MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2021

Introduction

The present management's discussion and analysis ("MD&A") of results of operations and financial condition of Orvana Minerals Corp. and its consolidated subsidiaries ("Orvana" or the "Company") describes the operating and financial results of Orvana for the three and nine months ended June 30, 2021 ("Q3 FY2021 or the third quarter of fiscal 2021").

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended June 30, 2021 and related notes thereto (the "Q3 Financials"). The Q3 Financials are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All currency amounts, unless otherwise stated, are in United States dollars ("US dollars"). Gold and silver production and sales are in fine troy ounces ("ounces" or "oz"), while copper is in pounds ("lbs"). Information presented in this MD&A is as of August 9, 2021, unless otherwise stated.

Orvana is an Ontario registered company and its common shares ("Common Shares") are listed on the Toronto Stock Exchange (TSX) under the symbol **ORV**.

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

Company Overview

Orvana is a multi-mine gold-copper-silver producer with organic growth opportunities. Orvana's properties consist of:

(i) The El Valle and Carlés mines and the El Valle processing plant (collectively, "El Valle"), producer of copper concentrate and doré. El Valle is located in Asturias, Northern Spain, and is managed by its subsidiary Orovalle Minerals, S.L. ("Orovalle"), that, in addition to El Valle, owns certain mineral rights located in the region of Asturias;

(ii) The Don Mario Operation ("Don Mario"), a set of assets that includes Las Tojas ore body, and the previously mined out Lower Mineralized Zone ("LMZ"), Upper Mineralized Zone ("UMZ") and Cerro Felix mines, plus the Processing Plant, currently in care and maintenance. Don Mario is located in Chiquitos, Southeastern Bolivia, and is managed by its subsidiary Empresa Minera Paitií, S.A. ("EMIPA"). EMIPA temporarily suspended operations in the first quarter of fiscal 2020; and

(iii) The Taguas Property ("Taguas"), located in Argentina. 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. 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, 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.

Orvana's strategic focus is on initiatives and opportunities that deliver long-term shareholder value. In that regard, Orvana is currently working to optimize its properties, reduce its unitary operating costs and realize growth in its future production base through exploration within, and in proximity, to its properties. In this regard Orvana is developing long term operational strategies for Orovalle in Spain, EMIPA in Bolivia and Taguas in Argentina.

COVID-19

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 causing significant financial market declines 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 the loan agreements. This resulted in $0.9 million deferred from fiscal 2020 to fiscal 2021. Interests will apply for the deferred periods at the originally agreed interest rate of 5.3% and 5.5%. The Supreme Decret number 4409 issued by the Bolivian Government on December 2, 2020 established that finished the period defined by the law 1319, 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.

Consolidated Financial Results:

- EBITDA of $6 million for the three months ended June 30, 2021 and $16 million for the nine months ended June 30, 2021.
- Operating cash flow of $9.1 million for the three months ended June 30, 2021 and $13.6 million for the nine months ended June 30, 2021.

- Free cash flow of $2.8 million for the three months ended June 30, 2021 and $7.4 million for the nine months ended June 30, 2021.
- Net loss of $0.9 million for the three months ended June 30, 2021 and net income of $0.2 million for the nine months ended June 30, 2021, compared with net loss of $4.7 million for the three months ended June 30, 2020 and net loss of $10.2 million for the nine months ended June 30, 2020.
- Capital expenditures of $4.8 million for the three months ended June 30, 2021 and $11.1 million for the nine months ended June 30, 2021, compared with capital expenditures of $0.3 million for the three months ended June 30, 2020 and $5 million for the nine months ended June 30, 2020.

Operating Highlights Q3 FY2021:

- **Orovalle:**
  - 13,879 gold ounces produced, compared to 12,046 ounces in third quarter of fiscal 2020.
  - 1.6 million copper pounds produced, compared to 1,5 million pounds in third quarter of fiscal 2020.
  - On track to meet FY2021 production guidance.
  - 7,197 meters of exploration diamond drilling, compared to 6,906 meters in third quarter of fiscal 2020.
  - 22.78 g/t au over 6.9 meters intercepted in a new gold structure discovery (Area 208 East).
- **EMIPA:**
  - Don Mario operation continues in care and maintenance (“C&M”), transitioning to the Oxides Stockpile Project (plant overhaul to treat a 2 million tones stockpile accumulated from previous years of mining activity).
  - Critical areas of the C&M program in place are: site security, environmental control, power generators maintenance, preventive maintenance of process plant, preventive maintenance of mine equipment and maintenance of camp facilities.
  - The Oxides Stockpile Project (“OSP”) quality assurance (metallurgical) testing is currently in progress, although somewhat delayed due to COVID-related issues in Bolivia and Peru. Results to date are validating the Company’s preliminary assumptions in terms of its positive economics.
- **Taguas:**
  - Completion of 4,689m of diamond drilling between February and April 2021.
  - On July 28, 2021 the Company filed a new Mineral Resource Estimate (effective June 30, 2021) updated in compliance with Canadian National Instrument 43-101. The updated Mineral Resource Estimate disclosed includes both oxide and sulphide ore of three areas: Cerro Taguas, Cerro Silla Sur and Cerro Campamento, and is the result of drilling programs completed between 1985 and 2021. The June 30, 2021 Mineral Resource Estimate highlights are:
    - 133.6Mt Inferred Resource at 0.60 g/t gold equivalent.
    - 947K AuEq Oz, 55.5Mt of total resource, are low-cost oxides to be prioritized for full development.
    - 1,649K AuEq Oz, 78.2Mt of total resource, are sulfides.

  Cautionary Statement – Mineral resources are not mineral reserves, and do not have demonstrated economic viability. The mineral resource for the Taguas Project was prepared in compliance with National Instrument 43-101 and CIM guidelines, as set out in the Independent Technical Report NI 43-101 on the Taguas Project, San Juan, Argentina, dated June 30, 2021 and effective as of June 30, 2021 (the “2021 Report”). A copy of the 2021

Report is posted under the Company's profile on www.sedar.com. These mineral resources were estimated using a gold price of $1,700 per ounce, copper price of $3.25 per pound and silver price of $20 per ounce, prices of which were used in the 2021 Report.

Consolidated Results

	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Operating Performance					
Gold					
Grade (g/t)	**2.60**	2.31	2.43	**2.51**	2.51
Recovery (%)	**91.5**	90.9	94.1	**92.1**	93.0
Production (oz)	**13,879**	10,785	12,046	**38,791**	40,000
Sales (oz)	**14,520**	8,523	9,681	**35,128**	40,560
Average realized price / oz	**$1,798**	$1,822	$1,543	**$1,828**	$1,508
Copper					
Grade (%)	**0.48**	0.47	0.51	**0.53**	0.47
Recovery (%)	**84.6**	82.3	81.8	**82.7**	79.6
Production ('000 lbs)	**1,630**	1,355	1,517	**5,029**	3,831
Sales ('000 lbs)	**1,784**	1,475	1,077	**4,905**	3,541
Average realized price / lb	**$4.36**	$3.74	$2.36	**$3.82**	$2.54
Financial Performance *(in 000's, except per share amounts)*					
Revenue	**$32,800**	$19,678	$19,142	**$80,293**	$69,407
Mining costs	**$22,516**	$14,880	$15,187	**$55,053**	$59,848
Gross margin	**$5,141**	$1,746	$32	**$13,150**	($5,404)
Net income (loss)	**($877)**	($818)	($4,711)	**$224**	($10,232)
Net income (loss) per share (basic/diluted)	**($0.01)**	($0.01)	($0.03)	**$0.00**	($0.07)
EBITDA [(1)]	**$5,985**	$2,683	($914)	**$15,950**	$2,289
Operating cash flows before non-cash working capital changes	**$7,600**	$3,446	$1,163	**$18,540**	$4,655
Operating cash flows	**$9,097**	($594)	($822)	**$13,590**	($1,957)
Free cash flow[(1)]	**$2,802**	($449)	$826	**$7,440**	($324)
Ending cash and cash equivalents	**$15,936**	$13,390	$8,046	**$15,936**	$8,046
Capital expenditures [(2)]	**$4,798**	$3,895	$337	**$11,100**	$4,979
Cash operating costs (by-product) ($/oz) gold [(1) (3)]	**$1,079**	$1,193	$1,367	**$1,097**	$1,292
All-in sustaining costs (by-product) ($/oz) gold [(1)(2)(3)]	**$1,528**	$1,769	$1,719	**$1,566**	$1,573
All-in costs (by-product) ($/oz) gold [(1)(2)(3)]	**$1,661**	$1,958	$1,800	**$1,684**	$1,604

(1) Earnings before interest, taxes, depreciation and amortization ("EBITDA"), free cash flow, cash operating costs, all-in sustaining costs and all-in costs are non-IFRS performance measures. For further information and a detailed reconciliation of these measures not presented elsewhere, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

(2) These amounts are presented in the consolidated cash flows in the Q3 Financials on a cash basis. Each reported period excludes capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reporting period. See the "Cash Flows, Commitments and Liquidity - Capital Expenditures" section of this MD&A. The calculation of all-in sustaining costs and all-in costs includes capex incurred (paid and unpaid) during the period.

(3) Unitary costs do not include one-time costs nor one-time severance charges.

