, mining rights and mining taxes. Refer to note 7 – Mining costs.

(2) Depreciation is included under general and administrative expenses for non-operating companies.

26. Financial instruments and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the consolidated balance sheet at fair value in to the fair value hierarchy based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). For example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value options contracts.
- Level 3 - Inputs for the asset or liability that are based on unobservable market data (supported by little or no market data or other means).

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate Fair value
As at September 30, 2021				
Financial assets:				
Reclamation bonds	8,872			8,872
Concentrate and doré sales receivables	-	231	-	231
Total	\$ 8,872	\$ 231	\$ -	\$ 9,103
Financial liabilities:				
Derivative instruments	-	227		227
Long-term compensation	\$ -	\$ 3,321	\$ -	\$ 3,321
Total	\$ -	\$ 3,548	\$ -	\$ 3,548

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As at September 30, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate Fair value
Financial assets:				
Concentrate and doré sales receivables	-	1,193	-	1,193
Total	\$ -	\$ 1,193	\$ -	\$ 1,193
Financial liabilities:				
Long-term compensation	\$ -	\$ 1,708	\$ -	\$ 1,708
Total	\$ -	\$ 1,708	\$ -	\$ 1,708

Valuation techniques for Level 1:

Reclamation bonds: Part of the Reclamation bonds (\$6,896) are invested in a Fund. Every closing period the Company adjusts the fair value based on the market value of the Fund. The rest of the reclamation bonds are backed by cash.

Valuation techniques for Level 2:

Concentrate and doré sales receivables: The Company's concentrate and doré sales are subject to provisional pricing with the selling prices adjusted at the end of the quotational period. The Company's trade receivables are marked-to-market at each reporting period based on quoted forward prices for which there exists an active commodity market.

Derivative instruments: The fair value was determined by obtaining quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

Long-term compensation: The Company's DSUs and RSUs are measured at fair value using the Black-Scholes model.

Fair values of financial assets and liabilities not already measured and recognized at fair value

At September 30, 2021 and September 30, 2020, the carrying amounts of cash and cash equivalents; restricted cash; value added taxes and other receivables; debt; accounts payable and accrued liabilities; and obligations under finance leases approximate their fair value either due to their short-term maturities or, for borrowings, interest payables are close to the current market rates.

Financial Risks Factors

The Company's activities expose it to a variety of financial market risks (including commodity price risks, currency risk and interest rate risk), credit risks, liquidity risks, 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 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.

(a) Market risk

(i) 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.

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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 or future cash flows of the Company's financial instruments. Exchange rate fluctuations may also affect the costs that the Company incurs in its operations.

The net loss of \$1,112 for the 2021 fiscal year would be impacted by changes in average USD/EUR exchange rates in respect of mining costs incurred at Orovalle. A 10% increase/decrease in average realized USD/EUR exchange rates in respect of mining costs incurred at Orovalle would affect the net loss by a decrease/increase of \$6,673.

The Company has signed a currency futures contract to fix the exchange rate over €10 million (\$11.6million) of cash, which will be gradually settled in October, November and December 2021 (see note 11).

(ii) Price risks

The Company is primarily exposed to gold and copper commodity price risk. The company is continuously monitoring commodity prices trend, and from time to time, fixes the price for a limited amount of production.

Gold prices

The net loss of \$1,112 for the 2021 fiscal year 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 gross revenue by an increase/decrease of approximately \$8,853.

Copper prices

The net loss of \$1,112 for the 2021 fiscal year would be impacted by changes in average realized copper prices. A 10% increase/decrease in average realized copper prices would affect gross revenue by an increase/decrease of approximately \$2,666.

(iii) Interest rate risk

The Company's cash flow interest rate risk arises from short and long-term borrowings. Currently, this risk is substantially lower because the only financing subject to variable interest rate is the Revolving Facility in Orovalle which is subject to annual rate of Euribor + 1.95%. Refer to note 17 – Debt.