Operational Results

- Production of 13,879 ounces of gold and 1.6 million pounds (739 tonnes) of copper during the third quarter of fiscal 2021, an increase in gold production of 15% and an increase in copper production of 7% compared with the third quarter of fiscal 2020. Production of 18,471 gold equivalent ounces during the third quarter of fiscal 2021, compared with 14,565 gold equivalent ounces [(4)] during the third quarter of fiscal 2020.

[(4)] Gold equivalent ounces include copper pounds and silver ounces produced, and are converted to a gold equivalent based on a ratio of the average market price for the commodities for the period discussed.

- Sales of 14,520 ounces of gold and 1.8 million pounds (809 tonnes) of copper during the third quarter of fiscal 2021, an increase of 50% in gold sales and an increase of 66% in copper sales, compared with the third quarter of fiscal 2020.
- Gold and copper production of 13,879 ounces and 1.6 million pounds (739 tonnes), respectively, during the third quarter of fiscal 2021, an increase of 29% in gold and an increase of 20% in copper production, compared with the second quarter of fiscal 2021.
- Production of 18,471 gold equivalent ounces during the third quarter of fiscal 2021, compared with 14,197 gold equivalent ounces during the second quarter of fiscal 2021.
- Sales of 14,520 ounces of gold and 1.8 million pounds (809 tonnes) of copper during the third quarter of fiscal 2021, an increase of 70% in gold sales and an increase of 21% in copper sales, compared with the second quarter of fiscal 2021.

Orovalle

- Gold and copper production increased by 29% and 20% respectively, compared with the second quarter of fiscal 2021, driven primarily by 14% higher throughput, an increase of 13% in the head grade of gold and an increase of 3% in the head grade of copper.
- Mechanical advance rates reached 2,058 meters in the third quarter of fiscal 2021, an 8% increase compared with the second quarter of fiscal 2021.
- The ratio of oxides ore processed in the mill was 42% in the third quarter of fiscal 2021, a decrease of 2% compared with the second quarter of fiscal 2021.

EMIPA

- Gold production was nil in the third quarter of fiscal 2021 and nil in the second quarter of fiscal 2021.

Financial Results

- At June 30, 2021, consolidated cash and cash equivalents were $15.9 million, an increase of $0.3 million from September 30, 2020.
- Revenue of $32.8 million for the third quarter of fiscal 2021, or 71% higher, compared with $19.1 million for the third quarter of fiscal 2020.
- Mining costs of $22.5 million for the third quarter of fiscal 2021, or 48% higher, compared with $15.2 million for the third quarter of fiscal 2020 primarily due to higher volume of products sold and the devaluation of the US dollar against the Euro.
- Net loss for the third quarter of fiscal 2021 of $0.9 million compared with net loss of $4.7 million for the third quarter of fiscal 2020.
- EBITDA for the third quarter of fiscal 2021 of $6 million compared with negative $0.9 million for the third quarter of fiscal 2020. [(5)]
- Cash flows provided by operating activities of $9.1 million for the third quarter of fiscal 2021, compared with cash flows required by operating activities of $0.8 million for the third quarter of fiscal 2020 and cash flows provided by operating activities before changes in non-cash working capital of $7.6 million in the third quarter of fiscal 2021, compared with $1.2 million for the third quarter of fiscal 2020. [(5)]

[(5)] EBITDA, cash flows provided by operating activities before non-cash working capital, COC and AISC are non-IFRS performance measures. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance including the Company's ability to generate cash flows from its mining operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. For further information and detailed reconciliations, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

- Capital expenditures of $4.8 million for the third quarter of fiscal 2021 compared with $0.3 million for the third quarter of fiscal 2020.
- COC and AISC on a by-product basis (net of copper and silver by-product revenue) per ounce of gold sold for the third quarter of fiscal 2021 of $1,079 and $1,528, respectively, compared with COC and AISC (by-product) of $1,367 and $1,719, respectively, for the third quarter of fiscal 2020. The decrease in COC and AISC was primarily due to higher copper and silver by-product credits. [(6)]
- Revenue of $80.3 million for the first nine months of fiscal 2021 compared with $69.4 million for the first nine months of fiscal 2020.
- Mining costs of $55.1 million for the first nine months of fiscal 2021 compared with $60 million for the first nine months of fiscal 2020.
- Net income for the first nine months of fiscal 2021 of $0.2 million compared with net loss of $10.2 million for the first nine months of fiscal 2020.
- EBITDA for the first nine months of fiscal 2021 of $16 million compared with $2.3 million for the first nine months of fiscal 2020. [(5)]
- Cash flows provided by operating activities of $13.6 million in the first nine months of fiscal 2021, compared with $2 million required during the first nine months of fiscal 2020 and cash flows provided by operating activities before changes in non-cash working capital of $18.5 million in the first nine months of fiscal 2021, compared with $4.7 million in the first nine months of fiscal 2020. [(5)]
- Capital expenditures of $11.1 million for the first nine months of fiscal 2021 compared with $5 million in the first nine months of fiscal 2020.
- COC and AISC on a by-product basis (net of copper and silver by-product revenue from El Valle and Don Mario) per ounce of gold sold in the third quarter of fiscal 2021 of $1,079 and $1,528, respectively, compared with COC and AISC (by-product) of $1,193 and $1,769, respectively, for the second quarter of fiscal 2021. [(6)]

Growth Initiatives Highlights

<u>Orovalle</u>

- Ongoing brownfield and infill drilling in and around the El Valle and Carlés mines are expected to continue strong conversion of resources into reserves and adding new resources to the ore bodies extending the current mine life. A total of 20,940 meters were drilled in the first nine months of fiscal 2021.
- Orovalle has a robust regional exploration package consisting of 45,164 hectares which includes concessions and investigation permits, some of which are still in progress. Strategic near-term regional targets within our permits include:
  - The drilling program in Lidia (Investigation Permit located in the “Navelgas Gold Belt”, 20 Km in a straight line from El Valle). 1,016.7m were drilled between November 2021 and February

[(5)] EBITDA, cash flows provided by operating activities before non-cash working capital, COC and AISC are non-IFRS performance measures. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company’s performance including the Company’s ability to generate cash flows from its mining operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. For further information and detailed reconciliations, please see the “Other Information - Non-IFRS Measures” section of this MD&A.

[(6)] COC and AISC are non-IFRS performance measures. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company’s performance including the Company’s ability to generate cash flows from its mining operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. For further information and detailed reconciliations, please see the “Other Information - Non-IFRS Measures” section of this MD&A.5

2021, and the second phase is anticipated for September 2021, once the results of the first phase of the program have been completely evaluated.

- The drilling program in Ortosa-Godan (located in “Río Narcea Gold Belt, close to Carles deposit), starting in early August 2021.

EMIPA

- New reprocessing and interpretation of historical geological data was completed in December 2020. A brand new comprehensive exploration program is being launched in the fourth quarter of fiscal 2021. Areas of interest will be subject to non-drilling exploration fieldwork during fiscal 2022.

Taguas:

- On July 28, 2021 the Company filed a new Mineral Resource Estimate (effective June 30, 2021) updated in compliance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects.
- The Company is defining an infill drilling program at Cerros Taguas to improve confidence in the continuity of oxide mineralization, and to support potential upgrade in Mineral Resource classification categories. The program will include expansion drilling simultaneously with the infill drilling plan, in those areas that have been left open after the 2021 drilling campaign. Subject to access to the required financing, the Company expects to start the drilling campaign in the first quarter of fiscal 2022.

Outlook

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 that proper protocols are followed during the ongoing COVID-19 crisis. The overall impact on each of our sites will depend on the progression of the pandemic and measures in place for preventing transmission.

The Company continues to pursue its objectives of optimizing production, lowering unitary cash costs, maximizing free cash flow, and extending the life-of-mine of its operations under a long term operational strategy. Main objectives per unit are:

- **Orovalle**: Strong cash flow generation. Deliver on production guidance, and exploration to identify resources beyond replenishment of annual depletion for the extension of mine life.
- **Taguas**: Issue expanded-resource PEA by end of first quarter of fiscal 2022, and, subject to access to the required financing, complete in the first half of fiscal 2022 the Infill Drilling Program required to develop a Pre-Feasibility Study by end of first quarter of fiscal 2023.
- **EMIPA**: Make final decision on Oxides Stockpile Project in fiscal 2022. Subject to final approval and access to required financing, it will be a one-year construction project in 2023 for three-year production life between 2024 and 2026. Scoping studies for a subsequent project regarding reprocessing tailings will be underway in fiscal 2022. In addition, a brand new comprehensive exploration program is being launched in the fourth quarter of fiscal 2021. Areas of interest will be subject to non-drilling exploration fieldwork during fiscal 2022.

The following table sets out Orvana's year to date 2021 results and fiscal 2021 production and cost guidance:

	YTD 2021 Actual	FY 2021 Guidance [(1)]
El Valle Production		
Gold (oz)	**38,791**	50,000 - 55,000
Copper (million lbs)	**5.0**	7.0 – 8.5
Capital Expenditures		
El Valle	**$9,268**	$14,000 - $15,000
Consolidated	**$10,085**	$14,000 - $15,000
Cash operating costs (by-product) ($/oz) gold [(1)]		
El Valle	**$988**	$1,050 - $1,150
Consolidated	**$1,097**	$1,200 - $1,300
All-in sustaining costs (by-product) ($/oz) gold [(1)]		
El Valle	**$1,311**	$1,350 - $1,450
Consolidated	**$1,566**	$1,500 - $1,600

(1) Fiscal 2021 guidance assumptions for COC and AISC include by-product commodity prices of $2.90 per pound of copper and an average Euro to US Dollar exchange of 1.16.

Overall Performance

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

Third Quarter Ended June 30, 2021 Compared with Third Quarter Ended June 30, 2020

The Company recorded a net loss of $0.9 million or $0.01 per share for the third quarter of fiscal 2021 compared with $4.7 million of net loss of $0.03 per share for the third quarter of fiscal 2020. The Company's net income was impacted significantly by the following factors:

- Revenue for the third quarter of fiscal 2021 increased by $13.7 million or 71% to $32.8 million from sales of 14,520 ounces of gold and 1.8 million pounds of copper from Orovalle, compared with revenue of $19.1 million from sales of 9,681 ounces of gold and 1.1 million pounds of copper in the third quarter of fiscal 2020. The increase in revenue was primarily due to higher gold and copper sales volume, and higher gold and copper prices.
- Mining costs were $22.5 million or $7.3 million higher for the third quarter of fiscal 2021 compared with $15.2 million for the third quarter of fiscal 2020, primarily due to the sale of product inventory accumulated in Orovalle at the end of the second quarter of fiscal 2021.
- Depreciation increased by $1.2 million to $5.1 million for the third quarter of fiscal 2021 compared with $3.9 million for the third quarter of fiscal 2020, primarily due to allocation of depreciation to a higher volume of products sold during the third quarter of fiscal 2021.
- Gross margin increased by $5.1 million to $5.1 million for the third quarter of fiscal 2021, compared with $nil for the third quarter of fiscal 2020.

Total consolidated COC (by-product) of $1,079 per ounce of gold sold in the third quarter of fiscal 2021 were $288 or 21% lower than the third quarter of fiscal 2020. Total AISC (by-product) of $1,528 per ounce of gold sold in the third quarter of fiscal 2021 were $191 or 11% lower than the third quarter of fiscal 2020. Higher copper and silver by-product credits positively impacted both COC and AISC.

First nine months Ended June 30, 2021 Compared with First nine months ended June 30, 2020

The Company recorded a net income of $0.2 million or $0.00 per share for the first nine months of fiscal 2021 compared with $10.2 million of net loss or $0.07 per share for the first nine months of fiscal 2020. The Company's net income was impacted significantly by the following factors:

- Revenue for the first nine months of fiscal 2021 increased by $10.9 million or 16% to $80.3 million on sales of 35,128 ounces of gold and 5.0 million pounds of copper from Orovalle and EMIPA, compared with revenue of $69.4 million on sales of 40,560 ounces of gold and 3.5 million pounds of copper.
- Mining costs were $55.1 million or $4.7 million lower for the first nine months of fiscal 2021 compared with $59.8 million for the first nine months of fiscal 2020, primarily due to the temporary suspension of mining activity at Don Mario and lower gold volumes sold in the first nine months of fiscal 2021.
- Depreciation decreased by $1 million to $12.1 million for the first nine months of fiscal 2021 compared with $13.1 million for the first nine months of fiscal 2020.
- Gross margin increased by $18.6 million to $13.2 million for the first nine months of fiscal 2021 compared with negative $5.4 million for the first nine months of fiscal 2020.

Total consolidated COC (by-product) of $1,097 per ounce of gold sold in the first nine months of fiscal 2021 were $195 or 15% higher than the first nine months of fiscal 2020. Total AISC (by-product) of $1,566 per ounce of gold sold in the first nine months of fiscal 2020 were $7 lower than in the first nine months of fiscal 2020. Higher copper and silver by-product credits positively impacted COC.

<u>Third Quarter Ended June 30, 2021 Compared with Second Quarter Ended March 31, 2021</u>

The Company recorded a net loss of $0.9 million or $0.01 per share for the third quarter of fiscal 2021 compared with $0.8 million of net loss or $0.01 per share for the second quarter of fiscal 2021. The Company’s net loss was impacted significantly by the following factors:

- Revenue for the third quarter of fiscal 2021 increased by $13.1 million or 67% to $32.8 million from sales of 14,520 ounces of gold and 1.8 million pounds of copper from Orovalle compared with revenue of $19.7 million from sales of 8,523 ounces of gold and 1.5 million pounds of copper in the second quarter of fiscal 2021 from Orovalle. The increase in revenue was primarily due to higher gold and copper sales volumes and higher copper realized price.
- Mining costs were $22.5 million or $7.6 million higher for the third quarter of fiscal 2021 compared with $14.9 million for the second quarter of fiscal 2021, primarily due to higher sales volumes of gold and copper.
- Depreciation increased by $2 million to $5.1 million for the third quarter of fiscal 2021 compared with $3.1 million for the second quarter of fiscal 2021, primarily due to the allocation of deprecation to higher volumes of gold and copper sold.
- Gross margin increased by $3.3 million to $5.1 million for the third quarter of fiscal 2021, compared with $1.8 million for the second quarter of fiscal 2021.

Total consolidated COC (by-product) of $1,079 per ounce of gold sold in the third quarter of fiscal 2021 were $114 or 10% lower than the second quarter of fiscal 2021. Total AISC (by-product) of $1,528 per ounce of gold sold in the third quarter of fiscal 2021 were $241 or 14% lower than the second quarter of fiscal 2021. Higher copper and silver by-product credits positively impacted both COC and AISC.

Orovalle

Through its wholly-owned subsidiary, Orovalle Minerals S.L. ("Orovalle"), the Company owns and operates the El Valle and Carlés mines located in the Rio Narcea Gold Belt in northern Spain, where the Company mines skarns and oxides underground.

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

	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Operating Performance					
Ore mined (tonnes) (wmt)	**193,666**	166,051	174,383	**546,661**	488,882
Ore milled (tonnes) (dmt)	**181,258**	159,603	163,717	**521,241**	467,718
Daily average throughput (dmt)	**2,097**	1,867	1,894	**2,010**	1,797
Gold					
Grade (g/t)	**2.60**	2.31	2.43	**2.51**	2.71
Recovery (%)	**91.5**	90.9	92.4	**92.1**	92.5
Production (oz)	**13,879**	10,785	11,822	**38,791**	37,683
Sales (oz)	**14,520**	8,523	9,681	**35,128**	37,903
Copper					
Grade (%)	**0.48**	0.47	0.51	**0.53**	0.47
Recovery (%)	**84.6**	82.3	81.8	**82.7**	79.6
Production ('000 lbs)	**1,630**	1,355	1,517	**5,029**	3,831
Sales ('000 lbs)	**1,784**	1,475	1,077	**4,905**	3,541
Financial Performance *(in 000's, except per share amounts)*					
Revenue	**$32,800**	$19,678	$19,142	**$80,293**	$65,408
Mining costs	**$20,941**	$13,806	$13,971	**$51,222**	$48,581
Income (loss) before tax	**$5,719**	$3,785	($1,915)	**$15,396**	$(744)
Capital expenditures	**$3,497**	$2,840	$1,340	**$9,245**	$6,787
Cash operating costs (by-product) ($/oz) gold (1)	**$970**	$1,067	$1,242	**$988**	$1,157
All-in sustaining costs (by-product) ($/oz) gold (1)	**$1,267**	$1,558	$1,455	**$1,311**	$1,388
All-in costs (by-product) ($/oz) gold (1)	**$1,268**	$1,578	$1,456	**$1,317**	$1,390

(1) For further information and a detailed reconciliation of COC, AISC and AIC, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Orovalle Operating Performance

Third quarter of fiscal 2021 production increased to 13,879 ounces of gold and increased to 1.6 million pounds of copper compared with 11,822 ounces of gold and 1.5 million pounds of copper during the third quarter of fiscal 2020. Gold production increased by 17%, primarily due to 11% higher tonnes milled and 7% higher grade and 2% lower recoveries. Copper production increased by 7% primary due to 11% higher tonnes milled and 3% higher recoveries, partially offset by 6% lower head grade.

During the third fiscal quarter of 2021, Orovalle produced 13,879 ounces of gold and 1.6 million pounds of copper, compared with 10,785 ounces of gold and 1.4 million pounds of copper during the second quarter of fiscal 2021. Gold production increased by 29% primarily due to 12% higher tonnes milled and 13% higher head grade. Copper production increased by 22% primarily due to 12% higher tonnes milled and, 3% higher head grade and 3% higher recoveries.

Consistent with the second quarter of fiscal 2021, the Company mined high gold grade oxide tonnes and blended them with a ratio of 42% together with skarn ore. Mechanical advance rates in oxide areas increased by 8% to 2,058 meters during the third quarter of fiscal 2021, as compared to the second quarter of fiscal 2021.

The Company completed in December 2020 the project to review mine maintenance programs (processes, organizational structure and technical services). The Company has implemented changes in the organizational structure, and is now working on the standardization of maintenance processes, being the main targets equipment availability increase and maintenance cost reduction. During the second quarter, the Company worked on the optimization of the spare parts stock availability. The recommendations are currently being implemented.

A project is in progress to optimize mine haulage, both trucking-fleet size and hoisting. The diagnosis phase was completed in July 2021, and the Company is now involved in the evaluation of the conclusions of the diagnosis to define the updated life of mine haulage strategy.