(b) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to gold-copper concentrate, gold doré sales and value-added tax receivables. The Company has a concentration of credit risk with two customers to which gold-copper concentrate and gold doré are sold under agreements and who provide provisional payments to the Company upon each shipment to the customer. These institutions are international and are large with strong credit ratings. Value-added taxes receivables are collectable from the Bolivian and Spanish governments and received regularly. Management believes that the credit risks with respect to financial instruments attributable to concentrate and gold sales receivable and value-added taxes receivable is minimal.

(c) Liquidity risk

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 operational needs at all times. Such forecasting takes into consideration the Company's debt financing among other factors.

As at September 30, 2021, the Company had cash and cash equivalents of \$11,327 designated to cover a portion of the Company's commitments due in less than one year. In fiscal 2021, the Company generated cash flow from operating activities of \$16,573.

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The Company's current contractual obligations are summarized in the following table:

As at September 30, 2021	Payment Due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Bank debt – Orovalle ⁽¹⁾	\$7,070	\$4,883	\$2,187	-	-
Bank debt – EMIPA ⁽¹⁾	\$2,650	\$2,650	-	-	-
Finance leases	\$1,558	\$1,534	\$24	-	-
Operating leases	\$668	\$487	\$181	-	-
Decommissioning liabilities ⁽²⁾	\$27,028	\$60	153	-	\$26,815
Provision for statutory labour obligations ⁽³⁾	\$1,250	\$1,250	-	-	-
Long-term compensation	\$3,321	-	-	-	\$3,321
Short-term portion of RSUs	\$718	\$718	-	-	-
Total contractual obligations ⁽⁴⁾	\$44,263	\$11,582	\$2,545	\$-	\$30,136

(1) Debt payments include interests.

(2) Decommissioning liabilities are undiscounted.

(3) 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.

(4) Production from El Valle and Don Mario is subject to certain royalties for which amounts have not been included in total contractual obligations at September 30, 2021.

As at September 30, 2021, the Company had cash of \$11,327, and together with forecasted operating cash flow, the renewal of current revolving lines, the reimbursement of VAT balances, the financing secured and the proceeds of assets held for sale, expects to cover the Company's commitments due in less than one year of \$11,582.

If unanticipated events occur that may impact the operations of El Valle Mine and Don Mario 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.

27. Capital management

At September 30, 2021, the Company had cash and cash equivalents of \$11,327 and restricted cash of \$956 and total debt of \$13,166. The Company considers its capital employed to consist of shareholders' equity (including share capital, contributed surplus and retained earnings), total debt and lease liabilities, net of cash and cash equivalents as follows:

As at September 30,	2021	2020
Shareholders' equity	\$ 69,867	\$ 70,972
Debt	13,166	19,165
Lease liabilities	1,543	2,857
	84,576	92,994
Less: Cash and cash equivalents	(11,327)	(15,572)
	\$ 73,249	\$ 77,422

The Company's financial objective when managing capital is to ensure 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. 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 obtain additional 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

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business and industry in general. The Company's alternatives to fund future capital needs include cash flows from operating activities, debt or equity financing or adjustments to capital spending. The capital structure and these alternatives are reviewed by management and the board of directors of the Company on a regular basis to ensure the best mix of capital resources to meet the Company's needs.

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

28. Subsequent events

Subsequent to September 30, 2021 the Company, through its wholly-owned subsidiaries Orovalle Minerals S.L. and Orvana Minerals Iberia, S.L., has obtained approval from two Spain-based banks to access a syndicated loan (the "Syndicated Loan") for €15 million (US\$17.37 million). The closing of the Syndicated Loan is subject to the execution of applicable legal documentation, and is expected by December 2021.

The Syndicated Loan, signed with two Spain-based banks, bears a variable interest rate of Euribor plus 2.5%, with semi-annual repayments over a four-year term, and is subject to a 1.5% commission fee. Orvana's obligations are secured by the pledge of Orovalle and Iberia's shares.

Amongst the obligations, the ratio net finance debt to EBITDA calculated based on the aggregated financial information of Orovalle and Iberia, must be, throughout the life of the financing, less than 3.5.