Metallurgical testing continues in progress to allow the processing of a higher ratio of oxide ore. The Company is conducting additional studies for the plant focused on recovery optimization considering the chemical characterization of the areas to be mined in fiscal 2022.

Orovalle Financial Performance

Revenue from Orovalle for the third quarter of fiscal 2021 increased by 72% to $32.8 million on sales of 14,520 ounces of gold and 1.8 million pounds of copper from $19.1 million for the third quarter of fiscal 2020 on sales of 9,681 ounces of gold and 1.1 million pounds of copper.

Mining costs increased in $6.9 million. These costs were $20.9 million for the third quarter of fiscal 2021 and $14 million for the third quarter of fiscal 2020.

Income before tax for the third quarter of fiscal 2021 was $5.7 million compared with a loss of $1.9 million for the third quarter of fiscal 2020.

Total capital expenditures at El Valle during the third quarter of fiscal 2021 were $3.5 million, compared with $1.3 million for the third quarter of fiscal 2020. Capital expenditures in the third quarter of fiscal 2021 consisted substantially of primary development, mine infrastructure and equipment, and tailings dam regrowth.

Total COC (by-product) of $970 per ounce of gold sold for the third quarter of fiscal 2021 were $272 or 22% lower than third quarter of fiscal 2020. Total AISC (by-product) of $1,267 per ounce of gold sold for the third quarter of fiscal 2021 were $188 or 13% lower than third quarter of fiscal 2020.

Orovalle Growth Exploration

7,196 meters were drilled in the third quarter of fiscal 2021, with the following distribution:

	Meters Q3 2021	Comments
Infill drilling		
Breccia East	1,895	Oxide structure located to the North of the el Valle deposit. Drilling program was started in March targeting to convert Inferred resources into Indicated resources.
Boinas South	706	Infill drilling in skarn material targeting to add Measured resources.
Other areas El Valle	1,239	Grade control drilling in Black Skarn Oxide and Boinas East to increase the confidence in the short term mine production.
Carles West	1,249	Infill drilling campaign was started in May and it is expected to conclude in Q1-FY2022. Target is to convert Inferred resources into Measured resources.
Brownfield drilling		
Area 208 East	1,539	Brownfield drilling program was started in May to define mineralization following the main structural trend in the Northeastern El Valle deposit, targeting add new Inferred resources.
Other areas El Valle	568	Drilling campaign in High Angle East was completed extending the mineralization at depth and targeting to add Inferred resources.

The program continues focused on oxide areas to convert the inferred material in measured and indicated material. On the other hand, Orovalle intends to continue with the exploration programs to look for new Inferred resources and new structures.

Regarding the greenfield works, the drilling program planned in Lidia Investigation Permit was started later November. A total of 1,016.7 meters in two drill holes were competed in the first half of fiscal 2021. The second phase is planned starting September 2021, once the Company completed the evaluation of results of the first phase. The exploration drilling program planned in Ortosa-Godan is starting early August 2021.

Ms. Guadalupe Collar (European Geologist), who supervised the explorations programs, is responsible for all aspects of the work, including the quality control/quality assurance program. Ms. Guadalupe Collar, Chief of Geology at Orovalle, is a qualified person as defined in NI 43-101 and has approved all of the geological scientific and technical information relating to Orovalle disclosed in this MD&A.

EMIPA

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"), the Company owns and operates Don Mario under a number of concessions in the Don Mario district located in south-eastern Bolivia. Fiscal 2009 marked the last year of six years of production from the Company's LMZ underground gold mine at Don Mario with some gold production from lower-grade open pit satellite deposits and lower grade stockpiles continuing into fiscal 2010 and 2011. From 2012 to the end of 2016, EMIPA mined the UMZ as an open-pit mine. From 2016 to 2018, EMIPA mined new material at the upper extension of the LMZ as an open-pit mine. Mining activity transitioned to Cerro Felix after LMZ. During the fourth quarter of fiscal 2019, mining activities transitioned from Cerro Félix to open pit operations in Las Tojas. In the first quarter of fiscal 2020 the Company made a decision to temporarily suspend mining and milling operations.

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

	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Operating Performance					
Ore mined (tonnes) (dmt)	**-**	**-**	-	**-**	62,291
Ore milled (tonnes) (dmt)	**-**	**-**	-	**-**	64,875
Daily average throughput (dmt)	**-**	**-**	-	**-**	2,190
Gold					
Grade (g/t)	**-**	**-**	-	**-**	1.07
Recovery (%)	**-**	**-**	-	**-**	84.4
Production (oz)	**-**	**-**	224	**-**	2,317
Sales (oz)	**-**	**-**	-	**-**	2,657
Financial Performance *(in 000's, except per share amounts)*					
Revenue	**-**	-	-	**-**	$3,999
Mining costs	**$1,575**	$1,074	$1,217	**$3,831**	$11,268
Income (loss) before tax	**($1,631)**	($1,285)	($1,881)	**($4,522)**	($9,551)
Capital expenditures	**$346**	$272	$132	**$817**	$569
Cash operating costs (by-product) ($/oz) gold (1)	**-**	-	-	**-**	$3,218
All-in sustaining costs (by-product) ($/oz) gold (1)	**-**	-	-	**-**	$3,786
All-in costs (by-product) ($/oz) gold (1)	**-**	-	-	**-**	$3,995

(1) For further information and a detailed reconciliation of COC, AISC and AIC, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

EMIPA Operating Performance

Third quarter production was nil, similar to third quarter of fiscal 2020.

EMIPA Financial Performance

Revenue from EMIPA was $nil in third quarter of fiscal 2021 and 2020.

Mining costs of $1.6 million for the third quarter fiscal 2021 compared with $1.2 million for the third quarter of fiscal 2020.

Loss before tax for the third quarter of fiscal 2021 was $1.6 million, compared with loss before tax of $1.9 million for the third quarter of fiscal 2020.

Total capital expenditures at Don Mario in third quarter of fiscal 2021 were $0.3 million compared with $0.1 million in the third quarter of fiscal 2020. Capital expenditures in the third quarter of fiscal 2021 related primarily to the Oxides Project.

EMIPA Exploration and Mine Life Extension

Subject to the favorable completion of technical, economic and funding analysis, the Oxides Stockpile Project is expected to provide three full production years for Don Mario. The quality assurance (metallurgical) testing is currently in progress, although somewhat delayed due to COVID-related issues in Bolivia and Peru. Results to date are validating the Company's preliminary assumptions in terms of its positive economics.

Notwithstanding the economics of the project are compelling so far, the capital expenditure to be involved will be significant for the Company's debt and risk levels. Therefore the Company is moving to a new evaluation phase that will go into fiscal 2022. The new deadline is required to address the following matters:

- Optimize capital expenditures with OEM's trade-offs;
- De-risk project execution with national and international contractors;
- Escalate and schedule business readiness costs (Pre-Operation);
- Initiate and complete an in-country Bolivia financing facility for the OSP's CAPEX;
- De-risk labor issues related to the start of the Care & Maintenance period in EMIPA.

New reprocessing and interpretation of historical geological data was completed in December 2020. As a result a brand new comprehensive exploration program is being launched in the fourth quarter of fiscal 2021. Areas of interest will be subject to non-drilling exploration fieldwork during fiscal 2022.

The Company commenced in 2019 an evaluation of re-processing tailings to determine the viability of recovering gold from material deposited in the tailings impoundment since the commencement of production at Don Mario. The Company expects to conduct scoping studies in 2022. The end game is to place a new multiyear operations project for EMIPA, after its Oxides Stockpile Project.

Taguas

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. Orvana Argentina S.A. was incorporated on December 9, 2020 as a subsidiary of the Company to complete the acquisition of the Taguas property. On May 21, 2021 the Company completed the requisite steps to transfer ownership of the Taguas property to Orvana Argentina S.A. The Toronto Stock Exchange ("TSX") has provided acceptance of the acquisition. 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.

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.

In fiscal 2020, as a result of the completion of an intelligence-assisted data analysis, the Company identified a total of 17 new high probability gold targets at Taguas, consisting of 9 new areas and 8 extended areas of previous known mineralization. All of the newly identified targets are based on a 96% level of similarity to the known gold mineralization. These results suggested that there was an enhanced probability of increasing the potential of the Property's oxides and sulphides resources. In order to validate the potential of the new targets, the Company developed a fieldwork exploration campaign during the first quarter of fiscal 2021, including new access points, geological mapping and soil and rock sampling. A drilling campaign to enlarge the mineral resource commenced in February 2021 and was completed in April 2021 with a total of 4,689 meters drilled.

The Company filed on July 9, 2019 a NI 43-101 compliant preliminary economic assessment report on Taguas. On July 28, 2021 the Company filed a new Canadian National Instrument 43-101 compliant report, updating the mineral resource estimate on Taguas. Both reports are available at the Company's profile on www.sedar.com. An updated oxides' NI 43-101 Preliminary Economic Assessment is expected by the first quarter of fiscal 2022.

Market Review and Trends

Metal Prices

The market prices of gold and copper are primary drivers of Orvana's earnings and ability to generate free cash flows. During the third quarter of fiscal 2021, gold traded in a range from $1,730 to $1,910 per ounce and averaged $1,816 per ounce compared with $1,711 per ounce in the third quarter of fiscal 2020. Orvana's average gold realized price in the third quarter of fiscal 2021 was $1,798 per ounce, as compared to $1,543 per ounce in the third quarter of fiscal 2020. The Company derived approximately 74% of its revenue from sales of gold in the third quarter of fiscal 2021.

Copper prices during the third quarter of fiscal 2021 traded in a range of $3.99 to $4.76 per pound and averaged $4.41 per pound compared with $2.42 per pound in the third quarter of fiscal 2020. Orvana's average copper realized price in the third quarter of fiscal 2021 was $4.36 per pound, as compared to $2.36 per pound in the third quarter of fiscal 2020. The Company derived approximately 22% of its revenue from sales of copper in the third quarter of fiscal 2021.

Currency Exchange Rates

The results of Orvana's operations are affected by US dollar exchange rates. Orvana's largest exposure is to the Euro/US Dollar exchange rate. The Company incurs operating and administration costs at Orovalle in Euros, while revenue is denominated in US dollars. Orvana's Euro costs decreased year over year, with the Euro to US Dollar exchange rate moving from an average of 1.10 in the first nine months of fiscal 2020, to 1.20 in the first nine months of fiscal 2021. As a result of foreign exchange movements, mining costs at Orovalle were higher by approximately $3.9 million in the first nine months of fiscal 2021 compared with the first nine months of fiscal 2020.

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

FINANCIAL CONDITION REVIEW

Balance Sheet Review

The following table provides a comparison of key elements of Orvana's balance sheet at June 30, 2021 and September 30, 2020.

(in 000's)	**June 30, 2021**	**September 30, 2020**
Cash and cash equivalents	**$15,936**	$15,572
Restricted cash (short term)	**$87**	$103
Non-cash working capital (1)	**$(6,924)**	$(12,346)
Total assets	**$151,046**	$150,945
Total liabilities	**$79,810**	$79,973
Shareholders' equity	**$71,236**	$70,972

(1) Working capital represents current assets of $42.1 million less cash and cash equivalents and short-term restricted cash totaling $16 million and less $33 million in current liabilities composed of accounts payable, provision for statutory obligations and accrued liabilities, income taxes payable and derivative instruments (not including current debt).

Total assets increased by $0.1 million from $150.9 million at September 30, 2020 to $151 million at June 30, 2021, primarily as a result of the increase in (i) inventory in $5.2 million, (ii) income tax receivable in $1.3 million, (iii) cash and cash equivalents in $0.4 million and (iv) gold and concentrate receivables in $0.1 million all this compensated with decrease in (i) property, plant and equipment in $2.8 million, (ii) deferred taxes in $2.6 million, (iii) $0.9 million in VAT receivables and prepaid expenses, (iv) restricted cash and reclamation bonds in $0.1 million and (v) assets held for sale in $0.5 million.

Total liabilities decreased by $0.2 million to $79.8 million at June 30, 2021 from $80 million at September 30, 2020 primarily as a result of a increase in (i) long term compensation in $2.1 million, (ii) asset retirement obligations in $0.4 million, (iii) provision for statutory obligations short term in $0.1 million all this compensated with decreases in (i) lease obligations in $ 1 million, (ii) debt in $1.1 million and (iii) accounts payable in $0.7 million.

TSF Loan, Heavy equipment Loan and Revolving Facility – EMIPA

In June 2017, EMIPA closed a Bolivian loan denominated approximately $11.3 million with BISA bank, comprised of an $8.3 million term facility (the "TSF Loan") and a $3.0 million revolving working capital facility.

The proceeds of the TSF Loan were used to fund a major tailings storage facility expansion project that will add sufficient capacity to support future operations. Under the terms of the TSF Loan, seven disbursements of specified amounts were drawn down as expenditures were incurred for the tailings storage facility expansion, with the first draw down occurring on June 30, 2017. The TSF Loan has an interest rate of 5.3% per annum, with twelve quarterly repayments beginning in April 2018. As at September 30, 2020, $8.3 million were drawn down this facility and $6.2 million of principal were repaid. During the nine months ended June 30, 2021 no additional repayments were done.

The revolving working capital facility of up to $3.0 million could be drawn down in the form of cash of up to $2.0 million, bank guarantees of $3.0 million or a combination of the two up to the limit of $3.0 million. As at September 30, 2020, the proceeds received ($1,972,000) were fully repaid. No additional funds were received or repaid regarding this revolving working facility, so there is no outstanding amount as at June 30, 2021 (June 30, 2020 - $1,972,000).

Security for the TSF Loan include the CIL asset and other equipment at Don Mario.

In May 2018, EMIPA obtained a Bolivian loan with BISA of $2.4 million for heavy equipment purchases. This loan has thirty six equal monthly repayments, and an interest rate of 5.5% per annum. Security for the loan includes heavy equipment purchased. At September 30, 2020, the total amount was drawn from this loan and $1.7 million of principal were paid. During the nine-month ended June 30, 2021 there were repayments for $0.2 million.

Restructuring Loan – EMIPA

In February 2020, EMIPA entered into a Bs.20,880,000 ($3 million) short term financing facility with BISA in Bolivia, the proceeds of which were used for the labor restructuring process. The facility beared 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 June 30, 2021, the full amount of the loan was drawn down and repaid. For the three and nine months ended June 30, 2021, the Company paid $nil and $0.2 million, respectively, in interest on the BISA Labor Restructuring Loan (June 30, 2020 – $nil and $nil, respectively).

Short Term Loan - EMIPA

In March 2021, EMIPA entered into a Bs.20,542,786 ($2,952 thousands) short term financing facility with BISA in Bolivia, the proceeds of which were used for the repayment of the Restructuring Loan. The facility bears an interest rate of 6% per annum and matures 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 specific equipment that is currently under care and maintenance.

As at June 30, 2021, the full amount of the loan was drawn down and no repayments were made.

Revolving facilities - Orovalle

In May 2020, Orovalle obtained a revolving credit facility with Bankinter S.A ("Bankinter") for an amount of €1.5 million for a yearly renewable term, and bearing an annual interest of 1.95 %. As of June, 30, 2021 this account had a balance of $1.3 million. For the three and nine months ended June 30, 2021, the Company paid approximately $3,000 and $7,000 in interest, respectively, on the revolving facilities in Orovalle (June 30, 2020 – approximately $9,000 and $37,000, respectively).

In June 2020, Orovalle renewed a revolving credit facility with Bankia S.A. (“Bankia”) for an amount of €1.5 million. This facility has not been used during the nine months ending June 30, 2021.

Spanish banking facility - Orovalle

In January 2019 Orovalle closed a syndicated credit facility for a total amount of €6 million (approximately $ 6.7 million). These funds were used to repay the Samsung Prepayment Facility. In May 2019, Orovalle increased the facility by €2 million, 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 will have to be lower than 3 and 2 for fiscal 2021 and 2022, respectively. At September 30, 2020, Orovalle was in compliance with the Spanish Banking Facility covenants.

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

Facility	**Bank**	Principal (000s)	Proceeds up until June, 30 2021 (000s)	Repayments up until June, 30 2021 (000s)	Outstanding balance, June 30 2021 (000s)
Loan	Bankia	€ 2,667	€ 2,667	€1,334	€1,334
	BBVA	2,667	2,667	1,333	1,333
	Sabadell	2,666	2,666	1,333	1,333
Totals (€ 000s)		€ 8,000	€ 8,000	€4,000	€4,000
Totals ($ 000s)		$9,507	$9,507	$4,817	$4,690

Terms and conditions summary:

Facility	**Bank**	Contract date	Interest rate	Repayment period	Interest expensed current year (000s)	Interest paid current year (000s)	Covenants
Loan	Bankia	Jan’19	2.55%	4 years	€ 33	€ 28	Yes
	BBVA	Jan’19	2.55%	4 years	29	22	Yes
	Sabadell	Jan’19	2.55%	4 years	28	21	Yes
Totals (€ 000s)					€90	€71	
Totals ($ 000s)					$108	$85	

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 June, 30 2021 the restricted cash linked to this financing is $1.2 million).

New financing COVID-19 related – 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 (000s)	Proceeds up until June, 30 2021 (000s)	Repayments up until June, 30 2021 (000s)	Outstanding balance, June 31 2021 (000s)
Loan	Bankinter	€ 1,000	€ 1,000	€ 1,000	€ -
	Bankinter	500	500	-	500
	Sabadell	1,500	1,500	62	1,438
	BBVA	800	800	397	403
	Sabadell	547	547	74	473
	Sabadell	350	350		350
Revolving line	BSCH	1,800	3,161	1,361	1,800
Totals (€ 000s)		€ 6,497	€7,858	€2,894	€4,964
Totals ($ 000s)		$7,721	$9,338	$3,438	$5,900

Terms and conditions summary:

Facility	Bank	Contract date	Interes t rate	Repayment period	Interest expensed current year (000s)	Interest paid current year (000s)	ICO security (% of the principal)	Cove-nants
		Apr'20				€	70%	No
Loan	Bankinter		1.50%	1 year	€ 9	15		
	Bankinter	Apr'20	1.60%	3 years	6	6	70%	No
	Sabadell	Apr'20	1.50%	3 years	15	15	70%	No
	BBVA	Jun'20	1.50%	2 years	7	7	70%	No
	Sabadell	Mar'21	1.00%	2 years	1	1	70%	No
	Sabadell	Mar'21	1.00%	2 years	2	2	70%	No
Revolving line	BSCH	Sep'20	2.70%	3 years	12	12	70%	No
Totals (€ 000s)					€52	€58		
Totals ($ 000s)					$62	$69		

Bankia Loan - Orovalle

In February 2021, Orovalle entered into a loan with Bankia. The principal amounted to €0.5 million at a fixed annual interest rate of 1.3%. This loan matures in February 2023. For the nine months ended June 30, 2021, the Company paid approximately $120,000 in principal and $2,000 in interest.

Shareholders' Equity

Shareholders' equity at June 30, 2021 was $71 million, a similar amount as of September 30, 2020. The table below sets out the number of each class of securities of the Company outstanding at June 30, 2021 and as at the date hereof:

	At June 30, 2021
Common Shares	136,623,171
Options (1)	646,008

(1) The options have a weighted average exercise price of $0.21 and their expiry date is March, 21 2022.

Derivative Instruments

The Company has no outstanding derivative instruments at June 30, 2021 (September 30, 2020 - $nil). The Company recorded fair value adjustments on its outstanding derivative instruments as follows:

		For the three months ended June 30,				For the nine months ended June 30,		
(in 000's)		2021		2020		2021		2020
Change in unrealized fair value	$	-	$	(1,280)	$	-	$	(2,216)
Realized loss on cash settlements of derivative instruments		-		(1,525)		-		(2,112)
Derivative instruments gain (loss)	$	-	$	(2,805)	$	-	$	(4,328)

Capital Resources

At June 30, 2021, the Company had cash and cash equivalents of $15.9 million and restricted cash of $1.3 million. 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:

(in 000's)	**June 30, 2021**	**September 30, 2020**
Shareholders' equity	**$71,236**	$70,972
TSF Loan – EMIPA	**2,124**	2,124
Heavy Equipment Loan – EMIPA	**526**	683
Restructuring Loan – EMIPA	**-**	3,000
Short Term Loan - EMIPA	**2,952**	-
Revolving facilities – Orovalle	**1,334**	1,209
Spanish banking facility – Orovalle	**4,690**	5,726
New financing COVID-19 related – Orovalle	**5,900**	6,423
Bankia Loan – Orovalle	**543**	-
Lease liabilities	**1,983**	2,857
	91,288	$92,994
Less: Cash and cash equivalents	**(15,936)**	(15,572)
Capital employed	**$75,352**	$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 for the business and industry in general. The Company's alternatives to fund future capital needs include cash flows from operating activities, debt or equity financing or adjustments to capital spending. The capital structure and these alternatives are reviewed by management and the board of directors of the Company on a regular basis to ensure the best mix of capital resources to meet the Company's needs.

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

Due to the ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts on our business, the Company's strategy for fiscal 2021 is to manage its existing capital resources and liquidity in a prudent fashion to sustain operating costs while maintaining a high level of safety and productivity, and to meet all of its existing debt repayment obligations. Refer to “COVID-19” and “Outlook” sections.

Cash Flows, Commitments, Liquidity and Contingencies

Cash Flows

Total cash and cash equivalents as at June 30, 2021 was $15.9 million, primarily denominated in US dollars, representing $0.4 million higher cash than at September 30, 2020. Short-term restricted cash was $0.1 million at June 30, 2021, which is the same amount as at September 30, 2020. The Company’s total debt was $18.1 million at June 30, 2021. This compares with total debt as at September 30, 2020 of $19.2 million.

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

(in 000’s)	**Q3 2021**	**Q2 2021**	**Q3 2020**	**YTD 2021**	**YTD 2020**
Cash provided by operating activities before changes in non-cash working capital	**$7,600**	$3,446	$1,163	**$18,540**	$4,655
Cash provided by (used in) operating activities	**9,097**	(594)	(822)	**13,590**	(1,957)
Cash provided by (used in) investing activities [(1)]	**(4,756)**	(3,104)	(375)	**(10,228)**	(4,218)
Cash provided by (used in) financing activities	**(1,745)**	1,358	3,064	**(2,646)**	1,964
Change in cash	**$2,596**	($2,340)	$1,867	**$716**	$(4,211)

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

Orvana’s primary source of liquidity continues to be from operating cash flows. Cash flows provided by operating activities before changes in non-cash working capital were $7.6 and $18.5 million for the third quarter and first nine months of fiscal 2021, respectively, compared with $1.2 and $4.7 million for the third quarter and first nine months of fiscal 2020, respectively. Cash flows in operating activities were: cash provided of $9.1 and $13.6 million for the third quarter and first nine months of fiscal 2021, respectively, compared with cash flows required by operating activities of $0.8 and $2 million for the third quarter and first nine months of fiscal 2020, respectively.

Significant drivers of the change in operating cash flow are production and realized gold and copper prices on sales. Future changes in the market price of gold and copper, either favourable or unfavourable, will continue to have a material impact on the Company’s cash flows and liquidity. The principal uses of operating cash flows have been working capital and the funding of the Company’s planned capital expenditures

Cash used in investing activities was $4.8 and $10.2 million used in the third quarter and first nine months of fiscal 2021, respectively, compared with cash used of $0.4 and $4.2 million in the third quarter and first nine months of fiscal 2020, respectively. Capital expenditures drive the majority of cash flows used in investing activities.

Cash required by financing activities was $1.7 million in the third quarter and $2.6 million in the first nine months of fiscal 2021. All this compared with cash provided by financing activities amounting $3, and $2 million, in the third quarter and first nine months of fiscal 2020, respectively.

Capital Expenditures

The following table sets forth Orvana's capital expenditures for the periods specified below for Orovalle and EMIPA:

(in 000's)	**Q3 2021**	**Q2 2021**	**Q3 2020**	**YTD 2021**	**YTD 2020**
Orovalle	**$3,497**	$2,840	$1,340	**$9,245**	$6,787
EMIPA	**346**	272	132	**817**	569
Corporate	**-**	-	-	**-**	-
Sub-total capital expenditures	**$3,843**	$3,112	$1,472	**$10,062**	$7,356
Accounts payable adjustments (1)	**$955**	$783	($1,135)	**$1,038**	($2,377)
Total capital expenditures (1)	**$4,798**	$3,895	$337	**$11,100**	$4,979

(1) These amounts are presented on a cash basis. Each reported period excludes unpaid capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reported period. Since 2020 this adjustment includes the elimination of IFRS16 assets adjusted in CAPEX.

At Orovalle, capital expenditures in third quarter of fiscal 2021 consisted mainly of primary development, tailings dam regrowth, heavy equipment and mining infrastructure. Capital expenditures at Don Mario consisted of metallurgical studies and tests works related to the oxides project.

Due to the ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts, Capital expenditures programs are being reviewed companywide. Refer to "COVID-19" and "Outlook" sections.

Other Commitments

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

As at June 30, 2021		**Payment Due by Period**			
(in 000's)	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Orovalle bank debt	**$9,266**	$5,163	$4,103	-	-
TSF Loan – EMIPA	**$2,124**	$2,124	-	-	-
Heavy Equipment Loan – EMIPA	**$526**	$526	-	-	-
Short Term Loan - EMIPA	**$2,952**	$2,952	-	-	-
Finance leases	**$2,008**	$441	$1,567	-	-
Operating leases	**$720**	$408	$302	$10	-
Decommissioning liabilities (1)	**$25,172**	$50	-	$6,191	$18,931
Reclamation bond (2)	**$5,942**	$5,942	-	-	-
Purchase obligations	**$4,199**	$2,944	$1,255	-	-
Provision for statutory labour obligations (3)	**$1,207**	$1,207	-	-	-
Long-term compensation	**$3,814**	-	-	-	$3,814
Short-term portion of RSUs	**$846**	$846	-	-	-
Total contractual obligations (4)	**$58,776**	**$22,603**	**$7,277**	**$6,201**	**$22,745**

(1) Decommissioning liabilities are undiscounted.

(2) Spanish regulatory authorities have requested that an additional reclamation bond of €5.0 million be deposited by the Company under Spanish mining regulations in respect of El Valle. The Company is challenging the requirement to fund the additional reclamation bond through an administrative appeal process. The Company is also working with the Spanish regulatory authorities to come to an agreement regarding posting this additional bond, including the consideration of alternatives to posting this bond.

(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 June 30, 2021. For a description of such royalties and amounts payable, see "Royalties" below.

Royalties

Production from El Valle is subject to a 3% net smelter return royalty ("NSR"), referred to herein as the El Valle Royalty. The El Valle Royalty rate decreases to 2.5% for any quarter in which the average price of gold is below $1,100 per ounce. The El Valle Royalty expense totaled $1 and $2.4 million for the third quarter and first nine months of fiscal 2021, respectively, compared with $0.5 and $1.9 million for the third quarter and first nine months of fiscal 2020, respectively.

Production from Don Mario is subject to a 3% NSR. This expense totaled $0.1 and $0.3 million for the third quarter and first nine months of fiscal 2021, respectively, compared with $0.1 and $0.5 million for the third quarter and first nine months of fiscal 2020, respectively. The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from Don Mario at rates of 5%, 7% and 6%, respectively. These amounts totaled $nil and $nil million for the third quarter and first nine months of fiscal 2021, respectively, compared with $nil and $0.3 million for the third quarter and first nine months of fiscal 2020, respectively.

Liquidity

Orvana's primary sources of liquidity in the first nine months of fiscal 2021 were operating cash flows, generating cash of $18.5 million from operating activities before changes in non-cash working capital. During the first nine months of fiscal 2021, Orvana generated cash for $13.6 million in operating activities, and used cash for $10.2 million in investing activities, and for $2.6 million in financing activities.

As at June 30, 2021, the Company had cash of $15.9 million, and together with forecasted operating cash flow, the renewal of current revolving lines, the reimbursement of VAT balances, the financing secured in third quarter and the proceeds of assets held for sale, expects to cover the Company's commitments due in less than one year of $22.6 million.

The Company's strategy for fiscal 2021 is to manage its existing capital resources and liquidity in a prudent fashion to sustain ongoing capital projects and exploration programs. Capital expenditures in respect to the Oxides Stockpile Project would only be incurred should financing acceptable to the Company is realized.

The Company has been pursuing a number of initiatives at Orovalle and EMIPA in order to meet its objectives of optimizing production, lowering unitary cash costs, maximizing free cash flow, extending the life-of-mine of its operations and growing its operations to deliver shareholder value. The Company is currently evaluating and implementing further cost reductions at Orovalle. At EMIPA operations are in care and maintenance.

The Company's cash flow forecasts are developed using best available information at the time of their preparation and rely on certain material assumptions, such as gold and copper market prices and the ability to achieve planned production of gold and copper. There can be no assurances that the Company's cash flow forecasts will not change materially in the future and that the effect of changes to the Company's forecasts, if negative, could result in future financing requirements for the Company.

If (i) unanticipated events occur that may impact the Company's operations and/or (ii) if the Company does not have adequate access to financing on terms acceptable to the Company, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing, pursuing joint-venture partnerships, equipment financings or other receivables financing arrangements. The Company may experience difficulty in obtaining satisfactory financing terms. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on Orvana's results of operations or financial condition.

Contingencies

(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. In recent years, Orovalle has received approximately €0.9 million (approximately $1.1 million) 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 (€0.6 million, $0.7 million) and the enforcement of certain fines has been suspended pending the related criminal matter. A criminal court of Asturias 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 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 indemnity for civil liability. Individuals have been excluded from any charges, and the criminal 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. At this time, Orovalle has not been charged and has cooperated and will continue to cooperate with investigations and is defending itself vigorously. 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 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.

(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 million (approximately $5.9 million) in respect of the tailings impoundment area. To satisfy this requirement, Orovalle deposited €5 million (approximately $5.9 million) in September 2011 with a local bank in favour of the Spanish regulatory authorities. Spanish regulatory authorities have requested an additional reclamation bond totaling €5 million (approximately $5.9 million) 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 Company is working with Spanish regulatory authorities to come to an agreement regarding posting this bond, including the consideration of alternatives to posting this bond.

(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 $1 million and $2.4 million for the three and nine months ended June 30, 2021, respectively (three and nine months ended June 30, 2020 - $0.5 million and $1.9 million, respectively).

(d) Production from Don Mario Mine is subject to a 3% NSR payable quarterly. Royalty expense under this NSR totalled $0.1 million and $0.3 million for the three and nine months ended June 30, 2021, respectively (three and nine months ended June 30, 2020 - $0.1 million and $0.5 million, respectively). 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 totaled $nil and $nil for the three and nine months ended June 30, 2021, respectively (three and nine months ended June 30, 2020 - $nil and $0.3 million, respectively).

(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” directing that the 80 Former Employee 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.

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended June 30, 2021:

	Quarters ended			
(in 000’s, except per share amounts)	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
Revenue	**$32,800**	$19,678	$27,815	$34,699
Net income (loss)	**($877)**	($818)	$1,919	$8,640
Gain (loss) per share (basic and diluted)	**($0.01)**	($0.01)	$0.01	$0.06
Total assets	**$151,046**	$152,340	$152,539	$150,945
Total financial liabilities [(1)]	**$20,052**	$21,592	$20,268	$22,022
	Q3 2020	**Q2 2020**	**Q1 2020**	**Q4 2019**
Revenue	$19,142	$21,245	$29,020	$32,818
Net loss	($4,711)	($2,776)	($2,745)	($3,626)
Loss per share (basic and diluted)	($0.03)	($0.02)	($0.02)	($0.03)
Total assets	$145,357	$141,430	$146,643	$152,829
Total financial liabilities [(1)]	$26,204	$21,278	$18,280	$19,384

(1) Financial liabilities include current and long-term portions of debt, obligations under finance leases and derivative liabilities.

FINANCIAL AND OTHER RISKS AND UNCERTAINTIES

Financial Risks

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 management programs and provides oversight on specific areas. The Company’s overall risk management program seeks to minimize potential adverse effects on the Company’s financial and operating performance.

Other Risks

The Company identified a variety of additional risks and uncertainties in the most recent Annual Information Form (“AIF”) including, but not limited to, (i) mineral resources and reserves estimates and replacement of depleted reserves, (ii) production estimates, (iii) development, capital projects and operations of mines, (iv) competition, (v) acquisitions and divestitures, (vi) title matters, (vii) water supply, (viii) regulatory and other risk, (ix) permits, (x) environmental, health and safety regulations, (xi) political and related risks, (xii) insurance, (xiii) reliance on key personnel and labor relations, (xiv) community relations and license to operate, (xv) litigation, (xvi) conflicts of interest, (xvii) controlling shareholder, and (xviii) share trading volatility.

In respect of regulatory and other risks and environmental regulations risks, see “Contingencies” above.

For a more detailed discussion of such financial and other business risks, please see the “Risk Factors” in Orvana’s most recent AIF at www.sedar.com.

The COVID-19 pandemic is causing significant financial market declines and social dislocation, globally. For a more detailed discussion of such pandemic risks, refer to “COVID-19” section.

OTHER INFORMATION

Critical Accounting Estimates

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

Net Realizable Amounts of Property, Plant and Equipment

At June 30, 2021, the net carrying value of the property, plant and equipment in respect of Orovalle and EMIPA amounted to $46.6 million and $26.5 million, respectively. Effective from the point that they are ready for their intended use, property, plant and equipment are amortized on a straight-line basis or using the units-of-production method over the shorter of the estimated economic life of the asset or mineral property. The method of depreciation is determined based on that which best represents the use of the assets.

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

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

Decommissioning Liabilities

Decommissioning liabilities relate to the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Mine facilities include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination. It is possible that the Company’s estimates of the ultimate amounts required to decommission its mines could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves. The following table sets out the Company’s estimates, prepared by management with the assistance of independent third-party experts, of the undiscounted and discounted cash flows required to settle such decommissioning liabilities in respect of Orovalle and EMIPA at June 30, 2021.

As at June 30, 2021	Undiscounted Cash Flows Estimated to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
(in 000's)			
Orovalle [(1)]	$16,848	1.11%	$15,393
EMIPA [(1)]	$8,324	3.70%	$6,853
Total	**$25,172**		**$22,246**

(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 term that matches the time period to the commencement of the decommissioning liability being incurred.

Stock-based compensation

The Company recorded a stock-based compensation expense of $nil and $nil in the third quarter and first nine months of fiscal 2021, respectively, compared with $8 thousand and $24 thousand in the third quarter and nine months of fiscal 2020, respectively. The stock-based compensation expense is based on an estimate of the fair value of stock options issued and expensed over the vesting period. The accounting for stock options requires estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Long-term Compensation

The Company established a Deferred Share Unit ("DSU") plan, effectively a phantom stock plan, for directors, effective October 1, 2008. For grants subsequent to December 1, 2015, the fair value of the units issued is expensed over the fiscal year in which they are issued and is included in long-term compensation expense under general and administrative expenses in the statement of income. The fair value of the DSUs are marked to the quoted market price of Common Shares at each reporting date and changes in their fair value are also recorded under general and administrative expenses. Payouts are settled in cash within a specified period following a director's departure, based on the market price of the Common Shares at exercise.

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

The Company established a Share Appreciation Rights ("SAR") plan for designated executives, effective in respect of fiscal 2013. Unless otherwise determined by the directors of the Company, designated participants are granted SARs in such number equal to two times the number of RSUs granted to such participant in respect of compensation for a particular fiscal year. The Initial Fair Market Value as defined in the SAR plan is determined based on the closing price of the Common Shares on the date 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 in the statement of net income over such vesting period. Vested SARs may be exercised provided there has been an appreciation in the market price of the Common Shares from the Initial Fair Market Value on the grant date and payouts are settled in cash as vested SARs are exercised.

Impairment

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

Management of the Company has assessed its CGUs to be geographic units (Orovalle, EMIPA and Orvana Argentina), which are the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets. Management projected cash flows over the remaining life-of-mine in respect of Orovalle and EMIPA using forecasted production and costs per the current life-of-mine plans and the long-term forecasted price of gold, copper and silver to project future revenues. The key assumptions used in making this assessment at June 30, 2021 included commodity prices, operating costs, capital expenditures, foreign exchange rates and discount rates.

Although the total public market capitalization of the Company was below the carrying amount of Orvana's net assets at June 30, 2021 of $73 million, following the completion of an impairment test in respect of each CGU at the end of the nine months 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 June 30, 2021.

In light of a continued volatile metal price environment and the uncertainty surrounding COVID-19 pandemic, there can be no assurances that an impairment adjustment may not be taken at either or both CGUs in future periods.

Gold prices

The net income of $224 thousand for the first nine months of fiscal 2021 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 $6,712 thousand.

Copper prices

The net income of $224 thousand for the first nine months of fiscal 2021 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 $2,063 thousand.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Management is responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company uses the *Internal Control – Integrated Framework* (COSO Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to design its ICFR. Based on a review of internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at June 30, 2021.

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

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

Non-IFRS Measures

COC, AISC and AIC

The Company, in conjunction with an initiative undertaken within the gold mining industry, began reporting COC, AISC and AIC non-IFRS performance measures as set out in the guidance note released by the World Gold Council in June 2013. The Company believes that these performance measures more fully define the total costs associated with producing gold, copper and silver, however, these performance measures have no standardized meaning. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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

Orvana Consolidated	**Q3 2021**	**Q2 2021**	**Q3 2020**	**YTD 2021**	**YTD 2020**
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1) *(in 000's)*					
Total mining costs (sales based)	**$22,516**	**$14,880**	**$15,187**	**$55,053**	**$57,193**
Deductions, refining, treatment, penalties, freight & other costs	2,655	2,280	1,443	7,459	5,838
Sub-total - other operating costs	**$2,655**	**$2,280**	**$1,443**	**$7,459**	**$5,838**
Copper sales - gross revenue value	(8,171)	(6,025)	(2,909)	(20,632)	(9,043)
Silver sales - gross revenue value	(1,338)	(970)	(482)	(3,347)	(1,582)
Other by-product gross revenue value	0	0	0	0	0
Sub-total by-product revenue	**($9,509)**	**($6,995)**	**($3,391)**	**($23,979)**	**($10,625)**
Cash operating costs	**$15,662**	**$10,165**	**$13,239**	**$38,533**	**$52,406**
Corporate general & administrative costs	2,791	805	1,496	6,041	2,990
Community costs related to current operations	(17)	165	86	234	262
Reclamation, accretion & amortization	299	333	328	862	939
Exploration and study costs (sustaining)	0	0	88	0	311
Primary development (sustaining)	1,593	1,347	748	4,261	3,170
Other sustaining capital expenditures (2) (3)	1,862	2,264	660	5,073	3,705
All-in sustaining costs	**$22,190**	**$15,079**	**$16,645**	**$55,004**	**$63,783**
Exploration and study costs (non-sustaining)	1,586	1,400	646	3,395	719
Capital expenditures (non-sustaining) (3)	334	211	132	752	544
All-in costs	**$24,110**	**$16,690**	**$17,423**	**$59,151**	**$65,046**
Au/oz sold	14,520	8,523	9,681	35,128	40,560
Cash operating costs ($/oz) gold	**$1,079**	**$1,193**	**$1,367**	**$1,097**	**$1,292**
All-in sustaining costs ($/oz) gold	**$1,528**	**$1,769**	**$1,719**	**$1,566**	**$1,573**
All-in costs ($/oz) gold	**$1,661**	**$1,958**	**$1,800**	**$1,684**	**$1,604**

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

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

(3) Capital expenditures include unpaid capital expenditures incurred in the period.

The following table provides a reconciliation of COC, AISC and AIC (by-product) per ounce of gold sold for Orovalle for the periods set out below:

Orovalle	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1) *(in 000's)*					
Total mining costs	**$20,941**	**$13,806**	**$13,974**	**$51,222**	**$48,581**
Deductions, refining, treatment, penalties, freight & other costs	2,655	2,280	1,443	7,459	5,834
Sub-total - other operating costs	**$2,655**	**$2,280**	**$1,443**	**$7,459**	**$5,834**
Copper sales - gross revenue value	(8,171)	(6,025)	(2,909)	(20,632)	(9,043)
Silver sales - gross revenue value	(1,338)	(970)	(482)	(3,347)	(1,518)
Sub-total by-product revenue	**($9,509)**	**($6,995)**	**($3,391)**	**($23,979)**	**($10,561)**
Cash operating costs	**$14,087**	**$9,091**	**$12,026**	**$34,702**	**$43,854**
Corporate general & administrative costs	375	375	375	1,125	1,125
Community Relations	248	49	0	297	0
Reclamation, accretion & amortization	238	210	273	676	771
Exploration and study costs (sustaining)	0	0	0	0	0
Primary development (sustaining)	1,593	1,347	748	4,261	3,170
Other sustaining capital expenditures (2) (3)	1,849	2,211	660	5,008	3,680
All-in sustaining costs	**$18,390**	**$13,283**	**$14,082**	**$46,069**	**$52,600**
Exploration and study costs (non-sustaining)	**21**	**169**	**16**	**209**	**77**
All-in costs	**$18,411**	**$13,452**	**$14,098**	**$46,278**	**$52,677**
Au/oz sold	14,520	8,523	9,681	35,128	37,903
Cash operating costs ($/oz) gold	**$970**	**$1,067**	**$1,242**	**$988**	**$1,157**
All-in sustaining costs ($/oz) gold	**$1,267**	**$1,558**	**$1,455**	**$1,311**	**$1,388**
All-in costs ($/oz) gold	**$1,268**	**$1,578**	**$1,458**	**$1,317**	**$1,390**

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

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

(3) Capital expenditures include unpaid capital expenditures incurred in the period.

The following table provides a reconciliation of COC, AISC and AIC (by-product) per ounce of gold sold for EMIPA for the periods set out below:

EMIPA	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Cash operating costs, all-in sustaining costs and all-in costs (by-product) [1] *(in 000's)*					
Total mining costs	**$1,575**	**$1,074**	**$1,217**	**$3,831**	**$8,612**
Deductions, refining, treatment, penalties, freight & other costs	0	0	0	0	4
Sub-total - other operating costs	**$0**	**$0**	**$0**	**$0**	**$4**
Copper sales – gross revenue value	0	0	0	0	0
Silver sales – gross revenue value	0	0	0	0	(64)
Other by-product gross revenue value	0	0	0	0	0
Sub-total by-product revenue	**($0)**	**($0)**	**($0)**	**($0)**	**($64)**
Cash Operating Costs	**$1,575**	**$1,074**	**$1,217**	**$3,831**	**$8,552**
Corporate general & administrative costs	321	272	293	893	742
Community costs related to current operations	(264)	115	86	(62)	262
Reclamation, accretion & amortization	62	124	55	185	168
Capital expenditures (sustaining) [2][3]	11	54	0	65	25
Exploration and study costs (sustaining)	0	0	88	0	311
All-in sustaining costs	**$1,705**	**$1639**	**$1,739**	**$4,912**	**$10,060**
Capital expenditures (non-sustaining)	334	211	132	752	544
Exploration and study costs (non-sustaining)	76	74	0	262	11
All-in costs	**$2,115**	**$1,924**	**$1,871**	**$5,926**	**$10,615**
Au/oz sold	0	0	0	0	2,657
Cash operating costs ($/oz) gold	**-**	**-**	**-**	**-**	**$3,218**
All-in sustaining costs ($/oz) gold	**-**	**-**	**-**	**-**	**$3,786**
All-in costs ($/oz) gold	**-**	**-**	**-**	**-**	**$3,995**

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

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

(3) Capital expenditures include unpaid capital expenditures incurred in the period.

EBITDA

The Company has included Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") as a non-IFRS performance measure in this MD&A. The Company excludes these items from net loss to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of EBITDA to the Company's consolidated financial statement for their respective periods:

(in 000's)	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Net income (loss)	**($877)**	($818)	($4,711)	**$224**	($10,232)
Less:					
Finance costs	**(319)**	(339)	(413)	**(998)**	(960)
Income taxes	**(1,400)**	(110)	539	**(2,638)**	3,402
Depreciation and amortization	**(5,143)**	(3,052)	(3,923)	**(12,090)**	(13,109)
Impairment	**-**	-	-	**-**	(1,854)
EBITDA	**$5,985**	$2,683	($914)	**$15,950**	$2,289

Other Information

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

Cautionary Statements – Forward-Looking Information

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

The forward-looking statements herein relate to, among other things, the potential impact of the COVID-19 on the Company's business and operations, including its ability to continue operations; the Company's ability to manage challenges presented by COVID-19; the accounting treatment of COVID-19 related matters; Orvana's ability to prevent and/or mitigate the impact of COVID-19 and other infectious diseases at or near the Company's mines and support the sustainability of its business including through the development of crisis management plans, increasing stock levels for key supplies, monitoring of guidance from the medical community, and engagement with local communities and authorities; Orvana's ability to achieve improvement in free cash flow; the potential to extend the mine life of El Valle and Don Mario beyond their current life-of-mine estimates including specifically, but not limited to in the case of Don Mario, the processing of the mineral stockpiles and the reprocessing of the tailings material; Orvana's ability to optimize its assets to deliver shareholder value; the Company's ability to optimize productivity at Don Mario and El Valle; the Company's ability to assess and optimize the resource of Taguas property; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future financial performance, including the ability to increase cash flow and profits; and future financing requirements and mine development plans.

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

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

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

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

Cautionary Notes to Investors – Reserve and Resource Estimates

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

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